

GOVERNMENT OF GUAM

**BASIC FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED SEPTEMBER 30, 2013

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Eddie Baza Calvo
Governor
Government of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements as set forth in Section III of the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 92%, 94% and 71%, respectively, of the assets, net position/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 28%, 41% and 13%, respectively, of the assets and deferred outflows, net position and operating revenues of GovGuam's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

New Accounting Pronouncements

As described in Note 1Y to the financial statements, during the year ended September 30, 2013, GovGuam has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The beginning net position of the governmental activities and the aggregate discretely presented component units has been restated for the effect of adopting these accounting pronouncements.

Restatement

As discussed in Note 16 to the financial statements, the beginning net position of the governmental activities and the beginning fund balance of the Chamorro Lands major fund have been restated for the correction of an error.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15 as well as the Schedule of Revenues, Expenditures, and changes in Deficit - Budget and Actual - General Fund and notes thereto, on pages 121 through 123, and the Schedule of Funding Progress, on page 124, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

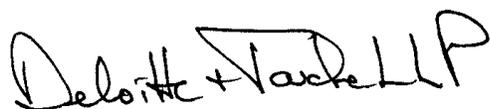
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management. The additional information on pages 130 through 141 and 150 through 212 as well as the 2013 information on pages 142 through 149 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the additional information on pages 130 through 141 and 150 through 212 as well as the 2013 information on pages 142 through 149 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2012 information on pages 142 through 149 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of GovGuam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GovGuam's internal control over financial reporting and compliance.



June 30, 2014

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2013

Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview of GovGuam's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with GovGuam's financial statements, which follow this section. Fiscal year 2012 comparative information has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2013, GovGuam's total net position increased by \$13.2 million (or 6.8%) from a net position of \$194.7 million (as restated) in the prior year to a net position of \$207.9 million.
- During fiscal year 2013, GovGuam's expenses for governmental activities were \$1.13 billion and were funded in part by \$452.4 million in program revenues and \$687.6 million in taxes and other general revenues. Expenses were up from fiscal year 2012 by \$17.8 million (or 1.6%) whereas revenues were up from fiscal year 2012 by \$26.1 million (or 2.3%).
- For the fiscal year ended September 30, 2013, the General Fund reported expenditures (including transfers out) of \$691.8 million, an increase of \$7.4 million (or 1.1%) from fiscal year 2012 expenditures and balance transfers out of \$684.5 million.
- At September 30, 2013, the General Fund reported a cumulative fund balance of \$2.3 million, which is a decrease of \$27.8 million from the prior year fund balance of \$30.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to GovGuam's basic financial statements. GovGuam's basic financial statements comprise three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information in the form of a budgetary schedule, which is prepared on the budgetary basis of accounting, and other optional supplementary information, in addition to the basic financial statements themselves, which includes combining statements for governmental funds and component units.

Government-Wide Financial Statements

The government-wide statements report information about GovGuam as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report GovGuam's net position and how it has changed. Net position - the difference between GovGuam's assets and liabilities - is one way to measure GovGuam's financial health or position.

- Over time, increases or decreases in GovGuam's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of GovGuam, additional non-financial factors such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services also need to be considered.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

Government-Wide Financial Statements, Continued

The government-wide financial statements of GovGuam are divided into two categories:

- Primary government - this grouping comprises governmental activities, which includes most of GovGuam's basic services such as education, public safety, health, finance, judiciary, and general administration. Local sourced tax revenues and other federal grants finance most activities of the primary government.
- Discretely presented component units - GovGuam includes numerous other entities in its report. Although legally separate, these "component units" are important because GovGuam is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about GovGuam's most significant funds - not GovGuam as a whole. Funds are accounting devices that GovGuam uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by enabling legislation.
- GovGuam establishes other funds to control and manage money for particular purposes (like Solid Waste Operations Fund) or to show that it is properly using certain grants (like federal grants reported in the Federal Grants Fund).

GovGuam has two kinds of funds:

- Governmental funds - Most of GovGuam's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of GovGuam's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance GovGuam's programs.
- Fiduciary funds - GovGuam is the trustee, or fiduciary, for other assets that because of trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from GovGuam's government-wide financial statements because GovGuam cannot use these assets to finance its operations.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. At September 30, 2013, GovGuam reports positive balances in two of the categories of net position. By far, the largest portion of GovGuam's net position (\$508.6 million) reflects its investment in capital assets (eg., land, infrastructure, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. An additional portion of GovGuam's net position (\$534 million) represents resources that are subject to external restrictions or enabling legislation as to the purpose they can be used for. The summary of Net Position (condensed) presented below, with comparable balances for fiscal year 2012, discloses this relationship:

GovGuam's Net Position As of September 30

	Governmental Activities <u>2013</u>	(As Restated) Governmental Activities <u>2012</u>	Total Percentage Change <u>2013-2012</u>
Current and other assets	\$ 912,981,294	\$ 980,073,927	-6.8%
Capital assets	<u>972,226,579</u>	<u>890,578,799</u>	9.0%
Total assets	<u>1,885,207,873</u>	<u>1,870,652,726</u>	0.8%
Long-term debt outstanding	1,074,417,580	1,089,450,900	-1.4%
Other liabilities	<u>602,935,825</u>	<u>568,507,783</u>	2.8%
Total liabilities	<u>1,677,353,405</u>	<u>1,675,958,683</u>	0.1%
Net position:			
Net investment in capital assets	508,552,458	449,802,534	13.1%
Restricted	534,036,117	535,609,662	-29%
Unrestricted	<u>(834,734,107)</u>	<u>(790,718,123)</u>	5.6%
Total net position	<u>\$ 207,854,468</u>	<u>\$ 194,694,073</u>	6.8%

At the end of fiscal year 2013, GovGuam's unrestricted net deficiency amounted to \$834.7 million, an increase of \$44 million (or 5.6%) from the prior year unrestricted net position deficiency. This deficiency is the result of having long-term commitments that are greater than currently available resources. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable, capital lease obligations and other loans as well as to pay for closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam will include these amounts in future years' budgets as they become due.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2013

Changes in Net Position

For the year ended September 30, 2013, net position of the primary government increased by \$13.2 million compared to prior year's net position of \$194.7 million. This result indicates that GovGuam's financial condition, as a whole, again improved from the prior year. For the year ended September 30, 2013, net position of the primary government changed as follows, with comparable amounts for fiscal year 2012:

GovGuam's Changes in Net Position For the Years Ended September 30

	Governmental Activities <u>2013</u>	(As Restated) Governmental Activities <u>2012</u>	Total Percentage Change <u>2013-2012</u>
Revenues:			
Program revenues:			
Charges for services	\$ 76,251,059	\$ 80,307,806	-5.1%
Operating grants and contributions	376,118,645	383,852,332	-2.0%
General revenues:			
Income taxes	261,854,651	284,823,341	-8.1%
Gross receipts taxes	221,672,983	221,443,640	0.1%
Other taxes	179,646,037	130,238,002	37.9%
Other general revenues	<u>24,440,670</u>	<u>17,751,776</u>	37.7%
Total revenues	<u>1,139,988,045</u>	<u>1,118,416,897</u>	2.3%
Expenses:			
General government	148,651,381	214,648,400	-30.7%
Protection of life and property	116,757,499	105,498,131	10.7%
Public health	276,151,415	253,441,750	9.0%
Community services	24,512,384	25,639,150	-4.4%
Culture and recreation	22,247,794	24,332,721	-8.6%
Individual and collective rights	61,011,520	25,649,133	137.9%
Transportation	30,029,865	26,906,615	11.6%
Public education	340,576,575	325,265,139	4.7%
Environmental protection	23,137,218	30,383,714	-23.8%
Economic development	18,296,407	16,498,455	10.9%
Interest	<u>69,975,052</u>	<u>65,300,070</u>	7.2%
Total expenses	<u>1,131,347,110</u>	<u>1,113,563,278</u>	1.6%
Contributions to permanent fund	4,519,460	12,397,661	-63.5%
Change in net position	13,160,395	17,251,280	-23.7%
Net position, beginning of year	<u>194,694,073</u>	<u>177,442,793</u>	9.7%
Net position, end of year	<u>\$ 207,854,468</u>	<u>\$ 194,694,073</u>	6.8%

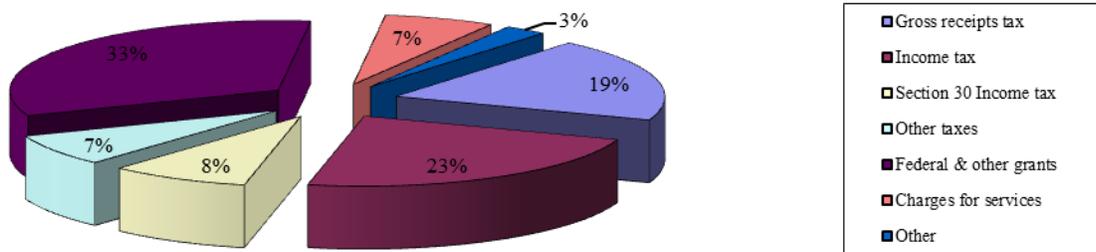
GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2013

GovGuam's revenues from governmental activities, including local revenues, totaled \$1.14 billion in fiscal year 2013. The cost of governmental activities also totaled \$1.13 billion, resulting in an overall slight positive change in net position of \$13.2 million.

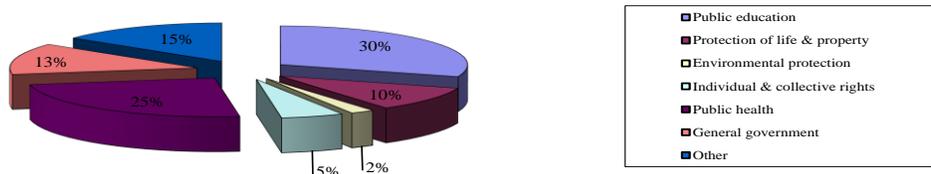
Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1
GovGuam's Revenue Sources
For the Year Ended September 30, 2013



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises 56.9% and 34.3%, respectively, of the total revenues for fiscal year 2013. Charges for services provided 7.2% of the total revenues.

Graph 2
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2013



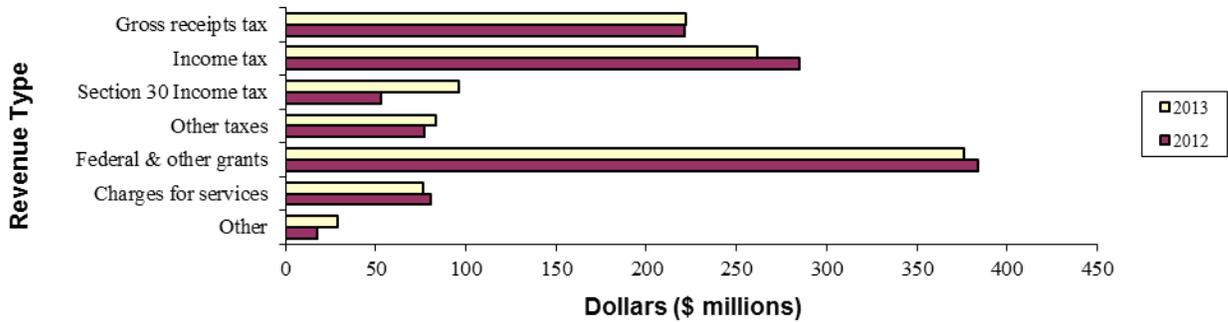
GovGuam's expenses cover a range of services. The largest expenses were for public education and public health, which comprises 30.1% and 24.4%, respectively, of the total expenses for fiscal year 2013. Other expenses that make up a portion of the costs of governmental activities include community services (\$24.5 million), economic development (\$18.3 million), unallocated interest expense (\$70 million), transportation expenses (\$30 million), and culture and recreation (\$22.2 million).

GOVERNMENT OF GUAM

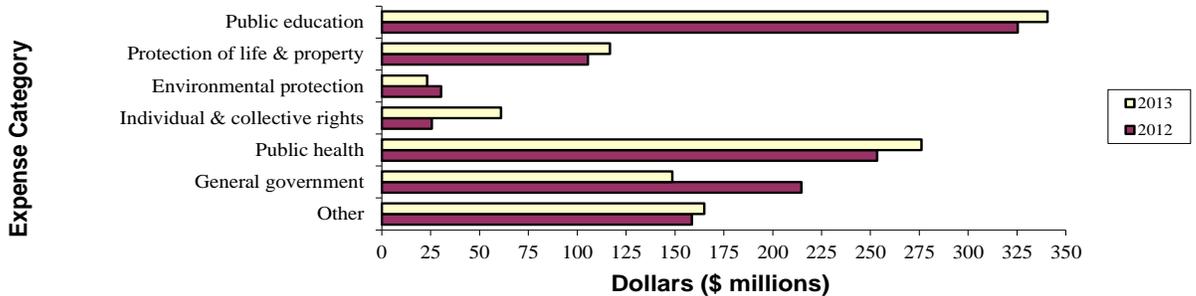
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2013 and 2012.

Graph 3
GovGuam's Revenue Sources
For the Years Ended September 30



Graph 4
GovGuam's Cost of Governmental Activities
For the Years Ended September 30



Other expenses in fiscal year 2013 included community services of \$24.5 million, down from \$25.6 million (or 4.3%) in fiscal year 2012, culture and recreation expense of \$22.2 million, down from \$24.3 million (or 8.6%) in fiscal year 2012, transportation expenses of \$30 million, up from \$26.9 million (or 11.5%) in fiscal year 2012, economic development expenses of \$18.3 million, down from \$16.5 million (or 11%) in fiscal year 2012, and unallocated interest expense of \$70 million, up from \$65.3 million (or 7.2%) in fiscal year 2012.

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Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

Analysis of Changes in Net Position

During the current fiscal year, GovGuam's total net position increased by \$13.2 million compared with prior fiscal year of \$17.3 million. This represents a decrease in the change in net position of \$4.1 million. The key elements of this change are an increase in general revenues and contributions of \$25.5 million (or 3.8%) offset by an increase in expenses, net of program revenues, of \$29.6 million (or 4.6%). The elements of these changes are reflected below:

	Governmental Activities <u>2013</u>	(As Restated) Governmental Activities <u>2012</u>	Total Percentage Change <u>2013-2012</u>
General revenues:			
Income taxes	\$ 261,854,651	\$ 284,823,341	-8.1%
Gross receipts taxes	221,672,983	221,443,640	0.1%
Other taxes	179,646,037	130,238,002	37.9%
Other	<u>24,444,670</u>	<u>17,751,776</u>	37.7%
Total general revenues	687,618,341	654,256,759	5.1%
Contributions to permanent funds	<u>4,519,460</u>	<u>12,397,661</u>	-63.5%
Total general revenues and contributions	<u>692,137,801</u>	<u>666,654,420</u>	3.8%
Expenses, net of program revenues:			
General government	124,246,855	161,289,677	-23.0%
Protection of life and property	92,766,491	82,136,636	12.9%
Public health	80,055,601	70,478,543	13.6%
Community services	12,712,987	18,871,722	-32.6%
Culture and recreation	20,325,004	22,726,089	-10.6%
Individual and collective rights	48,017,219	11,680,186	311.1%
Transportation	(3,425,471)	(440,580)	677.5%
Public education	267,620,456	246,502,407	8.6%
Environmental protection	(9,586,438)	(8,859,266)	8.2%
Economic development	(21,525,668)	(18,167,915)	18.5%
Interest	<u>67,770,370</u>	<u>63,185,641</u>	7.3%
Total expenses	<u>678,977,406</u>	<u>649,403,140</u>	4.6%
Change in net position	<u>\$ 13,160,395</u>	<u>\$ 17,251,280</u>	-23.7%

General revenues increased by \$37.9 million (or 5.8%) from the previous fiscal year. The increase was primarily due to increases in comparison with prior year, Section 30 Federal income tax collections of \$40 million (or 75.3%) compared with prior year, property taxes of \$2 million or (10.6%), alcohol and tobacco taxes of \$2.6 million (or 15%) compared with prior year, and hotel occupancy taxes of \$3.3 million (or 12.6%) compared with prior year offset by a decrease in income tax collections of \$23 million or (8%). Public education net expenses increased by \$21.1 million (or 8.6%) from the previous fiscal year due to spending of ARRA funding. General government net expenses increased by \$29.6 million (or 4.6%) over the previous fiscal year. This increase was due mainly to the Department of Education ARRA capital projects expenditures of \$29 million.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As noted earlier, GovGuam uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of fiscal year 2013, GovGuam's governmental funds reported a combined fund balance surplus of \$593.7 million, an increase of \$384.8 million compared with a combined fund surplus of \$208.9 at the end of fiscal year 2012. This is primarily attributable to the restatement for Chamorro Lands of \$406.6 million and a negative change in the General Fund of \$27.8 million. The restatement is as a result of another unprecedented milestone in which an estimated one-third of GovGuam's "crown lands" have been inventoried, registered and assigned value thus meeting GASB 52 criteria for recognition in the financial statements

The General Fund is the chief operating fund of GovGuam. At the end of the current fiscal year, General Fund has a fund balance of \$2.3 million as compared with the prior year fund balance of \$30.1 million, a decrease in performance of \$27.8 million. This current year negative change in fund balance was attributed primarily due to GDOE federal stimulus capital projects expenditures of \$29 million in FY13 for which revenues were recorded in a prior fiscal year.

The Federal Grants Assistance Fund has a total fund balance of \$0.1 million, which primarily represents accumulated interest income received not yet expended at year end. Fund balance of the Federal Grants Assistance Fund increased marginally from prior year with total revenues and transfers in of \$346.2 million supporting expenditures and transfers out of the same amount, up from total revenues and transfers in of \$339.5 million (or 2%) in fiscal year 2012.

The Guam Department of Education (GDOE) Federal Grants Fund has a zero total fund balance at the end of the current fiscal year. Total revenues and transfers in for the GDOE Federal Grants Fund amounted to \$69.2 million, which funded various education-related federal grant programs and which was lower than fiscal year 2012 revenues and transfers in of \$70.8 million by \$1.6 million or 2.3%. In 2011, the GDOE Federal Grants Fund recognized federal stimulus funds in the amount of \$80.2 million associated with ARRA State Fiscal Stabilization Funds.

The Landfill CIP Fund was established in fiscal year 2009 to account for the proceeds of Section 30 limited obligation revenue bonds issued for the purpose of funding the construction of a new landfill and the closure of Ordot Dump.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2013, there was a net \$41.7 million increase in appropriations between the original and final budget for Executive Branch operations which was primarily due to transfers out appropriations to GMH and also payments to refunding of the GOB1993 funded by proceeds from Business Privilege Tax Bonds Series 2013C (P.L. 31-276).

Actual revenues collected (including operating transfers in) of \$624 million, were higher than budgeted amounts of \$614.1 million by \$9.9 million. The net increase is due primarily to the increase in Section 30 Federal income tax collections of \$44.4 million and the decrease in income tax collections of \$32 million due to an adjustment to increase the provision for tax refunds for EITC claims for which no withholding tax was contributed.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2013 amounted to \$1.48 billion, net of accumulated depreciation of \$505.8 million, leaving a net book value of \$972.2 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below)

GovGuam's Capital Assets (net of depreciation) As of September 30

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	Total Percentage Change <u>2013-2012</u>
Land	\$ 41,865,823	\$ 11,454,623	265.5%
Landfill cells	71,937,991	68,414,968	5.1%
Buildings	340,945,758	326,504,047	4.4%
Machinery, equipment and furniture	26,826,839	19,270,965	39.2%
Infrastructure	359,495,027	379,835,237	-5.4%
Construction in progress	<u>131,155,141</u>	<u>85,098,959</u>	54.1%
Total	<u>\$ 972,226,579</u>	<u>\$ 890,578,799</u>	9.2%

Major capital asset additions for fiscal year 2013 were as follows:

\$49.3 million for work carried out under Highway federally funded projects, including GovGuam's road expansions and upgrades.

- \$29.1 million for the acquisition of the Land for the Layon Landfill.
- \$20.4 million for the projects completed related to Southern High School Gym and Fine Arts Building, Untalan Gym and Oceanview Gym.
- \$6.2 million for the case management system for the Unified Court of Guam.

Additional information on GovGuam's capital assets can be found in note 5 to the basic financial statements.

Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Guam Legislature. At the end of the current fiscal year, GovGuam had total bonded debt outstanding of \$1.07 billion. Of this amount, \$402.5 million comprises debt backed by the full faith and credit of GovGuam and \$663.1 million is revenue bonded debt that is payable from and secured solely by the specific revenue sources. In addition to this bonded debt, GovGuam had two loans payable and outstanding of \$8.8 million at year end.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2013

A breakdown of GovGuam's total long-term debt is shown below.

GovGuam's Outstanding Debt As of September 30

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	Total Percentage Change <u>2013-2012</u>
General obligation bonds (backed by GovGuam)	\$ 402,476,727	\$ 433,738,737	-7.2%
Limited obligation bonds (backed by specific tax and fee revenues)	663,127,638	644,710,521	2.9%
Loans payable (backed by specific tax and fee revenues)	<u>8,813,215</u>	<u>11,001,642</u>	-19.9%
Total	<u>\$ 1,074,417,580</u>	<u>\$ 1,089,450,900</u>	-1.4%

GovGuam's total long-term debt decreased by \$15 million (or 1.4%) during the current fiscal year.

As of October, 2013, GovGuam's underlying Standard and Poor's Corporation bond ratings were as follows:

- \$151.9 million General Obligation Bonds, 2007 Series A (BB-/Stable).
- \$271.1 million General Obligation Bonds, 2009 Series A (BB-/Stable).
- \$202.4 million Limited Obligation (Section 30) Bonds, 2009 Series A (BBB+/Stable).
- \$90.7 million Hotel Occupancy Tax Bonds, 2011 Series A (BBB+/Stable).
- \$235 million Business Privilege Tax Bonds, 2011 Series A (A/Stable).
- \$108.7 million Business Privilege Tax Bonds, 2012 Series B (A/Stable).

GovGuam's GOB credit rating upgrade and the BPT investment grade credit rating of A, the unprecedented payment in TY13 of all A status tax refunds without external financing, the elimination of the GF deficit, the number of visitor arrivals, increase in construction such as the new regional medical center, as well the economic development projects planned and in progress, the fiscal stabilization and sustainability initiatives implemented, all appear positive for Guam's standing in the capital markets,

In accordance with the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is \$1.14 billion as of September 30, 2011, the date that such certification was performed. Total debt outstanding as of September 30, 2013, subject to the debt ceiling limitation is \$1.11 billion. The legal debt margin at September 30, 2013 was \$31.5 million.

Additional information on GovGuam's long-term debt can be found in notes 6 and 7 to the basic financial statements.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

ECONOMIC FACTORS, NEXT YEAR BUDGET AND RATES, AND CHALLENGES

Guam's overall economic performance throughout Fiscal Year 2013 leveled off, with some economic growth expected in the next few years. Growth is dependent on whether the U.S. Marines will move to Guam given its new time table and whether new investment opportunities materialize as a result of that in the coming years. Guam hopes to benefit from an increased interest by Chinese and Russian travelers to U.S. locations, and the anticipated opening of new hotels in Tumon to accommodate increased demand from tourists abroad. Incremental infrastructure investments continue to be made in Guam. New signs emerge for employment opportunities which lead to sustained consumer spending in the region.

The Government of Guam consistently rebuilds confidence by restructuring its debt and addressing its current obligations on a disciplined and timely basis, while instituting cost and budgeting controls upon its agencies. As to our local tax base there has been consistent growth in General Fund revenues with annual revenues increasing from \$483.2 million in Fiscal Year 2009, to \$596.7 million in Fiscal Year 2012, a 23% increase between FY2009 and FY2012 levels. For Fiscal Year 2013, General Fund revenues authorized by the Guam Legislature have been set at \$575.7 million, an increase of 3.5% over Fiscal Year 2012. The Government of Guam's current and accumulated debt remains a challenge. Direct expenditures from the federal government have decreased modestly in recent years.

Based on the 2010 Guam Census it's civilian and military population in 2010 was 159,358, well short of the projected 180,692 set by U.S. Census in 2000. Projected population for 2013 is 160,378. On the labor force front the total number of people employed as of September 2013 is 61,740, an increase of 1,150 or 1.9 percent since September 2011. Over the same time period private average hourly earnings were \$12.85, an increase of 61 cents; and average weekly earnings were \$467.56, an increase of \$29.02. Job gains increased the most in the Construction, Transportation, Utilities and Manufacturing industries. As of September 2013, Guam's unemployment rate was 10.0 percent.

In 2013, overall prices showed no change as compared to 2012. Food prices increased by 3.2 percent, Housing decreased by 0.2 percent, Apparel and Upkeep decreased by 4.8 percent, Transportation decreased by 3.8 percent, Medical Care decreased by 1.8 percent, Recreation increased by 1.2 percent, Education and Communication increased by 1.8 percent and Other Goods and Services increased by 0.1 percent from the 4th quarter 2012 to the 4th quarter 2013. Energy prices decreased by 1.2 percent, and All Items Less Food and Energy (core index) decreased by 1.1 percent from the 4th quarter 2012 to the 4th quarter 2013. Over the past 3 years, Guam has been experiencing decreasing average level of prices along with steady employment levels.

Tourism arrivals have rebounded altogether given financial stability in the region increasing from 1,170,857 in Fiscal Year 2010, to 1,337,665 in Fiscal Year 2013, the fourth highest in our history. The outlook is positive as Guam's Visitors Bureau forecasts tourism arrivals to increase by 1.0 percent, to 1,350,164 in Fiscal Year 2014. This anticipated increase translates into stability in the industry job market, increasing gross receipts and occupancy taxes for the local treasury.

Construction permits continue to exceed the \$200 million set in Fiscal Year 2008, despite learning of the consequential delays of the U.S. Marines relocation to Guam. In Fiscal Year 2011 gross construction permit valuations were \$216.8 million, and in Fiscal Year 2013 increased to \$308.6 million. It is anticipated permits will exceed \$300 million in 2014 given the completion of new hotels and the occupancy of affordable homes now underway.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2013

Given a positive outlook in tourism arrivals, moderation in fuel price changes and a stable outlook in global financial markets the short to medium term economic outlook for Guam remains modestly positive. Couple that with aggressive investments in promoting Guam as an attractive tourist and investment location alongside gains made from the imminent relocation of the U.S. Marine relocation to Guam the future remains positive.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Government of Guam's finances for all of Guam's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the Island's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Division of Accounts, Attention: Kathrine B. Kakigi, Financial Manager, P.O. Box 884, Hagatña, Guam 96932. Telephone No: (671) 475-1169/1260 Facsimile: (671) 472-8483 Website Address: www.admin.gov.gu/doa/.

GOVERNMENT OF GUAM

Statement of Net Position September 30, 2013

	Primary Government	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 56,764,236	\$ 99,418,844
Investments	61,160,109	22,834,523
Receivables, net	145,377,480	154,450,540
Due from primary government	-	3,420,561
Due from private purpose trusts	4,528,968	-
Due from component units	1,867,990	-
Inventories	1,031,346	69,144,464
Other current assets	11,212,052	3,215,793
Restricted assets:		
Cash and cash equivalents	82,270,947	163,057,056
Investments	134,858,434	25,696,815
Total current assets	499,071,562	541,238,596
Noncurrent assets:		
Investments	1,000,000	40,137,012
Land and other real estate	411,159,732	-
Receivables, net	-	9,040,581
Capital assets:		
Nondepreciable capital assets	173,020,964	289,689,296
Capital assets, net of accumulated depreciation	799,205,615	1,227,220,910
Land held for development	-	3,155,947
Unamortized bond issuance costs	-	9,492,061
Other noncurrent assets	1,750,000	11,681,693
Restricted assets:		
Cash and cash equivalents	-	75,253,876
Investments	-	208,184,544
Total noncurrent assets	1,386,136,311	1,873,855,920
Total assets	1,885,207,873	2,415,094,516
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	17,221,283
Deferred forward delivery contract costs	-	1,274,798
Total deferred outflows of resources	-	18,496,081
	\$ 1,885,207,873	\$ 2,433,590,597

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued
September 30, 2013

	Primary Government	Component Units
LIABILITIES		
Current liabilities:		
Current portion of compensated absences payable	\$ 19,409,381	\$ 7,405,826
Current portion of capital lease obligations	4,385,000	13,064,559
Current portion of bonds payable	11,715,000	16,942,204
Current portion of notes payable	554,346	8,501,760
Accounts payable and other current liabilities	84,607,602	74,326,813
Contracts payable	-	16,581,394
Accrued interest payable	20,895,972	18,268,320
Accrued payroll and other	25,992,519	17,723,368
Payable to federal agencies	19,409,300	-
Provision for tax refunds	103,346,133	-
COLA liability	4,858,941	-
Due to primary government	-	1,867,990
Due to component units	3,420,561	-
Unearned revenues	64,242,848	19,231,345
Deposits and other liabilities	11,019,055	30,924,756
Total current liabilities	373,856,658	224,838,335
Noncurrent liabilities:		
Compensated absences payable, net of current portion	5,547,802	6,618,734
Capital lease obligations, net of current portion	112,575,000	73,203,679
Bonds payable, net of current portion	1,053,889,365	1,036,186,785
Notes payable, net of current portion	8,258,869	68,879,149
Tax credits payable, net of current portion	29,112,970	-
Due to IRS, net of current portion	19,937,926	-
DCRS sick leave liability	20,666,759	12,656,959
Other noncurrent liabilities	53,508,056	3,780,349
Total noncurrent liabilities	1,303,496,747	1,201,325,655
Total liabilities	1,677,353,405	1,426,163,990
DEFERRED INFLOWS OF RESOURCES		
Deferred regulatory fuel revenue	-	25,208,323
Deferred forward delivery contract revenues	-	5,029,141
Deferred amount on refunding	-	585,743
Total deferred inflows of resources	-	30,823,207
NET POSITION		
Net investment in capital assets	508,552,458	604,393,387
Restricted for:		
Capital projects	31,410,241	9,354,184
Retirement of indebtedness	36,143,581	24,441,525
Endowment - nonexpendable	411,159,732	5,700,681
Public health	23,943,354	-
Environmental protection	16,860,693	-
Other purposes	14,518,516	170,775,481
Unrestricted	(834,734,107)	161,938,142
Total net position	207,854,468	976,603,400
	\$ 1,885,207,873	\$ 2,433,590,597

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental Activities:						
General government	\$ 148,651,381	\$ 15,319,604	\$ 9,084,922	\$ -	\$ (124,246,855)	\$ -
Protection of life and property	116,757,499	14,978,649	9,012,359	-	(92,766,491)	-
Public health	276,151,415	3,679,984	192,415,830	-	(80,055,601)	-
Community services	24,512,384	854,164	10,945,233	-	(12,712,987)	-
Culture and recreation	22,247,794	1,372,075	550,715	-	(20,325,004)	-
Individual and collective rights	61,011,520	594,713	12,399,588	-	(48,017,219)	-
Transportation	30,029,865	13,063,553	20,391,783	-	3,425,471	-
Public education	340,576,575	4,079,949	68,876,170	-	(267,620,456)	-
Environmental protection	23,137,218	22,131,963	10,591,693	-	9,586,438	-
Economic development	18,296,407	176,405	39,645,670	-	21,525,668	-
Interest (unallocated)	69,975,052	-	2,204,682	-	(67,770,370)	-
Total primary government	\$ 1,131,347,110	\$ 76,251,059	\$ 376,118,645	\$ -	(678,977,406)	-
Component Units:						
Antonio B. Won Pat Inter- national Airport Authority	\$ 64,668,357	\$ 55,854,236	\$ 946,273	\$ 16,489,713	-	8,621,865
Guam Memorial Hospital Authority	99,806,089	69,261,522	-	6,338,614	-	(24,205,953)
Guam Power Authority	456,135,275	447,806,472	-	8,132,518	-	(196,285)
Guam Waterworks Authority	84,807,033	74,338,191	-	4,480,568	-	(5,988,274)
Port Authority of Guam	46,761,202	41,883,705	-	4,785,296	-	(92,201)
University of Guam	90,916,881	13,778,186	38,008,396	1,392,000	-	(37,738,299)
Nonmajor component units	108,913,413	9,577,022	56,243,145	2,050,936	-	(41,042,310)
Total component units	\$ 952,008,250	\$ 712,499,334	\$ 95,197,814	\$ 43,669,645	-	(100,641,457)
General revenues:						
Taxes:						
Income					261,854,651	-
Gross receipts					221,672,983	-
Section 30 Federal income tax collections					96,104,113	-
Hotel occupancy					29,331,058	-
Property					21,263,267	-
Tobacco					19,615,319	-
Liquid fuel					9,825,967	-
Alcoholic beverages					780,319	-
Excise					2,725,994	-
Investment earnings					1,959,211	9,247,054
Contributions from primary government					-	77,555,939
Other					22,485,460	19,815,958
Total general revenues					687,618,342	106,618,951
Contributions to permanent fund					4,519,459	-
					692,137,801	106,618,951
Change in net position					13,160,395	5,977,494
Net position at beginning of year, as previously reported					(194,216,991)	983,002,382
Restatement (Notes 1Y and 16)					388,911,064	(12,376,476)
Net position at beginning of year, as restated					194,694,073	970,625,906
Net position at end of year					\$ 207,854,468	\$ 976,603,400

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet Governmental Funds September 30, 2013

	General	Special Revenue		Capital	Permanent	Other Governmental Funds	Total
		Federal Grants Assistance	GDOE Federal Grants	Projects Landfill CIP	Chamorro Lands		
ASSETS							
Cash and cash equivalents	\$ 14,463,903	\$ 6,311,900	\$ 1,457,088	\$ -	\$ -	\$ 34,531,345	\$ 56,764,236
Investments	48,237,908	-	-	-	-	13,922,201	62,160,109
Land and other real estate	-	-	-	-	411,159,732	-	411,159,732
Receivables, net:							
Taxes	43,206,018	-	-	-	-	5,037,836	48,243,854
Federal agencies	32,646,786	35,901,813	14,535,064	-	-	-	83,083,663
Other	2,809,790	-	-	-	-	11,240,173	14,049,963
Due from other funds	42,969,582	-	-	-	-	16,142,827	59,112,409
Due from private purpose trust funds	4,528,968	-	-	-	-	-	4,528,968
Due from component units	-	-	-	-	-	1,867,990	1,867,990
Inventories	1,031,346	-	-	-	-	-	1,031,346
Prepayments	6,104,477	-	7,689	-	-	705,660	6,817,826
Deposits and other assets	3,769,980	-	-	-	-	2,579	3,772,559
Restricted assets:							
Cash and cash equivalents	24,883,029	-	-	11,710,968	-	45,676,950	82,270,947
Investments	69,642,761	-	-	48,937,283	-	16,278,390	134,858,434
Total assets	\$ 294,294,548	\$ 42,213,713	\$ 15,999,841	\$ 60,648,251	\$ 411,159,732	\$ 145,405,951	\$ 969,722,036
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 70,934,515	\$ 3,174,134	\$ 3,736,743	\$ 2,457,626	\$ -	\$ 4,304,584	\$ 84,607,602
Accrued payroll and other	20,313,925	802,315	4,099,300	-	-	776,979	25,992,519
Due to other funds	16,142,827	22,703,120	4,182,032	-	-	16,084,430	59,112,409
Due to component units	3,144,084	-	-	-	-	276,477	3,420,561
Payable to federal agencies	-	15,427,534	3,981,766	-	-	-	19,409,300
Unearned revenues	63,287,000	-	-	-	-	955,848	64,242,848
Provision for tax refunds	103,346,133	-	-	-	-	-	103,346,133
COLA liability	4,858,941	-	-	-	-	-	4,858,941
Deposits and other liabilities	9,940,226	-	-	-	-	1,078,829	11,019,055
Total liabilities	291,967,651	42,107,103	15,999,841	2,457,626	-	23,477,147	376,009,368
Fund balances:							
Non-spendable	2,031,346	-	-	-	411,159,732	-	413,191,078
Restricted	71,888,444	-	-	58,190,625	-	72,571,585	202,650,654
Committed	22,140,650	-	-	-	-	48,214,553	70,355,203
Assigned	-	106,610	-	-	-	3,237,065	3,343,675
Unassigned:							
General fund	(93,733,543)	-	-	-	-	-	(93,733,543)
Special revenue funds	-	-	-	-	-	(2,094,399)	(2,094,399)
Total fund balances	2,326,897	106,610	-	58,190,625	411,159,732	121,928,804	593,712,668
Total liabilities and fund balances	\$ 294,294,548	\$ 42,213,713	\$ 15,999,841	\$ 60,648,251	\$ 411,159,732	\$ 145,405,951	\$ 969,722,036

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2013**

Total fund balance - governmental funds	\$	593,712,668
Amounts reported for governmental activities in the statement of net position are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		621,667
Maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,750,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$	41,865,823
Construction in progress		131,155,141
Depreciable capital assets and infrastructure		1,304,973,241
Accumulated depreciation		<u>(505,767,626)</u>
Capital assets, net of accumulated depreciation		972,226,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Bonds payable	(1,065,604,365)	
Loans payable	(8,813,215)	
Capital lease obligations	(116,960,000)	
Due to IRS	(19,937,926)	
Tax credits payable	(29,112,970)	
Accrued interest payable	(20,895,972)	
Compensated absences payable	(24,957,183)	
DCRS sick leave liability	(20,666,759)	
Landfill closure and postclosure costs	<u>(53,508,056)</u>	
Long-term liabilities		<u>(1,360,456,446)</u>
Net position of governmental activities	\$	<u><u>207,854,468</u></u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended September 30, 2013

	Special Revenue		Capital Projects	Permanent		Other Governmental Funds	Total
	Federal Grants	GDOE Federal Grants	Landfill CIP	Chamorro Lands			
	General	Assistance					
Revenues:							
Taxes	\$ 582,357,741	\$ -	\$ -	\$ -	\$ -	\$ 80,815,930	\$ 663,173,671
Intergovernmental	2,388,344	308,421,595	61,536,695	-	-	1,378,085	373,724,719
Licenses and permits	5,454,970	-	-	-	-	46,155,386	51,610,356
Charges for services	4,171,584	-	440,830	-	-	19,542,818	24,155,232
Fines and forfeits	485,471	-	-	-	-	-	485,471
Interest and investment earnings	50,812	-	-	92,496	4,519,459	1,815,903	6,478,670
Contributions from component units	2,204,682	-	-	-	-	-	2,204,682
Indirect cost reimbursement	189,244	-	-	-	-	-	189,244
Other	13,332,562	-	-	-	-	11,210,073	24,542,635
Total revenues	610,635,410	308,421,595	61,977,525	92,496	4,519,459	160,918,195	1,146,564,680
Expenditures:							
Current:							
General government	68,203,713	9,029,349	-	890,811	-	16,257,472	94,381,345
Protection of life and property	92,310,739	10,937,132	-	-	-	14,512,421	117,760,292
Public health	20,670,331	216,890,978	-	-	-	11,801,897	249,363,206
Community services	12,624,323	11,678,900	-	-	-	208,223	24,511,446
Recreation	3,009,100	550,715	-	-	-	704,171	4,263,986
Individual and collective rights	43,822,615	11,380,289	-	-	-	4,343,186	59,546,090
Transportation	-	20,391,783	-	-	-	6,574,547	26,966,330
Public education	244,053,198	-	62,091,975	-	-	1,589,086	307,734,259
Environmental protection	-	10,591,693	-	-	-	12,142,490	22,734,183
Economic development	3,529,849	7,026,083	-	-	-	102,939	10,658,871
Payments to:							
GovGuam Retirement Fund	1,907,849	-	-	-	-	8,432,738	10,340,587
Guam Community College	13,166,268	239,475	-	-	-	2,721,104	16,126,847
Guam Educational Telecommunications Corporation	541,977	-	-	-	-	-	541,977
Guam Housing Corporation	243,058	-	-	-	-	-	243,058
Guam Memorial Hospital Authority	16,804,677	6,600,224	-	-	-	3,206,732	26,611,633
Guam Preservation Trust	-	-	-	-	-	1,697,000	1,697,000
Guam Regional Transit Authority	-	-	-	-	-	3,270,945	3,270,945
Guam Visitors Bureau	-	-	-	-	-	16,209,494	16,209,494
Guam Waterworks Authority	-	1,758,973	-	-	-	-	1,758,973
Port Authority of Guam	-	1,260,177	-	-	-	-	1,260,177
University of Guam	30,554,431	1,418,809	-	-	-	1,854,624	33,827,864
Miscellaneous appropriations	22,274,382	-	-	-	-	-	22,274,382
Capital projects	-	29,236,113	-	8,811,400	-	6,960,836	45,008,349
Debt service:							
Principal retirement	14,076,534	-	3,370,000	-	-	2,271,893	19,718,427
Bond issuance costs	229,256	-	-	-	-	-	229,256
Interest and fiscal charges	61,593,331	-	3,730,000	-	-	5,737,526	71,060,857
Total expenditures	649,615,631	338,990,693	69,191,975	9,702,211	-	120,599,324	1,188,099,834
Excess (deficiency) of revenues over (under) expenditures	(38,980,221)	(30,569,098)	(7,214,450)	(9,609,715)	4,519,459	40,318,871	(41,535,154)
Other financing sources (uses):							
Proceeds from refunded bonds issued	22,640,000	-	-	-	-	-	22,640,000
Premium on refunded bonds issued	2,957,923	-	-	-	-	-	2,957,923
Payment to refunding bond escrow agent	(25,088,795)	-	-	-	-	-	(25,088,795)
Proceeds from refinancing short-term obligations	19,937,926	-	-	-	-	-	19,937,926
Transfers in from other funds	32,926,414	37,765,960	7,214,450	-	-	13,460,623	91,367,447
Transfers out to other funds	(42,202,800)	(7,356,400)	-	-	-	(42,553,680)	(92,112,880)
Total other financing sources (uses), net	11,170,668	30,409,560	7,214,450	-	-	(29,093,057)	19,701,621
Net change in fund balances	(27,809,553)	(159,538)	-	(9,609,715)	4,519,459	11,225,814	(21,833,533)
Fund balances at beginning of year, as previously reported	30,136,450	266,148	-	67,800,340	-	110,702,990	208,905,928
Restatement (Note 16)	-	-	-	-	406,640,273	-	406,640,273
Fund balances at beginning of year, as restated	30,136,450	266,148	-	67,800,340	406,640,273	110,702,990	615,546,201
Fund balances at end of year	\$ 2,326,897	\$ 106,610	\$ -	\$ 58,190,625	\$ 411,159,732	\$ 121,928,804	\$ 593,712,668

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ (21,833,533)

Amounts reported for governmental activities in the statement of activities are different because:

Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Guam Department of Education capital lease (908,427)

Revenue timing differences result in greater revenue in the government-wide financial statements (2,057,175)

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:

Capital outlays, net of disposals	125,645,275	
Depreciation expense	(43,997,495)	
		81,647,780

The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. For the current year, these amounts consist of:

Limited Obligation bonds issued	(22,640,000)	
Premium on bonds issued	(2,957,923)	
Repayment of Limited Obligation bonds	6,330,000	
Repayment of General Obligation bonds	31,665,000	
Repayment of loans	2,188,427	
Repayment of capital leases	4,195,000	
Amortization of bond premiums	1,070,843	
Amortization of bond discounts	(623,027)	
		19,228,320

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year, these activities consist of:

Change in IRS payable	(19,937,926)	
Change in tax credits payable	(29,112,970)	
Change in accrued interest payable	831,040	
Change in compensated absences payable	(2,073,037)	
Change in landfill closure and postclosure care costs	(11,418,820)	
Change in DCRS sick leave liability	(1,204,857)	
		(62,916,570)

Change in net position of governmental activities \$ 13,160,395

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,436,766	\$ 13,022,256	\$ -
Time certificates of deposit	-	1,000,000	-
Investments at fair value:			
Common stocks	969,334,249	-	-
U.S. Government securities	189,991,596	-	-
Corporate bonds and notes	166,735,779	-	-
Money market funds	49,016,947	-	-
Mutual funds	491,842,178	-	-
DC plan forfeitures	5,412,162	-	-
Total investments	<u>1,872,332,911</u>	<u>-</u>	<u>-</u>
Accounts receivable:			
Employer contributions	2,622,521	-	-
Member contributions	1,210,593	-	-
Interest and penalties on contributions	274,402	-	-
Accrued investment income	4,075,645	-	-
Due from brokers for unsettled trades	7,627,324	-	-
Service credits	798,635	-	-
Notes receivable - ERIP	993,746	-	-
Supplemental/COLA benefits	50,818,265	-	-
Supplemental/Insurance benefits advanced	3,511,711	-	-
Other	4,695,486	-	-
Total receivables	<u>76,628,328</u>	<u>-</u>	<u>-</u>
Deposits and other assets	-	-	17,517,256
Capital assets	880,091	-	-
Total assets	<u>1,957,278,096</u>	<u>14,022,256</u>	<u>\$ 17,517,256</u>
<u>LIABILITIES</u>			
Unearned revenue	2,597,509	-	\$ -
Accounts payable and accrued expenses	2,173,721	-	-
Accrued payroll and other	184,894	-	-
Due to other funds	-	4,528,968	-
Deposits and other liabilities	-	8,586,924	17,517,256
Due to brokers for unsettled trades	33,767,086	-	-
Total liabilities	<u>38,723,210</u>	<u>13,115,892</u>	<u>\$ 17,517,256</u>
<u>NET POSITION</u>			
Restricted for:			
Employees' pension benefits	1,918,554,886	-	
Individuals, organizations and other governments	-	906,364	
Total net position	<u>\$ 1,918,554,886</u>	<u>\$ 906,364</u>	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2013

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
Additions:		
Contributions:		
Employer contributions	\$ 132,827,694	\$ -
Member contributions	31,131,038	-
Use of money and property	-	1,672,278
Transfers in from other funds	-	745,433
Total contributions and revenues	<u>163,958,732</u>	<u>2,417,711</u>
Net investment income:		
Net appreciation in fair value of investments	183,569,067	-
Interest	28,797,311	-
Dividends	17,019,088	-
Other	2,549,016	-
Total investment income	<u>231,934,482</u>	<u>-</u>
Less: investment expenses	<u>5,423,051</u>	<u>-</u>
Net investment income	<u>226,511,431</u>	<u>-</u>
Total additions	<u>390,470,163</u>	<u>2,417,711</u>
Deductions:		
Benefits	190,280,431	-
Refunds	17,284,728	-
Interest on refunded contributions	914,543	-
Administrative and general expense	4,263,649	-
Individual and collective rights	-	2,676,397
Total deductions	<u>212,743,351</u>	<u>2,676,397</u>
Change in net position held in trust for:		
Employees' pension benefits	177,726,812	-
Individuals, organizations, and other governments	-	(258,686)
Net position at beginning of year	<u>1,740,828,074</u>	<u>1,165,050</u>
Net position at end of year	<u>\$ 1,918,554,886</u>	<u>\$ 906,364</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position Component Units September 30, 2013

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>								
Current assets:								
Cash and cash equivalents	\$ 1,666,054	\$ 3,600,068	\$ 31,222,218	\$ 2,662,074	\$ 10,848,206	\$ 15,344,800	\$ 34,075,424	\$ 99,418,844
Investments	-	-	-	-	-	10,025,720	12,808,803	22,834,523
Receivables, net	16,319,149	21,172,593	50,329,621	14,254,906	9,156,152	11,140,666	32,077,453	154,450,540
Due from primary government	-	662,108	-	-	-	724,992	2,033,461	3,420,561
Inventories	213,305	3,329,509	61,975,925	1,615,170	131,149	635,004	1,244,402	69,144,464
Prepayments	-	164,426	537,109	670,292	11,464	-	237,920	1,621,211
Deposits and other assets	-	-	13,479	-	-	1,311,672	269,431	1,594,582
Restricted assets:								
Cash and cash equivalents	-	-	132,800,902	16,984,203	-	-	13,271,951	163,057,056
Investments	-	-	4,845,762	-	-	7,482,058	13,368,995	25,696,815
Total current assets	<u>18,198,508</u>	<u>28,928,704</u>	<u>281,725,016</u>	<u>36,186,645</u>	<u>20,146,971</u>	<u>46,664,912</u>	<u>109,387,840</u>	<u>541,238,596</u>
Noncurrent assets:								
Investments	28,466,289	-	-	-	-	9,901,032	1,769,691	40,137,012
Receivables, net	-	-	-	-	-	-	9,040,581	9,040,581
Capital assets:								
Nondepreciable capital assets	171,891,379	8,697,574	42,400,142	26,971,092	19,421,658	4,453,775	15,853,676	289,689,296
Capital assets, net of accumulated depreciatio	232,958,349	31,484,993	484,334,813	295,207,115	55,170,099	67,539,924	60,525,617	1,227,220,910
Land held for development	-	-	-	-	-	-	3,155,947	3,155,947
Unamortized bond issuance costs	-	-	9,492,061	-	-	-	-	9,492,061
Other assets	10,966,295	161,144	417,629	-	-	-	136,625	11,681,693
Restricted assets:								
Cash and cash equivalents	-	209,267	-	70,632,440	445,691	3,966,478	-	75,253,876
Investments	130,549,525	-	49,278,574	17,200,655	-	11,155,790	-	208,184,544
Total noncurrent assets	<u>574,831,837</u>	<u>40,552,978</u>	<u>585,923,219</u>	<u>410,011,302</u>	<u>75,037,448</u>	<u>97,016,999</u>	<u>90,482,137</u>	<u>1,873,855,920</u>
Total assets	<u>593,030,345</u>	<u>69,481,682</u>	<u>867,648,235</u>	<u>446,197,947</u>	<u>95,184,419</u>	<u>143,681,911</u>	<u>199,869,977</u>	<u>2,415,094,516</u>
Deferred outflows of resources:								
Deferred amount on refunding	-	-	16,084,264	321,057	-	-	815,962	17,221,283
Deferred forward delivery contract costs	-	-	1,274,798	-	-	-	-	1,274,798
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>17,359,062</u>	<u>321,057</u>	<u>-</u>	<u>-</u>	<u>815,962</u>	<u>18,496,081</u>
	<u>\$ 593,030,345</u>	<u>\$ 69,481,682</u>	<u>\$ 885,007,297</u>	<u>\$ 446,519,004</u>	<u>\$ 95,184,419</u>	<u>\$ 143,681,911</u>	<u>\$ 200,685,939</u>	<u>\$ 2,433,590,597</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued Component Units September 30, 2013

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION								
Current liabilities:								
Current portion of bonds payable	\$ -	\$ -	\$ 12,310,000	\$ 2,500,000	\$ -	\$ -	\$ 2,132,204	\$ 16,942,204
Current portion of notes payable	2,263,500	814,082	-	3,272,319	708,048	201,557	1,242,254	8,501,760
Current obligations under capital leases	-	-	13,064,559	-	-	-	-	13,064,559
Accounts payable	2,435,697	20,210,697	24,650,361	5,609,595	5,496,307	6,284,441	9,639,715	74,326,813
Contracts payable	5,454,840	-	-	11,126,554	-	-	-	16,581,394
Accrued interest payable	-	-	14,689,852	3,036,453	-	-	542,015	18,268,320
Accrued payroll and other	3,013,828	11,729,764	1,077,440	1,172,065	369,046	-	361,225	17,723,368
Due to primary government	1,867,990	-	-	-	-	-	-	1,867,990
Unearned revenue	-	3,600,000	-	-	237,301	7,203,397	8,190,647	19,231,345
Compensated absences	354,394	1,613,189	2,078,481	502,367	1,063,410	1,219,805	574,180	7,405,826
Deposits and other liabilities	1,015,279	3,365,402	21,022,784	2,616,089	520,305	48,411	2,336,486	30,924,756
Total current liabilities	16,405,528	41,333,134	88,893,477	29,835,442	8,394,417	14,957,611	25,018,726	224,838,335
Noncurrent liabilities:								
Compensated absences	748,412	2,159,477	1,112,489	843,123	296,904	547,416	910,913	6,618,734
Capital lease obligations	-	-	73,203,679	-	-	-	-	73,203,679
Noncurrent portion of bonds payable	250,226,161	-	545,937,741	205,283,096	-	-	34,739,787	1,036,186,785
Noncurrent portion of notes payable	8,664,728	9,939,043	-	17,534,651	13,950,936	12,051,906	6,737,885	68,879,149
Other noncurrent liabilities	-	-	3,149,507	169,228	-	27,098	434,516	3,780,349
DCRS sick leave liability	197,783	3,459,430	2,582,611	1,211,126	1,216,520	2,349,317	1,640,172	12,656,959
Total noncurrent liabilities	259,837,084	15,557,950	625,986,027	225,041,224	15,464,360	14,975,737	44,463,273	1,201,325,655
Total liabilities	276,242,612	56,891,084	714,879,504	254,876,666	23,858,777	29,933,348	69,481,999	1,426,163,990
Deferred inflows of resources:								
Deferred regulatory fuel revenue	-	-	25,208,323	-	-	-	-	25,208,323
Deferred forward delivery contract revenues	-	-	5,029,141	-	-	-	-	5,029,141
Deferred amount on refunding	585,743	-	-	-	-	-	-	585,743
Total deferred inflows of resources	585,743	-	30,237,464	-	-	-	-	30,823,207
Net Position:								
Net investment in capital assets	154,075,891	40,182,567	32,028,800	184,944,929	59,932,773	60,709,624	72,518,803	604,393,387
Restricted:								
Capital projects	-	-	9,354,184	-	-	-	-	9,354,184
Retirement of indebtedness	1,184	-	18,793,414	5,646,927	-	-	-	24,441,525
Endowment - nonexpendable	-	-	-	-	-	5,641,680	59,001	5,700,681
Other purposes	130,129,701	-	-	6,065,315	445,691	11,128,872	23,005,902	170,775,481
Unrestricted (deficit)	31,995,214	(27,591,969)	79,713,931	(5,014,833)	10,947,178	36,268,387	35,620,234	161,938,142
Total net position	316,201,990	12,590,598	139,890,329	191,642,338	71,325,642	113,748,563	131,203,940	976,603,400
	\$ 593,030,345	\$ 69,481,682	\$ 885,007,297	\$ 446,519,004	\$ 95,184,419	\$ 143,681,911	\$ 200,685,939	\$ 2,433,590,597

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Position Component Units Year Ended September 30, 2013

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Non-major Component Units	Total
Operating revenues:								
Charges for services	\$ 55,854,236	\$ 69,261,522	\$ 447,806,472	\$ 74,338,191	\$ 41,883,705	\$ 13,778,186	\$ 9,577,022	\$ 712,499,334
Grants and contracts	946,273	-	-	-	-	38,008,396	56,243,145	95,197,814
Other	3,455,669	606,088	2,926,573	462,030	184,589	4,941,196	7,239,813	19,815,958
Total operating revenues	<u>60,256,178</u>	<u>69,867,610</u>	<u>450,733,045</u>	<u>74,800,221</u>	<u>42,068,294</u>	<u>56,727,778</u>	<u>73,059,980</u>	<u>827,513,106</u>
Operating expenses:								
Cost of services	37,929,530	96,356,080	354,992,132	49,278,892	27,094,212	76,693,025	84,770,206	727,114,077
Depreciation and amortization	22,668,001	4,423,908	31,155,714	14,319,394	4,892,633	3,027,205	5,065,177	85,552,032
General and administrative	-	2,858,668	31,589,477	6,007,108	8,831,804	8,864,964	17,311,112	75,463,133
Total operating expenses	<u>60,597,531</u>	<u>103,638,656</u>	<u>417,737,323</u>	<u>69,605,394</u>	<u>40,818,649</u>	<u>88,585,194</u>	<u>107,146,495</u>	<u>888,129,242</u>
Operating income (loss)	<u>(341,353)</u>	<u>(33,771,046)</u>	<u>32,995,722</u>	<u>5,194,827</u>	<u>1,249,645</u>	<u>(31,857,416)</u>	<u>(34,086,515)</u>	<u>(60,616,136)</u>
Nonoperating revenues (expenses):								
Contributions from the primary government	14,701	9,315,182	-	-	-	34,137,281	34,088,775	77,555,939
Contributions to the primary government	-	-	-	-	-	(2,204,682)	-	(2,204,682)
Investment income	2,976,706	-	2,150,244	19,606	-	3,096,608	1,003,890	9,247,054
Interest expense	(6,093,981)	(2,161,134)	(41,254,435)	(13,538,467)	(541,162)	(573,081)	(2,961,584)	(67,123,844)
Bond issuance costs	(3,912,357)	-	(1,594,168)	-	-	-	-	(5,506,525)
Other income (expenses), net	5,935,512	5,993,701	4,450,651	(1,663,172)	(5,401,391)	446,076	1,194,666	10,956,043
Total nonoperating revenues (expenses), net	<u>(1,079,419)</u>	<u>13,147,749</u>	<u>(36,247,708)</u>	<u>(15,182,033)</u>	<u>(5,942,553)</u>	<u>34,902,202</u>	<u>33,325,747</u>	<u>22,923,985</u>
Net income (loss) before capital contributions	<u>(1,420,772)</u>	<u>(20,623,297)</u>	<u>(3,251,986)</u>	<u>(9,987,206)</u>	<u>(4,692,908)</u>	<u>3,044,786</u>	<u>(760,768)</u>	<u>(37,692,151)</u>
Capital contributions	<u>16,489,713</u>	<u>6,338,614</u>	<u>8,132,518</u>	<u>4,480,568</u>	<u>4,785,296</u>	<u>1,392,000</u>	<u>2,050,936</u>	<u>43,669,645</u>
Change in net position	<u>15,068,941</u>	<u>(14,284,683)</u>	<u>4,880,532</u>	<u>(5,506,638)</u>	<u>92,388</u>	<u>4,436,786</u>	<u>1,290,168</u>	<u>5,977,494</u>
Net position at beginning of year, as previously reported	305,990,385	26,875,281	137,258,218	201,859,012	71,233,254	109,311,777	130,474,455	983,002,382
Restatement (Note 1Y)	(4,857,336)	-	(2,248,421)	(4,710,036)	-	-	(560,683)	(12,376,476)
Net position at beginning of year, as restated	<u>301,133,049</u>	<u>26,875,281</u>	<u>135,009,797</u>	<u>197,148,976</u>	<u>71,233,254</u>	<u>109,311,777</u>	<u>129,913,772</u>	<u>970,625,906</u>
Net position at end of year	<u>\$ 316,201,990</u>	<u>\$ 12,590,598</u>	<u>\$ 139,890,329</u>	<u>\$ 191,642,338</u>	<u>\$ 71,325,642</u>	<u>\$ 113,748,563</u>	<u>\$ 131,203,940</u>	<u>\$ 976,603,400</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the Government of Guam (GovGuam) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. GovGuam's significant accounting policies are described below:

A. Reporting Entity

Guam is an unincorporated territory of the United States of America with policy relations between Guam and the United States under the jurisdiction of the Office of Insular Affairs, U.S. Department of the Interior. In 1950, the U.S. Congress provided Guam with an Organic Act that organized GovGuam as a constitutional government comprised of locally elected executive and legislative branches and an appointed judicial branch. In addition, Guam has an elected representative to the U.S. Congress who possesses the same powers and privileges as representatives from the various States, with the exception of voting on the House floor.

The Executive Branch consists of a popularly elected Governor and Lieutenant Governor, each serving a four-year term, with executive department heads appointed by the Governor with the consent of the Guam legislature. The Legislative Branch is a unicameral parliament consisting of 15 members elected for a term of two years. The Judicial Branch is comprised of the Supreme Court of Guam and a Territorial Superior Court with judges appointed for eight-year terms by the Governor. Under the Organic Act, GovGuam is required to submit to the U.S. Congress and the Secretary of the Interior a comprehensive annual financial report in conformance with the standards of the National Council on Governmental Accounting within 120 days after the close of the fiscal year; however, GovGuam has not complied with this requirement.

For financial reporting purposes, GovGuam has included all funds, organizations, agencies, boards, commissions and institutions. GovGuam has also considered all potential component units for which it is financially accountable as well as other entities for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether GovGuam, as the primary government, has appointed a voting majority of an organization's governing body and either has the ability to impose its will on that organization or there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on GovGuam. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board. Each component unit of GovGuam has a September 30 year-end.

Component units are entities that are legally separate organizations for which GovGuam's elected officials are financially accountable or other organizations for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. GovGuam is financially accountable because it appoints the members of the governing authorities of each of the component units and because it is able to impose its will on these organizations or because the organizations provide specific financial benefits or impose specific financial burdens on GovGuam.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

The financial statements of the component units have been included in the financial reporting entity as discretely presented component units in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The component units' column of the basic financial statements includes the financial data of the following discretely presented component units:

- (a) Antonio B. Won Pat International Airport Authority (AWPIAA), formerly known as the Guam International Airport Authority, was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. AWPIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven-member Board of Directors, all of whom are appointed by the Governor of Guam. AWPIAA is fiscally dependent upon GovGuam whereby AWPIAA cannot issue bonded debt without legislative approval.
- (b) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GMHA through legislative appropriations.
- (c) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five-member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms. GPA is fiscally dependent upon GovGuam whereby GPA cannot issue bonded debt without legislative approval.
- (d) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees charged to residential, commercial and government customers, based on consumption, and is governed by the CCU. GWA is fiscally dependent upon GovGuam whereby GWA cannot issue bonded debt without legislative approval.
- (e) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five-member Board of Directors, all of whom are appointed by the Governor of Guam. PAG is fiscally dependent upon GovGuam whereby PAG cannot issue bonded debt without legislative approval.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

- (f) The University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine-member Board of Regents, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to UOG through legislative appropriations.

In addition, the financial data of the following nonmajor component units are included - the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Guam Economic Development Authority, the Guam Visitors Bureau, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation (PBS GUAM).

Fiduciary component units are subject to legislative and executive controls. These component units, while meeting the definition of a component unit and while legally separate, are presented in the fund financial statements of GovGuam. They have been omitted from the government-wide financial statements as their resources are not available to fund operations of GovGuam. The fiduciary component units are as follows:

- (a) The GovGuam Retirement Fund (GGRF) has been blended into GovGuam's financial statements. The governing body consists of a seven-member Board of Trustees. Two members are elected by active Fund members; two members are elected by GGRF members among the roster of retirees; and three members are appointed by the Governor of Guam. GGRF was enacted to provide retirement amenities and other benefits to GovGuam employees, who upon entry to service are eligible for membership. GGRF is reported as if it were part of the primary government because of the fiduciary responsibility that GovGuam retains relative to the operations of GGRF. The operations of GGRF are reported as a Fiduciary Fund Type - Pension Trust Fund.

GovGuam's component units, departments, and funds that are separately audited issue their own basic financial statements, each of which has a September 30 year-end. These statements may be obtained by directly contacting the various entities' administrative offices or at the web site of the Office of Public Accountability - www.guamopa.com.

Antonio B. Won Pat International Airport
Authority
P.O. Box 8770
Tamuning, GU 96931

Guam Memorial Hospital Authority
850 Governor Carlos G. Camacho Rd.
Tamuning, GU 96913

Guam Power Authority
P.O. Box 2977
Hagatna, GU 96932

Guam Waterworks Authority
P.O. Box 3010
Hagatna, GU 96932

Port Authority of Guam
1026 Cabras Hwy, Ste. 201
Piti, GU 96925

University of Guam
University Station
University Drive
Mangilao, GU 96923

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Guam Community College
P.O. Box 23069, GMF
Barrigada, GU 96921

Guam Housing and Urban Renewal
Authority
117 Bien Venida Avenue
Sinajana, GU 96926

Guam Housing Corporation
P.O. Box 3457
Hagatna, GU 96932

Guam Preservation Trust
Suite 211, 194 Hernan Cortes Avenue
Hagatna, GU 96932

Guam Economic Development Authority
Suite 511, ITC Building
590 South Marine Corps Drive
Tamuning, GU 96913

Guam Visitors Bureau
401 Pale San Vitores Road
Tamuning, GU 96913

Guam Educational Telecommunications Corporation
P.O. Box 21449, GMF
Barrigada, GU 96921

In addition to the aforementioned University of Guam (UOG) and Guam Community College (GCC) component units, the accompanying component units' column of the basic financial statements includes the University of Guam Endowment Foundation, Inc. and the Guam Community College Foundation, Inc., which are legally separate, tax-exempt, separately audited, component units of UOG and GCC, respectively. Inclusion of these component units is in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14.

GASB Statement No. 39 provides additional guidance for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government and to clarify reporting requirements for those organizations. The foundations' resources can only be used by or are for the benefit of UOG and GCC to which they serve. They are presented within the respective financial statements of UOG and GCC because of their nature and significance to these entities. Complete financial statements of the foundations may be obtained at their respective offices. The foundations are not considered major component units of GovGuam under the definitions put forth under GASB Statement 34, but are blended within UOG and GCC.

The Public Utilities Commission (PUC) is a related organization under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39. PUC consists of seven members, all of whom are appointed by the Governor of Guam. GovGuam's accountability does not extend beyond the appointments. Accordingly, PUC is classified as another stand-alone governmental unit, not a component unit of GovGuam, and therefore is not part of these financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements except for other charges between the primary government and the discretely presented component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. GovGuam did not report any business-type activities during the year ended September 30, 2013. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

The Statement of Net Position presents all of the reporting entity's non-fiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.
- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated (for example, internally restricted), to indicate that management does not consider it to be available for general operations.

The government-wide Statement of Net Position reports \$534,036,117 of restricted net position, of which \$55,322,563 is restricted by enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenue and offset or supplant the net operating deficit or surplus from governmental operations.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

C. Fund Financial Statements

The fund financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances for its major and aggregated non-major funds. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards, with nonmajor governmental funds being combined into a single column.

GovGuam reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Transactions between funds within a fund type, if any, have not been eliminated.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the fiduciary fund and component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenue is derived from taxation, investment income and other fees that are not allocated to specific programs.

Governmental Fund Financial Statements:

Governmental fund financial statements account for the general governmental activities of GovGuam and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual and are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, GovGuam considers most revenues other than federal grants and assistance awards and property taxes to be available if they are collected within 90 days of the end of the current fiscal period. Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs which is generally within 12 months of the end of the current fiscal period. GovGuam considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Governmental Fund Financial Statements, Continued:

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services are recognized in the year for which they are received or subject to accrual, grants expended or services provided. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources.

Fiduciary Funds and Component Units Financial Statements:

Discretely presented component units distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a component unit's principal ongoing operations. All other revenues are reported as nonoperating. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. GovGuam has elected to add an additional major fund that is of specific public interest, namely the GDOE Federal Grants Assistance Fund. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. GovGuam reports the following major funds:

- General Fund - this fund is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.
- Federal Grants Assistance Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.
- GDOE Federal Grants Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance public education.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

- Landfill CIP Fund - a Capital Projects Fund that accounts for bond proceeds issued by GovGuam for the purpose of financing facilities of the Solid Waste Management System of Guam.
- Chamorro Lands Fund - a Permanent Fund that accounts for developed Chamorro land and other real estate owned by GovGuam and is held in various land banks. Such are legally restricted to the extent that only earnings from lease rental payments, and not principal, may be used to support GovGuam operations.

The nonmajor governmental funds are comprised of the following:

- Special Revenue Funds – these funds account for the financial resources obtained from specific revenue sources and used for restricted purposes.
- Capital Projects Funds – these funds account for the financial resources obtained from bond issuances for the acquisition or construction of capital assets and facilities.
- Debt Service Funds – these funds account for the financial resources obtained and used for the payment of principal and interest revenue bond obligations established in accordance with bond indentures.

In addition, GovGuam reports the following fiduciary fund types:

- Pension Trust Funds report resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension plans.
- Private Purpose Funds are used to account for resources held in trust under which principal and income benefit certain individuals.
- Agency Funds account for assets GovGuam holds on behalf of others. Agency funds are custodial in nature and do not involve measurement of operations.

E. Cash and Cash Equivalents

Cash and cash equivalents of the primary government and the discretely presented component units include cash on hand, demand deposits, and short-term investments in time certificates of deposit and U.S. Treasury obligations with a maturity date within three months of the date acquired by GovGuam. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are classified as investments.

F. Investments

Investments and related investment earnings of the primary government and the discretely presented component units are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale and is primarily determined based on quoted market values.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

G. Land and Other Real Estate

Land and other real estate held as investments in permanent funds of \$411,159,732, which comprise of \$404,399,838 held by the Chamorro Land Trust Commission and \$6,759,894 held by the Guam Ancestral Lands Commission, are reported at fair value. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from lease agreements associated with these investments are reported as revenues of the Chamorro Land Trust Commission and the Guam Ancestral Lands Commission. Only developed land supported by valid lease agreements is included in the valuation whereas other undeveloped land not supported by lease agreements is reported at historical cost.

H. Receivables

In general, tax revenue is recognized on the government-wide financial statements when assessed or levied and on the governmental financial statements to the extent that it is both measurable and available. Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to GovGuam for its expenditures on federally funded reimbursement and grant programs are reported as "receivables from federal agencies" in the governmental funds balance sheet.

Receivables of the primary government and the discretely presented component units are primarily due from businesses and individuals residing on the island of Guam. The allowance for uncollectible accounts primarily represents estimated uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

I. Inventories

Inventories of the primary government and the discretely presented component units comprise diesel fuel, parts and supplies and are generally valued at the lower of cost (FIFO) or market.

J. Prepaid Items

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

K. Interfund Receivables/Payables

During the course of its operations, GovGuam records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. Receivables and payables resulting from transactions between component units and the primary government are classified as "due to/from primary government" or "due to/from component units" on the governmental fund balance sheet and the statement of net position. Interfund receivables and payables have been eliminated from the statement of net position.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

L. Capital Assets

Capital assets, including property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Construction in progress includes all associated cumulative costs of a constructed capital asset. Construction in progress is relieved at the point at which an asset is placed in service for its intended use. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are capitalized when the cost of the individual items exceeds \$50,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. With the exception of the Layon Landfill, capital assets of the primary government are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. Landfill cells are depreciated based on capacity used/available at year end.

Capital assets of the discretely presented component units are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets.

M. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then.

N. Unearned Revenues

In the government-wide financial statements, unearned revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Unearned revenue in the governmental fund types primarily relates to Section 30 federal income tax collections remitted to the trustee in accordance with the bond indenture associated with the 2009 Series A bond issue, and federal funds received in advance of eligible expenditures. On September 13, 2013, GovGuam received Section 30 federal income tax collections from the United States Government in the amount of \$63,287,000, which pertains to revenues of the following fiscal year.

O. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. At September 30, GovGuam estimates the amount owed to taxpayers for overpayments during the first nine months of the calendar year. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as provision for tax refunds and as a reduction of tax revenue. The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. This evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

O. Provision for Tax Refunds, Continued

Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis. As of September 30, 2013, GovGuam recorded a provision for unpaid tax refunds in the amount of \$103,346,133, which includes \$637,000 relating to interest payable to taxpayers for unpaid prior year tax refunds. Refunds to taxpayers include payments relating to the U.S. Federal Earned Income Tax Credit (EITC). During the year ended September 30, 2013, approximately \$53,000,000 in payments related to EITC, of which \$39,000,000 related to zero-based tax returns.

P. Long-term Debt

The liabilities reported in the government-wide financial statements include GovGuam general obligation bonds, limited obligation bonds, long-term notes and capital leases, and long-term liabilities including vacation, sick leave, long-term liabilities to other governmental entities, and closure and post-closure costs associated with the Ordot Dump and Layon Landfill. Long-term obligations financed by component units are recorded as liabilities in the discretely presented component unit's column.

In accordance with Section 1423a of the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is \$1,139,464,853 as of September 30, 2011, the date that such certification was performed. Total debt outstanding as of September 30, 2013, subject to the debt ceiling limitation is \$1,108,023,558.

Q. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay \$202,425,000 in limited obligation bonds issued in June 2009. This debt is payable solely from Section 30 revenues payable to GovGuam by the United States Government pursuant to Section 30 of the Organic Act, Title 48, U.S. Code, Section 41421(h). Total principal and interest remaining on this debt is approximately \$344,762,191 payable through December 2034. For the year ended September 30, 2013, principal and interest paid and total Section 30 revenues were \$17,390,154 and \$96,104,113, respectively.

GovGuam has also pledged a portion of future hotel occupancy tax revenues to repay \$90,665,000 in limited obligation infrastructure improvement bonds issued in April 2011. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately \$178,512,621 payable through November 2040. For the year ended September 30, 2013, principal and interest paid and total hotel occupancy tax revenues were \$6,998,363 and \$29,331,058, respectively.

GovGuam has also pledged a portion of future judicial fees, fines and building rental receipts to repay an \$11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the note payable is approximately \$10,972,522 payable through September 2019. For the year ended September 30, 2013, principal and interest paid and total judicial fees, fines and building rental receipt revenues were \$993,005 and \$1,764,880, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Q. Dedicated Revenues and Pledges, Continued

GovGuam has pledged a portion of future General Fund gross receipts tax revenues to repay the following debt: (i) \$235,000,000 in limited obligation bonds issued in December 2011; (ii) \$108,700,000 in limited obligation bonds issued in June 2012; and (iii) \$22,640,000 in limited obligation bonds issued in January 2013. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on this debt is approximately \$695,762,127 payable through January 2042. For the year ended September 30, 2013, principal and interest paid and total gross receipts tax revenues were \$17,473,440 and \$221,672,983, respectively.

Finally, GovGuam has entered into a municipal school lease agreement whereby GovGuam has pledged a portion of future Compact Impact grant revenues to finance annual lease payments under this agreement. This lease obligation is payable solely from Compact Impact grant revenues payable to GovGuam by the United States Government pursuant to the Compact of Free Association Act, U.S. Public Law 108-188. Total payments remaining on this municipal school lease agreement are approximately \$98,500,000 payable through December 2025. For the year ended September 30, 2013, lease payments made and total Compact Impact grant revenues received were \$7,100,000 and \$7,100,000, respectively.

R. Bond Premiums and Discounts

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of bond premiums and discounts. Bond issuance costs, except any portion related to prepaid insurance costs, are expensed in the period incurred. Prepaid insurance costs are reported as assets and are amortized over the term of the debt using the straight-line method.

In the governmental fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received and discount deducted on debt issuance are reported as other financing sources and other financing uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

S. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then.

T. Fund Equity/Net Position

GovGuam reports net position as restricted when restrictions are externally imposed by citizens and/or public interest groups or legally segregated for a specific future use by enabling legislation in accordance with GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. Otherwise, these balances are considered unrestricted.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

T. Fund Equity/Net Position, Continued

Net Position has been restricted as follows:

“Restricted for capital projects” - identifies amounts of unspent proceeds of bond issuances that can only be used for capital projects.

“Restricted for retirement of indebtedness” - identifies amounts held by fiscal agents to fund future debt service obligations as required under bond indentures. Because removal of monies from these restrictions will constitute a technical default to bondholders, the amounts are restricted.

“Restricted for endowments: nonexpendable” - identifies amounts held for endowment and similar type funds, including land and other real estate, in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

“Restricted for other purposes” - identifies amounts held for various externally imposed restrictions either by creditors, grantors or laws and regulations of other governments. It also includes various restrictions put forth by the GovGuam enabling statutes. Included in this restriction are reserves for prior appropriations continued.

Fund balance classifications are based on the extent to which GovGuam is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Guam Legislature, GovGuam’s highest level of decision-making authority, and does not lapse at year-end. Formal action of the Guam Legislature is required to establish, modify or remove the limitations on committed fund balances.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by either the Guam Legislature or a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned includes negative fund balances in other governmental funds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

T. Fund Equity/Net Position, Continued

GovGuam has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of GovGuam is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

A formal minimum fund balance policy has not been adopted.

U. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the provision for tax refunds.

V. Compensated Absences

Compensated absences are recorded as a long-term liability in the statement of net position. Amounts to be paid during the next fiscal year are reported as current liabilities. For the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law 27-5 and Public Law 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service: (1) One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service; (2) Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; or (3) One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of \$20,666,759 at September 30, 2013 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

W. Property Taxes

On or before September 1 of each tax year, GovGuam's Real Property Tax Division is mandated to make available a tax roll listing identifying all taxable properties and corresponding tax assessments levied. By October 31 each year, the tax assessment roll is certified and real property taxes become due and payable on December 15. The tax levy is divided into two installments: the first installment is due February 20; the second installment is due April 20. Real property taxes become a lien on the property as of noon the first Monday in March each year to secure the payment of all taxes, penalties and interest that is ultimately imposed on the property. The tax rate is established by 11 GCA 24, *Real Property Tax*, wherein a levy is assessed on all land property in Guam at the rate of seven-eightieths percent (7/80%) of the value thereof and seven-twentieths (7/20%) of the value of the improvements thereon.

X. Encumbrances

GovGuam utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. At September 30, 2013, GovGuam has significant encumbrances summarized as follows:

<u>General</u>	<u>Federal Grants Assistance</u>	<u>GDOE Federal Grants</u>	<u>Landfill CIP</u>	<u>Other Governmental</u>	<u>Total</u>
<u>\$ 38,907,196</u>	<u>\$ 55,998,468</u>	<u>\$ 4,508,323</u>	<u>\$ 1,877,399</u>	<u>\$ 48,176,065</u>	<u>\$ 149,467,451</u>

Y. New Accounting Standards

During fiscal year 2013, GovGuam implemented the following pronouncements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The implementation of this statement did not have a material effect on the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards, Continued

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position. In addition, the Statement of Net Position includes two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are reported in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are reported in a separate section following liabilities. In addition, GASB Statement No. 65 requires that debt issuance costs, except for prepaid insurance costs, be recognized as an expense in the period incurred. As a result of this implementation, debt issuance costs originally reported as deferred assets by the governmental activities have been restated from amounts previously reported resulting in a prior-period adjustment of \$17,729,209. In addition, debt issuance costs originally reported as deferred assets by the discretely presented component units have been restated from amounts previously reported resulting in a prior-period adjustment of \$12,376,476 as follows:

Antonio B. Won Pat International Airport Authority	\$ 4,857,336
Guam Power Authority	2,248,421
Guam Waterworks Authority	4,710,036
Guam Economic Development Authority	<u>560,683</u>
	\$ <u>12,376,476</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards, Continued

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of GovGuam.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of GovGuam.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of GovGuam.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions in Statement 70 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of GovGuam.

Z. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with GovGuam's financial statements for the year ended September 30, 2012 from which summarized information was derived.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments

The deposit and investment policies of GovGuam are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. The Director of Administration is responsible for the safekeeping of all monies paid into the Treasury of Guam. The Director of Administration invests any monies of GovGuam that are deemed not necessary for immediate use. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any eligible institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, GovGuam's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, collateralized with securities held by the pledging financial institution, or held by the pledging financial institution but not in the depositor-government's name. GovGuam does not have a deposit policy for custodial credit risk.

As of September 30, 2013, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$141,810,680 and the corresponding bank balances were \$177,099,592. Of the bank balances, \$114,864,276 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. The remaining amount of \$62,235,316 represents short-term investments held and administered by GovGuam's trustees in accordance with various trust agreements and bond indentures. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2013. As of September 30, 2013, bank deposits in the amount of \$1,500,000 were FDIC insured and bank deposits in the amount of \$371,072 were NCUA insured. GovGuam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2013, cash and cash equivalent balances in the amount of \$82,270,947 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, \$5,904,904 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; \$3,305,590 is externally restricted for a Court issued permanent injunction as further disclosed in Note 13D; \$201,791 is externally restricted under a Chamorro Lands loan guarantee program; \$1,697,639 is externally restricted under the Limited Obligation (Section 30) Bonds, 2009 Series A, bond indenture for System Revenue Funds; \$43,314,010 represents unexpended proceeds under various bond issues; and \$27,847,013 represents amounts restricted for future debt service requirements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for GovGuam.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2013.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. GovGuam does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2013, GovGuam's investments recorded at fair value are classified as follows:

	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Nonmajor Governmental Funds	Total
Investments:						
Certificates of deposit	\$ 517,923	\$ -	\$ -	\$ -	\$ 2,257,574	\$ 2,775,497
Money market funds	116,362,746	-	-	-	27,943,017	144,305,763
Mutual funds	-	-	-	48,937,283	-	48,937,283
	<u>\$ 116,880,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,937,283</u>	<u>\$ 30,200,591</u>	<u>\$ 196,018,543</u>

As of September 30, 2013, investment balances in the amount of \$134,858,434 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, \$19,078,908 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; \$300,000 is externally restricted under a Chamorro Lands loan guarantee program; \$69,371,644 represents unexpended proceeds under various bond issues; and \$46,107,882 represents amounts restricted for future debt service requirements.

Additionally, as of September 30, 2013, the General Fund holds 13.8% of the shares of the Pacific Islands Development Bank in the amount of \$1,000,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF):

Investments of GGRF include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, mutual funds and equity instruments. Investments are reported at fair value. Security transactions and any resulting gains or losses are accounted for on a trade date basis. Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent's determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates. Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisor, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

Northern Trust Company holds the investments as custodian in GGRF's name. In addition, GGRF has selected investment managers who are given authority to purchase and sell securities in accordance with the following guidelines:

- a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.
- b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:
 - i. Two times its average annual fixed charges over the same period, in the case of any public utility company;

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

- ii. One and one-half times its average annual fixed charges over the same period, in the case of any financial company; or,
- iii. Three times its average annual fixed charges over the same period, in the case of any other company.

With the written petition and subsequent written approval of the Trustees, opportunistic investment bonds issued by national governments other than the United States or foreign corporations may comprise up to six percent (6%) of each fixed-income manager's portfolio. In no case shall these investments exceed three and one-half percent (3.5%) of the total GGRF investments. All non-U.S. securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above.

For U.S. equities, equity holdings are restricted to readily marketable securities of corporations that are actively traded on the major U.S. exchanges and over the counter. For investments in common and preferred stock:

- i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment;
- iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidence of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full; and
- v. Preferred stock must also adhere to the following - the net earnings of the institution available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year, and during either of the last two years have been, after depreciation and income taxes, no less than:
 - 1. Two times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any public utility company; or
 - 2. Three times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any other company.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

For non-U.S. equities, common or capital stock of any institution or entity created or existing under the laws of any foreign country are permissible investments, provided that:

- i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment; and
- iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidences of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

Consistent with the desire to maintain broad diversification, allocations to any country, industry or other economic sector should not be excessive.

- c. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.
- d. No individual security of any issuer, other than that of the United States government or GovGuam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.
- e. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.
- f. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.
- g. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

Investments of GGRF as of September 30, 2013 are classified as follows:

Common stocks	\$ 969,334,249
Fixed income	356,727,375
Money market funds	49,016,947
Mutual funds	<u>497,254,340</u>
	<u>\$ 1,872,332,911</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. One of the ways that GGRF manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of September 30, 2013, GGRF's investments in debt securities were as follows:

	Investment Maturities (In Years)				Fair Value
	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. Treasury notes	\$ 19,289,077	\$ 5,717,550	\$ 23,693,548	\$ 21,864,560	\$ 70,564,735
U.S. government agencies	-	7,216,459	23,783,290	88,427,112	119,426,861
Corporate notes and bonds	-	<u>42,153,562</u>	<u>61,369,529</u>	<u>63,212,688</u>	<u>166,735,779</u>
	<u>\$ 19,289,077</u>	<u>\$ 55,087,571</u>	<u>\$ 108,846,367</u>	<u>\$ 173,504,360</u>	<u>\$ 356,727,375</u>

GGRF's investments are typically made in corporate equities, U.S. Treasury obligations, and commercial paper. These types of investments are not more sensitive to interest rate fluctuations than as already indicated above. Investments that are highly sensitive to interest rate fluctuations include Federal agency securities with coupon multipliers that are reset frequently, mortgage-backed securities, and Federal agency securities with interest rates that vary inversely to a benchmark set quarterly.

GGRF has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. At September 30, 2013, GGRF held mortgage-backed securities valued at approximately \$103,000,000.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

Presented below is the minimum rating required by (where applicable) the Guam Code Annotated and GGRF's investment policy, and the actual rating as of September 30, 2013:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating as of Year End</u>
U.S. Treasury notes	N/A	\$ 70,564,735	Exempt from disclosure
Federal agency securities	N/A	119,426,861	Exempt from disclosure
Money market funds	A-2	49,016,947	AAAm
Corporate medium term notes and U.S. municipal obligations	BBB	23,433,169	Aaa
		15,151,551	Aa1-Aa3
		60,792,914	A1-A3
		50,099,763	Baa1-Baa3
		<u>17,258,382</u>	Not rated
		<u>\$ 405,744,322</u>	

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2013, the Fund did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total GGRF investments.

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. At September 30, 2013, GGRF held approximately \$7,000,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$3,000,000 was issued by Canadian companies, \$2,000,000 by Australian companies, and \$2,000,000 by Dutch companies.

At September 30, 2013, GGRF held investments (generally U.S. dollar denominated ADRs) in corporate stocks issued by companies organized in various foreign countries. These ADRs are indirectly affected by fluctuations in currency exchange rates. The market value of these investments at September 30, 2013 was approximately \$104,000,000. Of this total, approximately \$39,000,000 relates to companies whose functional currency is the Euro, \$16,000,000 relates to companies whose functional currency is the Japanese yen, \$10,000,000 relates to companies whose functional currency is the Swiss Franc, \$18,000,000 relates to companies whose functional currency is the British pound, and the remaining \$21,000,000 relates to companies representing seven separate functional currencies.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

The Guam Code Annotated and GGRF's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits and investments. The Guam Code Annotated requires that a financial institution secure deposits made by GovGuam agencies by pledging securities in: "(a) Treasury notes or bonds of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and in interest, (b) any evidence of indebtedness of the Government of Guam, (c) Investment certificates of the Federal Home Loan Bank, or (d) such other securities as may be ... approved by the Director of Administration and the Governor of Guam." The fair market value of the pledged securities must be at least ten percent (10%) in excess of the amount of monies deposited with the bank.

Further, to address custodial risk, the Guam Code Annotated requires the custodian to have been in the business of rendering trust custody services for ten or more years, to be organized under the laws of the United States or a state or territory thereof, to have capital and surplus in excess of Ten Million Dollars (\$10,000,000), and to be a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation. Regardless of the above, any locally chartered bank may act as custodian for GGRF.

(3) Receivables

Receivables as of September 30, 2013, for the primary government's individual major governmental funds, nonmajor governmental funds in the aggregate, and fiduciary funds, including allowances for uncollectible accounts, are as follows:

	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Nonmajor Governmental Funds	Fiduciary Funds	Total
Receivables:							
Taxes	\$ 43,206,018	\$ -	\$ -	\$ -	\$ 5,037,836	\$ -	\$ 48,243,854
Federal agencies	8,618,726	35,901,813	14,535,064	-	-	-	59,055,603
Section 30	24,028,060	-	-	-	-	-	24,028,060
Contributions	-	-	-	-	-	3,833,114	3,833,114
Notes	-	-	-	-	-	993,746	993,746
Interest	-	-	-	-	-	274,402	274,402
COLA benefits	-	-	-	-	-	50,818,265	50,818,265
Other	9,034,273	-	-	-	12,086,717	20,708,801	41,829,791
	84,887,077	35,901,813	14,535,064	-	17,124,553	76,628,328	229,076,835
Allowance for uncollectible accounts	(6,224,483)	-	-	-	(846,544)	-	(7,071,027)
Net receivables	<u>\$ 78,662,594</u>	<u>\$ 35,901,813</u>	<u>\$ 14,535,064</u>	<u>\$ -</u>	<u>\$ 16,278,009</u>	<u>\$ 76,628,328</u>	<u>\$ 222,005,808</u>

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies. As of September 30, 2013, employer contributions receivable totaled \$2,622,521; member contributions receivable totaled \$1,210,593; and interest and penalties receivable totaled \$274,402.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(3) Receivables, Continued

Public Law 24-327, as amended, became effective December 30, 1998 relative to GovGuam's Early Retirement Incentive Program (ERIP). This law allowed GGRF members with at least twenty years of creditable service to retire and to purchase up to five years of creditable service. Those electing to participate in the ERIP must pay the members' share of the required contribution, plus interest, based on their salary at the time they made the election; the time period in which the member was required to make the election being December 30, 1998 to January 7, 2000. Payments can be made in full or can be financed through deductions from annuities over a period not to exceed fifteen years.

Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly \$15,000,000. At September 30, 2013, the amount owed under these notes was \$993,746. There is a corresponding deferred revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from retirees.

Public Law 25-72, passed in September 1999, required the payment of supplemental annuity and cost of living allowance benefits to retirees, and specified that these payments were vested, limited-duration benefits to be provided by GGRF. Such benefits were to be actuarially funded over a twenty-year amortization period through an increase in contributions. GGRF initially recorded these benefit payments as a receivable in the amount of \$137,200,000 and has reduced this receivable by a portion of employer contributions received. The percentage used for the year ended September 30, 2013 was 1.2016% of covered payroll. As of September 30, 2013, the receivable recorded by GGRF amounted to \$50,818,265.

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2013, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grants Assistance	\$ 22,703,120
General	GDOE Federal Grants	4,182,032
General	Nonmajor governmental funds	16,084,430
Nonmajor governmental funds	General	<u>16,142,827</u>
		\$ <u>59,112,409</u>

These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(4) Interfund Receivables/Payables, Continued

Balances reflected as due to component units of the primary government at September 30, 2013, are summarized as follows:

General Fund:	
Guam Memorial Hospital Authority	\$ 480,151
University of Guam	649,992
Guam Community College	<u>2,013,941</u>
	<u>3,144,084</u>
Nonmajor governmental funds:	
Guam Memorial Hospital Authority	181,957
University of Guam	75,000
Guam Visitors Bureau	<u>19,520</u>
	<u>276,477</u>
	<u>\$ 3,420,561</u>

Balances reflected as due from component units of the primary government in the statement of net position/balance sheet at September 30, 2013, are summarized as follows:

Nonmajor governmental funds:	
Antonio B. Won Pat International Airport Authority	\$ <u>1,867,990</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2013, are as follows:

	Estimated Useful Lives	Balance October 1, 2012	Additions	Transfers	Retirements	Balance September 30, 2013
Governmental activities:						
Nondepreciable capital assets:						
Land		\$ 11,454,623	\$ 30,411,200	\$ -	\$ -	\$ 41,865,823
Construction in progress		<u>85,098,959</u>	<u>68,022,671</u>	<u>(20,870,050)</u>	<u>(1,096,439)</u>	<u>131,155,141</u>
		<u>96,553,582</u>	<u>98,433,871</u>	<u>(20,870,050)</u>	<u>(1,096,439)</u>	<u>173,020,964</u>
Depreciable capital assets:						
Landfill cells	Capacity	69,022,365	4,219,328	-	-	73,241,693
Buildings	40 - 60 yrs	476,451,668	15,797,361	10,386,931	-	502,635,960
Machinery, equipment and Furniture	5 - 20 yrs	77,524,603	5,136,191	8,514,916	-	91,175,710
Infrastructure	25 yrs	<u>632,796,712</u>	<u>3,154,963</u>	<u>1,968,203</u>	-	<u>637,919,878</u>
		<u>1,255,795,348</u>	<u>28,307,843</u>	<u>20,870,050</u>	-	<u>1,304,973,241</u>
Less accumulated depreciation:						
Buildings		(149,947,621)	(11,742,581)	-	-	(161,690,202)
Landfill cells		(607,397)	(696,305)	-	-	(1,303,702)
Machinery, equipment and Furniture		(58,253,638)	(6,095,233)	-	-	(64,348,871)
Infrastructure		<u>(252,961,475)</u>	<u>(25,463,376)</u>	-	-	<u>(278,424,851)</u>
		<u>(461,770,131)</u>	<u>(43,997,495)</u>	-	-	<u>(505,767,626)</u>
Depreciable capital assets, net		<u>794,025,217</u>	<u>(15,689,652)</u>	<u>20,870,050</u>	-	<u>799,205,615</u>
		<u>\$ 890,578,799</u>	<u>\$ 82,744,219</u>	<u>\$ -</u>	<u>\$ (1,096,439)</u>	<u>\$ 972,226,579</u>

Land acquisitions represent certain properties acquired from landowners that encompass the Layon landfill. (See Note 7)

Depreciation expense was charged to functions/programs of the primary government's governmental activities as follows:

General government	\$ 4,442,167
Protection of life and property	538,326
Public health	255,544
Community services	938
Recreation	77,314
Individual and collective rights	1,776,731
Transportation	20,036,478
Public education	10,806,359
Environmental protection	403,035
Economic development	<u>5,660,603</u>
	<u>\$ 43,997,495</u>

Depreciation expense of \$3,274,248 associated with assets acquired through capital leases is included above under the public education function.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations

As of September 30, 2013, the primary government had the following long-term debt outstanding:

General Obligation Bonds:

General Obligation Bonds, 2007 Series A (original issue of \$151,935,000, dated November 1, 2007), varying interest rates at 5% - 5.25% per annum, payable semiannually on May 5 and November 5, principal fund payments due in varying annual installments commencing with a payment of \$4,920,000 on November 5, 2019 and increasing to a final payment of \$12,155,000 on November 1, 2037. The bonds were issued for the purpose of currently refunding a portion of the 1993 General Obligation Bonds and to provide additional proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2007 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.

\$ 151,935,000

Less net unamortized discount on refunded bonds

(4,605,384)

147,329,616

General Obligation Bonds, 2009 Series A (original issue of \$271,070,000, dated June 1, 2009), varying interest rates at 5.75% - 7% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying semiannual installments commencing with a payment of \$3,220,000 on November 15, 2010 and increasing to a final payment of \$20,125,000 on November 15, 2039. The bonds were issued for the purpose of providing proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2009 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.

260,845,000

Less net unamortized discount on bonds

(5,697,889)

255,147,111

\$ 402,476,727

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

General Obligation Bonds, Continued:

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,805,000	\$ 25,492,194	\$ 29,297,194
2015	4,025,000	25,267,081	29,292,081
2016	4,255,000	25,023,713	29,278,713
2017	4,510,000	24,760,763	29,270,763
2018	4,785,000	24,481,913	29,266,913
2019 – 2023	49,920,000	115,341,994	165,261,994
2024 – 2028	72,755,000	96,710,194	169,465,194
2029 – 2033	97,655,000	70,976,219	168,631,219
2034 – 2038	132,135,000	35,367,719	167,502,719
2039 – 2040	<u>38,935,000</u>	<u>2,771,475</u>	<u>41,706,475</u>
	\$ <u>412,780,000</u>	\$ <u>446,193,265</u>	\$ <u>858,973,265</u>

As of September 30, 2013, certain amounts have been accumulated within the General Fund in the form of \$18,091,634 in restricted investments to service the General Obligation Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

General Obligation Bonds - 2007 Series A, and 2009 Series A:

On or before the fifth day of each calendar month, GovGuam shall deposit into the Bond Fund held by the Trustee an amount equal to the amount necessary to increase the amount in the Bond Fund to the aggregate amount for all outstanding Bonds of all unpaid interest, principal and Mandatory Sinking Account Payments which shall be required to have been transferred to the Bond Fund under the following transfer requirement rules: (i) the amount of interest payable on each Bond on a current un compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Interest Accrual Period for such Bond ending on such Interest Payment Date; (ii) the amount of interest payable on each Bond on a deferred compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; (iii) the amount of the principal of each Bond shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; and (iv) the amount of each Mandatory Sinking Account Payment for Bonds shall be transferred in equal monthly amounts over the Principal Payment Period for such Bonds ending on the date such Mandatory Sinking Account Payment is due.

On or prior to the fifth Business Day preceding each Interest Payment Date, the Trustee shall notify GovGuam of the amount, if any, by which the aggregate amount of interest and principal to be paid on the Bonds on such date exceeds the aggregate amount on deposit in the Bond Fund and available to make such payments. On or prior to the third Business Day preceding such Interest Payment Date, GovGuam shall deposit with the Trustee an amount equal to the amount of such deficiency.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

General Obligation Bonds - 2007 Series A, and 2009 Series A, Continued:

In the event that on the third Business Day preceding any Interest Payment Date, the aggregate amount of interest and principal to be paid on the Bonds on such date exceeds the aggregate amount on deposit in the Bond Fund and available to make such payments, the Depository upon the direction of the Trustee shall transfer to the Bond Fund the amount of such deficiency by withdrawing said amount from the Construction Fund or Proceeds Fund.

The 2007 Series A Bonds are general obligations of GovGuam and are authorized to be issued pursuant to Public Law 29-21 and a Certificate of the Governor of Guam, dated November 1, 2007. Under the Certificate, the Governor of Guam appointed a Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds.

In accordance with the Certificate, the Depository has created the following trust accounts:

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depository for the payment of the costs of the 2007 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.
- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

The "Proceeds Fund" and "Bond Fund" accounts are accounted for within the General Fund.

The 2009 Series A Bonds are general obligations of GovGuam and are authorized to be issued pursuant to Public Law 30-7 and a Certificate of the Governor of Guam, dated June 1, 2009. Under the Certificate, the Governor of Guam appointed a Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds.

In accordance with the Certificate, the Depository has created the following trust accounts:

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depository for the payment of the costs of the 2009 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.
- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

The "Proceeds Fund" and "Bond Fund" accounts are accounted for within the General Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Limited Obligation Bonds:

Limited Obligation (Section 30) Bonds, 2009 Series A (original issue of \$202,425,000, dated June 1, 2009), varying interest rates at 5% - 5.75% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$4,590,000 on June 30, 2013 and increasing to a final payment of \$15,235,000 on June 30, 2035. The bonds were issued for the purpose of constructing a new landfill, closure of the Ordot Dump, prepaying a bank loan and funding capitalized interest, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 federal income tax collections.

\$ 197,835,000

Less net unamortized discount on bonds

(3,187,788)

194,647,212

Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of \$90,665,000, dated April 1, 2011), varying interest rates at 2% - 6.5% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with an initial payment of \$1,670,000 on November 1, 2011 and increasing to a final payment of \$5,725,000 on November 1, 2040. The bonds were issued for the purpose of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues.

87,255,000

Less net unamortized discount on bonds

(1,139,747)

86,115,253

Business Privilege Tax Revenue Bonds, 2011 Series A (original issue of \$235,000,000, dated December 1, 2011), varying interest rates at 2.5% - 5.25% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of \$4,515,000 on January 1, 2017 and increasing to a final payment of \$15,940,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.

235,000,000

Add net unamortized premium on bonds

7,938,043

242,938,043

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Business Privilege Tax Revenue Bonds, 2012 Series B (original issue of \$108,700,000, dated June 1, 2012), varying interest rates at 2.93% - 5% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of \$2,305,000 on January 1, 2017 and increasing to a final payment of \$7,135,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, health insurance premium payments and delinquent retirement fund contributions, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues. 108,700,000

Add net unamortized premium on bonds 5,720,792

114,420,792

Business Privilege Tax Revenue Bonds, 2013 Series C (original issue of \$22,640,000, dated January 31, 2013), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of \$1,300,000 on November 15, 2013 and increasing to a final payment of \$4,675,000 on November 15, 2018. The bonds were issued for the purpose of refunding 1993 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues. 22,640,000

Add net unamortized premium on bonds 2,366,338

25,006,338

\$ 663,127,638

Annual debt service requirements to maturity for limited obligation bonds are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,910,000	\$ 34,262,378	\$ 42,172,378
2015	10,825,000	33,855,934	44,680,934
2016	11,310,000	33,362,340	44,672,340
2017	18,680,000	32,658,475	51,338,475
2018	19,580,000	31,743,899	51,323,899
2019 – 2023	92,780,000	144,568,342	237,348,342
2024 – 2028	110,770,000	118,283,488	229,053,488
2029 – 2033	141,995,000	84,593,382	226,588,382
2034 – 2038	135,760,000	43,668,894	179,428,894
2039 – 2042	<u>101,820,000</u>	<u>10,609,807</u>	<u>112,429,807</u>
	\$ <u>651,430,000</u>	\$ <u>567,606,939</u>	\$ <u>1,219,036,939</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

On January 31, 2013, GovGuam issued \$22,640,000 in Business Privilege Tax Revenue Bonds, 2013 Series C, with varying interest rates of 3% - 5% per annum to refund \$24,660,000 of outstanding General Obligation 1993 Series A bonds. The net proceeds of \$25,088,795 were placed in escrow, of which \$24,660,000 was used to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the 1993 Series A general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements of GovGuam. This refunding was undertaken to reduce overall debt service payments. As of September 30, 2013, bonds outstanding from the abovementioned refunding activities in the amount of \$24,660,000 are considered defeased.

As of September 30, 2013, certain amounts have been accumulated within the General Fund and other governmental funds in the form of \$27,847,013 in restricted cash and cash equivalents and \$28,016,431 in restricted investments to service the Limited Obligation Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

Limited Obligation (Section 30) Bonds, 2009 Series A:

The 2009 Series A Section 30 Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 30-7 and an Indenture dated June 1, 2009. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Section 30 revenues. Section 30 revenues are amounts received by or on behalf of GovGuam or the Trustee from the United States as proceeds of custom duties, federal income taxes and any other taxes derived from Guam.

As defined by the terms of the bond indenture, these revenues include the following: (1) all amounts received by GovGuam as proceeds of Federal income taxes derived from Guam ("Section 30" monies); (2) customs duties collected by GovGuam derived from Guam; (3) the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported to the United States, its Territories or possessions, or consumed in Guam; and (4) the proceeds of any other taxes which may be levied by Congress on the inhabitants of Guam. "Revenue" further includes all interest, profits or other income derived from investments in any fund or account created pursuant to the bond indenture.

In accordance with the Indenture, the following funds are established:

- Section 30 Revenue Fund - GovGuam shall deposit or cause to be deposited all Section 30 Revenues upon receipt into the Section 30 Revenue Fund which the Trustee shall maintain and hold in trust, except that all interest and other profit from the investment of moneys in the Rebate Fund will be retained therein, all interest and other profit from the investment of moneys in the Construction Fund will be transferred to the Capitalized Interest Account, which shall be established, maintained and held in trust by the Depository as a separate account within the Section 30 Revenue Fund. The Trustee shall be entitled to and shall collect and receive all of the Section 30 Revenues, and any Section 30 Revenues collected or received by GovGuam shall be deemed to be held, and to have been collected or received, by GovGuam as the agent of the Trustee and shall promptly be paid by GovGuam to the Trustee.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2009 Series A, Continued:

On the fifth day of each calendar month, the Trustee shall transfer from the Section 30 Revenue Fund (to the Co-Trustee or Depository, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Section 30 Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Debt Service Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; and (E) the Section 30 Surplus Fund.

- Debt Service Fund - The Debt Service Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Debt Service Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable and (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture.
- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.
- Construction Fund - At closing, there shall be deposited in the Series 2009A Construction Account within the Construction Fund a portion of the proceeds of the 2009A Bonds. Moneys on deposit therein will be disbursed to fund the 2009A Bonds Project, which consists of the acquisition, construction, improving and equipping the New Landfill and the acquisition and construction of the closure of the Ordot Dump.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Trustee upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The "Section 30 Revenue Fund", "Capitalized Interest Account", "Debt Service Fund", "Bond Reserve Fund" and "Bond Expense Fund" accounts are accounted for within the General Fund. The "Construction Fund" account is accounted for within the Capital Projects Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

The 2011 Series A Hotel Occupancy Tax Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 30-228 and an Indenture, as supplemented by a First Supplemental Indenture, each dated April 1, 2011. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Hotel Occupancy Tax revenues. Hotel Occupancy Tax revenues are amounts levied at the rate of 11% on transient occupancy of hotel rooms in Guam.

In accordance with the Indenture, the following funds are established:

- Revenue Fund - GovGuam shall deposit or cause to be deposited all Hotel Occupancy Tax Revenues upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depository, will establish and maintain and hold in trust pursuant to the Indenture.

On or before the fifth day of each calendar month following the calendar month in which the 2011 Series A Hotel Occupancy Tax Bonds are delivered, the Trustee shall transfer from the Revenue Fund (to the Co-Trustee or Depository, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Hotel Occupancy Tax revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Bond Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; (E) such amount specified by the budget enacted by *I Liheslaturan Guåhan* (the Guam Legislature) for the Guam Visitors Bureau; and (F) the Tourist Attraction Fund.

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.
- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A, Continued:

- Construction Fund - At closing, there shall be deposited in the Series 2011A Construction Account within the Construction Fund a portion of the proceeds of the 2011A Bonds. Moneys on deposit therein will be disbursed to fund the 2011A Bonds Project, which consists of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depository upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The "Revenue Fund" account is accounted for within the Tourist Attraction Fund. The "Bond Fund", "Bond Reserve Fund" and "Bond Expense Fund" accounts are accounted for within the Debt Service Fund. The "Construction Fund" account is accounted for within the Capital Projects Fund.

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B and 2013 Series C:

The 2011 Series A, 2012 Series B and 2013 Series C Business Privilege Tax Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 31-76 and an Indenture, as supplemented by a First Supplemental Indenture, each dated December 1, 2011, a Second Supplemental Indenture, dated June 1, 2012, and a Third Supplemental Indenture, dated January 1, 2013. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Gross Receipts Tax revenues. Gross Receipts Tax revenues are amounts levied by GovGuam at the rate of 4% on certain goods and services, including the sale of tangible personal property and the provision of professional services on Guam.

In accordance with the Indenture, the following funds are established:

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depository for the payment of Eligible Expenses to be funded from Bond proceeds and the costs associated with the issuance of the Bonds.
- Revenue Fund - Commencing October 2013, GovGuam shall deposit or cause to be deposited all Gross Receipts Tax Revenues upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depository, will establish and maintain and hold in trust pursuant to the Indenture.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(6) Long-Term Obligations, Continued

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B and 2013 Series C, Continued:

On or before the twenty-fifth day of each calendar month, the Trustee shall transfer from the Revenue Fund (to the Co-Trustee or Depository, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Gross Receipts Tax revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Bond Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; and (E) GovGuam, free and clear from the lien of the Indenture, the balance of the Revenue Fund.

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depository upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The "Proceeds Fund", "Revenue Fund", "Bond Fund" and "Bond Expense Fund" accounts are accounted for within the General Fund.

Loan Payable:

Note payable to a local bank in the amount of \$11,000,000, dated September 15, 2006, interest at 6.49% per annum, payable quarterly commencing December 1, 2006, with principal and interest payable commencing December 1, 2009 in quarterly installments of \$248,251, fully due on September 1, 2018. This loan was used to fund the construction of a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.

\$ 8,813,215

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(6) Long-Term Obligations, Continued

Loans Payable, Continued:

Annual debt service requirements to maturity for loans payable are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 554,346	\$ 438,659	\$ 993,005
2015	585,424	407,581	993,005
2016	614,599	378,406	993,005
2017	647,425	345,580	993,005
2018	<u>6,411,421</u>	<u>589,082</u>	<u>7,000,503</u>
	<u>\$ 8,813,215</u>	<u>\$ 2,159,308</u>	<u>\$ 10,972,523</u>

As of September 30, 2013, \$902,104 has been accumulated within the other governmental funds in the form of restricted investments to service the loan payable.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures and loan covenants as of September 30, 2013.

(7) Changes in Long-Term Liabilities

Other long-term liabilities will generally be liquidated in the future from the General Fund. During the year ended September 30, 2013, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net position:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
GO Bonds payable:					
General obligation bonds	\$ 444,445,000	\$ -	\$ (31,665,000)	\$ 412,780,000	\$ 3,805,000
Discount on bonds issued	(5,912,904)	-	215,015	(5,697,889)	-
Discount on refunding	(4,793,359)	-	187,975	(4,605,384)	-
	<u>433,738,737</u>	<u>-</u>	<u>(31,262,010)</u>	<u>402,476,727</u>	<u>3,805,000</u>
LO Bonds payable:					
Limited obligation bonds	635,120,000	22,640,000	(6,330,000)	651,430,000	7,910,000
Premium on bonds issued	14,138,093	2,957,923	(1,070,843)	16,025,173	-
Discount on bonds issued	(4,547,572)	220,037	-	(4,327,535)	-
	<u>644,710,521</u>	<u>25,817,960</u>	<u>(7,400,843)</u>	<u>663,127,638</u>	<u>7,910,000</u>
Loans payable	<u>11,001,642</u>	<u>-</u>	<u>(2,188,427)</u>	<u>8,813,215</u>	<u>554,346</u>
Other long-term liabilities:					
Compensated absences	22,884,146	11,181,079	(9,108,042)	24,957,183	19,409,381
Capital lease obligations	121,155,000	-	(4,195,000)	116,960,000	4,385,000
DCRS sick leave liability	19,461,902	2,898,377	(1,693,520)	20,666,759	-
Due to component units	9,035,736	-	(5,615,175)	3,420,561	3,420,561
Tax credits payable	-	29,112,970	-	29,112,970	-
Due to IRS	21,826,406	19,937,926	(21,826,406)	19,937,926	-
Landfill closure	42,089,236	14,040,801	(2,621,981)	53,508,056	-
	<u>236,452,426</u>	<u>77,171,153</u>	<u>(45,060,124)</u>	<u>268,563,455</u>	<u>27,214,942</u>
	<u>\$1,325,903,326</u>	<u>\$ 102,989,113</u>	<u>\$ (85,911,404)</u>	<u>\$1,342,981,035</u>	<u>\$ 39,484,288</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(7) Changes in Long-Term Liabilities, Continued

Other long-term liabilities include an amount due to the Internal Revenue Service (IRS) for excess Make Work Pay Credit (MWPC) payments received under the American Recovery and Reinvestment Act of 2009. In accordance with a promissory agreement between GovGuam and the IRS, the amount due was renegotiated in the amount of \$19,937,926, which is due and payable in three equal annual amounts of \$5,500,000 commencing in June 2015 with the final payment of \$3,437,926 due and payable in June 2018. Repayments are expected to be made by offsets of future Section 30 revenue receipts.

In addition, other long-term liabilities include an amount due to landowners in the original amount of \$29,112,970, inclusive of interest. On October 31, 2012, a Court Order was issued for the payment associated with the condemnation of land encompassing the Layon landfill. The Court Order required the payment of interest at 6% per annum calculated from January 24, 2008. GovGuam has negotiated long-term tax credit certificates with these landowners.

(8) Cost of Living Adjustment (COLA) Liability

In August 1988, Public Law 19-19, as codified in 4 G.C.A. § 8137.1, required GovGuam to pay an annual lump sum COLA to retirees and survivors on the first retirement payday after July 1 of each year. In October 1993, a GovGuam retiree filed a class action suit on behalf of 4,877 retirees and survivors, alleging that they were being denied the COLA benefits prescribed by 4 G.C.A. § 8137.1. The "COLA class" consisted of all GovGuam retirees and survivors that were entitled to retirement benefits during COLA years 1990 through 1994 (payout years July 1991 through July 1995). The Petitioner alleged that GovGuam did not implement 4 G.C.A. § 8137.1. The Governor and the GovGuam Retirement Fund subsequently submitted to the Court their respective calculations of the COLA owed under seal. In October 2006, the Superior Court of Guam, pursuant to 4 G.C.A. § 8137.1, ordered the GovGuam Retirement Fund to revise its initial August 2006 COLA calculation of \$96 million, which resulted in the award of \$123,580,231 to the COLA class. As of September 30, 2013, the outstanding COLA liability amounted to \$4,858,941. In accordance with Public Law 31-76, the accrual of interest on outstanding awards ceased commencing October 1, 2011.

(9) Deficit Fund Balances/Net Position

The following individual nonmajor funds reflect deficit fund balance/net position at September 30, 2013:

Primary Government:

Air Pollution Control Fund	\$ <u>127,571</u>
Criminal Injuries Compensation Fund	\$ <u>191,648</u>
Land Survey Revolving Fund	\$ <u>122,161</u>
Mental Health and Substance Abuse Fund	\$ <u>15,950</u>
Professional Engineers', Architects' and Surveyors' Fund	\$ <u>3,671</u>
Section 2718 Fund	\$ <u>1,604,309</u>
Unreserved Fund Balance Fund	\$ <u>6,394</u>
Village Streets Fund	\$ <u>22,695</u>

Component Units:

Guam Economic Development Authority	\$ <u>23,981,462</u>
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GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(10) Fund Balances

Classifications of fund balances comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following table enumerates the fund balance classifications:

	<u>General</u>	Federal Grants <u>Assistance</u>	Landfill <u>CIP</u>	Chamorro <u>Lands</u>	Other <u>Funds</u>	<u>Total</u>
Non-spendable:						
Pacific Islands Development Bank	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Chamorro Land Trust	-	-	-	404,399,838	-	404,399,838
Ancestral Land Trust	-	-	-	6,759,894	-	6,759,894
Inventories	1,031,346	-	-	-	-	1,031,346
Restricted for:						
State Fiscal Stabilization Fund	24,983,812	-	-	-	-	24,983,812
DMHSA Court-appointed receiver	2,113,128	-	-	-	-	2,113,128
Debt service reserve	40,335,531	-	-	-	12,248,049	52,583,580
Landfill capital projects	-	-	58,190,625	-	-	58,190,625
Tourism related capital projects	-	-	-	-	43,884,672	43,884,672
Tobacco MSA projects	-	-	-	-	10,806,464	10,806,464
Chamorro Loan Guarantee	-	-	-	-	501,791	501,791
Ancestral Land Bank	-	-	-	-	2,941,465	2,941,465
Solid Waste operations	-	-	-	-	1,626,896	1,626,896
Other capital projects	4,455,973	-	-	-	562,248	5,018,221
Committed to:						
Tourism related	-	-	-	-	5,196,964	5,196,964
Highway related	-	-	-	-	7,027,387	7,027,387
Chamorro Land Trust operations	-	-	-	-	1,656,955	1,656,955
Health and education programs	-	-	-	-	6,342,723	6,342,723
Solid Waste operations	-	-	-	-	12,121,111	12,121,111
Recycling program	-	-	-	-	2,990,885	2,990,885
DOC inmates revolving	1,494,456	-	-	-	-	1,494,456
Unified Courts of Guam	2,012,317	-	-	-	-	2,012,317
Public Defender Service Corporation	1,463,879	-	-	-	-	1,463,879
Department of Education	1,552,658	-	-	-	-	1,552,658
Guam Memorial Hospital Authority	4,285,032	-	-	-	-	4,285,032
Federal grants local match	2,517,481	-	-	-	2,004,643	4,522,124
Guam Legislature	1,779,823	-	-	-	-	1,779,823
Other purposes	7,035,004	-	-	-	10,873,885	17,908,889
Assigned to:						
Health and education programs	-	-	-	-	236,201	236,201
Tourism related	-	-	-	-	420,555	420,555
Highway related	-	-	-	-	763,622	763,622
Other purposes	-	106,610	-	-	1,816,687	1,923,297
Unassigned	<u>(93,733,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,094,399)</u>	<u>(95,827,942)</u>
	<u>\$ 2,326,897</u>	<u>\$ 106,610</u>	<u>\$58,190,625</u>	<u>\$411,159,732</u>	<u>\$121,928,804</u>	<u>\$ 593,712,668</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(11) Interfund/Intrafund Transactions

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2013, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Assistance Fund	\$ 37,765,960	\$ 141,950
Nonmajor governmental funds	3,691,407	32,784,464
Fiduciary funds	<u>745,433</u>	<u>-</u>
	<u>42,202,800</u>	<u>32,926,414</u>
Federal Grants Assistance Fund:		
General Fund	141,950	37,765,960
GDOE Federal Grants Fund	<u>7,214,450</u>	<u>-</u>
	<u>7,356,400</u>	<u>37,765,960</u>
GDOE Federal Grants Fund:		
Federal Grants Assistance Fund	<u>-</u>	<u>7,214,450</u>
Nonmajor governmental funds:		
General Fund	32,784,464	3,691,407
Nonmajor governmental funds	<u>9,769,216</u>	<u>9,769,216</u>
	<u>42,553,680</u>	<u>13,460,623</u>
Fiduciary funds:		
General Fund	<u>-</u>	<u>745,433</u>
	<u>\$ 92,112,880</u>	<u>\$ 92,112,880</u>

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid. Specifically, GovGuam transferred \$37,765,960 from the General Fund to the Federal Grants Assistance Fund representing local match requirements under various federal grant awards; \$32,784,464 from the nonmajor governmental funds to the General Fund to primarily finance public school operations and debt service requirements; and \$7,214,450 from the Federal Grants Assistance Fund to the GDOE Federal Grants Fund to finance municipal school lease payments and other programs administered by the Guam Department of Education.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(12) Retirement Plans

Defined Benefit Plan

Plan Description:

GovGuam participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2011, 2010, and 2009, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2013, 2012 and 2011, respectively, have been determined by the Guam Legislature as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal costs (% of DB Plan payroll)	17.52%	17.07%	17.00%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>8.02%</u>	<u>7.57%</u>	<u>7.50%</u>
Employer portion of normal costs (% of total payroll)	3.03%	3.03%	3.03%
Unfunded liability cost (% of total payroll)	<u>24.33%</u>	<u>23.75%</u>	<u>21.75%</u>
Government contribution as a % of total payroll	<u>27.33%</u>	<u>26.78%</u>	<u>24.78%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>30.09%</u>	<u>28.30%</u>	<u>27.46%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

GovGuam's contributions to the DB Plan for the years ending September 30, 2013, 2012 and 2011 were \$33,170,773, \$31,730,829 and \$30,290,344, respectively, equal to the statutorily required contributions for each year.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(12) Retirement Plans, Continued

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment options available under the DCRS.

Statutory employer contributions on DCRS plan payroll for the year ended September 30, 2013 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only an amount equivalent to 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan. GovGuam's contributions to the DCRS plan for the years ended September 30, 2013, 2012 and 2011 were \$58,450,372, \$54,060,053 and \$48,480,208, respectively, equal to the statutorily required contributions for each year.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple-employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, prescription drug, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. For the years ended September 30, 2013, 2012 and 2011, GovGuam's contributions to this Plan amounted to \$16,922,668, \$22,610,227 and \$27,299,574, respectively, equal to the statutorily required contributions for each year. GovGuam's base contributions to the Plan are determined by the Guam Legislature and the retiree is responsible to pay the difference if the base contribution is less than the monthly premium.

Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies

A. Budgetary Compliance

For the year ended September 30, 2013, significant over-expenditures exceeding appropriations within the General Fund were as follows:

Department of Administration	\$ 3,741,208
Guam Police Department	\$ 1,994,796
Department of Education	\$ 9,620,809
Guam Fire Department	\$ 3,301,833
Interest and other charges	\$ 4,851,714

These over-expenditures of the General Fund have not been funded by legislative authorization.

B. Landfill Closure and Postclosure Costs

On February 11, 2004, the U.S. Environmental Protection Agency and the U.S. Department of Justice filed a Consent Decree in the United States District Court of Guam. The consent decree included deadlines for the opening of a new landfill and implementing an Ordot Dump closure plan. Within a period of forty-five months, GovGuam was required to complete an environmental impact statement analyzing at least three potential new landfill locations; complete design, permitting, and construction for the selected landfill location; begin operations at the new landfill; and properly and permanently close the Ordot Dump. In the event that GovGuam failed to meet any of the stipulated deadlines under the consent decree, GovGuam would be liable for civil penalties.

On March 17, 2008, the United States District Court of Guam issued a Court Order that placed the Solid Waste Division of the Department of Public Works (DPW) in Guam in Receivership. After receiving and reviewing qualifications information on firms presented by GovGuam and the U.S. Environmental Protection Agency, and conducting interviews and reference checks, the District Court Judge selected and appointed a receiver. The Receiver was given full power and authority to enforce the terms of the Consent Decree, including closure of the Ordot Dump and opening of a new landfill, and assume all of the responsibilities for the operations of DPW's Solid Waste Division. For the year ended September 30, 2013, recorded receiver fee expenditures were \$1,494,431 with accumulated receiver fee expenditures since the appointment of the Receiver on March 17, 2008 through September 30, 2013 amount to \$12,893,557. Of this amount, \$3,848,700 was funded by the General Fund and the remaining was funded from solid waste operations. Pursuant to the Court Order, the appointment of the Receiver shall be for the period necessary to achieve compliance with the consent decree unless: (a) the Receiver recommends termination of the Court Order as no longer necessary, or modification thereof, and said termination or modification is accepted by the court, (b) the Receiver requests to be relieved and such request is approved by the court, and (c) the Court Order is otherwise modified or terminated by the court. On February 13, 2009, the United States District Court of Guam issued a Court Order associated with the DPW Solid Waste Division Receivership requiring GovGuam to provide for costs of the new landfill. On June 4, 2009, GovGuam issued \$202,425,000 in Limited Obligation Revenue Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam. On August 31, 2011, the Ordot Dump was finally closed and the Layon landfill opened on September 1, 2011.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

B. Landfill Closure and Postclosure Costs, Continued

State and federal laws and regulations require GovGuam to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GovGuam's governmental activities reports a portion of these closure and postclosure care costs as an expense based on landfill capacity used as of each balance sheet date. The \$53,508,056 reported as landfill closure and post closure care liability at September 30, 2013 within the accompanying financial statements includes the cumulative amount of \$51,574,121 reported based on 100% capacity for Ordot Dump and \$1,933,925 reported based on the use of 1.78% of the estimated capacity of Layon landfill. The Layon landfill consists of up to eleven cells and has an estimated lifespan of 50 years. Currently, GovGuam is projected to utilizing two cells that together have a projected life of 10 years. GovGuam will recognize the remaining estimated cost of closure and postclosure care of \$106,713,510 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

C. Permanent Injunction

On June 8, 2004, the United States District Court of Guam issued a Permanent Injunction, which was subsequently amended on June 30, 2005, requiring GovGuam's Department of Mental Health and Substance Abuse (MHSA) and Department of Integrated Services for Individuals with Disabilities (DISID) to provide treatment and develop programs to mentally ill patients residing on Guam. On March 2, 2010, the Court issued a Court Order appointing a Federal Management Team (FMT) in order to achieve compliance with the amended Permanent Injunction. The Court Order also required the payment of \$1,500,000 to be deposited with the Court for the purpose of funding the activities of the FMT. On September 8, 2010, the Court approved the FMT's Plan of Action. On November 9, 2010, the Court issued a Court Order requiring the payment of \$15,950,000 to be deposited with the Court for the purpose of funding the cost of implementation of the Amended Permanent Injunction and Plan of Action, of which GovGuam had deposited prerequisite payments of \$7,500,000. On October 7, 2011, the Court issued a Court Order deferring the remainder of the required deposits pending the adoption of the FMT's Plan of Action. On August 3, 2012, the Court issued a Court Order returning control of MHSA and DISID back to GovGuam for the purpose of fulfilling the requirements of the Permanent Injunction; however, the requirement to make the remaining deposits remains in the event that GovGuam fails to comply with the amended Permanent Injunction. Fines and penalties may be imposed by the Court for noncompliance with this Permanent Injunction. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

D. Guam Fire Department Equipment

On September 30, 2008, the Guam Legislature enacted Public Law 29-113 authorizing the purchase of certain firefighting equipment in the amount of \$7,850,000. The financing of this equipment purchase is to be funded by entering into a debt agreement or other financing source, with lower cost of funds, for a term not to exceed ten (10) years. As of September 30, 2013, no commitment has been entered into with respect to the purchase of this equipment.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

E. Land Management Building

On December 24, 2008, the Guam Legislature enacted Public Law 29-135 authorizing the design and construction of a Land Resources Public Facility in the amount of \$15,750,000. The financing of this facility is to be funded by entering into a financing arrangement with the U.S. Department of Agriculture or other financing source, with lower cost of funds, for a term not to exceed forty (40) years. As of September 30, 2013, no commitment has been entered into with respect to the construction of this facility.

F. University of Guan (UOG) and Guam Community College (GCC) Buildings

On December 1, 2010, the Guam Legislature enacted Public Law 30-201 authorizing the construction of the UOG Student Services Center and the Annex Building for the School of Engineering; the extension of the GCC Crime Lab Building; and the renovation of GCC Buildings 100 and 200 in the aggregate amount of \$40,500,000. As of September 30, 2013, no commitment has been entered into with respect to the construction of these facilities.

G. Tax Refunds

On August 12, 2012, the United States District Court of Guam held a hearing regarding GovGuam's administration of the Guam Territorial Income Tax (GTIT) and the lack of timely payment of tax refunds. On January 30, 2013, the Court issued a Permanent Injunction requiring GovGuam to pay GTIT refunds no later than six months after the filing of the claim for refund or six months from the due date for filing the claim for refund, whichever is later in time. Fines and penalties may be imposed by the Court for noncompliance with this Permanent Injunction.

H. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2013 and prior year audits aggregated \$53,471. If the questioned costs were ultimately disallowed, the General Fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements.

Audits of federal program funds are also performed by various federal agencies. If audits result in cost disallowances, the general fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements. Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

I. Tiyan Lease

On June 23, 2009, GovGuam entered into a lease agreement for certain property located in Tiyan for use as a temporary high school. The lease, which is renewable annually, has a fixed annual rent of \$4,493,256 for the first five years, commencing October 1, 2009. The rent shall increase by 10% for every five-year period with a term of June 30, 2024. The lease agreement provides an option for GovGuam to pay in cash or by transferable tax credits. On December 30, 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024 with rent abatement from October 1, 2011 through January 31, 2012 due to non-occupancy of the property. GovGuam has the option to purchase the premises for a purchase price of \$43,500,000 to be exercised no later than December 31, 2013 (see Note 14).

J. Municipal School Lease Agreements

On October 19, 2006, GovGuam issued on behalf of the Guam Department of Education (GDOE), formerly the Guam Public School System, \$50,880,000 in 2006 Series A Certificates of Participation (COPS) and \$14,015,000 in 2006 Series B COPS to finance the design, construction, insurance and maintenance of four new schools (the "Leased Schools") on Guam. The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed.

On November 12, 2008, GovGuam issued on behalf of GDOE \$7,520,000 in 2008 Series A COPS to finance the off-site infrastructure improvements, equipment and athletic field lighting (the "Leased Facilities") for the use of the Leased Schools. The holders of the COPS are the current owners of the Leased Schools. Accordingly, GovGuam's rental payments for the use of the Leased Schools and Facilities are paid to a trustee, who then remits those amounts to the holders of the COPS, with annual rental payments to be funded by a pledge of U.S. Compact Impact grant revenues through December 1, 2022 with the remaining payments subject to future appropriations by the Guam Legislature. Payments commenced on December 1, 2006 in the amount of \$6,100,000 and continue through December 1, 2025 (with incremental increases on December 1, 2008 through December 1, 2018), with varying interest rates at 4.5% - 5.875% per annum. Title to the Leased Schools and Facilities will transfer to GovGuam upon the payment of all required rents.

Commencing in 2010, \$7,100,000 of Compact Impact grant revenues will be received annually for a ten year period. Of this amount, \$1,000,000 will be allocated for rental, principal and interest, to fund additional equipment requirements, as defined. Subsequent to that ten year period, the annual grant returns to \$6,100,000.

On September 16, 2010, GovGuam issued on behalf of GDOE \$65,735,000 in 2010 Series A COPS to finance the demolition, acquisition, construction, renovation and installation of facilities comprising the new John F. Kennedy High School to be located in Guam and to be leased to Lessee by Lessor pursuant to the Lease. The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

J. Municipal School Lease Agreements, Continued

The holders of the COPS are the owners of the new High School. Accordingly, GDOE's rental payments for the use of the new High School are paid to a trustee, who then remits those payments to the holders of the COPS, with annual rental payments subject to appropriations by the Guam Legislature. Payments commenced on December 1, 2010, for base and additional rentals and continue through December 1, 2040 (with incremental increases subsequent to the first payment), with varying interest rates of 5.5% - 6.875% per annum. Title to the new High School will transfer to GDOE upon the payment of all required rents.

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 154,264,866
Less accumulated depreciation	<u>(15,394,919)</u>
	<u>\$ 138,869,947</u>

These buildings are summarized as follows:

Liguan Elementary School	\$ 13,082,080
Adacao Elementary School	14,482,938
Astumbo Middle School	18,383,500
John F. Kennedy High School	65,735,000
Ukudo High School	<u>42,581,348</u>
	<u>\$ 154,264,866</u>

Future minimum lease obligations to maturity for municipal school lease agreements are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional</u> <u>Rental</u>	<u>Total</u>
2014	\$ 4,385,000	\$ 6,864,530	\$ 2,573,649	\$ 13,823,179
2015	4,610,000	6,643,207	2,572,405	13,825,612
2016	4,865,000	6,388,926	2,573,591	13,827,517
2017	5,110,000	6,146,725	2,575,208	13,831,933
2018	5,380,000	5,874,027	2,577,173	13,831,200
2019 – 2023	25,890,000	25,409,374	12,862,698	64,162,072
2024 – 2028	23,000,000	18,076,809	10,845,238	51,922,047
2029 – 2033	12,505,000	13,134,250	7,840,000	33,479,250
2034 – 2038	21,700,000	9,067,266	7,840,000	38,607,266
2039 – 2041	<u>9,515,000</u>	<u>746,281</u>	<u>6,272,000</u>	<u>16,533,281</u>
	<u>\$ 116,960,000</u>	<u>\$ 98,351,395</u>	<u>\$ 58,531,962</u>	<u>\$ 273,843,357</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

J. Municipal School Lease Agreements, Continued

On March 15, 2013, GovGuam issued on behalf of GDOE \$21,818,000 in 2013 Series A COPS and \$1,000,000 in 2013 Series B COPS to finance the expansion of Ukudo High School (the "Ukudo Expansion"). The holders of the COPS are the current owners of the Leased Schools. The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed. Upon completion of construction, GDOE's rental payments for the use of the expansion are to be paid to a trustee, who then remits those payments to the holders of the COPS, with annual rental payments subject to appropriations by the Guam Legislature. Payments commenced on June 1, 2013, for base rental and payments for additional rental commence on October 15, 2013 and continue through September 30, 2030 (with incremental increases subsequent to the first payment), with interest rate of 2.44% per annum. Title to the Ukudo Expansion will transfer to GDOE upon the payment of all required rents.

GovGuam is of the opinion that this transaction represents a capital lease and will accordingly account for the expansion in that manner when construction is completed. Construction is ongoing as at September 30, 2013.

Future minimum lease obligations to maturity for the aforementioned expansion are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional</u> <u>Rental</u>	<u>Total</u>
2014	\$ -	\$ 1,597,260	\$ 1,217,336	\$ 2,814,596
2015	775,000	1,583,960	1,867,336	4,226,296
2016	830,000	1,528,835	1,867,336	4,226,171
2017	885,000	1,469,685	1,867,336	4,222,021
2018	950,000	1,406,685	1,867,336	4,224,021
2019 – 2023	5,870,000	5,915,525	9,336,680	21,122,205
2024 – 2028	9,000,000	3,326,575	9,336,680	21,963,255
2029 – 2030	<u>4,208,000</u>	<u>371,315</u>	<u>3,734,672</u>	<u>8,313,987</u>
	\$ <u>22,818,000</u>	\$ <u>17,199,840</u>	\$ <u>31,094,712</u>	\$ <u>71,112,552</u>

K. Sick Leave

It is the policy of GovGuam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2013. The estimated accumulated amount of unused sick leave at September 30, 2013, is \$84,165,065, of which an estimated \$20,666,759 has been accrued and may be convertible by members of the DCRS to pay upon retirement.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(13) Commitments and Contingencies, Continued

L. Litigation

GovGuam is party to several legal proceedings arising from governmental operations; however, the Attorney General of Guam is unable to assess the likelihood of potential liabilities related to claims outstanding as of September 30, 2013. Hence, it is not possible to predict a reasonable estimation of these claims to be paid through the claims process, as set forth in footnote 13M below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

M. Self-Insurance

GovGuam does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, the General Fund would be required to pay the majority of these losses. An annual appropriation is made to the Government Claims Fund and then valid claims are paid out against the appropriated amount. During the year ended September 30, 2013, claims in the amount of \$100,000 were made from the Government Claims Fund. GovGuam has not experienced material prior year losses as a result of this policy. Virtually all discretely presented component units have some form of commercial insurance to insure against risk of loss such as property, liability and typhoon.

N. Deposits with Treasurer

Insurance companies doing business on Guam are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2013, \$17,517,256 was held by GovGuam in bonds as security against possible claims.

O. Medicare

GovGuam did not withhold or remit funds to the U.S. Social Security System for the health insurance component. GovGuam has since reevaluated this position and has commenced withholding such amount from its employees beginning in October 1998. If GovGuam is found to be liable for prior year nonpayment an indeterminate liability could result. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

P. Other Commitments

Public Law 30-228 authorizes the construction of the Guam Museum and certain other projects that benefit Guam's tourism industry in the amount of \$55,569,000. During the year ended September 30, 2013, GovGuam entered into certain contracts associated with these projects in the aggregate amount of \$24,733,494, with capital-related expenditures of \$6,422,418 being incurred under these contracts. The remaining unliquidated contract amount of \$18,311,076 is recorded within restricted fund balance of the Tourist Attraction Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(14) Subsequent Events

On November 20, 2013, the Guam Waterworks Authority issued Water and Wastewater System Revenue Bonds, 2013 Series A, with a face value of \$172,630,000. The bond proceeds were used to finance various water and wastewater capital improvement projects.

On December 30, 2013, GovGuam exercised an option to purchase certain property located in Tiyan. In addition to the purchase price of \$43,500,000 that comprises the temporary high school, GovGuam elected to purchase additional property in the amount of \$43,648,970. The total purchase price is to be paid in the form of tax credits over a period of 10 years commencing January 1, 2014 in the aggregate amount of \$175,433,826, inclusive of \$88,284,856 in interest and other costs.

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents

Guam Memorial Hospital Authority (GMHA):

At September 30, 2013, GMHA maintained restricted cash and cash equivalents for debt service related accounts in the amount of \$209,267.

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 2010 and 2012 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2013, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 75,560,736
Interest and Principal Funds	27,161,855
Bond Funds	541,185
Working Capital Funds	<u>29,537,126</u>
	\$ <u>132,800,902</u>

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2005 and 2010 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. At September 30, 2013, restricted cash and cash equivalents held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Construction Funds	\$ 54,246,729
Operations, Maintenance, Renewal and Replacement Fund	14,753,392
Capitalized Interest Fund	1,632,319
Operations and Maintenance Fund	2,841,896
Revenue Fund	5,341,283
Capital Improvement Fund	<u>755,844</u>
	\$ <u>79,571,463</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents, Continued

Guam Waterworks Authority (GWA), Continued:

Furthermore, GWA maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2013, these consisted of the following:

Water and Sewer Development Fund	\$ 163,899
Operation and Maintenance Fund	6,094
Navy Surcharge Fund	305,644
Meter Reserve Fund	1,116,842
Sewer Hook-up Revolving Fund	72,475
Debt Service Fund	1,204,473
Moratorium Project	299,755
Island Water and Sewer Infrastructure Development Fund	<u>4,875,998</u>
	\$ <u>8,045,180</u>

Port Authority of Guam (PAG):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2013, restricted cash and cash equivalents held by PAG are as follows:

Crane Surcharge Reserve Account	\$ <u>445,691</u>
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University of Guam (UOG):

At September 30, 2013, UOG maintained restricted cash and cash equivalents for the following purposes:

Enhancement of Learning Resources and Technology	\$ 379,578
Guam Cancer Trust Fund	2,015,419
Debt Service and Operations and Maintenance Reserve Funds	1,422,888
Other	<u>148,593</u>
	\$ <u>3,966,478</u>

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2013, restricted cash and cash equivalents held for this purpose amounted to \$394,839.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2013, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Supportive Housing for the Elderly	\$ 602,547
Section 8 HCV	1,611,014
Central Office Cost Center	1,163,569
Public Housing	121,135
CDBG	2,125
Revolving Fund	<u>104,062</u>
	<u>\$ 3,604,452</u>

Guam Housing Corporation (GHC):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2013, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	\$ 422,613
First-time Homeowner Assistance Program	1,021,080
Community Affordable Housing Action Trust	67,810
Trust fund and borrower's deposit	398,079
Hazard Mitigation Program	146,465
Building renovation contract	<u>84,669</u>
	<u>\$ 2,140,716</u>

Guam Economic Development Authority (GEDA):

The bond indenture for GEDA requires the establishment of special debt service funds and accounts to be held and administered by GEDA's trustees for the accounting of the monies. At September 30, 2013, restricted short-term money market fund investments held for this purpose amounted to \$3,616,049.

Guam Visitors Bureau (GVB):

Cash and cash equivalent balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2013, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Rainy Day Fund	\$ 1,660,291
FESTPAC & Folklife Festival Trust Account	1,135,196
Tourist Attraction Fund Projects	<u>598,626</u>
	<u>\$ 3,394,113</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Educational Telecommunications Corporation (GETC):

Cash and cash equivalent balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2013, cash and cash equivalents held by GETC for this purpose amounted to \$121,782.

B. Deposits and Investments

Antonio B. Won Pat International Airport Authority (AWPIAA):

AWPIAA maintains cash deposits in banks, which at times may exceed federal depository insurance limits. At September 30, 2013, \$250,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

The bond indentures for AWPIAA require the establishment of special funds and accounts to be held and administered by AWPIAA's trustees for the accounting of the monies. At September 30, 2013, investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Unrestricted:

Federal Grants Fund	\$ 6,491,857
Operations and Maintenance Reserve Fund	10,097,454
Operations and Maintenance Fund	135,024
General Revenue Fund	4,520,199
Self-Insurance Fund	4,849,745
Rebate Fund	1,399,734
Cost of Issuance Fund	290,014
Capital Improvement Fund	<u>682,262</u>
	<u>28,466,289</u>

Restricted:

Cash with trustees	4,718
Construction Fund	109,864,890
Bond Reserve Funds	19,678,484
Debt Service Funds	1,184
Renewal and Replacement Fund	<u>1,000,249</u>
	<u>130,549,525</u>
	\$ <u>159,015,814</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Antonio B. Won Pat International Airport Authority (AWPIAA), Continued:

Investments held by AWPIAA consist of money market funds, U.S. Treasury and agency obligations, and corporate notes. The carrying value of investments is as follows:

Cash with trustees	\$ 4,718
Money market funds	142,912,272
Fixed income securities	15,584,881
Other	<u>513,943</u>
	<u>\$ 159,015,814</u>

As of September 30, 2013, AWPIAA's investments in debt securities were as follows:

	S&P Credit Rating	<u>Investment Maturities (In Years)</u>				<u>Total</u>
		Less			Greater	
		<u>Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Than 10</u>	
U.S. treasury obligations	Aaa	\$ -	\$ 2,003,154	\$ -	\$ -	\$ 2,003,154
U.S. government agencies:						
Federal Home Loan Mortgage Corp.	Aaa	349,963	751,202	201,186	-	1,302,351
Federal National Mortgage Association	Aaa	-	574,775	28,466	163,914	767,155
Corporate notes:						
CDC Funding Corporation	Aa3	-	-	-	9,549,194	9,549,194
Other	Aaa	-	36,683	-	-	36,683
Other	Aa	-	214,835	47,991	-	262,826
Other	A2	5,753	-	-	-	5,753
Other	A1	49,220	-	-	-	49,220
Other	A	-	504,190	176,330	-	680,520
Other	Baa2	155,632	-	-	-	155,632
Other	Baa1	10,322	-	-	-	10,322
Other	Baa	10,897	219,452	88,252	10,170	328,771
Other	B1	248,525	-	-	-	248,525
Other	NR	<u>184,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,775</u>
		<u>\$ 1,015,087</u>	<u>\$ 4,304,291</u>	<u>\$ 542,225</u>	<u>\$ 9,723,278</u>	15,584,881
Cash with trustees						4,718
Money market funds						142,912,272
Accrued interest						<u>513,943</u>
						<u>\$159,015,814</u>

At September 30, 2013, AWPIAA's investments are held and administered by trustees in accordance with bond indentures for the purpose of funding various capital projects and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in AWPIAA's name by AWPIAA's custodial financial institutions at September 30, 2013.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2013, the carrying amount of GMHA's total cash and cash equivalents was \$3,809,335 and the corresponding bank balances were \$5,310,113, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2013, bank deposits in the amount of \$250,000 were FDIC insured. GMHA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Power Authority (GPA):

As of September 30, 2013, the carrying amount of GPA's total cash and cash equivalents was \$164,023,120 and the corresponding bank balances were \$165,023,906. Of the bank balance amount, \$22,197,324 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GPA's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures. As of September 30, 2013, bank deposits in the amount of \$950,535 were FDIC insured. GPA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indentures for GPA require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the monies. At September 30, 2013, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds	\$ 49,278,574
Bond Fund	<u>4,845,762</u>
	<u>\$ 54,124,336</u>

As of September 30, 2013, GPA's investments in debt securities were as follows:

	Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 23,507,702	\$ -	\$ -	\$ -	\$ 23,507,702
Commercial paper:						
Natixis U.S. Finance Company	P-1	13,742,000	-	-	-	13,742,000
Natixis Funding Corporation	A2	-	<u>12,028,872</u>	-	-	<u>12,028,872</u>
		<u>\$ 37,249,702</u>	<u>\$ 12,028,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,278,574</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA):

As of September 30, 2013, the carrying amount of GWA's total cash and cash equivalents was \$90,278,717 and the corresponding bank balances were \$92,138,195. Of the bank balance amount, \$11,469,756 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$80,668,439 represents short-term investments held and administered by GWA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GWA's trustees in GWA's name in accordance with various trust agreements and bond indentures. As of September 30, 2013, bank deposits in the amount of \$848,256 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indentures for GWA require the establishment of special funds and accounts to be held and administered by GWA's trustees for the accounting of the monies. At September 30, 2013, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds	\$ 7,707,871
Debt Service Funds	<u>9,492,784</u>
	<u>\$ 17,200,655</u>

As of September 30, 2013, GWA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	<u>\$ 17,200,655</u>	\$ -	\$ -	\$ -	<u>\$ 17,200,655</u>

Port Authority of Guam (PAG):

As of September 30, 2013, the carrying amount of PAG's total cash and cash equivalents was \$11,293,897 and the corresponding bank balance was \$11,386,459, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2013, bank deposits in the amount of \$750,000 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG):

As of September 30, 2013, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$29,336,998 and the corresponding bank balance was \$23,861,368. Of the bank balance amount, \$2,730,335 is maintained in financial institutions subject to FDIC insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Investments held by UOG (excluding the legally separate tax-exempt foundation) consist of time certificates of deposit, money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Certificates of deposit	\$ 10,104,703
Money market funds	585,286
Mutual funds	870,987
Fixed income securities	4,474,054
Municipal bonds	1,690,007
Domestic equities	<u>13,357,505</u>
	<u>\$ 31,082,542</u>

As of September 30, 2013, UOG's investments in debt securities were as follows:

	Investment Maturities (In Years)				Total
	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury notes	\$ -	\$ -	\$ -	\$ 457,791	\$ 457,791
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	521,941	67,561	122,971	712,473
Federal National Mortgage Association	-	339,018	383,120	477,348	1,199,486
Corporate notes and bonds	-	-	2,100,929	3,375	2,104,304
	<u>\$ -</u>	<u>\$ 860,959</u>	<u>\$ 2,551,610</u>	<u>\$ 1,061,485</u>	<u>\$ 4,474,054</u>

UOG's exposure to credit risk at September 30, 2013, was as follows:

<u>Moody's Rating</u>	<u>Domestic</u>
AAA	\$ 989,621
AA	524,010
A	1,663,155
BAA	208,813
Not rated	<u>1,088,455</u>
	<u>\$ 4,474,054</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

Investments held by the University of Guam Endowment Foundation, Inc., a legally separate tax-exempt foundation of UOG, consist of money market funds, U.S. Treasury and agency obligations, and common stock.

The carrying value of investments held by the Foundation is as follows:

Restricted for endowments:	
Money market funds	\$ 134,497
Mutual funds	6,585,229
U.S. Government notes and bonds	70,611
Domestic equities	<u>691,721</u>
	<u>\$ 7,482,058</u>

Guam Community College (GCC):

As of September 30, 2013, the carrying amount of GCC's cash and cash equivalents was \$7,069,948 and the corresponding bank balance was \$7,543,910, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2013, bank deposits in the amount of \$667,744 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2013, GCC had one fixed income corporate note in the amount of \$1,769,691, with interest at 7.25% per annum, matures on June 1, 2057, and which is uninsured and unregistered.

Investments held by the Guam Community College Endowment Foundation, Inc., a legally separate tax-exempt foundation of GCC, consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Restricted for endowments:	
Money market funds	\$ 442,769
U.S. Government notes and bonds	1,948,672
Government and government-sponsored entity bonds	1,232,662
Common stocks	<u>5,170,868</u>
	<u>\$ 8,794,971</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2013, the carrying amount of GHURA's total cash and cash equivalents was \$11,606,996 and the corresponding bank balances were \$11,604,894, which is maintained in financial institutions subject to FDIC insurance or fully collateralized by securities held by a trustee in the name of the financial institution. As of September 30, 2013, bank deposits in the amount of \$11,462,252 were FDIC insured or collateralized by U.S. securities. GHURA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Housing Corporation (GHC):

As of September 30, 2013, the carrying amount of GHC's total cash and cash equivalents was \$6,448,144, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2013, bank deposits in the approximate amount of \$250,000 were FDIC insured. GHC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indenture for GHC requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of the monies. At September 30, 2013, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Foreclosure Protection Fund	\$ 500,247
Capitalized Interest Fund	257
Revenue Fund	<u>4,073,520</u>
	\$ <u>4,574,024</u>

Investments of GHC as of September 30, 2013, are classified as follows:

Restricted:	
Money market funds	\$ 2,430,266
Fixed income	<u>2,143,758</u>
	\$ <u>4,574,024</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

As of September 30, 2013, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Greater Than 10	Total
			1 to 5	6 to 10			
U.S. government agencies:							
Federal Home Loan Mortgage Corporation	Aaa	\$ _____ -	\$ _____ -	\$ _____ -	\$ 2,143,758	\$ 2,143,758	

Guam Economic Development Authority (GEDA):

At September 30, 2013, the carrying amount of GEDA's cash and cash equivalents was \$6,160,458 and the corresponding bank balance was \$6,213,600, of which \$2,597,551 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$3,616,049 represents short-term investments held and administered by GEDA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDA's name by GEDA's custodial financial institution at September 30, 2013. As of September 30, 2013, bank deposits in the amount of \$507,557 were FDIC insured. GEDA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2013, GEDA's investments are as follows:

Unrestricted:

Mutual funds	\$ 3,332,393
Brokered certificates of deposit	726,707
Municipal bonds	1,606,421
U.S. Government obligations	<u>73,748</u>
	<u>\$ 5,739,269</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA), Continued:

As of September 30, 2013, GEDA's investments in debt securities were as follows:

	Moody's Credit Rating	<u>Investment Maturities (In Years)</u>				<u>Total</u>
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	
U.S. treasury obligations	Aaa	\$ 73,748	\$ -	\$ -	\$ -	\$ 73,748
Municipal bonds:						
State of Arizona	A1	-	-	122,336	-	122,336
Conway School District	Aa2	-	-	96,311	-	96,311
Delaware Transport Authority	Aa2	-	-	-	73,294	73,294
District Columbia Water & Sewer	Aa2	-	-	-	138,980	138,980
Fort Worth Texas	Aa1	-	-	118,176	-	118,176
Illinois Finance Authority	Aa	-	-	102,529	-	102,529
Illinois Finance Authority	Aa3	-	-	-	86,223	86,223
Jefferson County School District	Aa2	-	100,852	-	-	100,852
State of Maryland	Aaa	-	-	119,031	-	119,031
State of Maryland	Aa1	-	-	-	49,939	49,939
Mass. Finance Develop. Agency	A2	-	83,812	-	-	83,812
Mass. Health & Ed. Facility Auth.	Aaa	-	-	107,634	-	107,634
Nashville Davidson County	Aa+	-	-	102,644	-	102,644
Metropolitan Transport Authority	A2	-	-	168,806	-	168,806
New York City Finance Authority	Aa1	-	-	-	59,861	59,861
State of Wisconsin	Aa3	-	75,993	-	-	75,993
		<u>\$ 73,748</u>	<u>\$ 260,657</u>	<u>\$ 937,467</u>	<u>\$ 408,297</u>	<u>\$ 1,680,169</u>

Guam Preservation Trust (GPT):

As of September 30, 2013, the carrying amount of GPT's total cash and cash equivalents was \$3,501,457, which is maintained in a financial institution subject to FDIC insurance. As of September 30, 2013, bank deposits in the amount of \$553,187 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are not exposed to custodial credit risk.

Investments of GPT as of September 30, 2013 are classified as follows:

Mutual funds	<u>\$ 2,561,238</u>
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GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Visitors Bureau (GVB):

At September 30, 2013, the carrying amount of GVB's cash and cash equivalents was \$14,111,205 and the corresponding bank balance was \$14,252,621. Of the bank balance amount, \$14,152,109 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2013, bank deposits in the amount of \$562,769 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

At September 30, 2013, short-term investments include time certificates of deposit in the amount of \$2,508,296 with original maturities of more than three months, which are fully FDIC insured.

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2013, the carrying amount of GETC's cash and cash equivalents and time certificates of deposit was \$449,167 and the corresponding bank balance was \$463,514, which is maintained in financial institutions subject to FDIC insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2013, bank deposits in the amount of \$219,289 were FDIC insured and bank deposits in the amount of \$244,225 were NCUA insured.

C. Receivables

Receivables as of September 30, 2013, for the discretely presented component units, including allowances for uncollectible accounts, are as follows:

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
Receivables:								
Trade	\$ 12,131,865	\$ 232,620,021	\$ 46,928,602	\$ 20,840,329	\$ 8,028,764	\$ 8,503,538	\$ 6,235,822	\$ 335,288,941
Federal grants	4,571,986	-	6,460,525	724,581	1,939,720	3,555,120	3,542,282	20,794,214
Loans	-	-	-	-	-	18,482,194	32,254,048	50,736,242
Interest	-	-	733,769	-	-	-	77,845	811,614
Other	<u>1,417,249</u>	<u>694,032</u>	<u>2,508,198</u>	<u>1,977,968</u>	<u>-</u>	<u>1,981,063</u>	<u>1,853,897</u>	<u>10,432,407</u>
	18,121,100	233,314,053	56,631,094	23,542,878	9,968,484	32,521,915	43,963,894	418,063,418
Allowance for uncollectible accounts	<u>(1,801,951)</u>	<u>(212,141,460)</u>	<u>(6,301,473)</u>	<u>(9,287,972)</u>	<u>(812,332)</u>	<u>(21,381,249)</u>	<u>(2,845,860)</u>	<u>(254,572,297)</u>
Net receivables	<u>\$ 16,319,149</u>	<u>\$ 21,172,593</u>	<u>\$ 50,329,621</u>	<u>\$ 14,254,906</u>	<u>\$ 9,156,152</u>	<u>\$ 11,140,666</u>	<u>\$ 41,118,034</u>	<u>\$ 163,491,121</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

University of Guam (UOG):

The Guam Legislature appropriates funds for the student loan program available to residents of Guam who attend institutions of higher education. UOG is responsible for awarding loans and monitoring compliance with respect to repayment. Due to the uncertainty of collection and due to recipient ability to repay the loans through work credits, student loan receivables are fully reserved for in the year granted, and payments are reflected as recoveries in the year received. As of September 30, 2013, loan receivables are reserved in the amount of \$18,482,194.

Nonmajor Component Units:

Guam Housing and Urban Renewal Authority (GHURA):

Loans receivable from first time homebuyers under GHURA's Down Payment and Closing Cost Assistance Program, due in varying monthly installments, interest free and with a maximum loan amount of \$18,000 or 18% of the purchase price, with maturities to 2026, collateralized by second mortgages on real estate. \$ 754,511

Guam Housing Corporation (GHC):

Loans receivable from first time homebuyers under GHC's Low Cost Housing Assistance Program, due in varying monthly installments, interest free, with maturities to 2024, collateralized by first mortgages on real estate. 29,313,878

Loans receivable from first time homebuyers under the Community Affordable Housing Action Trust, Hazard Mitigation, Down Payment and Closing Assistance, and the Sagan Linayan Project programs, due in varying monthly installments, interest free. 2,185,659

\$ 32,254,048

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2013, are summarized as follows:

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
Due from Primary Government:								
General Fund	\$ _____	\$ 662,108	\$ _____	\$ _____	\$ _____	\$ 724,992	\$ 2,033,461	\$ 3,420,561
Due to Primary Government:								
Nonmajor governmental funds	\$ 1,867,990	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 1,867,990

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

E. Capital Assets

Capital asset activities of the discretely presented component units for the year ended September 30, 2013, are as follows:

	Estimated Useful Lives	Balance October 1, 2012	Transfers and Additions	Transfers and Deletions	Balance September 30, 2013
Nondepreciable capital assets:					
Land		\$ 79,273,533	\$ -	\$ -	\$ 79,273,533
Construction in progress		<u>178,733,625</u>	<u>140,186,397</u>	<u>(108,504,259)</u>	<u>210,415,763</u>
		<u>258,007,158</u>	<u>140,186,397</u>	<u>(108,504,259)</u>	<u>289,689,296</u>
Depreciable capital assets:					
Capital lease assets	20 - 40 yrs	171,382,727	-	-	171,382,727
Buildings and improvements	5 - 60 yrs	1,305,362,877	17,967,192	(791,599)	1,322,538,470
Machinery, equipment and furniture	2 - 40 yrs	151,955,897	36,665,497	(11,976,542)	176,644,852
Intangible	30 yrs	4,353,988	-	-	4,353,988
Infrastructure	10 - 50 yrs	<u>843,543,678</u>	<u>62,425,664</u>	<u>(28,953,401)</u>	<u>877,015,941</u>
		2,476,599,167	117,058,353	(41,721,542)	2,551,935,978
Less accumulated depreciation		<u>(1,278,609,467)</u>	<u>(84,715,441)</u>	<u>38,606,669</u>	<u>(1,324,718,239)</u>
Depreciable capital assets, net		<u>1,197,989,700</u>	<u>32,342,912</u>	<u>(3,114,873)</u>	<u>1,227,217,739</u>
		<u>\$ 1,455,996,858</u>	<u>\$ 172,529,309</u>	<u>(111,619,132)</u>	<u>\$ 1,516,907,035</u>

F. Bonds Payable

As of September 30, 2013, the discretely presented component units had the following bonds payable outstanding:

Antonio B. Won Pat International Airport Authority (AWPIAA):

General Revenue Bonds, Series 2013 (original issue of \$247,335,000, dated September 1, 2013), varying interest rates at 3% - 6% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing on October 1, 2014 of \$9,845,000 and increasing to a final payment of \$10,240,000 on October 1, 2043. The bonds were issued for the purpose of: (1) advance refunding 2003 Series bonds; (2) to finance additions, extensions, and improvements to the Airport; and (3) to provide additional proceeds to fund the Bond Reserve account.

\$ 247,335,000

Add net unamortized premium on bonds

2,891,161

\$ 250,226,161

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Antonio B. Won Pat International Airport Authority (AWPIAA), Continued:

On September 12, 2013, AWPIAA issued \$247,335,000 in General Revenue Bonds, 2013 Series, with varying interest rates of 3% - 6% per annum to current refund \$145,415,000 of outstanding 2003 Series bonds. The net proceeds of \$247,540,014 represented the principal amount of the 2013 Series bonds, plus a net original issue premium of \$2,891,161 less an underwriters' discount and insurance of \$2,686,147. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements of AWPIAA. The refunding resulted in a credit difference on refunding of \$3,008,461 representing the difference between the reacquisition price and carrying amount of the 2003 Series bonds. AWPIAA netted the \$2,422,781 unamortized difference from prior refunding against the \$3,008,461 difference in current refunding, and the resulting net credit of \$585,743 is presented as a deferred inflow of resources in the accompanying statement of net position. The \$585,743 is to be deferred and amortized over the ten year original amortization period remaining from the 2003 Series bonds.

Prior to being defeased, the 2003 General Revenue Bonds, including interest, were payable solely from and were secured by a pledge of revenues under the indenture. The bonds were collateralized by a lien upon and pledge of revenues to be received by AWPIAA, the trustees and the depository. Neither the payment of the principal of the bonds, nor any interest thereon, was a debt, liability or obligation of GovGuam. The debt service for the 2003 Series bonds was \$17,071,731 or 28.5% of pledged gross revenues for the year ended September 30, 2013.

The bond indentures for the 2013 General Revenue Bonds include certain debt service and reserve requirements including the requirement that net revenues as defined in the bond indentures equal at least 125% of the annual debt service.

The aforementioned bond indentures also require the establishment of special funds and accounts to be held and administered by AWPIAA's trustees for the accounting of the bond proceeds.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 7,572,198	\$ 7,572,198
2015	9,845,000	13,550,775	23,395,775
2016	10,465,000	13,193,800	23,658,800
2017	10,890,000	12,712,250	23,602,250
2018	11,430,000	12,154,250	23,584,250
2019 - 2023	66,310,000	51,322,776	117,632,776
2024 - 2044	<u>138,395,000</u>	<u>98,788,119</u>	<u>237,183,119</u>
	\$ <u>247,335,000</u>	\$ <u>209,294,168</u>	\$ <u>456,629,168</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA):

General Revenue Bonds, Series 2010 (original issue of \$150,440,000, dated July 1, 2010), varying interest rates at 5.0% - 5.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$225,000 in October 2022, increasing to \$17,215,000 in October 2040. The bonds have been issued to finance a new administration building and various generation, transmission, and distribution facilities. \$ 150,440,000

Subordinated General Revenue Bonds, Series 2010 (original issue of \$56,115,000, dated July 1, 2010), varying interest rates at 6.0% - 7.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$4,435,000 in October 2011, increasing to \$14,155,000 in October 2015. The bonds have been issued to fund the Working Capital Fund and to refinance existing subordinate lien obligations. 39,500,000

General Revenue Bonds, Series 2012 (original issue of \$340,620,000, dated October 1, 2012), varying interest rates at 2.98% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$110,000 in October 2014, increasing to \$24,485,000 in October 2034. The bonds have been issued to refund the 1993 and 1999 bonds, and to fund a deposit to the Bond Reserve Fund and satisfy the Bond Reserve Fund Requirement. 340,620,000

530,560,000

Add premium on 2012 bonds 31,497,387
Less discount on 2010 bonds (3,809,646)

\$ 558,247,741

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

All gross revenues of GPA have been pledged to repay the 2010 and 2012 series bond principal and interest. The debt service for the 2010 and 2012 series bonds was \$39,471,114 or 8.7% of pledged gross revenues for the year ended September 30, 2013. Premium and discounts associated with the 2010 and 2012 bond series are being amortized using the effective interest method over the lives of the bonds. On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the Lehman Brothers and Bank of America. In connection with the agreement, GPA received cash totaling \$13,500,000 in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

Based on the terms of the agreement, gross proceeds totaled \$17,521,029 while GPA incurred termination fees and closing costs totaling \$3,530,000 and \$1,250,529, respectively. The \$13,500,000 in net proceeds received included \$759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs have been deferred and are amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

The following summarizes unamortized costs and unearned revenues at September 30, 2013 associated with this agreement:

Unearned forward delivery contract revenues	\$ 8,760,514
Accumulated amortization	<u>(4,088,373)</u>
	\$ <u>4,672,141</u>
Unamortized forward delivery contract costs	\$ 2,390,265
Accumulated amortization	<u>(1,115,467)</u>
	\$ <u>1,274,798</u>

The bond indentures require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the bond proceeds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,310,000	\$ 27,962,900	\$ 40,272,900
2015	13,600,000	27,039,975	40,639,975
2016	14,265,000	26,045,630	40,310,630
2017	115,000	24,980,630	25,095,630
2018	470,000	24,971,850	25,441,850
2019 - 2023	74,535,000	117,881,300	192,416,300
2024 - 2028	122,865,000	91,792,075	214,657,075
2029 - 2033	145,670,000	57,081,900	202,751,900
2034 - 2038	97,735,000	24,710,375	122,445,375
2039 - 2041	<u>48,995,000</u>	<u>5,485,700</u>	<u>54,480,700</u>
	\$ <u>530,560,000</u>	\$ <u>427,952,335</u>	\$ <u>958,512,335</u>

In October 2012, GPA refunded its 1993 and 1999 Series bonds through the issuance of the 2012 Series bonds. At the time of refunding, the 1993 and 1999 Series bonds had principal balances outstanding of \$56,370,000 and \$299,680,000, respectively. The proceeds for the refunding were transferred to an escrow agent who used the proceeds to purchase non-callable and non-prepayable obligations of the United States of America or held as cash and are to be held in an irrevocable trust to be used for the payment of the principal of and interest on the 1993 and 1999 Series bonds. The advance refunding met the requirements of an in-substance defeasance and the 1993 and 1999 bonds were removed from the financial statements of GPA. The advance refunding resulted in a loss on defeasance totaling \$17,283,801 representing the difference between the reacquisition price and the carrying amount of the 1993 and 1999 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by almost \$16,506,398 over the next twenty years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$27,940,966.

The loss on refunding of the 1993 and 1999 Series bonds has been amortized using the effective interest method over the average remaining life of the 1993 and 1999 bonds which approximated the average life of the 2012 Series bonds. The loss on refunding of the 1992 and 1994 Series bonds has been amortized on a straight line basis, which approximates the effective interest method, over the remaining life of the 1992 and 1994 bonds. The unamortized balance of the loss refunding of the 1993 and 1999 Series bonds and the 1992 and 1994 Series bonds is \$16,084,264 as of September 30, 2013.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA):

Water and Wastewater System Revenue Bonds, Series 2005 (original issue of \$101,175,000, dated November 1, 2005), varying interest rates at 5% - 5.875% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,865,000 on July 1, 2008, and increasing to a final payment of \$6,810,000 on July 1, 2035. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems, refinancing certain outstanding obligations, and financing new water meters. \$ 88,485,000

Water and Wastewater System Revenue Bonds, Series 2010 (original issue of \$118,825,000, dated November 9, 2010), varying interest rates at 4% - 5.625% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,055,000 on July 1, 2015, and increasing to a final payment of \$14,460,000 on July 1, 2040. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems. 118,825,000

207,310,000

Less net unamortized discount on 2010 bonds (2,190,245)
Add net unamortized premium on 2005 bonds 2,663,341

\$ 207,783,096

All gross revenues of GWA, except PUC surcharge revenues, have been pledged to repay the 2005 and 2010 series bond principal and interest. The debt service for the 2005 and 2010 series bonds was \$14,220,694 or 19.5% of pledged gross revenues for the year ended September 30, 2013. A premium associated with the 2005 bond series is being amortized using the effective interest method over the lives of the bonds. The discount associated with the 2010 bond series has been deferred and is being amortized using the effective interest method over the lives of the bonds.

GWA fully paid a debt to Municipal Services Group, Inc. (MSG) with proceeds from the 2005 bond issuance. MSG indicated that it may make a claim against GWA in connection with the investment earnings on the Acquisition Fund for the Certificates of Participation 2005 Services relative to financing the purchase and installation of GWA's water meters. No provision has been recorded in the accompanying financial statements for a liability, if any, because an estimate of the amount or range of potential loss cannot be determined at this time.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,500,000	\$ 11,721,694	\$ 14,221,694
2015	3,690,000	11,584,194	15,274,194
2016	3,875,000	11,397,070	15,272,070
2017	4,065,000	11,207,794	15,272,794
2018	4,280,000	10,992,856	15,272,856
2019 - 2023	25,240,000	51,121,356	76,361,356
2024 - 2028	33,300,000	43,062,881	76,362,881
2029 - 2033	44,005,000	32,355,606	76,360,606
2034 - 2038	58,205,000	18,152,219	76,357,219
2039 - 2040	<u>28,150,000</u>	<u>2,396,813</u>	<u>30,546,813</u>
	<u>\$ 207,310,000</u>	<u>\$ 203,992,483</u>	<u>\$ 411,302,483</u>

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of \$50,000,000, dated April 15, 1998), varying interest rates at 4.45% - 5.75% per annum, payable semiannually on March 1 and September 1, principal fund payments due in varying semiannual installments commencing with a payment of \$25,000 on March 1, 2002, and increasing to a final payment of \$194,201 on September 1, 2031. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam.

\$ 4,565,000

The bonds are limited obligations of GHC payable from the revenues and other assets pledged for the payment thereof and are not a lien or charge upon the funds of GHC, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bonds do not constitute indebtedness or a loan of credit of GovGuam or the United States of America, within the meaning of the Organic Act of Guam or statutory provisions. Neither the faith and credit nor the taxing power of GovGuam is pledged to the payment of the principal of, or interest on the bonds. GHC has no taxing authority. The bonds are not debts, liabilities or obligations of GovGuam, and GovGuam is not liable for the payment should GHC default on the loan.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Housing Corporation (GHC), Continued:

The bonds maturing in September 2031 are not subject to optional redemption prior to maturity. The bonds maturing after September 2009 but before September 2021 are subject to redemption on any date on or after September 2009, at the option of GHC, in whole, or in part from such maturities as are determined by GHC, from any source of available monies, at the redemption prices set forth in the Indenture. The bonds maturing in September 2018, in September 2021, and in September 2031 are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest thereon to the date fixed for redemption, from sinking fund installments which are required to be made in amounts sufficient to redeem on dates set forth in the Indenture.

The bond indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of GHC is of the opinion that GHC was in compliance with all significant covenants as of September 30, 2013.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 152,204	\$ 249,891	\$ 402,095
2015	160,985	241,622	402,607
2016	169,180	232,900	402,080
2017	179,132	223,724	402,856
2018	188,499	214,015	402,514
2019 - 2023	1,161,143	908,342	2,069,485
2024 - 2028	1,457,091	555,552	2,012,643
2029 - 2031	<u>1,096,766</u>	<u>112,876</u>	<u>1,209,642</u>
	\$ <u>4,565,000</u>	\$ <u>2,738,922</u>	\$ <u>7,303,922</u>

Guam Economic Development Authority (GEDA):

Tobacco Settlement Asset-Backed Bonds, 2007 Series A, (original issue of \$33,575,000, dated December 1, 2007), varying interest rates at 5.25% - 5.625% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$1,025,000 on June 1, 2008 and increasing to a final payment of \$3,840,000 on June 1, 2026. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.

\$ 28,285,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Economic Development Authority (GEDA), Continued:

Tobacco Settlement Asset-Backed Capital Appreciation Bonds, 2007 Series B (original issue of \$3,407,077, dated December 1, 2007), interest not paid currently, compounded annually on December 1 based on an imputed interest rate of 7.25% to become part of the accreted value until the maturity date or earlier redemptions. The bonds bear an original maturity value of \$115,455,000 with final maturity date of June 1, 2057. The projected turbo redemption date, however, is June 1, 2034 with a total projected principal amount of \$16,773,618. Under the Turbo Redemption assumption, principal fund payments are due in varying annual installments commencing with a payment of \$917,533 on June 1, 2008 and increasing to a final payment of \$1,191,488 on June 1, 2034. The Series B bonds are also secured by certain revenues with the Series A bonds; however, they are subordinate to the 2007 Series A Bonds.

	<u>16,773,618</u>
	45,058,618
Less discount on Series B capital appreciation turbo term bonds	(11,653,189)
Less discount on issuance	<u>(1,098,438)</u>
	<u>\$ 32,306,991</u>

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,980,000	\$ 1,331,879	\$ 3,311,879
2015	2,120,000	1,227,732	3,347,732
2016	2,270,000	1,116,300	3,386,300
2017	2,430,000	996,380	3,426,380
2018	1,115,000	885,891	2,000,891
2019 - 2023	6,935,000	3,299,625	10,234,625
2024 - 2028	10,299,588	975,867	11,275,455
2029 - 2033	14,543,733	-	14,543,733
2034	<u>3,365,297</u>	<u>-</u>	<u>3,365,297</u>
	<u>\$ 45,058,618</u>	<u>\$ 9,833,674</u>	<u>\$ 54,892,292</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Economic Development Authority (GEDA), Continued:

On December 13, 2007, GEDA issued \$36,982,077 in Series 2007 Tobacco Settlement Asset-Backed Bonds to retire \$25,040,000 of outstanding 2001 Series bonds. The net proceeds were \$35,478,149 (\$34,359,109 of original principal after issuance discount, underwriter discount and other issuance costs, plus an additional \$794,040 from the Series 2001 funds plus \$325,000 received in connection with the termination of Series 2001 Reserve Fund Agreement). Of this amount, \$8,345,278 was transferred into a custodial account for the benefit of GovGuam. The remaining \$27,132,871 was deposited in an irrevocable trust with an escrow agent to provide for the future service of the Series 2001 bonds through May 15, 2016. Except to the extent of any excess which is to be released upon termination (when all transfers and payments required are satisfied), GEDA has no interest in the funds or investments held in the escrow fund and as a result, the Series 2001 bonds indenture was satisfied and discharged. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements of GEDA. This advance refunding resulted in a loss of \$2,628,344, representing the difference between the reacquisition price and the carrying amount of the Series 2001 bonds. The loss has been deferred and amortized over the remaining life the Series 2001 bonds and is reflected as a reduction of the bond liability. As of September 30, 2013, bonds outstanding from the abovementioned advance refunding activities in the amount of \$22,400,000 are considered defeased.

The defeasance of the bonds resulted in an increase of GEDA's aggregate debt service payment by approximately \$36 million over the life of the new Series 2007 bonds and an economic loss (difference between the present value of the old and new debt service payments, plus the \$8,345,278 received) of approximately \$455,000.

The difference between the original principal amount of \$3,407,077 and the projected turbo redemption projected value of \$16,773,618 represents discount that is amortizing into interest expense using the straight-line method through the weighted average life of the Series 2007 bonds.

The Series 2007 bonds are subject to mandatory redemption, in whole or in part, prior to their stated maturity dates from amounts on deposit in the Turbo Redemption Account on each Distribution Date (December 1). Due to a number of factors, including actual shipment of cigarettes in the United States and the actual level of payments received by the settling states under the Master Settlement Agreement, the amount available to pay the principal or accreted value of and interest on the Series 2007 bonds may fluctuate from year to year.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable

As of September 30, 2013, the discretely presented component units had the following notes payable outstanding:

Antonio B. Won Pat International Airport Authority (AWPIAA):

Note payable to a bank in the amount of \$11,900,000, dated June 27, 2012, interest at 3.75% per annum, due initially in monthly installments of interest commencing July 27, 2012, with monthly installments of principal and interest of \$309,687 commencing February 27, 2014 through July 27, 2017. Loan proceeds are to be used to finance energy efficient upgrades. The loan is subject to U.S. Department of Agriculture's (USDA) written commitment to the bank to guaranty no less than 90% of the loan to AWPIAA.

\$ 10,928,228

The loan is secured by a Security Agreement and UCC-1 Financing Statement which identify sums in the Subordinate Securities Fund and Capital Improvement Fund as collateral for the loan. Both funds are allocated revenues pursuant to Section 5.02 of the 2003 General Revenue Bond indenture. Obligations of AWPIAA payable from the aforementioned funds are subordinate to the pledge and lien of airport revenues to secure payment of AWPIAA's bonds. The disbursement of the loan proceeds will be based on the payment of the costs incurred for work actually done and improvements actually installed by a contractor under a performance contract. The loan will be disbursed directly to the contractor by the bank upon AWPIAA's approval. The undisbursed portion of the loan at September 30, 2013 totals \$971,772. The \$11,900,000 is subject to USDA's Loan Note Guarantee; however, the Loan Note Guarantee for the loan will not be executed by USDA until all construction has been completed, equipment has been purchased and installed, and the facility is certified as operational by the appropriate official, which is expected to be in January 2014. At September 30, 2013, the loan was supported by a Conditional Commitment for Guarantee by the USDA.

On January 25, 2014, the loan agreement and note were amended by Commercial Loan Modification Agreement, wherein the amended interest rate is at 5.75% per annum until the amended note is paid in full. Beginning on February 24, 2014 and continuing thereafter during the term of the amended loan agreement, principal and interest shall be paid in monthly installments of \$130,625 over a period of 10 years from January 25, 2014 to January 24, 2024. The amended maturity date of the loan is January 24, 2024.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,263,500	\$ 352,096	\$ 2,615,596
2015	3,450,000	266,244	3,716,244
2016	3,582,000	134,244	3,716,244
2017	<u>1,632,728</u>	<u>53,212</u>	<u>1,685,940</u>
	<u>\$ 10,928,228</u>	<u>\$ 805,796</u>	<u>\$ 11,734,024</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Memorial Hospital Authority (GMHA):

Note payable to a local bank in the amount of \$12,000,000, dated February 11, 2011, variable interest at 1% over bank's reference rate subject to a minimum rate of 6.5% per annum and a maximum rate of 9.5% per annum, due in monthly installments of principal and interest of \$104,634 through January 2018. The loan is collateralized by a pledge of GMHA revenues and guaranteed by GovGuam and the full faith and credit of GovGuam.

\$ 10,753,125

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 814,082	\$ 611,953	\$ 1,426,035
2015	852,919	501,381	1,354,300
2016	897,504	456,798	1,354,302
2017	947,061	407,241	1,354,302
2018	997,995	356,306	1,354,301
2019 - 2023	5,854,378	917,125	6,771,503
2024	<u>389,186</u>	<u>3,879</u>	<u>393,065</u>
	\$ <u>10,753,125</u>	\$ <u>3,254,683</u>	\$ <u>14,007,808</u>

Guam Waterworks Authority (GWA):

Note payable to a local bank in the amount of \$25,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of \$300,027 through June 15, 2015.

\$ 18,838,786

Note payable to a local bank in the amount of \$5,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of \$100,785 through June 2015.

1,968,184

\$ 20,806,970

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,272,319	\$ 1,537,418	\$ 4,809,737
2015	<u>17,534,651</u>	<u>953,854</u>	<u>18,488,505</u>
	\$ <u>20,806,970</u>	\$ <u>2,491,272</u>	\$ <u>23,298,242</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Port Authority of Guam (PAG):

Note payable to a bank in the amount of \$3,500,000, dated October 22, 2010, variable interest at 3% above the Federal Home Loan Bank of Seattle's 15-Year amortizing fixed advanced rate at the time of funding (6.18% per annum at September 30, 2013), due in monthly installments of principal and interest of \$30,049 through October 2025. Loan proceeds were used to reimburse PAG for the acquisition of four top lifters and ten terminal yard contractors. The loan is secured by the abovementioned equipment. \$ 3,037,138

Note payable to a local bank in the amount of \$12,000,000, dated December 20, 2012, variable interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-Year amortizing fixed advanced rate at the time of funding (5.94% per annum at September 30, 2013), due in monthly installments of principal and interest of \$101,427 through December 2027. Loan proceeds were used to purchase used gantry cranes. 11,621,846

\$ 14,658,984

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 708,048	\$ 870,561	\$ 1,578,609
2015	751,380	826,327	1,577,707
2016	796,174	781,533	1,577,707
2017	848,188	729,519	1,577,707
2018	901,248	676,459	1,577,707
2019 - 2023	5,424,001	2,464,532	7,888,533
2024 - 2028	<u>5,229,945</u>	<u>664,437</u>	<u>5,894,382</u>
	<u>\$ 14,658,984</u>	<u>\$ 7,013,368</u>	<u>\$ 21,672,352</u>

University of Guam (UOG):

Rural development loan payable to the U.S. Department of Agriculture, dated June 12, 2003, in the amount of \$13,500,000, interest at 4.5% per annum, principal and interest payable commencing on July 12, 2006 in monthly installments of \$62,505, and collateralized by real property. Loan proceeds were used to finance the construction of the Business and Public Administration (BPA) Building. The loan is secured by equipment, furniture and fixtures located at the BPA Building. \$ 12,253,463

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

University of Guam (UOG), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 201,557	\$ 548,503	\$ 750,060
2015	210,817	539,243	750,060
2016	220,501	529,559	750,060
2017	230,631	519,429	750,060
2018	241,226	508,834	750,060
2019 - 2023	1,382,900	2,367,400	3,750,300
2024 - 2028	1,731,108	2,019,192	3,750,300
2029 - 2033	2,166,994	1,583,306	3,750,300
2034 - 2038	2,712,634	1,037,666	3,750,300
2039 - 2043	<u>3,155,095</u>	<u>355,621</u>	<u>3,510,716</u>
	<u>\$ 12,253,463</u>	<u>\$ 10,008,753</u>	<u>\$ 22,262,216</u>

Guam Community College (GCC):

Due to U.S. Department of Agriculture in the original amount of \$2,250,000, with interest at 4.125% per annum, payable in monthly installments of \$9,698, including interest, through March 10, 2051, collateralized by a pledge of all gross revenues and fixed assets of GCC. \$ 2,213,617

Due to U.S. Department of Agriculture in the original amount of \$3,500,000, with interest at 3.125% per annum, payable in monthly installments of \$12,810, including interest, through March 6, 2053, collateralized by a pledge of all gross revenues. 3,386,324

\$ 5,599,941

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Community College (GCC), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 70,785	\$ 198,588	\$ 269,373
2015	73,293	196,080	269,373
2016	75,891	193,481	269,372
2017	78,584	190,789	269,373
2018	81,371	187,999	269,370
2019 - 2023	452,388	894,474	1,346,862
2024 - 2028	538,985	807,877	1,346,862
2029 - 2033	642,538	704,324	1,346,862
2034 - 2038	766,444	580,418	1,346,862
2039 - 2043	914,794	432,068	1,346,862
2044 - 2048	1,092,522	254,340	1,346,862
2049 - 2053	<u>812,346</u>	<u>59,487</u>	<u>871,833</u>
	<u>\$ 5,599,941</u>	<u>\$ 4,699,925</u>	<u>\$ 10,299,866</u>

On March 6, 2013, GCC entered into a \$3,500,000 Community Facilities Loan agreement with the U.S. Department of Agriculture for the purpose of funding facility construction purposes. The loan is guaranteed by a pledge of all gross revenues of GCC.

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of \$10,540, including interest, through April 2030, collateralized by restricted cash balances. \$ 1,260,729

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 52,000	\$ 74,480	\$ 126,480
2015	55,400	71,080	126,480
2016	58,800	67,680	126,480
2017	62,400	64,080	126,480
2018	66,300	60,180	126,480
2019 - 2023	398,100	234,300	632,400
2024 - 2028	537,200	95,200	632,400
2029 - 2030	<u>30,529</u>	<u>103</u>	<u>30,632</u>
	<u>\$ 1,260,729</u>	<u>\$ 667,103</u>	<u>\$ 1,927,832</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Housing Corporation (GHC):

Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in August 2014, collateralized by proceeds received from mortgage loans made by GHC. As of September 30, 2013, GHC has pledged as security for this loan approximately \$7,244,507 of related outstanding mortgage loans.

\$ 1,119,469

H. Capital Lease Financing

Guam Power Authority (GPA):

In September 1996, GPA entered into agreements to purchase electricity produced by generating plants constructed or refurbished and operated by three companies. The agreements have twenty year terms. At the end of the agreements, ownership of the plants and the plant improvements reverts to GPA. Under each of the agreements, GPA pays capacity and operation and maintenance costs.

GPA has determined that the agreements to purchase electricity were in fact capital leases to acquire the plants and that the capacity payments made under the agreements were lease payments.

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 171,382,727
Less accumulated depreciation	<u>(70,444,342)</u>
	\$ <u>100,938,385</u>

The leases have effective interest rates ranging from 8.6% to 14.2%. Future capacity payments under these agreements are as follows:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

H. Capital Lease Financing, Continued

Guam Power Authority (GPA), Continued:

Future minimum lease obligations to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 13,064,559	\$ 10,019,745	\$ 23,084,304
2015	14,765,627	8,318,677	23,084,304
2016	16,692,419	6,391,885	23,084,304
2017	18,875,274	4,209,030	23,084,304
2018	16,950,423	1,934,418	18,884,841
2019	<u>5,919,936</u>	<u>159,673</u>	<u>6,079,609</u>
	<u>\$ 86,268,238</u>	<u>\$ 31,033,428</u>	<u>\$ 117,301,666</u>

I. Changes in Long-Term Liabilities

During the year ended September 30, 2013, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net position:

Bonds Payable:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
Bonds payable:					
Antonio B. Won Pat International					
Airport Authority	\$ 155,005,000	\$ 247,335,000	\$(155,005,000)	\$ 247,335,000	\$ -
Guam Power Authority	566,805,000	340,620,000	(376,865,000)	530,560,000	12,310,000
Guam Waterworks Authority	209,690,000	-	(2,380,000)	207,310,000	2,500,000
Guam Housing Corporation	4,710,000	-	(145,000)	4,565,000	152,204
Guam Economic Development					
Authority	<u>45,828,618</u>	<u>-</u>	<u>(770,000)</u>	<u>45,058,618</u>	<u>1,980,000</u>
	982,038,618	587,955,000	(535,165,000)	1,034,828,618	16,942,204
Unamortized amounts:					
Bond premiums:					
Antonio B. Won Pat					
International Airport Authority	3,551,487	2,891,161	(3,551,487)	2,891,161	-
Guam Power Authority	-	33,518,707	(2,021,320)	31,497,387	-
Guam Waterworks Authority	2,783,492	-	(120,151)	2,663,341	-
Bond discounts:					
Guam Power Authority	(7,504,431)	-	3,694,785	(3,809,646)	-
Guam Waterworks Authority	(2,270,926)	-	80,681	(2,190,245)	-
Guam Economic Development					
Authority	<u>(13,223,953)</u>	<u>-</u>	<u>472,326</u>	<u>(12,751,627)</u>	<u>-</u>
	<u>\$ 965,374,287</u>	<u>\$ 624,364,868</u>	<u>\$(536,610,166)</u>	<u>\$ 1,053,128,989</u>	<u>\$ 16,942,204</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

I. Changes in Long-Term Liabilities, Continued

Notes Payable:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
Notes payable:					
Antonio B. Won Pat International Airport Authority	\$ 5,594,897	\$ 5,333,331	\$ -	\$ 10,928,228	\$ 2,263,500
Guam Memorial Hospital Authority	11,292,872	-	(539,747)	10,753,125	814,082
Guam Waterworks Authority	23,925,764	-	(3,118,794)	20,806,970	3,272,319
Port Authority of Guam	3,201,009	12,000,000	(542,025)	14,658,984	708,048
University of Guam	12,396,023	-	(142,560)	12,253,463	201,557
Guam Community College	2,494,813	3,500,000	(394,872)	5,599,941	70,785
Guam Housing and Urban Renewal Authority	1,310,139	-	(49,410)	1,260,729	52,000
Guam Housing Corporation	2,267,289	-	(1,147,820)	2,267,289	-
	<u>\$ 62,482,806</u>	<u>\$ 20,833,331</u>	<u>\$ (5,935,228)</u>	<u>\$ 78,528,729</u>	<u>\$ 7,382,291</u>

Other Long-term Liabilities:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ 13,557,141	\$ 8,864,653	\$ (8,397,234)	\$ 14,024,560	\$ 7,405,826
Capital lease obligations	97,830,265	-	(11,562,027)	86,268,238	13,064,559
DCRS sick leave	11,139,910	3,626,261	(2,109,212)	12,656,959	-
Other noncurrent liabilities	3,842,249	2,143,327	(2,205,227)	3,780,349	-
	<u>\$ 126,369,565</u>	<u>\$ 14,634,241</u>	<u>\$ (24,273,700)</u>	<u>\$ 116,730,106</u>	<u>\$ 20,470,385</u>

J. Commitments and Contingencies

Guam Economic Development Authority (GEDA) Tobacco Settlement Reserve Fund

In connection with the Series 2007 Tobacco Settlement Bonds, GEDA entered into a Reserve Fund Agreement (the "Agreement") with Lehman Brothers Special Financing, Inc. ("LBSF"), which requires LBSF to cause Lehman Brothers, Inc., as qualified dealer, to deliver securities that mature on or before the next interest payment date, at a price designed to produce a rate of return of at least 4.365%. The contractual termination date for the Reserve Fund Agreement is June 1, 2047. LBSF's obligation under the Agreement was guaranteed by Lehman Brothers Holdings Inc. ("LBHI"). On September 15, 2008, LBSF and LBHI filed for Chapter 11 bankruptcy protection, LBSF failed to deliver new Qualified Securities under the Agreement on the next scheduled delivery date of December 1, 2008, and, as a result, Co-Trustee U.S. Bank National Association declared an event of default under the Agreement and invested the amount on deposit in the Reserve Fund in short-term securities as required under the Agreement.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Guam Economic Development Authority (GEDA) Tobacco Settlement Reserve Fund, Continued

On September 22, 2009, GEDA filed claims with the United States Bankruptcy Court against LBSF and LBHI, each for approximately \$1,800,000, as the estimated replacement market value of the Reserve Fund Agreement. Such replacement value represents the present value of the difference between the guaranteed rate and the market interest rate over the remaining term of the Agreement, i.e. through June 1, 2047. If the termination claim is not favorably resolved, GEDA's earnings from the investment of the Reserve Fund could be lower than originally expected, but no loss of principal has occurred or would occur. These events are not expected to have an adverse impact on the timely repayment of the Series 2007 Tobacco Settlement Bonds.

Performance Management Contracts (PMCs)

Guam Power Authority (GPA) has entered into two new PMCs with two companies for the operation and maintenance of Cabras 1 and 2 and Cabras 3 and 4 generators, which became effective on October 1, 2010 and July 1, 2010, respectively. These PMCs are for a period of five years with an option to extend for another five-year term. The future minimum annual management fee payments for commitments under these contracts are \$2,734,117 for fiscal year 2014 and \$2,526,743 for fiscal year 2015.

On December 5, 2006, Guam Waterworks Authority entered into a three year PMC with a company for the operation and maintenance of its Wastewater Treatment Plants, Collection System, and Lift Stations, which were extended to mature on December 31, 2013. The future minimum annual management fee payments for commitments under these contracts are \$286,557 for fiscal year 2014.

Lease Obligations as Lessor

In November 2002, the DFS Group L.P. (DFS) was selected as the primary concessionaire and was awarded a ten year concession agreement by Antonio B. Won Pat International Airport Authority (AWPIAA) commencing on January 1, 2003 and terminating on December 31, 2012. On March 17, 2006, AWPIAA entered into a concession agreement for additional space for a five year term which expired in 2011, but the concession continues on a month-to-month basis until a new agreement is finalized. The concession agreement expired on July 2013 and was not renewed. Effective fiscal year 2011, DFS entered into another concession agreement with AWPIAA for a separate additional store space for a five year term. The concession agreements provide for a minimum annual guarantee rent as well as percentage rent on gross revenues exceeding certain levels. The future minimum lease receipts for the aforementioned concession agreements are \$250,000 for fiscal year 2014.

In March 2013, Lotte Duty Free Guam, LLC (Lotte) was selected as the primary concessionaire for the airport terminal for a ten year term commencing July 1, 2013 and terminating on June 30, 2023. The concession agreements provide for a minimum annual guarantee rent as well as percentage rent on gross revenues exceeding certain levels.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued

The future minimum lease receipts for the aforementioned concession agreements are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 15,400,000
2015	15,400,000
2016	15,400,000
2017	15,400,000
2018	15,400,000
Thereafter	<u>74,433,333</u>
	\$ <u>151,433,333</u>

On May 30, 2013, DFS filed a notice of appeal of AWPIAA's denial of DFS's first protest with the Office of Public Accountability (OPA). On December 26, 2013, the OPA issued an order that it is precluded from proceeding with DFS's appeal at this time. On May 30, 2013, DFS also filed a civil action seeking judicial review of AWPIAA's denial of the first DFS protest. On July 19, 2013, the Court issued a Decision and Order dismissing the action for lack of subject matter jurisdiction. AWPIAA filed a motion for monetary sanctions against DFS and its attorneys for alleged filing of a frivolous action in the Superior Court. Additionally, AWPIAA requested that the Court reconsider its decision to withdraw statements made by the Court that it exceeded its jurisdiction and were inconsistent with its holdings. The Superior Court denied AWPIAA's motions for sanctions and denied its motion for reconsideration. AWPIAA has appealed these decisions and the matter is currently pending before the Supreme Court of Guam.

AWPIAA has lease agreements with scheduled air carriers, various other concessionaires and airport users. The agreements provide the lessees with the use of AWPIAA's system facilities, equipment and services. The signatory airline operating agreement and terminal building leases expire on September 30, 2016. Other ground lease agreements will expire ranging from September 2015 through September 2035. The lease agreements with six rent-a-car companies will expire in June 2016.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued

The future minimum rental receipts for the aforementioned noncancellable operating leases (excluding the DFS and Lotte leases) are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 6,828,000
2015	6,598,000
2016	6,154,000
2017	1,352,000
2018	1,352,000
Thereafter	<u>8,792,000</u>
	<u>\$ 31,076,000</u>

Port Authority of Guam (PAG), in cooperation with the Guam Economic Development Authority, leases space to tenants under noncancellable operating leases, with options to renew, providing for future minimum rentals.

The future minimum rental receipts for the aforementioned noncancellable operating leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 1,182,416
2015	1,182,416
2016	1,182,416
2017	1,182,416
2018	1,182,416
Thereafter	<u>4,512,410</u>
	<u>\$ 10,424,490</u>

PAG also leases equipment and space to tenants on a month to month basis.

Lease Obligations as Lessee

On December 31, 2002, Guam Power Authority (GPA) entered into a lease agreement for its office building for an initial term of two years with a monthly rental of \$25,000. On January 1, 2010, GPA renewed the lease agreement for an additional term of three years with a monthly rental of \$45,000. On January 1, 2013, GPA renewed the lease agreement for an additional term of two years with a monthly rental of \$45,110.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessee, Continued

GPA also leases fuel storage tanks for a monthly fee of \$100,000 beginning September 1998, increasing to \$107,500 in March 2003. The initial term of the lease is for a period of 10 years with an option to renew for an additional 5-year period, expiring on September 2013, at an increased monthly lease fee of \$115,650. On February 8, 2008, GPA renewed the agreement for an additional five year term from March 1, 2008 through February 28, 2013 and month-to-month thereafter.

GPA entered into a commercial space lease beginning July 1, 2010, with monthly rentals of \$4,495. The lease has an option to renew for an additional term of five years.

The future minimum lease payments for the aforementioned leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 2,074,250
2015	1,711,485
2016	1,594,682
2017	1,656,018
2018	1,576,545
2019 - 2023	<u>250,149</u>
	<u>\$ 8,863,129</u>

In January 2012, Guam Waterworks Authority (GWA) entered into a commercial space lease for a period of three years with monthly rentals of \$13,655. The future minimum lease payments for the aforementioned leases are \$163,860 for fiscal year 2014 and \$47,792 for fiscal year 2015.

In January 2012, Guam Housing and Urban Rural Authority (GHURA) entered into a lease agreement for office space for an initial term of two years with a monthly rental of \$6,825. The future minimum lease payments for the aforementioned lease are \$81,896 for fiscal year 2014 and \$27,299 for fiscal year 2015.

In February 2003, Guam Housing Corporation (GHC) entered into a Memorandum of Understanding (MOU) with Guam Economic Development Authority (GEDA) to provide support services to GHC. Such services were for network and computer administration for a fee of \$21,696 per annum. GHC also sub-leases office space from GEDA under its operating lease, which expires February 28, 2014. The future minimum lease payments for the aforementioned lease are \$49,000 for fiscal year 2014.

On January 1, 2007, Guam Educational Telecommunications Corporation (GETC) entered into a twenty-one year lease agreement with the Chamorro Land Trust Commission (CLTC) for an antennae site with transmitter building facilities. The terms of the lease require monthly lease payments of \$850.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessee, Continued

The future minimum lease payments for the aforementioned lease are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 10,200
2015	10,200
2016	10,200
2017	10,200
2018	10,200
2019 - 2023	51,000
2024 - 2028	<u>51,000</u>
	\$ <u>153,000</u>

Renewable Energy Contracts

Guam Power Authority (GPA) has entered into three agreements to purchase renewable energy and associated renewable energy credits. The planned commercial operation dates are June 2014, August 2014 and March 2015. During each of the contract years starting from the commercial operation date, GPA is committed to purchase approximately 35,000 to 40,000 megawatt hours of annual renewable energy. At September 30, 2013, the minimum future renewable energy purchases are as follows:

The future minimum renewable energy purchases for the aforementioned contracts are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2014	\$ 2,913,270
2015	14,438,490
2016	15,444,504
2017	15,523,617
2018	15,588,509
2019 - 2023	79,110,242
2024 - 2028	81,094,540
2029 - 2033	79,371,102
2034 - 2038	50,016,726
2039	<u>6,860,619</u>
	\$ <u>360,361,619</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

Fuel Bulk Storage Facility Contract

In June 2012, the Guam Power Authority entered into an agreement for the management and operations of its fuel bulk storage facility. The agreement is for three years ending May 31, 2015 with an option to extend the contract for two additional one-year terms with the mutual consent of both parties. Mandatory management fees are \$675,273 annually with optional additional insurance fees of \$41,750 annually. The future minimum management fees are \$675,273 for fiscal year 2014 and \$450,182 for fiscal year 2015.

Fuel Purchase Contract

In August 2013, the Guam Power Authority (GPA) entered into a fuel purchase contract agreement to purchase residual fuel oil and low sulfur fuel oil from a fuel supplier. The agreement is for two years with an option to extend for three additional one year terms, renewable annually.

In 2009, GPA entered into two contracts to purchase diesel fuel oil. The agreements are for three years ending September 30, 2013 with an option to extend for two additional one-year terms, renewable annually. In February, 2012, GPA renewed the two contracts through November 30, 2014.

U.S. Environmental Protection Agency (EPA)

On May 24, 1986, the administrator of the U.S. EPA granted a continuing exemption to the Guam Power Authority (GPA) under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption. In February 2011, EPA finalized four sets of emission standards, known as Maximum Available Control Technology (MACT) standards. Compliance under the diesel MACT is due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of \$37,000 per unit per day. GPA has requested an exemption, extension and waiver for its generation units, until a decision is made on switching to liquefied natural gas.

Environmental Monitoring

In September 2000, the U.S. Navy (the Navy) transferred 1,417 acres of property to the Antonio B. Won Pat International Airport Authority (AWPIAA) and GovGuam at no cost. In November 2000, the Navy paid AWPIAA \$10,000,000. In exchange for the payment, AWPIAA and GovGuam agreed to complete certain environmental monitoring work on the property even if the cost of the environmental monitoring work exceeds the \$10,000,000 remitted by the Navy. AWPIAA management has been made aware that in accordance with the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, a decision document or record of decision requires execution by AWPIAA, the Navy and the Guam Environmental Protection Agency with the concurrence of the U.S. EPA. The decision document would codify the responsibilities of each party for the environmental response actions.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Environmental Monitoring, Continued

Although the primary remediation action is natural attenuation, AWPIAA has substantially completed a water system project as part of the military airport program, which concurrently satisfies, in part, certain response actions contemplated under the Environmental Services Cooperative Agreement. AWPIAA will continue the voluntary monitoring until such time the decision document is executed and AWPIAA's remediation responsibilities are specified. The long-term obligation to operate and maintain the facilities built under the remedial construction as well as the required sampling will be handled through a water system commercial agreement. As of September 30, 2013, AWPIAA estimated that its pollution remediation obligations amounted to \$153,007.

Stipulated Order

In 2002, the U.S. Government filed a complaint against the Guam Waterworks Authority (GWA) and GovGuam for alleged violations under the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). Because of GWA's non-compliance with the National Primary Drinking Water Regulations, the U.S. Government is seeking both civil penalties and injunctive relief to address such non-compliance. GWA and the U.S. Government of Justice, Environmental and Natural Resources Division mutually agreed in the form of a Stipulated Order to resolve the violation issues.

On June 5, 2003, a Stipulated Order for Preliminary Relief was filed before the District Court of Guam. The Stipulation requires implementation of short-term projects and initial planning measures by GWA. GWA is required to submit a final financial plan in the Master Plan that generates sufficient revenue to cover the cost of all compliance activities and deliverables required by the Stipulated Order for Preliminary Relief, as well as any other anticipated expenses, including any measures necessary to ensure compliance with the CWA and the SDWA and costs related to the infrastructure improvements identified in the Master Plan.

In 2006, the Stipulated Order was amended which required GWA to perform approximately \$220 million worth of capital improvement projects and perform other actions to bring GWA's system into compliance. However, GWA was unable to meet all deadlines set out in the amended Stipulated Order. The District Court ordered the parties to stipulate as to scope of remaining projects and project completion dates; however, the parties were unable to reach an agreement on all items. As a result, on November 10, 2011, the District Court issued an order setting new deadlines for the unfinished projects and establishing new projects that were not part of the amended Stipulated Order. As of September 30, 2013, the financial impact of the order has not been fully determined and has been estimated to cost approximately \$450 million to \$500 million, including financing costs.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Primary Treatment Permits

On November 29, 2011, the U.S. Environmental Protection Agency (EPA) informed GWA that its primary treatment permits for the Hagatna and Northern District Wastewater Treatment Plants had been denied and that GWA would be required to upgrade the plants to secondary treatment. The upgrades have been estimated to cost approximately \$300 million. GWA intends to negotiate with the EPA on the timelines for upgrading the plants, which may be deferring the upgrades for approximately 20 to 30 years.

Construction Contracts

Antonio B. Won Pat International Airport Authority has commitments of approximately \$10,700,000 under several construction contracts as of September 30, 2013 and approximately \$12,200,000 under other various contracts as of September 30, 2013.

Guam Waterworks Authority has commitments of \$13,930,919 under several capital projects as of September 30, 2013.

Guam Housing and Urban Renewal Authority has commitments of \$1,326,785 under several development stage contracts as of September 30, 2013.

Loans

Guam Housing Corporation has \$618,940 in loan commitments as of September 30, 2013.

Port Modernization Plan

The Port Modernization Plan (the Plan) spans a 30-year planning horizon with an estimated project cost of \$260 million and was conditionally approved in 2008 through Public Law 29-125. The Plan consists of Phases I-A and I-B with a focus on critical maintenance and repair of waterfront activities over the next five years and Phase II with a focus on expansion needed to address long-term cargo growth demands of Guam and neighboring islands over the next twenty years. In 2009, the Guam Legislature approved Phases I-A and I-B of the Plan through Public Law 30-57.

In June 2008, through a Memorandum of Understanding (MOU), PAG partnered with the Maritime Administration (MARAD) for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Authority in securing funding sources to modernize its facilities and operations. Under the Program, MARAD is to provide federal oversight and coordination of projects, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. The partnership with MARAD was formalized through U.S. Public Law 110-417, *National Defense Authorization Act for 2010*. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund), a separate account in the Treasury of the United States that will be used to receive funding from federal and non-federal sources to carry out the Program.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2013

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Port Modernization Plan, Continued

PAG commenced with the Phase I-A of the Plan in 2010 and is to be funded by a \$50,000,000 appropriation from the U.S. Department of Defense, a \$25,000,000 loan from the U.S. Department of Agriculture, a \$25,000,000 Community Facilities Guaranteed Loan with a local bank, and a \$4,500,000 guaranteed term loan with a local bank. Due to changes in certain factors relating to the military buildup and cargo forecast, PAG management no longer intends to utilize the \$25,000,000 Community Facilities Guaranteed Loan.

At September 30, 2013, PAG has \$11,700,000 recorded in construction work in progress for the Port Modernization Plan. Realization of these assets is dependent on future events, including continuation of the Plan as currently envisioned.

Land Held for Development

Public Law 20-225 authorized the transfer of land under the Lada Estates Project from GovGuam to the Guam Housing Corporation (GHC) for the development of affordable housing units for sale to first-time homeowners. In addition to the initial cost of \$392,385, subsequent capitalized development costs were incurred of \$15,721,953, which included improvement costs incurred by the contractor of \$7,640,000 for on-site infrastructure and \$2,915,000 for off-site infrastructure. Subsequent economic conditions prevented the completion of the project and, as a result, GHC halted further development. The contractor subsequently sued GHC and GovGuam for the amount of improvement costs incurred. On January 6, 2012, the Superior Court of Guam approved a settlement agreement between GHC and the contractor wherein GHC conveyed the subject property to the contractor through a grant deed. The contractor agreed to give up its rights and claims to collect on the on-site improvement costs; however, reserved the right to continue the lawsuit against GovGuam for the costs associated with the off-site improvements.

In accordance with Public Law 31-282, GovGuam issued tax credits in the amount of \$2,915,000 in lieu of a cash payment for the off-site improvements costs. As of September 30, 2013, issued tax credits associated with this liability had been fully utilized.

(16) Restatement

Subsequent to the issuance of GovGuam's 2012 financial statements, it was determined that investment in land and other real estate of the governmental activities and the Chamorro Lands Fund were understated by \$406,640,273 due to the lack of implementation of GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. As a result of this determination, investment in land and other real estate have been restated.

GOVERNMENT OF GUAM

**REQUIRED SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2013

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual (Unaudited)
General Fund
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget -
	Original	Final	(See Note 1)	Positive (Negative)
Revenues:				
Taxes:				
Income	\$ 293,813,413	\$ 293,813,413	\$ 261,848,998	\$ (31,964,415)
Gross receipts	228,751,346	228,751,346	221,672,983	(7,078,363)
Income - COLA	-	-	5,653	5,653
Excise	3,847,425	3,847,425	2,725,994	(1,121,431)
Section 30 Federal income tax collections	51,655,293	51,655,293	96,104,113	44,448,820
Immigration fees	1,796,226	1,796,226	1,554,285	(241,941)
Indirect cost reimbursement	-	-	189,244	189,244
Contributions from component units	2,027,708	2,027,708	2,204,682	176,974
Other	7,741,519	9,541,519	17,881,231	8,339,712
Total revenues	589,632,930	591,432,930	604,187,183	12,754,253
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan	7,337,122	5,831,737	5,836,300	(4,563)
Office of I Segundu Na Maga'lahaen Guahan	20,565	850,643	843,203	7,440
Bureau of Budget and Management Research	1,058,320	991,205	1,026,595	(35,390)
Civil Service Commission	852,836	799,255	857,087	(57,832)
Department of Administration	15,595,357	15,128,869	18,870,077	(3,741,208)
Guam Election Commission	960,116	960,116	857,793	102,323
Department of Revenue and Taxation	14,289,819	15,293,284	12,086,233	3,207,051
Bureau of Statistics and Plans	1,180,301	1,107,014	1,166,317	(59,303)
Department of Public Works	10,436,028	9,624,206	9,401,612	222,594
Office of the Attorney General	11,658,096	9,179,467	8,986,056	193,411
Guam Police Department	27,887,447	26,495,080	28,489,876	(1,994,796)
Department of Corrections	21,627,132	20,164,731	20,409,465	(244,734)
Department of Agriculture	2,796,196	2,779,480	2,371,396	408,084
Department of Public Health and Social Services	35,935,400	8,835,852	8,072,717	763,135
Department of Education	190,336,634	189,462,026	199,082,835	(9,620,809)
Department of Youth Affairs	5,063,397	4,747,812	4,530,925	216,887
Department of Mental Health and Substance Abuse	15,173,706	13,466,747	11,897,786	1,568,961
Department of Labor	1,066,058	955,529	942,136	13,393
Department of Parks and Recreation	3,285,234	3,078,197	3,031,273	46,924
Department of Integrated Services for Individuals with Disabilities	1,242,447	536,190	485,211	50,979
Mayors' Council of Guam	8,958,055	8,514,279	8,937,758	(423,479)
Department of Land Management	681,075	648,746	419,705	229,041
Chief Medical Examiner	430,071	403,017	405,295	(2,278)
Department of Chamorro Affairs	1,011,953	2,182,435	2,031,230	151,205
Department of Military Affairs	702,054	177,100	144,381	32,719
Guam Fire Department	28,016,533	26,241,510	29,543,343	(3,301,833)
Payments to Component Units	56,964,338	69,674,953	52,160,373	17,514,580
GovGuam Retirement Fund appropriations	1,749,965	1,749,965	1,907,849	-
Miscellaneous appropriations	17,933,999	17,626,499	17,556,175	70,324
Interest and other charges	-	229,256	5,080,970	(4,851,714)
Debt service	56,756,266	98,150,734	93,790,725	4,360,009
Total expenditures	541,006,520	556,043,818	551,222,697	4,821,121
Excess of revenues over expenditures	48,626,410	35,389,112	52,964,486	17,575,374
Other financing sources (uses):				
Proceeds from issuance of refunding bonds	-	22,640,000	22,640,000	-
Proceeds from refinancing short-term obligations	-	-	19,937,926	19,937,926
Premium on refunded bonds issued	-	2,957,923	2,957,923	-
Transfers in from other funds	22,654,743	22,654,743	19,819,077	(2,835,666)
Transfers out to other funds	(86,318,340)	(112,948,021)	(111,225,785)	1,722,236
Total other financing sources (uses), net	(63,663,597)	(64,695,355)	(45,870,859)	18,824,496
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	26,371,187	26,371,187	3,913,248	(22,457,939)
Net change in fund balance	\$ 11,334,000	\$ (2,935,056)	\$ 11,006,875	\$ 13,941,931

See accompanying notes to required supplementary information - budgetary reporting.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2013

(1) Budgetary Process

As required under law (5 GCA §4103 and §4106), the Governor directs the preparation and administration of the Executive Budget for GovGuam on an annual basis. The Executive Budget represents the Governor's financial proposal with recommended priorities for allocating resources. The budget process is important and necessary for the enactment of a budget and review of government operations. The Budget Process occurs in four (4) phases: formulation, adoption, execution, and audit.

During the *formulation phase*, the economic forecast and the program and financial plans are prepared for the various departments. Economic data and statistics are utilized in developing projected revenues for the upcoming fiscal year. Once revenues have been projected, a budget call is distributed to all the line agencies. This process starts when the Bureau of Budget and Management Research (BBMR) issues guidelines to each line agency in the preparation and development of their respective budgets. The formulation phase culminates in the transmittal of the Program and Financial Plan (Executive Budget) with the Governor's Budget Message to the Legislature for its consideration.

The *adoption phase* is the process in which the Legislature considers the Governor's proposal and passes the overall revenue and spending plan under a General Appropriations Bill. The Bill usually receives more detailed hearings within the auspices of the applicable legislative committees. Usually, a series of hearings will be called during which department heads and staff members give an overview of the Governor's proposed budget and are expected to provide explanations when their department's/agency's appropriations are considered. Finally, the Legislature may pass a General Appropriations Bill. The Bill is then transmitted to the Governor for approval. Other bills to include amendments during the fiscal year may be introduced for enactment into law.

The *execution phase* involves the release of funds appropriated per the General Appropriations Act. Each department prepares allotment of appropriations and may request revisions, legislative or administrative transfers, or supplemental appropriations. BBMR must approve such revisions to allotments. The Bureau also monitors and assists agencies in carrying out the approved budget in line with the established policies of the Governor.

The *audit phase* involves the evaluation of departments/agencies to identify areas in need of improving compliance procedures with applicable laws and regulations. During the audit phase, financial transactions, accounts and reports are assessed and analyzed to improve accountability, effectiveness, and efficiency in the achievement of goals and objectives. This phase is also to assure economic use of resources to enhance achievement of public services.

Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2013

(1) Budgetary Process, Continued

The Budget Act for fiscal year 2013, Public Law No. 31-233, was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds and Capital Projects Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds and Capital Projects Funds is not required or presented. The accompanying Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund presents solely the financial activities of the General Fund administered by the Department of Administration, and does not include the financial activities of the General Fund administered by the Guam Department of Education or the impact of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

GovGuam's annual budget has been prepared on a basis that differs from governmental GAAP. Actual amounts in the accompanying budgetary comparison statements are presented on a budgetary basis, which includes outstanding encumbrances as a budgetary expenditure.

Encumbrance accounting is employed in governmental funds. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent fiscal year.

(2) Reconciliation of Budgetary Schedule

Net change in fund balance (deficit) - budgetary basis	\$ 11,006,875
Net change in fund balance (deficit) of GASB 54 Funds included within the General Fund	<u>(38,816,428)</u>
Net change in fund balance (deficit) - General Fund	\$ <u>(27,809,553)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Funding Progress and Actuarial Accrued Liability - Post Employment Benefits Other than Pension (Unaudited)

The Schedule of Funding Progress presents GASB 45 results of OPEB valuations as of fiscal year ends September 30, 2011, 2009, and 2007 for GovGuam's Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	\$ -	\$ 1,635,223,000	\$ 1,635,223,000	0.0%	\$ 466,346,000	350.6%
October 1, 2009	\$ -	\$ 1,852,558,000	\$ 1,852,558,000	0.0%	\$ 466,346,000	397.2%
October 1, 2011	\$ -	\$ 2,088,331,000	\$ 2,088,331,000	0.0%	\$ 466,346,000	447.8%

The Schedule of Actuarial Accrued Liability presents GASB 45 agency-specific results of the OPEB valuation as of fiscal year end September 30, 2011 as a whole and assists in providing information that is helpful for understanding the scale of the information presented relative to each employer.

Primary Government:

GovGuam Line Agencies	\$ 359,547,000
GovGuam Retirement Fund	5,638,000
Guam Legislature	3,370,000
Guam Department of Education	382,476,000
Public Defender Service Corporation	4,988,000
Unified Courts of Guam	37,155,000
Guam Retirement Fund Retirees	875,878,000
Defined Contribution Retirees	<u>84,688,000</u>
Total Primary Government	<u>1,753,740,000</u>

Component Units:

Antonio B. Won Pat International Airport Authority	19,876,000
Guam Community College	19,794,000
Guam Economic Development Authority	1,877,000
Guam Housing Corporation	3,190,000
Guam Housing and Urban Renewal Authority	6,167,000
Guam Memorial Hospital Authority	79,012,000
Guam Power Authority	58,314,000
Guam Visitors Bureau	4,371,000
Guam Waterworks Authority	38,357,000
Port Authority of Guam	37,028,000
University of Guam	<u>66,605,000</u>
Total Component Units	334,591,000
Total Actuarial Accrued Liability	<u>\$ 2,088,331,000</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

**OTHER SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2013

GOVERNMENT OF GUAM

General Fund
September 30, 2013

The General Fund is the most significant of GovGuam's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund. The General Fund is divided into several accounts. A brief discussion of the accounts that comprise GovGuam's General Fund as of September 30, 2013, follows.

Department of Administration – the Department of Administration is responsible for maintaining the financial data of all line agencies of GovGuam with the exception of the Department of Education.

Guam Department of Education - the Guam Department of Education (GDOE), formerly known as the Guam Public School System, is a line agency of GovGuam. This fund is maintained separately by the Department of Education.

Department of Education Operations Fund - this fund was created by Public Law 28-68 to account for local appropriations to cover the operational expenses of the Guam Department of Education and any use associated with the Guam Department of Education, as determined in the Department of Education budget in accordance with 10 GCA Chapter 3, by the Guam Education Policy Board *or* the laws of Guam. This fund is maintained within the Department of Administration.

Agana Fractional Lots Program Fund - The Agana Fractional Lots Program Fund was initially established to account for transactions relevant to the Agana Fractional Lot Program dating back to the 1960s. Such transactions may involve the condemnation and seizure of lands from property owners by GovGuam and the compensation of those seized lands to the property owners.

Better Public Service Fund - This fund was created by Public Law 29-002 to account for 10% of all fees and license revenues received by the Department of Revenue and Taxation (DRT) for the purpose of improving and modernizing systems used to provide DRT services, including on-line filing of taxes, renewal of licenses and permits, upgrades of computer hardware/software to improve record retrieval by members of the public, and the training of DRT staff in technical skills and customer service.

Community Development Fund - This fund was created to account for funds allocated by the Mayor's Council of Guam to Mayors for payment of salaries of employees performing minor repairs and maintenance and for purchase of equipment and supplies necessary for performing minor repairs and maintenance.

DMHSA Receiver Fund - This fund accounts for all activities of the Federal Management Team associated with the Permanent Injunction requiring GovGuam to provide treatment and develop programs to mentally ill patients residing on Guam.

DOC Inmates Revolving Fund - The fund was created by Executive Order 94-17 and is administered by the Department of Corrections. Revenues are generated from funds collected for housing U.S. prisoners and detainees, meals charged to DOC employees, and sale of wet garbage to private persons. Expenditures are for purchases of clothing, food, equipment, medical supplies and medicines for prisoners and detainees.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund, Continued
September 30, 2013

D.O.D. Contract Fund - This fund was created by the Department of Administration to account for funds from the United States Department of Defense to the Department of Education (D.O.E.) specifically to provide for fixed tuition payment per eligible D.O.D. student enrolled in the Guam D.O.E. system and for the recruitment of qualified teachers. This fund is not subject to the provisions of OMB Circular A-133.

DPHSS Sanitary Inspection Revolving Fund - This fund was created by the Department of Public Health and Social Services to account for the overall cost of conducting sanitary inspections of temporary workforce housing and other required inspections.

Exxon Fuel Overcharge Fund - This fund was created based on a federal court decision against the Exxon Corporation. Guam was allocated some three million dollars as its share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

Financial Management Revolving Fund - This fund was created by Executive Order No. 2002-12 for costs associated with the handling and accounting for monies and deposits to be charged for treasury services related to the Financial Management Division.

General Services Agency (GSA) Fund - GSA is maintained within the Department of Administration as the centralized procurement and warehousing for departments and agencies of GovGuam. Additionally, GSA oversees the delegation of procurement authority of approximately eleven departments and agencies.

GSA Inventory Revolving Fund - This fund was created for the purchase and replenishment of items to be carried in the supplies inventory maintained in the warehouse operated by GSA.

Government Claims Fund - This fund was created by Public Law 17-029 in order to pay for claims against any line agency of GovGuam. The sources of revenue are obtained from legislative appropriations. The Attorney General administers this fund and designates which claims shall be paid.

Guam Memorial Hospital Authority Pharmaceuticals Fund - This fund was created by Public Law 28-68 for the purpose of accounting for 5.61% of all gross receipts taxes collected in Guam for appropriation by *I Liheslaturan Guahan* to fund all pharmaceutical, drug and medicine requirements for Guam Memorial Hospital.

Guam Telephone Authority Privatization Proceeds Fund - This fund was created by Public Law 26-70 to account for the proceeds realized from the sale of the Guam Telephone Authority.

Housing Revolving Fund - This fund is maintained to account for the leasing of Government of Guam housing units to both private individuals and public organizations. Funding of this program is provided by both rental fees and Government contributions.

Human Resource Services Revolving Fund - This fund was created by Executive Order No. 2002-01 for administrative costs and supplies and equipment costs associated within the areas of classification and pay, recruitment, records, employee benefits, test development, employee management relations, training and development, as well as the Drug-Free Workplace Program of the Human Resources Division.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund, Continued
September 30, 2013

Income Tax Refund Reserve Fund - This fund was created by Public Law 22-140 for the purpose of receiving General Fund revenues reserved for income tax refund payments. This fund is not subject to any transfer authority of the Governor of Guam.

Income Tax Efficiency Payment Fund – This fund was created by Public Law 26-74 for the purpose of improving the efficiency of tax refund payments by hiring temporary income tax return processors, training of Department of Revenue and Taxation employees, and the purchase of computer and other equipment to quickly process income tax returns.

Legislature Operations Fund - The Guam Legislature was created by the Organic Act of Guam, as amended. It is a unicameral body of 15 members elected bi-annually. It meets in two regular year-round sessions. Funding is provided through General Fund appropriations.

Medically Indigent Program Payment Revolving Fund – This fund was created by Public Law 25-164 to be used for the payment of any authorized Medically Indigent Program obligation, regardless of when the obligation was incurred.

Off-Island Treatment Fund - This fund was created by Public Law 20-220 to be administered by the Director of Administration. Monies from the fund shall be expended upon order of the Superior Court of Guam to send a person under the jurisdiction of the court off-island for residential care arising from a physical, mental or emotional handicap or a severe emotional disturbance. Monies shall be expended for diagnosis, evaluation and treatment fees, medical and incidental expenses, room and board and transportation costs.

Office of Public Accountability Fund – The Office of Public Accountability was created by Public Law 21-122 as an instrumentality of GovGuam, independent of the executive, legislative and judicial branches.

Parks and Recreation Revolving Fund - This fund was created by Public Law 16-44 for the development, improvement and maintenance of the Guam Territorial Park System. Expenditures are authorized and made by appropriations from the Legislature.

Plant Protection and Quarantine Revolving Fund - This fund was created to account for all fees collected under the Department of Agriculture's fee schedule for agricultural quarantine activities.

Public Defender Service Corporation Fund – This fund was created by Public Law 13-51 to provide effective legal aid and assistance to those persons on Guam who are unable to afford counsel.

State Agency for Surplus Property Fund – This fund was created for the disposal of salvage and surplus personal property from GovGuam agencies and departments.

Stripperwell Overcharge Fund - This fund was created based on a federal court decision against Stripperwell. As with the Exxon Overcharge Fund, Guam was allocated a share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund, Continued
September 30, 2013

Supplemental Annuity Benefits Fund - This fund was created by Public Law 27-29 for the purpose of accounting for the payment of retiree supplemental annuity benefits by the Department of Administration.

Supplemental Appropriations Revenue Fund - This fund was created by Public Law 31-74 to ensure that various GovGuam agencies “deemed vital” would be funded, despite limited resources available.

Typhoon Chata’an and Halong Fund - This fund was created by Public Law 26-116 to account for appropriations made by the Legislature to cover the emergency recovery needs of Guam resulting from Typhoons Chata’an and Halong.

Unified Courts of Guam Fund - The fund was created as an independent judicial branch of GovGuam to account for the operations of the Supreme Court of Guam and the Superior Court of Guam. Funding is provided primarily through Government of Guam General Fund appropriations.

Water System Revenue Bond Fund - This fund is used to account for an assignment of Section 30 funds required by: (i) the Limited Obligation (Section 30) Bond Series A 2001 bond indenture to redeem bond principal and to pay bond interest as such becomes due; and (ii) a \$10,000,000 promissory bank note.

General Obligation Bond Series A 1993 Fund - This fund is used to account for funds required by the General Obligation Bond Series A 1993 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 1995 Fund - This fund is used to account for funds required by the General Obligation Bond Series A 1995 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 2007 Fund - This fund is used to account for funds required by the General Obligation Bond Series A 2007 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

Streetlight Note Payable 2008 Fund - This fund is used to account for an assignment of Section 30 funds required by a \$13,800,000 promissory bank note.

Limited Obligation Bond Series A 2009 Fund - This fund is used to account for funds required by the Limited Obligation Bond Series A 2009 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2013

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
ASSETS										
Cash and cash equivalents	\$ (161,238)	\$ 1,467,344	\$ 5,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,924	\$ 178,223
Investments	1,207,320	-	-	-	-	-	-	-	-	-
Receivables, net:										
Taxes	43,206,018	-	-	-	-	-	-	-	-	-
Federal agencies	31,942,060	-	-	-	-	-	-	-	-	-
Other	1,711,195	-	-	90,169	-	-	-	-	-	-
Due from other funds	113,819,588	4,182,032	281,890	-	483,605	-	-	1,606,868	-	192,953
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepayments	4,494,340	1,610,137	-	-	-	-	-	-	-	-
Deposits and other assets	985,713	2,354,899	-	-	-	-	-	-	-	-
Restricted assets:										
Cash and cash equivalents	-	5,904,904	-	-	-	-	3,305,590	-	-	-
Investments	26,162,600	19,078,908	-	-	-	-	-	-	-	-
Total assets	\$ 223,367,596	\$ 34,598,224	\$ 286,895	\$ 90,169	\$ 483,605	\$ -	\$ 3,305,590	\$ 1,606,868	\$ 1,924	\$ 371,176
LIABILITIES AND FUND BALANCE (DEFICIT)										
Accounts payable	\$ 53,978,897	\$ 12,981,518	\$ 281,890	\$ -	\$ 16,223	\$ -	\$ 525,279	\$ -	\$ -	\$ -
Accrued payroll and other	3,967,746	9,912,908	-	-	-	-	(168,476)	-	-	-
Due to component units	3,144,084	-	-	-	-	-	-	-	-	-
Due to other funds	31,686,873	-	-	-	-	89,038	835,659	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-
Unearned revenue	63,287,000	-	-	-	-	-	-	-	-	-
Provision for tax refunds	98,153,869	-	-	-	-	-	-	-	-	-
COLA liability	4,858,941	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	9,908,266	-	-	-	-	-	-	-	748	-
Total liabilities	268,985,676	22,894,426	281,890	-	16,223	89,038	1,192,462	-	748	-
Fund balance (deficit):										
Non-spendable	1,000,000	-	-	-	-	-	-	-	-	-
Restricted	26,162,600	24,983,812	-	-	-	-	2,113,128	-	-	-
Committed	11,553,168	-	5,005	90,169	407,987	-	-	1,494,456	-	371,176
Assigned	-	-	-	-	59,395	-	-	112,412	-	-
Unassigned	(84,333,848)	(13,280,014)	-	-	-	(89,038)	-	-	1,176	-
Total fund balance (deficit)	(45,618,080)	11,703,798	5,005	90,169	467,382	(89,038)	2,113,128	1,606,868	1,176	371,176
Total liabilities and fund balance (deficit)	\$ 223,367,596	\$ 34,598,224	\$ 286,895	\$ 90,169	\$ 483,605	\$ -	\$ 3,305,590	\$ 1,606,868	\$ 1,924	\$ 371,176

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2013

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,405	\$ -	\$ -	\$ -	\$ 6,193	\$ 8,105,122
Investments	231,480	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-	-	-
Other	28,738	19,661	-	-	-	-	605,657	302,379	-	-	-
Due from other funds	101,693	71,996	24,668	398,476	-	-	194,129	1,470	37,753	5,705,052	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	865,934	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 361,911</u>	<u>\$ 91,657</u>	<u>\$ 24,668</u>	<u>\$ 1,264,410</u>	<u>\$ -</u>	<u>\$ 1,405</u>	<u>\$ 799,786</u>	<u>\$ 303,849</u>	<u>\$ 37,753</u>	<u>\$ 5,711,245</u>	<u>\$ 8,105,122</u>
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	\$ 289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	232	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,397	-	-	-	-	7,829,947
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	5,192,264	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	8,894	-	-	-
Total liabilities	<u>289</u>	<u>232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,397</u>	<u>-</u>	<u>8,894</u>	<u>-</u>	<u>5,192,264</u>	<u>7,829,947</u>
Fund balance (deficit):											
Non-spendable	-	-	-	865,934	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	361,622	86,935	-	-	-	8	799,786	294,955	36,658	518,981	275,175
Assigned	-	4,490	3,809	73,204	-	-	-	-	1,095	-	-
Unassigned	-	-	20,859	325,272	-	-	-	-	-	-	-
Total fund balance (deficit)	<u>361,622</u>	<u>91,425</u>	<u>24,668</u>	<u>1,264,410</u>	<u>-</u>	<u>8</u>	<u>799,786</u>	<u>294,955</u>	<u>37,753</u>	<u>518,981</u>	<u>275,175</u>
Total liabilities and fund balance (deficit)	<u>\$ 361,911</u>	<u>\$ 91,657</u>	<u>\$ 24,668</u>	<u>\$ 1,264,410</u>	<u>\$ -</u>	<u>\$ 1,405</u>	<u>\$ 799,786</u>	<u>\$ 303,849</u>	<u>\$ 37,753</u>	<u>\$ 5,711,245</u>	<u>\$ 8,105,122</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2013

AS/400 Fund Number	293	329	225	504	314	103	607	645			
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
ASSETS											
Cash and cash equivalents	\$ 1,939,766	\$ -	\$ -	\$ 165,394	\$ -	\$ -	\$ 1,471,362	\$ 26	\$ -	\$ -	\$ 4,782
Investments	-	-	-	310,603	-	-	-	-	18,731	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	19,017	-	-	-	-	-	-	-
Other	12,462	-	-	-	-	-	5,671	19,515	-	-	-
Due from other funds	-	2,517,689	296	-	-	-	-	118,374	-	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	165,412	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,952,228</u>	<u>\$ 2,517,689</u>	<u>\$ 296</u>	<u>\$ 495,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,477,033</u>	<u>\$ 303,327</u>	<u>\$ 18,731</u>	<u>\$ -</u>	<u>\$ 4,782</u>
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	\$ 31,663	\$ 2,517,689	\$ -	\$ 25,643	\$ -	\$ -	\$ 4,049	\$ -	\$ 188	\$ -	\$ -
Accrued payroll and other	140,742	-	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	4,808	3,548	-	-	-	-	2,357,855
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	13,213	-	-	-	9,105	-	-	-	-
Total liabilities	<u>172,405</u>	<u>2,517,689</u>	<u>13,213</u>	<u>25,643</u>	<u>4,808</u>	<u>3,548</u>	<u>13,154</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>2,357,855</u>
Fund balance (deficit):											
Non-spendable	-	-	-	-	-	-	-	165,412	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	1,779,823	-	-	469,371	-	-	1,463,879	100,636	18,543	-	-
Assigned	-	-	-	-	-	-	-	37,279	-	-	-
Unassigned	-	-	(12,917)	-	(4,808)	(3,548)	-	-	-	-	(2,353,073)
Total fund balance (deficit)	<u>1,779,823</u>	<u>-</u>	<u>(12,917)</u>	<u>469,371</u>	<u>(4,808)</u>	<u>(3,548)</u>	<u>1,463,879</u>	<u>303,327</u>	<u>18,543</u>	<u>-</u>	<u>(2,353,073)</u>
Total liabilities and fund balance (deficit)	<u>\$ 1,952,228</u>	<u>\$ 2,517,689</u>	<u>\$ 296</u>	<u>\$ 495,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,477,033</u>	<u>\$ 303,327</u>	<u>\$ 18,731</u>	<u>\$ -</u>	<u>\$ 4,782</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2013

AS/400 Fund Number	501	355	357	359	361	362	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
ASSETS											
Cash and cash equivalents	\$ -	\$ 1,278,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,463,903	\$ -	\$ 14,463,903
Investments	-	-	46,469,774	-	-	-	-	-	48,237,908	-	48,237,908
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	43,206,018	-	43,206,018
Federal agencies	-	685,709	-	-	-	-	-	-	32,646,786	-	32,646,786
Other	-	14,343	-	-	-	-	-	-	2,809,790	-	2,809,790
Due from other funds	-	2,105,294	-	3,176,478	630,656	-	-	-	135,650,960	(92,681,378)	42,969,582
Due from private purpose trust funds	-	4,528,968	-	-	-	-	-	-	4,528,968	-	4,528,968
Inventories	-	-	-	-	-	-	-	-	1,031,346	-	1,031,346
Prepayments	-	-	-	-	-	-	-	-	6,104,477	-	6,104,477
Deposits and other assets	-	429,368	-	-	-	-	-	-	3,769,980	-	3,769,980
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	15,672,535	24,883,029	-	24,883,029
Investments	-	-	-	-	-	7,215,238	-	17,186,015	69,642,761	-	69,642,761
Total assets	\$ -	\$ 9,042,277	\$ 46,469,774	\$ 3,176,478	\$ 630,656	\$ 7,215,238	\$ -	\$ 32,858,550	\$ 386,975,926	\$ (92,681,378)	\$ 294,294,548
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	\$ -	\$ 569,187	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,934,515	\$ -	\$ 70,934,515
Accrued payroll and other	-	6,460,773	-	-	-	-	-	-	20,313,925	-	20,313,925
Due to component units	-	-	-	-	-	-	-	-	3,144,084	-	3,144,084
Due to other funds	770	-	44,249,403	-	-	5,772,553	320,023	15,672,331	108,824,205	(92,681,378)	16,142,827
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	63,287,000	-	63,287,000
Provision for tax refunds	-	-	-	-	-	-	-	-	103,346,133	-	103,346,133
COLA liability	-	-	-	-	-	-	-	-	4,858,941	-	4,858,941
Deposits and other liabilities	-	-	-	-	-	-	-	-	9,940,226	-	9,940,226
Total liabilities	770	7,029,960	44,251,403	-	-	5,772,553	320,023	15,672,331	384,649,029	(92,681,378)	291,967,651
Fund balance (deficit):											
Non-spendable	-	-	-	-	-	-	-	-	2,031,346	-	2,031,346
Restricted	-	-	-	-	-	1,442,685	-	17,186,219	71,888,444	-	71,888,444
Committed	-	2,012,317	-	-	-	-	-	-	22,140,650	-	22,140,650
Assigned	-	-	-	-	-	-	-	-	291,684	(291,684)	-
Unassigned	(770)	-	2,218,371	3,176,478	630,656	-	(320,023)	-	(94,025,227)	291,684	(93,733,543)
Total fund balance (deficit)	(770)	2,012,317	2,218,371	3,176,478	630,656	1,442,685	(320,023)	17,186,219	2,326,897	-	2,326,897
Total liabilities and fund balance (deficit)	\$ -	\$ 9,042,277	\$ 46,469,774	\$ 3,176,478	\$ 630,656	\$ 7,215,238	\$ -	\$ 32,858,550	\$ 386,975,926	\$ (92,681,378)	\$ 294,294,548

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2013

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	\$ 261,848,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	221,672,983	-	-	-	-	-	-	-	-	-
Income - COLA	5,653	-	-	-	-	-	-	-	-	-
Excise	2,725,994	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	96,104,113	-	-	-	-	-	-	-	-	-
Intergovernmental	-	563,658	-	-	-	-	-	-	-	-
Licenses and permits	4,885,378	-	-	-	-	-	-	-	-	116,274
Charges for services	1,554,285	1,493,199	-	-	-	-	-	1,124,100	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	94,948	-	10	-	-	-	67,356	-	3	447
Contributions from component units	2,204,682	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	189,244	-	-	-	-	-	-	-	-	-
Other	12,900,905	-	-	-	-	-	61,260	-	-	-
Total revenues	604,187,183	2,056,857	10	-	-	-	128,616	1,124,100	3	116,721
Expenditures by Function:										
Current:										
General government	41,501,468	-	-	-	1,398,884	-	-	-	-	-
Protection of life and property	91,711,510	-	-	-	-	-	-	599,229	-	-
Public health	16,733,269	-	-	-	-	-	3,937,062	-	-	-
Community services	3,149,314	-	-	-	-	-	-	-	-	-
Recreation	3,009,100	-	-	-	-	-	-	-	-	-
Individual and collective rights	12,913,099	-	-	-	-	-	-	-	-	-
Public education	5,763,784	238,289,414	-	-	-	-	-	-	-	-
Economic development	3,529,849	-	-	-	-	-	-	-	-	-
Payments to:										
GovGuam Retirement Fund	1,907,849	-	-	-	-	-	-	-	-	-
Guam Community College	13,166,268	-	-	-	-	-	-	-	-	-
Guam Educational Telecom. Corporation	541,977	-	-	-	-	-	-	-	-	-
Guam Housing Corporation	243,058	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	7,654,639	-	-	-	-	-	-	-	-	-
University of Guam	30,554,431	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	14,197,122	8,077,260	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	3,600,000	825,000	-	-	-	-	-	-	-	-
Bond issuance costs	229,256	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	35,679,152	6,142,935	-	-	-	-	-	-	-	-
Total expenditures	286,085,145	253,334,609	-	-	1,398,884	-	3,937,062	599,229	-	-
Excess (deficiency) of revenues over (under) expenditures	318,102,038	(251,277,752)	10	-	(1,398,884)	-	(3,808,446)	524,871	3	116,721
Other financing sources (uses):										
Proceeds from refunded bonds issued	22,640,000	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	2,957,923	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	19,937,926	-	-	-	-	-	-	-	-	-
Transfers in from other funds	19,819,077	219,273,210	191,850,082	-	1,504,173	-	3,007,272	-	-	-
Transfers out to other funds	(372,450,089)	(801,950)	(191,850,082)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(307,095,163)	218,471,260	-	-	1,504,173	-	3,007,272	-	-	-
Net change in fund balances (deficit)	11,006,875	(32,806,492)	10	-	105,289	-	(801,174)	524,871	3	116,721
Fund balances (deficit) at beginning of year	(56,624,955)	44,510,290	4,995	90,169	362,093	(89,038)	2,914,302	1,081,997	1,173	254,455
Fund balances (deficit) at end of year	\$ (45,618,080)	\$ 11,703,798	\$ 5,005	\$ 90,169	\$ 467,382	\$ (89,038)	\$ 2,113,128	\$ 1,606,868	\$ 1,176	\$ 371,176

See Accompanying Independent Auditors Report.

GOVERNMENT OF GUAM
 Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2013

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:											
Taxes:											
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	76,826	20,946	313,791	-	-	-	-	39,593	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	1	-	-	-	325	13,018
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	3,659
Total revenues	-	76,826	20,946	313,791	-	1	-	-	39,593	325	16,677
Expenditures by Function:											
Current:											
General government	1,450	63,990	3,182	-	100,000	-	-	-	43,865	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Educational Telecom. Corporation	-	-	-	-	-	-	-	-	-	-	-
Guam Housing Corporation	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	9,150,038	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,450	63,990	3,182	-	100,000	9,150,038	-	-	43,865	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,450)	12,836	17,764	313,791	(100,000)	(9,150,037)	-	-	(4,272)	325	16,677
Other financing sources (uses):											
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	100,000	9,150,038	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	100,000	9,150,038	-	-	-	-	-
Net change in fund balances (deficit)	(1,450)	12,836	17,764	313,791	-	1	-	-	(4,272)	325	16,677
Fund balances (deficit) at beginning of year	363,072	78,589	6,904	950,619	-	7	799,786	294,955	42,025	518,656	258,498
Fund balances (deficit) at end of year	\$ 361,622	\$ 91,425	\$ 24,668	\$ 1,264,410	\$ -	\$ 8	\$ 799,786	\$ 294,955	\$ 37,753	\$ 518,981	\$ 275,175

See Accompanying Independent Auditors Report.

GOVERNMENT OF GUAM
 Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2013

AS/400 Fund Number	293	329	225	504	314	103	607	645		
	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
	Legislature Operations									
Revenues:										
Taxes:										
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	20,812	-	-	34,761	-	-	-	-
Licenses and permits	-	-	-	-	-	-	2,162	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	5,141	-	3,748	-	-	-	-	-	-	220
Contributions from component units	-	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-
Other	315,360	-	-	-	-	1	51,377	-	-	-
Total revenues	320,501	-	24,560	-	-	34,762	53,539	-	-	220
Expenditures by Function:										
Current:										
General government	7,947,211	-	1,610,253	1,157,574	-	4,359,470	104,353	938	9,848,084	62,991
Protection of life and property	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-
Community services	-	9,475,009	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Payments to:										
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-
Guam Educational Telecom. Corporation	-	-	-	-	-	-	-	-	-	-
Guam Housing Corporation	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	7,947,211	9,475,009	1,610,253	1,157,574	-	4,359,470	104,353	938	9,848,084	62,991
Excess (deficiency) of revenues over (under) expenditures	(7,626,710)	(9,475,009)	(1,610,253)	(1,133,014)	-	(4,324,708)	(50,814)	(938)	(9,848,084)	(62,771)
Other financing sources (uses):										
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	7,422,365	10,077,895	1,646,310	1,151,260	-	4,448,118	-	-	9,848,084	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	(212,351)
Total other financing sources (uses), net	7,422,365	10,077,895	1,646,310	1,151,260	-	4,448,118	-	-	9,848,084	(212,351)
Net change in fund balances (deficit)	(204,345)	602,886	36,057	18,246	-	123,410	(50,814)	(938)	-	(275,122)
Fund balances (deficit) at beginning of year	1,984,168	(602,886)	(48,974)	451,125	(4,808)	(3,548)	1,340,469	354,141	19,481	(2,077,951)
Fund balances (deficit) at end of year	\$ 1,779,823	\$ -	\$ (12,917)	\$ 469,371	\$ (4,808)	\$ (3,548)	\$ 1,463,879	\$ 303,327	\$ 18,543	\$ (2,353,073)

See Accompanying Independent Auditors Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2013

AS/400 Fund Number	501	355	357	359	361	362	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:											
Taxes:											
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,848,998	\$ -	\$ 261,848,998
Gross receipts	-	-	-	-	-	-	-	-	221,672,983	-	221,672,983
Income - COLA	-	-	-	-	-	-	-	-	5,653	-	5,653
Excise	-	-	-	-	-	-	-	-	2,725,994	-	2,725,994
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	96,104,113	-	96,104,113
Intergovernmental	-	1,769,113	-	-	-	-	-	-	2,388,344	-	2,388,344
Licenses and permits	-	-	-	-	-	-	-	-	5,454,970	-	5,454,970
Charges for services	-	-	-	-	-	-	-	-	4,171,584	-	4,171,584
Fines and forfeits	-	485,471	-	-	-	-	-	-	485,471	-	485,471
Interest and investment earnings	-	-	1,756	34	-	583	-	(136,778)	50,812	-	50,812
Contributions from component units	-	-	-	-	-	-	-	-	2,204,682	-	2,204,682
Indirect cost reimbursement	-	-	-	-	-	-	-	-	189,244	-	189,244
Other	-	-	-	-	-	-	-	-	13,332,562	-	13,332,562
Total revenues	-	2,254,584	1,756	34	-	583	-	(136,778)	610,635,410	-	610,635,410
Expenditures by Function:											
Current:											
General government	-	-	-	-	-	-	-	-	68,203,713	-	68,203,713
Protection of life and property	-	-	-	-	-	-	-	-	92,310,739	-	92,310,739
Public health	-	-	-	-	-	-	-	-	20,670,331	-	20,670,331
Community services	-	-	-	-	-	-	-	-	12,624,323	-	12,624,323
Recreation	-	-	-	-	-	-	-	-	3,009,100	-	3,009,100
Individual and collective rights	-	30,909,516	-	-	-	-	-	-	43,822,615	-	43,822,615
Public education	-	-	-	-	-	-	-	-	244,053,198	-	244,053,198
Economic development	-	-	-	-	-	-	-	-	3,529,849	-	3,529,849
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	1,907,849	-	1,907,849
Guam Community College	-	-	-	-	-	-	-	-	13,166,268	-	13,166,268
Guam Educational Telecom. Corporation	-	-	-	-	-	-	-	-	541,977	-	541,977
Guam Housing Corporation	-	-	-	-	-	-	-	-	243,058	-	243,058
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	16,804,677	-	16,804,677
University of Guam	-	-	-	-	-	-	-	-	30,554,431	-	30,554,431
Miscellaneous appropriations	-	-	-	-	-	-	-	-	22,274,382	-	22,274,382
Debt service:											
Principal retirement	-	-	1,656,534	3,405,000	-	-	-	4,590,000	14,076,534	-	14,076,534
Bond issuance costs	-	-	-	-	-	-	-	-	229,256	-	229,256
Interest and fiscal charges	-	-	56,958	756,880	-	7,874,700	-	11,082,706	61,593,331	-	61,593,331
Total expenditures	-	30,909,516	1,713,492	4,161,880	-	7,874,700	-	15,672,706	649,615,631	-	649,615,631
Excess (deficiency) of revenues over (under) expenditures	-	(28,654,932)	(1,711,736)	(4,161,846)	-	(7,874,117)	-	(15,809,484)	(38,980,221)	-	(38,980,221)
Other financing sources (uses):											
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	22,640,000	-	22,640,000
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	2,957,923	-	2,957,923
Payment to refunding bond escrow agent	-	-	-	(25,088,795)	-	-	-	-	(25,088,795)	-	(25,088,795)
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	19,937,926	-	19,937,926
Transfers in from other funds	-	23,820,958	1,713,492	29,250,675	-	7,874,700	-	15,672,706	557,630,415	(524,704,001)	32,926,414
Transfers out to other funds	-	(1,592,329)	-	-	-	-	-	-	(566,906,801)	524,704,001	(42,202,800)
Total other financing sources (uses), net	-	22,228,629	1,713,492	4,161,880	-	7,874,700	-	15,672,706	11,170,668	-	11,170,668
Net change in fund balances (deficit)	-	(6,426,303)	1,756	34	-	583	-	(136,778)	(27,809,553)	-	(27,809,553)
Fund balances (deficit) at beginning of year	(770)	8,438,620	2,216,615	3,176,444	630,656	1,442,102	(320,023)	17,322,997	30,136,450	-	30,136,450
Fund balances (deficit) at end of year	\$ (770)	\$ 2,012,317	\$ 2,218,371	\$ 3,176,478	\$ 630,656	\$ 1,442,685	\$ (320,023)	\$ 17,186,219	\$ 2,326,897	\$ -	\$ 2,326,897

See Accompanying Independent Auditors Report.

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2013

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	\$ 261,848,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	221,672,983	-	-	-	-	-	-	-	-	-
Income - COLA	5,653	-	-	-	-	-	-	-	-	-
Excise	2,725,994	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	96,104,113	-	-	-	-	-	-	-	-	-
Intergovernmental	-	563,658	-	-	-	-	-	-	-	-
Licenses and permits	4,885,378	-	-	-	-	-	-	-	-	116,274
Charges for services	1,554,285	1,493,199	-	-	-	-	-	1,124,100	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	94,948	-	10	-	-	-	67,356	-	3	447
Contributions from component units	2,204,682	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	189,244	-	-	-	-	-	-	-	-	-
Other	12,900,905	-	-	-	-	-	61,260	-	-	-
Total revenues	604,187,183	2,056,857	10	-	-	-	128,616	1,124,100	3	116,721
Expenditures by Object:										
Salaries and wages - regular	96,762,980	120,185,423	-	-	-	-	1,444,461	-	-	-
Salaries and wages - overtime	6,524,810	-	-	-	-	-	80	-	-	-
Salaries and wages - fringe benefits	35,151,619	46,282,059	-	-	-	-	443,814	-	-	-
Travel	163,239	332,855	-	-	5,336	-	-	-	-	-
Contractual services	16,481,538	15,653,132	-	-	1,393,187	-	1,405,933	599,229	-	-
Building rent	3,476,025	4,493,256	-	-	-	-	1,989	-	-	-
Supplies	2,384,493	3,284,606	-	-	360	-	426,581	-	-	-
Equipment	140,626	1,517,952	-	-	-	-	3,147	-	-	-
Utilities - power and water	6,964,315	16,285,333	-	-	-	-	-	-	-	-
Communications	1,407,765	322,125	-	-	-	-	-	-	-	-
Capital outlays	80,329	28,837,807	-	-	-	-	187,225	-	-	-
Grants and subsidies	53,526,794	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	6,962,817	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	8,845,408	8,077,260	-	-	-	-	-	-	-	-
Principal retirement	3,600,000	825,000	-	-	-	-	-	-	-	-
Interest and fiscal charges	37,442,677	6,142,935	-	-	-	-	-	-	-	-
Miscellaneous	6,169,710	1,094,866	-	-	1	-	23,832	-	-	-
Total expenditures	286,085,145	253,334,609	-	-	1,398,884	-	3,937,062	599,229	-	-
Excess (deficiency) of revenues over (under) expenditures	318,102,038	(251,277,752)	10	-	(1,398,884)	-	(3,808,446)	524,871	3	116,721
Other financing sources (uses):										
Proceeds from refunded bonds issued	22,640,000	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	2,957,923	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	19,937,926	-	-	-	-	-	-	-	-	-
Transfers in from other funds	19,819,077	219,273,210	191,850,082	-	1,504,173	-	3,007,272	-	-	-
Transfers out to other funds	(372,450,089)	(801,950)	(191,850,082)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(307,095,163)	218,471,260	-	-	1,504,173	-	3,007,272	-	-	-
Net change in fund balances (deficit)	11,006,875	(32,806,492)	10	-	105,289	-	(801,174)	524,871	3	116,721
Fund balances (deficit) at beginning of year	(56,624,955)	44,510,290	4,995	90,169	362,093	(89,038)	2,914,302	1,081,997	1,173	254,455
Fund balances (deficit) at end of year	\$ (45,618,080)	\$ 11,703,798	\$ 5,005	\$ 90,169	\$ 467,382	\$ (89,038)	\$ 2,113,128	\$ 1,606,868	\$ 1,176	\$ 371,176

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2013

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:											
Taxes:											
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	76,826	20,946	313,791	-	-	-	-	39,593	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	1	-	-	-	325	13,018
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	3,659
Total revenues	-	76,826	20,946	313,791	-	1	-	-	39,593	325	16,677
Expenditures by Object:											
Salaries and wages - regular	-	1,634	-	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	16,795	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	2,466	-	-	-	-	-	-	-	-	-
Travel	-	-	3,182	-	-	-	-	-	-	-	-
Contractual services	-	20,888	-	-	-	-	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	10,160	-	-	-	-	-	-	435	-	-
Equipment	-	12,047	-	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	9,150,038	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,450	-	-	-	100,000	-	-	-	43,430	-	-
Total expenditures	1,450	63,990	3,182	-	100,000	9,150,038	-	-	43,865	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,450)	12,836	17,764	313,791	(100,000)	(9,150,037)	-	-	(4,272)	325	16,677
Other financing sources (uses):											
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	100,000	9,150,038	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	100,000	9,150,038	-	-	-	-	-
Net change in fund balances (deficit)	(1,450)	12,836	17,764	313,791	-	1	-	-	(4,272)	325	16,677
Fund balances (deficit) at beginning of year	363,072	78,589	6,904	950,619	-	7	799,786	294,955	42,025	518,656	258,498
Fund balances (deficit) at end of year	\$ 361,622	\$ 91,425	\$ 24,668	\$ 1,264,410	\$ -	\$ 8	\$ 799,786	\$ 294,955	\$ 37,753	\$ 518,981	\$ 275,175

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2013

AS/400 Fund Number	293	329	225	504	314	103	607	645		
	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
	Legislature Operations									
Revenues:										
Taxes:										
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	20,812	-	-	34,761	-	-	-	-
Licenses and permits	-	-	-	-	-	-	2,162	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	5,141	-	3,748	-	-	-	-	-	-	220
Contributions from component units	-	-	-	-	-	-	-	-	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-
Other	315,360	-	-	-	-	1	51,377	-	-	-
Total revenues	320,501	-	24,560	-	-	34,762	53,539	-	-	220
Expenditures by Object:										
Salaries and wages - regular	5,397,178	-	13,054	559,973	-	2,772,221	1,187	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	12,190	-	-	-
Salaries and wages - fringe benefits	1,116,143	-	4,896	210,947	-	1,041,965	328	-	-	-
Travel	51,769	9,438	26,220	11,110	-	-	2,006	-	-	-
Contractual services	268,988	-	-	164,948	-	110,778	22,727	-	-	62,991
Building rent	538,932	-	-	102,594	-	335,698	-	-	-	-
Supplies	90,703	-	-	7,575	-	19,411	13,556	-	-	-
Equipment	32,496	-	-	17,966	-	13,607	6,210	-	-	-
Utilities - power and water	243,022	-	-	2,781	-	28,800	-	-	-	-
Communications	76,875	-	-	-	-	10,105	-	-	-	-
Capital outlays	-	-	-	-	-	6,471	46,069	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	9,848,084	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Miscellaneous	131,105	9,465,571	1,566,083	79,680	-	20,414	80	938	-	-
Total expenditures	7,947,211	9,475,009	1,610,253	1,157,574	-	4,359,470	104,353	938	9,848,084	62,991
Excess (deficiency) of revenues over (under) expenditures	(7,626,710)	(9,475,009)	(1,610,253)	(1,133,014)	-	(4,324,708)	(50,814)	(938)	(9,848,084)	(62,771)
Other financing sources (uses):										
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	7,422,365	10,077,895	1,646,310	1,151,260	-	4,448,118	-	-	9,848,084	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	(212,351)
Total other financing sources (uses), net	7,422,365	10,077,895	1,646,310	1,151,260	-	4,448,118	-	-	9,848,084	(212,351)
Net change in fund balances (deficit)	(204,345)	602,886	36,057	18,246	-	123,410	(50,814)	(938)	-	(275,122)
Fund balances (deficit) at beginning of year	1,984,168	(602,886)	(48,974)	451,125	(4,808)	(3,548)	1,340,469	354,141	19,481	(2,077,951)
Fund balances (deficit) at end of year	\$ 1,779,823	\$ -	\$ (12,917)	\$ 469,371	\$ (4,808)	\$ (3,548)	\$ 1,463,879	\$ 303,327	\$ 18,543	\$ (2,353,073)

(continued)

GOVERNMENT OF GUAM
 Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2013

AS/400 Fund Number	501	355	357	359	361	362	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:											
Taxes:											
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	261,848,998	\$ -	\$ 261,848,998
Gross receipts	-	-	-	-	-	-	-	-	221,672,983	-	221,672,983
Income - COLA	-	-	-	-	-	-	-	-	5,653	-	5,653
Excise	-	-	-	-	-	-	-	-	2,725,994	-	2,725,994
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	96,104,113	-	96,104,113
Intergovernmental	-	1,769,113	-	-	-	-	-	-	2,388,344	-	2,388,344
Licenses and permits	-	-	-	-	-	-	-	-	5,454,970	-	5,454,970
Charges for services	-	-	-	-	-	-	-	-	4,171,584	-	4,171,584
Fines and forfeits	-	485,471	-	-	-	-	-	-	485,471	-	485,471
Interest and investment earnings	-	-	1,756	34	-	583	-	(136,778)	50,812	-	50,812
Contributions from component units	-	-	-	-	-	-	-	-	2,204,682	-	2,204,682
Indirect cost reimbursement	-	-	-	-	-	-	-	-	189,244	-	189,244
Other	-	-	-	-	-	-	-	-	13,332,562	-	13,332,562
Total revenues	-	2,254,584	1,756	34	-	583	-	(136,778)	610,635,410	-	610,635,410
Expenditures by Object:											
Salaries and wages - regular	-	20,329,896	-	-	-	-	-	-	247,468,007	-	247,468,007
Salaries and wages - overtime	-	26,516	-	-	-	-	-	-	6,580,391	-	6,580,391
Salaries and wages - fringe benefits	-	6,859,170	-	-	-	-	-	-	91,113,407	-	91,113,407
Travel	-	172,748	-	-	-	-	-	-	777,903	-	777,903
Contractual services	-	1,692,039	-	-	-	-	-	-	37,876,378	-	37,876,378
Building rent	-	18,773	-	-	-	-	-	-	8,967,267	-	8,967,267
Supplies	-	327,031	-	-	-	-	-	-	6,564,911	-	6,564,911
Equipment	-	28,213	-	-	-	-	-	-	1,772,264	-	1,772,264
Utilities - power and water	-	611,923	-	-	-	-	-	-	24,136,174	-	24,136,174
Communications	-	104,585	-	-	-	-	-	-	1,921,455	-	1,921,455
Capital outlays	-	-	-	-	-	-	-	-	29,157,901	-	29,157,901
Grants and subsidies	-	-	-	-	-	-	-	-	62,676,832	-	62,676,832
Supplemental annuity benefits	-	-	-	-	-	-	-	-	16,810,901	-	16,810,901
Retiree healthcare benefits	-	-	-	-	-	-	-	-	16,922,668	-	16,922,668
Principal retirement	-	-	1,649,675	3,405,000	-	-	-	4,590,000	14,069,675	-	14,069,675
Interest and fiscal charges	-	-	63,817	756,880	-	7,874,700	-	11,082,706	63,363,715	-	63,363,715
Miscellaneous	-	738,622	-	-	-	-	-	-	19,435,782	-	19,435,782
Total expenditures	-	30,909,516	1,713,492	4,161,880	-	7,874,700	-	15,672,706	649,615,631	-	649,615,631
Excess (deficiency) of revenues over (under) expenditures	-	(28,654,932)	(1,711,736)	(4,161,846)	-	(7,874,117)	-	(15,809,484)	(38,980,221)	-	(38,980,221)
Other financing sources (uses):											
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	22,640,000	-	22,640,000
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	2,957,923	-	2,957,923
Payment to refunding bond escrow agent	-	-	-	(25,088,795)	-	-	-	-	(25,088,795)	-	(25,088,795)
Proceeds from refinancing short-term obligations	-	-	-	-	-	-	-	-	19,937,926	-	19,937,926
Transfers in from other funds	-	23,820,958	1,713,492	29,250,675	-	7,874,700	-	15,672,706	557,630,415	(524,704,001)	32,926,414
Transfers out to other funds	-	(1,592,329)	-	-	-	-	-	-	(566,906,801)	524,704,001	(42,202,800)
Total other financing sources (uses), net	-	22,228,629	1,713,492	4,161,880	-	7,874,700	-	15,672,706	11,170,668	-	11,170,668
Net change in fund balances (deficit)	-	(6,426,303)	1,756	34	-	583	-	(136,778)	(27,809,553)	-	(27,809,553)
Fund balances (deficit) at beginning of year	(770)	8,438,620	2,216,615	3,176,444	630,656	1,442,102	(320,023)	17,322,997	30,136,450	-	30,136,450
Fund balances (deficit) at end of year	\$ (770)	\$ 2,012,317	\$ 2,218,371	\$ 3,176,478	\$ 630,656	\$ 1,442,685	\$ (320,023)	\$ 17,186,219	\$ 2,326,897	\$ -	\$ 2,326,897

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Fund Balance (Deficit) - General Fund Year Ended September 30, 2013 (With comparatives for the year ended September 30, 2012)

	2013	2012
Revenues:		
Taxes:		
Income	\$ 261,848,998	\$ 284,219,325
Gross receipts	221,672,983	221,443,640
Income - COLA	5,653	604,016
Excise	2,725,994	2,459,927
Section 30 Federal income tax collections	96,104,113	53,125,949
Intergovernmental	2,388,344	3,907,254
Licenses and permits	5,454,970	7,587,723
Charges for services	4,171,584	5,325,196
Fines and forfeits	485,471	385,935
Interest and investment earnings	50,812	897,701
Indirect cost reimbursement	189,244	379,935
Contributions from component units	2,204,682	2,114,429
Other	13,332,562	13,709,681
Total revenues	610,635,410	596,160,711
Expenditures by Department:		
General Government:		
Office of I Maga'lahren Guahan:		
Office of the Governor	3,683,482	3,506,528
Office of the Governor - Guam Liaison Office	169,434	195,472
Ancestral Land Trust Commission	-	168,985
Government House	483,123	462,820
Bureau of Information Technology	95,952	128,099
Medical Referral Offices	596,662	601,468
Office of Civil Defense	90,639	-
Office of Veteran's Affairs	385,590	325,316
	5,504,882	5,388,688
Office of I Segundu Na Maga'lahren Guahan:		
Office of the Lieutenant Governor	820,172	754,994
Bureau of Budget and Management Research:		
Office of the Director	288,647	346,848
Internal Audit Division	737,948	641,328
	1,026,595	988,176
Civil Service Commission:		
Office of the Director	351,747	362,348
Board of Commissioners	61,546	33,875
Legal Office	107,294	99,977
Personnel Management	334,253	266,896
	854,840	763,096

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2013
(With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
General Government, continued:		
Department of Administration:		
Office of the Director	4,119,682	3,574,011
Office of the Director - COLA	16,810,901	18,778,400
Office of the Director - Child Support	657,404	650,367
Office of the Director - Drug Free Workplace	2,980	8,882
Office of the Director - Health insurance benefits	-	5,414,355
Office of the Director - Power and Water	-	3,264,103
Office of the Director - Prior Year Obligations	2,697,099	-
Personnel Management	1,535,935	1,568,037
Financial Management	63,990	710,348
Data Processing	1,149,051	1,053,966
General Services Agency	760,330	697,277
Division of Accounts	2,440,364	1,632,206
	<u>30,237,736</u>	<u>37,351,952</u>
Department of Public Works:		
Office of the Director	1,337,279	982,030
Capital Improvement Projects	1,126,766	1,587,104
Building Construction and Facilities Maintenance	1,141,496	1,025,964
	<u>3,605,541</u>	<u>3,595,098</u>
Department of Revenue and Taxation:		
Office of the Director	5,567,513	4,991,384
Office of the Director - Vacancies and Tax Attorney	101,098	77,848
Office of the Director - Real Property Assessment Bond	15,878	216,338
Tax Enforcement Division	2,387,782	2,134,383
Real Property Tax Division	652,463	631,641
Taxpayer Services Division	1,658,221	1,750,457
Regulatory Division	1,291,207	1,147,876
Motor Vehicle Division	600,275	653,461
	<u>12,274,437</u>	<u>11,603,388</u>
Department of Land Management:		
Office of the Director	323,070	544,792
Ancestral Land Trust Commission	92,185	-
Office of the Director	415,255	544,792
Legislative Branch:		
Guam Legislature	7,947,211	7,713,309
Public Auditor:		
Office of Public Accountability	1,157,574	1,111,354
Legal Services::		
Public Defender Services Corporation	4,359,470	4,604,666
Total General Government	<u>68,203,713</u>	<u>74,419,513</u>

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2013
(With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
Protection of Life and Property		
Department of Corrections:		
Office of the Director	4,135,729	3,347,879
Office of the Director - Bureau of Prisons	639,049	417,038
Office of the Director - Food Contract	1,517,606	-
Office of the Director - GMHA	646,317	-
Adult Correctional Facility	10,042,996	9,600,106
Rosario Detention Center	2,785,275	2,075,513
Casework and Counseling Service Division	251,765	312,501
Forensic Division	194,442	188,970
Parole Service Division	603,315	564,433
	20,816,494	16,506,440
Department of Youth Affairs:		
Office of the Director	124,555	114,663
Office of the Director - Nursing and Medication	8,701	29,765
Division of Youth Development	886,904	564,184
Division of Youth Corrections	2,634,019	2,492,471
Division of Vocational Rehabilitation and Support Services	821,897	496,551
	4,476,076	3,697,634
Guam Fire Department:		
Office of the Fire Chief	106,053	186,461
Administrative and Logistical Support	1,415,930	961,429
Emergency Medical Service/Rescue Operations Bureau	9,652,379	9,285,217
Fire Suppression Bureau	18,305,465	17,542,227
	29,479,827	27,975,334
Guam Police Department:		
Office of the Chief	3,509,117	1,677,257
Office of the Chief - Police Commander	3,130,974	2,892,166
Office of the Chief - Administration Division	1,666,489	1,505,532
Office of the Chief - Overtime	1,701,526	1,827,032
Office of the Chief - Fuel	453,257	477,282
Criminal Investigation Division	2,997,634	2,702,158
Neighborhood Patrol Division	10,145,060	9,097,097
Support Division	1,788,877	1,820,649
Forensic Science Division	1,463,996	1,052,481
Highway Patrol Division	1,499,903	1,423,072
	28,356,833	24,474,726
Office of the Attorney-General:		
Attorney-General's Office	8,776,644	7,418,296
Chief Medical Examiner:		
Medical Examiner's Office	404,865	384,252
Total Protection of Life and Property	92,310,739	80,456,682

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2013
(With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	7,473,496	7,324,571
Office of the Director - Permanent Injunction	4,287,043	4,679,166
Clinical Services Division	750,301	883,555
Child and Adolescent Services Division	734,562	728,512
Nursing Services Division	2,442,067	2,228,015
	15,687,469	15,843,819
Department of Public Health and Social Services:		
Office of the Director	582,381	1,840,773
Chief Public Health Office	198,844	159,869
Community Health Services	48,000	96,000
Communicable Disease Control	667,300	525,294
Primary Care Services	214,878	113,341
Division of Environmental Health	627,451	544,292
Financial Management Services	194,090	190,976
Supply Section	136,237	124,999
Management Support Services	151,542	176,277
Facilities and Maintenance	1,894,408	829,385
Systems Group	267,731	150,528
	4,982,862	4,751,734
Total Public Health	20,670,331	20,595,553
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	9,564,061	9,167,210
Foster Care	1,917,103	1,954,916
Division of Senior Citizens	283,282	232,209
Adult Protective Services	376,738	430,908
	12,141,184	11,785,243
Department of Integrated Services for Individuals with Disabilities:		
Office of the Director	464,587	482,762
Basic Support 110	18,552	13,815
	483,139	496,577
Guam Public Library System:		
Office of the Director	-	248,129
Hagatna-Dededo Library	-	40,913
Barrigada Library	-	19,541
Agat Library	-	11,049
Yona Library	-	12,000
Merizo Library	-	22,098
	-	353,730
Total Community Services	12,624,323	12,635,550

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2013
(With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
Recreation:		
Department of Parks and Recreation:		
Office of the Director	1,074,765	254,106
Memorial Services	34,740	55,150
Community Programs	302,482	305,277
Pool and Beach Programs	339,553	336,527
Paseo Stadium	57,259	84,476
Parks Administration and Planning	74,103	88,572
Historic Preservation Division	234,378	214,618
Parks Maintenance	790,072	792,773
Territorial Park Protection	101,748	167,202
Total Recreation	3,009,100	2,298,701
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	220,118	153,240
Department of Chamorro Affairs:		
Office of the Director	551,734	572,987
Guam Public Library	1,140,953	602,997
Language and Culture Division	55,345	51,270
Research Publication and Training	79,752	74,836
Guam Museum	190,173	238,641
	2,017,957	1,540,731
Department of Labor:		
Office of the Director	128,685	121,206
Wage and Hour Division	189,953	205,649
Bureau of Labor Statistics	206,251	280,474
Fair Employment Practice Office	65,261	81,027
Worker's Compensation Commission	245,509	154,504
Fiscal and Support Office	101,512	134,153
	937,171	977,013
Department of Military Affairs:		
Office of the Adjutant General	144,381	141,004
Other:		
Unified Courts of Guam	30,909,516	30,857,278
Guam Election Commission	850,067	867,359
Mayor's Council of Guam	8,743,405	7,816,714
	40,502,988	39,541,351
Total Individual and Collective Rights	43,822,615	42,353,339

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Fund Balance (Deficit) - General Fund, Continued Year Ended September 30, 2013 (With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
Public Education:		
Guam Commission for Educator Certification	133,507	158,786
Department of Education:		
Guam Public School System	238,289,414	208,634,681
Department of Public Works:		
Bus Operations	5,630,277	5,101,319
Total Public Education	244,053,198	213,894,786
Economic Development:		
Bureau of Statistics and Plans:		
Administration	313,705	314,873
Chief Economist's Office	2,982	2,359
Planning Information	304,429	257,118
Socio-Economic Planning	144,062	143,547
Business and Economic Statistics Division	401,053	377,502
	1,166,231	1,095,399
Department of Agriculture:		
Office of the Director	1,014,608	806,848
Fire Protection	151,800	127,431
Aquatic and Wildlife Resources Division	539,054	586,020
Animal and Plant Industry Division	303,989	273,497
Animal Health Section	354,167	376,350
	2,363,618	2,170,146
Total Economic Development	3,529,849	3,265,545
Payments to Component Units:		
Government of Guam Retirement Fund:		
Medicare Reimbursement	1,298,849	968,950
Governor and Lieutenant Governor Pension Contributions	251,000	232,515
Judge and Justice Retirement Annuities	358,000	458,448
	1,907,849	1,659,913
Guam Community College	13,166,268	13,157,212
Guam Educational Telecommunications Corporation	541,977	463,947
Guam Housing Corporation	243,058	-
Guam Memorial Hospital Authority	16,804,677	23,430,944
University of Guam	30,554,431	30,881,589
Total Payments to Component Units	63,218,260	69,593,605
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	16,922,668	22,610,227
Guam Football Association	500,000	-
Retiree Healthcare Premiums	17,422,668	22,610,227

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Fund Balance (Deficit) - General Fund, Continued Year Ended September 30, 2013 (With comparatives for the year ended September 30, 2012)

	2013	2012
Expenditures by Department, continued:		
Interest and other charges:		
Interest on tax refunds	1,096,019	11,171,090
Public Law 28-38 Special Retirement payments	-	658,319
Credit card charge fees and other bank fees	-	1,496,706
Merit bonus	-	9,386,458
Lada Estate court judgment	-	2,915,000
Other	3,755,695	5,559,813
Total Interest and other charges	4,851,714	31,187,386
Debt service:		
Principal retirement	14,069,675	21,514,941
Bond issuance costs	229,256	5,476,111
Interest and fiscal charges	61,600,190	52,448,496
Total Debt Service	75,899,121	79,439,548
Total expenditures	649,615,631	652,750,435
Deficiency of revenues under expenditures	(38,980,221)	(56,589,724)
Other financing sources (uses):		
Proceeds from bonds issued	22,640,000	343,700,000
Payment to refunded bond escrow agent	(25,088,795)	-
Proceeds from refinancing short-term obligations	19,937,926	-
Premium on bonds issued	2,957,923	14,516,986
	20,447,054	358,216,986
Transfers in from other funds:		
Federal Grants Fund	256,400	3,077,220
Accessible Parking Fund	515,188	-
Criminal Injuries Compensation Fund	555,031	-
DPW Building and Design Fund	660,572	-
GFD Capital Revolving Fund	900,000	-
Guam Environmental Trust Fund	36,697	32,833
Health and Human Services Fund	1,010	-
Healthy Futures Fund	2,895,832	6,246,661
Indirect Cost Fund	-	212,500
Landfill CIP Fund	-	20,718,419
Pesticide Management Fund	204,893	-
Professional Engineers', Architects', and Surveyors' Fund	483,853	-
Public Library System Fund	489,703	652,440
Recycling Revolving Fund	770,455	2,100,879
Section 2718 Fund	-	4,046,055
Solid Waste Operations Fund	4,497,097	4,497,097
Territorial Education Facilities Fund	19,758,576	20,869,104
Territorial Highway Fund	901,107	905,368
	32,926,414	63,358,576

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2013
(With comparatives for the year ended September 30, 2012)

	<u>2013</u>	<u>2012</u>
Other financing sources (uses), continued:		
Transfers out to other funds:		
Customs, Agriculture and Quarantine Inspection Services Fund	1,691,449	1,617,893
Federal Grants Assistance Fund	37,764,433	27,432,600
GDOE Federal Grants Fund	114,450	-
Geodetic Network Fund	-	14,291
Guam Charter Schools Fund	687,500	-
Manpower Development Fund	564,588	-
Streetlight Fund	-	713,673
Unified Courts of Guam Trust Fund	745,433	1,140,109
Worker's Compensation Fund	634,947	798,561
	<u>42,202,800</u>	<u>31,717,127</u>
Total other financing sources (uses), net	<u>11,170,668</u>	<u>389,858,435</u>
Net change in fund balance (deficit)	(27,809,553)	333,268,711
Fund balance (deficit) at the beginning of the year	30,136,450	(303,132,261)
Fund balance at the end of the year	<u>\$ 2,326,897</u>	<u>\$ 30,136,450</u>

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GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 293,813,413	\$ 293,813,413	\$ 261,848,998	\$ (31,964,415)
Gross receipts	228,751,346	228,751,346	221,672,983	(7,078,363)
Income - COLA	-	-	5,653	5,653
Excise	3,847,425	3,847,425	2,725,994	(1,121,431)
Section 30 Federal income tax collections	51,655,293	51,655,293	96,104,113	44,448,820
Immigration fees	1,796,226	1,796,226	1,554,285	(241,941)
Indirect cost reimbursement	-	-	189,244	189,244
Contributions from component units	2,027,708	2,027,708	2,204,682	176,974
Other	7,741,519	9,541,519	17,881,231	8,339,712
Total revenues	589,632,930	591,432,930	604,187,183	12,754,253
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan:				
Office of the Governor	6,313,521	3,770,113	3,745,847	24,266
Office of the Governor - Guam Liaison Office	5,330	176,543	171,213	5,330
Commission on Decolonization	239,915	224,719	220,192	4,527
Government House	50,719	547,308	516,105	31,203
Bureau of Information Technology	9,265	104,451	97,685	6,766
Medical Referral Offices	2,211	602,230	600,263	1,967
Office of Civil Defense	1,485	102,133	97,132	5,001
Office of Veteran's Affairs	714,676	304,240	387,863	(83,623)
	<u>7,337,122</u>	<u>5,831,737</u>	<u>5,836,300</u>	<u>(4,563)</u>
Office of I Segundu Na Maga'lahaen Guahan:				
Office of the Lieutenant Governor	20,565	850,643	843,203	7,440
Bureau of Budget and Management Research:				
Office of the Director	1,058,320	288,649	288,647	2
Internal Audit Division	-	702,556	737,948	(35,392)
	<u>1,058,320</u>	<u>991,205</u>	<u>1,026,595</u>	<u>(35,390)</u>
Civil Service Commission:				
Office of the Director	852,836	346,838	353,994	(7,156)
Board of Commissioners	-	61,548	61,546	2
Legal Office	-	98,558	107,294	(8,736)
Personnel Management	-	292,311	334,253	(41,942)
	<u>852,836</u>	<u>799,255</u>	<u>857,087</u>	<u>(57,832)</u>

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GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Administration:				
Office of the Director	8,153,734	2,722,519	2,798,909	(76,390)
Office of the Director - COLA	6,770,500	6,770,500	6,962,817	(192,317)
Office of the Director - Child Support	650,088	675,512	675,512	-
Office of the Director - Drug Free Workplace	20,167	20,167	2,980	17,187
Office of the Director - Power and Water	868	868	868	-
Office of the Director - Prior Year Obligations	-	-	2,697,099	(2,697,099)
Personnel Management	-	1,289,828	1,492,070	(202,242)
Data Processing	-	935,727	1,149,051	(213,324)
General Services Agency	-	599,069	652,795	(53,726)
Division of Accounts	-	2,114,679	2,437,976	(323,297)
	<u>15,595,357</u>	<u>15,128,869</u>	<u>18,870,077</u>	<u>(3,741,208)</u>
Guam Election Commission	960,116	960,116	857,793	102,323
Department of Revenue and Taxation:				
Office of the Director	9,784,697	2,346,897	2,443,436	(96,539)
Office of the Director - Vacancies and Overtime	4,239,867	4,239,867	2,531,430	1,708,437
Office of the Director - Vacancies and Tax Attorney	199,872	199,872	102,437	97,435
Office of the Director - Stimulus Tax Rebates	65,383	65,383	-	65,383
Office of the Director - Real Property Assessment Bond	-	18,982	18,982	-
Office of the Director - Transaction Processing System	-	400,000	400,000	-
Office of the Director - Real Property Revaluation	-	1,400,000	-	1,400,000
Tax Enforcement Division	-	2,387,783	2,387,782	1
Real Property Tax Division	-	652,464	652,463	1
Taxpayer Services Division	-	1,667,515	1,658,221	9,294
Regulatory Division	-	1,291,208	1,291,207	1
Motor Vehicle Division	-	623,313	600,275	23,038
	<u>14,289,819</u>	<u>15,293,284</u>	<u>12,086,233</u>	<u>3,207,051</u>
Bureau of Statistics and Plans:				
Administration	1,155,999	303,559	313,706	(10,147)
Chief Economist's Office	24,302	24,302	3,067	21,235
Planning Information	-	260,932	304,429	(43,497)
Socio-Economic Planning	-	138,908	144,062	(5,154)
Business and Economic Statistics Division	-	379,313	401,053	(21,740)
	<u>1,180,301</u>	<u>1,107,014</u>	<u>1,166,317</u>	<u>(59,303)</u>
Department of Public Works:				
Office of the Director	10,436,028	1,683,487	1,563,728	119,759
Capital Improvement Projects	-	1,102,421	1,064,975	37,446
Bus Operations Division	-	5,688,328	5,630,277	58,051
Building Construction and Facilities Maintenance	-	1,149,970	1,142,632	7,338
	<u>10,436,028</u>	<u>9,624,206</u>	<u>9,401,612</u>	<u>222,594</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Office of the Attorney-General:				
Attorney-General's Office	11,658,096	9,179,467	8,986,056	193,411
Guam Police Department:				
Office of the Chief	27,878,865	3,717,587	3,611,561	106,026
Office of the Chief - Police Commander	-	3,107,555	3,130,974	(23,419)
Office of the Chief - Administration Division	-	1,664,322	1,666,489	(2,167)
Office of the Chief - Overtime	-	1,266,933	1,701,526	(434,593)
Office of the Chief - Equipment and Training	3,201	3,201	3,201	-
Office of the Chief - Fuel	-	453,257	453,257	-
Criminal Investigation Division	-	2,986,702	2,997,634	(10,932)
Neighborhood Patrol Division	-	9,032,909	10,145,060	(1,112,151)
Support Division	-	1,821,527	1,811,131	10,396
Forensic Science Division	5,381	1,065,064	1,469,140	(404,076)
Highway Patrol Division	-	1,376,023	1,499,903	(123,880)
	<u>27,887,447</u>	<u>26,495,080</u>	<u>28,489,876</u>	<u>(1,994,796)</u>
Department of Corrections:				
Office of the Director	20,931,132	3,836,741	3,689,824	146,917
Office of the Director - Bureau of Prisons	696,000	653,562	639,049	14,513
Office of the Director - Food Service Contract	-	1,556,482	1,556,482	-
Office of the Director - GMHA	-	827,131	646,317	180,814
Adult Correctional Facility	-	9,413,127	10,042,996	(629,869)
Rosario Detention Center	-	2,828,154	2,785,275	42,879
Casework and Counseling Service Division	-	251,767	251,765	2
Forensic Division	-	193,619	194,442	(823)
Parole Service Division	-	604,148	603,315	833
	<u>21,627,132</u>	<u>20,164,731</u>	<u>20,409,465</u>	<u>(244,734)</u>
Department of Agriculture:				
Office of the Director	2,792,444	1,412,295	1,022,386	389,909
Aquatic and Wildlife Resources Division	-	150,853	151,800	(947)
Animal and Plant Industry Division	750	546,860	539,054	7,806
Plant Inspection Station	-	303,990	303,989	1
Animal Health Section	3,002	365,482	354,167	11,315
	<u>2,796,196</u>	<u>2,779,480</u>	<u>2,371,396</u>	<u>408,084</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Public Health and Social Services:				
Office of the Director	35,715,424	878,156	596,493	281,663
Chief Public Health Office	11,067	235,124	211,318	23,806
Nutrition Services	-	48,000	48,000	-
Communicable Disease Control	7,466	698,360	689,165	9,195
Primary Care Services	17,561	331,269	316,441	14,828
Family Health and Nursing	-	28,769	3,007	25,762
Division of Environmental Health	339	639,437	627,489	11,948
Financial Management Services	1,048	222,650	194,398	28,252
Supply Section	499	142,550	137,123	5,427
Management Support Services	1,089	198,474	156,516	41,958
Facilities and Maintenance	27,614	2,139,731	2,011,164	128,567
Systems Group	120,193	460,328	367,922	92,406
Medically Indigent Program	381	106,675	89,496	17,179
Foster Care	8,331	1,952,220	1,930,312	21,908
Division of Senior Citizens	11,222	345,367	311,366	34,001
Adult Protective Services	13,166	408,742	382,507	26,235
	<u>35,935,400</u>	<u>8,835,852</u>	<u>8,072,717</u>	<u>763,135</u>
Department of Education:				
Guam Public School System	<u>189,078,506</u>	<u>189,459,626</u>	<u>199,082,835</u>	<u>(9,623,209)</u>
Guam Public Library System:				
Office of the Director	1,257,876	2,148	-	2,148
Hagatna-Dededo Library	252	252	-	252
	<u>190,336,634</u>	<u>189,462,026</u>	<u>199,082,835</u>	<u>(9,620,809)</u>
Department of Youth Affairs:				
Office of the Director	4,978,550	125,962	124,555	1,407
Office of the Director - Nursing and Medication	79,673	79,673	13,950	65,723
Division of Youth Development	-	897,175	886,904	10,271
Division of Youth Corrections	-	2,711,036	2,634,019	77,017
Division of Vocational Rehabilitation and Support Services	5,174	933,966	871,497	62,469
	<u>5,063,397</u>	<u>4,747,812</u>	<u>4,530,925</u>	<u>216,887</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Mental Health and Substance Abuse:				
Office of the Director	15,121,135	9,168,174	7,511,895	1,656,279
Office of the Director - Permanent Injunction	12,606	12,606	362,120	(349,514)
Clinical Services Division	-	857,658	756,562	101,096
Child and Adolescent Services Division	-	770,803	734,562	36,241
Nursing Services Division	39,965	2,657,506	2,532,647	124,859
	<u>15,173,706</u>	<u>13,466,747</u>	<u>11,897,786</u>	<u>1,568,961</u>
Department of Labor:				
Office of the Director	1,063,320	141,047	132,680	8,367
Wage and Hour Division	1,936	192,538	189,953	2,585
Bureau of Labor Statistics	-	208,444	206,424	2,020
Fair Employment Practice Office	-	65,809	65,261	548
Worker's Compensation Commission	-	246,656	246,224	432
Fiscal and Support Office	802	101,035	101,594	(559)
	<u>1,066,058</u>	<u>955,529</u>	<u>942,136</u>	<u>13,393</u>
Department of Parks and Recreation:				
Office of the Director	3,285,234	1,096,319	1,096,938	(619)
Memorial Services	-	34,740	34,740	-
Community Programs	-	302,334	302,482	(148)
Pool and Beach Programs	-	339,553	339,553	-
Paseo Stadium	-	55,655	57,259	(1,604)
Parks Administration and Planning	-	92,206	74,103	18,103
Historic Preservation Division	-	265,915	234,378	31,537
Parks Maintenance	-	789,726	790,072	(346)
Territorial Park Protection	-	101,749	101,748	1
	<u>3,285,234</u>	<u>3,078,197</u>	<u>3,031,273</u>	<u>46,924</u>
Department of Integrated Services for Individuals with Disabilities:				
Office of the Director	1,238,436	508,468	466,659	41,809
Permanent Injunction	4,011	4,011	-	4,011
Fiscal Support	-	23,711	18,552	5,159
	<u>1,242,447</u>	<u>536,190</u>	<u>485,211</u>	<u>50,979</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	8,958,055	8,514,279	8,937,758	(423,479)
Department of Land Management:				
Office of the Director	577,118	551,382	323,070	228,312
Ancestral Land Trust Commission	103,957	97,364	96,635	729
	<u>681,075</u>	<u>648,746</u>	<u>419,705</u>	<u>229,041</u>
Chief Medical Examiner:				
Medical Examiner's Office	430,071	403,017	405,295	(2,278)

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Chamorro Affairs:				
Office of the Director	1,001,468	588,985	552,062	36,923
Guam Public Library	10,485	1,186,578	1,153,898	32,680
Language and Culture Division	-	55,346	55,345	1
Research Publication and Training	-	137,036	79,752	57,284
Guam Museum	-	214,490	190,173	24,317
	<u>1,011,953</u>	<u>2,182,435</u>	<u>2,031,230</u>	<u>151,205</u>
Department of Military Affairs:				
Office of the Adjutant General	<u>702,054</u>	<u>177,100</u>	<u>144,381</u>	<u>32,719</u>
Guam Fire Department:				
Office of the Fire Chief	27,989,790	105,782	106,165	(383)
Administrative and Logistical Support	26,743	1,515,108	1,479,334	35,774
Emergency Medical Service/Rescue Operations Bureau	-	8,246,006	9,652,379	(1,406,373)
Fire Suppression Bureau	-	16,374,614	18,305,465	(1,930,851)
	<u>28,016,533</u>	<u>26,241,510</u>	<u>29,543,343</u>	<u>(3,301,833)</u>
Payments to Component Units:				
Guam Community College	14,006,669	14,006,669	13,166,268	840,401
Guam Educational Telecommunications Corporation	637,072	596,671	541,977	54,694
Guam Housing Corporation	-	-	243,058	(243,058)
Guam Visitors Bureau	3,000	3,000	-	3,000
Guam Memorial Hospital Authority	12,127,750	23,408,766	7,654,639	15,754,127
University of Guam	30,189,847	31,659,847	30,554,431	1,105,416
	<u>56,964,338</u>	<u>69,674,953</u>	<u>52,160,373</u>	<u>17,514,580</u>
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	1,140,965	1,298,849	1,298,849	-
Governor and Lieutenant Governor Pension Contributions	251,000	251,000	251,000	-
Judge and Justice Retirement Annuities	358,000	358,000	358,000	-
	<u>1,749,965</u>	<u>1,907,849</u>	<u>1,907,849</u>	<u>-</u>
Total Executive Branch	<u>466,316,255</u>	<u>440,037,329</u>	<u>434,794,827</u>	<u>5,242,502</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Miscellaneous Appropriations:				
Retiree Healthcare Premiums	16,922,668	16,922,668	16,922,668	-
Guam Council on the Arts and Humanities Agency	307,500	-	-	-
Guam Football Association	500,000	500,000	500,000	-
Guam Commission for Educator Certification	203,831	203,831	133,507	70,324
Total Miscellaneous Appropriations	<u>17,933,999</u>	<u>17,626,499</u>	<u>17,556,175</u>	<u>70,324</u>
Interest and other charges:				
Interest on tax refunds	-	-	1,096,019	(1,096,019)
Bond issuance costs	-	229,256	229,256	-
Other	-	-	3,755,695	(3,755,695)
Total Interest and other charges	<u>-</u>	<u>229,256</u>	<u>5,080,970</u>	<u>(4,851,714)</u>
Debt Service:				
Principal retirement	14,076,534	36,963,667	38,104,948	(1,141,281)
Interest and fiscal charges	42,679,732	61,187,067	55,685,777	5,501,290
	<u>56,756,266</u>	<u>98,150,734</u>	<u>93,790,725</u>	<u>4,360,009</u>
Total expenditures	<u>541,006,520</u>	<u>556,043,818</u>	<u>551,222,697</u>	<u>4,821,121</u>
Excess of revenues over expenditures	<u>48,626,410</u>	<u>35,389,112</u>	<u>52,964,486</u>	<u>17,575,374</u>
Other financing sources (uses):				
Proceeds from issuance of refunding bonds	-	22,640,000	22,640,000	-
Proceeds from refinancing short-term obligations	-	-	19,937,926	19,937,926
Premium on refunded bonds issued	-	2,957,923	2,957,923	-
	<u>-</u>	<u>25,597,923</u>	<u>45,535,849</u>	<u>19,937,926</u>
Transfers in from other funds:				
Accessible Parking Fund	-	-	515,188	515,188
Criminal Injuries Compensation Fund	-	-	555,031	555,031
DPW Building and Design Fund	-	-	660,572	660,572
GFD Capital Revolving Fund	-	-	900,000	900,000
Healthy Futures Fund	-	-	2,371,886	2,371,886
Pesticide Management Fund	-	-	204,893	204,893
Professional Engineers', Architects', and Surveyors' Fund	-	-	483,853	483,853
Recycling Revolving Fund	-	-	770,455	770,455
Solid Waste Operations Fund	11,980,494	11,980,494	4,497,097	(7,483,397)
Territorial Education Facilities Fund	10,674,249	10,674,249	8,860,102	(1,814,147)
	<u>22,654,743</u>	<u>22,654,743</u>	<u>19,819,077</u>	<u>(2,835,666)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses), continued:				
Transfers out to other funds:				
Better Public Service Fund	507,091	599,812	565,359	34,453
Customs, Agriculture and Quarantine Inspection Services Fund	-	-	1,691,449	(1,691,449)
DMHSA Receiver Fund	3,000,000	3,000,000	3,007,272	(7,272)
Federal Grants Assistance Fund	2,604,603	41,014,888	38,200,438	2,814,450
Government Claims Fund	100,000	100,000	100,000	-
GMHA Pharmaceuticals Fund	9,150,054	9,150,054	9,150,038	16
Guam Legislature Fund	7,825,372	7,422,365	7,422,365	-
Manpower Development Fund	-	-	564,588	(564,588)
Mental Health and Substance Abuse Fund	-	26,391	-	26,391
MIP Payment Revolving Fund	19,598,585	10,908,129	10,077,895	830,234
Office of Public Accountability	1,302,388	1,235,315	1,151,260	84,055
Off-island Treatment Fund	1,100,000	1,606,919	1,646,310	(39,391)
Public Defender Service Corporation Fund	3,796,755	3,601,222	3,601,222	-
Supplemental Annuity Benefits Fund	11,696,303	9,970,419	9,848,084	122,335
Unified Courts of Guam Fund	24,838,596	23,564,558	23,564,558	-
Worker's Compensation Fund	798,593	747,949	634,947	113,002
	<u>86,318,340</u>	<u>112,948,021</u>	<u>111,225,785</u>	<u>1,722,236</u>
Total other financing sources (uses), net	<u>(63,663,597)</u>	<u>(64,695,355)</u>	<u>(45,870,859)</u>	<u>(1,113,430)</u>
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>26,371,187</u>	<u>26,371,187</u>	<u>3,913,248</u>	<u>(22,457,939)</u>
Net change in fund balance	<u>\$ 11,334,000</u>	<u>\$ (2,935,056)</u>	<u>\$ 11,006,875</u>	<u>\$ 13,941,931</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
September 30, 2013

The Nonmajor Governmental Funds statements include the combining balance sheet and combining statement of revenues, expenditures and changes in fund balance for nonmajor special revenue funds, nonmajor capital projects funds, and nonmajor debt service funds that comprise the other governmental funds column in the basic financial statements. The combining nonmajor special revenue funds statements, the combining nonmajor capital projects funds statements, and the combining nonmajor debt service funds are detailed behind the special revenue funds, capital project funds and debt service funds dividers.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2013

<u>ASSETS</u>	Other <u>Special Revenue</u>	Other <u>Capital Project</u>	Other <u>Debt Service</u>	<u>Total</u>
Cash and cash equivalents	\$ 33,254,497	\$ 1,276,848	\$ -	\$ 34,531,345
Investments	13,922,201	-	-	13,922,201
Receivables, net:				
Taxes	5,037,836	-	-	5,037,836
Other	11,240,173	-	-	11,240,173
Due from other funds	14,098,585	2,044,242	-	16,142,827
Due from component units	1,867,990	-	-	1,867,990
Prepayments	705,660	-	-	705,660
Deposits and other assets	-	2,579	-	2,579
Restricted assets:				
Cash and cash equivalents	1,899,430	31,603,042	12,174,478	45,676,950
Investments	300,000	15,978,390	-	16,278,390
Total assets	<u>\$ 82,326,372</u>	<u>\$ 50,905,101</u>	<u>\$ 12,174,478</u>	<u>\$ 145,405,951</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,100,611	\$ 2,202,373	\$ 1,600	\$ 4,304,584
Accrued payroll and other	776,979	-	-	776,979
Due to other funds	13,946,137	2,138,293	-	16,084,430
Due to component units	276,477	-	-	276,477
Unearned revenue	955,848	-	-	955,848
Deposits and other liabilities	1,078,829	-	-	1,078,829
Total liabilities	<u>19,134,881</u>	<u>4,340,666</u>	<u>1,600</u>	<u>23,477,147</u>
Fund balances:				
Restricted	15,876,616	44,522,091	12,172,878	72,571,585
Committed	46,172,209	2,042,344	-	48,214,553
Assigned	3,237,065	-	-	3,237,065
Unassigned:				
Special revenue funds	(2,094,399)	-	-	(2,094,399)
Total fund balances	<u>63,191,491</u>	<u>46,564,435</u>	<u>12,172,878</u>	<u>121,928,804</u>
Total liabilities and fund balances	<u>\$ 82,326,372</u>	<u>\$ 50,905,101</u>	<u>\$ 12,174,478</u>	<u>\$ 145,405,951</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures by Function, and
 Changes in Fund Balances
 Year Ended September 30, 2013

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 21,263,267	\$ -	\$ -	\$ 21,263,267
Hotel	29,331,058	-	-	29,331,058
Liquid fuel	9,825,967	-	-	9,825,967
Tobacco	19,615,319	-	-	19,615,319
Alcoholic beverages	780,319	-	-	780,319
Licenses and permits	46,155,386	-	-	46,155,386
Charges for services	19,542,818	-	-	19,542,818
Interest and investment earnings	55,101	1,760,607	195	1,815,903
Intergovernmental	1,378,085	-	-	1,378,085
Other	11,210,073	-	-	11,210,073
Total revenues	<u>159,157,393</u>	<u>1,760,607</u>	<u>195</u>	<u>160,918,195</u>
Expenditures by Function:				
Current:				
General government	16,257,472	-	-	16,257,472
Protection of life and property	14,512,421	-	-	14,512,421
Public health	11,801,897	-	-	11,801,897
Community services	208,223	-	-	208,223
Recreation	704,171	-	-	704,171
Individual and collective rights	2,582,444	1,760,742	-	4,343,186
Transportation	6,574,547	-	-	6,574,547
Public education	1,589,086	-	-	1,589,086
Environmental protection	12,142,490	-	-	12,142,490
Economic development	102,939	-	-	102,939
Payments to:				
GovGuam Retirement Fund	8,432,738	-	-	8,432,738
Guam Community College	2,721,104	-	-	2,721,104
Guam Memorial Hospital Authority	3,206,732	-	-	3,206,732
Guam Preservation Trust	1,697,000	-	-	1,697,000
Guam Regional Transit Authority	3,270,945	-	-	3,270,945
Guam Visitors Bureau	16,209,494	-	-	16,209,494
University of Guam	1,854,624	-	-	1,854,624
Capital projects	-	6,960,836	-	6,960,836
Debt service:				
Principal retirement	-	531,893	1,740,000	2,271,893
Interest and fiscal charges	-	461,111	5,276,415	5,737,526
Total expenditures	<u>103,868,327</u>	<u>9,714,582</u>	<u>7,016,415</u>	<u>120,599,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,289,066</u>	<u>(7,953,975)</u>	<u>(7,016,220)</u>	<u>40,318,871</u>
Other financing sources (uses):				
Transfers in from other funds	5,583,556	-	7,877,067	13,460,623
Transfers out to other funds	(42,551,755)	-	(1,925)	(42,553,680)
Total other financing sources (uses), net	<u>(36,968,199)</u>	<u>-</u>	<u>7,875,142</u>	<u>(29,093,057)</u>
Net change in fund balances	18,320,867	(7,953,975)	858,922	11,225,814
Fund balances at beginning of year	44,870,624	54,518,410	11,313,956	110,702,990
Fund balances at end of year	<u>\$ 63,191,491</u>	<u>\$ 46,564,435</u>	<u>\$ 12,172,878</u>	<u>\$ 121,928,804</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures by Object, and
 Changes in Fund Balances
 Year Ended September 30, 2013

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 21,263,267	\$ -	\$ -	21,263,267
Hotel	29,331,058	-	-	29,331,058
Liquid fuel	9,825,967	-	-	9,825,967
Tobacco	19,615,319	-	-	19,615,319
Alcoholic beverages	780,319	-	-	780,319
Licenses and permits	46,155,386	-	-	46,155,386
Charges for services	19,542,818	-	-	19,542,818
Interest and investment earnings	55,101	1,760,607	195	1,815,903
Intergovernmental	1,378,085	-	-	1,378,085
Other	11,210,073	-	-	11,210,073
Total revenues	159,157,393	1,760,607	195	160,918,195
Expenditures by Object:				
Salaries and wages - regular	21,332,795	-	-	21,332,795
Salaries and wages - overtime	490,988	-	-	490,988
Salaries and wages - fringe benefits	8,058,967	-	-	8,058,967
Health benefits	-	-	-	-
Travel	256,810	-	-	256,810
Contractual services	17,685,552	2,325,506	-	20,011,058
Building rent	3,631,939	372,600	-	4,004,539
Supplies	3,867,283	-	-	3,867,283
Equipment	359,247	5,920	-	365,167
Utilities - power and water	9,125,772	539,187	-	9,664,959
Communications	222,778	-	-	222,778
Capital outlays	1,027,249	5,016,573	-	6,043,822
Grants and subsidies	34,419,145	-	-	34,419,145
Principal retirement	-	531,893	1,740,000	2,271,893
Interest and fiscal charges	-	461,111	5,276,415	5,737,526
Other	3,389,802	461,792	-	3,851,594
Total expenditures	103,868,327	9,714,582	7,016,415	120,599,324
Excess (deficiency) of revenues over (under) expenditures	55,289,066	(7,953,975)	(7,016,220)	40,318,871
Other financing sources (uses):				
Transfers in from other funds	5,583,556	-	7,877,067	13,460,623
Transfers out to other funds	(42,551,755)	-	(1,925)	(42,553,680)
Total other financing sources (uses), net	(36,968,199)	-	7,875,142	(29,093,057)
Net change in fund balances	18,320,867	(7,953,975)	858,922	11,225,814
Fund balances at beginning of year	44,870,624	54,518,410	11,313,956	110,702,990
Fund balances at end of year	\$ 63,191,491	\$ 46,564,435	\$ 12,172,878	\$ 121,928,804

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds September 30, 2013

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of GovGuam's nonmajor governmental funds - special revenue funds as of September 30, 2013, follows.

Accessible Parking Fund - The fund was created by Public Law 18-28 to ensure that disabled persons are given equal access to government offices and services. Revenues are generated from fines collected from those parked illegally in handicapped parking spaces. Expenditures are authorized for maintenance of disabled parking areas.

Air Pollution Control Fund - This fund was created by Public Law 24-40 to provide a coordinated Territory-wide program of air pollution prevention, abatement, and control. Revenues are derived primarily from permit application fees and annual emission fees.

Board of Accountancy Fund - This fund was created for the purpose of regulating aspects of the practice of public accountancy. The Guam Code Annotated Title 22, Subsection 35104(d) states, "all monies collected by the Board ... shall be deposited with the Treasurer of Guam to the credit of the Board." Sources of revenues are from the issuance of certificates and permit fees collected from public accountants and firms practicing public accountancy. Monies shall be expended for administering the Public Accountancy Act of 1990.

Carrier Off-Duty Services Revolving Fund - This fund was created by Public Law 25-138. Charges from this fund are from services performed by Customs and Quarantine Officers, in the performance of their duties on any day of the week upon special request by the Director of Customs and Quarantine outside of normal working hours.

Census 2010 Fund - This fund was created by Public Law 30-58, which authorizes the temporary recruitment and employment of personnel, consistent with the U.S. Census Bureau guidelines, and to conduct necessary activities related to the Guam Decennial 2010 Census.

Chamorro Land Trust Operations Fund - This fund was created by Public Law 28-68 to account for the proceeds from all land use permits, monetary contributions and fees for the benefit of the Chamorro Land Trust Commission.

Chamorro Loan Guarantee Fund - This fund was created by Public Law 12-226 to account for loans made by governmental agencies or lending institutions to those holding leases or licenses issued by the Chamorro Land Trust Commission may be guaranteed. This guarantee may be for home or commercial loan purposes. The loan guarantees shall be subject to certain restrictions.

Child Care Revolving Fund - This fund was created by Public Law 31-73 to account for all funds received under the Child Welfare Services Act.

Community Health Centers Fund - This fund was created to provide for the Southern Community Health Center. Revenues are derived from fees charged to health service recipients utilizing the Center. Revenues are applied to expenditures applicable to the operation of the Center.

Consumer Protection Fund - This fund was created by Public Law 21-18 to account for fees collected by the Attorney General's Office under the Consumer Protection Act.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

Contractors' License Board Fund - This fund was created to protect the public by licensing the contractors of Guam. Revenues are derived from both license fees and local appropriations.

Controlled Substance Diversion Fund – This fund was created by Public Law 24-149 for use by the Department of Public Health for programs to monitor controlled substances, to identify and detect its diversion, equipment, supplies and contracts necessary to monitor controlled substances, and training of employees tasked with administering the Act. Revenues for this fund are provided for by fees assessed in relation to the registration and control of the manufacture, distribution and dispensing of controlled substances in Guam.

Criminal Injuries Compensation Fund - The Criminal Injuries Compensation Fund was enacted under Public Law 20-155. The fund was created for the purpose of compensating victims injured through criminal mischief. Public Law 20-155 created the Criminal Injuries Commission which was created to determine, on a case by case basis, who is worthy of compensation. Sources of funding are prosecuted criminals (offenders) and Government appropriations. Per Public Law 20-155, compensation must be made within 18 months of date of injury. In addition, no claim will be awarded in excess of \$10,000.

Customs, Agriculture, and Quarantine Inspection Services Fund - This fund was created by Public Law 23-45 and amended by Public Law 23-96 Section 73145 of the Government Code of Guam. The law requires that each aircraft landing at the Guam International Airport Terminal (GIAT) shall be levied a customs, agriculture, and quarantine inspection service charge reasonably related to the cost incurred by the Customs and Quarantine Agency and the Department of Agriculture in providing, maintaining and operating the service charge facilities, and shall be allocated among air carriers in such a manner reasonably related to the relative demand for such services attributable to each carrier. All expenditures of the Fund shall be made exclusively by appropriation of the Guam Legislature. The Fund shall not be commingled with the General Fund and shall be kept in a separate bank account.

Dededo Buffer Strip Revolving Fund - This fund was created as a result of the re-enactment of Section 68901(1) of Title 21 of the Guam Code Annotated as amended by Public Law 24-59. This authorizes the Department of Land Management to enter into commercial leases, not exceeding ten (10) years, for the use of the Dededo and Yigo Municipal Planning Councils (two-thirds to Dededo and one-third to Yigo) for the upkeep and maintenance of sports and recreational facilities.

DLM Building Construction Fund - This fund was created by Public Law 29-46 to account for all monies received from FEMA for the construction of the Department of Land Management building.

DPW Building and Design Fund - This fund was created by Public Law 20-221 to be used for review and building inspection operational expenditures. Any fees collected from plan review and building inspection shall be deposited to the special fund.

Drivers' Education Fund - This fund was created by Public Law 22-20 to be expended on personnel, travel, purchase of vehicles, insurance, fuel and maintenance, textbooks and materials, driving simulators, a consultant and for teachers' stipends.

Enhanced 911 Emergency Reporting System Fund - This fund was created by Public Law 25-55. The fund is created to provide a source of funding for cost associated with the "911" Emergency Reporting System by charging a monthly surcharge known as the "911 Surcharge" paid by Local Exchange Telephone and Commercial Mobil Radio Service subscribers. All money and interest earned by this fund will be used by the Guam Fire Department solely for enhanced "911" equipment and systems.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

Environmental Health Fund - This fund was created by Public Law 25-120 to account for all fees and penalties collected pursuant to laws enforced by the Division of Environmental Health of the Department of Public Health and Social Services.

Examiner Off-Duty Services Fund - This fund was created by Public Law 30-140 to account for hourly charges for services required by Department of Revenue and Taxation examiners outside of normal working hours.

GFD Capital Revolving Fund - This fund was created by Public Law 22-52 to establish a capital outlay revolving fund within the Guam Fire Department to purchase essential emergency rescue and firefighting vehicles and emergency and life support equipment.

GMHA Healthcare Trust and Development Fund - This fund was created by Public Law 32-60 to account for license fees, business privilege tax, and income tax collected from companies involved in gaming to be used by designated public healthcare agencies of GovGuam.

Guam Cancer Trust Fund - This fund was created to provide financial assistance to organizations that provide patient directed services for the prevention of cancers, its treatment, diagnosis, and other services that *may* be required to access treatment, including, but *not limited to*, off-island transportation and temporary housing.

Guam Ancestral Lands Commission Funds - These funds were established by Public Law 25-45 for the purpose of investigating, recording, filing, and reporting claims for ancestral lands, and to respond to requests for remedy from claimants for lands taken by the United States or by GovGuam on or after January 1, 1930.

Guam Charter Schools Fund - This fund was created by Public Law 29-140 to account for all funds received under the Guam Academy Charter Schools Act of 2009.

Guam Environmental Trust Fund - This fund was created through Public Law 21-10. The fund is administered by the Guam Environmental Protection Agency and was created to clean up hazardous materials and to restore and repair damage to the environment. Revenues are generated through collection of a 2% assessment fee on all commercial and industrial liability insurance premiums which will be collected by the Department of Revenue and Taxation.

Guam Geodetic Network Fund - This fund was created by Public Law 23-31 to account for transactions associated with the 1993 Guam Geodetic Network, which was established to administer the control standards prescribed in the Federal Geodetic Control Committee's (FGCC) publication Geometric Geodetic Accuracy Standards and Specifications for using GPS relative Positioning Techniques, Version 5.0 (Reprinted 1 August 1989) and as updated as necessary.

Guam Plant Inspection and Permit Fund - This fund was created by Public Law 27-29 for the administration, operation, maintenance and improvement of the Plant Inspection Station of the Department of Agriculture.

Guam Preservation Trust Fund - This fund was created by Public Law 20-151 for the purpose of the preservation of the island's many historical and cultural locations. Revenues are derived from building permit fees assessed to contractors before the issuance of any type of building permit.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

Guam Procurement Advisory Council Support Fund - This fund was created by Public Law 31-93 to account for the operations of the Guam Procurement Advisory Council.

Guam Unarmed Combat Commission Fund - This fund was created by Public Law 30-045 to account for the operations of the Guam Unarmed Combat Commission.

Health and Human Services Fund - This fund was created by Public Law 24-174 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement for settlements received from the tobacco industry.

Healthy Futures Fund - This fund was created by Public Law 27-05 to account for 50% of proceeds received on alcoholic beverages excise taxes and all tobacco-related taxes to be expended for health and education programs relating to tobacco and alcohol prevention, cessation, treatment and control, and to improving overall health and well-being.

Health Professional Licensure Fund - This fund was created by Public Law 21-33 to defray the cost of obtaining standardized examination materials and services for the healing arts and cosmetology licensure and the cost of proctoring examination at the testing site.

Health and Security Trust Fund - This fund was created by Public Law 24-174 to account for 50% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be expended for the operations and capital expenditures of the Guam Memorial Hospital Authority.

Host Community Benefits Fund - This fund was created by Public Law 30-165 to recognize the impact on the villages of Inarajan and Ordot as host communities to the Leyon landfill and the Ordot Dump and funded by revenue from tipping fees.

Indirect Cost Fund - This fund was created by Public Law 29-113 to account for appropriations for the following purposes: (a) training such as Continuing Professional Education Credits, CPE; (b) negotiating and administering GovGuam's indirect cost rate; (c) purchasing of supplies and equipment associated with negotiating and administering GovGuam's indirect cost rate; and (d) automated budget development and maintenance.

Land Survey Revolving Fund - This fund was created in order to administer the surveying, mapping, and registration of all government-owned properties. Revenues are derived from certain documentary fees and proceeds from leases of government land. Funds are expended after allotments authorizing their expenditure are created by the Bureau of Budget and Management Research.

Limited Gaming Fund - This fund was created by Public Law 26-52 to account for activities under the Gaming Control Act.

Manpower Development Fund - This fund was created by Public Law 18-48 to enhance manpower training programs. The fund receives revenues from registration fees of non-immigrant workers.

Mental Health and Substance Abuse Fund - This fund was created by Public Law 26-68 to account for all proceeds received by the Youth Tobacco Education and Prevention Fund to be expended for youth compliance monitoring and tobacco and drug prevention and education programs.

Notary Public Revolving Fund - This fund was created by Public Law 21-106 to account for revenues received under the Model Notary Law.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

Office of Vital Statistics Revolving Fund - This fund was created by Public Law 31-213 to account for revenues received by the Territorial Registrar, Office of Vital Statistics, within the Department of Public Health and Social Services.

Pesticide Management Fund - This fund was created by Public Law 29-46 to account for fees collected by the Guam Environmental Protection Agency to be used for the purchase of equipment, payment of personnel costs, public outreach, training, contracts, and disposal of confiscated pesticides and devices associated with the Pesticide Enforcement program.

Plant Nursery Revolving Fund - This fund was created by Public Law 26-140 to account for fees collected under the Department of Agriculture's Fee Schedule for plant nursery services and activities.

Police Services Fund - This fund was created by Public Law 24-23 for the purpose of funding the general operational needs of the Guam Police Department. Revenues are derived mainly from miscellaneous services and fees provided by the department.

Prison Industries Revolving Fund - This fund was created by Public Law 29-94 to account for all revenues collected under the Department of Correction's Prison Industries program that was established as a means for inmates to receive job training and skills development.

Professional Engineers', Architects' and Surveyors' Fund - This fund was created to receive fees from licenses and license renewals and to use those funds to administer and enforce the laws relating to professional engineers, architects and land surveyors.

Public Library System Fund - This fund accounts for the operations of all libraries in the Library System on Guam in accordance with the rules and regulations promulgated by the Library Board.

Public Recreation Services Fund - This fund was created by Public Law 27-106 to account for the maintenance, upgrade and upkeep of all parks and recreational facilities within the jurisdiction of the Department of Parks and Recreation, and the creation and continuance of existing community related programs and activities for the benefit of the island.

Public Transit Fund - This fund was created by Public Law 26-76 under the authority of the Department of Administration to operate Guam's mass transit system.

Rabies Prevention Fund - This fund was created by Public Law 24-216 to maintain, enhance and secure the prevention of rabies on Guam. Revenues are derived from issuance of entry permits for any dog or cat imported into Guam.

Recycling Revolving Fund - This fund was created by Public Law 28-171 to account for recycling fees levied upon the registered owner of a motor vehicle to assist in the recycling and disposal of motor vehicles and other recyclable materials.

Safe Homes Safe Streets Fund - This fund was created by Public Law 27-05 to account for 50% of alcoholic beverage excise taxes received and to be expended on public safety and social programs that enforce alcohol regulations, reduce underage drinking, support traffic safety, reduce drug-related violence and abuse, and/or support community-based drug and substance abuse prevention programs.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

Safe Streets Fund - This fund was created by Public Law 22-41 to account for fines collected for certain offenses involving alcohol and controlled substances, convictions involving children, vehicular negligence and homicide, and drinking while driving a motor vehicle. So much of the Fund as is required is appropriated to the Department of Corrections to be used to compensate staff and provide supplies or facilities to house incarcerated persons convicted of misdemeanors and persons convicted of abovementioned offenses.

Section 2718 Fund - This fund was created by Public Law 31-77 to account for all proceeds from rebates paid to and entitled to GovGuam pursuant to Section 2718(b)(1)(A) of the Public Health Services Act, as amended by the Patient Protection and Affordable Care Act (PPACA), Public Law 111-148.

Solid Waste Management Plan - This fund was created by Public Law 25-175 to be administered by the Guam Environmental Protection Agency to deal with solid waste management.

Solid Waste Operations Fund - This fund was created by Public Law 24-272 to provide a financing source for GovGuam's costs and expenses directly related to the closure and post-closure of the solid waste landfill.

Special Assets Forfeiture Fund - This fund was created by Public Law 26-120 to account for property that is forfeited under any local law enforced or administered by the Guam Police Department.

Stray Dog Revolving Fund - This fund was created by Public Law 28-108 to account for the imposition of mandatory fines on owners of impounded dogs.

Street Light Fund - This fund was created by Public Law 27-38 to pay for the installation and operation of public street lights.

Tax Collection Fund - This fund was created by Public Law 27-05. Fifty percent (50%) of the fund is earmarked for the purposes of employing tax technicians, revenue agents, revenue officers, and for other related expenses in order to increase collection of taxes and for the salaries of employees serving as Passport Acceptance Agents. The remaining fifty percent (50%) is to be deposited in the Public School Library Resources Fund.

Territorial Educational Facilities Fund (TEF) - TEF was created by Public Law 22-19 (as amended by Public Law 23-14) to account for all real property tax revenues received by or on behalf of GovGuam. These revenues are used for the debt service payments of the General Obligation Bonds, 1993 Series A and 1995 Series A.

Territorial Highway Fund - This fund was created for the purpose of obtaining proper maintenance and construction of highways and for the implementation of Highway Safety plans, programs and projects. Revenues are derived from Federal grants, certain liquid fuels taxes, vehicle registration fees and local appropriations.

Tourist Attraction Fund - This fund was created to finance the improvement of the physical facilities of Guam's parks and recreation areas. Financing is provided by the imposition of an 11 percent tax on lodging provided to transients.

Underground Storage Tank Management Fund - This fund was created by Public Law 20-106 to account for collections received under the Underground Storage of Regulated Substances Act.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2013

UOG Capital Improvements Fund – This fund was created by Public Law 26-48 to account for the design, construction and collateral equipment of the College of Business and Public Administration, and for the replacement of the roof of the Fine Arts Building.

Unreserved Fund Balance Fund – This fund was created by Public Law 28-68 to account for the transfer of funds equal to the amounts in the unreserved fund balances of the Corrections Revolving Fund, the Dededo Buffer Strip Revolving Fund, the DPW Building and Design Fee Account Fund, the Enhanced 911 Emergency Reporting System Fund, the Guam Plant Inspection and Permit Fund, the Healthy Futures Fund, the Housing Revolving Fund, the Police Services Fund, and Parks & Recreation Services Fund at September 30, 2004.

Village Streets Fund - This fund was created by Public Law 23-128. This Fund shall be used exclusively for the purpose of payment to vendors for village road planning, design, construction, reconstruction, improvement, repair and maintenance services, the acquisition of rights of way, or to service debt payments of revenue bonds which may be issued to fund the construction, repair and maintenance of secondary and tertiary roads.

Water Protection Fund - This fund was created by Public Law 22-47 to provide funding for the administration and implementation and enforcement of the Water Pollution Control Act and regulations promulgated from said Act, for educational programs and grants for research and development, advertisement promotions, and inspections of facilities to prevent or minimize erosion that contributes to pollution of the waters.

Water Research and Development Fund – This fund was created by Public Law 22-47 to conduct water resource research which will contribute to the effective planning and management of Guam's underground and surface water, and to the development of programs which promote the best use of these resources.

Wildlife Conservation Fund - This fund was created to preserve, manage, enhance and protect the Government's wildlife resources and their environment. Revenues are derived principally from the sale of hunting, fishing and harvesting licenses, fees and permits.

Workmen's Compensation Fund - This fund was authorized to be created by Public Law 1-88. Section 37042 of the Government Code of Guam requires a fund sufficient to secure compensation payments under Title XXXIII of the Government Code in respect to employees of GovGuam, its agencies and instrumentalities, including any public corporation. Funds are disbursed upon the order of the Workers Compensation Commission, of which the Director of Labor is the Commissioner.

Youth Tobacco Education and Prevention Fund – This fund was created by Public Law 25-187 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be utilized by the Department of Mental Health and Substance Abuse, for youth compliance monitoring and tobacco and drug prevention and education programs.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	250	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 344,918	\$ -	\$ -	\$ 1,709,130	\$ -	\$ -	\$ 3,302,295	\$ -	\$ 478,588
Investments	-	-	1,055,470	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	50,765	-	-	-	-	-	-	-	-
Due from other funds	15,486	-	-	217,679	11,094	-	172	13,480	-	14,998	287,180
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	201,791	-	-	-	-
Investments	-	-	-	-	-	-	300,000	-	-	-	-
Total assets	\$ 15,486	\$ -	\$ 1,451,153	\$ 217,679	\$ 11,094	\$ 1,709,130	\$ 501,963	\$ 13,480	\$ 3,302,295	\$ 14,998	\$ 765,768
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 32,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	2,711	-	35,231	-	8,374	-	-	50,210	-	9,330
Due to other funds	-	124,860	-	-	-	15,528	-	-	785,851	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	127,571	32,044	35,231	-	23,902	-	-	836,061	-	9,330
Fund balances (deficit):											
Restricted	-	-	-	-	-	-	501,791	-	-	-	-
Committed	-	-	1,419,109	182,448	11,094	1,656,955	172	13,480	2,004,643	14,998	725,403
Assigned	15,486	-	-	-	-	28,273	-	-	461,591	-	31,035
Unassigned	-	(127,571)	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	15,486	(127,571)	1,419,109	182,448	11,094	1,685,228	501,963	13,480	2,466,234	14,998	756,438
Total liabilities and fund balances (deficit)	\$ 15,486	\$ -	\$ 1,451,153	\$ 217,679	\$ 11,094	\$ 1,709,130	\$ 501,963	\$ 13,480	\$ 3,302,295	\$ 14,998	\$ 765,768

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	272	325	209 Customs, Agriculture and Quarantine Inspection Services	267	630	235	246	281	600	640	231
	Controlled Substance Diversion	Criminal Injuries Compensation		Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Examiner Off-Duty Services	GFD Capital Revolving
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 288,775	\$ -	\$ 602,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	647,791	-	-	-	-	-	-	-	-
Due from other funds	73,298	-	-	124,680	-	49,576	149,833	1,500,025	825,258	16,871	58,773
Due from component units	-	-	1,867,990	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 73,298</u>	<u>\$ -</u>	<u>\$ 2,804,556</u>	<u>\$ 124,680</u>	<u>\$ 602,442</u>	<u>\$ 49,576</u>	<u>\$ 149,833</u>	<u>\$ 1,500,025</u>	<u>\$ 825,258</u>	<u>\$ 16,871</u>	<u>\$ 58,773</u>
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	191,829	-	-	7,003	-	21,725	11,974	-	-
Due to other funds	-	-	2,612,727	-	300	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	191,479	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>191,648</u>	<u>2,804,556</u>	<u>-</u>	<u>300</u>	<u>7,003</u>	<u>-</u>	<u>21,725</u>	<u>11,974</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	52,413	-	-	124,680	602,142	-	149,833	1,329,855	743,254	16,871	58,773
Assigned	20,885	-	-	-	-	42,573	-	148,445	70,030	-	-
Unassigned	-	(191,648)	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>73,298</u>	<u>(191,648)</u>	<u>-</u>	<u>124,680</u>	<u>602,142</u>	<u>42,573</u>	<u>149,833</u>	<u>1,478,300</u>	<u>813,284</u>	<u>16,871</u>	<u>58,773</u>
Total liabilities and fund balances (deficit)	<u>\$ 73,298</u>	<u>\$ -</u>	<u>\$ 2,804,556</u>	<u>\$ 124,680</u>	<u>\$ 602,442</u>	<u>\$ 49,576</u>	<u>\$ 149,833</u>	<u>\$ 1,500,025</u>	<u>\$ 825,258</u>	<u>\$ 16,871</u>	<u>\$ 58,773</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	656				641	639	245	649	608	326	651
	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support
ASSETS											
Cash and cash equivalents	\$ -	\$ 443	\$ 2,932,112	\$ 9,353	\$ 105	\$ -	\$ 81,738	\$ -	\$ 137,699	\$ 249,129	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	252,111	-	-	-	-	1,500	47,461	60,396	-	132,122	1,931
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 252,111</u>	<u>\$ 443</u>	<u>\$ 2,932,112</u>	<u>\$ 9,353</u>	<u>\$ 105</u>	<u>\$ 1,500</u>	<u>\$ 129,199</u>	<u>\$ 60,396</u>	<u>\$ 137,699</u>	<u>\$ 381,251</u>	<u>\$ 1,931</u>
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	3,155	-	-	-	-
Due to other funds	-	-	-	-	105	-	-	-	53,045	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>3,155</u>	<u>-</u>	<u>53,045</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):											
Restricted	-	-	2,932,112	9,353	-	-	-	-	-	-	-
Committed	252,111	443	-	-	-	1,500	74,541	22,061	77,546	381,251	1,931
Assigned	-	-	-	-	-	-	51,503	38,335	7,108	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>252,111</u>	<u>443</u>	<u>2,932,112</u>	<u>9,353</u>	<u>-</u>	<u>1,500</u>	<u>126,044</u>	<u>60,396</u>	<u>84,654</u>	<u>381,251</u>	<u>1,931</u>
Total liabilities and fund balances (deficit)	<u>\$ 252,111</u>	<u>\$ 443</u>	<u>\$ 2,932,112</u>	<u>\$ 9,353</u>	<u>\$ 105</u>	<u>\$ 1,500</u>	<u>\$ 129,199</u>	<u>\$ 60,396</u>	<u>\$ 137,699</u>	<u>\$ 381,251</u>	<u>\$ 1,931</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	635	270	602	241	311	652	632	222	655	232	294
	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Indirect Cost	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
ASSETS											
Cash and cash equivalents	\$ -	\$ 34	\$ 835,231	\$ -	\$ -	\$ 90,611	\$ 118	\$ -	\$ -	\$ 347,621	\$ -
Investments	-	3,445,400	-	-	5,957,054	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	1,329,214	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	6,185	475,632	4,048,832	444,087	-	-	152,894	-	223,688	545,279	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	705,660	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,185	\$ 3,921,066	\$ 6,918,937	\$ 444,087	\$ 5,957,054	\$ 90,611	\$ 153,012	\$ -	\$ 223,688	\$ 892,900	\$ -
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ 93,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	158,056	-	-	-	28,227	53,714	-	5,550	-
Due to other funds	-	-	-	-	143,433	90,567	-	68,447	-	-	15,950
Due to component units	-	-	181,957	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	887,350	-
Total liabilities	-	93,094	340,013	-	143,433	90,567	28,227	122,161	-	892,900	15,950
Fund balances (deficit):											
Restricted	-	3,827,972	-	-	5,813,621	-	-	-	-	-	-
Committed	6,185	-	6,342,723	-	-	44	114,849	-	223,688	-	-
Assigned	-	-	236,201	444,087	-	-	9,936	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(122,161)	-	-	(15,950)
Total fund balances (deficit)	6,185	3,827,972	6,578,924	444,087	5,813,621	44	124,785	(122,161)	223,688	-	(15,950)
Total liabilities and fund balances (deficit)	\$ 6,185	\$ 3,921,066	\$ 6,918,937	\$ 444,087	\$ 5,957,054	\$ 90,611	\$ 153,012	\$ -	\$ 223,688	\$ 892,900	\$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,488	\$ 212,845	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	63,480	188,086	57,077	25,139	192,696	1,569	-	81,611	-	299,064	94,057
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 63,480</u>	<u>\$ 188,086</u>	<u>\$ 57,077</u>	<u>\$ 25,139</u>	<u>\$ 192,696</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ 481,099</u>	<u>\$ 212,845</u>	<u>\$ 299,064</u>	<u>\$ 94,057</u>
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	1,413	-	-	-	2,955	-	-	-	-
Due to other funds	-	-	-	-	-	-	716	-	146,095	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,671</u>	<u>-</u>	<u>146,095</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	63,480	185,734	-	25,139	149,928	1,569	-	481,099	64,145	296,397	87,002
Assigned	-	2,352	55,664	-	42,768	-	-	-	2,605	2,667	7,055
Unassigned	-	-	-	-	-	-	(3,671)	-	-	-	-
Total fund balances (deficit)	<u>63,480</u>	<u>188,086</u>	<u>55,664</u>	<u>25,139</u>	<u>192,696</u>	<u>1,569</u>	<u>(3,671)</u>	<u>481,099</u>	<u>66,750</u>	<u>299,064</u>	<u>94,057</u>
Total liabilities and fund balances (deficit)	<u>\$ 63,480</u>	<u>\$ 188,086</u>	<u>\$ 57,077</u>	<u>\$ 25,139</u>	<u>\$ 192,696</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ 481,099</u>	<u>\$ 212,845</u>	<u>\$ 299,064</u>	<u>\$ 94,057</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	619	601	217	647	284	416	605	625	202	603	205
	Recycling Revolving	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities
ASSETS											
Cash and cash equivalents	\$ 1,007,301	\$ -	\$ 304	\$ 79	\$ -	\$ 11,334,863	\$ 315,294	\$ -	\$ -	\$ -	\$ 360,920
Investments	2,002,000	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	624,067
Other	-	-	-	6,608,000	-	3,933,617	-	-	-	-	-
Due from other funds	-	4,175	30,999	-	28,202	-	323,379	675	671,263	394,145	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	1,697,639	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,009,301</u>	<u>\$ 4,175</u>	<u>\$ 31,303</u>	<u>\$ 6,608,079</u>	<u>\$ 28,202</u>	<u>\$ 16,966,119</u>	<u>\$ 638,673</u>	<u>\$ 675</u>	<u>\$ 671,263</u>	<u>\$ 394,145</u>	<u>\$ 984,987</u>
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,771,644	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	1,435	-	-	-	-	40,809	-	-	-	10,478	-
Due to other funds	-	-	-	8,212,388	-	836,844	-	-	-	-	512,786
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	568,815	-	-	-	-	387,033
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>8,212,388</u>	<u>-</u>	<u>3,218,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,478</u>	<u>899,819</u>
Fund balances (deficit):											
Restricted	-	-	-	-	-	1,626,896	-	-	-	-	-
Committed	2,990,885	4,175	9,767	-	28,110	12,121,111	638,443	675	402,263	378,231	85,168
Assigned	16,981	-	21,536	-	92	-	230	-	269,000	5,436	-
Unassigned	-	-	-	(1,604,309)	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>3,007,866</u>	<u>4,175</u>	<u>31,303</u>	<u>(1,604,309)</u>	<u>28,202</u>	<u>13,748,007</u>	<u>638,673</u>	<u>675</u>	<u>671,263</u>	<u>383,667</u>	<u>85,168</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,009,301</u>	<u>\$ 4,175</u>	<u>\$ 31,303</u>	<u>\$ 6,608,079</u>	<u>\$ 28,202</u>	<u>\$ 16,966,119</u>	<u>\$ 638,673</u>	<u>\$ 675</u>	<u>\$ 671,263</u>	<u>\$ 394,145</u>	<u>\$ 984,987</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	208	206	636	297	621	247	283	300	203	310	276	
	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
ASSETS												
Cash and cash equivalents	\$ 5,144,246	\$ 2,783,336	\$ 285,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,254,497
Investments	-	-	-	-	-	-	-	-	-	-	1,462,277	13,922,201
Receivables, net:												
Taxes	787,700	2,296,855	-	-	-	-	-	-	-	-	-	5,037,836
Other	-	-	-	-	-	-	-	-	-	-	-	11,240,173
Due from other funds	925,668	558,561	118,479	75,000	-	-	18,318	4,163	140,945	51,313	-	14,098,585
Due from component units	-	-	-	-	-	-	-	-	-	-	-	1,867,990
Prepayments	-	-	-	-	-	-	-	-	-	-	-	705,660
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	1,899,430
Investments	-	-	-	-	-	-	-	-	-	-	-	300,000
Total assets	<u>\$ 6,857,614</u>	<u>\$ 5,638,752</u>	<u>\$ 403,958</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,318</u>	<u>\$ 4,163</u>	<u>\$ 140,945</u>	<u>\$ 51,313</u>	<u>\$ 1,462,277</u>	<u>\$ 82,326,372</u>
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	\$ 201,947	\$ 1,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,611
Accrued payroll and other	132,800	-	-	-	-	-	-	-	-	-	-	776,979
Due to other funds	-	-	-	-	6,394	22,695	-	-	-	-	297,406	13,946,137
Due to component units	-	19,520	-	75,000	-	-	-	-	-	-	-	276,477
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	955,848
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	1,078,829
Total liabilities	<u>334,747</u>	<u>21,233</u>	<u>-</u>	<u>75,000</u>	<u>6,394</u>	<u>22,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,406</u>	<u>19,134,881</u>
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	-	-	-	-	1,164,871	15,876,616
Committed	5,759,245	5,196,964	403,958	-	-	-	17,044	61	125,307	51,313	-	46,172,209
Assigned	763,622	420,555	-	-	-	-	1,274	4,102	15,638	-	-	3,237,065
Unassigned	-	-	-	-	(6,394)	(22,695)	-	-	-	-	-	(2,094,399)
Total fund balances (deficit)	<u>6,522,867</u>	<u>5,617,519</u>	<u>403,958</u>	<u>-</u>	<u>(6,394)</u>	<u>(22,695)</u>	<u>18,318</u>	<u>4,163</u>	<u>140,945</u>	<u>51,313</u>	<u>1,164,871</u>	<u>63,191,491</u>
Total liabilities and fund balances (deficit)	<u>\$ 6,857,614</u>	<u>\$ 5,638,752</u>	<u>\$ 403,958</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,318</u>	<u>\$ 4,163</u>	<u>\$ 140,945</u>	<u>\$ 51,313</u>	<u>\$ 1,462,277</u>	<u>\$ 82,326,372</u>

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	250	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	104,178	78,226	610,641	626,753	-	1,039,753	-	5,810	1,712,203	17,599	725,531
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	10,590	-	-	1,826	1,565	-	-	-	967
Intergovernmental	-	-	-	-	-	-	-	-	1,378,085	-	-
Other	-	-	-	-	-	-	508,705	-	-	-	-
Total revenues	104,178	78,226	621,231	626,753	-	1,041,579	510,270	5,810	3,090,288	17,599	726,498
Expenditures by Function:											
Current:											
General government	-	-	359,726	-	-	471,911	8,310	-	-	-	502,038
Protection of life and property	44,229	-	-	614,906	-	-	-	-	-	2,601	-
Public health	-	-	-	-	-	-	-	-	3,068,459	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	146,475	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	44,229	146,475	359,726	614,906	-	471,911	8,310	-	3,068,459	2,601	502,038
Excess (deficiency) of revenues over (under) expenditures	59,949	(68,249)	261,505	11,847	-	569,668	501,960	5,810	21,829	14,998	224,460
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	(515,188)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(515,188)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	(455,239)	(68,249)	261,505	11,847	-	569,668	501,960	5,810	21,829	14,998	224,460
Fund balances (deficit) at beginning of year	470,725	(59,322)	1,157,604	170,601	11,094	1,115,560	3	7,670	2,444,405	-	531,978
Fund balances (deficit) at end of year	\$ 15,486	\$ (127,571)	\$ 1,419,109	\$ 182,448	\$ 11,094	\$ 1,685,228	\$ 501,963	\$ 13,480	\$ 2,466,234	\$ 14,998	\$ 756,438

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	272	325	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health	640 Examiner Off-Duty Services	231 GFD Capital Revolving
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	28,670	55,403	10,254,450	60,090	-	794,074	34,956	1,850,775	1,023,714	13,619	751,272
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	1,671	-	729	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	28,670	55,403	10,256,121	60,090	729	794,074	34,956	1,850,775	1,023,714	13,619	751,272
Expenditures by Function:											
Current:											
General government	-	-	-	-	-	628,126	-	-	-	716	-
Protection of life and property	-	-	11,952,014	-	-	-	-	1,204,582	-	-	6,866
Public health	100,249	-	-	-	-	-	-	-	653,671	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	100,249	-	11,952,014	-	-	628,126	-	1,204,582	653,671	716	6,866
Excess (deficiency) of revenues over (under) expenditures	(71,579)	55,403	(1,695,893)	60,090	729	165,948	34,956	646,193	370,043	12,903	744,406
Other financing sources (uses):											
Transfers in from other funds	-	-	1,691,449	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(555,031)	-	-	-	(660,572)	-	-	-	-	(900,000)
Total other financing sources (uses), net	-	(555,031)	1,691,449	-	-	(660,572)	-	-	-	-	(900,000)
Net change in fund balances (deficit)	(71,579)	(499,628)	(4,444)	60,090	729	(494,624)	34,956	646,193	370,043	12,903	(155,594)
Fund balances (deficit) at beginning of year	144,877	307,980	4,444	64,590	601,413	537,197	114,877	832,107	443,241	3,968	214,367
Fund balances (deficit) at end of year	\$ 73,298	\$ (191,648)	\$ -	\$ 124,680	\$ 602,142	\$ 42,573	\$ 149,833	\$ 1,478,300	\$ 813,284	\$ 16,871	\$ 58,773

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	656				641	639	245	649	608	326	651
	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	252,111	-	-	-	-	-	366,973	-	89,747	1,181,968	-
Charges for services	-	-	780,284	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	50	5	2	-	274	-	391	405	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	1,176	2,443,140	9,348	-	-	-	60,396	-	-	1,931
Total revenues	252,111	1,176	3,223,474	9,353	2	-	367,247	60,396	90,138	1,182,373	1,931
Expenditures by Function:											
Current:											
General government	-	733	291,362	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	898,833	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	687,500	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	284,710	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	75,071	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	1,697,000	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	733	291,362	-	898,833	687,500	284,710	-	75,071	1,697,000	-
Excess (deficiency) of revenues over (under) expenditures	252,111	443	2,932,112	9,353	(898,831)	(687,500)	82,537	60,396	15,067	(514,627)	1,931
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	1,153,937	687,500	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	(36,697)	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	1,153,937	687,500	(36,697)	-	-	-	-
Net change in fund balances (deficit)	252,111	443	2,932,112	9,353	255,106	-	45,840	60,396	15,067	(514,627)	1,931
Fund balances (deficit) at beginning of year	-	-	-	-	(255,106)	1,500	80,204	-	69,587	895,878	-
Fund balances (deficit) at end of year	\$ 252,111	\$ 443	\$ 2,932,112	\$ 9,353	\$ -	\$ 1,500	\$ 126,044	\$ 60,396	\$ 84,654	\$ 381,251	\$ 1,931

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	635	270	602	241	311	652	632	222	655	232	294
	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Indirect Cost	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	19,615,319	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	780,319	-	-	-	-	-	-	-	-
Licenses and permits	4,705	10,099	-	218,804	-	-	-	2,966,187	223,688	1,312,070	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	(4,804)	840	-	(23,190)	49	-	-	-	431	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,562,138	-	-	-	-
Total revenues	4,705	5,295	20,396,478	218,804	(23,190)	49	1,562,138	2,966,187	223,688	1,312,501	-
Expenditures by Function:											
Current:											
General government	-	-	-	-	-	5	1,737,962	2,972,039	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	93,094	6,922,414	22,492	-	-	-	-	-	-	6,885
Community services	-	-	148,102	-	-	-	-	12,414	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	439,006	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	1,195,985	-
Guam Memorial Hospital Authority	-	-	3,163,299	-	43,433	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	970,624	-	-	-	-	-	-	-	-
Total expenditures	-	93,094	11,204,439	22,492	43,433	5	1,737,962	2,984,453	-	1,634,991	6,885
Excess (deficiency) of revenues over (under) expenditures	4,705	(87,799)	9,192,039	196,312	(66,623)	44	(175,824)	(18,266)	223,688	(322,490)	(6,885)
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	564,588	-
Transfers out to other funds	-	(1,010)	(4,049,769)	-	-	-	-	-	-	(1,527)	-
Total other financing sources (uses), net	-	(1,010)	(4,049,769)	-	-	-	-	-	-	563,061	-
Net change in fund balances (deficit)	4,705	(88,809)	5,142,270	196,312	(66,623)	44	(175,824)	(18,266)	223,688	240,571	(6,885)
Fund balances (deficit) at beginning of year	1,480	3,916,781	1,436,654	247,775	5,880,244	-	300,609	(103,895)	-	(240,571)	(9,065)
Fund balances (deficit) at end of year	\$ 6,185	\$ 3,827,972	\$ 6,578,924	\$ 444,087	\$ 5,813,621	\$ 44	\$ 124,785	\$ (122,161)	\$ 223,688	\$ -	\$ (15,950)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	24,330	159,569	135,131	19,587	658,675	-	300,036	798,894	190,107	73,608	47,186
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	557	473	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	24,330	159,569	135,131	19,587	658,675	-	300,036	799,451	190,580	73,608	47,186
Expenditures by Function:											
Current:											
General government	-	-	-	-	-	-	165,456	-	-	-	-
Protection of life and property	-	-	-	-	592,905	-	-	-	-	-	-
Public health	-	35,800	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	190,002	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	86,090	-	-	-	-	-	-	-	-
Economic development	-	-	-	4,521	-	-	-	-	-	-	3,564
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	297,453	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	35,800	86,090	4,521	592,905	-	165,456	-	190,002	297,453	3,564
Excess (deficiency) of revenues over (under) expenditures	24,330	123,769	49,041	15,066	65,770	-	134,580	799,451	578	(223,845)	43,622
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	349,210	-
Transfers out to other funds	-	-	(204,893)	-	-	-	(483,853)	(489,703)	-	-	-
Total other financing sources (uses), net	-	-	(204,893)	-	-	-	(483,853)	(489,703)	-	349,210	-
Net change in fund balances (deficit)	24,330	123,769	(155,852)	15,066	65,770	-	(349,273)	309,748	578	125,365	43,622
Fund balances (deficit) at beginning of year	39,150	64,317	211,516	10,073	126,926	1,569	345,602	171,351	66,172	173,699	50,435
Fund balances (deficit) at end of year	\$ 63,480	\$ 188,086	\$ 55,664	\$ 25,139	\$ 192,696	\$ 1,569	\$ (3,671)	\$ 481,099	\$ 66,750	\$ 299,064	\$ 94,057

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	619	601	217	647	284	416	605	625	202	603	205
	Recycling Revolving	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,263,267
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	2,655,055	1,151	119,999	218,840	21,500	-	45,027	675	3,992,524	832,267	-
Charges for services	-	-	-	-	-	18,762,534	-	-	-	-	-
Interest and investment earnings	2,728	-	2	433	-	60,114	347	-	-	-	866
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	6,608,000	-	-	-	-	-	-	-
Total revenues	2,657,783	1,151	120,001	6,827,273	21,500	18,822,648	45,374	675	3,992,524	832,267	21,264,133
Expenditures by Function:											
Current:											
General government	-	-	40	15	-	603,620	-	-	3,321,261	624,182	46,092
Protection of life and property	-	-	77,245	-	-	-	17,073	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	274,275	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	104,752	-	-	-	3,607	11,304,654	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	8,432,738	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	379,027	-	77,285	8,432,753	3,607	11,908,274	17,073	-	3,321,261	624,182	46,092
Excess (deficiency) of revenues over (under) expenditures	2,278,756	1,151	42,716	(1,605,480)	17,893	6,914,374	28,301	675	671,263	208,085	21,218,041
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	(770,455)	-	-	-	-	(4,497,097)	-	-	-	-	(19,758,576)
Total other financing sources (uses), net	(770,455)	-	-	-	-	(4,497,097)	-	-	-	-	(19,758,576)
Net change in fund balances (deficit)	1,508,301	1,151	42,716	(1,605,480)	17,893	2,417,277	28,301	675	671,263	208,085	1,459,465
Fund balances (deficit) at beginning of year	1,499,565	3,024	(11,413)	1,171	10,309	11,330,730	610,372	-	-	175,582	(1,374,297)
Fund balances (deficit) at end of year	\$ 3,007,866	\$ 4,175	\$ 31,303	\$ (1,604,309)	\$ 28,202	\$ 13,748,007	\$ 638,673	\$ 675	\$ 671,263	\$ 383,667	\$ 85,168

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	208	206	636	297	621	247	283	300	203	310	276	
	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,263,267
Hotel	-	29,331,058	-	-	-	-	-	-	-	-	-	29,331,058
Liquid fuel	9,825,967	-	-	-	-	-	-	-	-	-	-	9,825,967
Tobacco	-	-	-	-	-	-	-	-	-	-	-	19,615,319
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	780,319
Licenses and permits	9,071,029	-	88,155	-	-	-	65,069	94,451	19,210	109,242	-	46,155,386
Charges for services	-	-	-	-	-	-	-	-	-	-	-	19,542,818
Interest and investment earnings	1,647	88	1,028	-	-	-	-	-	-	-	(4,983)	55,101
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	1,378,085
Other	1,739	13,500	-	-	-	-	-	-	-	-	-	11,210,073
Total revenues	18,900,382	29,344,646	89,183	-	-	-	65,069	94,451	19,210	109,242	(4,983)	159,157,393
Expenditures by Function:												
Current:												
General government	4,498,878	20,000	-	-	-	-	-	5,000	-	-	-	16,257,472
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	14,512,421
Public health	-	-	-	-	-	-	-	-	-	-	-	11,801,897
Community services	-	47,707	-	-	-	-	-	-	-	-	-	208,223
Recreation	-	514,169	-	-	-	-	-	-	-	-	-	704,171
Individual and collective rights	-	1,123,895	-	-	-	-	-	-	-	745,268	-	2,582,444
Transportation	6,574,547	-	-	-	-	-	-	-	-	-	-	6,574,547
Public education	901,586	-	-	-	-	-	-	-	-	-	-	1,589,086
Environmental protection	-	90,691	-	-	-	-	60,074	61,437	-	-	-	12,142,490
Economic development	-	-	-	-	-	-	-	-	19,783	-	-	102,939
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	8,432,738
Guam Community College	-	1,525,119	-	-	-	-	-	-	-	-	-	2,721,104
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	3,206,732
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	1,697,000
Guam Regional Transit Authority	2,973,492	-	-	-	-	-	-	-	-	-	-	3,270,945
Guam Visitors Bureau	-	16,209,494	-	-	-	-	-	-	-	-	-	16,209,494
University of Guam	-	384,000	-	500,000	-	-	-	-	-	-	-	1,854,624
Total expenditures	14,948,503	19,915,075	-	500,000	-	-	60,074	66,437	19,783	745,268	-	103,868,327
Excess (deficiency) of revenues over (under) expenditures	3,951,879	9,429,571	89,183	(500,000)	-	-	4,995	28,014	(573)	(636,026)	(4,983)	55,289,066
Other financing sources (uses):												
Transfers in from other funds	1,925	-	-	500,000	-	-	-	-	-	634,947	-	5,583,556
Transfers out to other funds	(1,750,317)	(7,877,067)	-	-	-	-	-	-	-	-	-	(42,551,755)
Total other financing sources (uses), net	(1,748,392)	(7,877,067)	-	500,000	-	-	-	-	-	634,947	-	(36,968,199)
Net change in fund balances (deficit)	2,203,487	1,552,504	89,183	-	-	-	4,995	28,014	(573)	(1,079)	(4,983)	18,320,867
Fund balances (deficit) at beginning of year	4,319,380	4,065,015	314,775	-	(6,394)	(22,695)	13,323	(23,851)	141,518	52,392	1,169,854	44,870,624
Fund balances (deficit) at end of year	\$ 6,522,867	\$ 5,617,519	\$ 403,958	\$ -	\$ (6,394)	\$ (22,695)	\$ 18,318	\$ 4,163	\$ 140,945	\$ 51,313	\$ 1,164,871	\$ 63,191,491

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	105	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	104,178	78,226	610,641	626,753	-	1,039,753	-	5,810	1,712,203	17,599	725,531
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	10,590	-	-	1,826	1,565	-	-	-	967
Intergovernmental	-	-	-	-	-	-	-	-	1,378,085	-	-
Other	-	-	-	-	-	-	508,705	-	-	-	-
Total revenues	104,178	78,226	621,231	626,753	-	1,041,579	510,270	5,810	3,090,288	17,599	726,498
Expenditures by Object:											
Salaries and wages - regular	-	74,230	-	393,148	-	222,127	-	-	1,493,491	-	305,853
Salaries and wages - overtime	-	-	-	209,775	-	-	-	-	6	-	-
Salaries and wages - fringe benefits	-	32,709	-	11,983	-	100,859	-	-	535,629	-	120,246
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	82,175	-	-
Contractual services	42,755	28,158	303,262	-	-	79,470	-	-	762,990	-	44,295
Building rent	-	-	23,868	-	-	48,000	-	-	-	-	-
Supplies	1,374	1,378	10,174	-	-	3,978	-	-	159,774	-	13,063
Equipment	-	-	2,907	-	-	-	-	-	16,374	2,601	1,890
Utilities - power and water	-	10,000	-	-	-	-	-	-	-	-	11,705
Communications	-	-	-	-	-	-	-	-	-	-	3,766
Capital outlays	-	-	-	-	-	15,303	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	100	-	19,515	-	-	2,174	8,310	-	18,020	-	1,220
Total expenditures	44,229	146,475	359,726	614,906	-	471,911	8,310	-	3,068,459	2,601	502,038
Excess (deficiency) of revenues over (under) expenditures	59,949	(68,249)	261,505	11,847	-	569,668	501,960	5,810	21,829	14,998	224,460
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	(515,188)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(515,188)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	(455,239)	(68,249)	261,505	11,847	-	569,668	501,960	5,810	21,829	14,998	224,460
Fund balances (deficit) at beginning of year	470,725	(59,322)	1,157,604	170,601	11,094	1,115,560	3	7,670	2,444,405	-	531,978
Fund balances (deficit) at end of year	\$ 15,486	\$ (127,571)	\$ 1,419,109	\$ 182,448	\$ 11,094	\$ 1,685,228	\$ 501,963	\$ 13,480	\$ 2,466,234	\$ 14,998	\$ 756,438

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	272	325	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health	640 Examiner Off-Duty Services	231 GFD Capital Revolving
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	28,670	55,403	10,254,450	60,090	-	794,074	34,956	1,850,775	1,023,714	13,619	751,272
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	1,671	-	729	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	28,670	55,403	10,256,121	60,090	729	794,074	34,956	1,850,775	1,023,714	13,619	751,272
Expenditures by Object:											
Salaries and wages - regular	-	-	5,897,795	-	-	266,202	-	549,969	385,082	-	-
Salaries and wages - overtime	-	-	47	-	-	-	-	65,115	-	515	-
Salaries and wages - fringe benefits	-	-	2,300,602	-	-	102,102	-	227,312	138,653	201	-
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	8,823	-	-	-	-	-	-	-	2,827	-	-
Contractual services	89,866	-	178,836	-	-	47,555	-	180,737	103,061	-	680
Building rent	-	-	3,228,504	-	-	-	-	-	-	-	-
Supplies	1,560	-	86,450	-	-	13,083	-	32,786	13,451	-	2,753
Equipment	-	-	149,570	-	-	14,994	-	23,657	10,557	-	2,138
Utilities - power and water	-	-	12,801	-	-	45,187	-	46,557	-	-	-
Communications	-	-	17,153	-	-	15,434	-	33,680	-	-	-
Capital outlays	-	-	-	-	-	123,569	-	42,819	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	80,256	-	-	-	-	1,950	40	-	1,295
Total expenditures	100,249	-	11,952,014	-	-	628,126	-	1,204,582	653,671	716	6,866
Excess (deficiency) of revenues over (under) expenditures	(71,579)	55,403	(1,695,893)	60,090	729	165,948	34,956	646,193	370,043	12,903	744,406
Other financing sources (uses):											
Transfers in from other funds	-	-	1,691,449	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(555,031)	-	-	-	(660,572)	-	-	-	-	(900,000)
Total other financing sources (uses), net	-	(555,031)	1,691,449	-	-	(660,572)	-	-	-	-	(900,000)
Net change in fund balances (deficit)	(71,579)	(499,628)	(4,444)	60,090	729	(494,624)	34,956	646,193	370,043	12,903	(155,594)
Fund balances (deficit) at beginning of year	144,877	307,980	4,444	64,590	601,413	537,197	114,877	832,107	443,241	3,968	214,367
Fund balances (deficit) at end of year	\$ 73,298	\$ (191,648)	\$ -	\$ 124,680	\$ 602,142	\$ 42,573	\$ 149,833	\$ 1,478,300	\$ 813,284	\$ 16,871	\$ 58,773

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	656		641		639	245	649	608	326	651	
	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	252,111	-	-	-	-	-	366,973	-	89,747	1,181,968	-
Charges for services	-	-	780,284	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	50	5	2	-	274	-	391	405	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	1,176	2,443,140	9,348	-	-	-	60,396	-	-	1,931
Total revenues	<u>252,111</u>	<u>1,176</u>	<u>3,223,474</u>	<u>9,353</u>	<u>2</u>	<u>-</u>	<u>367,247</u>	<u>60,396</u>	<u>90,138</u>	<u>1,182,373</u>	<u>1,931</u>
Expenditures by Object:											
Salaries and wages - regular	-	-	-	-	-	-	117,281	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	49,221	-	-	-	-
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	8,785	-	-	-	-	-	-
Contractual services	-	-	-	-	-	687,500	38,804	-	6,664	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	4,411	-	11,885	-	-
Equipment	-	-	-	-	-	-	-	-	1,070	-	-
Utilities - power and water	-	-	-	-	-	-	58,145	-	51,645	-	-
Communications	-	-	-	-	-	-	16,848	-	2,131	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	1,697,000	-
Miscellaneous	-	733	291,362	-	890,048	-	-	-	1,676	-	-
Total expenditures	<u>-</u>	<u>733</u>	<u>291,362</u>	<u>-</u>	<u>898,833</u>	<u>687,500</u>	<u>284,710</u>	<u>-</u>	<u>75,071</u>	<u>1,697,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>252,111</u>	<u>443</u>	<u>2,932,112</u>	<u>9,353</u>	<u>(898,831)</u>	<u>(687,500)</u>	<u>82,537</u>	<u>60,396</u>	<u>15,067</u>	<u>(514,627)</u>	<u>1,931</u>
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	1,153,937	687,500	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	(36,697)	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,937</u>	<u>687,500</u>	<u>(36,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	<u>252,111</u>	<u>443</u>	<u>2,932,112</u>	<u>9,353</u>	<u>255,106</u>	<u>-</u>	<u>45,840</u>	<u>60,396</u>	<u>15,067</u>	<u>(514,627)</u>	<u>1,931</u>
Fund balances (deficit) at beginning of year	-	-	-	-	(255,106)	1,500	80,204	-	69,587	895,878	-
Fund balances (deficit) at end of year	<u>\$ 252,111</u>	<u>\$ 443</u>	<u>\$ 2,932,112</u>	<u>\$ 9,353</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 126,044</u>	<u>\$ 60,396</u>	<u>\$ 84,654</u>	<u>\$ 381,251</u>	<u>\$ 1,931</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	635	270	602	241	311	652	632	222	655	232	294
	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Indirect Cost	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	19,615,319	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	780,319	-	-	-	-	-	-	-	-
Licenses and permits	4,705	10,099	-	218,804	-	-	-	2,966,187	223,688	1,312,070	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	(4,804)	840	-	(23,190)	49	-	-	-	431	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,562,138	-	-	-	-
Total revenues	4,705	5,295	20,396,478	218,804	(23,190)	49	1,562,138	2,966,187	223,688	1,312,501	-
Expenditures by Object:											
Salaries and wages - regular	-	-	4,183,154	-	-	-	1,036,010	1,785,821	-	217,121	-
Salaries and wages - overtime	-	-	44,025	-	-	-	5,993	-	-	-	-
Salaries and wages - fringe benefits	-	-	1,547,027	-	-	-	384,054	704,092	-	87,884	-
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	28,694	-	-	1,391	-
Contractual services	-	-	420,702	18,571	-	-	267,732	149,077	-	24,748	-
Building rent	-	-	6,221	-	-	-	-	234,036	-	80,340	-
Supplies	-	-	179,634	688	-	-	3,473	38,169	-	15,243	-
Equipment	-	-	-	833	-	-	7,957	17,154	-	9,491	6,885
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	3,954	14,972	-	2,748	-
Capital outlays	-	-	-	-	-	-	-	38,793	-	-	-
Payments to component units	-	-	4,133,923	-	43,433	-	-	-	-	1,195,985	-
Miscellaneous	-	93,094	689,753	2,400	-	5	95	2,339	-	40	-
Total expenditures	-	93,094	11,204,439	22,492	43,433	5	1,737,962	2,984,453	-	1,634,991	6,885
Excess (deficiency) of revenues over (under) expenditures	4,705	(87,799)	9,192,039	196,312	(66,623)	44	(175,824)	(18,266)	223,688	(322,490)	(6,885)
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	564,588	-
Transfers out to other funds	-	(1,010)	(4,049,769)	-	-	-	-	-	-	(1,527)	-
Total other financing sources (uses), net	-	(1,010)	(4,049,769)	-	-	-	-	-	-	563,061	-
Net change in fund balances (deficit)	4,705	(88,809)	5,142,270	196,312	(66,623)	44	(175,824)	(18,266)	223,688	240,571	(6,885)
Fund balances (deficit) at beginning of year	1,480	3,916,781	1,436,654	247,775	5,880,244	-	300,609	(103,895)	-	(240,571)	(9,065)
Fund balances (deficit) at end of year	\$ 6,185	\$ 3,827,972	\$ 6,578,924	\$ 444,087	\$ 5,813,621	\$ 44	\$ 124,785	\$ (122,161)	\$ 223,688	\$ -	\$ (15,950)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	24,330	159,569	135,131	19,587	658,675	-	300,036	798,894	190,107	73,608	47,186
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	557	473	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	24,330	159,569	135,131	19,587	658,675	-	300,036	799,451	190,580	73,608	47,186
Expenditures by Object:											
Salaries and wages - regular	-	-	45,272	-	-	-	71,342	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	14,913	-	-	-	29,040	-	-	-	-
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	14,677	-	-	-	-	-	-	-	-
Contractual services	-	2,304	5,000	-	410,587	-	43,250	-	130,280	-	2,738
Building rent	-	-	-	-	-	-	10,970	-	-	-	-
Supplies	-	780	1,184	4,521	42,454	-	2,453	-	59,722	-	826
Equipment	-	-	5,044	-	10,000	-	4,540	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	2,020	-	-	-	-
Capital outlays	-	32,716	-	-	69,364	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	297,453	-
Miscellaneous	-	-	-	-	60,500	-	1,841	-	-	-	-
Total expenditures	-	35,800	86,090	4,521	592,905	-	165,456	-	190,002	297,453	3,564
Excess (deficiency) of revenues over (under) expenditures	24,330	123,769	49,041	15,066	65,770	-	134,580	799,451	578	(223,845)	43,622
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	349,210	-
Transfers out to other funds	-	-	(204,893)	-	-	-	(483,853)	(489,703)	-	-	-
Total other financing sources (uses), net	-	-	(204,893)	-	-	-	(483,853)	(489,703)	-	349,210	-
Net change in fund balances (deficit)	24,330	123,769	(155,852)	15,066	65,770	-	(349,273)	309,748	578	125,365	43,622
Fund balances (deficit) at beginning of year	39,150	64,317	211,516	10,073	126,926	1,569	345,602	171,351	66,172	173,699	50,435
Fund balances (deficit) at end of year	\$ 63,480	\$ 188,086	\$ 55,664	\$ 25,139	\$ 192,696	\$ 1,569	\$ (3,671)	\$ 481,099	\$ 66,750	\$ 299,064	\$ 94,057

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	619	601	217	647	284	416	605	625	202	603	205
	Recycling Revolving	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,263,267
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	2,655,055	1,151	119,999	218,840	21,500	-	45,027	675	3,992,524	832,267	-
Charges for services	-	-	-	-	-	18,762,534	-	-	-	-	-
Interest and investment earnings	2,728	-	2	433	-	60,114	347	-	-	-	866
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	6,608,000	-	-	-	-	-	-	-
Total revenues	2,657,783	1,151	120,001	6,827,273	21,500	18,822,648	45,374	675	3,992,524	832,267	21,264,133
Expenditures by Object:											
Salaries and wages - regular	43,080	-	-	-	-	1,068,248	-	-	-	304,860	-
Salaries and wages - overtime	-	-	-	-	-	50,284	-	-	-	-	-
Salaries and wages - fringe benefits	21,155	-	-	-	-	404,091	-	-	-	113,034	-
Health benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	33,683	-	-	-	3,607	-	16,943	-	-	12,259	-
Contractual services	274,775	-	-	-	-	8,630,097	130	-	-	26,338	-
Building rent	-	-	-	-	-	-	-	-	-	-	-
Supplies	2,740	-	77,245	-	-	389,820	-	-	-	72,802	-
Equipment	3,594	-	-	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	106,455	-	-	3,321,261	-	-
Communications	-	-	-	-	-	-	-	-	-	94,889	-
Capital outlays	-	-	-	-	-	239,468	-	-	-	-	-
Payments to component units	-	-	-	8,432,738	-	-	-	-	-	-	-
Miscellaneous	-	-	40	15	-	1,019,811	-	-	-	-	46,092
Total expenditures	379,027	-	77,285	8,432,753	3,607	11,908,274	17,073	-	3,321,261	624,182	46,092
Excess (deficiency) of revenues over (under) expenditures	2,278,756	1,151	42,716	(1,605,480)	17,893	6,914,374	28,301	675	671,263	208,085	21,218,041
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	(770,455)	-	-	-	-	(4,497,097)	-	-	-	-	(19,758,576)
Total other financing sources (uses), net	(770,455)	-	-	-	-	(4,497,097)	-	-	-	-	(19,758,576)
Net change in fund balances (deficit)	1,508,301	1,151	42,716	(1,605,480)	17,893	2,417,277	28,301	675	671,263	208,085	1,459,465
Fund balances (deficit) at beginning of year	1,499,565	3,024	(11,413)	1,171	10,309	11,330,730	610,372	-	-	175,582	(1,374,297)
Fund balances (deficit) at end of year	\$ 3,007,866	\$ 4,175	\$ 31,303	\$ (1,604,309)	\$ 28,202	\$ 13,748,007	\$ 638,673	\$ 675	\$ 671,263	\$ 383,667	\$ 85,168

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2013

AS/400 Fund Number	208	206	636	297	621	247	283	300	203	310	276	Total
	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,263,267
Hotel	-	29,331,058	-	-	-	-	-	-	-	-	-	29,331,058
Liquid fuel	9,825,967	-	-	-	-	-	-	-	-	-	-	9,825,967
Tobacco	-	-	-	-	-	-	-	-	-	-	-	19,615,319
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	780,319
Licenses and permits	9,071,029	-	88,155	-	-	-	65,069	94,451	19,210	109,242	-	46,155,386
Charges for services	-	-	-	-	-	-	-	-	-	-	-	19,542,818
Interest and investment earnings	1,647	88	1,028	-	-	-	-	-	-	-	(4,983)	55,101
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	1,378,085
Other	1,739	13,500	-	-	-	-	-	-	-	-	-	11,210,073
Total revenues	18,900,382	29,344,646	89,183	-	-	-	65,069	94,451	19,210	109,242	(4,983)	159,157,393
Expenditures by Object:												
Salaries and wages - regular	2,784,344	21,491	-	-	-	-	34,059	32,815	-	-	-	21,332,795
Salaries and wages - overtime	115,228	-	-	-	-	-	-	-	-	-	-	490,988
Salaries and wages - fringe benefits	1,104,262	8,118	-	-	-	-	11,293	10,487	-	-	-	8,058,967
Health benefits	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	20,435	-	-	-	-	-	-	-	22,511	-	256,810
Contractual services	3,167,650	763,608	-	-	-	-	8,089	11,332	15,454	718,457	-	17,685,552
Building rent	-	-	-	-	-	-	-	-	-	-	-	3,631,939
Supplies	1,994,081	610,968	-	-	-	-	5,276	5,507	3,577	-	-	3,867,283
Equipment	31,138	36,801	-	-	-	-	-	-	52	-	-	359,247
Utilities - power and water	5,332,775	124,241	-	-	-	-	-	5,000	-	-	-	9,125,772
Communications	11,472	1,058	-	-	-	-	1,357	1,296	-	-	-	222,778
Capital outlays	395,917	69,300	-	-	-	-	-	-	-	-	-	1,027,249
Payments to component units	-	18,118,613	-	500,000	-	-	-	-	-	-	-	34,419,145
Miscellaneous	11,636	140,442	-	-	-	-	-	-	700	4,300	-	3,389,802
Total expenditures	14,948,503	19,915,075	-	500,000	-	-	60,074	66,437	19,783	745,268	-	103,868,327
Excess (deficiency) of revenues over (under) expenditures	3,951,879	9,429,571	89,183	(500,000)	-	-	4,995	28,014	(573)	(636,026)	(4,983)	55,289,066
Other financing sources (uses):												
Transfers in from other funds	1,925	-	-	500,000	-	-	-	-	-	634,947	-	5,583,556
Transfers out to other funds	(1,750,317)	(7,877,067)	-	-	-	-	-	-	-	-	-	(42,551,755)
Total other financing sources (uses), net	(1,748,392)	(7,877,067)	-	500,000	-	-	-	-	-	634,947	-	(36,968,199)
Net change in fund balances (deficit)	2,203,487	1,552,504	89,183	-	-	-	4,995	28,014	(573)	(1,079)	(4,983)	18,320,867
Fund balances (deficit) at beginning of year	4,319,380	4,065,015	314,775	-	(6,394)	(22,695)	13,323	(23,851)	141,518	52,392	1,169,854	44,870,624
Fund balances (deficit) at end of year	\$ 6,522,867	\$ 5,617,519	\$ 403,958	\$ -	\$ (6,394)	\$ (22,695)	\$ 18,318	\$ 4,163	\$ 140,945	\$ 51,313	\$ 1,164,871	\$ 63,191,491

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds September 30, 2013

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A brief discussion of GovGuam's nonmajor governmental funds - capital projects funds as of September 30, 2013, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for the construction of highway improvement projects from Limited Obligation Highway Improvement bond proceeds.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for the construction of capital improvement projects from Limited Obligation Infrastructure Improvement bond proceeds.

Water System Revenue Bond Fund – This fund is used to account for the repayment of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority, the voluntary service debt and for expanding and improving the existing water system of GovGuam operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority.

General Obligation Bond Series A 1993 Fund – This fund is used to account for the construction of new or renovated educational facilities from General Obligation Bond Series A 1993 bond proceeds.

Judicial Building Fund – This fund is used to account for the construction of miscellaneous capital improvements of the Superior Court of Guam and to redeem loan principal and to pay loan interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2013

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water System Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
<u>ASSETS:</u>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,276,848	\$ 1,276,848
Due from other funds	1,270,040	-	5,000	769,202	-	2,044,242
Deposits and other assets	-	-	-	-	2,579	2,579
Restricted assets:						
Cash and cash equivalents	-	31,603,042	-	-	-	31,603,042
Investments	-	14,514,038	562,233	15	902,104	15,978,390
Total assets	<u>\$ 1,270,040</u>	<u>\$ 46,117,080</u>	<u>\$ 567,233</u>	<u>\$ 769,217</u>	<u>\$ 2,181,531</u>	<u>\$ 50,905,101</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,898	\$ 2,199,409	\$ -	\$ -	\$ 1,066	\$ 2,202,373
Due to other funds	-	32,999	-	-	2,105,294	2,138,293
Total liabilities	<u>1,898</u>	<u>2,232,408</u>	<u>-</u>	<u>-</u>	<u>2,106,360</u>	<u>4,340,666</u>
Fund balances:						
Restricted	-	43,884,672	562,233	15	75,171	44,522,091
Committed	1,268,142	-	5,000	769,202	-	2,042,344
Total fund balances	<u>1,268,142</u>	<u>43,884,672</u>	<u>567,233</u>	<u>769,217</u>	<u>75,171</u>	<u>46,564,435</u>
Total liabilities and fund balances	<u>\$ 1,270,040</u>	<u>\$ 46,117,080</u>	<u>\$ 567,233</u>	<u>\$ 769,217</u>	<u>\$ 2,181,531</u>	<u>\$ 50,905,101</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
 Year Ended September 30, 2013

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:						
Interest and investment earnings	\$ 5,581	\$ (9,904)	\$ 50	\$ -	\$ 1,764,880	\$ 1,760,607
Expenditures by function:						
Current:						
Individual and collective rights	-	-	-	-	1,760,742	1,760,742
Capital projects	165,356	6,795,480	-	-	-	6,960,836
Debt service:						
Principal retirement	-	-	-	-	531,893	531,893
Interest and fiscal charges	-	-	-	-	461,111	461,111
Total expenditures	<u>165,356</u>	<u>6,795,480</u>	<u>-</u>	<u>-</u>	<u>2,753,746</u>	<u>9,714,582</u>
Net change in fund balances	(159,775)	(6,805,384)	50	-	(988,866)	(7,953,975)
Fund balances at beginning of year	<u>1,427,917</u>	<u>50,690,056</u>	<u>567,183</u>	<u>769,217</u>	<u>1,064,037</u>	<u>54,518,410</u>
Fund balances at end of year	<u>\$ 1,268,142</u>	<u>\$ 43,884,672</u>	<u>\$ 567,233</u>	<u>\$ 769,217</u>	<u>\$ 75,171</u>	<u>\$ 46,564,435</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
 Year Ended September 30, 2013

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:						
Interest and investment earnings	\$ 5,581	\$ (9,904)	\$ 50	\$ -	\$ 1,764,880	\$ 1,760,607
Expenditures by object:						
Contractual services	113,804	2,211,702	-	-	-	2,325,506
Building rent	-	-	-	-	372,600	372,600
Equipment	-	-	-	-	5,920	5,920
Utilities - power and water	-	-	-	-	539,187	539,187
Capital outlays	-	4,583,778	-	-	432,795	5,016,573
Principal retirement	-	-	-	-	531,893	531,893
Interest and fiscal charges	-	-	-	-	461,111	461,111
Miscellaneous	51,552	-	-	-	410,240	461,792
Total expenditures	<u>165,356</u>	<u>6,795,480</u>	<u>-</u>	<u>-</u>	<u>2,753,746</u>	<u>9,714,582</u>
Net change in fund balances	(159,775)	(6,805,384)	50	-	(988,866)	(7,953,975)
Fund balances at beginning of year	<u>1,427,917</u>	<u>50,690,056</u>	<u>567,183</u>	<u>769,217</u>	<u>1,064,037</u>	<u>54,518,410</u>
Fund balances at end of year	<u>\$ 1,268,142</u>	<u>\$ 43,884,672</u>	<u>\$ 567,233</u>	<u>\$ 769,217</u>	<u>\$ 75,171</u>	<u>\$ 46,564,435</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds September 30, 2013

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment. A brief discussion of GovGuam's nonmajor governmental funds - debt service funds as of September 30, 2013, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Highway Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Infrastructure Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
 Combining Balance Sheet
 September 30, 2013

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
<u>ASSETS</u>			
Restricted assets:			
Cash and cash equivalents	\$ -	\$ 12,174,478	\$ 12,174,478
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ 1,600	\$ 1,600
Fund balances:			
Restricted	-	12,172,878	12,172,878
Total liabilities and fund balances	\$ -	\$ 12,174,478	\$ 12,174,478

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended September 30, 2013

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Interest and investment earnings	\$ -	\$ 195	\$ 195
Expenditures:			
Debt service:			
Principal retirement	-	1,740,000	1,740,000
Interest and fiscal charges	-	5,276,415	5,276,415
Total expenditures	<u>-</u>	<u>7,016,415</u>	<u>7,016,415</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(7,016,220)</u>	<u>(7,016,220)</u>
Other financing sources (uses):			
Transfers in from other funds	-	7,877,067	7,877,067
Transfers in from other funds	<u>(1,925)</u>	<u>-</u>	<u>(1,925)</u>
Total other financing sources (uses), net	<u>(1,925)</u>	<u>7,877,067</u>	<u>7,875,142</u>
Net change in fund balances	(1,925)	860,847	858,922
Fund balances at beginning of year	<u>1,925</u>	<u>11,312,031</u>	<u>11,313,956</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 12,172,878</u>	<u>\$ 12,172,878</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Pension Trusts September 30, 2013

Pension trusts are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and defined contribution plans. A brief discussion of GovGuam's fiduciary funds - pension trusts as of September 30, 2013, follows:

Defined Benefits Plan - GovGuam participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995.

Defined Contributions Plan - All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS) administered by GGRF.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension Trusts
September 30, 2013

	Defined Benefit	Defined Contribution	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,202,543	\$ 3,234,223	\$ 7,436,766
Investments at fair value:			
Common stocks	969,334,249	-	969,334,249
U.S. Government securities	189,991,596	-	189,991,596
Corporate bonds and notes	166,735,779	-	166,735,779
Money market funds	49,016,947	-	49,016,947
Mutual funds	156,848,845	334,993,333	491,842,178
DC plan forfeitures	-	5,412,162	5,412,162
Total investments	<u>1,531,927,416</u>	<u>340,405,495</u>	<u>1,872,332,911</u>
Accounts receivable:			
Employer contributions, net	2,089,394	533,127	2,622,521
Member contributions	678,724	531,869	1,210,593
Interest and penalties on contributions	274,402	-	274,402
Accrued investment income	4,075,645	-	4,075,645
Due from brokers for unsettled trades	7,627,324	-	7,627,324
Service credits	798,635	-	798,635
Notes receivable - ERIP	993,746	-	993,746
Supplemental/COLA benefits	50,818,265	-	50,818,265
Supplemental/Insurance benefits advanced	3,511,711	-	3,511,711
Other	4,368,346	142,246	4,510,592
Due from DC plan	184,894	-	184,894
Total receivables	<u>75,421,086</u>	<u>1,207,242</u>	<u>76,628,328</u>
Capital assets	<u>802,844</u>	<u>77,247</u>	<u>880,091</u>
Total assets	<u>1,612,353,889</u>	<u>344,924,207</u>	<u>1,957,278,096</u>
<u>LIABILITIES</u>			
Unearned revenue	2,597,509	-	2,597,509
Accounts payable and accrued expenses	2,173,721	-	2,173,721
Due to DB plan	-	184,894	184,894
Due to brokers for unsettled trades	<u>33,226,876</u>	<u>540,210</u>	<u>33,767,086</u>
Total liabilities	<u>37,998,106</u>	<u>725,104</u>	<u>38,723,210</u>
<u>NET POSITION</u>			
Restricted for:			
Employees' pension benefits	<u>\$ 1,574,355,783</u>	<u>\$ 344,199,103</u>	<u>\$ 1,918,554,886</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2013

	Defined Benefit	Defined Contribution	Total
Additions:			
Contributions:			
Employer	\$ 117,909,509	\$ 14,918,185	\$ 132,827,694
Member	16,290,014	14,841,024	31,131,038
Total contributions	134,199,523	29,759,209	163,958,732
Net investment income:			
Net appreciation in fair value of investments	162,486,174	21,082,893	183,569,067
Interest	17,175,304	11,622,007	28,797,311
Dividends	17,019,088	-	17,019,088
Other	1,412,466	1,136,550	2,549,016
Total investment income	198,093,032	33,841,450	231,934,482
Less: investment expenses	5,316,971	106,080	5,423,051
Net investment income	192,776,061	33,735,370	226,511,431
Total additions	326,975,584	63,494,579	390,470,163
Deductions:			
Benefits	190,280,431	-	190,280,431
Refunds	2,413,061	14,871,667	17,284,728
Interest on refunded contributions	914,543	-	914,543
Administrative and general expenses	2,685,830	1,577,819	4,263,649
Total deductions	196,293,865	16,449,486	212,743,351
Change in net position held in trust for employees' pension benefits	130,681,719	47,045,093	177,726,812
Net position at beginning of year	1,443,674,064	297,154,010	1,740,828,074
Net position at end of year	\$ 1,574,355,783	\$ 344,199,103	\$ 1,918,554,886

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts September 30, 2013

Private purpose trusts are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations, or other governments. A brief discussion of GovGuam's fiduciary funds - private purpose trusts as of September 30, 2013, follows:

Trust Fund - this fund was established to account for judgments compelling individuals to award payments arising from various civil and criminal cases.

Traffic Court Trust Fund - this fund was established to account for deposits made by accused traffic offenders who are contesting charges against them.

Guardianship Trust Fund - this fund was established by Public Law 25-103 to account for the financial affairs of individuals for whom the Court has been petitioned to act as a guardian.

Land Condemnation Trust Fund - this fund was established as an escrow account for governmental land acquisitions.

Jury Trust Fund - this fund was established by Public Law 19-28 to account for funds awarded and to be awarded to citizens who serve on juries. Funding is derived from local appropriations.

Judicial Client Service Trust Fund - this fund was established by Public Law 27-55 to account for funds collected for: (i) the appointment of Counsel of Indigent Defendants including, but not limited to, attorney fees, investigator fees, interpreter fees, expert fees, jury fees, and any other related expenses approved by the Superior Court of Guam or the Supreme Court of Guam; (ii) Law Enforcement Escort Costs; and (iii) operations of Erica's House.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Fiduciary Net Position
September 30, 2013

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
<u>ASSETS:</u>									
Cash and cash equivalents	\$ 8,227,024	\$ 9,279	\$ 1,180,145	\$ 2,632,335	\$ 481,713	\$ 491,760	\$ 13,022,256	\$ -	\$ 13,022,256
Time certificates of deposit	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
Due from other funds	-	-	-	66	-	397,886	397,952	(397,952)	-
Total assets	<u>9,227,024</u>	<u>9,279</u>	<u>1,180,145</u>	<u>2,632,401</u>	<u>481,713</u>	<u>889,646</u>	<u>14,420,208</u>	<u>(397,952)</u>	<u>14,022,256</u>
<u>LIABILITIES</u>									
Due to other funds	4,467,495	964	16,569	-	441,892	-	4,926,920	(397,952)	4,528,968
Deposits and other liabilities	4,759,529	8,315	1,163,576	2,632,401	462	22,641	8,586,924	-	8,586,924
Total liabilities	<u>9,227,024</u>	<u>9,279</u>	<u>1,180,145</u>	<u>2,632,401</u>	<u>442,354</u>	<u>22,641</u>	<u>13,513,844</u>	<u>(397,952)</u>	<u>13,115,892</u>
<u>NET POSITION</u>									
Restricted for:									
Individuals, organizations, and other governments	\$ -	\$ -	\$ -	\$ -	\$ 39,359	\$ 867,005	\$ 906,364	\$ -	\$ 906,364

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended September 30, 2013

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
Additions:									
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 6,589	\$ 1,665,689	\$ 1,672,278	\$ -	\$ 1,672,278
Transfers in from other funds	-	-	-	-	407,917	337,516	745,433	-	745,433
Total additions	-	-	-	-	414,506	2,003,205	2,417,711	-	2,417,711
Deductions:									
Individual and collective rights	-	-	-	-	547,401	2,128,996	2,676,397	-	2,676,397
Total deductions	-	-	-	-	547,401	2,128,996	2,676,397	-	2,676,397
Change in net position held in trust for individuals, organizations, and other governments	-	-	-	-	(132,895)	(125,791)	(258,686)	-	(258,686)
Net position at beginning of year	-	-	-	-	172,254	992,796	1,165,050	-	1,165,050
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,359</u>	<u>\$ 867,005</u>	<u>\$ 906,364</u>	<u>\$ -</u>	<u>\$ 906,364</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Agency
September 30, 2013

Agency funds are used to report resources held by GovGuam in a purely custodial capacity (assets equal liabilities). A brief discussion of GovGuam's fiduciary funds - private purpose trusts as of September 30, 2013, follows:

GOVERNMENT OF GUAM

Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency
September 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<u>ASSETS</u>				
Deposits and other assets	\$ 15,487,595	\$ 2,029,661	\$ -	\$ 17,517,256
Total assets	<u>\$ 15,487,595</u>	<u>\$ 2,029,661</u>	<u>\$ -</u>	<u>\$ 17,517,256</u>
<u>LIABILITIES</u>				
Deposits and other liabilities	\$ 15,487,595	\$ 2,029,661	\$ -	\$ 17,517,256
Total liabilities	<u>\$ 15,487,595</u>	<u>\$ 2,029,661</u>	<u>\$ -</u>	<u>\$ 17,517,256</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units September 30, 2013

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net position, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2013, follows:

Guam Community College (GCC) - GCC was created by the enactment of Public Law 14-77, "The Community College Act of 1977," which became effective on November 11, 1977. Administration and operation of GCC is under the control of a nine-member Board of Trustees appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union. GovGuam provides financial support to GCC through legislative appropriations.

Guam Housing and Urban Renewal Authority (GHURA) - GHURA was created by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA's purpose is to promote the health, safety and welfare of the people of Guam by eliminating slum and blight conditions, by the orderly redevelopment and renewal of communities, by proper planning of community development and by provision of safe, decent and sanitary dwellings for low-income families, through all available Federal and local governmental programs. The Board of Commissioners of GHURA is appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Revenues are derived from Federal financial assistance and rentals or charges for dwelling accommodations. GovGuam has the ability to impose its will on GHURA.

Guam Housing Corporation (GHC) - GHC was organized under the authority of Public Law 8-80 to promote the general welfare of GovGuam by encouraging investment in and development of low-cost housing. GHC provides for its operating needs by charging points on its low cost loans. Interest rates are determined by its Board of Directors. GovGuam has the ability to impose its will on GHC.

Guam Economic Development Authority (GEDA) - GEDA was created to assist in the implementation of an integrated program for the economic development of Guam. Enabling legislation set forth several specific purposes for the establishment of GEDA to include:

- a) Aiding private enterprise without competing with it;
- b) Expansion of the money supply to finance housing facilities; and
- c) Providing the means necessary for acquisition of hospital facilities.

To accomplish the stated purposes, GEDA is authorized to conduct research, invest in, provide loans, operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain GovGuam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDA utilizes various Trust Funds to accomplish its stated purposes.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units, Continued
September 30, 2013

Guam Preservation Trust (GPT) - This fund was created by Public Law 20-151 to establish a program for historic preservation at all levels of government and to promote the use and conservation of such preservations for education, inspiration, pleasure and enrichment of the residents of the Territory. GovGuam has the ability to impose its will on GPT.

Guam Visitors Bureau (GVB) - GVB is a public corporation created for the purpose of promoting the visitor industry in Guam. Funding is provided from transfers of appropriations from the Tourist Attraction Fund and interest income. GovGuam provides financial support to GVB through legislative appropriations.

Guam Educational Telecommunications Corporation (GETC) - GETC, also known as KGTF-TV, was created as a public corporation by Public Law 12-194, as approved on January 2, 1975. The law sets forth the purpose of the Corporation to present educational television to the people of Guam and involve the people of Guam in its activities to the maximum extent possible. Funding is primarily derived from appropriations from the General Fund, community service grants and contributions from the public. GovGuam provides financial support to GETC through legislative appropriations.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position
September 30, 2013

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Current assets:								
Cash and cash equivalents	\$ 4,675,109	\$ 8,002,544	\$ 4,307,428	\$ 2,544,409	\$ 3,501,457	\$ 10,717,092	\$ 327,385	\$ 34,075,424
Investments	2,000,000	-	-	5,739,269	2,561,238	2,508,296	-	12,808,803
Receivables, net	7,150,458	1,409,098	22,263,380	776,937	404,474	39,880	33,226	32,077,453
Due from primary government	2,013,941	-	-	-	-	19,520	-	2,033,461
Inventories	594,000	240,498	399,949	9,955	-	-	-	1,244,402
Prepayments	-	136,127	82,624	4,300	8,417	6,452	-	237,920
Deposits and other assets	269,431	-	-	-	-	-	-	269,431
Restricted assets:								
Cash and cash equivalents	394,839	3,604,452	2,140,716	3,616,049	-	3,394,113	121,782	13,271,951
Investments	8,794,971	-	4,574,024	-	-	-	-	13,368,995
Total current assets	25,892,749	13,392,719	33,768,121	12,690,919	6,475,586	16,685,353	482,393	109,387,840
Noncurrent assets:								
Investments	1,769,691	-	-	-	-	-	-	1,769,691
Receivables, net	-	679,271	8,361,310	-	-	-	-	9,040,581
Capital assets:								
Nondepreciable capital assets	3,233,152	3,675,882	2,934,227	-	-	5,992,415	18,000	15,853,676
Capital assets, net of accumulated depreciation	30,261,147	22,830,012	3,762,005	525,941	2,068	902,778	2,241,666	60,525,617
Land held for development	-	3,155,947	-	-	-	-	-	3,155,947
Other assets	-	-	-	3,500	-	133,125	-	136,625
Total noncurrent assets	35,263,990	30,341,112	15,057,542	529,441	2,068	7,028,318	2,259,666	90,482,137
Total assets	61,156,739	43,733,831	48,825,663	13,220,360	6,477,654	23,713,671	2,742,059	199,869,977
Deferred Outflows of Resources:								
Deferred amount on refunding	-	-	-	815,962	-	-	-	815,962
	<u>\$ 61,156,739</u>	<u>\$ 43,733,831</u>	<u>\$ 48,825,663</u>	<u>\$ 14,036,322</u>	<u>\$ 6,477,654</u>	<u>\$ 23,713,671</u>	<u>\$ 2,742,059</u>	<u>\$ 200,685,939</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position, Continued
September 30, 2013

<u>LIABILITIES AND NET POSITION</u>	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Current liabilities:								
Current portion of bonds payable	\$ -	\$ -	\$ 152,204	\$ 1,980,000	\$ -	\$ -	\$ -	\$ 2,132,204
Current portion of notes payable	70,785	52,000	1,119,469	-	-	-	-	1,242,254
Accounts payable	1,831,706	575,351	1,180,201	452,666	47,968	5,525,062	26,761	9,639,715
Accrued interest payable	-	-	27,015	515,000	-	-	-	542,015
Accrued payroll and other	-	182,741	-	152,196	-	-	26,288	361,225
Unearned revenues	2,080,272	1,681,010	42,709	4,350,589	-	9,200	26,867	8,190,647
Compensated absences	212,443	100,555	116,292	-	-	123,646	21,244	574,180
Deposits and other liabilities	895,473	866,605	566,408	-	8,000	-	-	2,336,486
Total current liabilities	<u>5,090,679</u>	<u>3,458,262</u>	<u>3,204,298</u>	<u>7,450,451</u>	<u>55,968</u>	<u>5,657,908</u>	<u>101,160</u>	<u>25,018,726</u>
Noncurrent liabilities:								
Compensated absences	228,081	642,935	-	-	-	-	39,897	910,913
Noncurrent portion of bonds payable	-	-	4,412,796	30,326,991	-	-	-	34,739,787
Noncurrent portion of notes payable	5,529,156	1,208,729	-	-	-	-	-	6,737,885
Other noncurrent liabilities	-	-	290,693	143,823	-	-	-	434,516
DCRS sick leave liability	1,205,176	-	185,866	96,519	-	148,448	4,163	1,640,172
Total noncurrent liabilities	<u>6,962,413</u>	<u>1,851,664</u>	<u>4,889,355</u>	<u>30,567,333</u>	<u>-</u>	<u>148,448</u>	<u>44,060</u>	<u>44,463,273</u>
Total liabilities	<u>12,053,092</u>	<u>5,309,926</u>	<u>8,093,653</u>	<u>38,017,784</u>	<u>55,968</u>	<u>5,806,356</u>	<u>145,220</u>	<u>69,481,999</u>
Net position:								
Net investment in capital assets	27,759,591	28,398,112	6,696,232	525,941	2,068	6,895,193	2,241,666	72,518,803
Restricted:								
Endowment - nonexpendable	59,001	-	-	-	-	-	-	59,001
Other purposes	10,274,458	2,160,850	7,521,752	-	-	3,048,842	-	23,005,902
Unrestricted (deficit)	11,010,597	7,864,943	26,514,026	(24,507,403)	6,419,618	7,963,280	355,173	35,620,234
Total net position	<u>49,103,647</u>	<u>38,423,905</u>	<u>40,732,010</u>	<u>(23,981,462)</u>	<u>6,421,686</u>	<u>17,907,315</u>	<u>2,596,839</u>	<u>131,203,940</u>
	<u>\$ 61,156,739</u>	<u>\$ 43,733,831</u>	<u>\$ 48,825,663</u>	<u>\$ 14,036,322</u>	<u>\$ 6,477,654</u>	<u>\$ 23,713,671</u>	<u>\$ 2,742,059</u>	<u>\$ 200,685,939</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2013

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:								
Charges for services	\$ 3,819,972	\$ 1,196,779	\$ 2,975,831	\$ 1,584,440	\$ -	\$ -	\$ -	\$ 9,577,022
Grants and contracts	12,098,804	42,690,710	-	248,165	-	396,392	809,074	56,243,145
Other	2,733,169	22,008	-	3,934,280	-	185,292	365,064	7,239,813
Total operating revenues	18,651,945	43,909,497	2,975,831	5,766,885	-	581,684	1,174,138	73,059,980
Operating expenses:								
Cost of services	28,268,731	33,221,541	2,783,451	3,082,683	648,066	16,525,954	239,780	84,770,206
Depreciation and amortization	2,168,374	2,451,544	149,711	35,662	719	85,317	173,850	5,065,177
General and administrative	2,238,734	13,134,650	-	-	404,184	-	1,533,544	17,311,112
Total operating expenses	32,675,839	48,807,735	2,933,162	3,118,345	1,052,969	16,611,271	1,947,174	107,146,495
Operating income (loss)	(14,023,894)	(4,898,238)	42,669	2,648,540	(1,052,969)	(16,029,587)	(773,036)	(34,086,515)
Nonoperating revenues (expenses):								
Contributions from the primary government	16,156,063	-	-	-	1,181,790	16,209,494	541,428	34,088,775
Investment income	1,036,459	15,577	15,666	(92,649)	13,354	15,483	-	1,003,890
Interest expense	(170,030)	(77,070)	(364,452)	(2,350,032)	-	-	-	(2,961,584)
Other income (expenses), net	(224,995)	372,589	548,940	161,285	-	336,847	-	1,194,666
Total nonoperating revenues (expenses), net	16,797,497	311,096	200,154	(2,281,396)	1,195,144	16,561,824	541,428	33,325,747
Net income (loss) before capital contributions	2,773,603	(4,587,142)	242,823	367,144	142,175	532,237	(231,608)	(760,768)
Capital grants from the United States government	1,199,934	851,002	-	-	-	-	-	2,050,936
Change in net position	3,973,537	(3,736,140)	242,823	367,144	142,175	532,237	(231,608)	1,290,168
Net position at beginning of year, as previously reported	45,130,110	42,160,045	40,489,187	(23,787,923)	6,279,511	17,375,078	2,828,447	130,474,455
Restatement	-	-	-	(560,683)	-	-	-	(560,683)
Net position at beginning of year, as restated	45,130,110	42,160,045	40,489,187	(24,348,606)	6,279,511	17,375,078	2,828,447	129,913,772
Net position at end of year	\$ 49,103,647	\$ 38,423,905	\$ 40,732,010	\$ (23,981,462)	\$ 6,421,686	\$ 17,907,315	\$ 2,596,839	\$ 131,203,940

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Other Information
September 30, 2013

A brief discussion of other information presented for additional analysis as of September 30, 2013, follows:

Combining Schedule of Expenditures By Object:
All Governmental Funds

Schedule of Outstanding Debt:
Primary Government
Component Units

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2013

	Special Revenue			Capital Projects	Permanent		
	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Chamorro Lands	Other Governmental Funds	Total
Expenditures by Object:							
Salaries and wages:							
Regular	\$ 247,468,007	\$ 25,819,857	\$ 24,324,980	\$ -	\$ -	\$ 21,332,795	\$ 318,945,639
Overtime	6,580,391	277,642	-	-	-	490,988	7,349,021
Fringe benefits	91,113,407	9,405,869	7,216,890	-	-	8,058,967	115,795,133
Travel	777,903	2,260,157	1,083,714	-	-	256,810	4,378,584
Contractual services	37,876,378	71,427,542	17,157,191	9,702,211	-	20,011,058	156,174,380
Building rent	8,967,267	2,034,611	-	-	-	4,004,539	15,006,417
Supplies	6,564,911	1,690,668	3,847,557	-	-	3,867,283	15,970,419
Equipment	1,772,264	1,388,414	7,969,677	-	-	365,167	11,495,522
Utilities - power and water	24,136,174	2,071,307	-	-	-	9,664,959	35,872,440
Communications	1,921,455	266,167	-	-	-	222,778	2,410,400
Capital outlays	29,157,901	9,123,904	301,169	-	-	6,043,822	44,626,796
Grants and subsidies	62,676,832	135,826,723	-	-	-	34,419,145	232,922,700
Supplemental annuity benefits	16,810,901	-	-	-	-	-	16,810,901
Retiree healthcare benefits	16,922,668	-	-	-	-	-	16,922,668
Principal retirement	14,069,675	-	3,210,000	-	-	2,271,893	19,551,568
Interest and fiscal charges	63,363,715	-	3,890,000	-	-	5,737,526	72,991,241
Miscellaneous	19,435,782	77,397,832	190,797	-	-	3,851,594	100,876,005
	<u>\$ 649,615,631</u>	<u>\$ 338,990,693</u>	<u>\$ 69,191,975</u>	<u>\$ 9,702,211</u>	<u>\$ -</u>	<u>\$ 120,599,324</u>	<u>\$ 1,188,099,834</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Outstanding Debt September 30, 2013

	Outstanding Principal Amount	Fiscal Year 2014 Debt Service			Final Maturity (Year Ending September 30)
		Principal	Interest	Total	
Primary Government:					
General Obligation Bonds:					
2007 Series A	\$ 151,935,000	\$ -	\$ 7,874,700	\$ 7,874,700	2038
2009 Series A	260,845,000	3,805,000	17,617,494	21,422,494	2040
Limited Obligation Bonds:					
2009 Series A Section 30 Bonds	197,835,000	4,825,000	10,847,331	15,672,331	2035
2011 Series A Hotel Tax Revenue Bonds	87,255,000	1,785,000	5,214,188	6,999,188	2041
2011 Series A Business Privilege Tax Revenue Bonds	235,000,000	-	11,948,013	11,948,013	2042
2012 Series B Business Privilege Tax Revenue Bonds	108,700,000	-	5,246,046	5,246,046	2042
2013 Series C Business Privilege Tax Revenue Bonds	22,640,000	1,300,000	1,006,800	2,306,800	2019
Other Loans Payable:					
2006 Bank loan	8,813,215	554,346	438,659	993,005	2018
	<u>1,073,023,215</u>	<u>12,269,346</u>	<u>60,193,231</u>	<u>72,462,577</u>	
Component Units:					
Antonio B. Won Pat International Airport Authority:					
2012 Bank loan	10,928,228	2,263,500	352,096	2,615,596	2017
2013 Series A, B and C Revenue Bonds	247,335,000	-	7,572,198	7,572,198	2044
Guam Memorial Hospital Authority:					
2011 Bank loan	10,753,125	814,082	611,953	1,426,035	2018
Guam Power Authority:					
2010 Series A Revenue Bonds	150,440,000	-	7,999,200	7,999,200	2041
2010 Series A Subordinate Revenue Bonds	39,500,000	12,200,000	2,962,500	15,162,500	2016
2012 Series A Revenue Bonds	340,620,000	110,000	17,001,200	17,111,200	2035
Guam Waterworks Authority:					
2005 Series A Revenue Bonds	88,485,000	2,500,000	5,205,294	7,705,294	2035
2010 Series A Revenue Bonds	118,825,000	-	6,516,400	6,516,400	2040
2010 Bank loans	20,806,970	3,272,319	1,537,418	4,809,737	2015
Port Authority of Guam:					
2010 Bank loan	3,037,138	176,324	185,234	361,558	2026
2012 Bank loan	11,621,846	531,558	685,494	1,217,052	2028
University of Guam:					
Rural development loan	12,253,463	201,557	548,503	750,060	2043
Guam Community College:					
Rural development loans	5,599,941	70,785	198,588	269,373	2024/2053
Guam Housing and Urban Renewal Authority:					
Rural development loan	1,260,729	52,000	74,480	126,480	2030
Guam Housing Corporation:					
1998 Series A Mortgage-Backed Revenue Bonds	4,565,000	152,204	249,891	402,095	2031
Federal Home Loan Bank loan	1,119,469	1,119,469	36,876	1,156,345	2014
Guam Economic Development Authority:					
2007 Series A and B Tobacco Settlement Revenue Bonds	45,058,618	1,980,000	1,331,879	3,311,879	2026/2034
	<u>1,112,209,527</u>	<u>25,443,798</u>	<u>53,069,204</u>	<u>78,513,002</u>	
	<u>\$ 2,185,232,742</u>	<u>\$ 37,713,144</u>	<u>\$ 113,262,435</u>	<u>\$ 150,975,579</u>	

See Accompanying Independent Auditors' Report.