

*Financial Statements, Required Supplementary
Information, and Supplementary and Other
Information*

Government of Guam

*Year Ended September 30, 2022
with Report of Independent Auditors*



Government of Guam

Financial Statements, Required Supplementary Information, and
Supplementary and Other Information

Year Ended September 30, 2022

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Report of Independent Auditors

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, 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.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the GovGuam Retirement Fund and the GovGuam Deferred 457 Compensation Plan, which represent 91% and 95%, respectively, of the assets and net position/fund balances of the aggregate remaining fund information as of September 30, 2022, and the respective changes in financial position for the year then ended. 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 and the GovGuam Deferred 457 Compensation Plan, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GovGuam and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GovGuam's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 GovGuam's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GovGuam's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as set forth in Section II of the foregoing table of contents, and the Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget v Actual - General Fund and notes thereto, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, the Schedule of Proportionate Share of the Total OPEB Liability, and the Schedule of OPEB Contributions as set forth in Section IV of the foregoing table of contents, 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, comparing the information for consistency with management's responses to our inquiries of 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information as set forth in Section VI of the foregoing table of contents does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, 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 solely 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 the effectiveness of GovGuam's 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.

Ernst + Young LLP

November 20, 2023

Government of Guam

Management’s Discussion and Analysis (Unaudited)

Year Ended September 30, 2022

Our discussion and analysis of the Government of Guam (“GovGuam”) financial performance provides an overview on the background and history of GovGuam’s financial activities and details for the fiscal year ended September 30, 2022. Please read it in conjunction with GovGuam’s financial statements, which follow this section. Fiscal year 2021 comparative information has been included, where appropriate.

The three branches of GovGuam - the executive, legislative and judicial were established by the Organic Act (as amended) of 1950. The management of the financial affairs of GovGuam is the responsibility of the Executive Branch. 5GCA § 22203 mandates the Department of Administration as the Executive agency responsible for the preparation of the annual Basic financial statements. 1GCA §1908 requires the Public Auditor to audit these financial statements or cause them to be audited.

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 are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains additional required supplementary information and other optional supplementary information, in addition to the basic financial statements themselves, which include combining statements for governmental funds and component units.

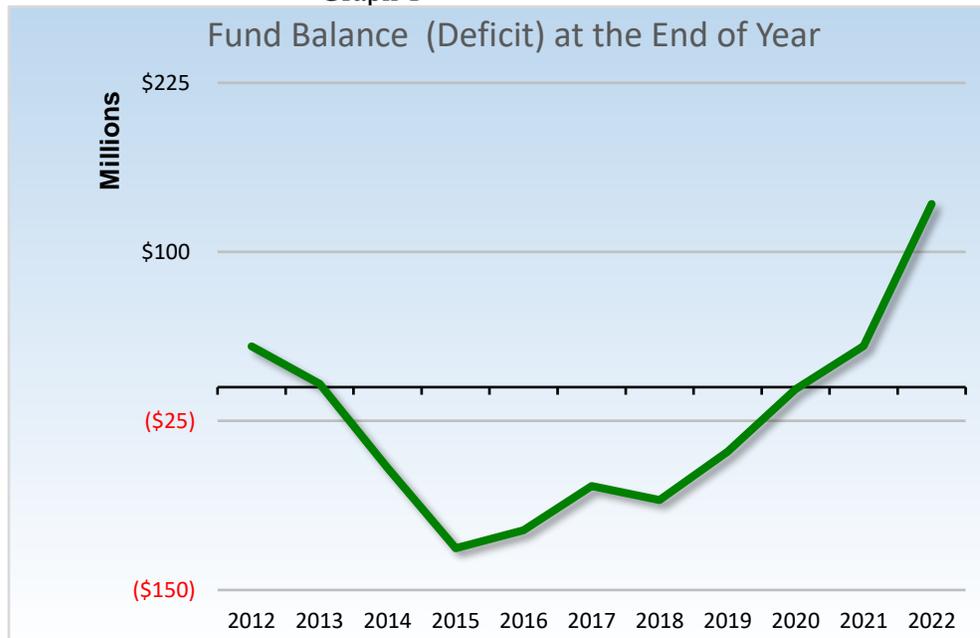
THE GENERAL FUND OF THE GOVERNMENT OF GUAM

The General Fund is the chief operating fund of GovGuam.

The graph below shows the annual tracking of the Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) of the General Fund over the last ten years (Graph 1). In 2006, the General Fund deficit reached its largest deficit of \$524 million. Since that time, the Government has achieved a steadily improving trend. This has been managed by maximizing revenues, limiting expenditures and by replacing unfunded current obligations with bonded long-term debt which has structured repayment requirements. This debt represents a level of confidence by outside investors in the ability of GovGuam to manage its responsibilities. In 2022, GovGuam’s General Fund reported a fund balance of \$135.5 million, up from \$30.4 million in 2021, and the second positive balance since 2013.

Graph 1

| | |
|--------|-----------|
| FY2012 | \$ 30.1 |
| FY2013 | \$ 2.3 |
| FY2014 | \$ (59.6) |
| FY2015 | \$(119.1) |
| FY2016 | \$(105.7) |
| FY2017 | \$ (73.0) |
| FY2018 | \$ (83.4) |
| FY2019 | \$ (47.8) |
| FY2020 | \$ (1.5) |
| FY2021 | \$ 30.4 |
| FY2022 | \$ 135.5 |



Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

THE GENERAL FUND OF THE GOVERNMENT OF GUAM, CONTINUED

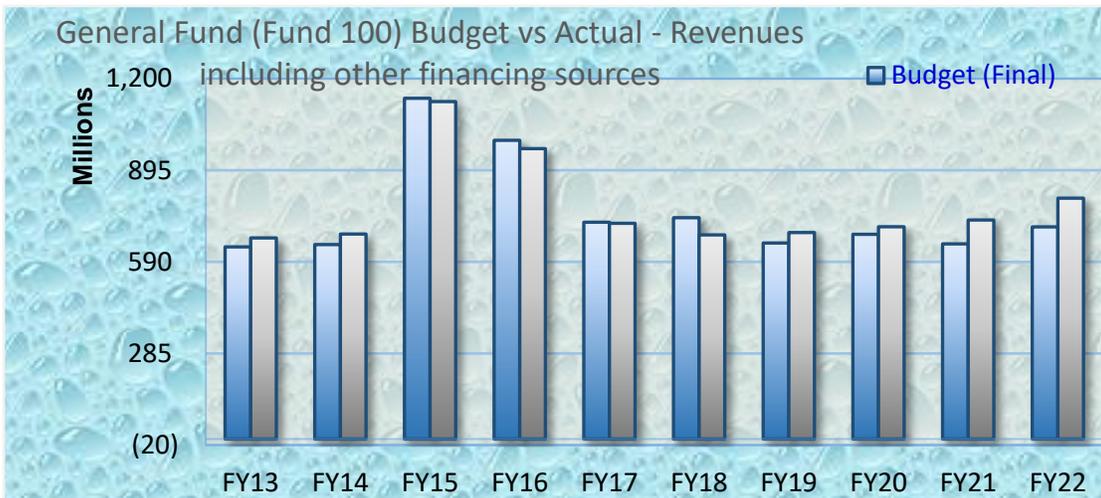
- In 2022, the General Fund generated an excess of revenues over expenditures of \$100.8 million. For the last four years, the Administration has placed emphasis on maximizing federal revenues, reducing costs previously met by the General Fund. This effort is the biggest single contribution to the deficit reduction. Taken together with Other Financing Sources of \$4.3 million, a fund surplus of \$105.1 million has been reported.

The fund surplus of \$105.1 million in FY2022 continues to improve the financial condition of the General Fund and has resulted in a fund balance of \$135.5 million at the end of the year. This continues to represent a significant event since this surplus was achieved without borrowing and is the outcome of financial discipline noted above. Elimination of the deficit from 2020 demonstrates that all known prior year liabilities have been satisfied, allowing future budgets to concentrate on current year activities, providing a clearer view of government priorities. A surplus in the General Fund, or any fund, is the outcome of two factors. For FY2022, there was an excess of revenues over budgeted revenues, on a modified accrual basis of \$113.1 million (budgetary basis \$95.6 million). This surplus, however, did not flow through entirely to the fund balance, principally because the FY2022 budget permitted unspent appropriations from prior years to be carried forward and spent in FY2022 (continuing appropriations). Such expenditures together with post budget appropriations enacted by the Legislature are recognized in FY2022 and offset the revenue excess. Continuing appropriations for FY2022 are \$56.3 million for the General Fund and \$256.7 million for other funds. In FY2021, continuing appropriations were \$15.6 million for the General Fund and \$292.8 million for other funds.

- The General Fund is required to assume the burden of any shortfalls in other funds and activities. In previous years factors which escalated the General Fund deficit were debt service costs related to the closure of the Ordot Landfill facility of Guam Solid Waste Authority and debt service costs in respect of projects in support of the Guam Department of Education. The additional debt burden attributable to these factors increased General Fund deficits which were caused by unanticipated expenditures and revenue shortfalls.

In FY 2022, the General Fund was also required to support the Customs, Agriculture and Quarantine Inspection Services Fund (\$1,728,376) and Workman’s Compensation Fund (\$1,743,013). Other major Special Funds, although experiencing shortfalls in revenues compared with budget estimates were able to achieve cost savings to bring expenditures in line with reduced revenues.

Graph 2

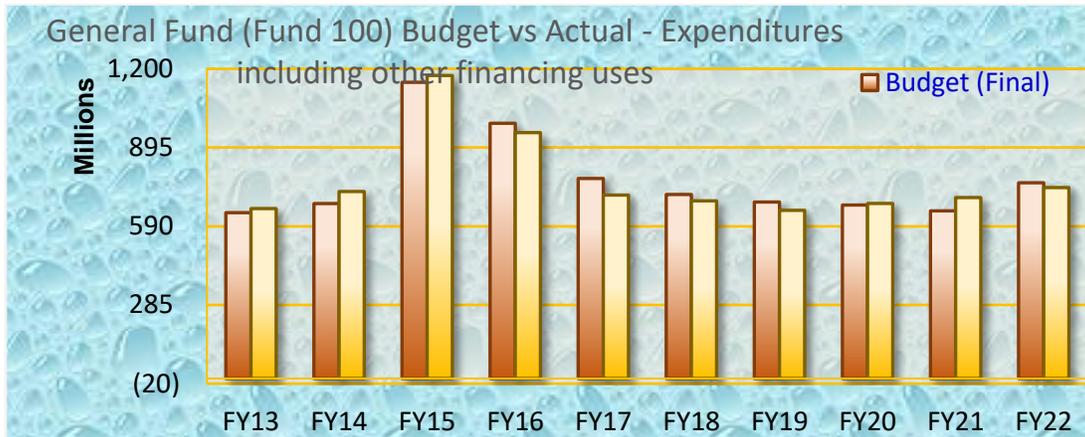


Government of Guam

Management's Discussion and Analysis (Unaudited), continued

THE GENERAL FUND OF THE GOVERNMENT OF GUAM, CONTINUED

Graph 3



FINANCIAL HIGHLIGHTS

Implementation of GASB Statement No. 87

During fiscal year 2022, GovGuam implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The Statement established criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain leased assets and liabilities for leases that were previously classified as operating leases. A lessee is required to recognize and post to the Government wide balance sheet a lease liability and an intangible right-to-use asset. The adoption of Statement No. 87 resulted in an increase in capital assets and liabilities of approximately \$29 million.

Government-Wide Highlights

- The liabilities and deferred inflows of GovGuam exceeded its assets and deferred outflows of resources as of September 30, 2022 by \$2.341 billion (net position). Unrestricted net position, which may be used to meet GovGuam's ongoing obligations to citizens and creditors, was a negative \$3.498 billion, a decrease of \$60.1 million (or 1.7%) from \$3.558 billion in the previous year.
- For the fiscal year ended September 30, 2022, GovGuam's total net position increased by \$122.3 million (or 5%) from a negative \$2.464 billion in the prior year to a negative \$2.341 billion in the current year. This was primarily attributable to revenues for governmental activities of \$1.893 billion exceeding expenses for governmental activities of \$1.776 billion and are partially recognized as expenditures in the current year, with the remainder recognized over the next 5.5 years.
- The total deferred outflows of resources decreased by \$128.6 million (or 16.3%) from \$789.7 million in the prior year to \$661.1 million. This was due to the decrease in deferred outflows for OPEB and net pension liabilities in the amounts of \$59.1 million and \$62.7 million, respectively, and the decrease in deferred loss on refunding in the amount of \$6.8 million. The total deferred inflows of resources decreased to \$522.6 million, a \$88.8 million (or 14.5%) decrease from \$611.4 million in the prior year. This was due to the decrease in deferred inflows for OPEB liabilities in the amount of \$180 million offset by the increase in deferred inflows for net pension liabilities, leases and deferred gain on refunding in the amounts of \$73 million, \$15.7 million and \$2.5 million, respectively. Deferred outflows and inflows of resources for OPEB and pension consist mainly of estimated amounts included in respective actuarial valuations and the financial adjustments required because these valuations are calculated based on prior year census data as required by the accounting standard. Deferred inflows from leases are the result of the adoption of GASB Statement No.87, as discussed above.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL HIGHLIGHTS, CONTINUED

Government-Wide Highlights, Continued

- GovGuam's assets decreased during the current year to \$2.398 billion, a decrease of \$101.2 million (or 4%) from the prior year amount of \$2.499 billion. This decrease was primarily due to the decrease in current assets and restricted assets of \$97.6 million and \$12.4 million, respectively, offset by the increase in capital assets of \$8.8 million.
- GovGuam's liabilities decreased during the current year to \$4.878 billion, a decrease of \$263.3 million (or 5.1%) from the prior year amount of \$5.141 billion. This decrease was due to the decrease in current liabilities of \$234.3 million (or 23.1%) and the decrease in long-term debt of \$33.3 million (or 2.7%) offset by the increase in other long-term liabilities of \$4.3 million (or 0.1%). The decrease in current liabilities is primarily associated with funds expended under various federal government programs during the current year for which funding was received in the prior year. GovGuam recorded a liability for unexpended funds of \$644.9 million in the prior year as payable to federal agencies, which decreased by \$250.3 million (or 38.8%) to \$394.6 million at the end of the current year. In accordance with GASB Statement No. 68, *Accounting, and Financial Reporting for Pensions*, GovGuam's liability for pensions decreased to \$894.2 million, a decrease of \$189.6 million, (or 17.5%) for the fiscal year ended September 30, 2022. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*, GovGuam's liability for postemployment benefits other than pension (healthcare benefits for retirees) increased to \$1.863 billion, an increase of \$167.7 million (or 6.3%) for the fiscal year ended September 30, 2022. As discussed above, GovGuam implemented GASB Statement No. 87, *Leases*, resulting in a net increase of \$22.2 million.
- For the fiscal year ended September 30, 2022, GovGuam's expenses for governmental activities were \$1.776 billion and were funded by \$996.7 million in program revenues, including federal grants and contributions of \$907.4 million, and \$896.4 million in taxes and other general revenues.
- Program revenues decreased by \$209.9 million (or 17.4%) from the previous fiscal year. The change was primarily due to a decrease, compared with prior year, in operating grants and contributions recognized as revenues. Conversely, general revenues increased by \$71.2 million (or 8.6%) from the previous fiscal year. The change was due to an increase, compared with prior year, in income tax collections of \$19.7 million (or 5.6%); gross receipts taxes of \$30.3 million (or 10.2%); Section 30 federal tax collections of \$11 million (or 16.9%); and other taxes of \$10.1 million (or 9.2%).

Governmental Fund Highlights

Set forth below are financial highlights for the General Fund for FY2022. The financial cycle begins with appropriations of estimated revenues in the annual budget legislation. By statute the budget must be balanced with budgeted annual expenditures and cash allocations met by estimated annual revenues in the General Fund and in other Governmental funds (special revenue funds). The annual budget may be amended or supplemented by additional legislation as revenues are realized. A shortfall in revenues of 3.5% or more requires a fiscal realignment to bring expenditures in line with expected reduced revenues.

A surplus in realized revenues over the budget estimate may be additionally appropriated by the legislature in further legislation. However, if either the original or subsequent legislation has an allowance for continuing appropriations (allowances for prior year expenditure shortfalls compared with budget) or payment of prior year obligations, the expected revenue surplus may be restricted by the amounts of additional expenditures which such allowances represent. For FY2022, the Legislature appropriated certain sums of money from the FY2022 fund balance and the FY2022 audited fund balance. These amounts, when spent, represent expenditures in the year of expenditure and do not reduce the fund balance in either an accounting or budgetary basis in the year of appropriation. In the General Fund balance sheet, these amounts have been classified as "committed" in fund balance totals of governmental funds balance sheets. These amounts are, therefore, included in the FY2022 surplus but should not be susceptible to further appropriation. For details of the amounts, see comments below.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL HIGHLIGHTS, CONTINUED

Governmental Fund Highlights, Continued

The Legislature also mandated deposits into the Rainy Day Fund. These are cash deposits and as such also form part of the fund surplus balance until expended.

The amount of federal funding, which is anticipated or committed in authorized grants, cannot be appropriated by the legislature and is at the discretion of the Governor as established by the Organic Act and subsequent decisions of the District Court. Local funds required to match federal grants and contributions are included in budget legislation.

- General Fund revenues of \$814 million were higher than estimated collections of \$699.7 million. The net increase of \$114.3 million is primarily attributable to income tax and gross receipts tax collections of \$53.4 million and \$36.6 million, respectively, above budget.
- For the fiscal year ended September 30, 2022, the General Fund reported revenues (including transfers in) of \$850.2 million, an increase of \$67.8 million from fiscal year 2021 revenues and transfers in of \$782.4 million. Correspondingly, the General Fund reported expenditures (including transfers out) of \$748.7 million, a slight decrease of \$2.1 million from fiscal year 2021 expenditures and transfers out of \$750.8 million. The net proceeds from refunded bonds were \$3.6 million.
- The General Fund reported a surplus for the year of \$105.1 million resulting from realizing revenues higher than budgeted and experiencing expenditures lower than budgeted. Of this amount, \$28 million has been transferred to the Rainy Day Fund. In addition, the Legislature enacted legislation appropriating \$67.9 million from the fiscal year 2022 surplus both during fiscal year 2022 (\$25.9 million) and subsequently in fiscal year 2023 (\$42 million), leaving only \$9.2 million of the 2022 surplus yet to be appropriated.

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 deferred outflows of resources, and liabilities and deferred inflows of resources. 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 that has been impacted in the current Fiscal Year. Net position is the difference between GovGuam's assets (and deferred outflows) and liabilities (and deferred inflows).

- Over time, increases or decreases in GovGuam's net position is an indicator of whether its financial health is improving or deteriorating.
- 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 and dependability of social and other services also need to be considered.

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.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL HIGHLIGHTS, CONTINUED

Government-Wide Financial Statements, continued

- Discretely presented component units - GovGuam includes other entities in this report. Although legally separate, these component units are reported because GovGuam is financially accountable for them. The Guam Community College, Guam Memorial Hospital Authority and the University of Guam are partially supported by appropriations from the General Fund and certain special revenue funds. All component units received some support from either the General Fund or territorial ARPA funds during fiscal year 2022. In particular, the funding available under Prugraman Ayuda I Taotao Ta was made available to allow Guam Power Authority (GPA) to apply credit to rate payers' bills. In fiscal year 2022, \$15.8 million was paid to GPA for this purpose.

Governmental Fund and Fiduciary 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 Assistance Fund).

GovGuam presents separate statements for the following 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 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 a trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that 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 change 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. The largest element of these Fiduciary funds is the Government of Guam Retirement Fund ("GGRF"). Retirement benefits for GovGuam employees are funded by employer and employee contributions. These contributions are invested by GGRF to provide retirement annuities (defined benefits and DB1.75 plans and annuities or payouts under the defined contribution plans). Supplemental benefits to defined benefit retirees and annual Cost of Living Allowance payments to all retirees are funded by annual appropriations from the General Fund. The General Fund also pays to GGRF under annual appropriations Medicare premium subsidies to pay to retirees so that they may participate in the retiree health plan for which Medicare is primary insurance. This allows the retiree to pay reduced health insurance premiums. Neither the supplemental payments nor the Medicare premiums are reported as transactions of GGRF in their annual financial statements. Payments made in fiscal year 2022 for supplemental payments and Medicare premiums were \$6.9 million and \$4.2 million, respectively.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2022, GovGuam reported positive balances in two of the categories of net position. By far, the largest portion of GovGuam's net position (\$460.7 million) reflects its investment in capital assets (e.g., 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 (\$694.8 million) represents resources that are subject to external restrictions or enabling legislation as to the purpose for which they can be used.

Net Position

The summary of Net Position (condensed) presented below, with comparable balances for fiscal year 2021, discloses this relationship:

GovGuam's Net Position As of September 30 (Amounts in '000s)

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Change 2022-2021 | % Change 2022-2021 |
|---------------------------------------|------------------------------------|------------------------------------|---------------------------|--------------------------|
| Current assets | \$ 928,838 | \$ 1,026,459 | \$ (97,620) | -9.5% |
| Current liabilities | 779,245 | 1,013,526 | (234,281) | -23.1% |
| Net current assets | 149,594 | 12,933 | 136,661 | 1056.7% |
| Restricted assets | 94,581 | 106,994 | (12,413) | -11.6% |
| Long-term assets | 1,374,271 | 1,365,437 | 8,835 | 0.6% |
| Long-term debt | 1,206,704 | 1,240,022 | (33,317) | -2.7% |
| Other long-term liabilities | 2,892,133 | 2,887,881 | 4,251 | 0.1% |
| Total long-term liabilities | 4,098,837 | 4,127,903 | (29,066) | -0.7% |
| Net long-term liabilities | (2,724,566) | (2,762,467) | 37,901 | -1.4% |
| Deferred outflows of resources | 661,102 | 789,743 | (128,641) | -16.3% |
| Deferred inflows of resources | (522,570) | (611,403) | 88,834 | -14.5% |
| Net position: | | | | |
| Net investment in capital assets | 460,961 | 458,210 | 2,752 | 0.6% |
| Restricted | 694,847 | 635,370 | 59,477 | 9.4% |
| Unrestricted | (3,497,668) | (3,557,781) | 60,113 | -1.7% |
| Total net position | \$ (2,341,859) | \$ (2,464,201) | \$ 122,341 | -5.0% |

The negative balance of unrestricted net position is primarily attributable to GovGuam's OPEB and pension liabilities of \$1.863 billion and \$0.894 billion, respectively, and having long-term liabilities that are greater than associated assets. Specifically, GovGuam has not included 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 includes payments for amounts falling due during the fiscal year in annual budgets.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Changes in Net Position

For the fiscal year ended September 30, 2022, GovGuam's total negative net position decreased by \$122.3 million (or 5%) from a negative net position of \$2.464 billion in the prior year, to a negative net position of \$2.341 billion. For the year ended September 30, 2022, the net position of the primary government changed as follows, with comparable amounts for fiscal year 2021:

GovGuam's Changes in Net Position For the Years Ended September 30 (Amounts in '000s)

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Change 2022-2021 | % Change 2022-2021 |
|--|------------------------------------|------------------------------------|---------------------------|--------------------------|
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 89,335 | \$ 78,492 | \$ 10,843 | 13.8% |
| Operating grants and contributions | 907,354 | 1,128,067 | (220,713) | -19.6% |
| | <u>996,689</u> | <u>1,206,558</u> | <u>(209,869)</u> | <u>-17.4%</u> |
| General revenues: | | | | |
| Income taxes | 372,492 | 352,818 | 19,674 | 5.6% |
| Gross receipts taxes | 327,115 | 296,806 | 30,309 | 10.2% |
| Section 30 federal tax collections | 76,141 | 65,110 | 11,031 | 16.9% |
| Other taxes | 104,945 | 101,737 | 3,208 | 3.2% |
| Other general revenues | 15,754 | 8,817 | 6,936 | 78.7% |
| | <u>896,447</u> | <u>825,289</u> | <u>71,159</u> | <u>8.6%</u> |
| Total revenues | <u>1,893,136</u> | <u>2,031,847</u> | <u>(138,711)</u> | <u>-6.8%</u> |
| Expenses: | | | | |
| General government | 172,064 | 201,144 | (29,080) | -14.5% |
| Protection of life and property | 184,906 | 149,766 | 35,139 | 23.5% |
| Public health | 474,674 | 487,821 | (13,148) | -2.7% |
| Community services | 53,996 | 48,213 | 5,783 | 12.0% |
| Culture and recreation | 44,177 | 10,441 | 33,736 | 323.1% |
| Individual and collective rights | 80,278 | 123,060 | (42,783) | -34.8% |
| Public welfare | 155,904 | 441,078 | (285,174) | -64.7% |
| Transportation | 42,893 | 54,596 | (11,703) | -21.4% |
| Public education | 441,675 | 424,738 | 16,937 | 4.0% |
| Environmental protection | 30,589 | 42,607 | (12,017) | -28.2% |
| Economic development | 31,907 | 18,292 | 13,615 | 74.4% |
| Interest | 62,652 | 67,060 | (4,408) | -6.6% |
| Total expenses | <u>1,775,714</u> | <u>2,068,816</u> | <u>(293,102)</u> | <u>-14.2%</u> |
| | <u>117,422</u> | <u>(36,969)</u> | <u>154,391</u> | <u>-417.6%</u> |
| Contributions from permanent funds | 4,919 | 1,025 | 3,894 | 380.1% |
| Change in net position | <u>122,341</u> | <u>(35,944)</u> | <u>158,286</u> | <u>-440.4%</u> |
| Net position, beginning of year | <u>(2,464,201)</u> | <u>(2,428,256)</u> | <u>(35,944)</u> | <u>1.5%</u> |
| Net position, end of year | <u>\$ (2,341,859)</u> | <u>\$ (2,464,201)</u> | <u>\$ 122,341</u> | <u>-5.0%</u> |

Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

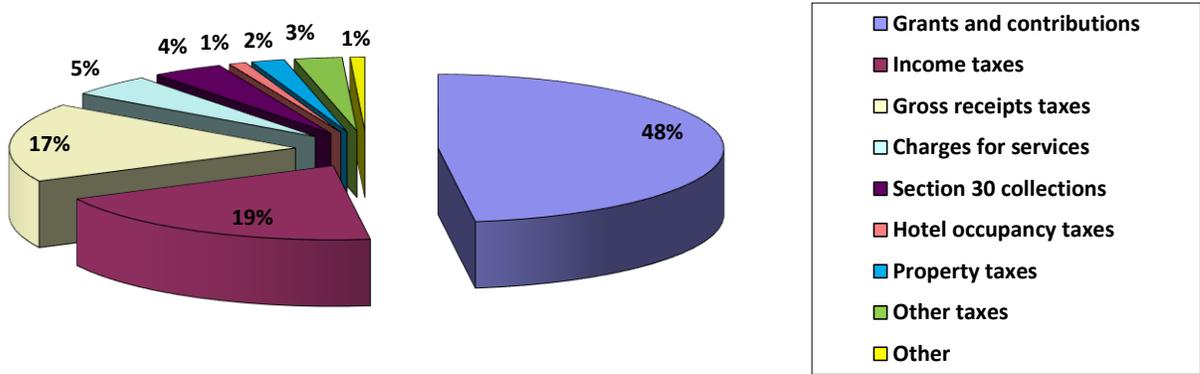
FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Changes in Net Position, Continued

Program revenues decreased by \$209.9 million (or 17.4%) from the previous year. The change was primarily due to a decrease, compared with prior year, in operating grants and contributions from federal sources, representing a decrease in COVID disaster funding as conditions improved. Conversely, general revenues increased by \$71.2 million (or 8.6%) from the previous fiscal year. The change was due to an increase, compared with prior year, in income tax collections of \$19.7 million (or 5.6%), gross receipts tax collections of \$30.3 million (or 10.2%), Section 30 federal tax collections of \$11 million (or 16.9%), and other taxes and revenues of \$10.1 million (or 9.2%). GovGuam’s total revenues from governmental activities, including local revenues, totaled \$1.893 billion in fiscal year 2022, a decrease of \$138.7 million (or 6.8%) compared with prior year. The cost of governmental activities totaled \$1.776 billion in fiscal year 2022, a decrease of \$293.1 million (or 14.2%) compared with prior year. Reduction in expenses together with revenue increases resulted in a decrease in the negative net position before contributions to permanent funds of \$117.4 million.

Graphs 4 and 5 below show the major components of revenues and cost of governmental activities.

Graph 4
GovGuam’s Revenue Sources
For the Year Ended September 30, 2022



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam. These comprise 42% and 48%, respectively, of the total revenues for fiscal year 2022. Charges for services and other revenues provided 6% of the total revenues.

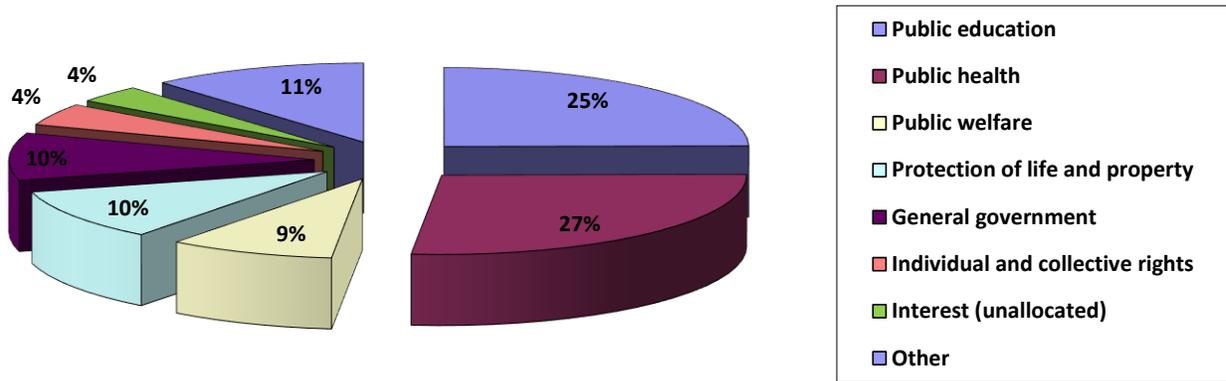
Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Changes in Net Position, Continued

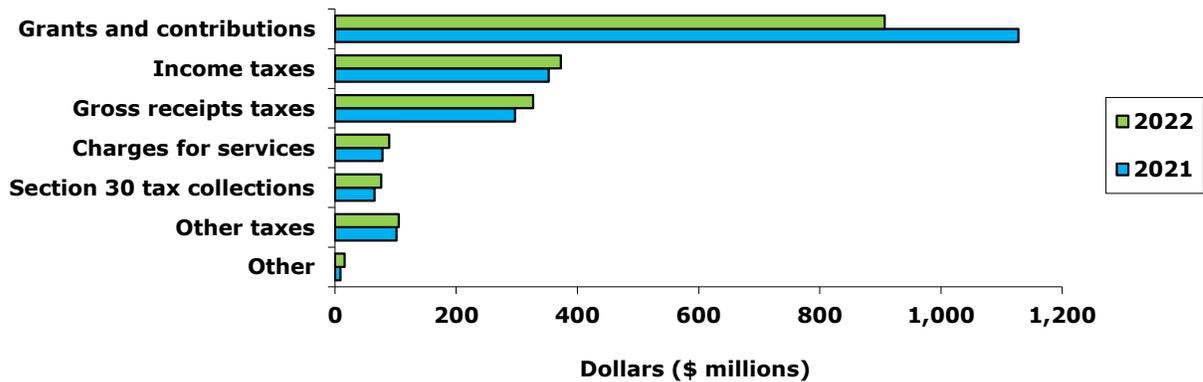
Graph 5
GovGuam’s Cost of Governmental Activities
For the Year Ended September 30, 2022



GovGuam’s expenses cover a range of services. The largest expenses were for public health, public education, and protection of life and property, which comprise 27%, 25%, and 10%, respectively, of the total expenses for fiscal year 2022. Other expenses that make up a portion of the costs of governmental activities include public welfare (\$155.9 million), individual and collective rights (\$80.3 million), community services (\$54 million), culture and recreation (\$44.2 million), transportation (\$42.9 million), economic development (\$31.9 million) and environmental protection (\$30.6 million).

Graphs 6 and 7 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2022 and 2021.

Graph 6
GovGuam’s Revenue Sources
For the Years Ended September 30



Government of Guam

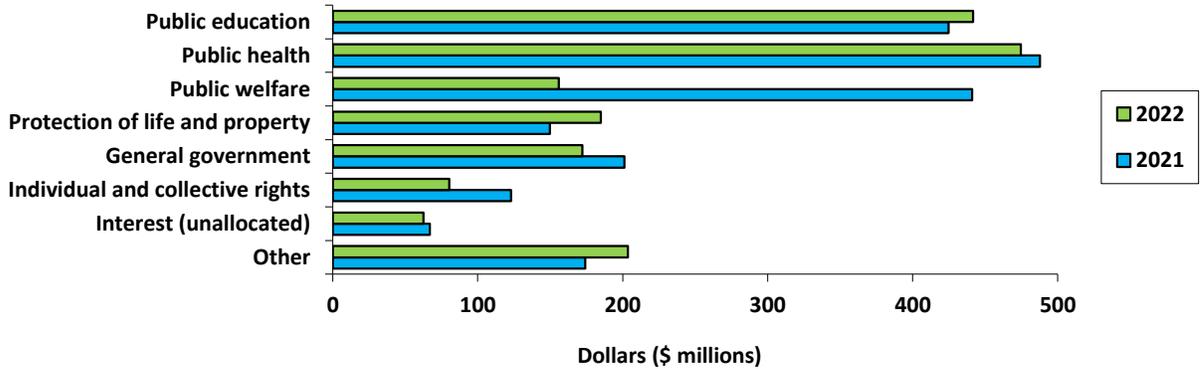
Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Changes in Net Position, Continued

Other taxes in fiscal year 2022 included hotel occupancy taxes of \$18.2 million, up from \$12.4 million (or 46.9%) in fiscal year 2021 and alcoholic beverage taxes of \$5 million, up from \$3.5 million (or 40.7%) in fiscal year 2021, offset by tobacco taxes of \$31.6 million, down from \$35 million (or 9.5%) in fiscal year 2021. Real property, liquid fuel, excise, and limited gaming taxes collectively remained consistent with prior year at \$50.2 million, down slightly from \$50.9 million (or 0.1%) in fiscal year 2021.

Graph 7
GovGuam’s Cost of Governmental Activities
For the Years Ended September 30



Other expenses in fiscal year 2022 included community services expenses of \$54 million, up from \$48.2 million (or 12%) in fiscal year 2021; culture and recreation expenses of \$44.2 million, up from \$10.4 million (or 323%) in fiscal year 2021; transportation expenses of \$42.9 million, down from \$54.6 million (or 21.7%) in fiscal year 2021; environmental protection expenses of \$30.6 million, down from \$42.6 million (or 28.2%) in fiscal year 2021; and economic development expenses of \$31.9 million, up from \$18.3 million (or 74.4%) in fiscal year 2021.

Analysis of Changes in Net Position

During the current fiscal year, GovGuam’s total net position increased by \$122.3 million compared with the prior fiscal year decrease of \$35.9 million. The key element of this change compared with prior fiscal year is a decrease in expenses, net of program revenues, of \$83.2 million (or 9.7%), combined with an increase in general revenues and contributions from permanent fund of \$71.2 million (or 8.6%) and \$3.9 million (or 380%), respectively. The elements of these changes are reflected below:

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Changes in Net Position, Continued

GovGuam's Changes in Net Position
For the Years Ended September 30
(Amounts in '000s)

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Change 2022-2021 | % Change 2022-2021 |
|---|------------------------------------|------------------------------------|---------------------------|--------------------------|
| General revenues: | | | | |
| Taxes | \$ 880,694 | \$ 816,471 | \$ 64,222 | 7.9% |
| Other general revenues | 15,754 | 8,817 | 6,936 | 78.7% |
| Total general revenues | 896,447 | 825,289 | 71,159 | 8.6% |
| Expenses, net of program revenues: | | | | |
| General government | 103,914 | 135,644 | (31,730) | -23.4% |
| Protection of life and property | 133,568 | 125,048 | 8,520 | 6.8% |
| Public health | 79,733 | 88,339 | (8,606) | -9.7% |
| Community services | 12,533 | 25,365 | (12,832) | -50.6% |
| Culture and recreation | 21,579 | 8,282 | 13,297 | 160.6% |
| Individual and collective rights | 56,864 | 64,214 | (7,349) | -11.4% |
| Public welfare | 39,085 | (5,516) | 44,601 | -808.6% |
| Transportation | 1,838 | 33,502 | (31,664) | -94.5% |
| Public education | 257,832 | 301,013 | (43,181) | -14.3% |
| Environmental protection | 1,571 | 15,264 | (13,693) | -89.7% |
| Economic development | 7,856 | 4,043 | 3,813 | 94.3% |
| Interest (unallocated) | 62,652 | 67,060 | (4,408) | -6.6% |
| Total expenses, net | 779,025 | 862,258 | (83,233) | -9.7% |
| | 117,422 | (36,969) | 154,391 | -417.6% |
| Contributions from permanent fund | 4,919 | 1,025 | 3,894 | 380.1% |
| Change in net position | \$ 122,341 | \$ (35,944) | \$ 158,286 | -440.4% |

Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Analysis of Changes in Net Position, Continued

General revenues increased by \$71.2 million (or 8.6%) from the previous fiscal year. The increase was primarily due to an increase in taxes compared with prior year, which included an increase in income tax collections of \$19.7 million (or 5.6%), gross receipts tax collections of \$30.3 million (or 10.2%), Section 30 federal tax collections of \$11 million (or 16.9%), and other taxes of \$10.1 million (or 9.2%). For the year ended September 30, 2022, tax collections of the primary government with comparable amounts for fiscal year 2021 were as follows:

GovGuam’s Tax Revenues
For the Years Ended September 30
(Amounts in ‘000s)

| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Change 2022-2021 | % Change 2022-2021 |
|-------------------------------|------------------------------------|------------------------------------|---------------------------|--------------------------|
| Income | \$ 372,492 | \$ 352,818 | \$ 19,674 | 5.6% |
| Gross receipts | 327,115 | 296,806 | 30,309 | 10.2% |
| Section 30 Federal income tax | 76,141 | 65,110 | 11,031 | 16.9% |
| Hotel occupancy | 18,169 | 12,372 | 5,797 | 46.9% |
| Property | 35,794 | 35,612 | 181 | 0.5% |
| Tobacco | 31,643 | 34,978 | (3,335) | -9.5% |
| Liquid fuel | 9,353 | 10,100 | (748) | -7.4% |
| Alcoholic beverages | 4,953 | 3,519 | 1,434 | 40.7% |
| Excise | 3,562 | 3,761 | (199) | -5.3% |
| Limited gaming | 1,473 | 1,395 | 78 | 5.6% |
| Total tax revenues | \$ 880,694 | \$ 816,471 | \$ 64,222 | 7.9% |

Tax revenues increased by \$64.2 million (or 7.9%) from \$816.5 million in the prior year to \$880.7 million. This increase was primarily due to an increase in: (1) income tax collections of \$19.7 million (or 5.6%), up from \$352.8 million in the prior year to \$372.5 million; (2) gross receipts tax collections of \$30.3 million (or 10.2%), up from \$296.8 million in the prior year to \$327.1 million; (3) Section 30 federal tax collections of \$11 million (or 16.9%), up from \$65.1 million in the prior year to \$76.1 million; and (4) other taxes of \$10.1 million (or 9.2%), up from \$94.8 million in the prior year to \$104.9 million.

Section 30 federal tax collections represent income tax collections which the federal government has collected from individuals or entities located on Guam and which are “covered over” to GovGuam. Each year, an estimated amount is agreed between the U.S. Department of the Interior and GovGuam of the amount and it is paid in September each year on account of the ensuing fiscal year. The estimated amount is subject to verification and finalization based on figures provided by the Internal Revenue Service, usually three years after the estimate has been paid. In order to fund War Claims paid out by the Federal Foreign Claims Settlement Commission (“FCSC”) under Public Law 114-328, Section 30 payments between 2018 and 2020 were reduced by a total of \$39.7 million. FCSC has advised that they have either paid out or denied all claims submitted to them. Accordingly, the Section 30 remittance is no longer subject to such deduction and \$70.4 million was received in September 2022 for FY2023. Further remittances can be anticipated to refund amounts over withheld.

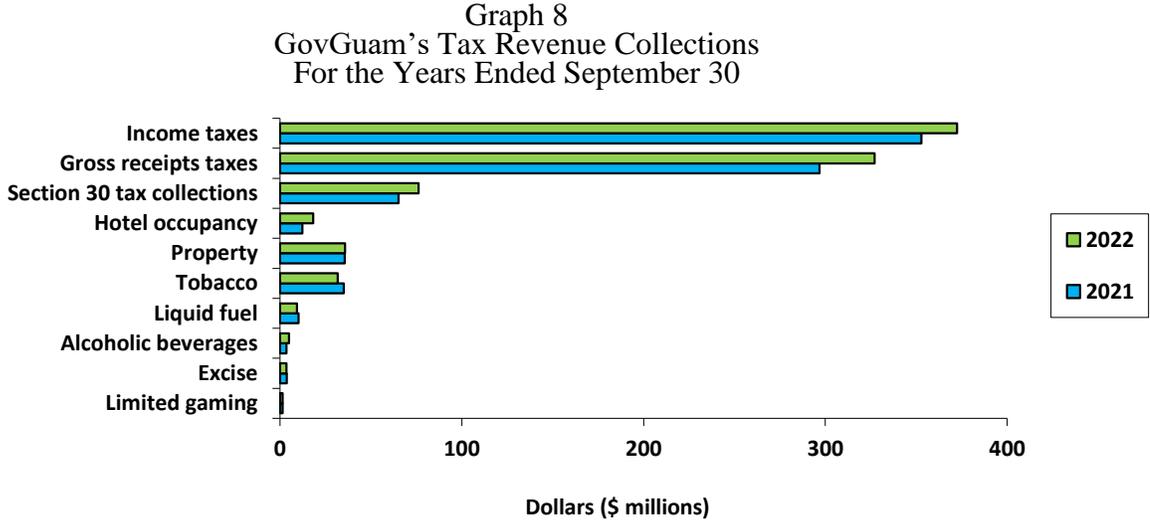
Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

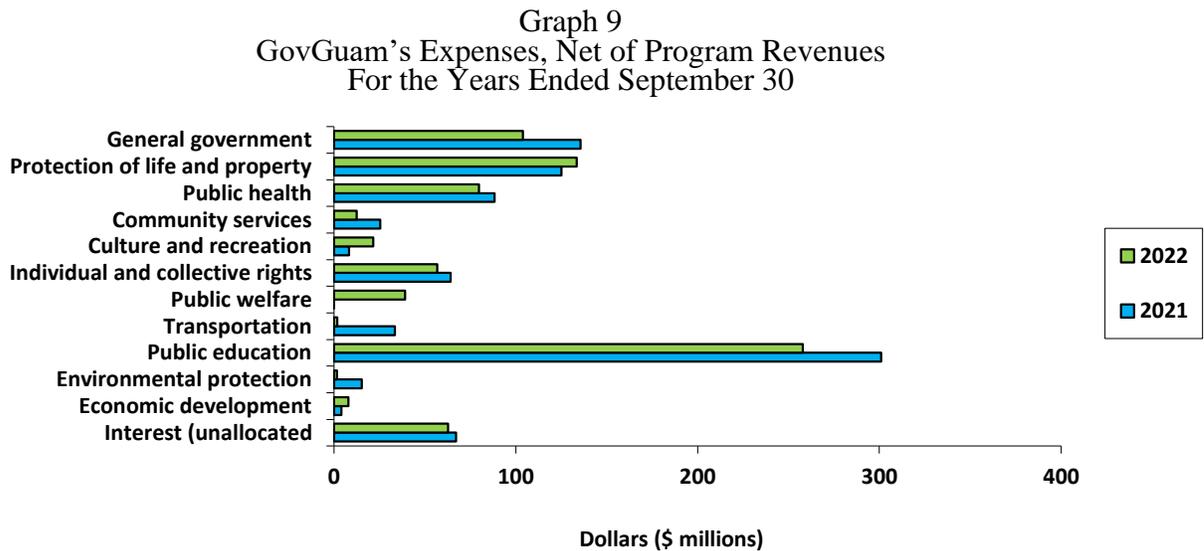
Analysis of Changes in Net Position, Continued

Graph 8 below shows a comparison of the tax revenue collections for fiscal years 2022 and 2021.



Cost of governmental activity expenses, net of program revenues, decreased compared with prior year by \$83.2 million (or 9.7%) primarily due to a decrease in net public education expense of \$43.2 million (or 14.3%), net general government expense of \$31.7 million (or 23.4%), net transportation expense of \$31.7 million (or 94.5%), net environmental protection expense of \$13.7 million (or 89.7%) and net community services expense of \$12.8 million (or 50.6%), offset by an increase in public welfare expense of \$44.6 million (or 809%), and net culture and recreation expense of \$13.3 million (or 161%).

Graph 9 below shows a comparison of cost of governmental activity expenses, net of program revenues, for fiscal years 2022 and 2021.



Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE, CONTINUED

Financial Ratios

The ratios for Governmental Funds and Government-wide.

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|
| Governmental Funds: | | |
| Current Ratio | 1.75:1 | 1.55:1 |
| Expenditures as a Percentage of Total Expenditures: | | |
| General government | 6.83% | 6.20% |
| Protection of life and property | 9.30% | 7.40% |
| Public education (including payments to UOG and GCC) | 23.37% | 19.10% |
| Public health (including payments to GMHA) | 26.64% | 23.90% |
| Public welfare | 3.68% | 21.10% |
| Debt service | 4.91% | 6.00% |
| Government-wide (includes Component Units): | | |
| Public Debt as a percentage of GDP | 40.52% | 44.80% |
| Public Debt as a percentage of Revenues | 83.34% | 91.30% |
| Public Debt per Capita - Primary Government | \$6,433 | \$7,430 |
| Public Debt per Capita - Component Units | \$8,267 | \$9,595 |

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 2022, GovGuam’s governmental funds reported a combined fund balance surplus of \$700 million, an increase of \$113.2 million compared with a combined fund surplus of \$586.8 million at the end of fiscal year 2021. This is primarily attributable to the operating surplus in the General Fund of \$105.1 million, increasing the prior year fund balance of \$30.4 million to \$135.5 million.

General Fund - this fund is the chief operating fund of GovGuam. At the end of the fiscal year, the total cumulative fund surplus of the General Fund was \$135.5 million, an increase to the cumulative prior year fund balance of \$30.4 million due to fund surplus of \$105.1 million in the current year.

Federal Grants Assistance Fund - this fund has a total fund balance of \$0.4 million, which primarily represents federal grant program revenues for which the corresponding federal grant expenditures have yet to be recognized at year-end. This fund reports the regular federal funding grants which were made available to GovGuam including Medicaid federal matching, Economic Impact Payments (Stimulus), Federal Emergency Management Agency (“FEMA”) reimbursements, Public Health subsidies, and Compact Impact receipts.

ARPA Assistance Fund - this fund was created in fiscal year 2021 to account for the initial receipt of \$579 million and subsequent payment of federal assistance grants created under the American Recovery Plan Act 2021 (ARPA), which was signed into law by President Biden on March 11, 2021. During the year ended September 30, 2022, GovGuam expended \$195.6 million in ARPA federal assistance with \$304 million yet to be expended as of September 30, 2022. The ARPA mandated that EITC paid by GovGuam will be reimbursed by the Federal government. The ARPA also provides for reimbursement to Guam of the Child Tax Credit. Both these reimbursements, provided to Guam as advance payments, are mandated by statute to be annual payments, and do not expire with the remainder of ARPA funding

GDOE Federal Grants Fund - this 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 \$162.9 million, which funded various education-related programs, and which was higher than fiscal year 2021 revenues and transfers in of \$116.8 million by \$46.1 million (or 39.5%).

Government of Guam

Management’s Discussion and Analysis (Unaudited), continued

FINANCIAL ANALYSIS OF GOVGUAM’S FUNDS, CONTINUED

Chamorro Lands Fund - this fund has a total fund balance of \$459 million, which increased by \$4.9 million compared with prior year. This increase represented the value of new leases executed during fiscal year 2022. The valuation of land in the Chamorro Land Trust Commission has not been updated since 2014. It is anticipated that a revaluation of all publicly and privately held land and buildings will be commissioned during 2024 for property tax purposes. The resultant valuation for publicly owned land will be incorporated into the Chamorro Lands Fund.

General Fund Budgetary Highlights (Budgetary Basis)

During the fiscal year ended September 30, 2022, the Legislature passed Public Laws 36-54, 36-65, 36-82, 36-105 and 36-106 increasing appropriations by \$92.7 million between the original and final budget for Executive Branch operations. Actual revenues collected (including operating transfers in) of \$798.3 million were higher than budgeted amounts of \$702.7 million by \$95.6 million (or 13.6%). The favorable difference of \$95.6 million is summarized as follows:

GovGuam’s General Fund Revenues
For the Year Ended September 30
(Amounts in ‘000s)

| | Budget | Actual | Favorable/ (Unfavorable) Change | % Change |
|------------------------------------|-------------------|-------------------|---------------------------------------|--------------|
| Income tax collections | \$ 319,136 | \$ 372,492 | \$ 53,356 | 16.7% |
| Gross receipts tax collections | 290,506 | 327,115 | 36,609 | 12.6% |
| Section 30 federal tax collections | 76,141 | 76,141 | - | 0.0% |
| Other taxes and fees | 5,922 | 4,830 | (1,092) | -18.4% |
| Other revenues | 7,974 | 14,680 | 6,706 | 84.1% |
| Transfers in | 2,999 | 3,044 | 46 | 1.5% |
| | \$ 702,677 | \$ 798,302 | \$ 95,624 | 13.6% |

Budgetary expenditures (including operating transfers out) of \$737.1 million were lower than authorized appropriations of \$755.5 million by \$18.4 million (or 2.5%). The favorable difference of \$18.4 million is summarized as follows:

GovGuam’s General Fund Expenditures
For the Year Ended September 30
(Amounts in ‘000s)

| | Budget | Actual | Favorable/ (Unfavorable) Change | % Change |
|---------------------------|-------------------|-------------------|---------------------------------------|-------------|
| Executive Branch: | | | | |
| Departmental operations | \$ 488,041 | \$ 471,902 | \$ 16,139 | 3.4% |
| Component Unit allotments | 104,727 | 94,574 | 10,153 | 10.7% |
| Retiree healthcare | 33,115 | 39,007 | (5,893) | -15.1% |
| Legislative Branch | 8,594 | 8,594 | - | 0.0% |
| Judicial Branch | 32,687 | 32,687 | - | 0.0% |
| Debt Service | 59,765 | 62,379 | (2,613) | -4.2% |
| Rainy Day Fund | 28,571 | 28,000 | 571 | 2.0% |
| | \$ 755,500 | \$ 737,143 | \$ 18,357 | 2.5% |

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2022 amounted to \$1.968 billion, net of accumulated depreciation and amortization of \$1.053 billion, leaving a net book value of \$915.2 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 and amortization)
As of September 30
(Amounts in '000s)

| | <u>Governmental</u> Activities 2022 | <u>Governmental</u> Activities 2021 | <u>\$</u> Change 2022-2021 | <u>%</u> Change 2022-2021 |
|------------------------------------|---|---|----------------------------------|---------------------------------|
| Landfill cells | \$ 44,089 | \$ 48,556 | \$ (4,468) | -9.2% |
| Buildings | 357,549 | 368,170 | (10,621) | -0.8% |
| Machinery, equipment and furniture | 8,029 | 10,517 | (2,488) | -23.7% |
| Infrastructure | 398,597 | 414,502 | (15,904) | -3.8% |
| Leased assets | 20,761 | - | 20,761 | |
| Land | 50,657 | 50,657 | - | 0.0% |
| Construction in progress | 35,537 | 18,903 | 16,635 | 88.0% |
| Total | <u>\$ 915,221</u> | <u>\$ 911,305</u> | <u>\$ 3,916</u> | 0.4% |

Capital asset additions for the fiscal year ended September 30, 2022 amounted to \$73.6 million. Major capital asset additions for fiscal year 2022 were as follows:

- \$29 million in Right-to-Use assets as a result of the implementation of GASB Statement No. 87.
- \$31.9 million for various FHA road infrastructure projects completed and ongoing throughout the island.
- \$4.4 million for infrastructure projects for the Guam Department of Education including Simon Sanchez High School renovations.
- \$3 million for infrastructure projects for the Unified Courts of Guam including the Guam Judicial Center.

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 \$930.7 million. Of this amount, \$23.6 million comprises debt backed by the full faith and credit of GovGuam and \$907.1 million is revenue-bonded debt that is payable from and secured solely by specific revenue sources. In addition to this bonded debt, GovGuam had financed purchase obligations and loans payable and outstanding of \$145.5 million and \$10.1 million, respectively, at year-end.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Long-Term Debt, continued

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

| GovGuam's Outstanding Debt As of September 30 (Amounts in '000s) | | | | |
|--|------------------------------------|------------------------------------|---------------------------|--------------------------|
| | Governmental Activities 2022 | Governmental Activities 2021 | \$ Change 2022-2021 | % Change 2022-2021 |
| | | | | |
| General Obligation Bonds | | | | |
| 2019 Series A | \$ 23,585 | \$ 25,360 | \$ (1,775) | -7.0% |
| Limited Obligation Bonds (revenue backed): | | | | |
| 2011 Series A Business Privilege Tax | - | 210,100 | (210,100) | -100.0% |
| 2012 Series B Business Privilege Tax | 12,300 | 96,390 | (84,090) | -87.2% |
| 2015 Series D Business Privilege Tax | 362,285 | 362,285 | - | 0.0% |
| 2016 Series A Section 30 | 196,035 | 206,950 | (10,915) | -5.3% |
| 2021 Series A Hotel Occupancy Tax | 58,865 | 58,865 | - | 0.0% |
| 2021 Series E Business Privilege Tax | 19,070 | 19,070 | - | 0.0% |
| 2021 Series F Business Privilege Tax | 258,550 | - | 258,550 | |
| Loans payable: | | | | |
| Guam Congress Building loan | 3,323 | 3,506 | (183) | -5.2% |
| Judicial Building loan | 6,768 | 6,768 | - | 0.0% |
| School Financed Purchase Obligations | 145,468 | 153,736 | (8,268) | -5.4% |
| Total | \$ 1,086,248 | \$ 1,143,029 | \$ (56,781) | -5.0% |

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 amounts to \$1.352 billion as of October 2022, the date that such certification was performed. Total debt outstanding as of September 30, 2022, subject to the debt ceiling limitation is \$940.8 million. The legal debt margin as of September 30, 2022 was \$411.1 million. During the year ended September 30, 2022, GovGuam's overall total long-term debt decreased by \$57.1 million. The decrease in long-term debt was the result of principal repayment of GovGuam's general obligation and bonded debt of \$1.8 million and \$46.5 million, respectively, and GovGuam's financed purchase obligations of \$8.6 million.

Moody's Investors Service rates GovGuam's long-term bonded debt as Ba1/positive (3/23/23).

GovGuam's *Standard and Poor's Corporation* bond ratings were as follows:

- \$23.6 million General Obligation Bonds, 2019 Series A (BB-/Stable).
- \$12.3 million Business Privilege Tax Bonds, 2012 Series B (BB/Stable).
- \$362.3 million Business Privilege Tax Bonds, 2015 Series D (BB/Stable).
- \$196 million Section 30 Bonds, 2016 Series A (BB/Stable).
- \$58.9 million Hotel Occupancy Tax Bonds, 2021 Series A (BB/Stable).
- \$19.1 million Business Privilege Tax Bonds, 2021 Series E (BB/Stable).
- \$258.6 million Business Privilege Tax Bonds, 2021 Series F (BB/Stable).

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

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Primary Government Refinancings

On May 18, 2021, GovGuam entered into a forward delivery bond purchase agreement for \$258.6 million in 2021 Series F (tax exempt) refunding bonds to be issued on or before October 7, 2021 to refund all or a portion of the outstanding 2011A and 2012B Business Privilege Tax Bonds and to pay certain issuance costs of the Bonds. On May 27, 2021, \$19.1 million in 2021 Series E (taxable) refunding bonds were issued at a TIC of 2.92% to refund a portion of the outstanding 2015D Business Privilege Tax Refunding Bonds and to pay certain issuance costs of the Bonds. These issues achieved Net Present Value savings of approximately \$52.1 million over the life of the bonds and a reduction in debt service costs of \$63.4 million.

Component Unit Refinancings

Guam Power Authority: On April 12, 2022, \$257.6 million in 2022 Series A Revenue Bonds were issued at a TIC 4.3% to refund all outstanding 2012 Series A bonds. This issue achieved Net Present Value savings of approximately \$5.8 million and approximately \$28.2 million in debt service savings over the life of the bonds.

COMPONENT UNITS

GovGuam component units consist of those agencies that have a legal existence created in statute but are dependent upon GovGuam for several attributes, including financial support, dependent upon GovGuam to issue bonds or similar instruments, having Board members of which are appointed by the Governor, or otherwise conforming with the factors set forth in GASB Statement No. 39.

Although in other respects they might be separate, the Guam Department of Education, including Charter Schools, the Judiciary of Guam, the Legislature, the Public Defender Service Corporation, the Attorney General's Office, and the Office of Public Accountability for financial purposes are part of the General Fund and are reported accordingly in the audited financial statements.

The GovGuam Retirement Fund and the Deferred 457 Compensation Plan are included in the financial statements but are not included in the Government-wide financial statements since funds within these belong to the members of the funds and are not available to fund Government operations. They are reported as fiduciary funds as these funds are held in trust for members of the pension fund.

University of Guam, Guam Community College, and Guam Memorial Hospital Authority receive significant financial support from GovGuam. These support funds are appropriated in the annual budget law and are paid over to these units as funds become available through tax and fee collections. In FY 2022, allocations were paid in full. Additionally, these units received and may continue to receive further funding from ARPA and ESF sources. Funds transmitted/recognized in FY2022 (in \$000s) were:

| | <u>UOG</u> | <u>GCC</u> | <u>GMHA</u> |
|--|------------|------------|-------------|
| Budget Allocations | \$ 32,018 | \$ 20,299 | \$ 21,485 |
| ARPA/ESF Support | \$ 1,456 | \$ 188 | \$ 18,300 |
| Retiree Healthcare Premiums/COLA/Supp. Annuities | \$ 3,089 | \$ 1,731 | \$ 5,001 |

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

COMPONENT UNITS, CONTINUED

Guam Housing Corporation, Guam Housing and Urban Renewal Authority, Guam International Airport Authority, Guam Visitors Bureau, and Port Authority of Guam provide services to the community and generally recover costs by charging users for their services either directly or indirectly through commercial customers, through dedicated fund sources or by receipt of grants from the federal government. Although, under normal trading conditions, these units do not usually receive funding directly from GovGuam, in FY2022 and FY2021, each unit received some ARPA and related funding as directed by the Governor. ARPA Funds received by these units in FY2022 (in \$000s) were:

| | |
|--|-----------|
| Guam Housing Corporation | \$ 1,547 |
| Guam Housing and Urban Renewal Authority | 250 |
| Guam International Airport Authority | 17,000 |
| Guam Memorial Hospital Authority | 18,300 |
| Guam Visitors Bureau | 20,000 |
| Port Authority of Guam | 15,000 |
| University of Guam | 1,456 |
| Guam Community College | 188 |
| | <hr/> |
| | \$ 73,741 |

Additionally, in order to mitigate the high cost of power to commercial and business customers, GovGuam paid, under the provisions of Public Law 36-106, payments totaling \$15.8 million to Guam Power Authority under Prugraman Para Ayuda I Taotao-Ta for their applications as a \$100 credit for energy bills July-November 2022, of which the sum noted above was remitted in FY2022. The program has been extended by subsequent legislation in FY2023.

Guam Housing and Urban Renewal Authority and Guam Housing Corporation provide house support to Guam residents using a mixture of local and federal funding. The largest source of funding is from the U.S. Department of Housing and Urban Development to GHURA. Funding in FY2022 was \$62.9 million.

Guam Economic Development Authority derives its revenues from bond issuance fees, program administration fees, and rents from GovGuam properties. Some of these fees are payable by primary government and other component units.

Guam Preservation Trust is a non-profit corporation founded to preserve Guam's historic sites and related culture. Its revenues are derived from building permit fees, a government revenue source, however, its employees are not government employees and are not entitled to government benefits in service or at retirement.

GOVGUAM'S PENSION

GovGuam closed its defined benefit (DB) plan to new members in 1995 with all new employees participating in a defined contribution (DC) plan. Under 4 GCA, Chapter 8, the Government is required to provide a contribution annually sufficient to pay off existing liabilities by 2033. The Government of Guam Retirement Fund (GGRF) Actuarial Valuation as of September 30, 2020, which was used for determining the year end September 30, 2022 statutory contributions, is available for review and may be accessed on their website www.ggrf.com. Based on this report:

The unfunded actuarial accrued liability increased from \$1.155 billion as of September 30, 2019 to \$1.174 billion as of September 30, 2020.

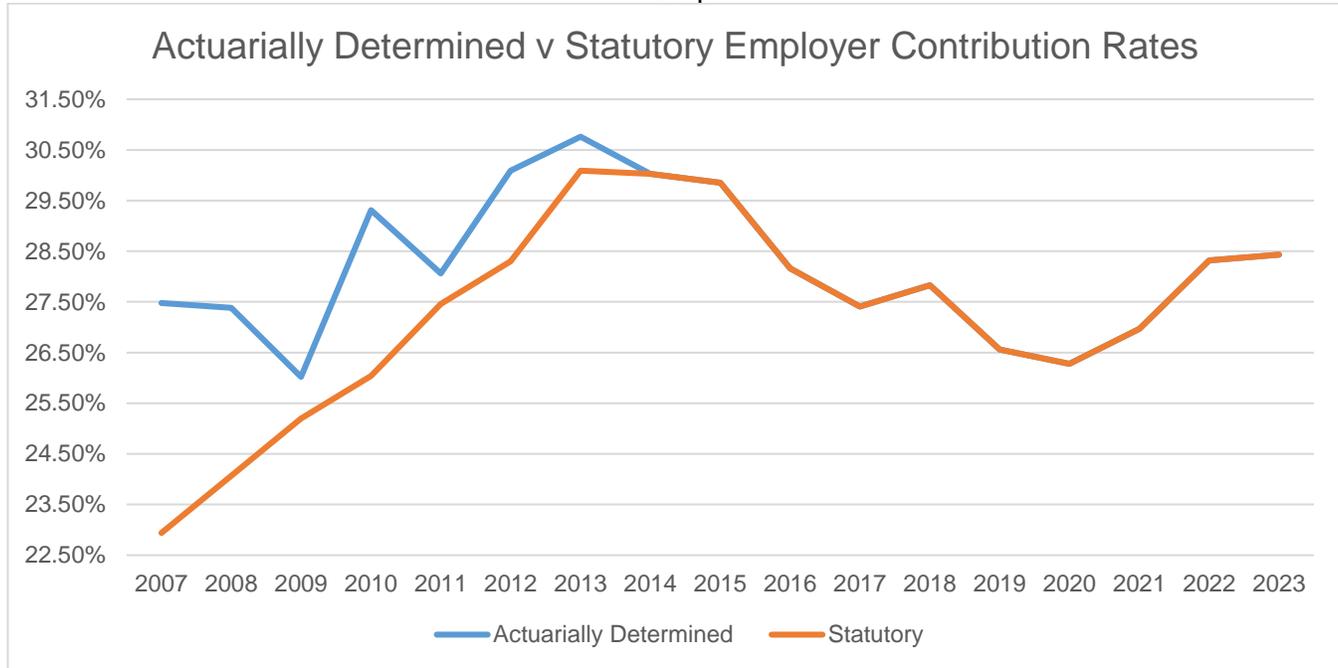
- The annual payment required to amortize the unfunded actuarial accrued liability under GCA Section 8137 has increased from \$112.1 million to \$120.8 million. As a result, the required contribution rate increased from 26.97% of payroll to 28.32% (Graph 11).
- GovGuam funds its unfunded actuarial accrued liability and amortizes it over the remaining 12.58 years with sufficient annual contribution to fully pay the liability by 2033.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

GOVGUAM'S PENSION, CONTINUED

Graph 11



There has been growing concern that insufficient savings by certain members in the defined contribution plan compromised their financial well-being during retirement as well as posing a threat for potential social cost to the government. GovGuam employees do not participate in the U.S. Social Security program. Thus, members upon retirement rely on their pension benefits.

- To address insufficient savings by members in the DC Plan, the Guam Legislature reformed its pensions in 2016, creating two new retirement plans, known as the DB (Defined Benefit) 1.75 and the Guam Retirement Security Plan. The Legislature overrode the Governor's veto to enact the law.
- Existing employees currently participating in the Defined Contribution Retirement System had a nine-month window between April 2017 and December 2017 in which they could elect to participate in the new Defined Benefit 1.75 Retirement Plan or remain in the DC plan.
- The law required those who wished to retire to "buy" their years of service based on an actuarially determined amount from the DC account savings. Participants choosing to opt into the new DB 1.75 Plan were required to transfer all or a portion of their existing Defined Contribution System account balances to the Retirement Fund. This allowed these assets to be transferred to the fund to pay out future benefits. It also required increased contributions from the employee at mandatory pre-tax employee contributions equal to 9.5% of base salary in addition to a mandatory 1% contribution to the Deferred Compensation [Program].
- 3,379 of the 8,947 DC Plan participants elected to transfer to the DB 1.75 Plan. Only 6 participants elected to transfer to the GRSP, which had previously been designated the new default plan. Accordingly, these participants, because of low participation and because the implementation of the GRSP is considered uncertain pending legislation required to conform the plan to IRC requirements, were permitted to change their elections. GGRF also designated the DC Plan as the GovGuam default plan.
- It had been estimated that the new retirement plans would add \$173 million to the unfunded liability and add two years to the amortization period. The resultant unfunded liability has now been combined with the liability arising from the DB Plan.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

GOVGUAM'S PENSION, CONTINUED

- Public Law 36-130 made further changes to retirement benefits. New employees whose employment commences on or after January 1, 2024 may elect to participate in the Defined Benefit 1.75 Plan. Additionally, all employees who are members of the Defined Contribution Plan may elect to transfer to the Defined Benefit 1.75 Plan effective January 1, 2024. This law also allowed earlier retirement entitlement for certain uniformed personnel with full retirement benefits. Based on an actuarial study, the estimate cost to the Government of these changes would increase the unfunded actuarial accrued liability by 0.09% and require an increased employer contribution rate of 0.04%.

ECONOMIC FACTORS, BUDGETS, CHALLENGES AND ACCOMPLISHMENTS

In common with the rest of the world, Guam's economy, especially the sector associated with tourism was adversely affected by the COVID-19 pandemic which began in March 2020. For 2021, Gross Domestic Product has been estimated at \$6.123 billion (U.S. Department of Commerce, Bureau of Economic Analysis report dated November 2, 2021 an increase in Real GDP of 1.1% (in 2020 there was a reduction of 7.5%), reflecting increased spending from personal consumption (3.3%), government operations (26%) and private fixed investment (6.8%) offset by a decline in exports (49%) (Tourist spending). Guam's economy is limited by labor availability and supply chain issues. Despite these limitations, the growth in the economy permitted GovGuam to offer enhanced services and support to individuals and businesses to offset rising prices and to extend its social services assistance.

Federal legislation also provided funding for federally mandated welfare programs operating through the tax code. Guam received for calendar year 2022 tax returns and will receive for subsequent years, full reimbursement for Earned Income Tax Credit ("EITC") and Child Tax Credit ("CTC") totaling \$93 million. Previously, Guam was required to fund these benefits with local funds as Guam is required to mirror the provisions of the Internal Revenue Code.

Guam is poised to benefit from federal funds available to states, territories, and tribal governments from the Infrastructure Investment and Jobs Act. Many of these fund awards are competitive and applications have been made for several projects for infrastructure improvement. To date, Guam has been granted funding of \$156 million towards broadband improvements and universal internet access.

The American Rescue Plan Act of 2021 also called ARPA of the \$1.9 trillion, COVID-19 Stimulus Package signed into law in 2021 as P.L. 117-2, provided and continues to provide economic support to stabilize the worst effects of the economic decline caused worldwide by the virus. Guam also received other federal support in the form of enhanced Medicaid matching, increased SNAP benefits, and other public health and welfare program initiatives, designed to improve the health of Guam residents, including extending Medicaid health coverage to Compact Impact residents.

On November 15, 2021, President Biden signed into law the Infrastructure Investment and Jobs Act as PL 117-58. This law provides \$1.2 trillion in infrastructure funding for states, territories, and tribes. Much of this funding is to be awarded by competitive applications and Guam is well positioned to take advantage of this opportunity for infrastructure renovation and improvements which encompass roads, broadband access, water supply, coastal erosion prevention, and other projects.

The military Build-Up efforts continue with over \$447 million in military construction projects in progress. The FY2022 National Defense Authorization Act included \$765 million for Guam's infrastructure and defense prioritizing missile defense. Actual expenditures were \$365 million in FY2020, with the Government of Japan contributing \$197 million.

Civilian development continues with new construction for Coast 360 and Community First. Government investment includes continued capital projects at Guam International Airport, Guam Power Authority, Guam Waterworks Authority, and Port Authority of Guam. The Japanese retailer Don Don Donki has almost completed construction of a new store in Tamuning and it is scheduled to open in 2023.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

ECONOMIC FACTORS, BUDGETS, CHALLENGES AND ACCOMPLISHMENTS, CONTINUED

Guam's unemployment rate fell to 4.0% in December 2022, significantly lower than the 7.2% rate recorded in December 2021. The unemployment rate in the United States overall was 3.5% at that time.

After the District Court of Guam transferred solid waste operations to the Guam Solid Waste Authority (GSWA) in May 2019 and the issuance of a \$30 million General Obligation Bond with debt service, construction of a new cell at the Layon landfill was completed. The Receiver is still tasked with carrying out certain duties, including finalizing, together with USEPA and Guam EPA financing and engineering associated with the Ordot landfill post closure issues. Remaining estimated closure and remediation costs have grown to almost \$40 million.

On May 24, 2021, the U.S. Supreme Court reversed a lower court ruling and found in favor of GovGuam concerning the Ordot dump inherited by the Government from the U.S. Navy. As a result of the ruling, GovGuam filed a claim against the United States for the Ordot Dump's closure and remediation costs. The case was settled in September 2023 under the Comprehensive Environmental Response, Compensation, and Liability Act in the amount of \$48.9 million.

The Leon Guerrero-Tenorio administration is committed to fiscal responsibility. The Administration has focused on stabilizing the finances, collecting taxes due, maximizing cost contributions from federal fund sources, and collecting this funding and reviewing spending priorities. Aside from maximizing the expenditure which can be attributed to federal funding and a successful program of refunding debt to take advantage of attractive interest rates, its planning and budgeting for federal support funding received emphasizes the reality that the funding is intended to last four years and should not be fully expended in the first year when economic stability remains uncertain.

In FY2020, it was anticipated that GovGuam would be faced with a severe reduction in revenues as a result of the COVID-19 pandemic. The FY2022 Budget submitted by the Governor to the Legislature was based on improving the quality of life for the people of Guam, balancing disciplined spending with the priorities of public safety, a healthy community, promoting local production and developing efficiencies and transparency in government. Tax revenues realized in FY2020, FY2021, and FY2022 have exceeded budget expectations resulting in additional revenues.

COVID-19 PANDEMIC

On March 14, 2020, Governor Lourdes A Leon Guerrero declared a Public Health Emergency in response to the COVID-19 outbreak. Schools and non-essential businesses were closed and GovGuam closed its offices and required non-essential employees to work from home.

In April 2020, GovGuam received CARES Act funding and EIP funds. Immediate payments of EIP payments were made and CARES Act monies were used to support the exceptional expenses which had been and continue to be incurred by the Government in support of the effort to combat the Coronavirus. In May 2020 cash payments were made to certain lower income households under Prugraman Sálappe' Ayudon I Taotao and in June 2020 payments of Pandemic Unemployment Assistance and its associated Federal Pandemic Unemployment Compensation to unemployed individuals were started as well as business interruption payments to businesses affected by the economic downturn. The federal government provided funding for two further EIP payments which were quickly issued to taxpayer filers. GovGuam has continued to support all who have been affected by the COVID economic slowdown, with such programs as LEAP for businesses, All-Rise and Prugraman Sálappe, for individuals, vaccination, and testing clinics, bereavement grants and protective equipment.

Government of Guam

Management's Discussion and Analysis (Unaudited), continued

TYPHOON MAWAR

In May 2023, Typhoon Mawar, a Category 4 storm passed over Guam causing widespread damage to infrastructure and delivery of power and water. Immediate help was available from FEMA and the Red Cross, and the Guam National Guard was activated.

The Governor has allocated \$50 million from the General Fund towards the Recovery effort, prioritizing the funding. Immediate help was available to residents through the federal Disaster Supplemental Nutrition Assistance Program and Small Business Administration loans for rebuilding on damage reconstruction.

Recovery has been rapid with most utility and telecommunication services back to normal. The large numbers of FEMA and Red Cross staffers assigned to Guam recovery has contributed to strong tax revenues in July 2023 and the speed of recovery to a resumption of tourist activity.

APPOINTMENT OF NEW AUDITORS

Ernst & Young, LLP were appointed auditors for the Government wide Financial Statements of the Government of Guam, replacing Deloitte and Touche LLP as Deloitte Guam exited the Deloitte network and wound down its business. Their appointment followed a Request for Proposal for Independent Financial Audit Services issued by the Department of Administration. Although EY had performed the audit of certain component units in previous years, this was the first year for the Government wide audit. A significant part of the delay to the completion and issuance of the Basic Financial Statements, the Report on Compliance and other audit reports can be attributed to the change in auditors and their need to gather information and assemble data necessary for the audit, as part of their audit procedures for an initial first year audit, which was not transferred from the previous auditors.

CONTRACT FOR A NEW FINANCIAL MANAGEMENT INFORMATION SYSTEM

In response to a Request for Proposal, Performa Software USA, Inc. was awarded the contract to develop and deploy a new FMIS system for the primary government. It is a five year contract with a go-live date of January 8, 2024 for the core financial systems. The financial statements for FY23 will be prepared using data currently maintained by the AS400 system which has been in operation for over thirty years. The new system is being designed to record and report financial data more quickly and more fully and has taken into account the comments of the auditors and of the Public Auditor in past years.

ANNUAL COMPREHENSIVE FINANCIAL REPORT AND POPULAR ANNUAL FINANCIAL REPORT

GovGuam will be publishing an Annual Comprehensive Financial Report, which will contain both financial and statistical data and essential facts about the Government of Guam.

The Popular Annual Financial Report is designed to help citizens understand Government finances in a graphical form.

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, investors, and creditors. This financial report seeks to demonstrate the Island's accountability for the money it receives and spends. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Division of Accounts, Attention: Gaudencio Rosario, Deputy Financial Manager, P.O. Box 7420, Tamuning, Guam 96931. Telephone No: (671) 475-1150/1169 Facsimile: (671) 472-8483 Website Address: www.da.doa.guam.gov.

GOVERNMENT OF GUAM

Statement of Net Position September 30, 2022 (Amounts in Thousands)

| | <u>Primary Government</u> | <u>Component Units</u> |
|---|-------------------------------|----------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 636,693 | \$ 260,630 |
| Investments | 13,825 | 26,646 |
| Receivables, net | 257,900 | 309,131 |
| Due from primary government | - | 1,211 |
| Due from component units | 9,073 | - |
| Due from private purpose trusts | 2,450 | - |
| Inventories | 2,132 | 86,532 |
| Prepayments | 5,164 | 8,845 |
| Deposits and other assets | 1,602 | 15,492 |
| Restricted assets: | | |
| Cash and cash equivalents | 93,379 | 460,815 |
| Investments | 1,202 | 136,702 |
| Unamortized bond issuance costs | - | 462 |
| Capital assets: | | |
| Nondepreciable capital assets | 86,194 | 373,735 |
| Capital assets, net of accumulated depreciation | 829,026 | 1,739,474 |
| Land and other real estate | 459,050 | - |
| Land held for development | - | 2,463 |
| Total assets | 2,397,690 | 3,422,137 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred loss on refunding | 82,373 | 57,187 |
| Deferred outflows from pensions | 138,808 | 76,308 |
| Deferred outflows from OPEB | 439,921 | 239,440 |
| Deferred unrecovered fuel costs | - | 42,352 |
| Total deferred outflows of resources | 661,102 | 415,286 |
| <u>LIABILITIES</u> | | |
| Accounts payable and other current liabilities | 138,014 | 78,160 |
| Contracts payable | - | 37,050 |
| Accrued interest payable | 13,196 | 22,544 |
| Accrued payroll and other | 31,380 | 8,170 |
| Payable to federal agencies | 394,555 | 7,083 |
| Provision for tax refunds | 85,660 | - |
| Economic stimulus payments payable | 19,312 | - |
| COLA liability | 4,394 | - |
| Due to primary government | - | 9,073 |
| Due to component units | 1,211 | - |
| Unearned revenues | 70,398 | 28,092 |
| Deposits and other liabilities | 21,126 | 39,939 |
| Long-term liabilities: | | |
| Due within one year | 70,750 | 39,754 |
| Due in more than one year | 4,028,087 | 2,853,401 |
| Total liabilities | 4,878,082 | 3,123,266 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred inflows from pensions | 101,629 | 56,066 |
| Deferred inflows from OPEB | 402,744 | 201,775 |
| Deferred inflows from leases | 15,713 | 82,595 |
| Deferred gain on refunding | 2,483 | 13 |
| Total deferred inflows of resources | 522,570 | 340,448 |
| Commitments and contingencies | | |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | 460,961 | 941,678 |
| Restricted for: | | |
| Capital projects | 6,726 | 39,187 |
| Retirement of indebtedness | 67,891 | 104,517 |
| Endowment - nonexpendable | 459,050 | 50,512 |
| Public health | 23,453 | - |
| Environmental protection | 18,230 | - |
| Other purposes | 119,497 | 122,775 |
| Unrestricted | (3,497,668) | (884,960) |
| Total net position | \$ (2,341,859) | \$ 373,709 |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2022
(Amounts in Thousands)

| 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 | \$ 172,064 | \$ 25,938 | \$ 42,212 | \$ - | \$ (103,914) | \$ - |
| Protection of life and property | 184,906 | 11,520 | 39,817 | - | (133,568) | - |
| Public health | 474,674 | 5,230 | 389,711 | - | (79,733) | - |
| Community services | 53,996 | 2 | 41,461 | - | (12,533) | - |
| Culture and recreation | 44,177 | 894 | 21,704 | - | (21,579) | - |
| Individual and collective rights | 80,278 | 2,098 | 21,315 | - | (56,864) | - |
| Public welfare | 155,904 | - | 116,819 | - | (39,085) | - |
| Transportation | 42,893 | 10,487 | 30,568 | - | (1,838) | - |
| Public education | 441,675 | 9,580 | 174,263 | - | (257,832) | - |
| Environmental protection | 30,589 | 22,737 | 6,281 | - | (1,571) | - |
| Economic development | 31,907 | 848 | 23,203 | - | (7,856) | - |
| Interest (unallocated) | 62,652 | - | - | - | (62,652) | - |
| Total primary government | \$ 1,775,714 | \$ 89,335 | \$ 907,354 | \$ - | (779,025) | - |
| Component units: | | | | | | |
| Antonio B. Won Pat International | | | | | | |
| Airport Authority | \$ 83,518 | \$ 34,540 | \$ 24,182 | \$ 23,499 | - | (1,297) |
| Guam Community College | 36,427 | 12,313 | 4,086 | 1,404 | - | (18,624) |
| Guam Housing and Urban | | | | | | |
| Renewal Authority | 60,818 | 4,337 | 62,870 | 1,574 | - | 7,964 |
| Guam Memorial Hospital Authority | 196,274 | 134,844 | 31,312 | 1,811 | - | (28,306) |
| Guam Power Authority | 467,396 | 478,553 | 994 | - | - | 12,151 |
| Guam Waterworks Authority | 126,048 | 101,142 | - | 35,806 | - | 10,900 |
| Port Authority of Guam | 62,163 | 57,698 | 16,274 | 561 | - | 12,370 |
| University of Guam | 109,550 | 17,964 | 56,628 | 8,204 | - | (26,754) |
| Nonmajor component units | 36,185 | 20,489 | 11,349 | - | - | (4,347) |
| \$ 1,178,379 | \$ 861,881 | \$ 207,696 | \$ 72,860 | - | (35,942) | - |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Income | | | | | 372,492 | - |
| Gross receipts | | | | | 327,115 | - |
| Section 30 Federal income tax collections | | | | | 76,141 | - |
| Hotel occupancy | | | | | 18,169 | - |
| Property | | | | | 35,794 | - |
| Tobacco | | | | | 31,643 | - |
| Liquid fuel | | | | | 9,353 | - |
| Alcoholic beverages | | | | | 4,953 | - |
| Excise | | | | | 3,562 | - |
| Limited gaming | | | | | 1,473 | - |
| Investment earnings | | | | | 2,316 | (5,006) |
| Contributions from primary government | | | | | - | 99,141 |
| Other | | | | | 13,438 | 3,275 |
| Total general revenues | | | | | 896,447 | 97,410 |
| Contributions to permanent fund | | | | | 4,919 | - |
| Total general revenues and contributions to permanent fund | | | | | 901,366 | 97,410 |
| Change in net position | | | | | 122,341 | 61,468 |
| Net position at beginning of year | | | | | (2,464,201) | 312,241 |
| Net position at end of year | | | | | \$ (2,341,859) | \$ 373,709 |

See accompanying notes.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2022
(Amounts in Thousands)

| | 101 | | 682 | | Permanent | | Other Governmental Funds | Total |
|---|------------|----------------------|------------|-------------------|-------------------|------------|--------------------------------|-------|
| | General | Federal | ARPA | GDOE | Chamorro Lands | | | |
| | | Grants Assistance | Assistance | Federal Grants | | | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 200,184 | \$ 3,243 | \$ 345,198 | \$ 790 | \$ - | \$ 87,277 | \$ 636,693 | |
| Investments | 211 | - | - | - | - | 13,614 | 13,825 | |
| Land and other real estate | - | - | - | - | 459,050 | - | 459,050 | |
| Receivables, net: | | | | | | | | |
| Taxes | 68,022 | - | - | - | - | 3,164 | 71,186 | |
| Federal agencies | 47,784 | 74,857 | - | 39,866 | - | 3,092 | 165,600 | |
| Leases | - | - | - | - | - | 15,629 | 15,629 | |
| Other | 1,148 | - | - | - | - | 4,337 | 5,485 | |
| Due from component units | 8,028 | - | - | - | - | 1,044 | 9,073 | |
| Due from other funds | 127,304 | - | - | - | - | 42,347 | 169,651 | |
| Due from private purpose trust funds | 2,450 | - | - | - | - | - | 2,450 | |
| Inventories | 2,132 | - | - | - | - | - | 2,132 | |
| Prepayments | 5,079 | - | - | - | - | 85 | 5,164 | |
| Deposits and other assets | 1,097 | - | - | - | - | 4 | 1,102 | |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | 73,414 | - | - | - | - | 19,965 | 93,379 | |
| Investments | - | - | - | - | - | 1,202 | 1,202 | |
| Total assets | \$ 536,854 | \$ 78,101 | \$ 345,198 | \$ 40,657 | \$ 459,050 | \$ 191,761 | \$ 1,651,621 | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 129,024 | \$ 491 | \$ - | \$ 1,032 | \$ - | \$ 7,467 | \$ 138,014 | |
| Accrued payroll and other | 14,433 | 1,052 | 580 | 13,934 | - | 1,381 | 31,380 | |
| Due to component units | 1,211 | - | - | - | - | - | 1,211 | |
| Due to other funds | 42,347 | 33,257 | 40,273 | 25,661 | - | 28,113 | 169,651 | |
| Payable to federal agencies | 17,114 | 42,943 | 304,003 | 30 | - | 30,464 | 394,555 | |
| Unearned revenues | 70,398 | - | - | - | - | - | 70,398 | |
| Provision for tax refunds | 85,660 | - | - | - | - | - | 85,660 | |
| Provision for economic stimulus payments | 19,298 | - | 14 | - | - | - | 19,312 | |
| COLA liability | 4,394 | - | - | - | - | - | 4,394 | |
| Deposits and other liabilities | 17,506 | - | 326 | - | - | 3,293 | 21,126 | |
| Total liabilities | 401,385 | 77,742 | 345,196 | 40,657 | - | 70,719 | 935,700 | |
| Deferred inflows of resources: | | | | | | | | |
| Leases | - | - | - | - | - | 15,713 | 15,713 | |
| Deferred revenues | - | - | - | - | - | 191 | 191 | |
| Total deferred inflows of resources | - | - | - | - | - | 15,904 | 15,904 | |
| Total liabilities and deferred inflows of resources | 401,385 | 77,742 | 345,196 | 40,657 | - | 70,910 | 935,890 | |
| Fund balances: | | | | | | | | |
| Non-spendable | 2,759 | - | - | - | 459,050 | - | 461,810 | |
| Restricted | 78,247 | 358 | 2 | - | - | 21,024 | 99,631 | |
| Committed | 78,243 | - | - | - | - | 84,229 | 162,472 | |
| Unassigned: | | | | | | | | |
| General fund | (23,781) | - | - | - | - | - | (23,781) | |
| Special revenue funds | - | - | - | - | - | (115) | (115) | |
| Total fund balances | 135,468 | 358 | 2 | - | 459,050 | 105,138 | 700,017 | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 536,854 | \$ 78,101 | \$ 345,198 | \$ 40,657 | \$ 459,050 | \$ 176,048 | \$ 1,635,907 | |

See accompanying notes.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2022 (Amounts in Thousands)

| | | |
|--|------------------|---------------------------|
| Total fund balance - governmental funds | \$ | 700,017 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Maintenance costs associated with school financed purchase obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | | 500 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of: | | |
| Land | \$ | 50,657 |
| Construction in progress | | 35,537 |
| Depreciable capital assets and infrastructure | | 1,882,013 |
| Accumulated depreciation | | <u>(1,052,987)</u> |
| Capital assets, net of accumulated depreciation | | 915,221 |
| Revenues are not available soon enough after year end to pay for the current period's expenditures and therefore are unavailable deferred inflows of resources in the governmental funds | | 191 |
| Accrued interest payable is not recognized in governmental funds | | (13,196) |
| 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 | (1,051,146) | |
| Notes payable | (10,090) | |
| School financed purchase obligations | (145,468) | |
| Due to IRS | (19,938) | |
| Tax credits payable | (2,384) | |
| Lease payable | (22,180) | |
| Net pension liability | (894,231) | |
| OPEB liability | (1,863,416) | |
| Compensated absences payable | (24,543) | |
| DCRS sick leave liability | (25,463) | |
| Landfill closure and postclosure costs | <u>(39,978)</u> | |
| Long-term liabilities | | (4,098,837) |
| Deferred outflows of resources are charged to future periods and are not reported in the funds. Those deferred outflows consist of: | | |
| Deferred loss on refunding | 82,373 | |
| Deferred outflows from pensions | 138,808 | |
| Deferred outflows from OPEB | <u>439,921</u> | |
| | | 661,102 |
| Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of: | | |
| Deferred gain on refunding | (2,483) | |
| Deferred inflows from pensions | (101,629) | |
| Deferred inflows from OPEB | <u>(402,744)</u> | |
| | | (506,856) |
| Net position of governmental activities | \$ | <u><u>(2,341,859)</u></u> |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
 Governmental Funds
 Year Ended September 30, 2022
 (Amounts in Thousands)

| | 101 | | 682 | | Permanent | | Total |
|---|-------------------|---------------------------|-----------------|---------------------|-------------------|--------------------------|-------------------|
| | Special Revenue | | Special Revenue | | Permanent | | |
| | General | Federal Grants Assistance | ARPA Assistance | GDOE Federal Grants | Chamorro Lands | Other Governmental Funds | |
| Revenues: | | | | | | | |
| Taxes | \$ 779,310 | \$ - | \$ - | \$ - | \$ - | \$ 101,384 | \$ 880,694 |
| Intergovernmental | 4,144 | 507,850 | 194,438 | 155,754 | - | 41,801 | 903,986 |
| Licenses and permits | 773 | - | - | - | - | 54,889 | 55,663 |
| Charges for services | 11,947 | - | - | - | - | 21,482 | 33,429 |
| Fines and forfeits | 624 | - | - | - | - | 403 | 1,027 |
| Interest and investment earnings | 560 | - | 1,177 | - | 4,919 | 580 | 7,235 |
| Contributions from component units | 3,259 | - | - | - | - | 109 | 3,368 |
| Other | 13,350 | - | - | - | - | 88 | 13,438 |
| Total revenues | <u>813,967</u> | <u>507,850</u> | <u>195,615</u> | <u>155,754</u> | <u>4,919</u> | <u>220,736</u> | <u>1,898,840</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 56,009 | 36,184 | 2,173 | - | - | 28,392 | 122,758 |
| Protection of life and property | 127,037 | 14,003 | 8,809 | - | - | 17,340 | 167,189 |
| Public health | 6,379 | 379,345 | 10,856 | - | - | 30,742 | 427,321 |
| Community services | 6,294 | 41,249 | 211 | - | - | 5,590 | 53,345 |
| Recreation | 2,946 | 924 | 394 | - | - | 560 | 4,823 |
| Individual and collective rights | 56,453 | 13,130 | 354 | - | - | 10,652 | 80,588 |
| Public welfare | - | - | 40,724 | - | - | 25,416 | 66,140 |
| Transportation | 1,641 | 26,654 | 3,914 | - | - | 8,223 | 40,432 |
| Public education | 192,238 | - | 402 | 154,734 | - | 18,544 | 365,918 |
| Environmental protection | 56 | 3,475 | 2,807 | - | - | 18,896 | 25,234 |
| Economic development | 4,508 | 6,870 | 338 | - | - | 996 | 12,712 |
| Payments to: | | | | | | | |
| GovGuam Retirement Fund | 4,875 | - | - | - | - | - | 4,875 |
| Guam Community College | 16,104 | 450 | - | - | - | 4,125 | 20,679 |
| Guam Economic Development Authority | - | - | 48,936 | - | - | - | 48,936 |
| Guam Housing Corporation | 500 | - | 1,547 | - | - | - | 2,047 |
| Guam Housing and Urban Renewal Authority | - | - | 250 | - | - | - | 250 |
| Guam International Airport Authority | - | - | 17,000 | - | - | - | 17,000 |
| Guam Memorial Hospital Authority | 21,485 | 2,478 | 18,300 | - | - | - | 42,263 |
| Guam Power Authority | 15,829 | - | - | - | - | - | 15,829 |
| Guam Preservation Trust | - | - | - | - | - | 4,435 | 4,435 |
| Guam Visitors Bureau | - | 387 | 20,000 | - | - | 14,528 | 34,915 |
| Port Authority of Guam | - | - | 15,000 | - | - | - | 15,000 |
| University of Guam | 29,671 | 51 | 25 | - | - | 4,441 | 34,187 |
| Miscellaneous appropriations | 89,941 | 46 | 3 | - | - | 15 | 90,004 |
| Capital projects | - | 120 | - | - | - | 1,489 | 1,609 |
| Bond issuance costs | 2,415 | - | - | - | - | - | 2,415 |
| Debt service: | | | | | | | |
| Principal retirement | 25,730 | - | - | 3,743 | - | 183 | 29,656 |
| Interest and fiscal charges | 53,054 | - | - | 1,992 | - | 3,623 | 58,670 |
| Total expenditures | <u>713,165</u> | <u>525,364</u> | <u>192,042</u> | <u>160,469</u> | <u>-</u> | <u>198,190</u> | <u>1,789,230</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>100,802</u> | <u>(17,514)</u> | <u>3,573</u> | <u>(4,716)</u> | <u>4,919</u> | <u>22,546</u> | <u>109,610</u> |
| Other financing sources (uses): | | | | | | | |
| Proceeds from refunded bonds issued | 258,550 | - | - | - | - | - | 258,550 |
| Premium from refunded bonds issued | 38,016 | - | - | - | - | - | 38,016 |
| Payment to refunding bond escrow agent | (292,935) | - | - | - | - | - | (292,935) |
| Transfers in from other funds | 36,239 | 25,112 | - | 7,166 | - | 23,170 | 91,687 |
| Transfers out to other funds | (35,554) | (7,166) | (3,571) | (2,451) | - | (42,946) | (91,687) |
| Total other financing sources (uses), net | <u>4,315</u> | <u>17,946</u> | <u>(3,571)</u> | <u>4,716</u> | <u>-</u> | <u>(19,776)</u> | <u>3,631</u> |
| Net change in fund balances (deficit) | <u>105,117</u> | <u>432</u> | <u>2</u> | <u>-</u> | <u>4,919</u> | <u>2,771</u> | <u>113,240</u> |
| Fund balances (deficit) at beginning of year | 30,351 | (73) | - | - | 454,132 | 102,367 | 586,777 |
| Fund balances at end of year | <u>\$ 135,468</u> | <u>\$ 358</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 459,050</u> | <u>\$ 105,138</u> | <u>\$ 700,017</u> |

See accompanying notes.

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, 2022 (Amounts in Thousands)

| | | |
|--|-----------|----------|
| Total net change in fund balances - governmental funds | \$ | 113,240 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Prepayment of school financed purchase 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 school financed purchase obligations | | (125) |
| 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 and amortization expense. For the current year, these amounts consist of: | | |
| Capital outlays, net of disposals | \$ 73,619 | |
| Depreciation and amortization expense | (69,703) | |
| | | 3,916 |
| Amounts presented in the statement of activities, but not in the change in fund balances due to difference in revenue recognition under different bases of accounting | | |
| | | (785) |
| 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 position. 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: | | |
| Proceeds from refunding bonds issued | (258,550) | |
| Premium on refunding bonds issued | (38,016) | |
| Business Privilege Tax bonds defeased | 285,675 | |
| Deferred gain on debt defeasance | (2,608) | |
| Repayment of General Obligation bonds | 1,775 | |
| Repayment of Limited Obligation bonds | 10,915 | |
| Repayment of Business Privilege Tax bonds | 8,515 | |
| Repayment of loans | 183 | |
| Repayment of school financed purchase obligations | 8,268 | |
| Amortization of loss on defeasance | (6,851) | |
| Amortization of gain on defeasance | 124 | |
| Amortization of bond premiums | 14,552 | |
| | | 23,983 |
| 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 accrued interest payable | 1,123 | |
| Change in compensated absences payable | (183) | |
| Change in landfill closure and postclosure care costs | (713) | |
| Change in lease liability | (22,180) | |
| Change in DCRS sick leave liability | (3,093) | |
| Net pension activity | 53,900 | |
| Net OPEB activity | (46,742) | |
| | | (17,888) |
| Change in net position of governmental activities | \$ | 122,341 |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022
(Amounts in Thousands)

| | Pension (and Other Employee Benefit) Trust | Private-Purpose Trust | Custodial |
|--|--|--------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 8,351 | \$ 18,571 | \$ - |
| Time certificates of deposit | - | 1,000 | - |
| Investments at fair value: | | | |
| Common stocks | 1,200,879 | - | - |
| U.S. Government securities | 245,915 | - | - |
| Corporate bonds and notes | 254,638 | - | - |
| Money market funds | 26,926 | - | - |
| Mutual funds | 556,149 | - | - |
| Total investments | 2,284,508 | - | - |
| Accounts receivable: | | | |
| Employer contributions | 5,278 | - | - |
| Member contributions | 2,246 | - | - |
| Interest and penalties on contributions | 95 | - | - |
| Accrued investment income | 6,393 | - | - |
| Due from brokers for unsettled trades | 14,256 | - | - |
| Service credits | 985 | - | - |
| Supplemental/Insurance benefits advanced | 1,996 | - | - |
| Other | 5,154 | - | - |
| Due from DC Plan | 261 | - | - |
| Total receivables | 36,664 | - | - |
| Deposits and other assets | - | - | 13,317,866 |
| Capital assets | 584 | - | - |
| Total assets | 2,330,107 | 19,571 | 13,317,866 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred outflows of resources from pensions | 769 | - | - |
| Deferred outflows of resources from OPEB | 2,151 | - | - |
| Total deferred outflows from resources | 2,921 | - | - |
| <u>LIABILITIES</u> | | | |
| Accounts payable and accrued expenses | 4,846 | - | - |
| Due to DB Plan | 261 | - | - |
| Due to other funds | - | 2,450 | - |
| Deposits and other liabilities | - | 14,982 | - |
| Due to brokers for unsettled trades | 13,432 | - | - |
| Net pension liability | 4,577 | - | - |
| OPEB liability | 11,217 | - | - |
| Total liabilities | 34,333 | 17,432 | - |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred inflows of resources from pensions | 1,144 | - | - |
| Deferred inflows of resources from OPEB | 2,878 | - | - |
| Total deferred inflows from resources | 4,023 | - | - |
| <u>NET POSITION</u> | | | |
| Restricted for: | | | |
| Employees' pension benefits | 2,294,672 | - | - |
| Individuals, organizations and other governments | - | 2,139 | 13,317,866 |
| Total net position | \$ 2,294,672 | \$ 2,139 | \$ 13,317,866 |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2022
(Amounts in Thousands)

| | Pension (and Other Employee Benefit) Trust | Private-Purpose Trust | Custodial |
|---|--|--------------------------|-------------|
| Additions: | | | |
| Contributions: | | | |
| Employer contributions | \$ 153,929 | \$ - | \$ - |
| Member contributions | 59,051 | - | - |
| Use of money and property | - | 1,518 | - |
| Total contributions and revenues | <u>212,980</u> | <u>1,518</u> | <u>-</u> |
| Net investment loss: | | | |
| Net decrease in fair value of investments | (570,871) | - | - |
| Interest | 50,726 | - | - |
| Dividends | 18,487 | - | - |
| Other | 910 | - | - |
| Total investment income | <u>(500,748)</u> | <u>-</u> | <u>-</u> |
| Less: investment expenses | 6,180 | - | - |
| Net investment income | <u>(506,928)</u> | <u>-</u> | <u>-</u> |
| Total additions | <u>(293,948)</u> | <u>1,518</u> | <u>-</u> |
| Deductions: | | | |
| Benefits | 254,730 | - | - |
| Refunds | 30,360 | - | - |
| Interest on refunded contributions | 475 | - | - |
| Administrative and general expense | 5,137 | - | - |
| Individual and collective rights | - | 1,457 | - |
| Total deductions | <u>290,703</u> | <u>1,457</u> | <u>-</u> |
| Change in net position held in trust for: | | | |
| Employees' pension benefits | (584,651) | - | - |
| Individuals, organizations, and other governments | - | 62 | - |
| | <u>(584,651)</u> | <u>62</u> | <u>-</u> |
| Net position at beginning of year | <u>2,879,323</u> | <u>2,077</u> | <u>-</u> |
| Net position at end of year | <u>\$ 2,294,672</u> | <u>\$ 2,139</u> | <u>\$ -</u> |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Net Position
Component Units
September 30, 2022
(Amounts in Thousands)

| | Antonio B. Won Pat International Airport Authority | Guam Community College | Guam Housing and Urban Renewal Authority | Guam Memorial Hospital Authority | Guam Power Authority | Guam Waterworks Authority | Port Authority of Guam | University of Guam | Nonmajor Component Units | Total |
|---|--|------------------------------|---|---|----------------------------|---------------------------------|------------------------------|-----------------------|--------------------------------|-------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 943 | \$ 21,688 | \$ 24,395 | \$ 3,514 | \$ 65,891 | \$ 50,523 | \$ 33,180 | \$ 17,074 | \$ 43,422 | \$ 260,630 |
| Investments | - | - | - | - | - | - | - | 7,736 | 18,910 | 26,646 |
| Receivables, net | 34,358 | 6,310 | 19,945 | 50,604 | 63,207 | 16,901 | 46,371 | 15,039 | 56,394 | 309,131 |
| Due from primary government | - | - | - | - | - | - | - | - | 1,211 | 1,211 |
| Inventories | 424 | 462 | 322 | 3,813 | 75,529 | 4,668 | 725 | 590 | - | 86,532 |
| Prepayments | - | - | 136 | 454 | 5,680 | 1,733 | 42 | - | 800 | 8,845 |
| Deposits and other assets | - | 8,729 | - | - | - | - | - | 6,471 | 292 | 15,492 |
| Restricted assets: | | | | | | | | | | |
| Cash and cash equivalents | 8,686 | - | 1,025 | - | 76,519 | 252,692 | 96,538 | 13,560 | 11,794 | 460,815 |
| Investments | 42,571 | 17,395 | - | - | 29,066 | - | - | 47,051 | 619 | 136,702 |
| Unamortized bond issuance costs | - | - | - | - | 462 | - | - | - | - | 462 |
| Capital assets: | | | | | | | | | | |
| Nondepreciable capital assets | 99,534 | 10,511 | 4,262 | 2,853 | 33,197 | 178,564 | 18,593 | 6,772 | 19,450 | 373,735 |
| Capital assets, net of accumulated depreciation | 405,686 | 28,787 | 14,476 | 28,257 | 458,807 | 635,934 | 96,880 | 64,140 | 6,507 | 1,739,474 |
| Land held for development | - | - | 2,463 | - | - | - | - | - | - | 2,463 |
| Total assets | 592,203 | 93,882 | 67,023 | 89,496 | 808,358 | 1,141,015 | 292,329 | 178,431 | 159,398 | 3,422,137 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | | |
| Deferred amount on refunding | 13,240 | - | - | - | 14,717 | 29,230 | - | - | - | 57,187 |
| Deferred outflows from pensions | 4,850 | 5,697 | 2,787 | 21,742 | 10,216 | 7,405 | 9,546 | 11,510 | 2,555 | 76,308 |
| Deferred outflows from OPEB | 15,099 | 15,264 | 5,337 | 55,159 | 41,606 | 41,248 | 28,806 | 29,618 | 7,304 | 239,440 |
| Unrecovered fuel costs | - | - | - | - | 39,555 | 2,797 | - | - | - | 42,352 |
| Total deferred outflows of resources | 33,189 | 20,961 | 8,124 | 76,901 | 106,093 | 80,680 | 38,352 | 41,127 | 9,859 | 415,286 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | 4,057 | 2,416 | 1,604 | 19,818 | 32,466 | 4,508 | 3,634 | 5,420 | 4,237 | 78,160 |
| Contracts payable | 12,606 | 1,092 | - | - | - | 23,352 | - | - | - | 37,050 |
| Accrued interest payable | 4,036 | - | - | - | 10,865 | 7,200 | - | - | 442 | 22,544 |
| Accrued payroll and other | 4,367 | - | 201 | 1,508 | 217 | 1,119 | 447 | - | 311 | 8,170 |
| Payable to federal agencies | - | - | 17 | 1,641 | - | - | - | 5,426 | - | 7,083 |
| Due to primary government | 967 | 200 | - | 7,814 | - | - | - | 14 | 77 | 9,073 |
| Unearned revenue | - | 1,390 | 1,497 | - | - | 639 | 382 | 7,680 | 16,505 | 28,092 |
| Deposits and other liabilities | 3,243 | 6,661 | 462 | 560 | 21,615 | 3,107 | 425 | 2,794 | 1,071 | 39,939 |
| Long-term liabilities: | | | | | | | | | | |
| Due within one year | 1,977 | 295 | 664 | 2,784 | 14,976 | 11,190 | 4,115 | 1,203 | 2,549 | 39,754 |
| Due in more than one year | 272,943 | 98,933 | 44,379 | 334,683 | 764,376 | 817,321 | 229,158 | 222,418 | 69,189 | 2,853,401 |
| Total liabilities | 304,198 | 110,987 | 48,824 | 368,807 | 844,516 | 868,436 | 238,161 | 244,955 | 94,381 | 3,123,266 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Deferred inflows from pensions | 3,831 | 4,133 | 1,660 | 12,879 | 10,172 | 5,177 | 6,467 | 9,869 | 1,877 | 56,066 |
| Deferred inflows from OPEB | 21,335 | 12,611 | 3,695 | 42,176 | 36,596 | 25,853 | 20,883 | 31,033 | 7,593 | 201,775 |
| Deferred inflows from leases | 14,442 | - | - | - | - | - | 38,790 | 1,171 | 28,192 | 82,595 |
| Deferred amount on refunding | 13 | - | - | - | - | - | - | - | - | 13 |
| Total deferred inflows of resources | 39,621 | 16,744 | 5,355 | 55,055 | 46,769 | 31,030 | 66,139 | 42,073 | 37,662 | 340,448 |
| NET POSITION | | | | | | | | | | |
| Net investment in capital assets | 325,090 | 34,027 | 20,542 | 31,111 | 33,054 | 322,500 | 98,457 | 60,946 | 15,951 | 941,678 |
| Restricted: | | | | | | | | | | |
| Capital projects | 21,352 | - | - | - | - | - | 7,534 | 10,302 | - | 39,187 |
| Retirement of indebtedness | - | - | - | - | 5,717 | 60,881 | 33,332 | - | 4,587 | 104,517 |
| Endowment - nonexpendable | - | 20,319 | - | - | - | - | - | 30,193 | - | 50,512 |
| Other purposes | - | - | 29,746 | - | 8,327 | 38,512 | 5,709 | 24,290 | 16,191 | 122,775 |
| Unrestricted (deficit) | (64,867) | (67,234) | (29,321) | (288,576) | (23,931) | (99,665) | (118,650) | (193,201) | 485 | (884,960) |
| Total net position | \$ 281,574 | \$ (12,888) | \$ 20,967 | \$ (257,466) | \$ 23,167 | \$ 322,229 | \$ 26,381 | \$ (67,470) | \$ 37,214 | \$ 373,709 |

See accompanying notes.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Position Component Units Year Ended September 30, 2022 (Amounts in Thousands)

| | Antonio B. Won Pat International Airport Authority | Guam Community College | Guam Housing and Urban Renewal Authority | Guam Memorial Hospital Authority | Guam Power Authority | Guam Waterworks Authority | Port Authority of Guam | University of Guam | Non-major Component Units | Total |
|-------------------------------------|--|------------------------------|---|---|----------------------------|---------------------------------|------------------------------|-----------------------|---------------------------------|--------------|
| Expenses | \$ 83,518 | \$ 36,427 | \$ 60,818 | \$ 196,274 | \$ 467,396 | \$ 126,048 | \$ 62,163 | \$ 109,550 | \$ 36,185 | \$ 1,178,379 |
| Program revenues: | | | | | | | | | | |
| Charges for services | 34,540 | 12,313 | 4,337 | 134,844 | 478,553 | 101,142 | 57,698 | 17,964 | 20,489 | 861,881 |
| Operating grants and contributions | 24,182 | 4,086 | 62,870 | 31,312 | 994 | - | 16,274 | 56,628 | 11,349 | 207,696 |
| Capital grants and contributions | 23,499 | 1,404 | 1,574 | 1,811 | - | 35,806 | 561 | 8,204 | - | 72,860 |
| Total program revenues | 82,221 | 17,803 | 68,782 | 167,968 | 479,547 | 136,948 | 74,533 | 82,797 | 31,839 | 1,142,437 |
| Net program revenues (expenses) | (1,297) | (18,624) | 7,964 | (28,306) | 12,151 | 10,900 | 12,370 | (26,754) | (4,347) | (35,942) |
| General revenues: | | | | | | | | | | |
| Payments from GovGuam | 24 | 21,960 | 362 | 26,486 | - | - | - | 35,108 | 15,200 | 99,141 |
| Investment earnings | 951 | (3,385) | 2 | - | 1,222 | 1,542 | - | (2,825) | (2,512) | (5,006) |
| Other | - | 337 | 725 | 3 | - | 70 | 207 | 2,117 | (184) | 3,275 |
| Total general revenues | 975 | 18,912 | 1,089 | 26,489 | 1,222 | 1,612 | 207 | 34,400 | 12,503 | 97,410 |
| Change in net position | (322) | 288 | 9,053 | (1,817) | 13,373 | 12,512 | 12,578 | 7,647 | 8,156 | 61,468 |
| Net position at beginning of year | 281,896 | (13,176) | 11,914 | (255,649) | 9,795 | 309,717 | 13,803 | (75,116) | 29,057 | 312,241 |
| Net position at the end of the year | \$ 281,574 | \$ (12,888) | \$ 20,967 | \$ (257,466) | \$ 23,167 | \$ 322,229 | \$ 26,381 | \$ (67,470) | \$ 37,214 | \$ 373,709 |

See accompanying notes.

Government of Guam

Notes to Financial Statements

Year Ended September 30, 2022

1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Government of Guam (GovGuam) have been prepared in accordance 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 of Representatives 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.

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. Except for the Deferred Section 457 Compensation Plan, each component unit of GovGuam has a September 30 year-end. The Deferred Section 457 Compensation Plan has a December 31 year-end.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

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.

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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. 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 Community College (GCC) was created by Public Law 14-77, "The Community College Act of 1977". GCC is governed by a nine-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GCC through legislative appropriations.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

- (c) Guam Housing and Urban Renewal Authority (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. GovGuam has the ability to impose its will on GHURA.
- (d) 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.
- (e) 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 terms of two or four years. GPA is fiscally dependent upon GovGuam whereby GPA cannot issue bonded debt without legislative approval.
- (f) 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.
- (g) 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, continued

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

- (h) 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 - Guam Housing Corporation, Guam Economic Development Authority, Guam Visitors Bureau, Guam Preservation Trust, and 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) GovGuam Retirement Fund (GGRF) - 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 (and Other Employee Benefit) Trust Fund.
- (b) GovGuam Deferred 457 Compensation Plan - investment options are monitored by the GGRF Board of Trustees.

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.opaguam.org.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

| | |
|--|--|
| A. 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 Drive Mangilao, GU 96923 |
|---|--|

| | |
|--|---|
| 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*.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

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, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. 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.

B. Government-Wide Financial Statements

The 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, 2022. 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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

B. Government-Wide Financial Statements, continued

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. Deferred outflows of resources that are attributable to related debt are also included in this component.
- 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 \$694,847,035 of restricted net position, of which \$119,497,071 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, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenues and offset or supplant the net operating deficit or surplus from governmental operations.

C. Governmental 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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

C. Governmental Fund Financial Statements, continued

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 Funds Financial Statements:

Governmental funds 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, continued

1. Summary of Significant Accounting Policies, continued

D. Measurement Focus and Basis of Accounting, continued

Governmental Funds 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 and are recognized in the year in 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, termination benefits, claims and judgments, 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.

Fund Accounting:

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 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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

D. Measurement Focus and Basis of Accounting, continued

Fund Accounting, continued:

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, including the Guam Census Office, except those required to be accounted for in another fund.
- Federal Grants Assistance Fund - a Special Revenue Fund that accounts for certain activities of U.S. federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.
- ARPA Assistance Fund - a Special Revenue Fund that accounts for certain activities of U.S. federal assistance grants created under the American Rescue Plan Act (ARPA) of 2021.
- GDOE Federal Grants Fund - a Special Revenue Fund that accounts for certain activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance public education.
- Chamorro Lands Fund - a Permanent Fund that accounts for developed Chamorro land and other real estate owned by GovGuam and 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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

D. Measurement Focus and Basis of Accounting, continued

Fund Accounting, continued:

In addition, GovGuam reports the following fiduciary fund types:

- Pension (and Other Employee Benefit) Trust Funds - these funds account for resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension and other postemployment benefit (OPEB) plans.
- Private Purpose Funds - these funds account for resources held in trust under which principal and income benefit certain individuals.
- Custodial Funds - these funds account for assets held on behalf of other governmental entities, other organizations, or individuals, which are custodial in nature.

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 using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie, the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined. GovGuam categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. Investments not categorized under the fair value hierarchy are shown at either Net Asset Value (NAV) or amortized cost.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

G. Restricted Assets

As of September 30, 2022, certain assets of the primary government are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures), court orders and grantors including: \$872,609 externally restricted under a Chamorro Lands loan guarantee program; \$5,907,520 externally restricted for Child Support; \$824,190 externally restricted for GDOE extracurricular school activities; \$80,608,108 externally restricted under various bond issues (including \$73,798,716 for future debt service requirements and \$6,809,392 in unspent bond proceeds); \$728,613 externally restricted under the Congress building loan agreement for future debt service requirements; \$902,104 externally restricted under the Judicial building loan agreement for future debt service requirements; and \$4,737,594 externally restricted for Court ordered post closure costs.

H. Land and Other Real Estate

Land and other real estate held as investments in permanent funds of \$459,050,489, which comprise \$445,786,364 held by the Chamorro Land Trust Commission and \$13,264,125 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. Accordingly, land and other real estate investments are valued using Level 3 inputs. 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.

I. Receivables and Tax Abatements

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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

I. Receivables and Tax Abatements, continued

The primary government and the discretely presented component units act as a lessor of various buildings and ground leases. Leases with maximum terms of more than twelve months are recognized as lease receivables and deferred inflows of resources in the respective governmental activities and governmental fund financial statements. Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, net of any estimated uncollectible amounts.

Tax abatements represent reductions in tax revenues that result from an agreement between GovGuam and individuals or entities where: (i) GovGuam promises to forgo tax revenues to which it is otherwise entitled to; and (ii) the individuals or entities promise to take specific action that contributes to economic development.

J. Prepaid Items and Inventories

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.

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

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

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 for the primary government have been eliminated from the statement of net position.

Government of Guam

Notes to Financial Statements, continued

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

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.

Right-to-use (RTU) assets are recognized at the lease commencement date and represent GovGuam's right to use an underlying asset for the lease term. RTU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs. Options to renew or terminate the lease are recognized as part of RTU assets and lease liabilities when it is reasonably certain the options will be exercised.

M. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. As of 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 considering 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. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

N. Unearned Revenue/Payable to Federal Agencies

Unearned revenue is recorded when cash is received prior to being earned and relates to Section 30 federal income tax collections remitted from the United States Government in the amount of \$70,398,471, which pertains to revenues of the following fiscal year.

Amounts received in advance from federal agencies relating to expenditure-driven grants are reported as “payables to federal agencies” in the statement of net position and the governmental funds balance sheet. Revenues are recognized when all applicable program eligibility requirements associated with the federal grant are met by GovGuam as the recipient.

O. 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, pension and other postemployment benefits, long-term liabilities to other governmental entities, and closure and post-closure costs associated with the Ordot Dump and Layon Landfill. Capital lease liabilities consist of lease contracts that transfer substantially all of the benefits and risks of ownership of property to GovGuam. 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 \$1,351,893,207 as of October 31, 2022, the date that such certification was performed. Total debt outstanding as of September 30, 2022, subject to the debt ceiling limitation is \$940,780,298.

P. 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 effective interest rate 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.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

P. Bond Premiums and Discounts, continued

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.

Q. Deferred Outflows/Inflows of Resources

In the government-wide financial statements, the statement of net position will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflow 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. On the other hand, deferred inflows of resources represent 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.

In the governmental fund financial statements, deferred inflows of resources consist of unavailable revenue, which is revenue that does not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting.

R. 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. 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 would constitute a technical default to bondholders, the amounts are restricted.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

R. Fund Equity/Net Position, continued

“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 public health, environmental protection and 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 - residual balances that are not contained in the other classifications and includes negative fund balances in other governmental funds. The General Fund may be the only fund that can report a positive unassigned fund balance.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

R. 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. However, most governmental funds cannot end a fiscal year in deficit.

S. 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 (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of \$25,462,672 as of September 30, 2022, 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, continued

1. Summary of Significant Accounting Policies, continued

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the GovGuam Retirement Fund (GGRF) Defined Benefit (DB) Plan and additions to/reductions from the DB Plan's fiduciary net position have been determined on the same basis as they are reported by GGRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GovGuam recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GovGuam's proportional share of excess total pension liability over the pension plan assets - actuarially calculated - of a single-employer defined benefit plan, measured one year prior to fiscal year-end, and rolled forward. The total pension liability also includes GovGuam's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members, and pension benefits afforded to elected Governors and Lieutenant Governors as well as elected/appointed Judges and Justices following completion of their respective terms.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

U. Other Post-Employment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GovGuam recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents GovGuam's proportional share of total OPEB liability - actuarially calculated - of a single-employer defined benefit plan, measured one year prior to fiscal year-end, and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

V. 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 rolls are 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-seventy seconds percent (7/72%) of the value thereof and seven-eighteenths (7/18%) of the value of the improvements thereon. In addition to this levy, there is hereby levied on improvements on all land property in Guam with a value of \$1,000,000 or more a yearly tax at the rate of seven eighteenths percent (7/18%) of the value thereon.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

W. Encumbrances

GovGuam utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. As of September 30, 2022, GovGuam has encumbrances summarized as follows:

| <u>General</u> | <u>Federal Grants Assistance</u> | <u>ARPA Assistance</u> | <u>GDOE Federal Grants</u> | <u>Other Governmental</u> | <u>Total</u> |
|----------------------|--|----------------------------|------------------------------------|-------------------------------|-----------------------|
| <u>\$ 13,143,439</u> | <u>\$ 98,435,361</u> | <u>\$ 6,978,755</u> | <u>\$ 47,617,548</u> | <u>\$ 14,824,863</u> | <u>\$ 180,999,966</u> |

X. New Accounting Standards

In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective date of GASB Statement No. 89 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

During the year ended September 30, 2022, GovGuam implemented the following pronouncements:

- GASB Statement No. 87, *Leases*, which increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Limited exceptions to the single approach guidance are provided for short-term leases, financed purchases, leases of assets that are classified as investments, and certain regulated leases. As a result of adoption of GASB Statement No. 87, GovGuam has recognized, as lessor, leases receivable and related deferred inflows of resources. Refer Notes 3A and 14C for accompanying footnote disclosure. GovGuam has also recognized, as lessee, lease liabilities and related right-to-use lease asset. Refer Notes 5 and 14H for accompanying footnote disclosure.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

X. New Accounting Standards, continued

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which increases consistency and comparability related to the reporting of fiduciary component units; mitigates costs associated with the reporting of certain pension plans and other postemployment benefit (OPEB) plans as fiduciary component units; and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this statement did not have a material effect on the accompanying financial statements.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

X. New Accounting Standards, continued

- GASB Statement No. 99, *Omnibus 2022*, which provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:
 - 1) Amends guidance in GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requiring that the accounting and financial reporting of Supplemental Nutrition Assistance Program (SNAP) transactions should follow the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended. These provisions were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.
 - 2) Requires disclosures related to nonmonetary transactions, in the notes to financial statements, of the measurement attribute(s) applied to the assets transferred rather than the basis of accounting for those assets. These provisions were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.
 - 3) Provides guidance on accounting for pledges of future revenues when resources are not received by the pledging government. The guidance addresses the process of blending a component unit created to issue debt on behalf of a primary government when that component unit is required to be presented as a blended component unit. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.
 - 4) Provides clarification of provisions in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, related to the focus of the government-wide financial statements. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

X. New Accounting Standards, continued

- 5) Provides terminology updates related to certain provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and terminology used in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. These updates were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.
- 6) GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which amended GASB Statement No. 53 to address transition away from the London Interbank Offered Rate (LIBOR). GASB Statement No. 99 extends the period during which the LIBOR is considered an appropriate benchmark interest rate to when LIBOR ceases to be determined using methodology in place as of December 31, 2021. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

X. New Accounting Standards, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this Statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 99:

- 1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.
- 2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.
- 3) Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives effective for fiscal year ending September 30, 2023.
- 4) Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Effective for fiscal year ending September 30, 2023.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

X. New Accounting Standards, continued

- 5) Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Effective for fiscal year ending September 30, 2023.
- 6) Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. Guidance is effective for fiscal year ending September 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

Government of Guam

Notes to Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Y. Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

Management has used rounding conventions in preparing these financial statements in order to make them easier to read. In doing so, management has encountered rounding differences due to the use of rounding conventions. These rounding differences arise from the rounding of amounts to the nearest thousand dollars. The cumulative effect of rounding differences may result in variances between the totals of the basic financial statements and the sum of the individual amounts.

Management has assessed the materiality of these rounding differences in relation to the basic financial statements as a whole and has determined that they do not have a material impact on the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of GovGuam as of September 30, 2022, and the respective changes in financial position for the year then ended. Consequently, management has elected not to adjust the basic financial statements to eliminate resultant rounding differences.

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.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

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.

As of September 30, 2022, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$745,098,781 and the corresponding bank balances were \$751,267,315. Of the bank balances, \$635,784,653 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. As of September 30, 2022, bank deposits in the amount of \$1,091,213 were FDIC insured and bank deposits in the amount of \$298,801 were NCUA insured.

The remaining bank deposits of \$115,482,662 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 as of September 30, 2022.

As of September 30, 2022, the carrying amount of the fiduciary fund's total cash and cash equivalents and time certificates of deposit was \$27,921,842 and the corresponding bank balances were \$29,998,762, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2022, bank deposits in the amount of \$763,526 were FDIC insured.

In accordance with 5 GCA 21, *Investments and Deposits*, GovGuam requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amounts of monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2022, substantially all of the respective GovGuam and component unit bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in the respective GovGuam and component unit names.

Government of Guam

Notes to Financial Statements, continued

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 amounts 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 as of September 30, 2022.

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, 2022, the primary government's short-term investments of \$15,027,176 represent amounts held in time certificates of deposit.

Government of Guam

Notes to Financial Statements, continued

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. Securities 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.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

- 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;
 - 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.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

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, continued

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 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.

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.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

- 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.

Investments of GGRF as of September 30, 2022, are classified as follows:

| | Defined Benefit | Defined Contribution | 457 Deferred Compensation | Total |
|-------------------------|------------------------|-------------------------|------------------------------|------------------------|
| Common Stocks | \$1,200,878,984 | \$ - | \$ - | \$1,200,878,984 |
| Fixed income securities | 500,553,696 | - | - | 500,553,696 |
| Money market funds | 26,925,878 | - | - | 26,925,878 |
| Mutual funds | <u>30,161,843</u> | <u>406,068,911</u> | <u>119,918,315</u> | <u>556,149,069</u> |
| | <u>\$1,758,520,401</u> | <u>\$ 406,068,911</u> | <u>\$ 119,918,315</u> | <u>\$2,284,507,627</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 short-term and long-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. Mutual funds held by the 457 Deferred Compensation Plan of \$119,918,315 have exposure to interest rate risk.

As of September 30, 2022, GGRF's investments in fixed income debt securities were as follows:

| | <u>Investment Maturities (In Years)</u> | | | Greater Than 10 | Fair Value |
|---------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Less Than 1 | 1 to 5 | 6 to 10 | | |
| U.S. Treasury notes | \$ - | \$ 15,176,117 | \$ 66,987,515 | \$ 97,356,171 | \$ 179,519,803 |
| U.S. government agencies | - | 6,212,998 | 7,243,289 | 52,939,310 | 66,395,597 |
| Corporate notes and bonds | <u>3,208,747</u> | <u>99,762,292</u> | <u>111,917,848</u> | <u>39,749,409</u> | <u>254,638,296</u> |
| | <u>\$ 3,208,747</u> | <u>\$ 121,151,407</u> | <u>\$ 186,148,652</u> | <u>\$ 190,044,890</u> | <u>\$ 500,553,696</u> |

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

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. As of September 30, 2022, GGRF held mortgage-backed securities valued at approximately \$67,900,000.

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.

GGRF's credit quality distribution for debt securities as of September 30, 2022, is as follows:

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Amount</u> |
|----------------------------|----------------------|-----------------------|
| Government Bonds | Aaa/Aa/A | \$ 60,071,042 |
| Corporate Bonds | Baa/Ba/B | 167,273,078 |
| Corporate Bonds | Caa/Ca/C | 12,063,012 |
| Corporate Bonds | D | 1,116,453 |
| U.S. Government Guaranteed | Not Applicable | 245,470,333 |
| Not Rated | Not Rated | <u>14,559,778</u> |
| | | \$ <u>500,553,696</u> |

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. As of September 30, 2022, 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.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. As of September 30, 2022, GGRF held approximately \$26,000,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$7,000,000 was issued by Canadian companies, \$3,000,000 by Australian companies, \$3,000,000 by British companies, \$2,000,000 by Dutch companies, \$2,000,000 by French companies, and \$9,000,000 by 17 other country companies.

As of September 30, 2022, 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 as of September 30, 2022, was approximately \$149,000,000. Of this total, approximately \$40,000,000 relates to companies whose functional currency is the Euro, \$35,000,000 relates to companies whose functional currency is Japanese Yen, \$20,000,000 relates to companies whose functional currency is the British Pound, \$12,000,000 relates to companies whose functional currency is the Australian Dollar, \$9,000,000 relates to companies whose functional currency is the Swiss Franc, and the remaining \$33,000,000 relates to companies representing eight 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.

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 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 amounts of money deposited with the bank.

Government of Guam

Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

Government of Guam Retirement Fund (GGRF), continued:

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.

GGRF has the following recurring fair value measurements as of September 30, 2022:

| | Total | Fair Value Measurements Using | | |
|----------------------------------|-------------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Equity securities | \$ 1,200,878,984 | \$ 1,200,878,984 | \$ - | \$ - |
| U.S. Treasury notes | 179,519,803 | - | 179,519,803 | - |
| Corporate notes and bonds | 254,638,296 | - | 254,638,296 | - |
| Mortgage-backed securities | 66,395,597 | - | 66,395,597 | - |
| Mutual funds | 556,149,069 | 556,149,069 | - | - |
| | 2,257,581,749 | \$ 1,757,028,053 | \$ 500,553,696 | \$ - |
| Investments measured at NAV: | | | | |
| Money market funds | 26,925,878 | | | |
| | <u>\$ 2,284,507,627</u> | | | |

3. Receivables and Tax Abatements

A. Receivables

Primary Government

Receivables as of September 30, 2022, for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate, including allowances for uncollectible accounts, are as follows:

| | General | Federal Grants Assistance | ARPA Assistance | GDOE Federal Grants | Chamorro Lands | Nonmajor Governmental Funds | Total |
|--------------|-----------------------|---------------------------------|--------------------|---------------------------|-------------------|-----------------------------------|-----------------------|
| Receivables: | | | | | | | |
| Taxes | \$ 220,500,197 | \$ - | \$ - | \$ - | \$ - | \$ 3,163,664 | \$ 223,663,861 |
| Federal | 47,784,410 | 74,857,237 | - | 39,866,459 | - | 3,091,788 | 165,599,894 |
| Leases | - | - | - | - | - | 15,628,834 | 15,628,834 |
| Other | 16,473,504 | - | - | - | - | 12,217,096 | 28,690,600 |
| | 284,758,111 | 74,857,237 | - | 39,866,459 | - | 34,101,382 | 433,583,189 |
| Allowance | (167,803,564) | - | - | - | - | (7,880,019) | (175,683,583) |
| | <u>\$ 116,954,547</u> | <u>\$ 74,857,237</u> | <u>\$ -</u> | <u>\$ 39,866,459</u> | <u>\$ -</u> | <u>\$ 26,221,363</u> | <u>\$ 257,899,606</u> |

Government of Guam

Notes to Financial Statements, continued

3. Receivables and Tax Abatements, continued

A. Receivables, continued

Fiduciary Funds

Receivables record by the fiduciary funds includes contributions receivable owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies. As of September 30, 2022, employer contributions receivable totaled \$5,278,116; member contributions receivable totaled \$1,414,966; and interest and penalties receivable totaled \$95,356.

B. Tax Abatements

As of September 30, 2022, GovGuam provided tax abatements through the following programs:

Guam Registered Apprenticeship Program (GRAP) provides tax abatement incentives to eligible businesses that employ apprentices who are duly enrolled and registered in the program. Eligible businesses are entitled to tax abatement against their gross receipts tax liability equal to fifty percent (50%) of the eligible training costs paid or incurred by the business. Eligible training costs include direct wages of apprentices, direct fringe benefits (medical and dental insurance), journeyman's wages (on-the-job training), instructor costs (academic and trade theory), training costs (books and tuition), and personal protective equipment.

The GRAP Program was created under Public Law 28-142 for the purposes of reducing the shortage of highly skilled workers; encouraging employers to hire and train apprentices in highly skilled trades and occupations; authorizing up to 50% abatement of gross receipts taxes for certain long term apprenticeship training expenses; and ensuring that apprentices continue to pay income taxes and participate in the economy.

The eligible business should be duly enrolled and registered under GRAP with the Department of Labor. The apprentice's occupation should be on the GRAP Demand Occupations Listing which is compiled by the Director of the Department of Labor and approved by the Governor and the Legislature of Guam. The eligible business must not be a beneficiary of a Qualifying Certificate issued by the Guam Economic Development Authority.

Qualifying Certificate (QC) Program was created under Public Law 8-80 and amended under Public Law 20-178 and Public Law 22-159 as an economic incentive tool to encourage investment in activities that would strengthen the island economy, enrich its growth, and enhance the quality of life in Guam.

Government of Guam

Notes to Financial Statements, continued

3. Receivables and Tax Abatements, continued

B. Tax Abatements, continued

Qualified individuals and companies may be granted the following tax abatements:

- Up to 100% abatement of real property tax for up to ten (10) years on property utilized by the QC beneficiary to operate its business;
- Up to 100% abatement of gross receipts tax on income from the sale of alcoholic beverages and petroleum products manufactured in Guam for up to ten (10) years;
- Up to 100% abatement of gross receipts tax on income derived from underwriting insurance risks either in or out of Guam for up to twenty (20) years;
- Up to 100% rebate of corporate income tax for up to twenty (20) years.

Harmon Industrial Park Roadway Tax Incentive Program was created under Public Law 33-191 and 34-10, which provides business entities that comprise the Harmon Industrial Park Association with tax benefits to encourage the rehabilitation and improvement of the Harmon Industrial Park roadway. Qualified individuals and companies may be granted the following tax abatements:

- Up to 100% abatement of gross receipts tax not to exceed \$1,000,000 over a four-year period or \$250,000 for each year of the program;
- Up to 100% abatement of excise tax not to exceed \$3,000,000 over a four-year period or \$750,000 for each year of the program.

Special Hotel Qualifying Certificate (QC) Program was created under Public Law 32-233 specifically for the development of one thousand six hundred (1,600) new hotel rooms by the year 2020, a goal set forth by the Guam Visitors Bureau Vision 2020 plan. This program provides additional incentives to hotel developers in order to meet this goal and shall remain in effect until the earlier of five years; 1,600 hotel rooms have been committed to be built; or a China Visa Waiver or China Visa Parole declaration has been approved for Guam. Developers and owners are allowed a tax rebate, exemption or abatement in an amount equal to ten percent (10%) of their total construction costs, which can be applied by the developer, at their discretion, to the following taxes:

- Up to 100% abatement of real property tax for up to ten (10) years on property utilized by the QC beneficiary to operate its business;
- Up to 50% abatement of gross receipts tax payable to GovGuam for up to twenty (20) years;

Government of Guam

Notes to Financial Statements, continued

3. Receivables and Tax Abatements, continued

B. Tax Abatements, continued

- Up to 100% abatement of excise tax with respect to the property used to construct, furnish and equip the new facility construction or substantial expansion of an existing building;
- Up to 100% rebate of corporate income tax for up to twenty (20) years.

During the year ended September 30, 2022, information relevant to the disclosure of these programs is as follows:

| | |
|--|---------------------|
| Gross Receipts Tax: | |
| Guam Registered Apprenticeship Program | \$ 4,741,915 |
| Harmon Industrial Park Association | 175,785 |
| Qualifying Certificate Program | 3,549,153 |
| Excise Tax: | |
| Harmon Industrial Park Association | 651,489 |
| Real Property Tax: | |
| Special Hotel Qualifying Certificate Program | <u>750,617</u> |
| | <u>\$ 9,868,959</u> |

4. Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds as of September 30, 2022, are summarized as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|-----------------------|
| General | Federal Grants Assistance | \$ 33,256,883 |
| General | ARPA Assistance | 40,273,018 |
| General | GDOE Federal Grants | 25,660,705 |
| General | Nonmajor governmental funds | 28,113,271 |
| Nonmajor governmental funds | General | <u>42,347,181</u> |
| | | <u>\$ 169,651,058</u> |

Government of Guam

Notes to Financial Statements, continued

4. Interfund Receivables/Payables, continued

Receivables and payables between funds reflected as due to/due from component units as of September 30, 2022, are summarized as follows:

| | <u>Due From</u> | <u>Due To</u> |
|--|---------------------|---------------------|
| General Fund: | | |
| Guam Community College | \$ 200,000 | \$ - |
| Guam Memorial Hospital Authority | 7,813,673 | - |
| Guam Visitors Bureau | - | 1,210,691 |
| University of Guam | 14,408 | - |
| Other governmental funds: | | |
| Antonio B. Won Pat International Airport Authority | 967,035 | - |
| Guam Economic Development Authority | <u>77,410</u> | <u>-</u> |
| | <u>\$ 9,072,526</u> | <u>\$ 1,210,691</u> |

5. Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2022, are as follows:

| | Estimated Useful Lives | Balance October 1, 2021 | Additions | Transfers | Retirements | Balance September 30, 2022 |
|---|------------------------|-------------------------|------------------------|---------------------|-------------|----------------------------|
| Governmental activities: | | | | | | |
| Nondepreciable capital assets: | | | | | | |
| Land | | \$ 50,656,897 | \$ - | \$ - | \$ - | \$ 50,656,897 |
| Construction in progress | | <u>18,902,877</u> | <u>30,015,114</u> | <u>(13,380,517)</u> | <u>-</u> | <u>35,537,474</u> |
| | | <u>69,559,774</u> | <u>30,015,114</u> | <u>(13,380,517)</u> | <u>-</u> | <u>86,194,371</u> |
| Capital assets being depreciated and amortized: | | | | | | |
| Landfill cells | Capacity | 101,273,627 | - | - | - | 101,273,627 |
| Right-to-use assets | | 28,983,053 | - | - | - | 28,983,053 |
| Buildings | 40-60 yrs. | 629,728,596 | - | 3,577,167 | - | 633,305,763 |
| Machinery, equipment and furniture | 5-20 yrs. | 135,764,028 | 5,214,320 | 678,857 | - | 141,657,205 |
| Infrastructure | 25 yrs. | <u>958,262,880</u> | <u>9,406,453</u> | <u>9,124,493</u> | <u>-</u> | <u>976,793,826</u> |
| | | <u>1,854,012,184</u> | <u>14,620,773</u> | <u>13,380,517</u> | <u>-</u> | <u>1,882,013,474</u> |
| Less accumulated depreciation and amortization: | | | | | | |
| Landfill cells | | (52,717,266) | (4,467,745) | - | - | (57,185,011) |
| Right-to-use assets | | - | (8,221,584) | - | - | (8,221,584) |
| Buildings | | (261,558,388) | (14,198,003) | - | - | (275,756,391) |
| Machinery, equipment and furniture | | (125,247,057) | (8,380,714) | - | - | (133,627,771) |
| Infrastructure | | <u>(543,761,224)</u> | <u>(34,435,273)</u> | <u>-</u> | <u>-</u> | <u>(578,196,497)</u> |
| | | <u>(983,283,935)</u> | <u>(69,703,319)</u> | <u>-</u> | <u>-</u> | <u>(1,052,987,254)</u> |
| Capital assets, net | | <u>870,728,249</u> | <u>(55,082,546)</u> | <u>13,380,517</u> | <u>-</u> | <u>829,026,220</u> |
| | | <u>\$ 940,288,023</u> | <u>\$ (25,067,432)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 915,220,591</u> |

Government of Guam

Notes to Financial Statements, continued

5. Capital Assets, continued

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

| | |
|----------------------------------|----------------------|
| General government | \$ 8,797,630 |
| Protection of life and property | 5,485,926 |
| Public health | 1,416,059 |
| Community services | 124,230 |
| Recreation | 351,781 |
| Individual and collective rights | 2,419,185 |
| Transportation | 27,906,540 |
| Public education | 13,645,466 |
| Environmental protection | 7,382,759 |
| Economic development | <u>2,173,743</u> |
| | <u>\$ 69,703,319</u> |

6. Long-Term Obligations

General Obligation Bonds (GOB):

As of September 30, 2022, the primary government had the following general obligation bonds outstanding:

| | Dated Date | Issue Amount | Interest Rate | Final Maturity | Outstanding Amount |
|-------------------------------|---------------|-----------------|------------------|-------------------|-----------------------|
| General Obligation Bonds: | | | | | |
| Series A, 2019 | July 25, 2019 | \$ 27,610,000 | 5% | November 15, 2031 | \$ 23,585,000 |
| Add: unamortized bond premium | | | | | <u>3,020,827</u> |
| | | | | | <u>\$ 26,605,827</u> |

A summary of the general obligation bond premium activity for the year ended September 30, 2022, is as follows:

| | |
|------------------------------|---------------------|
| Balance – October 1, 2021 | \$ 3,356,467 |
| Current year amortization | <u>(335,640)</u> |
| Balance – September 30, 2022 | <u>\$ 3,020,827</u> |

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

General Obligation Bonds (GOB), continued:

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

| <u>Year ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| 2023 | \$ 1,865,000 | \$ 1,132,625 | \$ 2,997,625 |
| 2024 | 1,960,000 | 1,037,000 | 2,997,000 |
| 2025 | 2,060,000 | 936,500 | 2,996,500 |
| 2026 | 2,165,000 | 830,875 | 2,995,875 |
| 2027 | 2,275,000 | 719,875 | 2,994,875 |
| 2028 - 2032 | <u>13,260,000</u> | <u>1,723,750</u> | <u>14,983,750</u> |
| | <u>\$ 23,585,000</u> | <u>\$ 6,380,625</u> | <u>\$ 29,965,625</u> |

GOB Series A, 2019 Bonds

The GOB Series A, 2019 bonds were issued for the purpose of providing proceeds to fund the construction of a new cell for the Layon landfill (the Series 2019 Project) and are backed solely by the full faith and credit of GovGuam. The Issuance Certificate, dated July 1, 2019, sets forth the establishment of accounts, the periodic deposits into these accounts, and certain other covenants to ensure payment of debt service. The following funds and accounts are established under the Certificate dated July 1, 2019:

Proceeds Fund - Moneys on deposit in the Proceeds Fund are disbursed by the Depository for the payment of the expenses of GovGuam 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.

Costs of Issuance Account - Moneys on deposit in the Costs of Issuance Account were disbursed by the Depository for the payment of the costs associated with the issuance of the Bonds.

Construction Account - Moneys on deposit in the Construction Account were disbursed by the Depository for the payment of the project costs associated with the Series 2019 Project.

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.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB):

As of September 30, 2022, the primary government had the following limited obligation bonds outstanding:

| | <u>Dated Date</u> | <u>Issue Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Outstanding Amount</u> |
|-------------------------------|-----------------------|-------------------------|--------------------------|---------------------------|-------------------------------|
| Limited Obligation Bonds: | | | | | |
| Series B (BPT), 2012 Taxable | June 6, 2012 | \$ 27,375,000 | 4.4% - 4.9% | January 1, 2026 | \$ 12,300,000 |
| Series D, (BPT) 2015 | September 9, 2015 | \$ 410,485,000 | 4.0% - 5.0% | November 15, 2039 | 362,285,000 |
| Series A (Section 30), 2016 | August 17, 2016 | \$ 236,605,000 | 5% | December 1, 2046 | 196,035,000 |
| Series A (HOT), 2021 | March 31, 2021 | \$ 58,865,000 | 5% | November 1, 2040 | 58,865,000 |
| Series E (BPT), 2021 | May 27, 2021 | \$ 19,070,000 | 3.25% | November 15, 2026 | 19,070,000 |
| Series F (BPT), 2021 | October 7, 2021 | \$ 258,550,000 | 4.0% - 5.0% | January 1, 2042 | <u>258,550,000</u> |
| | | | | | 907,105,000 |
| Add: unamortized bond premium | | | | | <u>117,435,369</u> |
| | | | | | <u>\$ 1,024,540,369</u> |

A summary of the limited obligation bond premium activity for the year ended September 30, 2022, is as follows:

| | |
|------------------------------|-----------------------|
| Balance – October 1, 2021 | \$ 93,635,998 |
| Additions | 38,015,898 |
| Deletions | (9,867,871) |
| Current year amortization | (<u>4,348,656</u>) |
| Balance – September 30, 2022 | <u>\$ 117,435,369</u> |

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

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-----------------------|-----------------------|-------------------------|
| 2023 | \$ 15,870,000 | \$ 42,252,972 | \$ 58,122,972 |
| 2024 | 32,750,000 | 41,080,523 | 73,830,523 |
| 2025 | 32,925,000 | 39,522,819 | 72,447,819 |
| 2026 | 34,380,000 | 37,927,188 | 72,307,188 |
| 2027 | 32,695,000 | 36,338,513 | 69,033,513 |
| 2028 - 2032 | 240,560,000 | 149,880,000 | 390,440,000 |
| 2033 - 2037 | 286,515,000 | 84,166,900 | 370,681,900 |
| 2038 - 2042 | 211,305,000 | 24,550,750 | 235,855,750 |
| 2043 - 2047 | <u>20,105,000</u> | <u>2,613,625</u> | <u>22,718,625</u> |
| | <u>\$ 907,105,000</u> | <u>\$ 458,333,290</u> | <u>\$ 1,365,438,290</u> |

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

BPT Series B, 2012, Series D, 2015, Series E, 2021 Bonds, Series F, 2021 Bonds

On May 27, 2021, GovGuam issued \$19,070,000 in Business Privilege Tax Revenue Bonds, 2021 Series E to partially refund \$26,490,000 of outstanding Business Privilege Tax Revenue Bonds, 2015 Series D bonds. Of the net proceeds of \$18,790,307 together with available funds of \$8,986,540 held by GovGuam, \$27,776,847 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding Business Privilege Tax Revenue Bonds, 2015 Series D refunded bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of \$1,286,847, which is deferred and being amortized to expense using the effective interest rate method over the average remaining life of the 2015 Series D refunded bonds. The unamortized balance of the deferred loss on refunding is \$643,424 as of September 30, 2022.

On September 9, 2015, GovGuam issued \$410,485,000 in Business Privilege Tax Revenue Bonds, 2015 Series D to refund \$151,935,000 of outstanding General Obligation Bonds, 2007 Series A bonds and partially refund \$229,020,000 of outstanding General Obligation Bonds, 2009 Series A bonds. Of the net proceeds of \$455,135,254 (including an issue premium of \$44,650,254), \$454,758,932 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding General Obligation Bonds, 2007 Series A and General Obligation Bonds, 2009 Series A. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of \$82,801,641, which is deferred and being amortized to expense using the effective interest rate method over average remaining life of the 2007 and 2009 Series A refunded bonds. The unamortized balance of the deferred loss on refunding is \$57,779,322 as of September 30, 2022.

The BPT Series B, 2012, Series D, 2015, Series E 2021, and Series F 2021 bonds are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of business privilege tax revenues. These bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, COLA settlement payments, health insurance premium payments and delinquent retirement fund contributions, advance refunding 2007 and 2009 GOB bonds, and funding capitalized interest (collectively, the Eligible Expenses). For the year ended September 30, 2022, principal and interest paid and total gross receipts tax revenues were \$11,958,813 and \$327,114,910, respectively.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

BPT Series B, 2012, Series D, 2015, Series E, 2021 Bonds, Series F, 2021 Bonds, continued

The General Indenture, dated December 1, 2011, as updated by supplemental indentures, sets forth the establishment of accounts, the application of revenues and of periodic deposits into these accounts, and certain other covenants to ensure payment of debt service. The following rate covenant together with funds and accounts are established under the General Indenture dated December 1, 2011:

Rate Covenant - GovGuam has covenanted that it will impose, levy, and enforce taxes of the type now imposed by 11 GCA §26201 and collect Business Privilege Tax revenues. Furthermore, GovGuam has covenanted that it will not reduce the rate of levy and collection of pledged business privilege tax revenues below 3% nor will GovGuam reduce the services or the products activities to which the pledged business privilege tax applies, nor will GovGuam upwardly adjust any exception or exclusion to, or otherwise impair, the pledged business privilege tax.

Escrow Fund - Moneys on deposit in the Escrow Fund were disbursed to pay the principal of and interest on the refunded 2007 and 2009 GOB bonds.

Proceeds Fund - Moneys on deposit in the Proceeds Fund were disbursed by the Depository for the payment of Eligible Expenses of GovGuam to be funded from Bond proceeds and the costs associated with the issuance of the Bonds.

Costs of Issuance Account - Moneys on deposit in the Costs of Issuance Account were disbursed by the Depository for the payment of the costs associated with the issuance of the Bonds.

Capitalized Interest Account - Moneys on deposit in the Capitalized Interest Account were disbursed by the Depository for the payment of 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; (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the General Indenture; (4) paying Parity Payment Agreement Payments due and payable; and (5) paying Credit Agreement Reimbursement Payments due and payable. As of September 30, 2022, GovGuam is not a party to any Parity Payment or Credit Agreement Reimbursement Payment Agreements.

Revenue Fund - the General Indenture created a Revenue Fund into which GovGuam, shall deposit all business privilege tax revenues, upon receipt, and which the Trustee, as Depository, will maintain and hold pursuant to the General Indenture.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

Section 30 Series A, 2016 Bonds

On August 17, 2016, GovGuam issued \$236,605,000 in Limited Obligation (Section 30) Bonds, 2016 Series A to refund \$182,610,000 of outstanding Limited Obligation (Section 30) Bonds, 2009 Series A bonds, refinancing all of the outstanding 2013 Series B Certificates of Participation (Okkodo High School Expansion Project), and to provide additional proceeds to fund certain working capital costs of the Guam Memorial Hospital Authority. Of the net proceeds of \$280,547,958 (including an issue premium of \$43,942,958), \$211,658,081 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding Limited Obligation (Section 30) Bonds, 2009 Series A. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of \$31,939,331, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2009 refunded bonds. The unamortized balance of the deferred loss on refunding is \$21,292,887 as of September 30, 2022.

The Section 30 Series A, 2016 bonds are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 revenues. For the year ended September 30, 2022, principal and interest paid and total Section 30 revenues were \$20,989,625 and \$76,141,259, respectively.

The General Indenture, dated June 1, 2009, as amended and restated by an Amended and Restated Indenture, dated August 1, 2016, as updated by supplemental indentures, sets forth the establishment of accounts, the application of revenues and of periodic deposits into these accounts, and certain other covenants to ensure payment of debt service. The following revenue covenant together with funds and accounts are established under the Amended and Restated Indenture dated August 1, 2016:

Revenue Covenant - GovGuam has covenanted that it will not issue or incur any obligations having a claim on the Section 30 Revenues prior to the claim of the Section 30 Series A, 2016 bonds and any bonds on a parity therewith. GovGuam has also covenanted that it 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.

Escrow Fund - Moneys on deposit in the Escrow Fund were disbursed to pay the principal of and interest on the refunded 2009 Section 30 LOB bonds and 2013 Series B certificates of participation.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

Section 30 Series A, 2016 Bonds, continued

Project Account - Moneys on deposit in the Project Account were disbursed by the Depository for the payment of 2016 Hospital Working Capital Project Costs.

Costs of Issuance Account - Moneys on deposit in the Costs of Issuance Account were disbursed by the Depository for the payment of the costs associated with the issuance of the Bonds.

Section 30 Revenue Fund - the Amended and Restated Indenture created the Section 30 Revenue Fund into which GovGuam shall deposit all Section 30 revenues, upon receipt, and which the Trustee, as Depository, will maintain and hold pursuant to the Amended and Restated Indenture. In accordance with the Amended and Restated Indenture, the Trustee created the following funds within the Section 30 Revenue Fund:

- Bond Reserve Fund - the Trustee is required to hold and maintain within the Bond Reserve Fund an amount equal to the Bond Reserve Fund Requirement. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, monies in the aggregate amount within each Bond Year at least sufficient to pay and provide for the sum of: (1) an aggregate amount equal to at least 125% of aggregate annual debt service for such Bond Year; (2) an aggregate amount equal to the amounts required to be deposited in the Rebate Fund during such Bond Year required by the Amended and Restated Indenture, plus the amount of Bond Expenses estimated by the Trustee to be payable during such Bond Year; and (3) such amounts as may be required pursuant to the Amended and Restated Indenture (and any supplemental indenture for the issuance of additional Bonds) to increase or restore the Bond Reserve Fund to the Bond Reserve Fund Requirement. As of September 30, 2022, GovGuam maintains \$16,317,823 in this fund in accordance with the Bond Reserve Fund Requirement.
- Debt Service Fund - the Trustee is required to hold and maintain within the Debt Service Fund an amount equal to the sum of: (1) the interest then due or to become due on all outstanding bonds during the period ending on November 30 of the next succeeding fiscal year; and (2) the principal (including any Mandatory Sinking Account Payments) then due or to become due on all outstanding bonds during the period ending on November 30 of the next succeeding fiscal year. As of September 30, 2022, GovGuam maintains \$21,293,662 in this fund in accordance with the Debt Service Fund Requirement.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

HOT Series A, 2021 Bonds

On March 31, 2021, GovGuam issued \$58,865,000 in Hotel Occupancy Tax Revenue Bonds, 2021 Series A to refund \$70,540,000 of outstanding Hotel Occupancy Tax Revenue Bonds, 2011 Series A bonds. Of the net proceeds of \$70,317,349 (including an issue premium of \$12,790,466) together with available funds of \$2,445,101 held by GovGuam, \$72,762,450 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding Hotel Occupancy Tax Revenue Bonds, 2011 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of \$3,688,650, which is deferred and being amortized to expense using the effective interest rate method over average remaining life of the 2011 refunded bonds. The unamortized balance of the deferred loss on refunding is \$3,300,371 as of September 30, 2022.

The HOT Series A, 2021 bonds are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues. These bonds were issued for the purpose of advance refunding 2011 HOT Bonds. For the year ended September 30, 2022, principal and interest paid and total hotel occupancy tax revenues were \$2,943,250 and \$18,168,635, respectively.

The General Indenture, dated April 1, 2011, as supplemented by a supplemental indenture, dated April 1, 2021, sets forth the establishment of accounts, the application of revenues and of periodic deposits into these accounts, and certain other covenants to ensure payment of debt service. The following rate covenant together with funds and accounts are established under the General Indenture dated April 1, 2021:

Rate Covenant - GovGuam has covenanted that it will impose, levy, and enforce taxes of the type now imposed by 11 GCA §30101 and collect Hotel Occupancy Tax revenues (or may, in its sole and absolute discretion, but shall not be obligated to, pay into the Revenue Fund moneys from any other legally available source) in the aggregate amount within each Bond Year at least sufficient to pay and provide for the sum of: (1) an aggregate amount equal to at least 125% of aggregate annual debt service for such Bond Year; (2) an aggregate amount equal to the amounts required to be deposited in the Rebate Fund during such Bond Year required by the General Indenture, plus the amount of Bond Expenses estimated by the Trustee to be payable during such Bond Year; and (3) such amounts as may be required pursuant to the General Indenture (and any supplemental indenture for the issuance of additional Bonds) to increase or restore the Bond Reserve Fund to the Bond Reserve Fund Requirement.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

HOT Series A, 2021 Bonds, continued

Construction Fund - Moneys on deposit in the Construction Account are being disbursed by the Depository for the payment of Infrastructure Improvement Project Costs.

Costs of Issuance Account - Moneys on deposit in the Costs of Issuance Account were disbursed by the Depository for the payment of the costs associated with the issuance of the Bonds.

Capitalized Interest Account - Moneys on deposit in the Capitalized Interest Account were disbursed by the Depository for the payment of 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; (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the General Indenture; and (4) paying Parity Payment Agreement Payments due and payable. As of September 30, 2022, GovGuam is not a party to any Parity Payment Agreements.

Bond Reserve Fund - the General Indenture created a Bond Reserve Fund available for the purpose of paying debt service on Bonds (including Payment Agreement Payments) in the event of a deficiency in the Bond Fund. GovGuam is required to maintain an amount within the Bond Reserve Fund equal to the maximum annual debt service for the then current or future fiscal year on all outstanding HOT Series A, 2021 bonds. 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) the maximum annual debt service, calculated on all such Bonds Outstanding as of such date, (B) 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 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. As of September 30, 2022, GovGuam maintains \$7,116,468 in this fund in accordance with the Bond Reserve Fund Requirement.

Revenue Fund - the General Indenture created a Revenue Fund into which GovGuam shall deposit all hotel occupancy tax revenues, upon receipt, and which the Trustee, as Depository, will maintain and hold pursuant to the General Indenture.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

Events of Default

The respective Certificates and Indentures specify that any one or more of the following events will be considered an Event of Default:

(A) Default by GovGuam in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise; default by GovGuam in the redemption from any Mandatory Sinking Account Payment of any Term Bonds in the amounts and at the times provided therefor; or default by GovGuam in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(B) Default by GovGuam in the observance of any of the covenants, agreements or conditions on its part contained in the Issuance Certificates or in the Bonds, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to GovGuam by the Trustee or to GovGuam and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; or

(C) The assumption, under the provisions of any law relating to bankruptcy or insolvency or any similar law relating to creditor's rights, by any court of competent jurisdiction, of custody or control of GovGuam or of the whole or any substantial part of its property, if such custody or control is not terminated or stayed within 60 days from the date of assumption of such custody or control.

In the event that the amount in any Fund or Account is insufficient for the purposes for which such Fund or Account was established, the Trustee shall transfer such amount as is necessary to satisfy such deficiency. If after making all such transfers, the amount in such Fund or Account is insufficient, the Trustee shall promptly issue a notice of default to Bondholders.

Acceleration of Maturities

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to GovGuam, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Issuance Certificates or in the Bonds contained to the contrary notwithstanding.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Limited Obligation Bonds (LOB), continued:

Acceleration of Maturities, continued

If an Event of Default occurs and is continuing, all moneys then held or thereafter received by the Trustee or the Depository under any of the provisions of the respective Certificates and Indentures is required to be under the control of and applied by the Trustee as outlined in the respective Certificates and Indentures.

Management of GovGuam believes that it is in compliance with all significant covenants, limitations and restrictions of the respective Certificates and Indentures as of September 30, 2022.

Direct Borrowings:

As of September 30, 2022, the primary government had the following direct borrowings outstanding:

| | <u>Dated Date</u> | <u>Issue Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Outstanding Amount</u> |
|------------------------|-----------------------|-------------------------|--------------------------|---------------------------|-------------------------------|
| Direct Borrowings: | | | | | |
| Judicial Building loan | January 16, 2020 | \$ 15,000,000 | 3.6% | December 1, 2051 | \$ 6,767,668 |
| Congress Building loan | April 28, 2014 | \$ 4,000,000 | 4.5% | September 1, 2035 | <u>3,322,629</u> |
| | | | | | <u>\$ 10,090,297</u> |

Annual debt service requirements to maturity for the direct borrowings are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 319,539 | \$ 387,501 | \$ 707,040 |
| 2024 | 332,625 | 374,415 | 707,040 |
| 2025 | 3,068,394 | 349,534 | 3,417,928 |
| 2026 | 142,438 | 227,402 | 369,840 |
| 2027 | 147,636 | 222,204 | 369,840 |
| 2028 - 2032 | 823,026 | 1,026,176 | 1,849,202 |
| 2033 - 2037 | 984,547 | 864,655 | 1,849,202 |
| 2038 - 2042 | 1,177,769 | 671,433 | 1,849,202 |
| 2043 - 2047 | 1,408,910 | 440,292 | 1,849,202 |
| 2048 - 2052 | <u>1,685,413</u> | <u>163,789</u> | <u>1,849,202</u> |
| | <u>\$ 10,090,297</u> | <u>\$ 4,727,401</u> | <u>\$ 14,817,698</u> |

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

Direct Borrowings, continued:

Judicial Building Loan

In 2020, GovGuam refinanced a loan facility by entering into a \$15,000,000 credit agreement for the purpose of funding the acquisition of real property, additional renovations to existing facilities, and repayment of the existing 2006 loan. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues. The credit agreement, dated January 16, 2020, requires that all funds, monies, securities, and deposits, which comprise the Judicial Building Fund, shall be maintained in accounts with the lender. Furthermore, the credit agreement contains a provision that in the event of default, the lender has the ability to satisfy the indebtedness, in whole or in part, by enforcing and collecting any obligation subject to this pledge and assignment, or by applying any amounts in the Judicial Building Fund to obligations secured hereby. For the year ended September 30, 2022, principal and interest paid and total judicial fees, fines and building rental revenues were \$455,604 and \$1,071,009, respectively.

Congress Building Loan

In 2014, GovGuam entered into a bank loan to fund the modernization, refurbishment and renovation of the Guam Congress Building. The note is collateralized by the pledge and assignment of Capitol District Fund revenues. The credit agreement, dated April 28, 2014, requires that all funds, monies, securities, and deposits, which comprise the Capitol District Fund, shall be maintained in accounts with the lender. Furthermore, the credit agreement contains a provision that in the event of default, the lender has the ability to satisfy the indebtedness, in whole or in part, by enforcing and collecting any obligation subject to this pledge and assignment, or by applying any amounts in the Capitol District Fund to obligations secured hereby. For the year ended September 30, 2022, principal and interest paid and total building rental revenues were \$337,199 and \$269,547, respectively.

Management of GovGuam believes that it is in compliance with all significant covenants, limitations and restrictions of the respective credit agreements as of September 30, 2022.

School Financed Purchase Obligations:

GovGuam, on behalf of the Guam Department of Education (GDOE), has entered into finance leases that are, in substance, a purchase. At the date of acquisition, the assets are valued at the present value of the future minimum lease payments. Finance lease assets and obligations are recorded and reported in the governmental activity column of the government-wide financial statements. Interest expense for finance leases is not capitalized. Amortization of assets acquired under finance leases are included with depreciation expense.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

School Financed Purchase Obligations, continued:

Guam Public School Facilities Project

Guam Education Financing Foundation, Inc. (GEFF) was incorporated in Guam as a not-for-profit corporation for the purpose of financing the construction of four new schools (the “Leased Schools”) on Guam, Okkodo High School, Astumbo Middle School, Adacao Elementary School and Liguán Elementary School. GovGuam, on behalf of GDOE, entered into a twenty-year purchase agreement with GEFF for the use of the four new schools, which commenced in October 2006.

Annual payments for the use of the Leased Schools and related facilities commenced on December 1, 2006, and are 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. After a period of twenty years and after all payments have been made, title to the Leased Schools and related facilities will transfer to GDOE.

John F. Kennedy High School Project:

CaPFA Capital Corp. 2010A (CaPFA) was incorporated in the State of Florida as a not-for-profit corporation for the purpose of financing the new John F. Kennedy (JFK) High School (the “new High School”) to be leased to GDOE upon completion. GovGuam, on behalf of GDOE, entered into a thirty-year purchase agreement with CaPFA for the use of the new High School, which commenced in August 2011.

Annual payments for the use of the new High School commenced on December 1, 2010, and are funded by annual appropriations by the Guam Legislature. After a period of thirty years and after all payments have been made, title to the new High School will transfer to GDOE.

Okkodo High School Expansion Project:

Guam Education Financing Foundation II, Inc. (GEFF II) was incorporated in Guam as a not-for-profit corporation for the purpose of financing the expansion of Okkodo High School to be leased to GDOE upon completion. GovGuam, on behalf of GDOE, entered into an eighteen-year purchase agreement with GEFF II for the use of the expansion, which commenced in July 2014.

Annual payments for the use of the expansion commenced on June 1, 2013 and are funded by annual appropriations by the Guam Legislature. After a period of eighteen years and after all payments have been made, title to the expansion will transfer to GDOE.

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

School Financed Purchase Obligations, continued:

Tiyan:

GovGuam, on behalf of GDOE, entered into an agreement with an option to purchase for certain property located in Tiyan to temporarily house the JFK High School. The facility was vacated by JFK High School in 2011 and subsequently occupied by Untalan Middle School in 2013. The agreement, which is renewable annually, had a fixed annual payment of \$4,493,256 for the first five years payable in cash or by transferable tax credits. Payments commenced in August 2009 with a term through June 30, 2024. In 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024, with a four-month payment abatement from October 1, 2011, through January 31, 2012, due to non-occupancy of the property. In 2013, GovGuam, on behalf of GDOE, exercised the option to purchase the Tiyan property. In addition to the purchase price of \$43,500,000 that comprises the Tiyan High School premises, the Guam Legislature enacted Public Law 31-229, authorizing GovGuam, on behalf of GDOE, to purchase additional property and the construction of new buildings and facilities for the Tiyan High School and the GDOE administration in the amount of \$43,648,970. Title to the Tiyan properties will transfer to GDOE after all payments have been made. In 2014, the Tiyan purchase agreement was amended to extend the term through December 31, 2041, plus \$7,499,090 of collateral equipment for the buildings to be constructed. Repayment in the form of tax credits only apply for payment amounts due through January 2015 and included the aforementioned collateral equipment. Effective February 2015, payments due are to be paid in the form of cash. Annual payments include principal, interest at 10% per annum of outstanding principal balance, insurance and maintenance costs.

Future minimum payment obligations to maturity for the municipal school finance purchase agreements are as follows:

| <u>Year ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-----------------------|-----------------------|-----------------------|
| 2023 | \$ 8,972,784 | \$ 11,518,345 | \$ 20,491,129 |
| 2024 | 9,592,828 | 10,926,680 | 20,519,508 |
| 2025 | 10,133,086 | 10,294,128 | 20,427,214 |
| 2026 | 10,694,877 | 9,622,891 | 20,317,768 |
| 2027 | 6,513,451 | 8,911,538 | 15,424,989 |
| 2028 - 2032 | 31,702,880 | 36,655,426 | 68,358,306 |
| 2033 - 2037 | 41,681,782 | 22,105,483 | 63,787,265 |
| 2038 - 2041 | <u>26,176,147</u> | <u>4,351,249</u> | <u>30,527,396</u> |
| | <u>\$ 145,467,835</u> | <u>\$ 114,385,740</u> | <u>\$ 259,853,575</u> |

Government of Guam

Notes to Financial Statements, continued

6. Long-Term Obligations, continued

School Financed Purchase Obligations, continued:

Assets acquired through the aforementioned purchase agreements are as follows:

| | |
|--------------------------------------|-----------------------|
| Assets: | |
| Buildings and leasehold improvements | \$ 239,159,248 |
| Less accumulated depreciation | (<u>55,685,535</u>) |
| | 183,473,713 |
| Land | <u>435,280</u> |
| | <u>\$ 183,908,993</u> |

Changes in Long-Term Obligations:

Changes in long-term obligations for the year ended September 30, 2022, are as follows:

| | Balance October 1, 2021 | Additions | Reductions | Balance September 30, 2022 | Due Within One Year |
|--------------------------------------|-------------------------------|-----------------------|-------------------------|----------------------------------|------------------------|
| Bonds payable: | | | | | |
| General obligation bonds | \$ 25,360,000 | \$ - | \$ (1,775,000) | \$ 23,585,000 | \$ 1,865,000 |
| Limited obligation bonds | 953,660,000 | 258,550,000 | (305,105,000) | 907,105,000 | 15,870,000 |
| Direct borrowings: | | | | | |
| Bank loans | 10,273,502 | - | (183,205) | 10,090,297 | 319,539 |
| School Financed Purchase Obligations | <u>153,735,835</u> | <u>-</u> | <u>(8,628,000)</u> | <u>145,467,835</u> | <u>8,972,784</u> |
| | <u>\$ 1,143,029,337</u> | <u>\$ 258,550,000</u> | <u>\$ (315,691,205)</u> | <u>\$ 1,086,248,132</u> | <u>\$ 27,027,323</u> |

7. Leases

Primary Government - as Lessor

The primary government is a lessor for non-cancelable leases of land and buildings. The terms of the agreements range from 1 to 40 years generally at fixed monthly payments with no variable payments or escalation clauses. In accordance with GASB Statement No. 87, *Leases*, the primary government recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term.

Chamorro Land Trust Commission (CLTC)

CLTC was established by the Chamorro Land Trust Act of 1975 for the purpose of protecting and ensuring trust lands are awarded to eligible beneficiaries through residential, agricultural, and commercial leases. CLTC is responsible for the disposition of Chamorro Homelands pursuant to mandates to advance the social, cultural and economic development and well-being of the Chamorro people. As of September 30, 2022, lease receivables and deferred inflow of resources associated with CLTC leases totaled \$5,602,537 and \$5,611,040, respectively.

Government of Guam

Notes to Financial Statements, continued

7. Leases, continued

Primary Government - as Lessor, continued

Guam Ancestral Lands Commission (GALC)

GALC was established by the Guam Ancestral Lands Act of 1999 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. As of September 30, 2022, lease receivables and deferred inflow of resources associated with GALC leases totaled \$10,026,297 and \$10,102,183, respectively.

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2022, are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 902,618 | \$ 454,052 | \$ 1,356,670 |
| 2024 | 924,165 | 427,171 | 1,351,336 |
| 2025 | 664,773 | 403,399 | 1,068,172 |
| 2026 | 695,219 | 383,696 | 1,078,915 |
| 2027 | 699,337 | 363,055 | 1,062,392 |
| 2028 - 2032 | 2,851,356 | 1,558,479 | 4,409,835 |
| 2033 - 2037 | 2,432,990 | 1,122,609 | 3,555,599 |
| 2038 - 2042 | 1,302,523 | 863,706 | 2,166,229 |
| 2043 - 2047 | 1,425,366 | 659,392 | 2,084,758 |
| 2048 - 2052 | 1,452,380 | 449,078 | 1,901,458 |
| 2053 - 2057 | 1,683,745 | 217,713 | 1,901,458 |
| 2058 - 2060 | <u>594,362</u> | <u>15,779</u> | <u>610,141</u> |
| | <u>\$ 15,628,834</u> | <u>\$ 6,918,129</u> | <u>\$ 22,546,963</u> |

Primary Government - as Lessee

The primary government has entered into leases for building space and equipment use. The terms of the agreements range from 1 to 25 years generally at fixed monthly payments with no variable payments or escalation clauses. The calculated interest rates used were between 2.96% and 3.6%.

Government of Guam

Notes to Financial Statements, continued

7. Leases, continued

Primary Government - as Lessee, continued

Future minimum payments that are included in the measurement of the lease liability as of September 30, 2022, are as follows:

| Year ending September 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 7,292,844 | \$ 549,945 | \$ 7,842,789 |
| 2024 | 5,638,270 | 363,627 | 6,001,897 |
| 2025 | 3,735,102 | 215,374 | 3,950,476 |
| 2026 | 2,090,705 | 133,216 | 2,223,921 |
| 2027 | 483,928 | 93,531 | 577,459 |
| 2028 - 2032 | 1,091,123 | 340,261 | 1,431,384 |
| 2033 - 2037 | 767,235 | 215,601 | 982,836 |
| 2038 - 2042 | 602,777 | 117,223 | 720,000 |
| 2043 - 2047 | <u>478,215</u> | <u>25,785</u> | <u>504,000</u> |
| | <u>\$ 22,180,199</u> | <u>\$ 2,054,563</u> | <u>\$ 24,234,762</u> |

8. 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, 2022, 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, 2021 | <u>Additions</u> | <u>Reductions</u> | Balance September 30, 2022 | Due Within One Year |
|------------------------------|-------------------------------|-----------------------|-------------------------|----------------------------------|------------------------|
| Other long-term liabilities: | | | | | |
| Compensated absences | \$ 24,360,005 | \$ 183,274 | \$ - | \$ 24,543,279 | \$ 14,108,648 |
| DCRS sick leave liability | 22,370,170 | 3,092,502 | - | 25,462,672 | - |
| Net pension liability | 1,083,874,501 | - | (189,643,218) | 894,231,283 | - |
| OPEB liability | 1,695,689,492 | 167,726,120 | - | 1,863,415,612 | - |
| Tax credits payable | 2,383,629 | - | - | 2,383,629 | 2,383,629 |
| Due to IRS | 19,937,926 | - | - | 19,937,926 | 19,937,926 |
| Lease liability | 28,983,053 | - | (6,802,854) | 22,180,199 | 7,292,844 |
| Landfill closure | <u>39,265,747</u> | <u>712,553</u> | <u>-</u> | <u>39,978,300</u> | <u>-</u> |
| | <u>\$ 2,916,864,523</u> | <u>\$ 171,714,449</u> | <u>\$ (196,446,072)</u> | <u>\$ 2,892,132,900</u> | <u>\$ 43,723,047</u> |

Government of Guam

Notes to Financial Statements, continued

8. 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 an agreement between GovGuam and the IRS, the amount due was renegotiated in the amount of \$19,937,926. GovGuam has yet to finalize repayment terms and conditions with the IRS. In addition, other long-term liabilities include an amount due to landowners in the original amount of \$29,112,970, inclusive of interest. In 2012, a Court Order was issued for the payment of approximately \$25,115,683 for the condemnation of land which encompasses the Layon landfill. A payment of \$3,410,000 was deposited to the Court and distributed to the landowners with the remaining balance of \$21,705,683 plus interest at 6% per annum calculated from January 24, 2008, to be made. GovGuam negotiated long-term tax credit certificates with certain landowners. During the year ended September 30, 2022, no tax credits were redeemed in lieu of payments with a remaining amount of \$2,383,629 associated with this Court Order payable to landowners.

9. 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 governmental funds fund balance classifications:

| | General | Federal Grants Assistance | ARPA | GDOE Federal Grants | Chamorro Lands | Nonmajor Governmental Funds | Total |
|----------------------------------|-----------------------|---------------------------------|-----------------|---------------------------|-----------------------|-----------------------------------|-----------------------|
| Nonspendable: | | | | | | | |
| P.I. Development Bank | \$ 1,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,000,000 |
| Land trust | - | - | - | - | 459,050,489 | - | 459,050,489 |
| Inventories | <u>1,759,422</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,759,422</u> |
| | <u>2,759,422</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>459,050,489</u> | <u>-</u> | <u>461,809,911</u> |
| Restricted: | | | | | | | |
| Debt service reserve | 72,575,903 | - | - | - | - | 8,511,258 | 81,087,161 |
| Public education | 5,394,182 | - | - | - | - | - | 5,394,182 |
| Child Tax Credit Admin. | 6,691 | - | - | - | - | - | 6,691 |
| Landfill closure/post closure | - | - | - | - | - | 4,737,594 | 4,737,594 |
| Tourism-related projects | - | - | - | - | - | 6,463,890 | 6,463,890 |
| Chamorro Loan Guarantee | - | - | - | - | - | 872,609 | 872,609 |
| Landfill-related projects | - | - | - | - | - | 261,917 | 261,917 |
| Other | <u>270,000</u> | <u>358,284</u> | <u>2,228</u> | <u>-</u> | <u>-</u> | <u>176,701</u> | <u>807,213</u> |
| | <u>78,246,776</u> | <u>358,284</u> | <u>2,228</u> | <u>-</u> | <u>-</u> | <u>21,023,969</u> | <u>99,631,257</u> |
| Committed: | | | | | | | |
| General government | 31,847,716 | - | - | - | - | 28,337,425 | 60,185,141 |
| Protection of life and property | 36,731 | - | - | - | - | 8,371,136 | 8,407,867 |
| Public health | 993,411 | - | - | - | - | 22,459,759 | 23,453,170 |
| Community services | 3,175,434 | - | - | - | - | 67,597 | 3,243,031 |
| Recreation | - | - | - | - | - | 429,552 | 429,552 |
| Individual and collective rights | 12,985,159 | - | - | - | - | 3,750,110 | 16,735,269 |
| Transportation | - | - | - | - | - | 618,676 | 618,676 |
| Public education | 2,216,554 | - | - | - | - | 4,357,707 | 6,574,261 |
| Environmental protection | - | - | - | - | - | 13,491,925 | 13,491,925 |
| Economic development | 1,006,800 | - | - | - | - | 1,330,799 | 2,337,599 |
| Public Law 36-107 | 25,906,302 | - | - | - | - | - | 25,906,302 |
| Other purposes | <u>75,315</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,014,109</u> | <u>1,089,424</u> |
| | <u>78,243,422</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>84,228,795</u> | <u>162,472,217</u> |
| Unassigned | <u>(23,781,410)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(114,943)</u> | <u>(23,896,353)</u> |
| | <u>\$ 135,468,210</u> | <u>\$ 358,284</u> | <u>\$ 2,228</u> | <u>\$ -</u> | <u>\$ 459,050,489</u> | <u>\$ 105,137,821</u> | <u>\$ 700,017,032</u> |

Government of Guam

Notes to Financial Statements, continued

10. Deficit Net Position

The following individual component units reflect a deficit net position as of September 30, 2022:

| | |
|-------------------------------------|-------------------------|
| Guam Community College | \$ <u>(12,887,931)</u> |
| Guam Memorial Hospital Authority | \$ <u>(257,465,510)</u> |
| University of Guam | \$ <u>(67,469,557)</u> |
| Guam Economic Development Authority | \$ <u>(13,647,356)</u> |

11. Interfund Transactions

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2022, are as follows:

| | <u>Transfers Out</u> | <u>Transfers In</u> |
|---------------------------------|----------------------|----------------------|
| General Fund: | | |
| Federal Grants Assistance Fund | \$ 20,528,902 | \$ - |
| ARPA Assistance Fund | - | 3,570,747 |
| GDOE Federal Grants Fund | - | 2,450,637 |
| Nonmajor governmental funds | <u>15,024,757</u> | <u>30,217,147</u> |
| | <u>35,553,659</u> | <u>36,238,531</u> |
| Federal Grants Assistance Fund: | | |
| General Fund | - | 20,528,902 |
| GDOE Federal Grants Fund | 7,166,485 | - |
| Nonmajor governmental funds | <u>-</u> | <u>4,583,307</u> |
| | <u>7,166,485</u> | <u>25,112,209</u> |
| ARPA Assistance Fund: | | |
| General Fund | <u>3,570,747</u> | <u>-</u> |
| GDOE Federal Grants Fund: | | |
| General Fund | 2,450,637 | - |
| Federal Grants Assistance Fund | <u>-</u> | <u>7,166,485</u> |
| | <u>2,450,637</u> | <u>7,166,485</u> |
| Nonmajor governmental funds: | | |
| General Fund | 30,217,147 | 15,024,757 |
| Federal Grants Assistance Fund | 4,583,307 | - |
| Nonmajor governmental funds | <u>8,145,181</u> | <u>8,145,181</u> |
| | <u>42,945,635</u> | <u>23,169,938</u> |
| | <u>\$ 91,687,163</u> | <u>\$ 91,687,163</u> |

Government of Guam

Notes to Financial Statements, continued

11. Interfund Transactions, continued

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 a total of \$25,112,209 from the General Fund and the nonmajor governmental funds to the Federal Grants Assistance Fund representing local match requirements under various federal grant awards; \$11,229,875 from the General Fund to the nonmajor governmental funds to fund charter school activities; and \$15,024,757 from the nonmajor governmental funds to the General Fund to finance General Fund operations, including public school operations and debt service requirements.

12. Pensions

GovGuam is statutorily responsible for providing pension benefits for GovGuam employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). GovGuam also maintains a nonqualified deferred compensation plan that constitutes an “eligible governmental plan” in accordance with Section 457(b) of the Internal Revenue Code and comparable provisions under the Guam Territorial Income Tax Code. Participation in the 457 Deferred Compensation Plan is voluntary for all employees who are members of the DB Plan and the DCRS Plan.

The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. 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 commenced on or after October 1, 1995, and prior to January 1, 2018, were required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

A. General Information About the Pension Plans, continued:

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2021, are eligible to receive an annual ad hoc cost of living allowance (COLA). GovGuam also provides other pension benefits to elected Governors and Lieutenant Governors as well as elected/appointed Judges and Justices.

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.

Plan Membership: As of September 30, 2021 (the measurement date), plan membership consisted of the following:

| | <u>DB</u> <u>Members</u> | <u>DCRS</u> <u>Members</u> | <u>Other</u> | <u>Total</u> |
|---|-----------------------------|-------------------------------|--------------|---------------|
| Inactive currently receiving benefits | 7,488 | - | 10 | 7,498 |
| Inactive entitled to but not receiving benefits | 3,122 | - | - | 3,122 |
| Active | <u>4,220</u> | <u>7,070</u> | <u>3</u> | <u>11,293</u> |
| | <u>8,283</u> | <u>7,070</u> | <u>13</u> | <u>21,913</u> |

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981, may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981, and prior to August 22, 1984, may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

A. General Information About the Pension Plans, continued:

Members who joined the DB Plan after August 22, 1984, and prior to October 1, 1995, may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years.

In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds percent of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000, which was subsequently increased to \$2,300 by Public Law 37-42, effective October 1, 2023. Other pension benefits are provided to Governors and Lieutenant Governors under GCA 8172 and to Judges and Justices under GCA 6112. Governors and Lieutenant Governors are eligible to retire after completing their term and receive a basic annuity of 50% of annual salary at retirement. Judges and Justices are eligible to retire after age 65 with 15 years of service, or at any age with 20 years of service, and receive a basic annuity of 90% of annual salary at retirement. These other pension benefits, supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that such other pension benefits, ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans - the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

A. General Information About the Pension Plans, continued:

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DCRS Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the 457 Deferred Compensation Plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced $\frac{1}{2}$ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions and Funding Policy: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GovGuam are established and may be amended by the GGRF. GovGuam's statutory contribution rate was 28.32% for the year ended September 30, 2022. Employees were required to contribute 9.5% of their annual pay for the year ended September 30, 2022.

GovGuam's contributions to the DB Plan for the year ended September 30, 2022, were \$43,671,265, which were equal to the statutorily required contributions.

GovGuam's contributions to the supplemental annuity benefit payments and the COLA payments for the year ended September 30, 2022, were \$17,382,851, which were equal to the statutorily required contributions.

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. Contributions into the DCRS Plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS Plan. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS Plan.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

A. General Information About the Pension Plans, continued:

Statutory employer contributions for the DCRS Plan for the year ended September 30, 2022, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member’s regular pay is deposited into the DCRS Plan. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GovGuam’s contributions to the DCRS Plan for the year ended September 30, 2022, were \$56,030,809, which were equal to the statutorily required contributions. Of this amount, \$43,742,845 was contributed towards the unfunded liability of the DB Plan.

GovGuam’s contributions to the other pension benefit payments for Governors/Lieutenant Governors, Judges and Justices for the year ended September 30, 2022, were \$585,961, which were equal to the statutorily required contributions.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: As of September 30, 2022, the GovGuam reporting entity reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2021, which is comprised of the following:

| | Primary Government | Fiduciary Funds | Component Units | Total |
|---|-----------------------|---------------------|-----------------------|-------------------------|
| Defined Benefit Plan | \$ 621,744,571 | \$ 3,110,284 | \$ 338,723,663 | \$ 963,578,518 |
| Ad Hoc COLA/supplemental annuity Plan for DB Retirees | 217,558,046 | 1,113,199 | 89,669,747 | 308,340,992 |
| Ad Hoc COLA Plan for DCRS Retirees | 47,758,187 | 353,328 | 22,436,335 | 70,547,850 |
| Governors/Lt. Governors, Judges and Justices | <u>7,170,479</u> | - | - | <u>7,170,479</u> |
| | <u>\$ 894,231,283</u> | <u>\$ 4,576,811</u> | <u>\$ 450,829,745</u> | <u>\$ 1,349,637,839</u> |

The following presents GovGuam and its component units change in proportion since the prior measurement date of September 30, 2020, to the current measurement date of September 30, 2021:

| | Defined Benefit Plan | | Ad Hoc COLA/ Supplemental Annuity Plan For DB Retirees | | Ad Hoc COLA Plan For DCRS Retirees | |
|--|-----------------------|--------------------|--|--------------------|---------------------------------------|--------------------|
| | Primary Government | Component Units | Primary Government | Component Units | Primary Government | Component Units |
| Proportion at prior measurement date, September 30, 2020 | <u>64.43%</u> | <u>35.57%</u> | <u>70.52%</u> | <u>29.48%</u> | <u>68.22%</u> | <u>31.78%</u> |
| Proportion at current measurement date, September 30, 2021 | <u>64.53%</u> | <u>35.47%</u> | <u>70.56%</u> | <u>29.44%</u> | <u>67.70%</u> | <u>32.30%</u> |
| Increase/(decrease) | <u>0.10%</u> | <u>-0.10%</u> | <u>0.04%</u> | <u>-0.04%</u> | <u>-0.52%</u> | <u>0.52%</u> |

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Pension Expense (Benefit): For the year ended September 30, 2022, the GovGuam reporting entity recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

| | Primary Government | Fiduciary Funds | Component Units | Total |
|---|-----------------------|--------------------|----------------------|----------------------|
| Defined Benefit Plan | \$ 30,403,005 | \$ (54,086) | \$ 23,727,754 | \$ 54,076,673 |
| Ad Hoc COLA/supplemental annuity Plan for DB Retirees | 17,687,338 | 126,899 | 7,836,250 | 25,650,487 |
| Ad Hoc COLA Plan for DCRS Retirees | 4,470,909 | 23,337 | 1,963,280 | 6,457,526 |
| Governors/Lt. Governors, Judges and Justices | <u>(809,690)</u> | <u>-</u> | <u>-</u> | <u>(809,690)</u> |
| | <u>\$ 51,751,562</u> | <u>\$ 96,150</u> | <u>\$ 33,527,284</u> | <u>\$ 85,374,996</u> |

Deferred Outflows and Inflows of Resources: As of September 30, 2022, the primary government reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Defined Benefit Plan | | Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees | | Ad Hoc COLA Plan for DCRS | |
|---|--------------------------------------|-------------------------------------|--|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 997,940 | \$ 6,321,811 | \$ - | \$ 3,022,376 | \$ 5,252,099 | \$ 930,028 |
| Net difference between projected and actual earnings on pension plan investments | - | 75,106,372 | - | - | - | - |
| Changes of assumptions | - | - | 5,928,137 | 645,117 | 9,700,422 | 3,150,129 |
| Contributions subsequent to the measurement date | 87,414,111 | - | 15,654,850 | - | 1,728,000 | - |
| Changes in proportion and difference between contributions and proportionate share of contributions | <u>7,264,070</u> | <u>8,814,736</u> | <u>1,435,998</u> | <u>1,482,180</u> | <u>2,880,127</u> | <u>2,155,768</u> |
| | <u>\$95,676,121</u> | <u>\$90,242,919</u> | <u>\$ 23,018,985</u> | <u>\$ 5,149,673</u> | <u>\$19,560,648</u> | <u>\$6,235,925</u> |

In addition, the primary government reported deferred outflows of resources of \$552,391 related to the other pension benefits provided to elected Governors and Lieutenant Governors as well as elected/appointed Judges and Justices.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2022, will be recognized in pension expense as follows:

| <u>Year Ending September 30</u> | <u>Defined Benefit Plan</u> | <u>Ad Hoc COLA/SA Supplemental Annuity Plan for DB Retirees</u> | <u>Ad Hoc COLA Plan for DCRS Retirees</u> |
|-------------------------------------|---------------------------------|---|---|
| 2023 | \$(12,359,137) | \$ 2,999,206 | \$ 1,583,172 |
| 2024 | (15,546,625) | (770,223) | 1,583,172 |
| 2025 | (23,666,029) | (14,521) | 1,560,769 |
| 2026 | (30,409,118) | --- | 1,334,252 |
| 2027 | --- | --- | 1,334,252 |
| Thereafter | --- | --- | <u>4,201,106</u> |
| | <u>\$(81,980,909)</u> | <u>\$ 2,214,462</u> | <u>\$ 11,596,723</u> |

As of September 30, 2022, GovGuam's component units reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$3,011,054 | \$ 5,126,727 |
| Net difference between projected and actual earnings on pension plan investments | - | 40,917,616 |
| Changes of assumptions | 7,000,533 | 1,745,792 |
| Contributions subsequent to the measurement date | 56,605,917 | - |
| Changes in proportion and difference between contributions and proportionate share of contributions | <u>9,690,052</u> | <u>8,275,419</u> |
| | <u>\$76,307,556</u> | <u>\$56,065,554</u> |

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

| | |
|------------------------|--|
| Actuarial cost method: | Entry age normal |
| Valuation of assets: | 3-year phase in of gain/losses relative to interest rate assumption. |
| Investment income: | 7.0% |
| Total payroll growth: | 2.75% |
| Salary increases: | Graduated based on service with GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to 5 years. |
| Disability: | 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females. |
| Retirement age: | 50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year from age 65 to 74, 100% at age 75. |
| Mortality: | Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females. |
| Amortization method: | Level percentage of payroll, closed. |

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

- B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Nominal Return</u> | <u>Component Return</u> |
|--------------------------------------|--------------------------------|-----------------------|-------------------------|
| U.S. Equities (large cap) | 26.0% | 7.44% | 1.93% |
| U.S. Equities (small cap) | 4.0% | 9.23% | 0.37% |
| Non-U.S. Equities | 17.0% | 9.28% | 1.58% |
| Non-U.S. Equities (emerging markets) | 3.0% | 11.32% | 0.34% |
| U.S. Fixed Income (aggregate) | 22.0% | 3.89% | 0.86% |
| Risk Parity | 8.0% | 5.92% | 0.47% |
| High Yield Bonds | 8.0% | 6.42% | 0.51% |
| Global Real Estate (REITs) | 2.5% | 8.55% | 0.21% |
| Global Equity | 7.0% | 8.20% | 0.57% |
| Global Infrastructure | 2.5% | 7.58% | 0.19% |
| Expected average return for one year | | | 7.04% |
| Expected geometric mean (30 years) | | | 6.36% |

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments was 2.26%, which is equal to the rate of return of a high-quality bond index.

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued:

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GovGuam's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

| | 1% Decrease in Discount Rate 6.0% | Current Discount Rate 7.0% | 1% Increase in Discount Rate 8.0% |
|--------------------|---|----------------------------------|---|
| Primary government | \$ 785,034,121 | \$ 621,744,571 | \$ 419,505,210 |
| Fiduciary funds | 3,927,142 | 3,110,284 | 2,098,579 |
| Component units | <u>427,683,078</u> | <u>338,723,663</u> | <u>228,544,562</u> |
| | <u>\$ 1,216,644,341</u> | <u>\$ 963,578,518</u> | <u>\$ 650,148,351</u> |

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

| | 1% Decrease in Discount Rate 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|--------------------|--|-----------------------------------|--|
| Primary government | \$ 238,586,001 | \$ 217,558,046 | \$ 199,200,709 |
| Fiduciary funds | 1,220,795 | 1,113,199 | 1,019,268 |
| Component units | <u>98,336,728</u> | <u>89,669,747</u> | <u>82,103,500</u> |
| | <u>\$ 338,143,524</u> | <u>\$ 308,340,992</u> | <u>\$ 282,323,477</u> |

Ad Hoc COLA Plan for DCRS Retirees:

| | 1% Decrease in Discount Rate 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|--------------------|--|-----------------------------------|--|
| Primary government | \$ 54,215,143 | \$ 47,758,187 | \$ 42,249,379 |
| Fiduciary funds | 401,098 | 353,328 | 312,572 |
| Component units | <u>25,469,751</u> | <u>22,436,335</u> | <u>19,848,350</u> |
| | <u>\$ 80,085,992</u> | <u>\$ 70,547,850</u> | <u>\$ 62,410,301</u> |

Governor/Lt. Governor, Judges and Justices:

| | 1% Decrease in Discount Rate 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|--------------------|--|-----------------------------------|--|
| Primary government | \$ <u>7,874,422</u> | \$ <u>7,170,479</u> | \$ <u>6,571,217</u> |

Government of Guam

Notes to Financial Statements, continued

12. Pensions, continued

C. Payables to the Pension Plans

As of September 30, 2022, GovGuam recorded a payable to GGRF of \$3,794,520, representing statutorily required contributions unremitted as of the year-end.

13. Other Post-Employment Benefits (OPEB)

GovGuam participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. Because the OPEB 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.

Plan Membership: As of September 30, 2021 (the measurement date), plan membership consisted of the following:

| | |
|---|---------------|
| Inactive plan members of beneficiaries currently receiving benefits | 8,638 |
| Active plan members | <u>11,118</u> |
| | <u>19,756</u> |

Benefits Provided: GovGuam provides postemployment medical, dental and life insurance benefits to GovGuam retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GovGuam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums.

Government of Guam

Notes to Financial Statements, continued

13. Other Post-Employment Benefits (OPEB), continued

A. General Information About the OPEB Plan, continued:

Three types of health plans are offered to eligible participants:

- Standard Islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

B. Total OPEB Liability:

As of September 30, 2022, the GovGuam reporting entity reported a total OPEB liability of \$2,771,018,220 of which GovGuam (the primary government) and its component units (including the fiduciary funds) reported \$1,863,415,612 and \$907,602,608, respectively, for their proportionate share of the total OPEB liability measured as of September 30, 2021. The following presents GovGuam and its component units’ change in proportion since the prior measurement date:

| | <u>Primary Government</u> | <u>Component Units</u> |
|--|-------------------------------|----------------------------|
| Proportion at prior measurement date, September 30, 2020 | <u>67.33%</u> | <u>32.67%</u> |
| Proportion at current measurement date, September 30, 2021 | <u>67.23%</u> | <u>32.77%</u> |
| Increase/(decrease) in proportion | <u>-0.10%</u> | <u>0.10%</u> |

Government of Guam

Notes to Financial Statements, continued

13. Other Post-Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued:

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2021 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|--|
| Inflation: | 2.75% |
| Healthcare Cost Trend Rates: | Non-Medicare and Medicare - 19% and 31% for Year 1; and 6% for Year 2-3 then reducing 0.25% annually to an ultimate rate of 4.25%. Part B - 2.7% for Year 1; and 4.25% thereafter. |
| Dental Trend Rates: | 4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Year 1 trend is assumed to be -3.11%. |
| Healthy Retiree Mortality Rates: | Head-count RP-2000 Combined Health Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. |

OPEB plan fiduciary net position: As of September 30, 2022, an OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

Discount rate: The discount rate used to measure the total OPEB liability was 2.26%. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.26% tax-exempt, high quality municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Government of Guam

Notes to Financial Statements, continued

13. Other Post-Employment Benefits (OPEB), continued

C. Changes in Total OPEB Liability:

| | Primary Government | Fiduciary Funds | Component Units | Total |
|---|-------------------------|----------------------|-----------------------|-------------------------|
| As of October 1, 2021 | <u>\$ 1,695,689,492</u> | <u>\$ 10,883,182</u> | <u>\$ 811,916,471</u> | <u>\$ 2,518,489,145</u> |
| Changes for the year: | | | | |
| Service cost | 63,160,531 | 362,855 | 31,947,654 | 95,471,040 |
| Interest | 38,510,736 | 246,655 | 18,495,946 | 57,253,337 |
| Change in proportionate share | (375,657) | (993) | 376,650 | - |
| Difference between expected and actual experience | 49,360,781 | 316,722 | 23,747,119 | 73,424,622 |
| Change of assumptions | 49,635,286 | (420,909) | 23,788,705 | 73,003,082 |
| Benefit payments | <u>(32,565,557)</u> | <u>(170,344)</u> | <u>(13,887,105)</u> | <u>(46,623,006)</u> |
| Net change | <u>167,726,120</u> | <u>333,986</u> | <u>84,468,969</u> | <u>252,529,075</u> |
| As of September 30, 2022 | <u>\$ 1,863,415,612</u> | <u>\$ 11,217,168</u> | <u>\$ 896,385,440</u> | <u>\$ 2,771,018,220</u> |

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GovGuam’s proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease in Discount Rate <u>1.26%</u> | Current Discount Rate <u>2.26%</u> | 1% Increase in Discount Rate <u>3.26%</u> |
|--------------------|---|--|---|
| Primary government | \$ 2,142,702,343 | \$ 1,863,415,612 | \$ 1,544,177,656 |
| Fiduciary funds | 13,748,597 | 11,217,168 | 9,908,178 |
| Component units | <u>1,030,838,764</u> | <u>896,385,440</u> | <u>742,892,820</u> |
| Total | <u>\$ 3,187,289,704</u> | <u>\$ 2,771,018,220</u> | <u>\$ 2,296,978,654</u> |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GovGuam’s proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--------------------|-------------------------|--------------------------------|-------------------------|
| Primary government | \$ 1,497,944,805 | \$ 1,863,415,612 | \$ 2,217,213,225 |
| Fiduciary funds | 9,611,526 | 11,217,168 | 14,226,695 |
| Component units | <u>720,650,526</u> | <u>896,385,440</u> | <u>1,066,685,416</u> |
| Total | <u>\$ 2,228,206,857</u> | <u>\$ 2,771,018,220</u> | <u>\$ 3,298,125,336</u> |

Government of Guam

Notes to Financial Statements, continued

13. Other Post-Employment Benefits (OPEB), continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2022, the GovGuam reporting entity reported total OPEB expense of \$126,871,481 of which GovGuam (the primary government), its fiduciary funds and its component units reported \$81,126,360, \$331,302 and \$45,413,819, respectively, for its proportionate share of the total OPEB expense measured for the year ended September 30, 2021.

As of September 30, 2022, GovGuam reported deferred outflows of resources and deferred inflows of resources related to OPEB for the primary government, its fiduciary funds and its component units from the following sources:

| | Primary Government | | Fiduciary Funds | | Component Units | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 162,378,749 | \$ 98,981,246 | \$ 781,491 | \$ 635,400 | \$ 78,084,525 | \$ 69,295,208 |
| Changes of assumptions | 217,564,244 | 262,004,364 | 1,134,298 | 1,757,947 | 104,634,014 | 104,385,034 |
| Contributions subsequent to the measurement date | 32,365,295 | - | 235,395 | - | 13,984,417 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | <u>27,612,930</u> | <u>41,758,802</u> | <u>-</u> | <u>485,011</u> | <u>42,737,438</u> | <u>28,094,919</u> |
| | <u>\$ 439,921,218</u> | <u>\$ 402,744,412</u> | <u>\$ 2,151,184</u> | <u>\$ 2,878,358</u> | <u>\$ 239,440,394</u> | <u>\$ 201,775,161</u> |

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of September 30, 2022, will be recognized in OPEB expense as follows:

| Year Ending September 30 | Primary Government | Fiduciary Funds | Component Units |
|--------------------------|---------------------|---------------------|----------------------|
| 2023 | \$ (51,427,210) | \$ (627,030) | \$ (17,673,744) |
| 2024 | 12,037,972 | (163,488) | 11,953,842 |
| 2025 | 31,861,964 | 4,384 | 20,364,342 |
| 2026 | 975,291 | (160,022) | 4,107,710 |
| 2027 | <u>11,363,494</u> | <u>(16,413)</u> | <u>4,928,666</u> |
| | <u>\$ 4,811,511</u> | <u>\$ (962,569)</u> | <u>\$ 23,680,816</u> |

Government of Guam

Notes to Financial Statements, continued

14. Commitments and Contingencies

A. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. If questioned costs are 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 financial statements as no return of funds has been required. Audits of federal program funds are also performed by various federal agencies. If audits result in cost disallowances, GovGuam 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.

B. War Reparations

In 2016, the U.S. President signed into law the Guam World War II Loyalty Recognition Act, which authorizes the adjudication of claims for eligible individuals who suffered harm during the World War II occupation of Guam by Imperial Japanese military forces. Payment of claims submitted by compensable Guam victims and survivors of compensable Guam decedents were paid by the United States from a special claims fund established by the Secretary of the Treasury from Section 30 federal income tax revenues collected by the United States in excess of annual estimates. As the liability for these payments has been assumed by the United States government, funded by these excess collections, no liability for any amount, relating to the settlement of these claims, has been recorded in the accompanying financial statements. Claims were paid to eligible individuals during the year ended September 30, 2022, in the amount of \$1,013,000. As all claims have been paid, no further deductions will be made from Section 30 remittances.

C. Landfill Closure and Postclosure Costs

In 2004, GovGuam and the U.S. Environmental Protection Agency (EPA) filed a Consent Decree in the U.S. District Court. The consent decree included deadlines for the opening of a new landfill and implementing a plan to permanently close the Ordot Dump. In 2008, the Court issued a Court Order that placed the Solid Waste Division of the Department of Public Works (DPW) in Guam in Receivership. In 2009, the Court issued a Court Order associated with the DPW Solid Waste Division Receivership requiring GovGuam to provide for costs of the new landfill and GovGuam issued \$202,425,000 in Limited Obligation Revenue Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam.

Government of Guam

Notes to Financial Statements, continued

14. Commitments and Contingencies, continued

C. Landfill Closure and Postclosure Costs, continued

In 2011, the Ordot Dump was finally closed, and the Layon landfill opened on September 1, 2011. 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. Closure and post closure care costs of \$2,533,056 reported as expenditures in the accompanying financial statements represent actual closure and post closure care costs incurred during the year ended September 30, 2022. The estimated landfill closure and post closure care liability as of September 30, 2022, is not included in the accompanying governmental fund financial statements. Instead, GovGuam has reported \$28,789,005 as a landfill closure and post closure care liability as of September 30, 2022, within GovGuam's government-wide financial statements based on 100% capacity for the Ordot Dump. This amount represents an EPA estimate of \$31,322,061, inclusive of 35% industry standard cost contingency, less current year closure and post closure costs of \$2,533,056. In addition, GovGuam has reported an amount of \$11,189,295 for Layon landfill based on the use of 11.6% of the estimated capacity. The Layon landfill consists of up to 11 cells with an estimated lifespan of 50 years. Currently, GovGuam is utilizing 3 cells that together have a projected life of 10 years. GovGuam will recognize the remaining estimated cost of closure and post closure care of \$96,459,442 as the remaining estimated capacity is filled. These amounts are estimated based on what it would cost to perform all closure and post closure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

D. Sick Leave

GovGuam policy is 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. The estimated accumulated amount of unused sick leave as of September 30, 2022, is \$147,987,529, of which an estimated \$25,462,672 has been accrued and may be convertible to pay DCRS members upon retirement.

E. Tax Refunds

In 2012, the U.S. District Court held a hearing regarding GovGuam's administration of the Guam Territorial Income Tax (GTIT) and the lack of timely payment of tax refunds. In 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. During the year ended September 30, 2022, refunds were paid within six weeks after filing.

Government of Guam

Notes to Financial Statements, continued

14. Commitments and Contingencies, continued

F. Cost of Living Adjustment (COLA) Liability

In 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 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 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, 2022, the outstanding COLA liability amounted to \$4,393,680. In accordance with Public Law 31-76, the accrual of interest on outstanding awards ceased commencing October 1, 2011.

G. 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. 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.

H. Chamorro Land Trust Commission (CLTC) Loan Guarantee Fund

GovGuam through the CLTC is authorized to loan or guarantee the repayment of or otherwise underwrite any authorized loan to a Chamorro homeland lessee up to a maximum amount not to exceed the financial ability of the borrower. In the event of default, these loan guarantees may shift the lender’s default risk entirely to the CLTC whereby the lender may call upon the CLTC to make partial or full payment of the guaranteed loan. CLTC management is of the opinion that defaulted loans may be reassigned to credit worthy borrowers and that the CLTC has substantial defenses available to it in the event of litigation. As a result, at this time, management does not believe that material exposure exists related to this event. Therefore, no provision for a liability that may arise from this matter has been recorded in the accompanying financial statements.

Government of Guam

Notes to Financial Statements, continued

14. Commitments and Contingencies, continued

I. Medicare

Prior to October 1998, 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. 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.

15. Discretely Presented Component Unit Disclosures

A. Restricted Assets

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

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. As of September 30, 2022, restricted assets associated with these requirements are as follows:

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 8,686,480 |
| Investments | <u>42,570,960</u> |
| | <u>\$ 51,257,440</u> |
| Restricted assets: | |
| Bond Reserve Funds | \$ 16,308,958 |
| Operations and Maintenance Reserve Fund | 12,030,887 |
| Self-Insurance Fund | 5,668,733 |
| Capital Improvement Fund | 4,482,746 |
| General Revenue Fund | 4,437,145 |
| Debt Service Funds | 4,042,177 |
| Federal Grants Fund | 2,214,906 |
| Operations and Maintenance Fund | 1,071,468 |
| Renewal and Replacement Fund | 1,000,249 |
| Construction Fund | <u>171</u> |
| | <u>\$ 51,257,440</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

A. Restricted Assets, continued

Guam Community College (GCC):

As of September 30, 2022, UOG maintained restricted assets for various purposes as follows:

| | |
|--|----------------------|
| Investments | \$ <u>17,394,943</u> |
| Restricted assets: | |
| Endowment Funds | \$ 15,692,666 |
| Enhancement of Learning Resources and Technology | <u>1,702,277</u> |
| | \$ <u>17,394,943</u> |

Guam Housing and Urban Renewal Authority (GHURA):

In 2005, GHURA ceased carrying commercial insurance for typhoon coverage due to such being cost prohibitive. A typhoon insurance coverage waiver was granted by the U.S. Department of Housing and Urban Development (HUD) provided that GHURA establish and maintain a typhoon coverage escrow account in which a deposit of \$200,000 be made annually until the account balance reaches a minimum balance of \$1,000,000. Upon the need to draw from this escrow account, GHURA must obtain approval from HUD prior to drawdown. As of September 30, 2022, restricted cash and cash equivalents held for this purpose amounted to \$1,025,147.

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 2014, 2017 and 2022 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. As of September 30, 2022, restricted assets associated with these requirements are as follows:

| | |
|---------------------------|-----------------------|
| Cash and cash equivalents | \$ 76,518,871 |
| Investments | <u>29,066,157</u> |
| | \$ <u>105,585,028</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

A. Restricted Assets, continued

Guam Power Authority (GPA), continued:

| | |
|------------------------------|-----------------------|
| Restricted assets: | |
| Bond Reserve Funds | \$ 48,011,361 |
| Interest and Principal Funds | 16,582,152 |
| Working Capital Funds | 14,904,386 |
| Self-insurance Fund | 9,636,149 |
| Surplus Funds | 6,020,426 |
| Revenue Funds | 5,127,133 |
| Construction Funds | 2,103,381 |
| Energy Sense Fund | <u>3,200,040</u> |
| | <u>\$ 105,585,028</u> |

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2013, 2014, 2016, 2017 and 2020 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. As of September 30, 2022, restricted assets associated with these requirements are as follows:

| | |
|--|-----------------------|
| Cash and cash equivalents | <u>\$ 252,691,961</u> |
| Restricted assets: | |
| Construction Funds | \$ 160,864,998 |
| Bond Reserve Funds | 35,552,489 |
| Operations, Maintenance, Renewal and Replacement Fund | 17,423,213 |
| Revenue Fund | 8,898,996 |
| Debt Service Funds | 8,863,276 |
| Capital Improvement Fund | 7,487,283 |
| Island Water and Sewer Infrastructure Development Fund | 7,408,420 |
| Operations and Maintenance Fund | 3,083,481 |
| Customer Deposit Fund | 2,108,598 |
| Bid Escrow Fund | 843,058 |
| Legislative Surcharge Fund | 93,776 |
| Sewer Hook-up Reserve | <u>64,373</u> |
| | <u>\$ 252,691,961</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

A. Restricted Assets, continued

Port Authority of Guam (PAG):

The bond indenture agreements for PAG’s 2018 series revenue bonds require the establishment of special funds and accounts to be held and administered by PAG’s trustees. As of September 30, 2022, restricted assets associated with these requirements are as follows:

| | | |
|---|----|-------------------|
| Cash and cash equivalents | \$ | <u>96,538,275</u> |
| Restricted assets: | | |
| Construction Fund | \$ | 44,626,093 |
| Operations and Maintenance Reserve Fund | | 10,552,975 |
| Capital Improvement Fund | | 10,236,006 |
| Crane Replacement Sinking Fund | | 7,533,747 |
| Facility Maintenance Fund | | 5,708,693 |
| Bond Reserve Fund | | 5,337,736 |
| Revenue Fund | | 4,750,592 |
| Working Capital Reserve Fund | | 3,101,212 |
| Renewal and Replacement Reserve Fund | | 3,094,163 |
| Debt Service Fund | | 1,438,421 |
| Operations and Maintenance Fund | | <u>158,637</u> |
| | \$ | <u>96,538,275</u> |

University of Guam (UOG):

As of September 30, 2022, UOG maintained restricted assets for various purposes as follows:

| | | |
|---------------------------|----|-------------------|
| Cash and cash equivalents | \$ | 13,560,110 |
| Investments | | <u>47,050,656</u> |
| | \$ | <u>60,610,766</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

A. Restricted Assets, continued

University of Guam (UOG), continued:

Restricted assets:

| | | |
|--|----|-------------------|
| Endowment Funds | \$ | 36,810,920 |
| Debt Service and Operations and Maintenance Reserve Fund | | 8,054,275 |
| International Accounting Institute Fund | | 4,279,068 |
| Success Center and Engineering Annex | | 4,004,146 |
| Water and Environmental Research Institute | | 2,782,994 |
| Guam Cancer Trust Fund | | 2,480,020 |
| Enhancement of Learning Resources and Technology | | <u>2,199,343</u> |
| | \$ | <u>60,610,766</u> |

Nonmajor Component Units:

As of September 30, 2022, nonmajor component units maintained restricted assets for various purposes as follows:

| | | |
|---------------------------|----|-------------------|
| Cash and cash equivalents | \$ | 11,794,029 |
| Investments | | <u>619,141</u> |
| | \$ | <u>12,413,170</u> |

Restricted assets:

| | | |
|--|----|-------------------|
| Guam Housing Corporation (GHC) | \$ | 6,140,217 |
| Guam Economic Development Authority (GEDA) | | 6,145,607 |
| Guam Visitors Bureau: | | |
| Cultural and Sports Ambassadors Fund | | <u>130,846</u> |
| | \$ | <u>12,413,170</u> |

The respective bond indentures for GHC and GEDA require the establishment of special funds and accounts to be held and administered by the respective trustees for the accounting of the monies.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments

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

As of September 30, 2022, the carrying amount of AWPIAA’s total cash and cash equivalents was \$9,629,145, of which \$942,665 is maintained in banks and, at times, may exceed federal depository insurance limits. The remaining amount of \$8,686,480 represents short-term investments held and administered by AWPIAA’s trustees. Based on negotiated trust and custody agreements, all of these investments were held by AWPIAA’s trustees in AWPIAA’s name in accordance with various trust agreements and bond indentures. As of September 30, 2022, \$250,000 of bank deposits was covered by federal depository insurance.

As of September 30, 2022, 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 as of September 30, 2022.

AWPIAA has the following recurring fair value measurements as of September 30, 2022:

| | <u>Total</u> | <u>Fair Value Measurements Using</u> | | |
|--|----------------------|---|--|--|
| | | <u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments by fair value level: | | | | |
| Fixed income: | | | | |
| U.S. Treasury obligations | \$ 181,068 | \$ 181,068 | \$ - | \$ - |
| U.S. government agencies | 559,419 | - | 559,419 | - |
| Corporate notes | 1,297,772 | - | 1,297,772 | - |
| Exchange Traded Products | <u>5,637,525</u> | <u>5,637,525</u> | - | - |
| Total investments by fair value level | 7,675,784 | <u>\$ 5,818,593</u> | <u>\$ 1,857,191</u> | <u>\$ -</u> |
| Investments measured at the net asset value (NAV): | | | | |
| Money market funds | 23,455,741 | | | |
| Investments measured at amortized cost: | | | | |
| Time certificates of deposit | 1,890,241 | | | |
| Interest-earning contracts | <u>9,549,194</u> | | | |
| | <u>\$ 42,570,960</u> | | | |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

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

As of September 30, 2022, AWPIAA’s investments in fixed income debt securities were as follows:

| | <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 | \$ - | \$ 181,068 | \$ - | \$ - | \$ 181,068 |
| U.S. government agencies: | | | | | |
| Federal Home Loan Mortgage Corporation | - | 115,376 | - | - | 115,376 |
| Federal Farm Credit Bank | - | 444,043 | - | - | 444,043 |
| Corporate notes | <u>290,716</u> | <u>1,007,056</u> | <u>-</u> | <u>-</u> | <u>1,297,772</u> |
| | <u>\$ 290,716</u> | <u>\$ 1,747,543</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,038,259</u> |

AWPIAA’s exposure to credit risk as of September 30, 2022, was as follows:

Moody’s or Standard & Poor’s Credit Rating

| | | |
|---------|-----------|------------------|
| Aaa/AAA | \$ | 855,139 |
| Aa/AA | | 27,486 |
| A | | 821,881 |
| Baa/BBB | | <u>333,753</u> |
| | <u>\$</u> | <u>2,038,259</u> |

Guam Community College (GCC):

As of September 30, 2022, the carrying amount of GCC’s cash and cash equivalents was \$21,688,418 and the corresponding bank balance was \$22,060,516, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of \$703,655 were FDIC insured.

GCC has the following recurring fair value measurements as of September 30, 2022:

| | <u>Fair Value Measurements Using</u> | | | |
|----------------------------------|--------------------------------------|---|--|--|
| | <u>Total</u> | <u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments by fair value level: | | | | |
| Mutual fund | <u>\$ 1,702,277</u> | <u>\$ 1,702,277</u> | <u>\$ -</u> | <u>\$ -</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

Guam Community College (GCC), continued:

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 | \$ | 1,103,724 |
| Fixed income | | 4,502,901 |
| Exchange-traded funds | | 882,864 |
| Common stocks | | <u>9,203,177</u> |
| | \$ | <u>15,692,666</u> |

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2022, the carrying amount of GHURA's total cash and cash equivalents was \$25,420,197 and the corresponding bank balances were \$25,482,884, 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, 2022, bank deposits in the amount of \$250,000 were FDIC insured or collateralized by U.S. securities.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2022, the carrying amount of GMHA's total cash and cash equivalents was \$3,513,591 and the corresponding bank balances were \$5,477,005, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2022, bank deposits in the amount of \$250,000 were FDIC insured.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

Guam Power Authority (GPA):

As of September 30, 2022, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was \$144,228,134 and the corresponding bank balances were \$144,772,831. Of the bank balance amount, \$75,890,094 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$68,882,737 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, 2022, bank deposits in the amount of \$768,702 were FDIC insured.

As of September 30, 2022, GPA'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 GPA's name by GPA's custodial financial institutions as of September 30, 2022.

GPA has the following recurring fair value measurements as of September 30, 2022:

| | Total | Fair Value Measurements Using | | |
|---|----------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Fixed income: | | | | |
| Mutual funds | \$ 4,821,264 | <u>\$ 4,821,264</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at amortized cost: | | | | |
| Commercial paper | 13,742,000 | | | |
| Guaranteed investment certificate | 8,684,754 | | | |
| Time certificate of deposit | <u>1,818,139</u> | | | |
| | <u>\$ 29,066,157</u> | | | |

As of September 30, 2022, 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 | |
| Guaranteed investment certificate | Aa3 | \$ - | \$ - | \$ - | \$ 8,684,754 | \$ 8,684,754 |
| Mutual funds | Not rated | 4,821,264 | - | - | - | 4,821,264 |
| Commercial paper | Not rated | <u>13,742,000</u> | - | - | - | <u>13,742,000</u> |
| | | <u>\$ 18,563,264</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,684,754</u> | <u>\$ 27,248,018</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

Guam Waterworks Authority (GWA):

As of September 30, 2022, the carrying amount of GWA's total cash and cash equivalents was \$303,215,271 and the corresponding bank balances were \$306,120,630. Of the bank balance amount, \$18,837,414 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$287,283,216 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, 2022, bank deposits in the amount of \$576,042 were FDIC insured.

Port Authority of Guam (PAG):

As of September 30, 2022, the carrying amount of PAG's total cash and cash equivalents was \$129,718,676 and the corresponding bank balance was \$130,147,523. Of the bank balance amount, \$19,907,124 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$110,240,399 represents short-term investments held and administered by PAG's trustees. Based on negotiated trust and custody agreements, all of these investments were held by PAG's trustees in PAG's name in accordance with various trust agreements and bond indentures. As of September 30, 2022, bank deposits in the amount of \$500,000 were FDIC insured.

University of Guam (UOG):

As of September 30, 2022, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$33,587,285 and the corresponding bank balance was \$32,501,410. Of the bank balance amount, \$4,812,989 is maintained in financial institutions subject to FDIC insurance, National Credit Union Administration (NCUA) insurance, or collateralized by securities held by a trustee in the name of the financial institution.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

University of Guam (UOG), continued

UOG has the following recurring fair value measurements as of September 30, 2022:

| | Total | Fair Value Measurements Using | | |
|---|-------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Fixed income securities | \$ 7,134,096 | \$ 4,441,421 | \$ 2,692,675 | \$ - |
| Equity securities | 8,404,711 | 8,404,711 | - | - |
| Real estate investment trusts | 1,619,548 | - | 1,619,548 | - |
| Alternative cash and investments | 948,392 | 375,907 | - | 572,485 |
| Exchange-traded funds | 6,702,941 | 6,702,941 | - | - |
| Total investments by fair value level | 24,809,688 | <u>19,924,980</u> | <u>4,312,223</u> | <u>572,485</u> |
| Investments measured at amortized cost: | | | | |
| Time certificates of deposit | 8,219,615 | | | |
| | <u>33,029,303</u> | | | |

As of September 30, 2022, UOG's investments in fixed income debt securities were as follows:

| | Less Than 1 | Investment Maturities (In Years) | | | Total |
|---------------------------|----------------|----------------------------------|------------------|--------------------|------------------|
| | | 1 to 5 | 6 to 10 | Greater Than 10 | |
| U.S. treasury notes | \$ - | \$ 236,355 | \$ 2,003,388 | \$ 860,031 | \$ 3,099,774 |
| U.S. government agencies | - | - | - | 472,919 | 472,919 |
| Mutual funds | - | - | - | 1,341,646 | 1,341,646 |
| Corporate notes and bonds | 24,769 | 557,953 | 1,621,635 | 15,400 | 2,219,757 |
| | <u>24,769</u> | <u>794,308</u> | <u>3,625,023</u> | <u>2,689,996</u> | <u>7,134,096</u> |

UOG's exposure to credit risk as of September 30, 2022, was as follows:

| <u>Moody's Rating</u> | <u>Domestic</u> |
|-----------------------|---------------------|
| AAA | \$ 3,099,774 |
| A | 725,866 |
| BBB | 544,746 |
| BB | 596,758 |
| B | 352,387 |
| Not rated | <u>1,814,565</u> |
| | <u>\$ 7,134,096</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

University of Guam (UOG), continued:

The University of Guam Endowment Foundation, Inc.'s investments 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 | \$ | 1,319,768 |
| Mutual Funds | | 3,284,962 |
| U.S. Government notes and bonds | | 530,759 |
| Domestic equities | | 3,547,378 |
| Exchange-traded funds | | <u>13,074,083</u> |
| | \$ | <u>21,756,950</u> |

Guam Housing Corporation (GHC):

As of September 30, 2022, the carrying amount of GHC's cash and cash equivalents was \$12,352,639, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of \$3,556,836 were FDIC insured.

GHC has the following recurring fair value measurements as of September 30, 2022:

| | Total | <u>Fair Value Measurements Using</u> | | |
|----------------------------------|-------------------|---|--|--|
| | | <u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments by fair value level: | | | | |
| U.S. government agencies | \$ 240,465 | \$ - | \$ 240,465 | \$ - |
| Mutual funds | <u>378,676</u> | <u>378,676</u> | - | - |
| | <u>\$ 619,141</u> | <u>\$ 378,676</u> | <u>\$ 240,465</u> | <u>\$ -</u> |

As of September 30, 2022, GHC's investments in fixed income debt securities were as follows:

| | Moody's Credit Rating | Less Than 1 | <u>Investment Maturities (In Years)</u> | | | Total |
|----------------------------------|-----------------------------|----------------|---|-------------|--------------------|-------------------|
| | | | 1 to 5 | 6 to 10 | Greater Than 10 | |
| U.S. government agencies: | | | | | | |
| Federal Home Loan Mortgage Corp. | Aaa | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 240,465</u> | <u>\$ 240,465</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

Guam Economic Development Authority (GEDA):

As of September 30, 2022, the carrying amount of GEDA's cash and cash equivalents was \$10,254,663 and the corresponding bank balances were \$10,288,910. Of the bank balance amount, \$1,239,570 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$9,049,340 represents short-term investments held and administered by GEDA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GEDA's trustees in GEDA's name in accordance with various trust agreements and bond indentures. As of September 30, 2022, bank deposits in the amount of \$500,000 were FDIC insured.

GEDA has the following recurring fair value measurements as of September 30, 2022:

| | Total | Fair Value Measurements Using | | |
|---------------------------------------|----------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Fixed income securities | \$ 1,957,736 | \$ 1,142,522 | \$ 815,214 | \$ - |
| Equity securities | 4,288,474 | 4,288,474 | - | - |
| Mutual funds | 289,707 | 289,707 | - | - |
| Exchange-traded funds | 7,746,321 | 7,746,321 | - | - |
| Total investments by fair value level | <u>\$ 14,282,238</u> | <u>\$ 13,467,024</u> | <u>\$ 815,214</u> | <u>\$ -</u> |

Guam Preservation Trust (GPT):

As of September 30, 2022, the carrying amount of GPT's cash and cash equivalents and time certificates of deposit was \$4,392,755 and the corresponding bank balance was \$5,176,779, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2022, bank deposits in the amount of \$1,750,000 were FDIC insured.

GPT has the following recurring fair value measurements as of September 30, 2022:

| | Total | Fair Value Measurements Using | | |
|---|---------------------|---|---|--|
| | | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level: | | | | |
| Equities | 103,134 | <u>103,134</u> | <u>-</u> | <u>-</u> |
| Investments measured at amortized cost: | | | | |
| Exchange-traded funds | 504,821 | | | |
| Money market investments | 176,069 | | | |
| Certificates of deposit | 1,439,768 | | | |
| | <u>\$ 2,223,792</u> | | | |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

B. Deposits and Investments, continued

Guam Visitors Bureau (GVB):

As of September 30, 2022, the carrying amount of GVB's cash and cash equivalents and time certificates of deposit was \$29,601,282 and the corresponding bank balance was \$29,671,637, of which \$29,646,566 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$25,071 represents bank deposits in financial institutions not subject to depository insurance. As of September 30, 2022, bank deposits in the amount of \$2,808,385 were FDIC insured.

As of September 30, 2022, investments include time certificates of deposit in the amount of \$2,404,280 with original maturities of more than three months.

Guam Educational Telecommunications Corporation (GETC):

As of September 30, 2022, the carrying amount of GETC's cash and cash equivalents was \$2,458,394, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2022, bank deposits in the amount of \$314,081 were FDIC insured.

C. Receivables

Receivables as of September 30, 2022, for the discretely presented component units, including allowances for uncollectible accounts, are as follows:

| | Antonio B. Won Pat | Guam Housing and International | Guam Urban Renewal | Guam Memorial Hospital | Guam Power | Guam Waterworks | Port Authority of Guam | University of Guam | Nonmajor Component Units | Total |
|------------------|-----------------------|--------------------------------------|--------------------------|------------------------------|---------------------|---------------------|------------------------------|-----------------------|--------------------------------|-----------------------|
| Trade | \$ 8,540,889 | \$ 2,705,286 | \$ 408,223 | \$302,271,820 | \$65,468,892 | \$20,285,875 | \$ 6,622,388 | \$11,105,309 | \$ 141,390 | \$ 417,550,072 |
| Federal agencies | 3,860,987 | 1,999,334 | 3,091,256 | 2,671,659 | 752,095 | 5,468,327 | 1,010,783 | 7,599,397 | - | 26,453,838 |
| Loans | - | - | 15,990,266 | - | - | - | - | 17,252,885 | 22,452,620 | 55,695,771 |
| Leases | 21,545,307 | - | - | - | - | - | 39,036,989 | 1,172,521 | 28,358,906 | 90,113,723 |
| Interest | - | - | 5,751 | - | - | - | - | - | 97,493 | 103,244 |
| Other | <u>1,297,862</u> | <u>3,311,719</u> | <u>827,173</u> | <u>146,427</u> | <u>2,532,413</u> | <u>900,336</u> | <u>-</u> | <u>2,377,529</u> | <u>7,436,238</u> | <u>18,829,697</u> |
| | 35,245,045 | 8,016,339 | 20,322,669 | 305,089,906 | 68,753,400 | 26,654,538 | 46,670,160 | 39,507,641 | 58,486,647 | 608,746,345 |
| Allowance | <u>(886,640)</u> | <u>(1,706,398)</u> | <u>(377,848)</u> | <u>(254,485,665)</u> | <u>(5,546,030)</u> | <u>(9,753,074)</u> | <u>(298,963)</u> | <u>(24,468,323)</u> | <u>(2,092,175)</u> | <u>(299,615,116)</u> |
| | <u>\$ 34,358,405</u> | <u>\$ 6,309,941</u> | <u>\$ 19,944,821</u> | <u>\$ 50,604,241</u> | <u>\$63,207,370</u> | <u>\$16,901,464</u> | <u>\$ 46,371,197</u> | <u>\$15,039,318</u> | <u>\$56,394,472</u> | <u>\$ 309,131,229</u> |

In accordance with GASB Statement No. 87, *Leases*, the discretely presented component units recognize a lease receivable and a deferred inflow of resources at commencement of the lease term. As of September 30, 2022, lease receivables and deferred inflow of resources associated with leases totaled \$90,113,723 and \$82,595,017, respectively.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

C. Receivables, continued

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

AWPIAA is a lessor for non-cancelable leases of land, buildings, and other capital assets. In accordance with GASB Statement No. 87, *Leases*, AWPIAA recognizes a lease receivable and a deferred inflow of resources at commencement of the lease term, with exceptions for certain regulated leases, and short-term leases.

Regulated Leases

Regulated leases comprise certain agreements with airline tenants that govern the use of airport gates, aprons, airline ticket counters, ticketing and check-in stations, baggage claim facilities, and other aeronautical uses. These agreements are subject to the U.S. Department of Transportation and the Federal Aviation Administration regulations and oversight that set limits on lease rates and require consistent terms to tenants. The regulations require leasing opportunities are made available to any potential lessee should a facility become vacant. In accordance with GASB Statement No. 87, AWPIAA recognizes lease payments related to regulated leases as inflows of resources (revenues) based on payment provisions of those agreements.

Non-regulated Leases

These contracts convey control of the right to use AWPIAA's assets and facilities to lessees for non-aeronautical uses. They are not subject to external laws, regulations, or legal rulings. Lease inflows for non-regulated leases with maximum possible term greater 12 months at commencement of the leases are recognized in accordance with the provisions of GASB Statement No. 87. Lease inflows for non-regulated leases with maximum possible term of 12 months or less at commencement of the leases are recognized in accordance with the payment provisions of those leases.

AWPIAA, as a lessor, leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, advertising, and others. Majority of the lease agreements are a fixed monthly fee and may contain annual or periodic escalation clauses. For some leases, the monthly fee is a percentage of gross revenue, which may vary each month. Additionally, some leases may have a minimum annual guarantee (MAG), that set a certain lease amount regardless of the lessor's sales. Lease terms vary from month-to-month to over 20 years. Majority of the leases have a term of less than 5 years.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

C. Receivables, continued

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

Non-regulated Leases, continued

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2022, are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|-------------------|----------------------|
| 2023 | \$ 13,578,820 | \$ 112,366 | \$ 13,691,186 |
| 2024 | 487,896 | 86,866 | 574,762 |
| 2025 | 350,025 | 81,303 | 431,328 |
| 2026 | 332,029 | 76,282 | 408,311 |
| 2027 | 301,507 | 71,123 | 372,630 |
| 2028 - 2032 | 1,441,485 | 289,278 | 1,730,763 |
| 2033 - 2037 | 1,668,267 | 162,712 | 1,830,979 |
| 2038 - 2041 | <u>1,182,131</u> | <u>37,930</u> | <u>1,220,061</u> |
| | <u>\$ 19,342,160</u> | <u>\$ 917,860</u> | <u>\$ 20,260,020</u> |

Guam Housing and Urban Renewal Authority (GHURA):

Loan receivables consist primarily for first time homebuyers to provide assistance to eligible residents to purchase or construct a primary owner-occupied dwelling. As of September 30, 2022, loans under GHURA’s Down Payment and Closing Cost Assistance Program of \$254,504 are interest free with a maximum loan amount of the lesser of \$18,000 or 18% of the purchase price and are collateralized by second mortgages on real estate. As of September 30, 2022, loans under GHURA’s Renewal Homes Program of \$4,397,762 carry a 3% interest rate with a 30-year term.

On December 3, 2020, the U.S. Department of Housing and Urban Development (HUD) entered into a \$12,000,000 loan facility with GHURA under the Community Development Block Grant Section 108 Loan Guarantee Program. GHURA simultaneously entered into a subrecipient loan agreement with “The Learning Institute” (the subrecipient), a Guam nonprofit corporation, for the purpose of funding construction, rehabilitation or installation of public facilities eligible under 24 CFR 570.703 (1), in connection with the iLearn Academy Charter School Project. During the year ended September 30, 2022, various drawdowns totaling \$11,491,000 were made against this facility. As of September 30, 2022, note receivable from the subrecipient amounted to \$11,338,000.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

C. Receivables, continued

Port Authority of Guam (PAG):

PAG, as a lessor, has entered into lease agreements involving land and building space. PAG also leases equipment and space to tenants on a month-to-month basis.

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2022, are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|----------------------|----------------------|
| 2023 | \$ 1,118,837 | \$ 684,305 | \$ 1,803,142 |
| 2024 | 1,136,808 | 666,333 | 1,803,141 |
| 2025 | 1,155,099 | 648,042 | 1,803,141 |
| 2026 | 1,173,716 | 629,426 | 1,803,142 |
| 2027 | 1,023,054 | 610,897 | 1,633,951 |
| 2028 - 2032 | 4,780,952 | 2,801,623 | 7,582,575 |
| 2033 - 2037 | 4,973,655 | 2,298,418 | 7,272,073 |
| 2038 - 2042 | 4,799,925 | 1,930,428 | 6,730,353 |
| 2043 - 2047 | 4,746,843 | 1,509,341 | 6,256,184 |
| 2048 - 2052 | 5,198,971 | 1,057,213 | 6,256,184 |
| 2053 - 2057 | 5,694,163 | 562,020 | 6,256,183 |
| 2058 - 2062 | <u>3,234,966</u> | <u>84,500</u> | <u>3,319,466</u> |
| | <u>\$ 39,036,989</u> | <u>\$ 13,482,546</u> | <u>\$ 52,519,535</u> |

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, 2022, loan receivables are reserved in the amount of \$17,252,885.

The Research Corporation of the University of Guam, lessor, entered into a lease agreement with Coreseed Aquaculture (Guam) Corporation, lessee, on the use of a certain parcel of land and improvements thereon. The lessee is in the business of developing aquaculture products to fill market demands and to develop farms and other agricultural activities. The initial term of the lease began on January 1, 2020, and ends on December 31, 2049, with an option to renew.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

C. Receivables, continued

University of Guam (UOG), continued:

Annual lease payments are due on or before January 6th of each year at the following rates:

- Years 1 – 5 at \$32,000 per year
- Years 6 –10 at \$44,000 per year
- Years 11–15 at \$48,000 per year
- Years 16 –30 at \$50,000 per year

At the 11th year of the initial lease term, 5% of the portion of the lessee’s annual revenue above \$800,000 will be assessed. As of September 30, 2022, UOG recorded total lease receivables of \$1,172,521.

Guam Housing Corporation (GHC):

Loan receivables from first time homebuyers under GHC’s Low-Cost Housing Assistance, Community Affordable Housing Action Trust (CAHAT), Hazard Mitigation, Down Payment and Closing Cost Assistance (DPCCA), and the Sagan Linayan Project programs. As of September 30, 2022, loans under these GHC programs of \$22,452,620 are due in varying monthly installments, interest free, with varying maturities, collateralized by first mortgages on real estate.

Guam Economic Development Authority (GEDA):

GEDA leases industrial parks from GovGuam for an annual rent of \$1 with terms expiring in 2065. GEDA subleases space to various commercial tenants under agreements that call for advance rental payments of one month to one year rent. Majority of the subleases have various terms of “initial term” and “optional terms”. Initial terms vary from 10-20 years with several optional terms of 5-10 years each.

GEDA has adopted policies to assist in determining lease treatment in accordance with the requirements of GASB Statement No. 87, which include the following: (1) maximum possible lease term is non-cancelable by both lessee and lessor and is more than 12 months and (2) the terms of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

C. Receivables, continued

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2022, are as follows:

| <u>Year ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| 2023 | \$ 694,564 | \$ 478,303 | \$ 1,172,867 |
| 2024 | 612,458 | 468,830 | 1,081,288 |
| 2025 | 620,845 | 459,225 | 1,080,070 |
| 2026 | 618,021 | 449,451 | 1,067,472 |
| 2027 | 607,836 | 439,529 | 1,047,365 |
| 2028 - 2032 | 3,064,875 | 2,046,358 | 5,111,233 |
| 2033 - 2037 | 3,155,659 | 1,780,131 | 4,935,790 |
| 2038 - 2042 | 3,483,848 | 1,495,986 | 4,979,834 |
| 2043 - 2047 | 3,847,756 | 1,180,621 | 5,028,377 |
| 2048 - 2052 | 4,252,208 | 831,534 | 5,083,742 |
| 2053 - 2057 | 4,221,260 | 299,506 | 4,520,766 |
| 2058 - 2062 | 2,864,955 | 266,902 | 3,131,857 |
| 2063 - 2065 | <u>314,621</u> | <u>6,856</u> | <u>321,477</u> |
| | <u>\$ 28,358,906</u> | <u>\$ 10,203,232</u> | <u>\$ 38,562,138</u> |

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government as of September 30, 2022, are summarized as follows:

| | <u>Due From</u> | <u>Due To</u> |
|---|---------------------|---------------------|
| Antonio B. Won Pat International Airport Authority: | | |
| Other nonmajor governmental funds | \$ - | \$ 967,035 |
| Guam Community College: | | |
| General Fund | - | 200,000 |
| Guam Memorial Hospital Authority: | | |
| General Fund | - | 7,813,673 |
| University of Guam: | | |
| General Fund | - | 14,408 |
| Nonmajor component units: | | |
| Other nonmajor governmental funds | <u>1,210,691</u> | <u>77,410</u> |
| | <u>\$ 1,210,691</u> | <u>\$ 9,072,526</u> |

Government of Guam

Notes to Financial Statements, continued

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, 2022, are as follows:

| | Estimated Useful Lives | Balance October 1, 2021 | Transfers and Additions | Transfers and Deletions | Balance September 30, 2022 |
|--|------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| Nondepreciable capital assets: | | | | | |
| Land | | \$ 111,362,995 | \$ 47,118 | \$ - | \$ 111,410,113 |
| Construction in progress | | <u>279,896,080</u> | <u>159,962,985</u> | <u>(177,534,479)</u> | <u>262,324,586</u> |
| | | <u>391,259,075</u> | <u>160,010,103</u> | <u>(177,534,479)</u> | <u>373,734,699</u> |
| Depreciable capital assets: | | | | | |
| Financed lease assets | 20 - 40 yrs. | 32,466,516 | - | - | 32,466,516 |
| Buildings and improvements | 5 - 60 yrs. | 1,939,914,947 | 31,721,635 | 61,352,853 | 2,032,989,435 |
| Lease assets | | - | 23,003,274 | (42,887) | 22,960,387 |
| Machinery, equipment and furniture | 2 - 40 yrs. | 283,372,681 | 11,488,427 | (5,640,032) | 289,221,076 |
| Infrastructure | 10 - 50 yrs. | <u>1,415,751,805</u> | <u>79,201,807</u> | <u>(3,449,221)</u> | <u>1,491,504,391</u> |
| | | 3,671,505,949 | 145,415,143 | 52,220,713 | 3,869,141,805 |
| Less accumulated depreciation and amortization | | <u>(2,018,235,898)</u> | <u>(118,882,024)</u> | <u>7,449,759</u> | <u>(2,129,668,163)</u> |
| Depreciable capital assets, net | | <u>1,653,270,051</u> | <u>26,533,119</u> | <u>59,670,472</u> | <u>1,739,473,642</u> |
| | | <u>\$ 2,044,529,126</u> | <u>\$ 186,543,222</u> | <u>\$ (117,864,007)</u> | <u>\$ 2,113,208,341</u> |

F. Bonds Payable

As of September 30, 2022, the discretely presented component units had the following bonds payable outstanding:

| | Dated Date | Issue Amount | Interest Rate | Final Maturity | Outstanding Amount |
|--|--------------------|----------------|---------------|-----------------|-----------------------|
| Antonio B. Won Pat International Airport Authority (AWPIAA): | | | | | |
| Revenue Bonds Series C, 2013 | September 1, 2013 | \$ 199,040,000 | 5.00% - 6.37% | October 1, 2043 | \$ 43,500,000 |
| Revenue Bonds Series B, 2019 | November 14, 2019 | \$ 18,400,000 | 3.13% | October 1, 2024 | 3,900,000 |
| Revenue Bonds Series A, 2021 | August 17, 2021 | \$ 143,430,000 | 2.50% - 4.46% | October 1, 2043 | <u>143,430,000</u> |
| | | | | | 190,830,000 |
| Add: unamortized bond premium | | | | | <u>450,700</u> |
| | | | | | <u>\$ 191,280,700</u> |
| Guam Power Authority (GPA): | | | | | |
| Revenue Bonds Series A, 2014 | September 17, 2014 | \$ 76,470,000 | 4.00% - 5.00% | October 1, 2044 | 69,225,000 |
| Revenue Bonds Series A, 2017 | December 21, 2017 | \$ 148,670,000 | 4.00% - 5.00% | October 1, 2040 | 148,355,000 |
| Revenue Bonds Series A, 2022 | July 7, 2022 | \$ 257,570,000 | 4.00% - 5.00% | October 1, 2044 | <u>257,570,000</u> |
| | | | | | 475,150,000 |
| Add: unamortized bond premium | | | | | <u>36,453,798</u> |
| | | | | | <u>\$ 511,603,798</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

| | <u>Dated Date</u> | <u>Issue Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Outstanding Amount</u> |
|--|-----------------------|-------------------------|--------------------------|---------------------------|-------------------------------|
| Guam Waterworks Authority (GWA): | | | | | |
| Revenue Bonds Series A, 2013 | December 12, 2013 | \$ 172,630,000 | 5.00% - 5.25% | July 1, 2043 | \$ 21,510,000 |
| Revenue Bonds Series A, 2014 | August 7, 2014 | \$ 70,000,000 | 5% | July 1, 2035 | 64,055,000 |
| Revenue Bonds Series A, 2016 | February 24, 2016 | \$ 143,310,000 | 5% | January 1, 2046 | 134,975,000 |
| Revenue Bonds Series A, 2017 | December 13, 2017 | \$ 107,660,000 | 5% | July 1, 2040 | 103,180,000 |
| Revenue Bonds Series A, 2020 | June 4, 2020 | \$ 134,000,000 | 5% | January 1, 2050 | 134,000,000 |
| Revenue Bonds Series B, 2020 | August 26, 2020 | \$ 166,075,000 | 2.75% - 3.70% | July 1, 2043 | <u>166,075,000</u> |
| | | | | | 623,795,000 |
| Add: unamortized bond premium | | | | | <u>38,778,147</u> |
| | | | | | <u>\$ 662,573,147</u> |
| Port Authority of Guam (PAG): | | | | | |
| Revenue Bonds Series A, 2018 | July 11, 2018 | \$ 29,980,000 | 5% | July 1, 2048 | 29,980,000 |
| Revenue Bonds Series B, 2018 | July 11, 2018 | \$ 23,145,000 | 5% | July 1, 2037 | 19,505,000 |
| Revenue Bonds Series C, 2018 | July 11, 2018 | \$ 18,320,000 | 3.59% - 4.58% | July 1, 2028 | <u>13,235,000</u> |
| | | | | | 62,720,000 |
| Add: unamortized bond premium | | | | | <u>4,260,012</u> |
| | | | | | <u>\$ 66,980,012</u> |
| Guam Housing Corporation (GHC): | | | | | |
| Housing Bonds Series A, 1998 | April 15, 1998 | \$ 50,000,000 | 4.70% - 5.75% | September 1, 2031 | <u>\$ 2,795,000</u> |
| Guam Economic Development Authority (GEDA): | | | | | |
| Tobacco Settlement Asset-Backed Bonds Series A, 2007 | December 1, 2007 | \$ 33,575,000 | 5.25% - 5.62% | June 1, 2047 | 23,365,000 |
| Tobacco Settlement Asset-Backed Bonds Series B, 2007 | December 1, 2007 | \$ 3,407,077 | Accreted | June 1, 2057 | <u>16,773,618</u> |
| | | | | | 40,138,618 |
| Less: unamortized bond discount | | | | | (374,872) |
| Less: unaccreted capital appreciation bonds | | | | | <u>(7,053,462)</u> |
| | | | | | <u>\$ 32,710,284</u> |

A summary of bond premium, bond discount and unaccreted interest activity for the year ended September 30, 2022, is as follows:

| | <u>Bond Premium</u> | <u>Bond Discount</u> | <u>Unaccreted Interest</u> | <u>Net</u> |
|------------------------------|-------------------------|--------------------------|--------------------------------|----------------------|
| Balance - October 1, 2021 | \$ 77,523,251 | \$ (428,308) | \$ (7,721,369) | \$ 69,373,574 |
| Current-year additions | 18,474,929 | - | - | 18,474,929 |
| Current-year amortization | <u>(16,055,523)</u> | <u>53,436</u> | <u>667,907</u> | <u>(15,334,180)</u> |
| Balance - September 30, 2022 | <u>\$ 79,942,657</u> | <u>\$ (374,872)</u> | <u>\$ (7,053,462)</u> | <u>\$ 72,514,323</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

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

In 2013, AWPIAA issued \$247,335,000 in Revenue Bonds, 2013 Series A, B and C, to refund \$145,415,000 of outstanding 2003 Series A, B and C bonds and to provide additional proceeds to fund airport facility additions, extensions and improvements and the 2013 Bond Reserve Account. Of the net proceeds of \$281,962,084 (including an issue premium of \$2,891,161 and funds of \$31,735,923 released from bond reserve fund and debt service fund accounts), \$149,056,972 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2003 Series A, B and C bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from AWPIAA's financial statements. The current refunding resulted in a gain on defeasance of \$3,008,461. This gain was offset against the unamortized loss on defeasance of \$2,422,781 from prior refunding and resulting in a net credit of \$585,680, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2003 bonds. The unamortized balance of the deferred gain on refunding is \$12,568 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2013 bonds using the effective interest rate method.

In 2019, AWPIAA issued \$37,045,000 in Revenue Bonds, Series A and B, to refund \$37,045,000 of outstanding 2013 Series C bonds. Of the net proceeds of \$43,112,434 (including an issue premium of \$1,951,243 and funds of \$4,116,191 released from bond reserve fund and debt service fund accounts), \$41,925,068 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2013 Series C bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from AWPIAA's financial statements. The advance refunding resulted in a loss on defeasance of \$690,098, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2013 bonds. The unamortized balance of the deferred loss on refunding is \$287,439 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2019 bonds using the effective interest rate method.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

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

In 2021, AWPIAA issued \$143,430,000 in Revenue Bonds, Series A, to refund all of the outstanding 2013 Series A bonds, 2013 Series B bonds and 2019 Series A bonds, and a portion of the 2013 Series C bonds and 2019 Series B bonds. Of the net proceeds of \$142,191,796 (including funds of \$106,016 released from bond reserve fund and debt service fund accounts), \$141,183,965 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2013 and 2019 bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from AWPIAA's financial statements. The advance refunding resulted in a loss on defeasance of \$14,156,010, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2019 and 2021 bonds. The unamortized balance of the deferred loss on refunding is \$12,952,905 as of September 30, 2022.

AWPIAA revenue bonds are payable solely from and collateralized by a pledge of AWPIAA revenues, which includes all rents, fees and charges received by AWPIAA for the use of the airport facilities. The bond indentures for the 2013, 2019 and 2021 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 September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| 2023 | \$ - | \$ 8,074,221 | \$ 8,074,221 |
| 2024 | - | 8,074,221 | 8,074,221 |
| 2025 | 3,900,000 | 8,074,221 | 11,974,221 |
| 2026 | 10,700,000 | 7,818,338 | 18,518,338 |
| 2027 | 10,965,000 | 7,536,669 | 18,501,669 |
| 2028-2032 | 60,450,000 | 31,666,468 | 92,116,468 |
| 2033-2037 | 42,110,000 | 20,103,011 | 62,213,011 |
| 2038-2042 | 42,630,000 | 10,750,651 | 53,380,651 |
| 2043-2044 | <u>20,075,000</u> | <u>1,117,830</u> | <u>21,192,830</u> |
| | <u>\$ 190,830,000</u> | <u>\$ 103,215,630</u> | <u>\$ 294,045,630</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Power Authority (GPA):

In 2012, GPA issued \$340,620,000 in Revenue Bonds, 2012 Series A, to refund \$356,050,000 of outstanding 1993 Series A and 1999 Series A bonds and to provide additional proceeds to fund the Senior Bond Reserve Fund. Of the net proceeds of \$374,138,709 (including an issue premium of \$33,518,709), \$358,502,697 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 1993 Series A and 1999 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance of \$17,283,801, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 1993 and 1999 bonds. The unamortized balance of the deferred loss on refunding is \$1,898,175 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2012 bonds using the effective interest rate method.

In 2014, GPA issued \$76,470,000 in Revenue Bonds, 2014 Series A. Of the net proceeds of \$84,301,290 (including an issue premium of \$7,831,290), \$81,632,000 was made available to fund electric power system improvements, the 2014 Capitalized Interest account and the 2014 Senior Bond Reserve Fund account. The bond premium has been deferred and amortized over the term of the 2014 bonds using the effective interest rate method.

In 2017, GPA issued \$148,670,000 in Revenue Bonds, 2017 Series A, to refund \$150,440,000 of outstanding 2010 Series A bonds. Of the net proceeds of \$168,546,259 (including an issue premium of \$17,876,459 and funds of \$1,999,800 released from a bond fund account), \$166,007,863 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2010 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance of \$18,390,430, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2010 bonds. The unamortized balance of the deferred loss on refunding is \$12,818,442 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2017 bonds using the effective interest rate method.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Power Authority (GPA), continued:

In July 2022, GPA issued \$257,570,000 in Revenue Bonds 2022 Series A, to refund \$285,795,000 of outstanding 2012 Series A bonds. Of the net proceeds of \$295,158,617, (including an issue premium of \$18,474,929 and funds of \$19,113,687 released from a bond fund account), \$292,040,901 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2012 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GPA's financial statements. The advance refunding resulted in a loss on defeasance totaling \$2,224,524 representing the difference between the reacquisition price and the carrying amount of the 2012 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GPA in effect reduced its aggregate debt service payments by \$43,135,796 over the next twenty-three years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$5,772,263.

GPA revenue bonds are payable solely from and collateralized by a pledge of GPA revenues, which includes all rates and charges received by GPA in connection with the operation of the electric power system. The respective bond indentures include certain debt service and reserve requirements including the requirement that net revenues as defined in the bond indentures equal at least 130% of the annual debt service. The respective bond indentures also require the establishment of special funds and accounts to be held and administered by GPA'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 September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| 2023 | \$ 7,730,000 | \$ 20,079,983 | \$ 27,809,983 |
| 2024 | 24,680,000 | 22,704,000 | 47,384,000 |
| 2025 | 15,855,000 | 21,690,625 | 37,545,625 |
| 2026 | 16,650,000 | 20,878,000 | 37,528,000 |
| 2027 | 17,480,000 | 20,024,750 | 37,504,750 |
| 2028-2032 | 101,425,000 | 85,754,875 | 187,179,875 |
| 2033-2037 | 109,320,000 | 58,026,500 | 167,346,500 |
| 2038-2042 | 105,370,000 | 32,612,600 | 137,982,600 |
| 2043-2045 | <u>76,640,000</u> | <u>5,275,650</u> | <u>81,915,650</u> |
| | <u>\$ 475,150,000</u> | <u>\$ 287,046,983</u> | <u>\$ 762,196,983</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Waterworks Authority (GWA):

In 2013, GWA issued \$172,630,000 in Revenue Bonds, 2013 Series A. Of the net proceeds of \$171,097,017 (including an issue discount of \$1,532,983), \$168,135,608 was made available to fund water and wastewater system improvements, the 2013 Capitalized Interest account and the 2013 Bond Reserve Fund account. The bond discount has been deferred and amortized over the term of the 2013 bonds using the effective interest rate method.

In 2014, GWA issued \$85,600,000 in Revenue Bonds, 2014 Series A and B, to refund \$85,985,000 of outstanding 2005 Series A bonds. Of the net proceeds of \$92,533,038 (including a net issue premium of \$5,648,970 and funds of \$1,284,068 released from bond reserve fund and bond fund accounts), \$90,996,860 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2005 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GWA's financial statements. The advance refunding resulted in a loss on defeasance of \$2,468,670, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2005 bonds. The unamortized balance of the deferred loss on refunding is \$1,032,424 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2014 bonds using the effective interest rate method.

In 2016, GWA issued \$143,310,000 in Revenue Bonds, 2016 Series A. Of the net proceeds of \$161,534,842 (including an issue premium of \$18,224,842), \$159,066,988 was made available to fund water and wastewater system improvements, the 2016 Capitalized Interest account and the 2016 Bond Reserve Fund account. The bond premium has been deferred and amortized over the term of the 2016 bonds using the effective interest rate method.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Waterworks Authority (GWA), continued:

In 2017, GWA issued \$107,660,000 in Revenue Bonds, 2017 Series A, to refund \$109,105,000 of outstanding 2010 Series A bonds. Of the net proceeds of \$124,047,361 (including an issue premium of \$13,854,833 and funds of \$2,532,528 released from bond reserve fund and bond fund accounts), \$122,155,917 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2010 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GWA's financial statements. The advance refunding resulted in a loss on defeasance of \$11,791,115, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2010 bonds. The unamortized balance of the deferred loss on refunding is \$8,479,938 as of September 30, 2022. The bond premium has been deferred and amortized over the term of the 2017 bonds using the effective interest rate method.

In 2020, GWA issued \$134,000,000 Revenue Bonds, 2020 Series A. Of the net proceeds of \$145,017,480 (including an issue premium of \$11,017,480), \$143,035,802 was made available to fund water and wastewater system improvements, the 2020 Capitalized Interest account and the 2020 Bond Reserve Fund account. The bond premium has been deferred and amortized over the term of the 2020 bonds using the effective interest rate method.

In 2020, GWA issued \$166,075,000 Revenue Bonds, 2020 Series B, to refund \$142,595,000 of outstanding 2013 Series A bonds. Of the net proceeds of \$167,376,076 (including funds of \$1,301,076 released from bond reserve fund and bond fund accounts), \$165,243,685 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2013 Series A bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GWA's financial statements. The advance refunding resulted in a loss on defeasance of \$22,348,953 representing the difference between the reacquisition price and the carrying amount of the 2013 bonds. Although the advance refunding resulted in the recognition of an accounting loss, GWA in effect reduced its aggregate debt service payments by \$13,533,562 over twenty-three years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$11,931,575. The unamortized balance of the deferred loss on refunding is \$19,717,493 as of September 30, 2022.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Waterworks Authority (GWA), continued:

GWA revenue bonds are payable solely from and collateralized by a pledge of GWA revenues, which includes all rates and charges received by GWA (with the exception of certain legislative surcharge and system development charge revenues) in connection with the operation of the water and wastewater systems. The respective bond indentures 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 respective bond indentures also require the establishment of special funds and accounts to be held and administered by GWA'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> |
|--|-----------------------|-----------------------|-------------------------|
| 2023 | \$ 10,235,000 | \$ 28,801,678 | \$ 39,036,678 |
| 2024 | 10,760,000 | 28,282,065 | 39,042,065 |
| 2025 | 11,305,000 | 27,735,778 | 30,040,778 |
| 2026 | 11,875,000 | 27,161,815 | 39,036,815 |
| 2027 | 12,470,000 | 26,568,065 | 39,038,065 |
| 2028-2032 | 81,070,000 | 122,948,350 | 204,018,350 |
| 2033-2037 | 100,990,000 | 103,657,838 | 204,647,838 |
| 2038-2042 | 127,065,000 | 78,895,000 | 205,960,000 |
| 2043-2047 | 154,905,000 | 48,182,900 | 203,087,900 |
| 2048-2050 | <u>103,120,000</u> | <u>9,607,500</u> | <u>112,727,500</u> |
| | <u>\$ 623,795,000</u> | <u>\$ 501,840,989</u> | <u>\$ 1,125,635,989</u> |

Port Authority of Guam (PAG):

In 2018, PAG issued \$71,445,000 in Revenue Bonds, 2018 Series A, B and C. Of the net proceeds of \$77,308,470 (including an issue premium of \$5,296,754), \$75,312,854 was made available to fund capital improvements of port facilities, the retirement of existing debt, the 2018 Capitalized Interest account and the 2018 Bond Reserve Fund account. The bond premium has been deferred and amortized over the term of the 2018 bonds using the effective interest rate method.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Port Authority of Guam (PAG), continued:

PAG revenue bonds are payable solely from and collateralized by a pledge of PAG revenues, which includes all rents, fees and charges received by PAG (with the exception of certain crane surcharge, facility maintenance fee and public marina revenues) for the use of the seaport facilities. The bond indentures for the 2018 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 PAG'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> |
|--|----------------------|----------------------|-----------------------|
| 2023 | \$ 2,685,000 | \$ 3,063,896 | \$ 5,748,896 |
| 2024 | 2,820,000 | 2,935,842 | 5,755,842 |
| 2025 | 2,955,000 | 2,801,618 | 5,756,618 |
| 2026 | 3,085,000 | 2,670,118 | 5,755,118 |
| 2027 | 3,225,000 | 2,531,183 | 5,756,183 |
| 2028-2032 | 9,180,000 | 10,881,163 | 20,061,163 |
| 2033-2037 | 9,060,000 | 8,831,000 | 17,891,000 |
| 2038-2042 | 11,550,000 | 6,328,750 | 17,878,750 |
| 2043-2047 | 14,755,000 | 3,136,250 | 17,891,250 |
| 2048 | <u>3,405,000</u> | <u>170,250</u> | <u>3,575,250</u> |
| | <u>\$ 62,720,000</u> | <u>\$ 43,350,070</u> | <u>\$ 106,070,070</u> |

Guam Housing Corporation (GHC):

In 1998, GHC issued \$50,000,000 in Housing Revenue Bonds, 1998 Series A. Of the net proceeds of \$52,268,630 (including an issue premium of \$1,183,630 and other funds released of \$1,085,000), \$51,340,143 was made available to fund a home financing program on Guam by purchasing fully modified, mortgage-backed securities guaranteed as to timely payment of principal and interest by the Federal Home Loan Mortgage Corporation.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Housing Corporation (GHC), continued:

GHC housing revenue bonds are payable solely from and collateralized by a pledge of GHC 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 bond indenture includes certain debt service and reserve requirements and also require the establishment of special funds and accounts to be held and administered by GHC'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> |
|--|---------------------|-------------------|---------------------|
| 2023 | \$ 245,000 | \$ 157,263 | \$ 402,263 |
| 2024 | 260,000 | 142,888 | 402,888 |
| 2025 | 275,000 | 127,794 | 402,794 |
| 2026 | 295,000 | 111,694 | 406,694 |
| 2027 | 305,000 | 94,588 | 399,588 |
| 2028-2031 | <u>1,415,000</u> | <u>188,600</u> | <u>1,603,600</u> |
| | <u>\$ 2,795,000</u> | <u>\$ 822,827</u> | <u>\$ 3,617,827</u> |

Guam Economic Development Authority (GEDA):

In 2007, GEDA issued \$36,982,077 in Tobacco Settlement Asset-Backed Bonds, 2007 Series A and B, to refund \$25,040,000 of outstanding 2001 Series A and B bonds and to provide additional proceeds to fund certain expenditures of GovGuam's General Fund and the 2007 Debt Service Reserve Account. Of the net proceeds of \$39,850,293 (including an issue discount of \$1,144,510 and funds of \$4,012,726 released from bond indenture accounts), \$27,132,871 was deposited to an Escrow Fund to be used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding 2001 Series A and B bonds. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from GEDA's financial statements. The advance refunding resulted in a loss on defeasance of \$2,628,344, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2001 bonds. The bond discount has been deferred and amortized over the term of the 2007 bonds using the effective interest rate method.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

F. Bonds Payable, continued

Guam Economic Development Authority (GEDA), continued:

GEDA tobacco settlement asset-backed bonds are payable solely from and collateralized by a pledge of Tobacco Settlement Revenues (TSR) and other assets pledged for the payment thereof and are not a lien or charge upon the funds of GEDA, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bond indenture includes certain debt service and reserve requirements and also require the establishment of special funds and accounts to be held and administered by GEDA'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 September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 1,590,000 | \$ 504,000 | \$ 2,094,000 |
| 2024 | 1,700,000 | 414,562 | 2,114,562 |
| 2025 | 1,825,000 | 318,727 | 2,143,727 |
| 2026 | 4,757,533 | 242,578 | 5,000,111 |
| 2027 | 2,017,055 | - | 2,017,055 |
| 2028-2032 | 10,473,732 | - | 10,473,732 |
| 2033-2034 | <u>17,775,298</u> | <u>-</u> | <u>17,775,298</u> |
| | <u>\$ 40,138,618</u> | <u>\$ 1,479,867</u> | <u>\$ 41,618,485</u> |

Changes in Bonds Payable:

| | <u>Balance October 1, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance September 30, 2022</u> | <u>Due Within One Year</u> |
|----------------|--|-----------------------|-------------------------|---|--------------------------------|
| Bonds payable: | | | | | |
| AWPIAA | \$ 190,830,000 | \$ - | \$ - | \$ 190,830,000 | \$ - |
| GPA | 524,915,000 | 257,570,000 | (307,335,000) | 475,150,000 | 7,730,000 |
| GWA | 633,540,000 | - | (9,745,000) | 623,795,000 | 10,235,000 |
| PAG | 65,280,000 | - | (2,560,000) | 62,720,000 | 2,685,000 |
| GHC | 3,030,000 | - | (235,000) | 2,795,000 | 245,000 |
| GEDA | <u>40,353,618</u> | <u>-</u> | <u>(215,000)</u> | <u>40,138,618</u> | <u>1,590,000</u> |
| | <u>\$ 1,457,948,618</u> | <u>\$ 257,570,000</u> | <u>\$ (320,090,000)</u> | <u>\$ 1,395,428,618</u> | <u>\$ 22,485,000</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

G. Direct Borrowings

As of September 30, 2022, the discretely presented component units had the following direct borrowings outstanding:

| | <u>Dated Date</u> | <u>Issue Amount</u> | <u>Interest Rate</u> | <u>Final Maturity</u> | <u>Outstanding Amount</u> |
|---|-----------------------|-------------------------|--------------------------|---------------------------|-------------------------------|
| Antonio B. Won Pat International Airport Authority (AWPIAA): | | | | | |
| Bank loan | January 24, 2014 | \$ 11,900,000 | 5.75% | January 23, 2024 | \$ 2,077,985 |
| Guam Housing and Urban Renewal Authority (GHURA): | | | | | |
| FmHA loan | March 26, 1980 | \$ 2,000,000 | 6% | March 26, 2030 | 658,098 |
| Loan guarantee assistance loan | December 3, 2020 | \$ 12,000,000 | 3-month T Bill | August 1, 2040 | 11,338,000 |
| University of Guam (UOG): | | | | | |
| USDA rural development loan | June 12, 2003 | \$ 13,500,000 | 4.50% | June 12, 2044 | <u>9,965,128</u> |
| | | | | | <u>\$ 24,039,211</u> |

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

In 2012, AWPIAA entered into a loan and related promissory note with a bank for the purpose of financing AWPIAA's Energy Performance Management program, which loan was subsequently modified on January 24, 2014. The loan is secured by a Security Agreement and a UCC-1 Financing Agreement with primary source of repayment to be realized from the Energy Performance contract and from AWPIAA's revenues after consideration of the 2013 Revenue Bonds pledge of revenues in the bond indenture. The loan is subject to the U.S. Department of Agriculture's written commitment to the bank to guaranty no less than 90% of the loan to AWPIAA. In the event that AWPIAA defaults in the payment of the loan or in the performance of any of its obligations under the loan agreement or the promissory note, or AWPIAA or any other party defaults in their respective obligations under any of the related security documents, the bank would have the option to declare the unpaid principal amount of the loan, together with any accrued and unpaid interest and charges, immediately due and payable.

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> |
|--------------------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 1,490,973 | \$ 76,527 | \$ 1,567,500 |
| 2024 | <u>587,012</u> | <u>66,113</u> | <u>653,125</u> |
| | <u>\$ 2,077,985</u> | <u>\$ 142,640</u> | <u>\$ 2,220,625</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

G. Direct Borrowings, continued

Guam Housing and Urban Renewal Authority:

Farmers Home Administration

In 1980, GHURA entered into a Section 515 Rural Rental Housing loan with the Farmers Home Administration for the construction of elderly housing known as Guma Trankilidat. The loan is secured by a first mortgage and assignment of rental income and assessments. In the event that GHURA defaults in the payment of the loan or in the performance of any of its obligations under the promissory note, or GHURA or any other party defaults in their respective obligations under any of the related security documents, USDA would have the option to declare the unpaid principal amount of the loan, together with any accrued and unpaid interest and charges, immediately due and payable.

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> |
|--------------------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 89,000 | \$ 37,480 | \$ 126,480 |
| 2024 | 95,000 | 31,480 | 126,480 |
| 2025 | 101,000 | 25,480 | 126,480 |
| 2026 | 107,000 | 19,480 | 126,480 |
| 2027 | 114,000 | 12,480 | 126,480 |
| 2028-2030 | <u>152,098</u> | <u>6,502</u> | <u>158,600</u> |
| | <u>\$ 658,098</u> | <u>\$ 132,902</u> | <u>\$ 791,000</u> |

Loan Guarantee Assistance Program

In 2020, GHURA entered into a loan guarantee assistance program loan made pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974 as amended and 24 CFR part 570, Subpart M, in the maximum commitment amount of \$12,000,000. Advances are made upon written request of GHURA and the approval of the HUD Secretary. The loan bears variable interest based on the 3-month Treasury Bill rate, is payable quarterly commencing August 1, 2021, with principal due annually.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

G. Direct Borrowings, continued

Guam Housing and Urban Renewal Authority, continued:

Loan Guarantee Assistance Program, continued

Principal repayment based on the commitment schedule on the written request is as follows:

| <u>Year ending</u> <u>September 30,</u> | <u>Principal</u> |
|--|----------------------|
| 2023 | \$ 467,000 |
| 2024 | 476,000 |
| 2025 | 486,000 |
| 2026 | 495,000 |
| 2027 | 505,000 |
| 2028-2032 | 2,680,000 |
| 2033-2037 | 2,957,000 |
| 2038-2040 | <u>3,272,000</u> |
| | <u>\$ 11,338,000</u> |

University of Guam (UOG):

In 2003, UOG entered into a rural development loan with the U.S. Department of Agriculture (USDA) for the purpose of financing costs associated with the design, construction and collateral equipment of the College of Business and Public Administration (BPA), and for the replacement of the roof of the Fine Arts Building. The loan security agreement requires revenues derived from the operation of the facility to be transferred to an account designated for debt service, operation and maintenance of the facility. After the payment of principal and interest, \$6,251 per month is required to be transferred to a reserve account until a sum of \$750,060 is accumulated. In addition, UOG assigned and granted to USDA its security interest in all equipment, furniture and fixtures located at the BPA building. The note contains a provision that in an event of default, USDA may, at its option, collect interest income and principal and exercise any other right or remedy provided by the Uniform Commercial Code after giving any notice required thereby.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

G. Direct Borrowings, 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> |
|--------------------------------------|---------------------|---------------------|----------------------|
| 2023 | \$ 315,388 | \$ 434,672 | \$ 750,060 |
| 2024 | 329,674 | 420,386 | 750,060 |
| 2025 | 344,608 | 405,452 | 750,060 |
| 2026 | 360,218 | 389,842 | 750,060 |
| 2027 | 376,535 | 373,525 | 750,060 |
| 2028-2032 | 2,154,506 | 1,595,794 | 3,750,300 |
| 2033-2037 | 2,688,735 | 1,061,565 | 3,750,300 |
| 2038-2043 | <u>3,395,464</u> | <u>394,912</u> | <u>3,790,376</u> |
| | <u>\$ 9,965,128</u> | <u>\$ 5,076,148</u> | <u>\$ 15,041,276</u> |

Changes in Direct Borrowings:

| | Balance October 1, 2021 | Additions | Reductions | Balance September 30, 2022 | Due Within One Year |
|--------------------|-------------------------------|---------------------|-----------------------|----------------------------------|------------------------|
| Direct borrowings: | | | | | |
| AWPIAA | \$ 3,479,080 | \$ - | \$ (1,401,095) | \$ 2,077,985 | \$ 1,490,973 |
| GHURA: | | | | | |
| FmHA loan | 741,968 | - | (83,870) | 658,098 | 89,000 |
| Loan guarantee | 2,488,000 | 9,003,000 | (153,000) | 11,338,000 | 467,000 |
| UOG | <u>10,260,574</u> | <u>-</u> | <u>(295,446)</u> | <u>9,965,128</u> | <u>315,388</u> |
| | <u>\$ 16,969,622</u> | <u>\$ 9,003,000</u> | <u>\$ (1,933,411)</u> | <u>\$ 24,039,211</u> | <u>\$ 2,362,361</u> |

H. Leased Assets

Guam Community College (GCC):

GCC has entered into a lease agreement with the GCC Endowment Foundation, Inc. for the use of Building 100. At the termination of the lease, the Foundation will retain ownership of the building. As of September 30, 2022, the related lease assets under this agreement are as follows:

| | |
|-------------------------------|---------------------|
| Right-to-use assets | \$ 3,673,853 |
| Less accumulated amortization | (158,896) |
| | <u>\$ 3,514,957</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

H. Leased Assets, continued

Guam Community College (GCC), continued:

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

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|---------------------|---------------------|---------------------|
| 2023 | \$ 43,840 | \$ 156,560 | \$ 200,400 |
| 2024 | 45,730 | 154,670 | 200,400 |
| 2025 | 47,702 | 152,698 | 200,400 |
| 2026 | 49,759 | 150,641 | 200,400 |
| 2027 | 51,904 | 148,496 | 200,400 |
| 2028-2032 | 295,087 | 706,913 | 1,002,000 |
| 2033-2037 | 364,436 | 637,564 | 1,002,000 |
| 2038-2042 | 450,082 | 551,918 | 1,002,000 |
| 2043-2047 | 555,857 | 446,143 | 1,002,000 |
| 2048-2052 | 686,489 | 315,511 | 1,002,000 |
| 2053-2058 | <u>1,038,935</u> | <u>162,462</u> | <u>1,201,397</u> |
| | <u>\$ 3,629,821</u> | <u>\$ 3,583,576</u> | <u>\$ 7,213,397</u> |

Guam Power Authority (GPA):

GPA has entered into various lease agreements with operators for the use of pipelines and fuel storage facilities that extend through June 30, 2026. At the termination of the various leases, the operators will retain ownership of the pipelines and fuel storage facilities. As of September 30, 2022, the related lease assets under these various agreements are as follows:

| | |
|-------------------------------|----------------------|
| Right-to-use assets | \$ 21,115,196 |
| Less accumulated amortization | (<u>4,135,933</u>) |
| | <u>\$ 16,979,263</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

H. Leased Assets, continued

Guam Power Authority (GPA), continued:

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

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|----------------------|-------------------|----------------------|
| 2023 | \$ 5,409,970 | \$ 299,859 | \$ 5,709,829 |
| 2024 | 4,922,204 | 197,606 | 5,119,810 |
| 2025 | 4,802,469 | 100,578 | 4,903,047 |
| 2026 | 1,880,763 | 22,437 | 1,903,200 |
| 2027 | <u>100,247</u> | <u>1,992</u> | <u>102,239</u> |
| | <u>\$ 17,115,653</u> | <u>\$ 622,472</u> | <u>\$ 17,738,125</u> |

Guam Waterworks Authority (GWA):

GWA has entered into various lease agreements with an operator for the use of heavy equipment that extend through December 31, 2024. At the termination of the various leases, the operator will retain ownership of the heavy equipment. As of September 30, 2022, the related lease assets under these various agreements are as follows:

| | |
|-------------------------------|--------------------|
| Right-to-use assets | \$ 782,681 |
| Less accumulated amortization | (<u>249,857</u>) |
| | <u>\$ 532,824</u> |

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

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|-------------------|-----------------|-------------------|
| 2023 | \$ 230,325 | \$ 1,841 | \$ 232,166 |
| 2024 | 231,324 | 841 | 232,165 |
| 2025 | <u>68,955</u> | <u>58</u> | <u>69,013</u> |
| | <u>\$ 530,604</u> | <u>\$ 2,740</u> | <u>\$ 533,344</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

H. Leased Assets, continued

Guam Economic Development Authority (GEDA):

GEDA has entered into a lease agreement with a lessor for the use of office space that extends through February 28, 2024. At the termination of the lease, the lessor will retain ownership of the office space. As of September 30, 2022, the related lease assets under this agreement are as follows:

| | | |
|-------------------------------|----|-----------------------|
| Right-to-use assets | \$ | 948,730 |
| Less accumulated amortization | (| <u>474,415)</u> |
| | \$ | <u><u>474,315</u></u> |

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

| <u>Year ending</u> <u>September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|--------------------------|----------------------|--------------------------|
| 2023 | \$ 405,188 | \$ 723 | \$ 405,911 |
| 2024 | <u>175,708</u> | <u>80</u> | <u>175,788</u> |
| | <u><u>\$ 580,896</u></u> | <u><u>\$ 803</u></u> | <u><u>\$ 581,699</u></u> |

I. Changes in Other Long-Term Liabilities

During the year ended September 30, 2022, the following changes occurred in other long-term liabilities:

| | <u>Balance</u> <u>September</u> <u>30, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>September</u> <u>30, 2022</u> | <u>Due Within</u> <u>One Year</u> |
|------------------------------|---|-----------------------|-------------------------|---|--------------------------------------|
| Other long-term liabilities: | | | | | |
| Compensated absences | \$ 19,605,419 | \$ 10,182,361 | \$ (10,973,488) | \$ 18,814,292 | \$ 8,817,378 |
| Lease obligations | 3,672,851 | 22,481,361 | (4,297,238) | 21,856,974 | 6,089,323 |
| DCRS sick leave | 12,561,971 | 3,351,270 | (2,626,336) | 13,286,905 | - |
| Net pension liability | 553,122,357 | - | (102,292,612) | 450,829,745 | - |
| OPEB liability | <u>811,916,471</u> | <u>84,468,969</u> | <u>-</u> | <u>896,385,440</u> | <u>-</u> |
| | <u>\$ 1,400,879,069</u> | <u>\$ 120,483,961</u> | <u>\$ (120,189,674)</u> | <u>\$ 1,401,173,356</u> | <u>\$ 14,906,701</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies

Fuel Purchase Contracts

In 2019, Guam Power Authority (GPA) entered into diesel fuel supply contracts with IP&E Guam, Inc. and Mobil Oil Guam, Inc. The agreements are for two years beginning January 1, 2020, with an option to extend for three years, renewable annually. On September 30, 2022, GPA extended the contract until September 30, 2023.

In 2020, GPA entered into residual fuel oil (RFO) supply contract with Hyundai Corporation. The agreement is for three years commencing on or about September 1, 2020, until August 31, 2023, with the options to extend for two (2) additional one (1) year terms, upon mutual agreement of both parties. The minimum purchase under the contract is estimated at 1,000,000 barrels per year with a maximum purchase of 2,000,000 barrels per year of combined quantities.

Performance Management Contracts (PMCs):

GPA has entered into a PMC with a company for the operation and maintenance of Cabras 1 and 2 generators, which became effective on October 1, 2010, and July 1, 2010, respectively. The PMC was for a period of five years with an option to extend for another five-year term. The option to extend was exercised and the PMC expired on September 30, 2020. On July 30, 2020, the Guam Public Utilities Commission approved GPA's petition and GPA subsequently entered into a new PMC with base period total cost of \$9,969,188 for three years with an option to extend for two additional one-year terms. GPA has also entered into a PMC for the operations and maintenance of the Dededo, Macheche and Yigo combustion turbine power plants. The PMC is for a period of five years commencing March 1, 2016, with an option to extend for one additional three-year term and one additional two-year term. The option to extend was exercised and the PMC expires on February 28, 2026.

As of September 30, 2022, the minimum future fixed management fees are as follows:

| <u>Year Ending</u> <u>September 30,</u> | |
|--|---------------------|
| 2023 | \$ 2,842,893 |
| 2024 | 2,928,180 |
| 2025 | 3,016,025 |
| 2026 | <u>363,003</u> |
| | <u>\$ 9,150,101</u> |

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies, continued

Fuel Bulk Storage Facility Contract

In 2017, GPA entered into an agreement for the management and operations of its fuel bulk storage facility. The agreement is for two years, with an option to extend the contract for three additional one-year terms. The extensions have been exercised and, as of September 30, 2022, the minimum future management fees for the year ending September 30, 2023, is \$1,118,000.

Renewable Energy Contracts:

Guam Power Authority (GPA) has entered into two agreements to purchase 20 Megawatts (MW) and 5.65 MW of solar renewable energy. The commercial operation date of the two solar plants is October 30, 2015. The agreements include escalating contract prices per MW hour until 2041 with a total minimum renewable energy purchase commitment of 1.1 million MW hour.

As of September 30, 2022, the minimum future renewable energy purchases are as follows:

| <u>Year Ending</u> <u>September 30,</u> | |
|--|-----------------------|
| 2023 | \$ 9,196,204 |
| 2024 | 9,163,847 |
| 2025 | 9,209,954 |
| 2026 | 9,242,026 |
| 2027 | 9,274,210 |
| 2028-2032 | 36,781,512 |
| 2033-2037 | 46,519,297 |
| 2038-2041 | <u>38,321,837</u> |
| | <u>\$ 167,708,887</u> |

In 2018, GPA executed three renewable energy purchase agreements to purchase a total of 120 MW of solar renewable energy. The commercial operation dates of the solar plants are not yet established.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies, continued

Energy Conversion Agreement:

In 2019, ownership of a power plant under an energy conversion agreement was transferred to GPA. GPA entered into an agreement with the same company to continue to manage and operate the power plant for a period of five years. The operation and maintenance fees are calculated based on factors stated in the agreement and paid on monthly basis. GPA also pays a monthly recapitalization fee of \$305,265 consisting of payments for capital and performance improvement projects, operations and maintenance fees, 4% cost of money and 10% contingency.

The future minimum recapitalization fees for the aforementioned conversion agreement are as follows:

| <u>Year Ending</u> <u>September 30,</u> | |
|--|---------------------|
| 2023 | \$ 3,663,180 |
| 2024 | <u>1,221,060</u> |
| | <u>\$ 4,884,240</u> |

U.S. Environmental Protection Agency (EPA):

In 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 2011, EPA finalized rules under the National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine (RICE) Maximum Available Control Technology (MACT). Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of \$37,500 per unit per day. GPA obtained PUC approval to early terminate the associated energy conversion agreement of the Tanguisson unit. By deactivating the Tanguisson unit, GPA did not incur compliance costs for this unit.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies, continued

U.S. Environmental Protection Agency (EPA), continued:

As to compliance with the other units subject to RICE MACT, GPA requested EPA to enter into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In early February 2020, EPA and GPA signed the consent decree. The U.S. District Court approved the consent decree on April 20, 2020, and this approval shall constitute the final judgement to GPA. GPA management is in the process of working through the objectives and requirements set forth by the consent decree. Because of the COVID-19 pandemic, GPA has encountered delays in completing some of the objectives set forth in the consent decree. On January 14, 2022, the U.S. District Court approved certain modifications of the consent decree most of which pertain to the schedules for implementing the injunctive relief required by the decree. The modified consent decree requires GPA to permanently retire the Cabras 1 and 2 units by October 31, 2024; bring the MEC 8 and 9 units into compliance by switching from residual fuel oil to ultra-low sulfur diesel oil and installing oxidation catalysts by July 31, 2022; construct a new power plant that will comply with the requirements of Clean Air Act to be activated by April 30, 2024; and pay \$400,000 as civil penalty.

Environmental Monitoring:

In 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 and paid \$10,000,000 to AWPIAA. 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 received the final draft of the Decision Document for Operable Unit 3 which is the groundwater under the former Naval Air Station. AWPIAA's responsibilities under the draft Decision Document are limited to sampling and testing as currently performed. The new task is for AWPIAA to conduct a 5-year review to ensure the remedial action is or will be protective of human health and the environment. This new task may reduce the ongoing sampling and testing requirements or completely eliminate them. Moreover, the granular activated carbon (GAC) treatment provided under AWPIAA's new water system satisfies the GAC treatment component of future wells meeting the selected remedy. No further obligation of AWPIAA is required under the draft Decision Document. 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, 2022, AWPIAA estimated that its pollution remediation obligations amounted to \$130,249.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies, continued

Primary Treatment Permits:

In 2011, the U.S. Environmental Protection Agency (EPA) informed GWA that its waiver request for primary treatment plants for Hagåtña and Northern District Wastewater Treatment Plants (WWTP) had been denied and that GWA would be required to upgrade the plants to secondary treatment. The upgrades were initially estimated to cost approximately \$300 million. New National Pollutant Discharge Elimination System (NPDES) permits were issued to these treatment plants effective January 1, 2020, which included secondary treatment standards, some of which these two plants are unable to meet.

In 2016 and 2017, the Office of Economic Adjustment, Department of Defense, awarded GWA \$55.3 and \$117.9 million, respectively, for projects to upgrade water and wastewater infrastructure, most specifically to upgrade the Northern District WWTP to full secondary treatment capabilities. The construction of the upgrades is scheduled to be completed by October 2022. GWA continues discussions with EPA regarding the timing of required upgrades to the Hagåtña WWTP as part of a negotiated consent decree.

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.

In 2003, a Stipulated Order for Preliminary Relief was filed before the U.S. District Court. 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.

Government of Guam

Notes to Financial Statements, continued

15. Discretely Presented Component Unit Disclosures, continued

J. Commitments and Contingencies, continued

Stipulated Order, continued:

In 2006, the Court Order was amended, which required GWA to perform approximately \$220 million 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 Court Order. The District Court ordered the parties to stipulate as to the scope of the remaining projects and project completion dates. 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 included new projects that were not part of the amended Court Order. As of September 2021, of the 93 items required by the Court Order, 92 items are either complete or in progress (e.g., continuous reporting requirement). The one delayed project is related to the repair, rehabilitation or replacement of water reservoirs estimated to cost \$42 million. Issuance of the 2020A Series Revenue Bonds provided the additional funding needed to complete this last project.

GWA filed an unopposed motion in the U.S. District Court to extend the final completion deadline to June 23, 2023, from December 30, 2020. The Court approved the extension and GWA continues its work to complete the sole remaining compliance requirement by the new deadline.

16. Subsequent Events

On December 17, 2022, Public Law 36-123 was enacted whereby \$26,381,000 was appropriated from the 2022 General Fund surplus to extend the Prugraman Ayuda Para I Taotao-Ta Energy Credit Program.

On May 22, 2023, Public Law 37-16 was enacted whereby \$15,581,367 was appropriated from the 2022 General Fund surplus to further extend the Prugraman Ayuda Para I Taotao-Ta Energy Credit Program.

On September 25, 2023, the U.S. District Court issued a Consent Decree whereby the United States Government will pay GovGuam \$48,900,000 for its share of past costs spent in remediating and closing the Ordot Dump.

Required Supplementary Information

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual (Unaudited) General Fund Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget - |
|---|---------------------|------------------------|-------------------------------------|---------------------------------|
| | Original | Final | (See Note 1) | Positive (Negative) |
| Revenues: | | | | |
| Taxes: | | | | |
| Income tax: | | | | |
| Corporate | \$ 73,908,390 | \$ 73,908,390 | \$ 86,891,413 | \$ 12,983,023 |
| Individual | 71,234,586 | 75,670,286 | 107,669,551 | 31,999,265 |
| Withholding taxes, interest and penalties | 235,400,525 | 237,531,525 | 273,654,338 | 36,122,813 |
| | <u>380,543,501</u> | <u>387,110,201</u> | <u>468,215,302</u> | <u>81,105,101</u> |
| Interest on tax refund payments | - | - | (824,184) | (824,184) |
| Provision for tax refund payments | <u>(67,974,116)</u> | <u>(67,974,116)</u> | <u>(94,899,122)</u> | <u>(26,925,006)</u> |
| | 312,569,385 | 319,136,085 | 372,491,996 | 53,355,911 |
| Gross receipts | 238,928,196 | 290,505,719 | 327,114,910 | 36,609,191 |
| Excise | 4,105,379 | 4,105,379 | 3,561,817 | (543,562) |
| Section 30 Federal income tax collections | 76,141,259 | 76,141,259 | 76,141,259 | - |
| Immigration fees | 1,816,679 | 1,816,679 | 1,267,895 | (548,784) |
| Contributions from component units | - | 2,642,000 | 2,809,244 | 167,244 |
| Other | 5,331,645 | 5,331,645 | 11,870,409 | 6,538,764 |
| Total revenues | <u>638,892,543</u> | <u>699,678,766</u> | <u>795,257,530</u> | <u>95,578,764</u> |
| Expenditures by Department: | | | | |
| Executive Branch: | | | | |
| Office of I Maga'lahaen Guahan | 8,102,746 | 7,846,408 | 6,814,153 | 1,032,255 |
| Office of I Segundu Na Maga'lahaen Guahan | - | 438,146 | 438,146 | - |
| Bureau of Budget and Management Research | 1,082,660 | 1,082,660 | 1,044,998 | 37,662 |
| Civil Service Commission | 1,021,098 | 1,021,098 | 985,882 | 35,216 |
| Department of Administration | 35,832,436 | 61,868,693 | 61,097,353 | 771,340 |
| Guam Election Commission | 1,637,898 | 1,709,708 | 2,133,139 | (423,431) |
| Department of Revenue and Taxation | 12,521,682 | 12,866,673 | 13,125,700 | (259,027) |
| Bureau of Statistics and Plans | 1,239,922 | 1,239,922 | 1,176,084 | 63,838 |
| Department of Public Works | - | 5,000,000 | 1,680,687 | 3,319,313 |
| Office of the Attorney General | 15,087,108 | 16,835,585 | 14,371,769 | 2,463,816 |
| Office of Public Accountability | 1,653,203 | 1,653,203 | 1,653,394 | (191) |
| Guam Police Department | 29,012,677 | 30,431,861 | 32,966,553 | (2,534,692) |
| Department of Corrections | 23,964,705 | 23,964,705 | 27,157,779 | (3,193,074) |
| Department of Agriculture | 3,393,623 | 4,251,957 | 3,520,339 | 731,618 |
| Department of Public Health and Social Services | 37,533,546 | 43,578,015 | 29,731,217 | 13,846,798 |
| Department of Education | 196,880,222 | 197,530,222 | 195,172,268 | 2,357,954 |
| Department of Youth Affairs | 5,557,678 | 6,185,377 | 5,069,693 | 1,115,684 |
| Guam Behavioral Health and Wellness Center | 405,025 | 405,025 | 61,123 | 343,902 |
| Department of Labor | 1,649,032 | 1,748,263 | 2,940,155 | (1,191,892) |
| Department of Parks and Recreation | 3,510,707 | 7,010,707 | 6,632,788 | 377,919 |
| Department of Integrated Services for Individuals with Disabilities | 1,049,469 | 1,372,092 | 965,891 | 406,201 |
| Mayors' Council of Guam | 8,155,061 | 10,419,979 | 7,914,831 | 2,505,148 |
| Department of Land Management | 425,669 | 425,669 | - | 425,669 |
| Chief Medical Examiner | 480,431 | 480,431 | 350,079 | 130,352 |
| Customs and Quarantine Agency | 12,731,499 | 12,731,499 | 13,571,074 | (839,575) |
| Department of Chamorro Affairs | 2,141,120 | 2,201,120 | 1,833,064 | 368,056 |
| Department of Military Affairs | 1,131,144 | 1,259,680 | 691,801 | 567,879 |
| Guam Fire Department | 28,459,212 | 28,581,970 | 36,623,137 | (8,041,167) |
| Guam Environmental Protection Agency | 46,903 | 46,903 | - | 46,903 |
| Bureau of Women's Affairs | 98,990 | 98,990 | 97,807 | 1,183 |
| Payments to Component Units | 70,244,487 | 99,818,136 | 89,698,736 | 10,119,400 |
| GovGuam Retirement Fund appropriations | 4,833,961 | 4,908,961 | 4,875,391 | 33,570 |
| Retiree Healthcare Premiums | 33,114,569 | 33,114,569 | 39,007,095 | (5,892,526) |
| Guam Mass Transit Authority | 2,397,148 | 2,553,855 | 1,361,758 | 1,192,097 |
| Hagatna Restoration and Redevelopment | 287,228 | 287,228 | 215,895 | 71,333 |
| Guam Energy Office | - | - | 6,000 | (6,000) |
| Guam Ethics Commission | 283,800 | 283,800 | 301,986 | (18,186) |
| Harmon Industrial Park roadway | 175,000 | 175,000 | - | 175,000 |
| Other | 454,534 | 454,534 | 195,334 | 259,200 |
| Legislative Branch: | | | | |
| Guam Legislature | 8,593,736 | 8,593,736 | 8,593,736 | - |
| Judicial Branch: | | | | |
| Unified Courts of Guam | 32,687,295 | 32,687,295 | 32,687,295 | - |
| Debt service | 57,350,153 | 59,765,387 | 62,378,885 | (2,613,498) |
| Total expenditures | <u>645,227,377</u> | <u>726,929,062</u> | <u>709,143,015</u> | <u>17,786,047</u> |
| Excess (deficiency) of revenues over (under) expenditures | (6,334,834) | (27,250,296) | 86,114,515 | 113,364,811 |
| Other financing sources (uses): | | | | |
| Proceeds from refunded bonds issued | - | 258,550,000 | 258,550,000 | - |
| Premium from refunded bonds issued | - | 38,015,898 | 38,015,898 | - |
| Payment to refunded bond escrow agent | - | (292,935,319) | (292,935,319) | - |
| Transfers in from Solid Waste Operations Fund | 2,998,625 | 2,998,625 | 3,044,146 | 45,521 |
| Transfers out to Rainy Day Fund | - | (28,570,574) | (28,000,000) | 570,574 |
| Encumbrances | 3,336,209 | 3,336,209 | 1,857,924 | (1,478,285) |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (45,855,457)</u> | <u>\$ 66,647,164</u> | <u>\$ 112,502,621</u> |

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Defined Benefit Plan
Last Ten Fiscal Years * (Unaudited)

| Measurement Date: September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GovGuam's proportion of the Net Pension Liability | 64.53% | 64.43% | 64.71% | 65.68% | 66.37% | 66.76% | 67.12% | 67.89% | 65.67% |
| GovGuam's proportionate share of the Net Pension Liability | \$ 621,744,571 | \$ 803,105,297 | \$ 785,926,191 | \$ 774,529,797 | \$ 758,224,443 | \$ 913,724,199 | \$ 964,364,934 | \$ 846,150,680 | \$ 855,888,933 |
| GovGuam's covered-employee payroll ** | \$ 343,580,932 | \$ 336,777,489 | \$ 329,715,820 | \$ 337,523,244 | \$ 337,409,547 | \$ 338,026,939 | \$ 343,220,317 | \$ 342,819,183 | \$ 302,313,488 |
| GovGuam's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll | 180.96% | 238.47% | 238.36% | 229.47% | 224.72% | 270.31% | 280.98% | 246.82% | 283.11% |

* Information for 2012 is unavailable

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Ad Hoc
COLA/Supplemental Annuity Plan for DB Retirees
Last Ten Fiscal Years * (Unaudited)

| Measurement Date: September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GovGuam's proportion of the Net Pension Liability | 70.56% | 70.52% | 70.54% | 71.01% | 71.23% | 71.03% | 71.28% | 71.81% |
| GovGuam's proportionate share of the Net Pension Liability | \$ 217,558,046 | \$ 226,949,578 | \$ 228,640,699 | \$ 205,815,914 | \$ 205,215,544 | \$ 163,009,076 | \$ 168,069,808 | \$ 172,874,691 |

* Information for 2012 - 2013 is unavailable

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Ad Hoc
COLA Plan for DCRS Retirees
Last Ten Fiscal Years * (Unaudited)

| Measurement Date: September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GovGuam's proportion of the Net Pension Liability | 67.69% | 68.22% | 67.27% | 67.34% | 66.82% | 66.58% | 66.29% | 62.23% |
| GovGuam's proportionate share of the Net Pension Liability | \$ 47,758,187 | \$ 45,290,857 | \$ 40,269,343 | \$ 33,228,464 | \$ 41,731,494 | \$ 41,070,407 | \$ 34,546,678 | \$ 30,578,387 |

* Information for 2012 - 2013 is unavailable

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Pension, DB Ad Hoc COLA/Supplemental Annuity and DCRS Ad Hoc COLA Contributions
Last Ten Fiscal Years * (Unaudited)

| Measurement Date: September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------------------|-------------------|--------------------|------------------|--------------------|--------------------|-------------------|-------------------|-----------------|
| Statutorily required contribution | \$104,796,961 | \$ 98,423,395 | \$ 95,380,954 | \$ 95,515,052 | \$ 100,210,650 | \$ 97,809,895 | \$ 102,697,851 | \$ 109,508,621 | \$ 91,359,170 |
| Contributions in relation to the contractually required contribution | 104,744,780 | 98,433,332 | 95,428,777 | 95,496,347 | 100,224,246 | 97,837,069 | 102,702,810 | 109,515,515 | 91,355,613 |
| Contribution deficiency (excess) | <u>\$ 52,181</u> | <u>\$ (9,937)</u> | <u>\$ (47,823)</u> | <u>\$ 18,705</u> | <u>\$ (13,596)</u> | <u>\$ (27,174)</u> | <u>\$ (4,959)</u> | <u>\$ (6,894)</u> | <u>\$ 3,557</u> |
| GovGuam's covered-employee payroll ** | \$343,580,932 | \$336,777,489 | \$329,715,820 | \$337,523,244 | \$337,409,547 | \$338,026,939 | \$343,220,317 | \$342,819,183 | \$302,313,488 |
| Contributions as a percentage of covered-employee payroll | 30.49% | 29.23% | 28.94% | 28.29% | 29.70% | 28.94% | 29.92% | 31.95% | 30.22% |

* Information for 2012 is unavailable

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of the Proportionate Share of the Total OPEB Liability Last Ten Fiscal Years * (Unaudited)

| Measurement Date: September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| GovGuam's proportion of the total OPEB Liability | 67.23% | 67.33% | 68.06% | 68.01% | 68.47% | 68.35% | 68.31% |
| GovGuam's proportionate share of the total OPEB Liability | \$ 1,863,415,612 | \$ 1,695,689,492 | \$ 1,737,832,562 | \$ 1,275,051,027 | \$ 1,669,874,024 | \$ 1,731,286,159 | \$ 1,457,685,811 |

* Information for 2012 - 2014 is not available

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of OPEB Contributions
Last Ten Fiscal Years* (Unaudited)

| Measurement Date: September 30, | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 142,486,425 | \$ 166,853,449 | \$ 129,192,837 | \$ 159,772,803 | \$ 166,905,346 | \$ 144,374,924 |
| Contributions in relation to the actuarially determined contribution | <u>32,565,557</u> | <u>27,920,521</u> | <u>30,569,444</u> | <u>31,348,666</u> | <u>28,412,827</u> | <u>28,412,827</u> |
| Contribution deficiency | <u>\$ 109,920,868</u> | <u>\$ 138,932,928</u> | <u>\$ 98,623,393</u> | <u>\$ 128,424,137</u> | <u>\$ 138,492,519</u> | <u>\$ 115,962,097</u> |

* Information for 2012 - 2015 is not available

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Notes to Required Supplementary Information (Unaudited)
Year Ended September 30, 2022

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.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Notes to Required Supplementary Information (Unaudited)
Year Ended September 30, 2022

1. Budgetary Process, continued

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.

The Budget Act for fiscal year 2022, Public Law No. 36-54, 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 - budgetary basis | \$ 66,647,164 |
| Net change in fund balance of GASB 54 Funds included within the General Fund | <u>38,469,906</u> |
| Net change in fund balance - General Fund | \$ <u>105,117,070</u> |

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Notes to Required Supplementary Information (Unaudited) Year Ended September 30, 2022

3. Changes in Assumptions – Pension Plans

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to reflect actual experience more closely. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to reflect actual experience more closely. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Supplementary Information

Government of Guam

General Fund September 30, 2022

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, 2022, follows.

Department of Administration - The Department of Administration is responsible for maintaining the financial data of all line agencies of GovGuam except for 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.

Census 2020 Fund - This fund accounts for all activities of the United States Census 2020 conducted by the Guam Census Office.

Dental Self-Insured Fund - This fund accounts for all activities associated with the provision of dental benefits for employees and retirees.

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.

See accompanying report of independent auditors.

Government of Guam

General Fund, continued

September 30, 2022

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.

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.

GPD Special Assessment Fund - This fund was created by Public Law 24-285 to account for the training of Guam Police Department (GPD) personnel, or the purchase or repair of equipment for use by GPD, which are funded by a special assessment imposed on defendants of \$100 for any misdemeanor or \$250 for any felony offense.

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.

Guam Geodetic Network Fund - This fund was created by Public Law 23-31 for the purpose of accounting for the updating of the 1963 geodetic network by the Department of Land Management.

See accompanying report of independent auditors.

Government of Guam

General Fund, continued

September 30, 2022

Government Claims Fund - This fund was created by Public Law 17-029 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 Medicaid Matching Fund - This fund was created by Public Law 32-68 for the purpose of payment of bills for services incurred by qualified Medicaid recipients provided at Guam Memorial Hospital.

Guam Memorial Hospital Authority Pharmaceuticals Fund - This fund was created by Public Law 28-68 for the purpose of accounting for 6.19% of all gross receipt 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.

Guam War Claims Fund - This fund was created by Public Law 35-61 to account for the War Claims Program wherein, through a Memorandum of Agreement between GovGuam and the U.S. Department of Treasury, GovGuam advances the payment of adjudicated claims to be reimbursed from Section 30 federal tax collections.

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 with in 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.

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.

See accompanying report of independent auditors.

Government of Guam

General Fund, continued

September 30, 2022

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.

Public Defender Service Corporation Alternate Public Defender (APD) Fund - This fund was created to account for the operations of the APD within the Public Defender Service Corporation (PDSC) to provide legal services on court appointed matters of conflict cases by the PDSC.

Public Defender Service Corporation Operations 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.

Rainy Day Fund - This fund was created by Public Law 22-24 for the purpose of establishing a reserve fund to be used for eliminating or reducing any General Fund deficit existing at the end of a fiscal year substantially resulting from an unexpected, substantial decline in revenues received or due to the General Fund; or for expenses caused by a Guam emergency.

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

Stripper Well Overcharge Fund - This fund was created based on a federal court decision against Stripper Well. 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 report of independent auditors.

Government of Guam

General Fund, continued

September 30, 2022

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.

Unfunded Liability Fund - This fund accounts for all activities associated with liabilities incurred for unfunded expenditures.

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.

Limited Obligation Bond Series A 2016 Fund - This fund is used to account for funds required by the Limited Obligation Bond Series A 2016 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 2019 Fund - This fund is used to account for funds transferred from the Solid Waste Operations Fund to redeem bond principal and to pay bond interest as such becomes due.

See accompanying report of independent auditors.

GOVERNMENT OF GUAM
Combining Balance Sheet
General Fund
September 30, 2022

| AS/400 Fund Number | 100 | 618 | 309 | 628 | 633 | 686 | 502 | 255 | 214 | 106 | 638 | |
|---|------------------------------|------------------------------|------------------------------------|-------------------------------|-----------------------|-------------|------------------|---------------------|----------------|-----------------------|-----------------|-------------------------------------|
| | Department of Administration | Guam Department of Education | Department of Education Operations | Agana Fractional Lots Program | Better Public Service | Census 2020 | Child Tax Credit | Dental Self Insured | DMHSA Receiver | DOC Inmates Revolving | D.O.D. Contract | DPHSS Sanitary Inspection Revolving |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 130,331,029 | \$ 9,335,302 | \$ - | \$ - | \$ - | \$ - | \$ 88 | \$ 241,732 | \$ 59,158 | \$ - | \$ 1,894 | \$ 1,018,653 |
| Investments | 210,624 | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | |
| Taxes | 68,022,415 | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | 12,456,920 | 378,516 | - | - | - | - | 33,383,246 | - | - | - | - | - |
| Other | (34,559) | 162,142 | - | - | - | - | - | 37,327 | - | - | - | - |
| Due from component units | 7,813,673 | 214,408 | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 162,623,478 | 25,660,705 | 5,028 | - | - | 6,800 | - | 425,357 | - | 36,731 | 46 | - |
| Due from private purpose trust funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | - | - | - | - | - | - | - |
| Prepayments | 4,839,992 | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other assets | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | |
| Cash and cash equivalents | 49,084,026 | 824,190 | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 436,347,598 | \$ 36,575,263 | \$ 5,028 | \$ - | \$ - | \$ 6,800 | \$ 33,383,334 | \$ 704,416 | \$ 59,158 | \$ 36,731 | \$ 1,940 | \$ 1,018,653 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | | | | | | | |
| Accounts payable | \$ 97,858,531 | \$ 17,809,960 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 590,190 | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | 3,488,601 | 10,247,457 | - | - | - | - | - | 1,044 | - | - | - | 1,033 |
| Due to component units | 1,210,691 | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | 85,966,250 | - | - | - | 1,893 | - | 33,376,643 | - | - | - | - | 51,564 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | 70,398,471 | - | - | - | - | - | - | - | - | - | - | - |
| Provision for tax refunds | 85,659,600 | - | - | - | - | - | - | - | - | - | - | - |
| Provision for economic stimulus payments | 19,298,006 | - | - | - | - | - | - | - | - | - | - | - |
| COLA liability | 4,393,680 | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | 16,384,288 | - | - | - | - | - | - | - | 31,803 | - | 748 | - |
| Total liabilities | 384,658,118 | 28,057,417 | - | - | 1,893 | - | 33,376,643 | 591,234 | 31,803 | - | 748 | 52,597 |
| Fund balance (deficit): | | | | | | | | | | | | |
| Non-spendable | 1,000,000 | - | - | - | - | - | - | - | - | - | - | - |
| Restricted | 53,924,018 | 824,190 | - | - | - | - | 6,691 | - | - | - | - | - |
| Committed | 25,906,302 | 2,211,526 | 5,028 | - | - | 6,800 | - | 113,182 | 27,355 | 36,731 | 1,192 | 966,056 |
| Unassigned | (29,140,840) | 5,482,130 | - | - | (1,893) | - | - | - | - | - | - | - |
| Total fund balance (deficit) | 51,689,480 | 8,517,846 | 5,028 | - | (1,893) | 6,800 | 6,691 | 113,182 | 27,355 | 36,731 | 1,192 | 966,056 |
| Total liabilities and fund balance (deficit) | \$ 436,347,598 | \$ 36,575,263 | \$ 5,028 | \$ - | \$ - | \$ 6,800 | \$ 33,383,334 | \$ 704,416 | \$ 59,158 | \$ 36,731 | \$ 1,940 | \$ 1,018,653 |

(continued)

GOVERNMENT OF GUAM
Combining Balance Sheet
General Fund
September 30, 2022

| AS/400 Fund Number | 685 | 104 | 299 | 613 | 229 | 404 | 649 | 239 | 659 | 617 | 616 | 676 |
|---|-----------------------|--------------------------|--------------------------------------|------------------------------|-------------------------------|-------------------------------|-----------------------------|----------------------|---|--|---|-----------------------|
| | EITC Reimbursement | Exxon Fuel Overcharge | Financial Management Revolving | GPD Special Assessment | General Services Agency | GSA Inventory Revolving | Guam Geodetic Network | Government Claims | Guam Memorial Hospital Authority Medicaid | Guam Memorial Hospital Authority Pharmaceuticals | Guam Telephone Authority Privatization Proceeds | Guam War Claims |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 17,151,936 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | 28,738 | 19,661 | - | - | - | - | - | - | - | 595,887 | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | 483,040 | - | 57,001 | - | - | - | - | - | 180,032 | - |
| Due from private purpose trust funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | 1,967,070 | - | - | - | - | - | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 17,151,936</u> | <u>\$ 28,738</u> | <u>\$ 502,701</u> | <u>\$ -</u> | <u>\$ 57,001</u> | <u>\$ 1,967,070</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 775,919</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ 187 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | - | - | - | - | - | - | - | - | - | - | - | 3,840 |
| Due to component units | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | 79,353 | - | - | - | 301,682 | 7,325 | - | - | - | - | 23,646 |
| Payable to federal agencies | 17,114,222 | - | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Provision for tax refunds | - | - | - | - | - | - | - | - | - | - | - | - |
| Provision for economic stimulus payments | - | - | - | - | - | - | - | - | - | - | - | - |
| COLA liability | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>17,114,222</u> | <u>79,540</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>301,682</u> | <u>7,325</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27,486</u> |
| Fund balance (deficit): | | | | | | | | | | | | |
| Non-spendable | - | - | - | - | - | 1,665,388 | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 37,714 | - | 502,701 | - | 57,001 | - | - | - | - | - | 775,919 | - |
| Unassigned | - | (50,802) | - | - | - | - | (7,325) | - | - | - | - | (27,486) |
| Total fund balance (deficit) | <u>37,714</u> | <u>(50,802)</u> | <u>502,701</u> | <u>-</u> | <u>57,001</u> | <u>1,665,388</u> | <u>(7,325)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>775,919</u> | <u>(27,486)</u> |
| Total liabilities and fund balance (deficit) | <u>\$ 17,151,936</u> | <u>\$ 28,738</u> | <u>\$ 502,701</u> | <u>\$ -</u> | <u>\$ 57,001</u> | <u>\$ 1,967,070</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 775,919</u> | <u>\$ -</u> |

(continued)

GOVERNMENT OF GUAM
Combining Balance Sheet
General Fund
September 30, 2022

| AS/400 Fund Number | 201 | 298 | 303 | 321 | 293 | 329 | | | | | 288 |
|---|----------------------|---|---------------------------------|-------------------------------------|---------------------------|--|-------------------------|---------------------------------------|---|--|---------------|
| | Housing Revolving | Human Resources Services Revolving | Income Tax Refund Reserve | Income Tax Efficiency Payment | Legislature Operations | Medically Indigent Program Payment Revolving | Off-Island Treatment | Office of Public Accountability | Public Defender Service Corporation (APD) | Public Defender Service Corporation (Operations) | Rainy Day |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 782 | \$ 2,323,196 | \$ - | \$ - | \$ 994,945 | \$ 580,427 | \$ 2,795,813 | \$ - |
| Investments | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | 13,973 | - | - | - |
| Other | 301,979 | - | - | - | - | - | - | - | 1,307 | 6,053 | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 1,870 | 124,164 | 518,983 | 280,424 | 6,248,057 | 77,577 | - | - | - | - | 28,003,090 |
| Due from private purpose trust funds | - | - | - | - | - | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | - | - | - | - | - | - |
| Prepayments | - | - | - | - | - | - | - | 4,378 | 41,491 | 192,819 | - |
| Deposits and other assets | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 303,849 | \$ 124,164 | \$ 518,983 | \$ 281,206 | \$ 2,323,196 | \$ 6,248,057 | \$ 77,577 | \$ 1,013,296 | \$ 623,225 | \$ 2,994,685 | \$ 28,003,090 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 36,479 | \$ 3,367,578 | \$ - | \$ 18,404 | \$ 10,387 | \$ 84,323 | \$ - |
| Accrued payroll and other | - | - | - | - | 124,456 | - | - | - | - | 1,087 | - |
| Due to component units | - | - | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | - |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - | - | - | - | - |
| Provision for tax refunds | - | - | - | - | - | - | - | - | - | - | - |
| Provision for economic stimulus payments | - | - | - | - | - | - | - | - | - | - | - |
| COLA liability | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | 8,894 | - | - | - | 726,084 | - | 13,213 | - | 39,947 | 203,626 | - |
| Total liabilities | 8,894 | - | - | - | 887,019 | 3,367,578 | 13,213 | 18,404 | 50,334 | 289,036 | - |
| Fund balance (deficit): | | | | | | | | | | | |
| Non-spendable | - | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 294,955 | 124,164 | 518,983 | 281,206 | 1,436,177 | 2,880,479 | 64,364 | 994,892 | 572,891 | 2,705,649 | 28,003,090 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - |
| Total fund balance (deficit) | 294,955 | 124,164 | 518,983 | 281,206 | 1,436,177 | 2,880,479 | 64,364 | 994,892 | 572,891 | 2,705,649 | 28,003,090 |
| Total liabilities and fund balance (deficit) | \$ 303,849 | \$ 124,164 | \$ 518,983 | \$ 281,206 | \$ 2,323,196 | \$ 6,248,057 | \$ 77,577 | \$ 1,013,296 | \$ 623,225 | \$ 2,994,685 | \$ 28,003,090 |

(continued)

GOVERNMENT OF GUAM
Combining Balance Sheet
General Fund
September 30, 2022

| AS/400 Fund Number | 314 | 103 | 607 | 645 | 678 | 355 | 363 | 364 | | | | |
|---|-----------------------------------|-------------------------|-------------------------------|-------------------------------------|--------------------|------------------------|--|---|---|----------------|---------------------|----------------|
| | State Agency for Surplus Property | StripperWell Overcharge | Supplemental Annuity Benefits | Supplemental Appropriations Revenue | Unfunded Liability | Unified Courts of Guam | Water System Revenue Bond Debt Service | Limited Obligation Series A 2016 Debt Service | General Obligation Series A 2019 Debt Service | Combined Total | Eliminating Entries | Total |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 6,323 | \$ - | \$ - | \$ 246 | \$ - | \$ 3,116,414 | \$ 32,226,194 | \$ - | \$ - | \$ 200,184,132 | \$ - | \$ 200,184,132 |
| Investments | - | - | - | - | - | - | - | - | - | 210,624 | - | 210,624 |
| Receivables, net: | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | 68,022,415 | - | 68,022,415 |
| Federal agencies | - | - | - | - | - | 1,551,755 | - | - | - | 47,784,410 | - | 47,784,410 |
| Other | 19,514 | - | - | - | - | 9,673 | - | - | - | 1,147,722 | - | 1,147,722 |
| Due from component units | - | - | - | - | - | - | - | - | - | 8,028,081 | - | 8,028,081 |
| Due from other funds | - | 12,634 | - | - | 7,150,138 | 5,201,599 | - | - | 8,097 | 237,104,851 | (109,800,974) | 127,303,877 |
| Due from private purpose trust funds | - | - | - | - | - | 2,450,048 | - | - | - | 2,450,048 | - | 2,450,048 |
| Inventories | 165,412 | - | - | - | - | - | - | - | - | 2,132,482 | - | 2,132,482 |
| Prepayments | - | - | - | - | - | - | - | - | - | 5,078,680 | - | 5,078,680 |
| Deposits and other assets | - | - | - | - | - | 97,199 | - | - | - | 1,097,199 | - | 1,097,199 |
| Restricted assets: | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | 21,293,662 | 2,212,080 | 73,413,958 | - | 73,413,958 |
| Total assets | \$ 191,249 | \$ 12,634 | \$ - | \$ 246 | \$ 7,150,138 | \$ 12,426,688 | \$ 32,226,194 | \$ 21,293,662 | \$ 2,220,177 | \$ 646,654,602 | \$ (109,800,974) | \$ 536,853,628 |
| LIABILITIES AND FUND BALANCE (DEFICIT) | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ 188 | \$ - | \$ - | \$ 7,175,138 | \$ 2,070,504 | \$ 2,000 | \$ - | \$ - | \$ 129,023,869 | \$ - | \$ 129,023,869 |
| Accrued payroll and other | - | - | - | - | - | 565,745 | - | - | - | 14,433,263 | - | 14,433,263 |
| Due to component units | - | - | - | - | - | - | - | - | - | 1,210,691 | - | 1,210,691 |
| Due to other funds | 97,215 | - | - | - | - | - | 32,220,622 | 21,962 | - | 152,148,155 | (109,800,974) | 42,347,181 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | 17,114,222 | - | 17,114,222 |
| Unearned revenue | - | - | - | - | - | - | - | - | - | 70,398,471 | - | 70,398,471 |
| Provision for tax refunds | - | - | - | - | - | - | - | - | - | 85,659,600 | - | 85,659,600 |
| Provision for economic stimulus payments | - | - | - | - | - | - | - | - | - | 19,298,006 | - | 19,298,006 |
| COLA liability | - | - | - | - | - | - | - | - | - | 4,393,680 | - | 4,393,680 |
| Deposits and other liabilities | - | - | - | 14,012 | - | 83,820 | - | - | - | 17,506,435 | - | 17,506,435 |
| Total liabilities | 97,215 | 188 | - | 14,012 | 7,175,138 | 2,720,069 | 32,222,622 | 21,962 | - | 511,186,392 | (109,800,974) | 401,385,418 |
| Fund balance (deficit): | | | | | | | | | | | | |
| Non-spendable | 94,034 | - | - | - | - | - | - | - | - | 2,759,422 | - | 2,759,422 |
| Restricted | - | - | - | - | - | - | - | 21,271,700 | 2,220,177 | 78,246,776 | - | 78,246,776 |
| Committed | - | 12,446 | - | - | - | 9,706,619 | - | - | - | 78,243,422 | - | 78,243,422 |
| Unassigned | - | - | - | (13,766) | (25,000) | - | 3,572 | - | - | (23,781,410) | - | (23,781,410) |
| Total fund balance (deficit) | 94,034 | 12,446 | - | (13,766) | (25,000) | 9,706,619 | 3,572 | 21,271,700 | 2,220,177 | 135,468,210 | - | 135,468,210 |
| Total liabilities and fund balance (deficit) | \$ 191,249 | \$ 12,634 | \$ - | \$ 246 | \$ 7,150,138 | \$ 12,426,688 | \$ 32,226,194 | \$ 21,293,662 | \$ 2,220,177 | \$ 646,654,602 | \$ (109,800,974) | \$ 536,853,628 |

GOVERNMENT OF GUAM
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit)
 General Fund
 Year Ended September 30, 2022

| AS/400 Fund Number | 100 | 618 | 309 | 628 | 633 | 686 | 502 | 255 | 214 | 106 | 638 | |
|---|------------------------------|------------------------------|------------------------------------|-------------------------------|-----------------------|-----------------|------------------|---------------------|------------------|-----------------------|-----------------|-------------------------------------|
| | Department of Administration | Guam Department of Education | Department of Education Operations | Agana Fractional Lots Program | Better Public Service | Census 2020 | Child Tax Credit | Dental Self Insured | DMHSA Receiver | DOC Inmates Revolving | D.O.D. Contract | DPHSS Sanitary Inspection Revolving |
| Revenues: | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Income | \$ 372,491,996 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | 327,114,910 | - | - | - | - | - | - | - | - | - | - | - |
| Excise | 3,561,817 | - | - | - | - | - | - | - | - | - | - | - |
| Section 30 Federal income tax collections | 76,141,259 | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | 874,207 | - | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | 665 | - | - | - | - | - | - | 304,007 |
| Charges for services | 1,267,895 | 1,886,634 | - | - | - | - | - | 7,247,283 | - | 1,545,565 | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | 502,919 | - | - | - | - | - | - | 85 | 211 | - | - | 122 |
| Contributions from component units | 2,809,244 | 450,000 | - | - | - | - | - | - | - | - | - | - |
| Other | 11,367,490 | 1,956,905 | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 795,257,530 | 5,167,746 | - | - | 665 | - | - | 7,247,368 | 211 | 1,545,565 | - | 304,129 |
| Expenditures by Function: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | 33,654,351 | - | - | 90,169 | 1,365,419 | - | 290,296 | 8,044,435 | - | - | - | - |
| Protection of life and property | 125,116,331 | - | - | - | - | - | - | - | - | 1,920,833 | - | - |
| Public health | 6,322,983 | - | - | - | - | - | - | - | 7,486 | - | - | 48,656 |
| Community services | 4,240,745 | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | 2,945,554 | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | 13,097,932 | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | 1,640,851 | - | - | - | - | - | - | - | - | - | - | - |
| Public education | 178,298 | 192,059,900 | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | 6,000 | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | 4,508,108 | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | |
| GovGuam Retirement Fund | 4,875,391 | - | - | - | - | - | - | - | - | - | - | - |
| Guam Community College | 16,104,131 | - | - | - | - | - | - | - | - | - | - | - |
| Guam Housing Corporation | 500,000 | - | - | - | - | - | - | - | - | - | - | - |
| Guam Memorial Hospital Authority | 3,502,709 | - | - | - | - | - | - | - | - | - | - | - |
| Guam Power Authority | 15,828,600 | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | 29,670,833 | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | 81,688,712 | - | - | - | - | - | - | - | - | - | - | - |
| Bond issuance costs | 2,415,234 | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | 8,515,000 | 4,524,550 | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | 27,414,880 | 14,082,403 | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 382,226,643 | 210,666,853 | - | 90,169 | 1,365,419 | - | 290,296 | 8,044,435 | 7,486 | 1,920,833 | - | 48,656 |
| Excess (deficiency) of revenues over (under) expenditures | 413,030,887 | (205,499,107) | - | (90,169) | (1,364,754) | - | (290,296) | (797,067) | (7,275) | (375,268) | - | 255,473 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Proceeds from refunded bonds issued | 258,550,000 | - | - | - | - | - | - | - | - | - | - | - |
| Premium from refunded bonds issued | 38,015,898 | - | - | - | - | - | - | - | - | - | - | - |
| Payment to refunded bond escrow agent | (292,935,319) | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in from other funds | 3,044,146 | 214,003,062 | 189,695,545 | - | 1,362,861 | - | - | - | - | 214,005 | - | - |
| Transfers out to other funds | (355,790,513) | - | (189,695,545) | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | (349,115,788) | 214,003,062 | - | - | 1,362,861 | - | - | - | - | 214,005 | - | - |
| Net change in fund balances (deficit) | 63,915,099 | 8,503,955 | - | (90,169) | (1,893) | - | (290,296) | (797,067) | (7,275) | (161,263) | - | 255,473 |
| Fund balances (deficit) at beginning of year | (12,225,619) | 13,891 | 5,028 | 90,169 | - | 6,800 | 296,987 | 910,249 | 34,630 | 197,994 | 1,192 | 710,583 |
| Fund balances (deficit) at end of year | \$ 51,689,480 | \$ 8,517,846 | \$ 5,028 | \$ - | \$ (1,893) | \$ 6,800 | \$ 6,691 | \$ 113,182 | \$ 27,355 | \$ 36,731 | \$ 1,192 | \$ 966,056 |

(continued)

GOVERNMENT OF GUAM
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit)
 General Fund
 Year Ended September 30, 2022

| AS/400 Fund Number | 685 | 104 | 299 | 613 | 229 | 404 | 649 | 239 | 659 | 617 | 616 | 676 |
|--|-----------------------|--------------------------|--------------------------------------|------------------------------|-------------------------------|-------------------------------|-----------------------------|----------------------|---|--|---|-----------------------|
| | EITC Reimbursement | Exxon Fuel Overcharge | Financial Management Revolving | GPD Special Assessment | General Services Agency | GSA Inventory Revolving | Guam Geodetic Network | Government Claims | Guam Memorial Hospital Authority Medicaid | Guam Memorial Hospital Authority Pharmaceuticals | Guam Telephone Authority Privatization Proceeds | Guam War Claims |
| Revenues: | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - | - | - | - | - | - | - | - | - |
| Excise | - | - | - | - | - | - | - | - | - | - | - | - |
| Section 30 Federal income tax collections | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | 98,034 | - | 2,413 | 313,211 | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | 37,714 | 330 | - | - | - | - | - | - | - | - | - | - |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 37,714 | 330 | 98,034 | - | 2,413 | 313,211 | - | - | - | - | - | - |
| Expenditures by Function: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | - | 750 | 44,999 | 425 | - | - | - | 147,367 | - | - | - | 69,604 |
| Protection of life and property | - | - | - | - | - | - | - | - | - | - | - | - |
| Public health | - | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | 50,382 | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | |
| GovGuam Retirement Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Housing Corporation | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Memorial Hospital Authority | - | - | - | - | - | - | - | - | 17,982,304 | - | - | - |
| Guam Power Authority | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | 1,013,000 |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | - | 51,132 | 44,999 | 425 | - | - | - | 147,367 | - | 17,982,304 | - | 1,082,604 |
| Excess (deficiency) of revenues over (under) expenditures | 37,714 | (50,802) | 53,035 | (425) | 2,413 | 313,211 | - | (147,367) | - | (17,982,304) | - | (1,082,604) |
| Other financing sources (uses): | | | | | | | | | | | | |
| Proceeds from refunded bonds issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Premium from refunded bonds issued | - | - | - | - | - | - | - | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in from other funds | - | - | - | - | - | - | - | 147,367 | - | 17,982,304 | - | 1,082,604 |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | - | - | - | - | - | - | - | 147,367 | - | 17,982,304 | - | 1,082,604 |
| Net change in fund balances (deficit) | 37,714 | (50,802) | 53,035 | (425) | 2,413 | 313,211 | - | - | - | - | - | - |
| Fund balances (deficit) at beginning of year | - | - | 449,666 | 425 | 54,588 | 1,352,177 | (7,325) | - | - | - | 775,919 | (27,486) |
| Fund balances (deficit) at end of year | \$ 37,714 | \$ (50,802) | \$ 502,701 | \$ - | \$ 57,001 | \$ 1,665,388 | \$ (7,325) | \$ - | \$ - | \$ - | \$ 775,919 | \$ (27,486) |

(continued)

GOVERNMENT OF GUAM
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit)
 General Fund
 Year Ended September 30, 2022

| AS/400 Fund Number | 201 | 298 | 303 | 321 | | 293 | 329 | | | | 288 |
|---|----------------------|---|---------------------------------|-------------------------------------|---------------------------|--|-------------------------|---------------------------------------|---|--|----------------------|
| | Housing Revolving | Human Resources Services Revolving | Income Tax Refund Reserve | Income Tax Efficiency Payment | Legislature Operations | Medically Indigent Program Payment Revolving | Off-Island Treatment | Office of Public Accountability | Public Defender Service Corporation (APD) | Public Defender Service Corporation (Operations) | Rainy Day |
| Revenues: | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | |
| Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - | - | - | - | - | - | - | - |
| Excise | - | - | - | - | - | - | - | - | - | - | - |
| Section 30 Federal income tax collections | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | 19,197 | - | 246,216 | - |
| Licenses and permits | - | 53,630 | - | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | - | - | - | 95 | 285 | - | - | 6,085 | - | - | - |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 572 | - | - | - |
| Total revenues | - | 53,630 | - | 95 | 285 | - | - | 25,854 | - | 246,216 | - |
| Expenditures by Function: | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | - | 65,631 | - | - | 8,144,364 | - | 2,740,251 | 1,283,302 | - | - | - |
| Protection of life and property | - | - | - | - | - | - | - | - | - | - | - |
| Public health | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | 2,053,412 | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | 977,162 | 5,003,104 | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | |
| GovGuam Retirement Fund | - | - | - | - | - | - | - | - | - | - | - |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - |
| Guam Housing Corporation | - | - | - | - | - | - | - | - | - | - | - |
| Guam Memorial Hospital Authority | - | - | - | - | - | - | - | - | - | - | - |
| Guam Power Authority | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | - | 65,631 | - | - | 8,144,364 | 2,053,412 | 2,740,251 | 1,283,302 | 977,162 | 5,003,104 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | (12,001) | - | 95 | (8,144,079) | (2,053,412) | (2,740,251) | (1,257,448) | (977,162) | (4,756,888) | - |
| Other financing sources (uses): | | | | | | | | | | | |
| Proceeds from refunded bonds issued | - | - | - | - | - | - | - | - | - | - | - |
| Premium from refunded bonds issued | - | - | - | - | - | - | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - | - | - | - |
| Transfers in from other funds | - | - | - | - | 8,593,736 | 4,332,473 | 2,804,615 | 1,653,394 | 1,401,651 | 6,281,381 | 28,000,000 |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | - | - | - | - | 8,593,736 | 4,332,473 | 2,804,615 | 1,653,394 | 1,401,651 | 6,281,381 | 28,000,000 |
| Net change in fund balances (deficit) | - | (12,001) | - | 95 | 449,657 | 2,279,061 | 64,364 | 395,946 | 424,489 | 1,524,493 | 28,000,000 |
| Fund balances (deficit) at beginning of year | 294,955 | 136,165 | 518,983 | 281,111 | 986,520 | 601,418 | - | 598,946 | 148,402 | 1,181,156 | 3,090 |
| Fund balances (deficit) at end of year | \$ 294,955 | \$ 124,164 | \$ 518,983 | \$ 281,206 | \$ 1,436,177 | \$ 2,880,479 | \$ 64,364 | \$ 994,892 | \$ 572,891 | \$ 2,705,649 | \$ 28,003,090 |

(continued)

GOVERNMENT OF GUAM
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit)
 General Fund
 Year Ended September 30, 2022

| AS/400 Fund Number | 314 | 103 | 607 | 645 | 678 | 355 | 363 | 364 | | | | |
|--|-----------------------------------|-------------------------|-------------------------------|-------------------------------------|--------------------|------------------------|--|---|---|-----------------------|---------------------|-----------------------|
| | State Agency for Surplus Property | StripperWell Overcharge | Supplemental Annuity Benefits | Supplemental Appropriations Revenue | Unfunded Liability | Unified Courts of Guam | Water System Revenue Bond Debt Service | Limited Obligation Series A 2016 Debt Service | General Obligation Series A 2019 Debt Service | Combined Total | Eliminating Entries | Total |
| Revenues: | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 372,491,996 | \$ - | \$ 372,491,996 |
| Gross receipts | - | - | - | - | - | - | - | - | - | 327,114,910 | - | 327,114,910 |
| Excise | - | - | - | - | - | - | - | - | - | 3,561,817 | - | 3,561,817 |
| Section 30 Federal income tax collections | - | - | - | - | - | - | - | - | - | 76,141,259 | - | 76,141,259 |
| Intergovernmental | - | - | - | - | - | 3,004,070 | - | - | - | 4,143,690 | - | 4,143,690 |
| Licenses and permits | 1,383 | - | - | - | - | - | - | - | - | 773,343 | - | 773,343 |
| Charges for services | - | - | - | - | - | - | - | - | - | 11,947,377 | - | 11,947,377 |
| Fines and forfeits | - | - | - | - | - | 624,085 | - | - | - | 624,085 | - | 624,085 |
| Interest and investment earnings | 1 | 44 | - | - | - | - | 3,572 | 2,413 | 5,635 | 559,511 | - | 559,511 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | 3,259,244 | - | 3,259,244 |
| Other | 24,695 | - | - | - | - | - | - | - | - | 13,349,662 | - | 13,349,662 |
| Total revenues | 26,079 | 44 | - | - | - | 3,628,155 | 3,572 | 2,413 | 5,635 | 813,966,894 | - | 813,966,894 |
| Expenditures by Function: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | 41,612 | 750 | - | - | 25,000 | - | - | - | - | 56,008,725 | - | 56,008,725 |
| Protection of life and property | - | - | - | - | - | - | - | - | - | 127,037,164 | - | 127,037,164 |
| Public health | - | - | - | - | - | - | - | - | - | 6,379,125 | - | 6,379,125 |
| Community services | - | - | - | - | - | - | - | - | - | 6,294,157 | - | 6,294,157 |
| Recreation | - | - | - | - | - | - | - | - | - | 2,945,554 | - | 2,945,554 |
| Individual and collective rights | - | - | - | - | - | 37,374,910 | - | - | - | 56,453,108 | - | 56,453,108 |
| Transportation | - | - | - | - | - | - | - | - | - | 1,640,851 | - | 1,640,851 |
| Public education | - | - | - | - | - | - | - | - | - | 192,238,198 | - | 192,238,198 |
| Environmental protection | - | - | - | - | - | - | - | - | - | 56,382 | - | 56,382 |
| Economic development | - | - | - | - | - | - | - | - | - | 4,508,108 | - | 4,508,108 |
| Payments to: | | | | | | | | | | | | |
| GovGuam Retirement Fund | - | - | - | - | - | - | - | - | - | 4,875,391 | - | 4,875,391 |
| Guam Community College | - | - | - | - | - | - | - | - | - | 16,104,131 | - | 16,104,131 |
| Guam Housing Corporation | - | - | - | - | - | - | - | - | - | 500,000 | - | 500,000 |
| Guam Memorial Hospital Authority | - | - | - | - | - | - | - | - | - | 21,485,013 | - | 21,485,013 |
| Guam Power Authority | - | - | - | - | - | - | - | - | - | 15,828,600 | - | 15,828,600 |
| University of Guam | - | - | - | - | - | - | - | - | - | 29,670,833 | - | 29,670,833 |
| Miscellaneous appropriations | - | - | 6,852,846 | - | - | 386,234 | - | - | - | 89,940,792 | - | 89,940,792 |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | 2,415,234 | - | 2,415,234 |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | 10,915,000 | 1,775,000 | 25,729,550 | - | 25,729,550 |
| Interest and fiscal charges | - | - | - | - | - | 258,826 | - | 10,074,625 | 1,223,625 | 53,054,359 | - | 53,054,359 |
| Total expenditures | 41,612 | 750 | 6,852,846 | - | 25,000 | 38,019,970 | - | 20,989,625 | 2,998,625 | 713,165,275 | - | 713,165,275 |
| Excess (deficiency) of revenues over (under) expenditures | (15,533) | (706) | (6,852,846) | - | (25,000) | (34,391,815) | 3,572 | (20,987,212) | (2,992,990) | 100,801,619 | - | 100,801,619 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Proceeds from refunded bonds issued | - | - | - | - | - | - | - | - | - | 258,550,000 | - | 258,550,000 |
| Premium from refunded bonds issued | - | - | - | - | - | - | - | - | - | 38,015,898 | - | 38,015,898 |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - | - | (292,935,319) | - | (292,935,319) |
| Transfers in from other funds | - | - | 6,852,846 | - | - | 34,685,169 | - | 20,989,625 | 3,044,146 | 546,170,930 | (509,932,399) | 36,238,531 |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | (545,486,058) | 509,932,399 | (35,553,659) |
| Total other financing sources (uses), net | - | - | 6,852,846 | - | - | 34,685,169 | - | 20,989,625 | 3,044,146 | 4,315,451 | - | 4,315,451 |
| Net change in fund balances (deficit) | (15,533) | (706) | - | - | (25,000) | 293,354 | 3,572 | 2,413 | 51,156 | 105,117,070 | - | 105,117,070 |
| Fund balances (deficit) at beginning of year | 109,567 | 13,152 | - | (13,766) | - | 9,413,265 | - | 21,269,287 | 2,169,021 | 30,351,140 | - | 30,351,140 |
| Fund balances (deficit) at end of year | \$ 94,034 | \$ 12,446 | \$ - | \$ (13,766) | \$ (25,000) | \$ 9,706,619 | \$ 3,572 | \$ 21,271,700 | \$ 2,220,177 | \$ 135,468,210 | \$ - | \$ 135,468,210 |

Government of Guam

Nonmajor Governmental Funds

September 30, 2022

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 report of independent auditors.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | | | 354 | | |
|---|-----------------------|----------------------|---------------------|-----------------------|--|
| <u>ASSETS</u> | Other | Other | Other | | |
| | Special Revenue | Capital Project | Debt Service | Total | |
| Cash and cash equivalents | \$ 81,932,662 | \$ 5,344,555 | \$ - | \$ 87,277,217 | |
| Investments | 13,614,448 | - | - | 13,614,448 | |
| Receivables, net: | | | | | |
| Taxes | 3,163,664 | - | - | 3,163,664 | |
| Federal agencies | 3,091,788 | - | - | 3,091,788 | |
| Leases | 15,628,834 | - | - | 15,628,834 | |
| Other | 4,337,077 | - | - | 4,337,077 | |
| Due from component units | 1,044,445 | - | - | 1,044,445 | |
| Due from other funds | 42,023,058 | 324,123 | - | 42,347,181 | |
| Prepayments | 85,350 | - | - | 85,350 | |
| Deposits and other assets | - | 4,360 | - | 4,360 | |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 6,038,816 | 6,809,392 | 7,116,468 | 19,964,676 | |
| Investments | 300,000 | 902,104 | - | 1,202,104 | |
| Total assets | <u>\$ 171,260,142</u> | <u>\$ 13,384,534</u> | <u>\$ 7,116,468</u> | <u>\$ 191,761,144</u> | |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 7,083,922 | \$ 383,243 | \$ - | \$ 7,467,165 | |
| Accrued payroll and other | 1,381,352 | - | - | 1,381,352 | |
| Due to other funds | 22,819,556 | 5,293,715 | - | 28,113,271 | |
| Payable to federal agencies | 30,464,259 | - | - | 30,464,259 | |
| Deposits and other liabilities | 3,145,031 | 148,224 | - | 3,293,255 | |
| Total liabilities | <u>64,894,120</u> | <u>5,825,182</u> | <u>-</u> | <u>70,719,302</u> | |
| Deferred inflows of resources: | | | | | |
| Leases | 15,713,223 | - | - | 15,713,223 | |
| Deferred revenues | 190,798 | - | - | 190,798 | |
| Total deferred inflows | <u>15,904,021</u> | <u>-</u> | <u>-</u> | <u>15,904,021</u> | |
| Total liabilities and deferred inflows of resources | <u>80,798,141</u> | <u>5,825,182</u> | <u>-</u> | <u>86,623,323</u> | |
| Fund balances: | | | | | |
| Restricted | 6,339,618 | 7,567,883 | 7,116,468 | 21,023,969 | |
| Committed | 84,228,795 | - | - | 84,228,795 | |
| Unassigned | (106,412) | (8,531) | - | (114,943) | |
| Total fund balances | <u>90,462,001</u> | <u>7,559,352</u> | <u>7,116,468</u> | <u>105,137,821</u> | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 171,260,142</u> | <u>\$ 13,384,534</u> | <u>\$ 7,116,468</u> | <u>\$ 191,761,144</u> | |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures by Function, and
 Changes in Fund Balances
 Year Ended September 30, 2022

| AS/400 Fund Number | Other Special Revenue | Other Capital Project | 354 Other Debt Service | Total |
|--|--------------------------|--------------------------|------------------------------|---------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 35,793,765 | \$ - | \$ - | \$ 35,793,765 |
| Hotel | 18,168,635 | - | - | 18,168,635 |
| Liquid fuel | 9,352,575 | - | - | 9,352,575 |
| Tobacco | 31,642,528 | - | - | 31,642,528 |
| Alcoholic beverages | 4,953,160 | - | - | 4,953,160 |
| Limited gaming | 1,472,864 | - | - | 1,472,864 |
| Intergovernmental | 41,801,039 | - | - | 41,801,039 |
| Licenses and permits | 54,221,562 | 667,872 | - | 54,889,434 |
| Charges for services | 21,482,110 | - | - | 21,482,110 |
| Fines and forfeits | - | 403,137 | - | 403,137 |
| Interest and investment earnings | 594,919 | (37,258) | 21,902 | 579,563 |
| Contributions from component units | 108,842 | - | - | 108,842 |
| Other | 88,169 | - | - | 88,169 |
| Total revenues | 219,680,168 | 1,033,751 | 21,902 | 220,735,821 |
| Expenditures by Function: | | | | |
| Current: | | | | |
| General government | 28,391,946 | - | - | 28,391,946 |
| Protection of life and property | 17,339,927 | - | - | 17,339,927 |
| Public health | 30,741,979 | - | - | 30,741,979 |
| Community services | 5,590,237 | - | - | 5,590,237 |
| Recreation | 559,927 | - | - | 559,927 |
| Individual and collective rights | 9,651,539 | 999,987 | - | 10,651,526 |
| Public welfare | 25,416,225 | - | - | 25,416,225 |
| Transportation | 8,223,249 | - | - | 8,223,249 |
| Public education | 18,543,742 | - | - | 18,543,742 |
| Environmental protection | 18,896,475 | - | - | 18,896,475 |
| Economic development | 995,889 | - | - | 995,889 |
| Payments to: | | | | |
| Guam Community College | 4,124,880 | - | - | 4,124,880 |
| Guam Preservation Trust | 4,435,000 | - | - | 4,435,000 |
| Guam Visitors Bureau | 14,528,287 | - | - | 14,528,287 |
| University of Guam | 4,441,032 | - | - | 4,441,032 |
| Miscellaneous appropriations | 14,584 | - | - | 14,584 |
| Capital projects | - | 1,488,647 | - | 1,488,647 |
| Debt service: | | | | |
| Principal retirement | 183,205 | - | - | 183,205 |
| Interest and fiscal charges | 153,994 | 455,604 | 3,013,250 | 3,622,848 |
| Total expenditures | 192,232,117 | 2,944,238 | 3,013,250 | 198,189,605 |
| Excess (deficiency) of revenues over (under) expenditures | 27,448,051 | (1,910,487) | (2,991,348) | 22,546,216 |
| Other financing sources (uses): | | | | |
| Transfers in from other funds | 21,895,877 | - | 1,274,061 | 23,169,938 |
| Transfers out to other funds | (42,095,441) | (850,194) | - | (42,945,635) |
| Total other financing sources (uses), net | (20,199,564) | (850,194) | 1,274,061 | (19,775,697) |
| Net change in fund balances | 7,248,487 | (2,760,681) | (1,717,287) | 2,770,519 |
| Fund balances at beginning of year | 83,213,514 | 10,320,033 | 8,833,755 | 102,367,302 |
| Fund balances at end of year | \$ 90,462,001 | \$ 7,559,352 | \$ 7,116,468 | \$ 105,137,821 |

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds

September 30, 2022

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, 2022, follows.

Aboveground Storage Tank Management Fund - The fund was created by Public Law 34-140 to account for all fees, assessments, fines, and forfeitures collected relative to the regulation of above ground storage facilities.

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.

Alcoholic Beverage Compliance Fees and Fines Fund - The fund was created by Public Law 31-199 to account for all fees and fines collected relative to the regulated conduct of special tasting and sampling events at approved locations.

Arts in Public Buildings Fund - This fund was created by Public Law 31-118 to assist in the promotion of local art on display in government public buildings.

Banking and Insurance Enforcement Fund - This fund was created by Public Law 33-91 for the purpose of monitoring and enforcing regulations associated with the banking and insurance industries.

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 fees and money collected by the Board under this Chapter shall be accounted for by the Board and deposited in a special fund known as the ‘Guam Board of Accountancy Fund.’” 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 Guam Accountancy Act of 2003.

Capitol District Fund - This fund was created by Public Law 29-69 for the sole purpose of funding the repair, restoration, renovation, or refurbishment of the Guam Congress Building or other Capitol District properties. Income received pursuant to any lease of property within the Capitol District shall be deposited into this fund.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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.

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 (CLTC).

Chamorro Land Trust Survey and Infrastructure Fund - This fund was created for the purpose of accounting for the receipt of all proceeds from the sale of bull cart trails and land remnants and proceeds from the sale of land under the Land for the Landless program that will be used solely for the surveying of CLTC land and for the operational needs in support thereof.

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 that 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 both the Northern and Southern Guam Community Health Centers. 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.

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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.

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.

Equitable Sharing Program Fund - This fund accounts for proceeds received from the U.S. Department of Justice Asset Forfeiture Program, which encompasses the seizure and forfeiture of assets that represent the proceeds of or were used to facilitate federal crimes.

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.

Government Ethics Fund - This fund was created for the purpose of accounting for transactions associated with enforcement by the Guam Ethics Commission.

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 Ancestral Lands Commission (GALC) Operations Fund - This fund was established by Public Law 25-45 for the purpose of accounting for the payment of operational costs associated with the GALC.

Guam Ancestral Land Bank Fund - This fund was created for the purpose of accounting for all assets and revenues of the Land Bank, which consists of former Spanish Crown Lands and other non-ancestral lands conveyed by the United States federal government to GovGuam. The GALC acts as a developer of the lands with resulting lease rental income used to provide just compensation for those dispossessed landowners whose properties cannot be returned.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

Guam Landowner's Recovery Fund - This fund was created for the purpose of accounting for the purpose of granting loans, loan guarantees or grant-in-aid to landowners, or to defer costs or fees for professional services required by those landowners or class of landowners who have ancestral land claims.

Guam Ancestral Lands Commission Survey Infrastructure and Development Fund - This fund was created for the purpose of accounting for the proceeds of lease revenues earned from all leases of Apra Harbor Reservation F-12 and Parcel N14-1 (the Polaris Point parcels) under the jurisdiction of the GALC. This fund shall be used for the surveying and mapping, purchase and installation of infrastructure, including paved access roads and commercial development, of the GALC properties, and for the administrative, operational, and financial support of these efforts.

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 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.

GCC Capital Improvements Fund - This fund was created by Public Law 31-229 to account for lease rental payments payable pursuant to the lease-back agreement entered into to secure financing for the construction, expansion, renovation, and/or hardening of the Gregorio G. Perez Crime Lab Building, and GCC Building # 100 and # 200.

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 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 Invasive Species Inspection Fee Fund - This fund was created by Public Law 31-43 to account for fees collected by the Guam Department of Agriculture for the inspection, quarantine, and eradication of invasive species contained in any freight brought into Guam.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

Guam Museum Fund - This fund was created by Public Law 25-69 to account for funds received separate and apart from other funds of the Guam Museum to fund the operations of the Guam Museum Board of Advisors.

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.

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.

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.

Historic Preservation Archaeological Mitigation Fund - This fund was created by Public Law 29-147 to account for penalties and fines imposed by the Historic Preservation Office for failure to comply with the obtaining of a Certificate of Approval.

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 Layon landfill and the Ordot Dump and funded by revenue from tipping fees.

Hotel Occupancy Tax Surplus Fund - This fund was created by Public Law 32-68 to account for hotel occupancy tax collections received by the Tourist Attraction Fund in excess of Bureau of Budget and Management Research revenue estimates.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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 Acquisition Fund - This fund was created by Public Law 9-170 to account for all costs of acquiring private land for public purposes.

Land Survey Revolving Fund - This fund was created 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.

Medical Use of Cannabis Fund - This fund was created by Public Law 32-134 to account for activities associated with the legal use of cannabis for medicinal purposes.

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.

MHSA Services Fund - This fund was created by Public Law 31-233 to account for proceeds from the collection of any fees by the Department of Mental Health and Substance Abuse.

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

Office of the Attorney General Fund - This fund was created to account for collections received by the Office of the Attorney General.

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

Opioid Recovery Trust Fund - This fund was created Public Law No. 36-64 to account for settlement monies secured by the Office of the Attorney General for Guam.

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 Patrol Vehicle and Equipment Revolving Fund - This fund was created by Public Law 32-205 to account for the collection of vehicle safety inspection fees to be used for the acquisition of vehicles and associated equipment by the Guam Police Department.

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 Market Revolving Fund - This fund was created by Public Law 28-68 to account for fees paid by producers or sellers for the use of space at public markets under the control of the Department of Chamorro Affairs.

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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 Drinking Water Fund - This fund was created to account for fees, monetary charges and other funds collected or received by the Guam Environmental Protection Agency pursuant to the Safe Drinking Water Act to be used for the administration and implementation of the Safe Drinking Water Program; for public education and similar outreach programs; and promotions aimed at increasing awareness of the dangers of using pipes, plumbing fittings or fixtures containing lead over the acceptable limit set by this Act or regulations.

Safe Homes, Safe Streets Fund - This fund was created by Public Law 27-104 to account for 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 at the Guam Police Department, the Guam Public School System, the Department of Public Health and Social Services, the Department of Youth Affairs, the Department of Mental Health & Substance Abuse

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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 streetlights.

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 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.

Truck Enforcement Screening Station Facility Fund - This fund was created by Public Law 33-106 to account for fees collected from the monitoring of size, weight and load limitations and restriction of certain vehicles operating on Guam roads.

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 report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Special Revenue Funds, continued

September 30, 2022

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.

Victim/Witness Travelling-Housing Fund - This fund was created by Public Law 30-60 to account for fees received by the Office of the Attorney General for requested statements issued about the disposition of a person's criminal arrest or criminal case.

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 report of independent auditors.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 674 | 236 | 265 | 667 | 661 | 611 | 266 | | 679 | 282 | 624 | 669 | 415 | 646 |
|---|---|-----------------------|-----------------------------|--|--------------------------------|---|-------------------------|---------------------|---|--|---|--|-------------------------------|-------------------------|
| | Aboveground Storage Tank Management | Accessible Parking | Air Pollution Control | Alcoholic Beverage Compliance Fees and Fines | Arts in Public Buildings | Banking and Insurance Enforcement | Board of Accountancy | Capitol District | CARES Act Unemployment Assistance | Carrier Off-duty Services Revolving | Chamorro Land Trust Operations | Chamorro Land Trust Survey and Infrastructure | Chamorro Loan Guarantee | Child Care Revolving |
| ASSETS | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 553,812 | \$ 784,878 | \$ - | \$ 1,545,366 | \$ - | \$ 2,338,759 | \$ 67 | \$ - | \$ - |
| Investments | - | - | - | - | - | - | 258,230 | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - | 6,903 | - |
| Federal agencies | - | - | - | - | - | - | - | - | 2,522,763 | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | 5,474,274 | 128,263 | - | - |
| Other | - | - | - | - | - | - | 11,800 | - | - | - | 95,044 | 16,723 | - | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 252,067 | - | 128,890 | 149,301 | - | - | - | - | - | 46,884 | - | 225,655 | 390,373 | 67,597 |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | 728,613 | - | - | - | - | 572,609 | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | 300,000 | - |
| Total assets | \$ 252,067 | \$ - | \$ 128,890 | \$ 149,301 | \$ - | \$ 553,812 | \$ 1,054,908 | \$ 728,613 | \$ 4,068,129 | \$ 46,884 | \$ 7,908,077 | \$ 370,708 | \$ 1,269,885 | \$ 67,597 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,286 | \$ - | \$ 3,348,664 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | - | - | 3,450 | - | - | - | - | - | - | 52,934 | 10,513 | 15,148 | - | - |
| Due to other funds | - | 1,519 | - | - | 29,675 | 107,716 | - | - | 718,663 | - | 619,671 | - | - | - |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | 1,519 | 3,450 | - | 29,675 | 107,716 | 36,286 | - | 4,067,327 | 52,934 | 630,184 | 15,148 | - | - |
| Deferred inflows of resources: | | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | 5,482,030 | 129,010 | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | 137,399 | 1,375 | 7,366 | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | 5,619,429 | 130,385 | 7,366 | - |
| Total liabilities and deferred inflows of resources | - | 1,519 | 3,450 | - | 29,675 | 107,716 | 36,286 | - | 4,067,327 | 52,934 | 6,249,613 | 145,533 | 7,366 | - |
| Fund balances (deficit): | | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | 728,613 | 802 | - | - | - | 872,609 | - |
| Committed | 252,067 | - | 125,440 | 149,301 | - | 446,096 | 1,018,622 | - | - | - | 1,658,464 | 225,175 | 389,910 | 67,597 |
| Unassigned | - | (1,519) | - | - | (29,675) | - | - | - | - | (6,050) | - | - | - | - |
| Total fund balances (deficit) | 252,067 | (1,519) | 125,440 | 149,301 | (29,675) | 446,096 | 1,018,622 | 728,613 | 802 | (6,050) | 1,658,464 | 225,175 | 1,262,519 | 67,597 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 252,067 | \$ - | \$ 128,890 | \$ 149,301 | \$ - | \$ 553,812 | \$ 1,054,908 | \$ 728,613 | \$ 4,068,129 | \$ 46,884 | \$ 7,908,077 | \$ 370,708 | \$ 1,269,885 | \$ 67,597 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 105 | 250 | 213 | 272 | 677 | 325 | 209 Customs, Agriculture and Quarantine Inspection Services | 267 | 630 | 235 | 246 | 683 | 681 | 281 |
|---|--------------------------------|------------------------|----------------------------------|--------------------------------------|---------------|--------------------------------------|--|-------------------------------------|---------------------------------|-------------------------------|-----------------------|----------------------------|-----------------------------------|--|
| | Community Health Centers | Consumer Protection | Contractors' License Board | Controlled Substance Diversion | COVID-19 | Criminal Injuries Compensation | | Dededo Buffer Strip Revolving | DLM Building Construction | DPW Building and Design | Drivers' Education | Education Stabilization | Emergency Rental Assistance | Enhanced 911 Emergency Reporting System |
| ASSETS | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 9,393,493 | \$ - | \$ 1,925,119 | \$ - | \$ - | \$ 1,245,930 | \$ 1,371,140 | \$ - | \$ 2,946 | \$ - | \$ - | \$ - | \$ 18,830,996 | \$ 4,064,008 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | 569,025 | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | 641,789 | - | - | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - | 967,035 | - | - | - | - | - | - | - |
| Due from other funds | - | 316,618 | - | 695,051 | 837 | 120,884 | - | 328,560 | - | 3,437,854 | 51,680 | - | - | - |
| Prepayments | - | - | - | - | - | - | 85,350 | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 9,393,493 | \$ 316,618 | \$ 1,925,119 | \$ 695,051 | \$ 837 | \$ 1,366,814 | \$ 3,065,314 | \$ 328,560 | \$ 2,946 | \$ 3,437,854 | \$ 51,680 | \$ 569,025 | \$ 18,830,996 | \$ 4,064,008 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts payable | \$ 106,250 | \$ - | \$ - | \$ - | \$ - | \$ 169 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 221,331 | \$ - |
| Accrued payroll and other | 107,655 | - | 11,052 | - | 159 | - | 41,973 | - | - | 11,551 | - | 12,031 | 15,811 | 21,076 |
| Due to other funds | 996,137 | - | 383,011 | - | - | - | 3,023,341 | - | 1 | - | - | 574,503 | 4,146,819 | 186,016 |
| Payable to federal agencies | - | - | - | - | 995 | - | - | - | - | - | - | - | 14,447,035 | - |
| Deposits and other liabilities | - | - | - | - | - | 210,162 | - | - | - | - | - | - | - | - |
| Total liabilities | 1,210,042 | - | 394,063 | - | 1,154 | 210,331 | 3,065,314 | - | 1 | 11,551 | - | 586,534 | 18,830,996 | 207,092 |
| Deferred inflows of resources: | | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | 1,210,042 | - | 394,063 | - | 1,154 | 210,331 | 3,065,314 | - | 1 | 11,551 | - | 586,534 | 18,830,996 | 207,092 |
| Fund balances (deficit): | | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 8,183,451 | 316,618 | 1,531,056 | 695,051 | - | 1,156,483 | - | 328,560 | 2,945 | 3,426,303 | 51,680 | - | - | 3,856,916 |
| Unassigned | - | - | - | - | (317) | - | - | - | - | - | - | (17,509) | - | - |
| Total fund balances (deficit) | 8,183,451 | 316,618 | 1,531,056 | 695,051 | (317) | 1,156,483 | - | 328,560 | 2,945 | 3,426,303 | 51,680 | (17,509) | - | 3,856,916 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 9,393,493 | \$ 316,618 | \$ 1,925,119 | \$ 695,051 | \$ 837 | \$ 1,366,814 | \$ 3,065,314 | \$ 328,560 | \$ 2,946 | \$ 3,437,854 | \$ 51,680 | \$ 569,025 | \$ 18,830,996 | \$ 4,064,008 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 600 | 642 | 640 | 614 | 231 | 656 | | | | | 673 | 641 | 639 | 657 |
|---|----------------------|---------------------------|----------------------------|-------------------|------------------------|-----------------------|---------------------------------------|---------------------------------|--------------------------|------------------------------------|---------------------------------------|-------------------|----------------------|---|
| | Environmental Health | Equitable Sharing Program | Examiner Off-Duty Services | Government Ethics | GDOE School Activities | GFD Capital Revolving | GMHA Healthcare Trust and Development | Guam Ancestral Lands Operations | Guam Ancestral Land Bank | Guam Ancestral Landowners Recovery | Survey Infrastructure and Development | Guam Cancer Trust | Guam Charter Schools | Guam Community College Capital Improvements |
| ASSETS | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,394,159 | \$ 522,177 | \$ - | \$ 100,654 | \$ - | \$ - | \$ 2,265,708 | \$ 2,581 | \$ 1,501,849 | \$ 5,038 | \$ 573,901 | \$ 30 | \$ 807 | \$ - |
| Investments | - | - | - | - | - | - | - | - | 13,356,218 | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | 2,094,076 | - | 7,932,221 | - | - | - |
| Other | - | - | - | - | - | - | - | - | 414,808 | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - | - | - | 77,410 | - | - | - | - | - |
| Due from other funds | 994,900 | - | 23,968 | 58,625 | - | 679,192 | - | - | - | - | - | - | - | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 2,389,059 | \$ 522,177 | \$ 23,968 | \$ 159,279 | \$ - | \$ 679,192 | \$ 2,265,708 | \$ 2,581 | \$ 17,444,361 | \$ 5,038 | \$ 8,506,122 | \$ 30 | \$ 807 | \$ - |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 46,059 | \$ - | 4,220 | \$ - | - | - |
| Accrued payroll and other | 17,882 | - | - | - | - | - | - | - | - | - | 5,993 | - | - | - |
| Due to other funds | - | 55,722 | - | - | - | - | 387,129 | - | - | - | 375,093 | 45 | 10,646 | 23,244 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | 77,410 | - | 69,369 | - | - | - |
| Total liabilities | 17,882 | 55,722 | - | - | - | - | 387,129 | - | 123,469 | - | 454,675 | 45 | 10,646 | 23,244 |
| Deferred inflows of resources: | | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | 2,402,781 | - | 7,699,402 | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | 2,402,781 | - | 7,699,402 | - | - | - |
| Total liabilities and deferred inflows of resources | 17,882 | 55,722 | - | - | - | - | 387,129 | - | 2,526,250 | - | 8,154,077 | 45 | 10,646 | 23,244 |
| Fund balances (deficit): | | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 2,371,177 | 466,455 | 23,968 | 159,279 | - | 679,192 | 1,878,579 | 2,581 | 14,918,111 | 5,038 | 352,045 | - | - | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | (15) | (9,839) | (23,244) |
| Total fund balances (deficit) | 2,371,177 | 466,455 | 23,968 | 159,279 | - | 679,192 | 1,878,579 | 2,581 | 14,918,111 | 5,038 | 352,045 | (15) | (9,839) | (23,244) |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 2,389,059 | \$ 522,177 | \$ 23,968 | \$ 159,279 | \$ - | \$ 679,192 | \$ 2,265,708 | \$ 2,581 | \$ 17,444,361 | \$ 5,038 | \$ 8,506,122 | \$ 30 | \$ 807 | \$ - |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 245 | 608 | 662 | 244 | 326 | 651 | 270 | 602 | 241 | 311 | 271 | 634 | 687 |
|---|--------------------------------|--|--|------------------|-------------------------------|--|---------------------------------|---------------------|-------------------------------------|---------------------------------|-------------------------------|--|---------------------------|
| | Guam Environmental Trust | Guam Plant Inspection and Permit | Guam Invasive Species Inspection Fee | Guam Museum | Guam Preservation Trust | Guam Procurement Advisory Council Support | Health and Human Services | Healthy Futures | Health Professional Licensure | Health and Security Trust | Hessler Building Rental | Historic Preservation Archaeological Mitigation | Homeowner's Assistance |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 682,941 | \$ 302,907 | \$ 261,846 | \$ - | \$ 312,041 | \$ - | \$ 351,441 | \$ 1,047,129 | \$ 27,128 | \$ 21,994 | \$ - | \$ - | \$ 8,653,115 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | 800,367 | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 62,166 | - | 529,993 | 80,060 | - | 1,931 | 69,176 | 2,422,040 | 609,356 | - | 610,920 | 88,831 | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 745,107 | \$ 302,907 | \$ 791,839 | \$ 80,060 | \$ 312,041 | \$ 1,931 | \$ 420,617 | \$ 4,269,536 | \$ 636,484 | \$ 21,994 | \$ 610,920 | \$ 88,831 | \$ 8,653,115 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 181,957 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | - | - | 16,934 | - | - | - | - | 354,532 | 1,705 | - | - | - | 10,422 |
| Due to other funds | - | 20,199 | - | - | 6,253 | - | - | - | - | 10,907 | - | - | 493,587 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | 8,149,106 |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | 20,199 | 16,934 | - | 6,253 | - | - | 536,489 | 1,705 | 10,907 | - | - | 8,653,115 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | - | 20,199 | 16,934 | - | 6,253 | - | - | 536,489 | 1,705 | 10,907 | - | - | 8,653,115 |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 745,107 | 282,708 | 774,905 | 80,060 | 305,788 | 1,931 | 420,617 | 3,733,047 | 634,779 | 11,087 | 610,920 | 88,831 | - |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total fund balances (deficit) | 745,107 | 282,708 | 774,905 | 80,060 | 305,788 | 1,931 | 420,617 | 3,733,047 | 634,779 | 11,087 | 610,920 | 88,831 | - |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 745,107 | \$ 302,907 | \$ 791,839 | \$ 80,060 | \$ 312,041 | \$ 1,931 | \$ 420,617 | \$ 4,269,536 | \$ 636,484 | \$ 21,994 | \$ 610,920 | \$ 88,831 | \$ 8,653,115 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 652 | 658 | 632 | 351 | 222 | 655 | 232 | 671 | 294 | 653 | 688 | 261 | 648 |
|---|-------------------|-----------------------------------|-------------------|---------------------|--------------------------|---------------------|-------------------------|-------------------------------|--|---------------------|--|-------------------------------|----------------------------------|
| | Host Community | Hotel Occupancy Tax Surplus | Indirect Cost | Land Acquisition | Land Survey Revolving | Limited Gaming | Manpower Development | Medical Use of Cannabis | Mental Health and Substance Abuse | MHSA Services | Non- Entitlement Local Government | Notary Public Revolving | Office of Attorney General |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 714 | \$ 43 | \$ 181 | \$ - | \$ 345 | \$ 4,381,352 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 639,534 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | 84,467 | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 53 | 2,527,981 | 447,118 | 70 | 1,563,114 | 3,570,265 | - | 22,683 | - | 1,427,451 | 7,868,659 | 230,837 | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 53 | \$ 2,528,695 | \$ 447,161 | \$ 251 | \$ 1,563,114 | \$ 3,655,077 | \$ 4,381,352 | \$ 22,683 | \$ - | \$ 1,427,451 | \$ 7,868,659 | \$ 230,837 | \$ 639,534 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | - | - | 22,352 | - | 51,526 | - | 20,817 | - | - | - | 1,536 | - | - |
| Due to other funds | - | - | - | - | - | - | 927,003 | - | 989 | - | - | - | 228,347 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | 7,867,123 | - | - |
| Deposits and other liabilities | - | - | - | - | - | 5,965 | 1,107,168 | - | - | - | - | - | - |
| Total liabilities | - | - | 22,361 | - | 51,526 | 5,965 | 2,054,988 | - | 989 | - | 7,868,659 | - | 228,347 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | 44,658 | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | 44,658 | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | - | - | 22,361 | - | 51,526 | 5,965 | 2,099,646 | - | 989 | - | 7,868,659 | - | 228,347 |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 53 | 2,528,695 | 424,800 | 251 | 1,511,588 | 3,649,112 | 2,281,706 | 22,683 | - | 1,427,451 | - | 230,837 | 411,187 |
| Unassigned | - | - | - | - | - | - | - | - | (989) | - | - | - | - |
| Total fund balances (deficit) | 53 | 2,528,695 | 424,800 | 251 | 1,511,588 | 3,649,112 | 2,281,706 | 22,683 | (989) | 1,427,451 | - | 230,837 | 411,187 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 53 | \$ 2,528,695 | \$ 447,161 | \$ 251 | \$ 1,563,114 | \$ 3,655,077 | \$ 4,381,352 | \$ 22,683 | \$ - | \$ 1,427,451 | \$ 7,868,659 | \$ 230,837 | \$ 639,534 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 650 | 689 | 212 | 107 | 629 | 211 | 663 | 263 | 644 | 215 | 604 | 666 | 620 |
|---|--|-----------------------------|-----------------|---|-------------------------|-------------------------------|---|--------------------|-----------------------------------|--|-----------------------------|-------------------------------|----------------------------------|
| | Office of Vital Statistics Revolving | Opioid Recovery Trust | Park | Peace Officer Standards and Training Commission Revolving | Pesticide Management | Plant Nursery Revolving | Police Patrol Vehicle and Equipment Revolving | Police Services | Prison Industries Revolving | Professional Engineers', Architects' and Surveyors' | Public Library System | Public Market Revolving | Public Recreation Services |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 39,137 | \$ 982,681 | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ - | \$ - | \$ 61,140 | \$ 1,040,122 | \$ - | \$ 86,832 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | 353,706 | - | 6,585 | 3,725 | 207,879 | 59,666 | 601,950 | 827,508 | 2,829 | 104,931 | - | - | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 392,843 | \$ 982,681 | \$ 6,585 | \$ 3,725 | \$ 207,879 | \$ 59,666 | \$ 601,951 | \$ 827,508 | \$ 2,829 | \$ 166,071 | \$ 1,040,122 | \$ - | \$ 86,832 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | 2,296 | - | - | - | 1,059 | - | - | 13,879 | - | 4,321 | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - | - | - | 754,614 | 4,576 | 58,484 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | 2,296 | - | - | - | 1,059 | - | - | 13,879 | - | 4,321 | 754,614 | 4,576 | 58,484 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | 2,296 | - | - | - | 1,059 | - | - | 13,879 | - | 4,321 | 754,614 | 4,576 | 58,484 |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Committed | 390,547 | 982,681 | 6,585 | 3,725 | 206,820 | 59,666 | 601,951 | 813,629 | 2,829 | 161,750 | 285,508 | - | 28,348 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | (4,576) | - |
| Total fund balances (deficit) | 390,547 | 982,681 | 6,585 | 3,725 | 206,820 | 59,666 | 601,951 | 813,629 | 2,829 | 161,750 | 285,508 | (4,576) | 28,348 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 392,843 | \$ 982,681 | \$ 6,585 | \$ 3,725 | \$ 207,879 | \$ 59,666 | \$ 601,951 | \$ 827,508 | \$ 2,829 | \$ 166,071 | \$ 1,040,122 | \$ - | \$ 86,832 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 317 | 285 | 619 | 289 | 601 | 217 | 647 | 284 | 416 | 605 | 625 | 202 | 603 |
|---|-------------------|----------------------|------------------------|---------------------------|----------------------------------|-----------------|------------------|-----------------------------------|---------------------------|---------------------------------|------------------------|-------------------|-------------------|
| | Public Transit | Rabies Prevention | Recycling Revolving | Safe Drinking Water | 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 |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 872 | \$ - | \$ - | \$ 5,737 | \$ - | \$ - | \$ 5,991,669 | \$ 559,311 | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables, net: | | | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | 3,156,913 | - | - | - | - |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other funds | - | 136,961 | 6,029,238 | 126,580 | 8,750 | - | 21,480 | 62,866 | - | 140,895 | 3,008 | 120,407 | 104,070 |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | 4,737,594 | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ - | \$ 136,961 | \$ 6,030,110 | \$ 126,580 | \$ 8,750 | \$ 5,737 | \$ 21,480 | \$ 62,866 | \$ 13,886,176 | \$ 700,206 | \$ 3,008 | \$ 120,407 | \$ 104,070 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,327,126 | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and other | - | - | 1,185 | - | - | - | - | - | 49,661 | - | - | - | 8,827 |
| Due to other funds | 11,396 | - | - | - | - | 7,020 | - | - | 2,270,225 | - | - | - | - |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other liabilities | - | - | - | - | - | - | - | - | 110,495 | - | - | - | - |
| Total liabilities | 11,396 | - | 1,185 | - | - | 7,020 | - | - | 3,757,507 | - | - | - | 8,827 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | 11,396 | - | 1,185 | - | - | 7,020 | - | - | 3,757,507 | - | - | - | 8,827 |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | 4,737,594 | - | - | - | - |
| Committed | - | 136,961 | 6,028,925 | 126,580 | 8,750 | - | 21,480 | 62,866 | 5,391,075 | 700,206 | 3,008 | 120,407 | 95,243 |
| Unassigned | (11,396) | - | - | - | - | (1,283) | - | - | - | - | - | - | - |
| Total fund balances (deficit) | (11,396) | 136,961 | 6,028,925 | 126,580 | 8,750 | (1,283) | 21,480 | 62,866 | 10,128,669 | 700,206 | 3,008 | 120,407 | 95,243 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ - | \$ 136,961 | \$ 6,030,110 | \$ 126,580 | \$ 8,750 | \$ 5,737 | \$ 21,480 | \$ 62,866 | \$ 13,886,176 | \$ 700,206 | \$ 3,008 | \$ 120,407 | \$ 104,070 |

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 205 | 208 | 206 | 257 | 636 | 297 | 637 | 283 | 300 | 203 | 310 | 276 | Total |
|---|--|------------------------|-----------------------|--|---|---|--|---------------------|---|--------------------------|---------------------------|--|-----------------------|
| | Territorial Educational Facilities | Territorial Highway | Tourist Attraction | Truck Enforcement Screening Station Facility | Under- ground Storage Tank Management | University of Guam Capital Improve- ments | Victim/ Witness Travel- Housing | Water Protection | Water Research and Development | Wildlife Conservation | Workman's Compensation | Youth Tobacco Education and Prevention | |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 4,027,514 | \$ 1,582,912 | \$ 2,217,778 | \$ - | \$ 225,478 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,349 | \$ 81,932,662 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | 13,614,448 |
| Receivables, net: | | | | | | | | | | | | | |
| Taxes | 373,246 | 223,571 | 1,675,110 | - | - | - | - | - | - | - | - | - | 3,163,664 |
| Federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | 3,091,788 |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | 15,628,834 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | 4,337,077 |
| Due from component units | - | - | - | - | - | - | - | - | - | - | - | - | 1,044,445 |
| Due from other funds | - | 126,029 | - | 559,713 | - | - | 20,938 | 276,257 | 119,092 | 76,559 | 1,811,851 | 7,945 | 42,023,058 |
| Prepayments | - | - | - | - | - | - | - | - | - | - | - | - | 85,350 |
| Restricted assets: | | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - | - | - | 6,038,816 |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | 300,000 |
| Total assets | \$ 4,400,760 | \$ 1,932,512 | \$ 3,892,888 | \$ 559,713 | \$ 225,478 | \$ - | \$ 20,938 | \$ 276,257 | \$ 119,092 | \$ 76,559 | \$ 1,811,851 | \$ 13,294 | \$ 171,260,142 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT) | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,811,851 | \$ - | \$ 7,083,922 |
| Accrued payroll and other | 180,897 | 309,087 | - | - | 1,068 | - | - | 1,385 | 635 | - | - | - | 1,381,352 |
| Due to other funds | 2,429,370 | - | 3,892,888 | - | 64,747 | - | - | - | - | - | - | - | 22,819,556 |
| Payable to federal agencies | - | - | - | - | - | - | - | - | - | - | - | - | 30,464,259 |
| Deposits and other liabilities | - | 1,564,462 | - | - | - | - | - | - | - | - | - | - | 3,145,031 |
| Total liabilities | 2,610,267 | 1,873,549 | 3,892,888 | - | 65,815 | - | - | 1,385 | 635 | - | 1,811,851 | - | 64,894,120 |
| Deferred inflows of resources: | | | | | | | | | | | | | |
| Leases | - | - | - | - | - | - | - | - | - | - | - | - | 15,713,223 |
| Deferred revenues | - | - | - | - | - | - | - | - | - | - | - | - | 190,798 |
| Total deferred inflows | - | - | - | - | - | - | - | - | - | - | - | - | 15,904,021 |
| Total liabilities and deferred inflows of resources | 2,610,267 | 1,873,549 | 3,892,888 | - | 65,815 | - | - | 1,385 | 635 | - | 1,811,851 | - | 80,798,141 |
| Fund balances (deficit): | | | | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - | - | - | 6,339,618 |
| Committed | 1,790,493 | 58,963 | - | 559,713 | 159,663 | - | 20,938 | 274,872 | 118,457 | 76,559 | - | 13,294 | 84,228,795 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | - | (106,412) |
| Total fund balances (deficit) | 1,790,493 | 58,963 | - | 559,713 | 159,663 | - | 20,938 | 274,872 | 118,457 | 76,559 | - | 13,294 | 90,462,001 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | \$ 4,400,760 | \$ 1,932,512 | \$ 3,892,888 | \$ 559,713 | \$ 225,478 | \$ - | \$ 20,938 | \$ 276,257 | \$ 119,092 | \$ 76,559 | \$ 1,811,851 | \$ 13,294 | \$ 171,260,142 |

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, 2022

| AS/400 Fund Number | 674 | 236 | 265 | 667 | 661 | 611 | 266 | | 679 | 282 | 624 | 669 | 415 | 646 |
|---|---|-----------------------|-----------------------------|--|--------------------------------|---|-------------------------|---------------------|---|--|---|--|-------------------------------|-------------------------|
| | Aboveground Storage Tank Management | Accessible Parking | Air Pollution Control | Alcoholic Beverage Compliance Fees and Fines | Arts in Public Buildings | Banking and Insurance Enforcement | Board of Accountancy | Capitol District | CARES Act Unemployment Assistance | Carrier Off-duty Services Revolving | Chamorro Land Trust Operations | Chamorro Land Trust Survey and Infrastructure | Chamorro Loan Guarantee | Child Care Revolving |
| Revenues: | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 165,473 | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | 1,913,677 | - | - | - | - | - |
| Licenses and permits | 63,200 | 1,060 | 149,687 | 60,450 | - | 329,006 | 618,300 | - | - | 796,956 | 558,752 | 19,707 | - | 9,180 |
| Charges for services | - | - | - | - | - | - | - | 269,547 | - | - | - | - | - | - |
| Interest and investment earnings | - | - | - | - | - | 87 | 46,408 | 112 | - | - | 329 | - | 174 | - |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | 6,435 | 459 | (2,473) | - |
| Total revenues | 63,200 | 1,060 | 149,687 | 60,450 | - | 329,093 | 664,708 | 269,659 | 1,913,677 | 796,956 | 565,516 | 20,166 | 163,174 | 9,180 |
| Expenditures by Function: | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | |
| General government | - | - | - | 2,449 | - | 506,518 | 440,485 | - | - | - | 773,478 | 34,388 | 60 | - |
| Protection of life and property | - | - | - | - | - | - | - | - | - | 803,006 | - | - | - | - |
| Public health | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | 6,025 | - | - | 35,555 | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | 1,912,875 | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | 185,657 | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | 1,250,000 | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | 183,205 | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | 153,994 | - | - | - | - | - | - |
| Total expenditures | - | 6,025 | 185,657 | 2,449 | 35,555 | 506,518 | 1,690,485 | 337,199 | 1,912,875 | 803,006 | 773,478 | 34,388 | 60 | - |
| Excess (deficiency) of revenues over (under) expenditures | 63,200 | (4,965) | (35,970) | 58,001 | (35,555) | (177,425) | (1,025,777) | (67,540) | 802 | (6,050) | (207,962) | (14,222) | 163,114 | 9,180 |
| Other financing sources (uses): | | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net change in fund balances (deficit) | 63,200 | (4,965) | (35,970) | 58,001 | (35,555) | (177,425) | (1,025,777) | (67,540) | 802 | (6,050) | (207,962) | (14,222) | 163,114 | 9,180 |
| Fund balances (deficit) at beginning of year | 188,867 | 3,446 | 161,410 | 91,300 | 5,880 | 623,521 | 2,044,399 | 796,153 | - | - | 1,866,426 | 239,397 | 1,099,405 | 58,417 |
| Fund balances (deficit) at end of year | \$ 252,067 | \$ (1,519) | \$ 125,440 | \$ 149,301 | \$ (29,675) | \$ 446,096 | \$ 1,018,622 | \$ 728,613 | \$ 802 | \$ (6,050) | \$ 1,658,464 | \$ 225,175 | \$ 1,262,519 | \$ 67,597 |

(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, 2022

| AS/400 Fund Number | 105 | 250 | 213 | 272 | 677 | 325 | 209 | 267 | 630 | 235 | 246 | 683 | 681 | 281 |
|---|--------------------------|---------------------|----------------------------|--------------------------------|-----------------|--------------------------------|---|-------------------------------|---------------------------|-------------------------|--------------------|-------------------------|-----------------------------|---|
| | Community Health Centers | Consumer Protection | Contractors' License Board | Controlled Substance Diversion | COVID-19 | Criminal Injuries Compensation | Customs, Agriculture and Quarantine Inspection Services | Dededo Buffer Strip Revolving | DLM Building Construction | DPW Building and Design | Drivers' Education | Education Stabilization | Emergency Rental Assistance | Enhanced 911 Emergency Reporting System |
| Revenues: | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | 3,844,867 | - | - | - | - | - | - | - | - | - | - | 10,415,665 | 18,010,627 | - |
| Licenses and permits | 2,389,825 | 10,049 | 952,205 | 233,604 | - | 71,839 | 3,831,064 | - | - | 1,342,673 | 9,960 | - | - | 2,090,054 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | - | - | 204 | - | 33 | 193 | 64 | - | - | - | - | - | 53,524 | 858 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 6,234,692 | 10,049 | 952,409 | 233,604 | 33 | 72,032 | 3,831,128 | - | - | 1,342,673 | 9,960 | 10,415,665 | 18,064,151 | 2,090,912 |
| Expenditures by Function: | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | |
| General government | - | - | 637,690 | - | - | - | - | - | - | 672,684 | - | 10,413,665 | - | - |
| Protection of life and property | - | 61,514 | - | - | - | 67,389 | 5,559,504 | - | - | - | - | - | - | 4,115,037 |
| Public health | 6,249,144 | - | - | - | 350 | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | 18,064,151 | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 6,249,144 | 61,514 | 637,690 | - | 350 | 67,389 | 5,559,504 | - | - | 672,684 | - | 10,413,665 | 18,064,151 | 4,115,037 |
| Excess (deficiency) of revenues over (under) expenditures | (14,452) | (51,465) | 314,719 | 233,604 | (317) | 4,643 | (1,728,376) | - | - | 669,989 | 9,960 | 2,000 | - | (2,024,125) |
| Other financing sources (uses): | | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | - | - | 1,728,376 | - | - | - | - | - | - | - |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | - | - | - | - | - | - | 1,728,376 | - | - | - | - | - | - | - |
| Net change in fund balances (deficit) | (14,452) | (51,465) | 314,719 | 233,604 | (317) | 4,643 | - | - | - | 669,989 | 9,960 | 2,000 | - | (2,024,125) |
| Fund balances (deficit) at beginning of year | 8,197,903 | 368,083 | 1,216,337 | 461,447 | - | 1,151,840 | - | 328,560 | 2,945 | 2,756,314 | 41,720 | (19,509) | - | 5,881,041 |
| Fund balances (deficit) at end of year | \$ 8,183,451 | \$ 316,618 | \$ 1,531,056 | \$ 695,051 | \$ (317) | \$ 1,156,483 | \$ - | \$ 328,560 | \$ 2,945 | \$ 3,426,303 | \$ 51,680 | \$ (17,509) | \$ - | \$ 3,856,916 |

(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, 2022

| AS/400 Fund Number | 600 | 642 | 640 | 614 | | 231 | 656 | | | | 673 | 641 | 639 | 657 |
|---|----------------------|---------------------------|----------------------------|-------------------|------------------------|-----------------------|---------------------------------------|---------------------------------|--------------------------|------------------------------------|---------------------------------------|-------------------|----------------------|---|
| | Environmental Health | Equitable Sharing Program | Examiner Off-Duty Services | Government Ethics | GDOE School Activities | GFD Capital Revolving | GMHA Healthcare Trust and Development | Guam Ancestral Lands Operations | Guam Ancestral Land Bank | Guam Ancestral Landowners Recovery | Survey Infrastructure and Development | Guam Cancer Trust | Guam Charter Schools | Guam Community College Capital Improvements |
| Revenues: | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | 414,032 | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | 40,981 | - | - | - | - | - | - |
| Licenses and permits | 1,375,436 | - | 19,772 | 210,560 | - | 992,705 | - | - | 184,118 | - | 574,964 | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | 188 | 78 | - | 4 | - | - | 273 | 1 | 479,056 | 18 | 1,689 | - | 1 | - |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 1,911 | - | - | - | - | - | - |
| Total revenues | 1,375,624 | 78 | 19,772 | 210,564 | - | 992,705 | 414,305 | 42,893 | 663,174 | 18 | 576,653 | - | 1 | - |
| Expenditures by Function: | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | |
| General government | - | - | - | 56,855 | - | - | 156 | 41,151 | 147,085 | 15 | 49,426 | - | - | - |
| Protection of life and property | - | 46,357 | - | - | - | 745,339 | - | - | - | - | - | - | - | - |
| Public health | 913,029 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | 381,086 | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | 11,229,876 | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 913,029 | 46,357 | - | 56,855 | - | 745,339 | 156 | 41,151 | 147,085 | 15 | 430,512 | - | 11,229,876 | - |
| Excess (deficiency) of revenues over (under) expenditures | 462,595 | (46,279) | 19,772 | 153,709 | - | 247,366 | 414,149 | 1,742 | 516,089 | 3 | 146,141 | - | (11,229,875) | - |
| Other financing sources (uses): | | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | - | - | - | - | - | - | - | - | 11,229,875 | - |
| Transfers out to other funds | - | - | - | - | (807,513) | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | - | - | - | - | (807,513) | - | - | - | - | - | - | - | 11,229,875 | - |
| Net change in fund balances (deficit) | 462,595 | (46,279) | 19,772 | 153,709 | (807,513) | 247,366 | 414,149 | 1,742 | 516,089 | 3 | 146,141 | - | - | - |
| Fund balances (deficit) at beginning of year | 1,908,582 | 512,734 | 4,196 | 5,570 | 807,513 | 431,826 | 1,464,430 | 839 | 14,402,022 | 5,035 | 205,904 | (15) | (9,839) | (23,244) |
| Fund balances (deficit) at end of year | \$ 2,371,177 | \$ 466,455 | \$ 23,968 | \$ 159,279 | \$ - | \$ 679,192 | \$ 1,878,579 | \$ 2,581 | \$ 14,918,111 | \$ 5,038 | \$ 352,045 | \$ (15) | \$ (9,839) | \$ (23,244) |

(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, 2022

| AS/400 Fund Number | 245 | 608 | 662 | 244 | 326 | 651 | 270 | 602 | 241 | 311 | 271 | 634 | 687 |
|--|--------------------------------|--|--|------------------|-------------------------------|--|---------------------------------|---------------------|-------------------------------------|---------------------------------|-------------------------------|--|---------------------------|
| | Guam Environmental Trust | Guam Plant Inspection and Permit | Guam Invasive Species Inspection Fee | Guam Museum | Guam Preservation Trust | Guam Procurement Advisory Council Support | Health and Human Services | Healthy Futures | Health Professional Licensure | Health and Security Trust | Hessler Building Rental | Historic Preservation Archaeological Mitigation | Homeowner's Assistance |
| Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | 31,642,528 | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | - | 4,953,160 | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | - | - | 5,438,456 |
| Licenses and permits | 519,623 | 94,369 | 664,446 | 402,398 | 804,811 | - | 13,300 | - | 284,407 | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - | - | 601,680 | - | - |
| Interest and investment earnings | 101 | 42 | 41 | - | 27 | - | 1,317 | 815 | 16 | 83 | - | - | 743 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 70,000 | - | - | 9,240 | - | - |
| Total revenues | 519,724 | 94,411 | 664,487 | 402,398 | 804,838 | - | 14,617 | 36,666,503 | 284,423 | 83 | 610,920 | - | 5,439,199 |
| Expenditures by Function: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | 150,000 | - | - | - | - | - |
| Protection of life and property | - | - | - | - | - | - | - | 847,380 | - | - | - | - | - |
| Public health | - | - | - | - | - | - | - | 23,112,683 | 247,608 | - | - | - | - |
| Community services | - | - | - | - | - | - | - | 4,472,502 | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | 7,152 | - |
| Individual and collective rights | - | - | - | 332,555 | - | - | - | - | - | - | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | 5,439,199 |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | 305,464 | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | 75,029 | 852,407 | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | 4,235,000 | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | 2,491,032 | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 305,464 | 75,029 | 852,407 | 332,555 | 4,235,000 | - | - | 31,073,597 | 247,608 | - | - | 7,152 | 5,439,199 |
| Excess (deficiency) of revenues over (under) expenditures | 214,260 | 19,382 | (187,920) | 69,843 | (3,430,162) | - | 14,617 | 5,592,906 | 36,815 | 83 | 610,920 | (7,152) | - |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | 3,500,000 | - | - | - | - | - | - | - | - |
| Transfers out to other funds | (30,170) | - | - | - | - | - | (505) | (7,890,657) | - | - | - | - | - |
| Total other financing sources (uses), net | (30,170) | - | - | - | 3,500,000 | - | (505) | (7,890,657) | - | - | - | - | - |
| Net change in fund balances (deficit) | 184,090 | 19,382 | (187,920) | 69,843 | 69,838 | - | 14,112 | (2,297,751) | 36,815 | 83 | 610,920 | (7,152) | - |
| Fund balances (deficit) at beginning of year | 561,017 | 263,326 | 962,825 | 10,217 | 235,950 | 1,931 | 406,505 | 6,030,798 | 597,964 | 11,004 | - | 95,983 | - |
| Fund balances (deficit) at end of year | \$ 745,107 | \$ 282,708 | \$ 774,905 | \$ 80,060 | \$ 305,788 | \$ 1,931 | \$ 420,617 | \$ 3,733,047 | \$ 634,779 | \$ 11,087 | \$ 610,920 | \$ 88,831 | \$ - |

(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, 2022

| AS/400 Fund Number | 652 | 658 | 632 | 351 | 222 | 655 | 232 | 671 | 294 | 653 | 688 | 261 | 648 |
|---|-------------------|-----------------------------------|-------------------|---------------------|--------------------------|---------------------|-------------------------|-------------------------------|--|---------------------|--|-------------------------------|----------------------------------|
| | Host Community | Hotel Occupancy Tax Surplus | Indirect Cost | Land Acquisition | Land Survey Revolving | Limited Gaming | Manpower Development | Medical Use of Cannabis | Mental Health and Substance Abuse | MHSA Services | Non- Entitlement Local Government | Notary Public Revolving | Office of Attorney General |
| Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | 1,058,832 | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | 1,148,375 | - | - |
| Licenses and permits | - | - | - | - | 4,738,179 | - | 6,607,942 | 11,660 | - | 301,609 | - | 70,974 | 581,793 |
| Charges for services | - | - | 1,822,110 | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | - | - | - | - | - | 33 | 463 | - | - | - | - | - | 22 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | - | - | 1,822,110 | - | 4,738,179 | 1,058,865 | 6,608,405 | 11,660 | - | 301,609 | 1,148,375 | 70,974 | 581,815 |
| Expenditures by Function: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | - | - | 1,397,310 | - | 3,246,663 | 51,696 | 157 | - | - | - | - | - | - |
| Protection of life and property | - | - | - | - | - | - | - | - | - | - | - | 65,688 | 8,972 |
| Public health | - | - | - | - | - | - | - | - | - | 67,500 | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | 461,333 | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | 359,922 | 1,499,686 | - | - | - | 1,148,375 | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | 323,690 | - | - | - | - | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | 3,924,480 | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | 200,000 |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - | 200,000 |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 323,690 | - | 1,397,310 | - | 3,246,663 | 872,951 | 5,424,323 | - | - | 67,500 | 1,148,375 | 65,688 | 408,972 |
| Excess (deficiency) of revenues over (under) expenditures | (323,690) | - | 424,800 | - | 1,491,516 | 185,914 | 1,184,082 | 11,660 | - | 234,109 | - | 5,286 | 172,843 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in from other funds | 323,690 | 1,819,759 | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out to other funds | - | - | - | - | - | (442,611) | - | - | - | - | - | - | - |
| Total other financing sources (uses), net | 323,690 | 1,819,759 | - | - | - | (442,611) | - | - | - | - | - | - | - |
| Net change in fund balances (deficit) | - | 1,819,759 | 424,800 | - | 1,491,516 | (256,697) | 1,184,082 | 11,660 | - | 234,109 | - | 5,286 | 172,843 |
| Fund balances (deficit) at beginning of year | 53 | 708,936 | - | 251 | 20,072 | 3,905,809 | 1,097,624 | 11,023 | (989) | 1,193,342 | - | 225,551 | 238,344 |
| Fund balances (deficit) at end of year | \$ 53 | \$ 2,528,695 | \$ 424,800 | \$ 251 | \$ 1,511,588 | \$ 3,649,112 | \$ 2,281,706 | \$ 22,683 | \$ (989) | \$ 1,427,451 | \$ - | \$ 230,837 | \$ 411,187 |

(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, 2022

| AS/400 Fund Number | 650 | 689 | 212 | 107 | 629 | 211 | 663 | 263 | 644 | 215 | 604 | 666 | 620 |
|---|--|-----------------------------|-----------------|---|-------------------------|-------------------------------|---|--------------------|-----------------------------------|--|-----------------------------|-------------------------------|----------------------------------|
| | Office of Vital Statistics Revolving | Opioid Recovery Trust | Park | Peace Officer Standards and Training Commission Revolving | Pesticide Management | Plant Nursery Revolving | Police Patrol Vehicle and Equipment Revolving | Police Services | Prison Industries Revolving | Professional Engineers', Architects' and Surveyors' | Public Library System | Public Market Revolving | Public Recreation Services |
| Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | 982,682 | - | - | - | - | - | - | - | - | - | - | - |
| Licenses and permits | 235,053 | - | 6,585 | 3,725 | 135,110 | 18,907 | 332,818 | 1,085,794 | 698 | 256,460 | 1,040,534 | - | 82,773 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and investment earnings | 6 | 14 | - | - | - | - | - | - | - | 15 | 45 | - | 4 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 235,059 | 982,696 | 6,585 | 3,725 | 135,110 | 18,907 | 332,818 | 1,085,794 | 698 | 256,475 | 1,040,579 | - | 82,777 |
| Expenditures by Function: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | - | 15 | - | - | - | - | - | - | - | 284,826 | - | - | - |
| Protection of life and property | - | - | - | - | - | - | 152,735 | 710,582 | - | - | - | - | - |
| Public health | 151,665 | - | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - | 54,429 |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | 60,129 | - | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | 517 | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 151,665 | 15 | - | - | 60,129 | 517 | 152,735 | 710,582 | - | 284,826 | - | - | 54,429 |
| Excess (deficiency) of revenues over (under) expenditures | 83,394 | 982,681 | 6,585 | 3,725 | 74,981 | 18,390 | 180,083 | 375,212 | 698 | (28,351) | 1,040,579 | - | 28,348 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers out to other funds | - | - | - | - | - | - | - | - | - | - | (763,194) | - | - |
| Total other financing sources (uses), net | - | - | - | - | - | - | - | - | - | - | (763,194) | - | - |
| Net change in fund balances (deficit) | 83,394 | 982,681 | 6,585 | 3,725 | 74,981 | 18,390 | 180,083 | 375,212 | 698 | (28,351) | 277,385 | - | 28,348 |
| Fund balances (deficit) at beginning of year | 307,153 | - | - | - | 131,839 | 41,276 | 421,868 | 438,417 | 2,131 | 190,101 | 8,123 | (4,576) | - |
| Fund balances (deficit) at end of year | \$ 390,547 | \$ 982,681 | \$ 6,585 | \$ 3,725 | \$ 206,820 | \$ 59,666 | \$ 601,951 | \$ 813,629 | \$ 2,829 | \$ 161,750 | \$ 285,508 | \$ (4,576) | \$ 28,348 |

(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, 2022

| AS/400 Fund Number | 317 | 285 | 619 | 289 | 601 | 217 | 647 | 284 | 416 | 605 | 625 | 202 | 603 |
|---|--------------------|-------------------|---------------------|---------------------|-------------------------|-------------------|------------------|-----------------------------|------------------------|---------------------------|---------------------|-------------------|------------------|
| | Public Transit | Rabies Prevention | Recycling Revolving | Safe Drinking Water | 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 |
| Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Liquid fuel | 261,525 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Limited gaming | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - | - | - | 5,709 | - | - | - |
| Licenses and permits | - | 42,865 | 2,770,346 | 10,843 | - | 5,602 | - | 4,075 | - | - | 950 | 4,151,804 | 1,040,938 |
| Charges for services | 3,393 | - | - | - | - | - | - | - | 18,785,380 | - | - | - | - |
| Interest and investment earnings | - | - | 1 | - | - | 1 | - | - | 1,586 | 84 | - | - | - |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | 100 | - | - | - | - | - | - | - | - | 144 | 5 |
| Total revenues | 264,918 | 42,865 | 2,770,447 | 10,843 | - | 5,603 | - | 4,075 | 18,786,966 | 5,793 | 950 | 4,151,948 | 1,040,943 |
| Expenditures by Function: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | - | 4,226,064 | 945,700 |
| Protection of life and property | - | - | - | - | - | 26,691 | - | - | - | 130,058 | - | - | - |
| Public health | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Individual and collective rights | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | 391,628 | - | - | - | - | - | - | - | - | - | - | - | - |
| Public education | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | 1,931,249 | 2,677 | - | - | - | 1,134 | 16,128,141 | - | - | - | - |
| Economic development | - | 15,475 | - | - | - | - | - | - | - | - | - | - | - |
| Payments to: | | | | | | | | | | | | | |
| Guam Community College | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guam Visitors Bureau | - | - | - | - | - | - | - | - | - | - | - | - | - |
| University of Guam | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous appropriations | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 391,628 | 15,475 | 1,931,249 | 2,677 | - | 26,691 | - | 1,134 | 16,128,141 | 130,058 | - | 4,226,064 | 945,700 |
| Excess (deficiency) of revenues over (under) expenditures | (126,710) | 27,390 | 839,198 | 8,166 | - | (21,088) | - | 2,941 | 2,658,825 | (124,265) | 950 | (74,116) | 95,243 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in from other funds | 126,710 | - | - | - | - | - | - | - | 850,194 | - | - | 74,260 | - |
| Transfers out to other funds | - | - | - | - | - | - | - | - | (3,367,836) | - | - | - | - |
| Total other financing sources (uses), net | 126,710 | - | - | - | - | - | - | - | (2,517,642) | - | - | 74,260 | - |
| Net change in fund balances (deficit) | - | 27,390 | 839,198 | 8,166 | - | (21,088) | - | 2,941 | 141,183 | (124,265) | 950 | 144 | 95,243 |
| Fund balances (deficit) at beginning of year | (11,396) | 109,571 | 5,189,727 | 118,414 | 8,750 | 19,805 | 21,480 | 59,925 | 9,987,486 | 824,471 | 2,058 | 120,263 | - |
| Fund balances (deficit) at end of year | \$ (11,396) | \$ 136,961 | \$ 6,028,925 | \$ 126,580 | \$ 8,750 | \$ (1,283) | \$ 21,480 | \$ 62,866 | \$ 10,128,669 | \$ 700,206 | \$ 3,008 | \$ 120,407 | \$ 95,243 |

(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, 2022

| AS/400 Fund Number | 205 | 208 | 206 | 257 Truck Enforcement Screening Station Facility | 636 Under- ground Storage Tank Management | 297 University of Guam Capital Improve- ments | 637 Victim/ Witness Travel- Housing | 283 Water Protection | 300 Water Research and Development | 203 Wildlife Conservation | 310 Workman's Compensation | 276 Youth Tobacco Education and Prevention | Total |
|---|---------------------|-------------------|--------------------|---|--|--|---|----------------------------|--|---------------------------------|----------------------------------|---|----------------------|
| Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| Property | \$ 35,628,292 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,793,765 |
| Hotel | - | - | 18,168,635 | - | - | - | - | - | - | - | - | - | 18,168,635 |
| Liquid fuel | - | 9,091,050 | - | - | - | - | - | - | - | - | - | - | 9,352,575 |
| Tobacco | - | - | - | - | - | - | - | - | - | - | - | - | 31,642,528 |
| Alcoholic beverages | - | - | - | - | - | - | - | - | - | - | - | - | 4,953,160 |
| Limited gaming | - | - | - | - | - | - | - | - | - | - | - | - | 1,472,864 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - | - | - | 41,801,039 |
| Licenses and permits | - | 10,483,146 | - | 172,010 | 71,957 | - | 10,440 | 162,722 | 74,890 | 27,380 | - | 2,500 | 54,221,562 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | - | - | 21,482,110 |
| Interest and investment earnings | 576 | 246 | 5,294 | - | 30 | - | - | - | - | - | - | 20 | 594,919 |
| Contributions from component units | - | - | - | - | - | - | - | - | - | - | 108,842 | - | 108,842 |
| Other | 2,348 | - | - | - | - | - | - | - | - | - | - | - | 88,169 |
| Total revenues | 35,631,216 | 19,574,442 | 18,173,929 | 172,010 | 71,987 | - | 10,440 | 162,722 | 74,890 | 27,380 | 108,842 | 2,520 | 219,680,168 |
| Expenditures by Function: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | 200 | 4,260,519 | 52,691 | - | - | - | - | - | - | - | - | - | 28,391,946 |
| Protection of life and property | - | 3,989,957 | 2,823 | - | - | - | 6,895 | - | - | - | - | - | 17,339,927 |
| Public health | - | - | - | - | - | - | - | - | - | - | - | - | 30,741,979 |
| Community services | 1,052,675 | - | 23,480 | - | - | - | - | - | - | - | - | - | 5,590,237 |
| Recreation | - | - | 37,013 | - | - | - | - | - | - | - | - | - | 559,927 |
| Individual and collective rights | 248,822 | 2,997,573 | 389,267 | - | - | - | - | - | - | - | 2,294,253 | - | 9,651,539 |
| Public welfare | - | - | - | - | - | - | - | - | - | - | - | - | 25,416,225 |
| Transportation | - | 7,795,709 | - | 35,912 | - | - | - | - | - | - | - | - | 8,223,249 |
| Public education | 6,992,223 | 16,179 | - | - | - | - | - | - | - | - | - | - | 18,543,742 |
| Environmental protection | - | - | 21,645 | - | 77,663 | - | - | 88,576 | 75,914 | - | - | - | 18,896,475 |
| Economic development | - | - | 10,319 | - | - | - | - | - | - | 42,142 | - | - | 995,889 |
| Payments to: | | | | | | | | | | | | | |
| Guam Community College | 200,400 | - | - | - | - | - | - | - | - | - | - | - | 4,124,880 |
| Guam Preservation Trust | - | - | - | - | - | - | - | - | - | - | - | - | 4,435,000 |
| Guam Visitors Bureau | - | - | 14,528,287 | - | - | - | - | - | - | - | - | - | 14,528,287 |
| University of Guam | - | - | - | - | - | 500,000 | - | - | - | - | - | - | 4,441,032 |
| Miscellaneous appropriations | - | - | 14,584 | - | - | - | - | - | - | - | - | - | 14,584 |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | - | 183,205 |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | - | 153,994 |
| Total expenditures | 8,494,320 | 19,059,937 | 15,080,109 | 35,912 | 77,663 | 500,000 | 6,895 | 88,576 | 75,914 | 42,142 | 2,294,253 | - | 192,232,117 |
| Excess (deficiency) of revenues over (under) expenditures | 27,136,896 | 514,505 | 3,093,820 | 136,098 | (5,676) | (500,000) | 3,545 | 74,146 | (1,024) | (14,762) | (2,185,411) | 2,520 | 27,448,051 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in from other funds | - | - | - | - | - | 500,000 | - | - | - | - | 1,743,013 | - | 21,895,877 |
| Transfers out to other funds | (25,206,131) | (492,754) | (3,093,820) | - | - | - | - | - | - | - | - | (250) | (42,095,441) |
| Total other financing sources (uses), net | (25,206,131) | (492,754) | (3,093,820) | - | - | 500,000 | - | - | - | - | 1,743,013 | (250) | (20,199,564) |
| Net change in fund balances (deficit) | 1,930,765 | 21,751 | - | 136,098 | (5,676) | - | 3,545 | 74,146 | (1,024) | (14,762) | (442,398) | 2,270 | 7,248,487 |
| Fund balances (deficit) at beginning of year | (140,272) | 37,212 | - | 423,615 | 165,339 | - | 17,393 | 200,726 | 119,481 | 91,321 | 442,398 | 11,024 | 83,213,514 |
| Fund balances (deficit) at end of year | \$ 1,790,493 | \$ 58,963 | \$ - | \$ 559,713 | \$ 159,663 | \$ - | \$ 20,938 | \$ 274,872 | \$ 118,457 | \$ 76,559 | \$ - | \$ 13,294 | \$ 90,462,001 |

Government of Guam

Nonmajor Governmental Funds – Capital Project Funds

September 30, 2022

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, 2022, 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.

Layon Landfill Fund - This fund is used to account for bond proceeds issued by GovGuam for the purpose of financing facilities of the Solid Waste Management System of Guam.

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 report of independent auditors.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2022

| AS/400 Fund Number | 224 Limited Obligation Highway Improvement Bonds | 251 Limited Obligation Infrastructure Improvement Bonds | 254 Layon Landfill | 258 Layon Landfill Cell 3 | 684 Ordot Chalan Pago Multi- Purpose Center | Judicial Building | Total |
|--|---|--|--------------------------|------------------------------------|--|----------------------|---------------|
| ASSETS: | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,344,555 | \$ 5,344,555 |
| Due from other funds | 175,899 | - | - | - | 148,224 | - | 324,123 |
| Deposits and other assets | - | - | - | - | - | 4,360 | 4,360 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | - | 6,540,878 | - | 268,514 | - | - | 6,809,392 |
| Investments | - | - | - | - | - | 902,104 | 902,104 |
| Total assets | \$ 175,899 | \$ 6,540,878 | \$ - | \$ 268,514 | \$ 148,224 | \$ 6,251,019 | \$ 13,384,534 |
| LIABILITIES AND FUND BALANCES (DEFICIT) | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 383,243 | \$ 383,243 |
| Due to other funds | - | 76,988 | 8,531 | 6,597 | - | 5,201,599 | 5,293,715 |
| Deposits and other liabilities | - | - | - | - | 148,224 | - | 148,224 |
| Total liabilities | - | 76,988 | 8,531 | 6,597 | 148,224 | 5,584,842 | 5,825,182 |
| Fund balances (deficit): | | | | | | | |
| Restricted | 175,899 | 6,463,890 | - | 261,917 | - | 666,177 | 7,567,883 |
| Unassigned | - | - | (8,531) | - | - | - | (8,531) |
| Total liabilities and fund balances (deficit) | \$ 175,899 | \$ 6,540,878 | \$ - | \$ 268,514 | \$ 148,224 | \$ 6,251,019 | \$ 13,384,534 |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Function,
and Changes in Fund Balances (Deficit)
Year Ended September 30, 2022

| AS/400 Fund Number | 224 Limited Obligation Highway Improvement Bonds | 251 Limited Obligation Infrastructure Improvement Bonds | 254 Layon Landfill | 258 Layon Landfill Cell 3 | 684 Ordot Chalan Pago Multi- Purpose Center | Judicial Building | Total |
|--|---|--|--------------------------|------------------------------------|--|----------------------|---------------------|
| Revenues: | | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 667,872 | \$ 667,872 |
| Fines and forfeits | - | - | - | - | - | 403,137 | 403,137 |
| Interest and investment earnings | - | (38,219) | - | 961 | - | - | (37,258) |
| Total revenues | - | (38,219) | - | 961 | - | 1,071,009 | 1,033,751 |
| Expenditures by function: | | | | | | | |
| Current: | | | | | | | |
| Individual and collective rights | - | - | - | - | - | 999,987 | 999,987 |
| Capital projects | - | 1,488,647 | - | - | - | - | 1,488,647 |
| Debt service: | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | 455,604 | 455,604 |
| Total expenditures | - | 1,488,647 | - | - | - | 1,455,591 | 2,944,238 |
| Excess (deficiency) of revenues over (under) expenditures | - | (1,526,866) | - | 961 | - | (384,582) | (1,910,487) |
| Other financing uses: | | | | | | | |
| Transfers out to other funds | - | - | - | (850,194) | - | - | (850,194) |
| | - | - | - | (850,194) | - | - | (850,194) |
| Net change in fund balances (deficit) | - | (1,526,866) | - | (849,233) | - | (384,582) | (2,760,681) |
| Fund balances (deficit) at beginning of year | 175,899 | 7,990,756 | (8,531) | 1,111,150 | - | 1,050,759 | 10,320,033 |
| Fund balances (deficit) at end of year | \$ 175,899 | \$ 6,463,890 | \$ (8,531) | \$ 261,917 | \$ - | \$ 666,177 | \$ 7,559,352 |

See accompanying report of independent auditors.

Government of Guam

Nonmajor Governmental Funds – Debt Service Funds

September 30, 2022

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, 2022, follows:

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 report of independent auditors.

Government of Guam

Fiduciary Funds – Pension Trusts

September 30, 2022

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, 2022, follows:

Defined Benefit Plan - GovGuam participates in the GovGuam Defined Benefit (DB) Plan, a single-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 Contribution 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.

Deferred Section 457 Compensation Plan - a nonqualified deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code whose participation is voluntary for GovGuam employees who are members of the Defined Benefit Plan and the Defined Contribution Plan and mandatory for GovGuam employees who are members of the DB 1.75 Plan.

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Position Fiduciary Funds - Pension (and Other Employee Benefit) Trusts September 30, 2022

| | Defined Benefit | Defined Contribution | Deferred Section 457 Compensation | Total |
|--|-------------------------|-------------------------|---|-------------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 6,191,045 | \$ 1,760,256 | \$ 399,505 | \$ 8,350,806 |
| Investments at fair value: | | | | |
| Common stocks | 1,200,878,984 | - | - | 1,200,878,984 |
| U.S. Government securities | 245,915,400 | - | - | 245,915,400 |
| Corporate bonds and notes | 254,638,296 | - | - | 254,638,296 |
| Money market funds | 26,925,878 | - | - | 26,925,878 |
| Mutual funds | 30,161,843 | 406,068,911 | 119,918,315 | 556,149,069 |
| Total investments | <u>1,758,520,401</u> | <u>406,068,911</u> | <u>119,918,315</u> | <u>2,284,507,627</u> |
| Accounts receivable: | | | | |
| Employer contributions, net | 4,598,747 | 679,369 | - | 5,278,116 |
| Member contributions | 737,078 | 677,888 | 831,505 | 2,246,471 |
| Interest and penalties on contributions | 95,356 | - | - | 95,356 |
| Accrued investment income | 6,392,661 | - | - | 6,392,661 |
| Due from brokers for unsettled trades | 14,255,724 | - | - | 14,255,724 |
| Service credits | 985,143 | - | - | 985,143 |
| Supplemental/Insurance benefits advanced | 1,996,097 | - | - | 1,996,097 |
| Other | 648,515 | 145,194 | 4,360,181 | 5,153,890 |
| Due from DC plan | 260,942 | - | - | 260,942 |
| Total receivables | <u>29,970,263</u> | <u>1,502,451</u> | <u>5,191,686</u> | <u>36,664,400</u> |
| Capital assets | 560,804 | 23,656 | - | 584,460 |
| Total assets | <u>1,795,242,513</u> | <u>409,355,274</u> | <u>125,509,506</u> | <u>2,330,107,293</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred outflows of resources from pensions | 473,079 | 296,295 | - | 769,374 |
| Deferred outflows of resources from OPEB | 2,151,184 | - | - | 2,151,184 |
| Total deferred outflows of resources | <u>2,624,263</u> | <u>296,295</u> | <u>-</u> | <u>2,920,558</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and accrued expenses | 4,253,796 | 592,260 | - | 4,846,056 |
| Due to DB plan | - | 260,942 | - | 260,942 |
| Due to brokers for unsettled trades | 13,432,086 | - | - | 13,432,086 |
| Net pension liability | 4,223,483 | 353,328 | - | 4,576,811 |
| OPEB liability | 11,217,168 | - | - | 11,217,168 |
| Total liabilities | <u>33,126,533</u> | <u>1,206,530</u> | <u>-</u> | <u>34,333,063</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred inflows of resources from pensions | 962,338 | 182,137 | - | 1,144,475 |
| Deferred inflows of resources from OPEB | 2,878,358 | - | - | 2,878,358 |
| Total deferred inflows of resources | <u>3,840,696</u> | <u>182,137</u> | <u>-</u> | <u>4,022,833</u> |
| <u>NET POSITION</u> | | | | |
| Restricted for: | | | | |
| Employees' pension benefits | \$ <u>1,760,899,547</u> | \$ <u>408,262,902</u> | \$ <u>125,509,506</u> | \$ <u>2,294,671,955</u> |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension (and Other Employee Benefit) Trusts
Year Ended September 30, 2022

| | Defined Benefit | Defined Contribution | Deferred Section 457 Compensation | Total |
|--|-------------------------|-------------------------|---|-------------------------|
| Additions: | | | | |
| Contributions: | | | | |
| Employer | \$ 134,834,836 | \$ 19,094,610 | \$ - | \$ 153,929,446 |
| Member | 25,342,204 | 19,021,591 | 14,687,220 | 59,051,015 |
| Total contributions | <u>160,177,040</u> | <u>38,116,201</u> | <u>14,687,220</u> | <u>212,980,461</u> |
| Net investment loss: | | | | |
| Net decrease in fair value of investments | (427,351,840) | (115,508,532) | (28,010,161) | (570,870,533) |
| Interest | 22,012,419 | 23,607,214 | 5,106,694 | 50,726,327 |
| Dividends | 18,486,701 | - | - | 18,486,701 |
| Other | 657,539 | 252,165 | - | 909,704 |
| Total investment loss | <u>(386,195,181)</u> | <u>(91,649,153)</u> | <u>(22,903,467)</u> | <u>(500,747,801)</u> |
| Add: investment expenses | 5,522,446 | 145,178 | 512,682 | 6,180,306 |
| Net investment loss | <u>(391,717,627)</u> | <u>(91,794,331)</u> | <u>(23,416,149)</u> | <u>(506,928,107)</u> |
| Total additions | <u>(231,540,587)</u> | <u>(53,678,130)</u> | <u>(8,728,929)</u> | <u>(293,947,646)</u> |
| Deductions: | | | | |
| Benefits | 248,745,287 | - | 5,984,987 | 254,730,274 |
| Refunds | 2,155,285 | 28,205,191 | - | 30,360,476 |
| Interest on refunded contributions | 475,244 | - | - | 475,244 |
| Administrative and general expenses | 2,994,556 | 2,142,711 | - | 5,137,267 |
| Total deductions | <u>254,370,372</u> | <u>30,347,902</u> | <u>5,984,987</u> | <u>290,703,261</u> |
| Change in net position held in trust for employees' pension benefits | (485,910,959) | (84,026,032) | (14,713,916) | (584,650,907) |
| Net position at beginning of year | 2,246,810,506 | 492,288,934 | 140,223,422 | 2,879,322,862 |
| Net position at end of year | <u>\$ 1,760,899,547</u> | <u>\$ 408,262,902</u> | <u>\$ 125,509,506</u> | <u>\$ 2,294,671,955</u> |

See accompanying report of independent auditors.

Government of Guam

Fiduciary Funds – Private Purpose Trusts

September 30, 2022

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, 2022, 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.

Safe Streets Trust Fund - this fund was established by Public Law 34-107 to account for the operations of the Driving While Intoxicated Court program.

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Fiduciary Net Position
September 30, 2022

| | 20 | 21 | 22 | 23 | 24 | 25 | 26 | | | | |
|---|---------------------------------|---------------------------|-----------------------|-------------------------------|------------------|--|--------------------------|-------------------|------------------------|------------------|-------------------|
| | PDSC Land Claims Trust | Traffic Court Trust | Guardianship Trust | Land Condemnation Trust | Jury Trust | Judicial Client Service Trust | Safe Streets Trust | Combined Total | Eliminating Entries | Total | |
| ASSETS: | | | | | | | | | | | |
| Cash and cash equivalents | \$ 13,526 | \$ 13,085,271 | \$ 41,300 | \$ 2,073,552 | \$ 1,602,605 | \$ 445,817 | \$ 1,308,965 | \$ - | \$ 18,571,036 | \$ - | \$ 18,571,036 |
| Time certificates of deposit | - | 1,000,000 | - | - | - | - | - | 1,000,000 | - | 1,000,000 | |
| Due from other funds | - | - | - | - | 66 | - | 853,296 | 58,859 | 912,221 | (912,221) | - |
| Total assets | 13,526 | 14,085,271 | 41,300 | 2,073,552 | 1,602,671 | 445,817 | 2,162,261 | 58,859 | 20,483,257 | (912,221) | 19,571,036 |
| LIABILITIES | | | | | | | | | | | |
| Due to other funds | - | 3,011,470 | 31,749 | 68,017 | - | 251,034 | - | - | 3,362,270 | (912,221) | 2,450,049 |
| Deposits and other liabilities | 12,555 | 11,073,801 | 9,551 | 2,005,535 | 1,602,671 | 150,078 | 69,063 | 58,859 | 14,982,113 | - | 14,982,113 |
| Total liabilities | 12,555 | 14,085,271 | 41,300 | 2,073,552 | 1,602,671 | 401,112 | 69,063 | 58,859 | 18,344,383 | (912,221) | 17,432,162 |
| NET POSITION | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | |
| Individuals, organizations, and other governments | \$ 971 | \$ - | \$ - | \$ - | \$ - | \$ 44,705 | \$ 2,093,198 | \$ - | \$ 2,138,874 | \$ - | \$ 2,138,874 |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended September 30, 2022

| | 20 | 21 | 22 | 23 | 24 | 25 | 26 | | | |
|--|---------------------------------|---------------------------|-----------------------|-------------------------------|----------------|--|--------------------------|-------------------|------------------------|------------------|
| | PDSC Land Claims Trust | Traffic Court Trust | Guardianship Trust | Land Condemnation Trust | Jury Trust | Judicial Client Service Trust | Safe Streets Trust | Combined Total | Eliminating Entries | Total |
| Additions: | | | | | | | | | | |
| Use of money and property | \$ 110 | \$ - | \$ - | \$ - | \$ 44 | \$ 1,434,040 | \$ 84,273 | \$ 1,518,467 | \$ - | \$ 1,518,467 |
| Transfers in from other funds | 20 | - | - | - | 401,461 | - | 89,937 | 491,418 | (491,418) | - |
| Total additions | 130 | - | - | - | 401,505 | 1,434,040 | 174,210 | 2,009,885 | (491,418) | 1,518,467 |
| Deductions: | | | | | | | | | | |
| Individual and collective rights | - | - | - | - | 401,461 | 881,275 | 174,210 | 1,456,946 | - | 1,456,946 |
| Transfers out to other funds | - | - | - | - | - | 491,418 | - | 491,418 | (491,418) | - |
| Total deductions | - | - | - | - | 401,461 | 1,372,693 | 174,210 | 1,948,364 | (491,418) | 1,456,946 |
| Change in net position held in trust for individuals, organizations, and other governments | 130 | - | - | - | 44 | 61,347 | - | 61,521 | - | 61,521 |
| Net position at beginning of year | 841 | - | - | - | 44,661 | 2,031,851 | - | 2,077,353 | - | 2,077,353 |
| Net position at end of year | \$ 971 | \$ - | \$ - | \$ - | \$ 44,705 | \$ 2,093,198 | \$ - | \$ 2,138,874 | \$ - | \$ 2,138,874 |

See accompanying report of independent auditors.

Government of Guam
Fiduciary Funds – Custodial

September 30, 2022

Custodial funds are used to report resources held by GovGuam in a purely custodial capacity.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Component Units

September 30, 2022

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. Generally accepted accounting principles 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, 2022, follows:

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 of, invest in, provide loans to operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain Government of Guam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDA utilizes certain Trust Funds, such as the Guam Development Fund Act and the Agricultural Development Fund to accomplish certain of the stated purposes.

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.

See accompanying report of independent auditors.

Government of Guam

Nonmajor Component Units, continued

September 30, 2022

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 report of independent auditors.

GOVERNMENT OF GUAM
Nonmajor Component Units
Combining Statement of Net Position
September 30, 2022

| | Guam Housing Corporation | Guam Economic Development Authority | Guam Preservation Trust | Guam Visitors Bureau | Guam Educational Telecommu- nications Corporation | Total |
|---|--------------------------------|--|-------------------------------|----------------------------|---|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 6,831,563 | \$ 4,112,556 | \$ 2,952,987 | \$ 27,066,156 | \$ 2,458,394 | \$ 43,421,656 |
| Investments | - | 14,282,238 | 2,223,792 | 2,404,280 | - | 18,910,310 |
| Receivables, net | 22,014,617 | 33,040,293 | 73,484 | 102,013 | 1,164,065 | 56,394,472 |
| Inventories | - | - | - | 1,210,691 | - | 1,210,691 |
| Prepayments | 59,610 | - | - | 81,950 | 658,256 | 799,816 |
| Deposits and other assets | 102,082 | 11,206 | - | 178,308 | - | 291,596 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 5,521,076 | 6,142,107 | - | 130,846 | - | 11,794,029 |
| Investments | 619,141 | - | - | - | - | 619,141 |
| Capital assets: | | | | | | |
| Nondepreciable capital assets | 2,934,227 | - | 10,505,308 | 5,992,415 | 18,000 | 19,449,950 |
| Capital assets, net of accumulated depreciation | 3,595,386 | 897,021 | 48,006 | 497,187 | 1,469,079 | 6,506,679 |
| Total assets | <u>41,677,702</u> | <u>58,485,421</u> | <u>15,803,577</u> | <u>37,663,846</u> | <u>5,767,794</u> | <u>159,398,340</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows from pensions | 634,561 | 911,182 | - | 832,008 | 176,802 | 2,554,553 |
| Deferred outflows from OPEB | 1,767,803 | 3,146,211 | - | 1,991,356 | 398,731 | 7,304,101 |
| Total deferred outflows of resources | <u>2,402,364</u> | <u>4,057,393</u> | <u>-</u> | <u>2,823,364</u> | <u>575,533</u> | <u>9,858,654</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 107,597 | 1,089,679 | 24,226 | 3,003,110 | 11,993 | 4,236,605 |
| Accrued interest payable | 13,393 | 428,975 | - | - | - | 442,368 |
| Accrued payroll and other | - | 310,911 | - | - | - | 310,911 |
| Due to primary government | - | 77,410 | - | - | - | 77,410 |
| Unearned revenue | 1,612,827 | 106,885 | - | 14,548,579 | 236,468 | 16,504,759 |
| Deposits and other liabilities | 812,578 | 93,321 | 16,058 | 76,211 | 72,989 | 1,071,157 |
| Long-term liabilities: | | | | | | |
| Due within one year | 348,248 | 1,995,188 | 11,749 | 193,836 | - | 2,549,021 |
| Due in more than one year | 13,682,870 | 41,779,654 | 48,535 | 11,404,093 | 2,273,411 | 69,188,563 |
| Total liabilities | <u>16,577,513</u> | <u>45,882,023</u> | <u>100,568</u> | <u>29,225,829</u> | <u>2,594,861</u> | <u>94,380,794</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows from pensions | 480,202 | 626,680 | - | 639,006 | 131,485 | 1,877,373 |
| Deferred inflows from OPEB | 2,903,653 | 1,489,389 | - | 1,850,695 | 1,349,236 | 7,592,973 |
| Deferred inflows from leases | - | 28,192,078 | - | - | - | 28,192,078 |
| Total deferred inflows of resources | <u>3,383,855</u> | <u>30,308,147</u> | <u>-</u> | <u>2,489,701</u> | <u>1,480,721</u> | <u>37,662,424</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 6,529,613 | 897,021 | 642,613 | 6,394,752 | 1,487,079 | 15,951,078 |
| Restricted: | | | | | | |
| Retirement of indebtedness | - | 4,586,605 | - | - | - | 4,586,605 |
| Other purposes | 3,259,391 | 2,674,502 | 9,910,701 | 346,786 | - | 16,191,380 |
| Unrestricted (deficit) | 14,329,694 | (21,805,484) | 5,149,695 | 2,030,142 | 780,666 | 484,713 |
| Total net position | <u>\$ 24,118,698</u> | <u>\$ (13,647,356)</u> | <u>\$ 15,703,009</u> | <u>\$ 8,771,680</u> | <u>\$ 2,267,745</u> | <u>\$ 37,213,776</u> |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Nonmajor Component Units
 Combining Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended September 30, 2022

| | Guam Housing Corporation | Guam Economic Development Authority | Guam Preservation Trust | Guam Visitors Bureau | Guam Educational Telecomm- unications Corporation | Total |
|--|--------------------------------|--|-------------------------------|----------------------------|---|---------------|
| Expenses | \$ 1,823,844 | \$ 9,589,767 | \$ 856,824 | \$ 20,476,497 | \$ 3,438,531 | \$ 36,185,463 |
| Program revenues: | | | | | | |
| Charges for services | 2,187,380 | 11,774,051 | 804,838 | 1,083,827 | 4,639,273 | 20,489,369 |
| Operating grants and contributions | - | 585,295 | 3,817,084 | 5,919,554 | 1,027,410 | 11,349,343 |
| Total program revenues | 2,187,380 | 12,359,346 | 4,621,922 | 7,003,381 | 5,666,683 | 31,838,712 |
| Net program revenues (expenses) | 363,536 | 2,769,579 | 3,765,098 | (13,473,116) | 2,228,152 | (4,346,751) |
| General revenues: | | | | | | |
| Payments from GovGuam | - | - | - | 14,528,287 | 671,634 | 15,199,921 |
| Investment earnings | - | (2,520,003) | - | 7,533 | - | (2,512,470) |
| Other | - | - | (184,385) | - | - | (184,385) |
| Total general revenues | - | (2,520,003) | (184,385) | 14,535,820 | 671,634 | 12,503,066 |
| Change in net position | 363,536 | 249,576 | 3,580,713 | 1,062,704 | 2,899,786 | 8,156,315 |
| Net position at beginning of year, as restated | 23,755,162 | (13,896,932) | 12,122,296 | 7,708,976 | (632,041) | 29,057,461 |
| Net position at the end of the year | \$ 24,118,698 | \$ (13,647,356) | \$ 15,703,009 | \$ 8,771,680 | \$ 2,267,745 | \$ 37,213,776 |

See accompanying report of independent auditors.

Government of Guam

Other Information

September 30, 2022

A brief discussion of other information presented for additional analysis as of September 30, 2022, follows:

Charter Schools:

Combining Balance Sheet

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Schedule of Personnel Count:

Primary Government

Schedule of Continuing Appropriations:

Primary Government

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Charter Schools
Combining Balance Sheet
September 30, 2022

| | iLearn Academy Charter School | SiFA Academy Charter School | Guahan Academy Charter School | Total |
|-------------------------------------|--|--------------------------------------|--|---------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 285,360 | \$ 46,486 | \$ 364,436 | \$ 696,282 |
| Receivables, net: | | | | |
| Other | 143,694 | 1,003,500 | 393,249 | 1,540,443 |
| Inventories | 8,688 | - | - | 8,688 |
| Prepayments | 10,376 | - | - | 10,376 |
| Deposits and other assets | 24,984 | 31,282 | 637,022 | 693,288 |
| Total assets | <u>\$ 473,102</u> | <u>\$ 1,081,268</u> | <u>\$ 1,394,707</u> | <u>\$ 2,949,077</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| Accounts payable | \$ 275,278 | \$ 888,562 | \$ 1,298,946 | \$ 2,462,786 |
| Accrued payroll and other | - | 2,932 | - | 2,932 |
| Deposits and other liabilities | - | 45,194 | - | 45,194 |
| Total liabilities | <u>275,278</u> | <u>936,688</u> | <u>1,298,946</u> | <u>2,510,912</u> |
| Fund balance: | | | | |
| Unassigned | <u>197,824</u> | <u>144,580</u> | <u>95,761</u> | <u>438,165</u> |
| Total fund balance | <u>197,824</u> | <u>144,580</u> | <u>95,761</u> | <u>438,165</u> |
| Total liabilities and fund balance | <u>\$ 473,102</u> | <u>\$ 1,081,268</u> | <u>\$ 1,394,707</u> | <u>\$ 2,949,077</u> |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Charter Schools
 Combining Statement of Revenues, Expenditures By Object,
 and Changes in Fund Balances (Deficit)
 Year Ended September 30, 2022

| | iLearn Academy Charter School | SiFA Academy Charter School | Guahan Academy Charter School | Total |
|--|--|--------------------------------------|--|-------------------|
| Revenues: | | | | |
| Charges for services | \$ 4,588,000 | \$ 2,105,334 | \$ 4,114,248 | \$ 10,807,582 |
| Operating grants and contributions | 20,960 | 828,209 | 994,122 | 1,843,291 |
| Other | 194,341 | 667,529 | 15,496 | 877,366 |
| | <u>4,803,301</u> | <u>3,601,072</u> | <u>5,123,866</u> | <u>13,528,239</u> |
| Expenditures by Object: | | | | |
| Salaries and wages - regular | 2,160,280 | - | - | 2,160,280 |
| Contractual services | 1,864,265 | - | - | 1,864,265 |
| Miscellaneous | 850,421 | 2,263,210 | 5,425,358 | 8,538,989 |
| Total expenditures | <u>4,874,966</u> | <u>2,263,210</u> | <u>5,425,358</u> | <u>12,563,534</u> |
| Net change in fund balances (deficit) | (71,665) | 1,337,862 | (301,492) | 964,705 |
| Fund balances (deficit) at beginning of year | 269,489 | (1,193,282) | 397,253 | (526,540) |
| Fund balances at end of year | <u>\$ 197,824</u> | <u>\$ 144,580</u> | <u>\$ 95,761</u> | <u>\$ 438,165</u> |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Schedule of Personnel Count - Primary Government
Year Ended September 30, 2022

| <u>Department</u> | <u>Number of Employees</u> | <u>Amount</u> |
|---|--------------------------------|-----------------------|
| Bureau of Budget and Management Research | 16 | 1,143,476 |
| Bureau of Statistics and Plans | 35 | 2,498,294 |
| Bureau of Women's Affairs | 3 | 175,847 |
| Chamorro Land Trust Commission | 9 | 572,161 |
| Chief Medical Examiner | 1 | 102,170 |
| Civil Service Commission | 12 | 863,902 |
| Customs and Quarantine | 125 | 14,863,610 |
| Department of Administration | 136 | 8,768,157 |
| Department of Agriculture | 82 | 5,360,629 |
| Department of Chamorro Affairs | 19 | 981,350 |
| Department of Corrections | 186 | 23,093,228 |
| Department of Education | 3,471 | 171,528,108 |
| Department of Integrated Services for Individuals with Disabilities | 22 | 1,229,684 |
| Department of Labor | 167 | 7,199,634 |
| Department of Land Management | 41 | 2,391,094 |
| Department of Military Affairs | 74 | 3,696,988 |
| Department of Parks and Recreation | 43 | 2,386,730 |
| Department of Public Health and Social Services | 514 | 35,340,095 |
| Department of Public Works | 259 | 15,546,048 |
| Department of Revenue and Taxation | 179 | 11,069,920 |
| Department of Youth Affairs | 74 | 6,030,048 |
| Guam Behavioral Health and Wellness Center | 295 | 19,329,219 |
| Guam Commission for Educator Certification | 4 | 241,636 |
| Guam Council on the Arts and Humanities Agency | 8 | 514,659 |
| Guam Educational and Telecommunications Corporation - KGTF | 12 | 570,537 |
| Guam Election Commission | 32 | 1,412,071 |
| Guam Energy Office | 6 | 395,017 |
| Guam Environmental Protection Agency | 50 | 3,417,372 |
| Guam Ethics Commission | 3 | 227,797 |
| Guam Fire Department | 242 | 37,075,002 |
| Guam Legislature | 142 | 5,516,983 |
| Guam Police Department | 322 | 35,950,034 |
| Guam Public Library System | 20 | 964,762 |
| Guam Regional Transit Authority | 64 | 2,994,729 |
| Guam Solid Waste Authority | 35 | 2,453,635 |
| Hagatna Restoration and Redevelopment | 3 | 191,008 |
| Mayors' Council of Guam | 249 | 10,175,424 |
| Office of Civil Defense | 27 | 2,158,034 |
| Office of I Maga'Hagan Guahan | 130 | 11,043,363 |
| Office of I Segundu Na Maga'Lahen Guahan | 21 | 757,963 |
| Office of Public Accountability | 13 | 992,158 |
| Office of Technology | 19 | 1,229,477 |
| Office of the Attorney General | 194 | 15,220,729 |
| Public Defender Service Corporation | 69 | 3,729,006 |
| Unified Courts of Guam | 383 | 21,331,586 |
| Veteran's Affairs Office | 17 | 692,186 |
| | <u>7,828</u> | <u>\$ 493,425,560</u> |
| | | |
| <u>Funding Source</u> | | <u>Amount</u> |
| General Fund | \$ | 330,241,704 |
| Federal Grants Assistance Fund | | 56,071,484 |
| ARPA Assistance | | 6,500,979 |
| GDOE Federal Grants Fund | | 40,525,158 |
| Other Governmental Funds | | 60,086,235 |
| | \$ | <u>493,425,560</u> |

See accompanying report of independent auditors.

GOVERNMENT OF GUAM

Schedule of Continuing Appropriations - Primary Government
Year Ended September 30, 2022

| <u>Department</u> | <u>Amount</u> |
|---|-----------------------|
| Bureau of Budget and Management Research | \$ 184,255 |
| Bureau of Statistics and Plans | 19,877,831 |
| Bureau of Women's Affairs | 44,670 |
| CAHA (Council of Arts and Humanities) | 221,255 |
| Chamorro Land Trust Commission | 1,010,859 |
| Chief Medical Examiner | 139,680 |
| Civil Service Commission | 35,105 |
| Customs and Quarantine | 3,333,706 |
| Department of Administration | 13,458,088 |
| Department of Agriculture | 8,353,053 |
| Department of Chamorro Affairs | 436,508 |
| Department of Corrections | 343,298 |
| Department of Integrated Services for Individuals with Disabilities | 2,299,744 |
| Department of Labor | 4,879,373 |
| Department of Land Management | 89,999 |
| Department of Mental Health and Substance Abuse | 11,853,053 |
| Department of Military Affairs | 3,345,120 |
| Department of Parks and Recreation | 9,126,561 |
| Department of Public Health and Social Services | 65,497,063 |
| Department of Public Works | 45,469,740 |
| Department of Revenue and Taxation | 1,593,958 |
| Department of Youth Affairs | 388,375 |
| General Services Agency | 703,551 |
| Government Ethics Commission | 7,063 |
| Government of Guam Retirement Fund | 222,794 |
| Guahan Charter School | 705,124 |
| Guam Airport Authority | 505,539 |
| Guam Catholic Schools | 151,358 |
| Guam Department of Education | 1,500,000 |
| Guam Economic Development Authority | 3,724,053 |
| Guam Energy Office | 608,585 |
| Guam Environmental Protection Agency | 2,316,376 |
| Guam Fire Department | 1,092,390 |
| Guam Memorial Hospital Authority | 356,511 |
| Guam Police Department | 6,827,670 |
| Guam Power Authority | 10,552,400 |
| Guam Public Library System | 178,055 |
| Guam Regional Transit Authority | 2,318,959 |
| Guam Solid Waste Authority | 2,347,806 |
| Mayors' Council of Guam | 13,397,142 |
| Office of I Maga'lahren Guahan | 60,518,666 |
| Office of I Segundu Na Maga'lahren Guahan | 1,057,815 |
| Office of Technology | 1,038,077 |
| Office of the Attorney General | 6,693,828 |
| Transfers Out | 3,620,390 |
| Unified Courts of Guam | 79,816 |
| University of Guam | 508,968 |
| | <u>\$ 313,014,230</u> |

| <u>Funding Source</u> | <u>Amount</u> |
|--------------------------------|-----------------------|
| General Fund | \$ 56,304,662 |
| Federal Grants Assistance Fund | 104,060,517 |
| Other Governmental Funds | 152,649,051 |
| | <u>\$ 313,014,230</u> |

See accompanying report of independent auditors.