(1) Summary of Significant Accounting Policies, Continued

W. Property Taxes

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

X. Encumbrances

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

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

Y. New Accounting Standards

During fiscal year 2013, GovGuam implemented the following pronouncements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity,* and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The implementation of this statement did not have a material effect on the accompanying financial statements.

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards, Continued

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position. In addition, the Statement of Net Position includes two new classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are reported in a separate section following assets. Likewise, amounts reported as deferred inflows of resources are reported in a separate section following liabilities. In addition, GASB Statement No. 65 requires that debt issuance costs, except for prepaid insurance costs, be recognized as an expense in the period incurred. As a result of this implementation, debt issuance costs originally reported as deferred assets by the governmental activities have been restated from amounts previously reported resulting in a prior-period adjustment of $17,729,209. In addition, debt issuance costs originally reported as deferred assets by the discretely presented component units have been restated from amounts previously reported resulting in a prior-period adjustment of $12,376,476 as follows:

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

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards, Continued

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

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

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

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

Z. Total Columns

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

(2) Deposits and Investments

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

A. Deposits

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

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

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

(2) Deposits and Investments, Continued

B. Investments

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

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

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

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

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

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

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

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

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF):

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

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

a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:

   i. Two times its average annual fixed charges over the same period, in the case of any public utility company;

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

iii. Three times its average annual fixed charges over the same period, in the case of any other company.

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

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

i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment;

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidence of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full; and

v. Preferred stock must also adhere to the following - the net earnings of the institution available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year, and during either of the last two years have been, after depreciation and income taxes, no less than:

1. Two times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any public utility company; or

2. Three times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any other company.

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment; and

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidences of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

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

c. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.

d. No individual security of any issuer, other than that of the United States government or GovGuam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.

e. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.

f. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.

g. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

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

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

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

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

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

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

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

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

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

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

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

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

(3) Receivables

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

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

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

(3) Receivables, Continued

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

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

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

(4) Interfund Receivables/Payables

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

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

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

(4) Interfund Receivables/Payables, Continued

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

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

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

Nonmajor governmental funds:	
Antonio B. Won Pat International Airport Authority	$ 1,867,990

(5) Capital Assets

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

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

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

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

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

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

(6) Long-Term Obligations

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

General Obligation Bonds:

General Obligation Bonds, 2007 Series A (original issue of $151,935,000, dated November 1, 2007), varying interest rates at 5% - 5.25% per annum, payable semiannually on May 5 and November 5, principal fund payments due in varying annual installments commencing with a payment of $4,920,000 on November 5, 2019 and increasing to a final payment of $12,155,000 on November 1, 2037. The bonds were issued for the purpose of currently refunding a portion of the 1993 General Obligation Bonds and to provide additional proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2007 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.	$ 151,935,000
Less net unamortized discount on refunded bonds	(4,605,384)
	147,329,616
General Obligation Bonds, 2009 Series A (original issue of $271,070,000, dated June 1, 2009), varying interest rates at 5.75% - 7% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying semiannual installments commencing with a payment of $3,220,000 on November 15, 2010 and increasing to a final payment of $20,125,000 on November 15, 2039. The bonds were issued for the purpose of providing proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2009 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.	260,845,000
Less net unamortized discount on bonds	(5,697,889)
	255,147,111
	$ 402,476,727

(6) Long-Term Obligations, Continued

General Obligation Bonds, Continued:

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

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

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

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

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

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depositary for the payment of the costs of the 2007 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.

- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

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

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

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

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depositary for the payment of the costs of the 2009 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.

- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

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

(6) Long-Term Obligations, Continued

Limited Obligation Bonds:

Limited Obligation (Section 30) Bonds, 2009 Series A (original issue of $202,425,000, dated June 1, 2009), varying interest rates at 5% - 5.75% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of $4,590,000 on June 30, 2013 and increasing to a final payment of $15,235,000 on June 30, 2035. The bonds were issued for the purpose of constructing a new landfill, closure of the Ordot Dump, prepaying a bank loan and funding capitalized interest, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 federal income tax collections.	$ 197,835,000
Less net unamortized discount on bonds	(3,187,788)
	194,647,212
Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of $90,665,000, dated April 1, 2011), varying interest rates at 2% - 6.5% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with an initial payment of $1,670,000 on November 1, 2011 and increasing to a final payment of $5,725,000 on November 1, 2040. The bonds were issued for the purpose of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues.	87,255,000
Less net unamortized discount on bonds	(1,139,747)
	86,115,253
Business Privilege Tax Revenue Bonds, 2011 Series A (original issue of $235,000,000, dated December 1, 2011), varying interest rates at 2.5% - 5.25% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $4,515,000 on January 1, 2017 and increasing to a final payment of $15,940,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	235,000,000
Add net unamortized premium on bonds	7,938,043
	242,938,043

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Business Privilege Tax Revenue Bonds, 2012 Series B (original issue of $108,700,000, dated June 1, 2012), varying interest rates at 2.93% - 5% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $2,305,000 on January 1, 2017 and increasing to a final payment of $7,135,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, health insurance premium payments and delinquent retirement fund contributions, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	108,700,000
Add net unamortized premium on bonds	5,720,792
	114,420,792
Business Privilege Tax Revenue Bonds, 2013 Series C (original issue of $22,640,000, dated January 31, 2013), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of $1,300,000 on November 15, 2013 and increasing to a final payment of $4,675,000 on November 15, 2018. The bonds were issued for the purpose of refunding 1993 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	22,640,000
Add net unamortized premium on bonds	2,366,338
	25,006,338
	$ 663,127,638

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

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

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

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

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

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

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

- Debt Service Fund - The Debt Service Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Debt Service Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable and (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture.

- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.

- Construction Fund - At closing, there shall be deposited in the Series 2009A Construction Account within the Construction Fund a portion of the proceeds of the 2009A Bonds. Moneys on deposit therein will be disbursed to fund the 2009A Bonds Project, which consists of the acquisition, construction, improving and equipping the New Landfill and the acquisition and construction of the closure of the Ordot Dump.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Trustee upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

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

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

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

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

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

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

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.

- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.

(6) Long-Term Obligations, Continued

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

- Construction Fund - At closing, there shall be deposited in the Series 2011A Construction Account within the Construction Fund a portion of the proceeds of the 2011A Bonds. Moneys on deposit therein will be disbursed to fund the 2011A Bonds Project, which consists of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

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

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

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

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

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

- Revenue Fund – Commencing October 2013, GovGuam shall deposit or cause to be deposited all Gross Receipts Tax Revenues upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depositary, will establish and maintain and hold in trust pursuant to the Indenture.

(6) Long-Term Obligations, Continued

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

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

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

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

Loan Payable:

Note payable to a local bank in the amount of $11,000,000, dated September 15, 2006, interest at 6.49% per annum, payable quarterly commencing December 1, 2006, with principal and interest payable commencing December 1, 2009 in quarterly installments of $248,251, fully due on September 1, 2018. This loan was used to fund the construction of a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.	$ 8,813,215

(6) Long-Term Obligations, Continued

Loans Payable, Continued:

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

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

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

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

(7) Changes in Long-Term Liabilities

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

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

(7) Changes in Long-Term Liabilities, Continued

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

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

(8) Cost of Living Adjustment (COLA) Liability

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

(9) Deficit Fund Balances/Net Position

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

Primary Government:	
Air Pollution Control Fund	$ 127,571
Criminal Injuries Compensation Fund	$ 191,648
Land Survey Revolving Fund	$ 122,161
Mental Health and Substance Abuse Fund	$ 15,950
Professional Engineers', Architects' and Surveyors' Fund	$ 3,671
Section 2718 Fund	$ 1,604,309
Unreserved Fund Balance Fund	$ 6,394
Village Streets Fund	$ 22,695
Component Units:	
Guam Economic Development Authority	$ 23,981,462

(10) Fund Balances

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

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

(11) Interfund/Intrafund Transactions

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

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

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

(12) Retirement Plans

Defined Benefit Plan

Plan Description:

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

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

Funding Policy:

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

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

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

(12) Retirement Plans, Continued

Defined Contribution Retirement System (DCRS)

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

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

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

Other Post Employment Benefits

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

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

(13) Commitments and Contingencies

A. Budgetary Compliance

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

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

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

B. Landfill Closure and Postclosure Costs

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

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

(13) Commitments and Contingencies, Continued

B. Landfill Closure and Postclosure Costs, Continued

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

C. Permanent Injunction

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

D. Guam Fire Department Equipment

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

(13) Commitments and Contingencies, Continued

E. Land Management Building

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

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

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

G. Tax Refunds

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

H. Federal Grants

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

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

(13) Commitments and Contingencies, Continued

I. Tiyan Lease

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

J. Municipal School Lease Agreements

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

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

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

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

(13) Commitments and Contingencies, Continued

J. Municipal School Lease Agreements, Continued

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

The assets acquired through capital leases are as follows:

Asset:	
Buildings	$ 154,264,866
Less accumulated depreciation	(15,394,919)
	$ 138,869,947

These buildings are summarized as follows:

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

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

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

(13) Commitments and Contingencies, Continued

J. Municipal School Lease Agreements, Continued

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

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

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

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

K. Sick Leave

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

(13) Commitments and Contingencies, Continued

L. Litigation

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

M. Self-Insurance

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

N. Deposits with Treasurer

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

O. Medicare

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

P. Other Commitments

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

(14) Subsequent Events

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

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

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents

Guam Memorial Hospital Authority (GMHA):

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

Guam Power Authority (GPA):

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

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

Guam Waterworks Authority (GWA):

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

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

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents, Continued

Guam Waterworks Authority (GWA), Continued:

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

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

Port Authority of Guam (PAG):

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

Crane Surcharge Reserve Account	$ 445,691

University of Guam (UOG):

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

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

Guam Community College (GCC):

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

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Housing and Urban Renewal Authority (GHURA):

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

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

Guam Housing Corporation (GHC):

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

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

Guam Economic Development Authority (GEDA):

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

Guam Visitors Bureau (GVB):

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Educational Telecommunications Corporation (GETC):

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

B. Deposits and Investments

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

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

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

Unrestricted:	
Federal Grants Fund	$ 6,491,857
Operations and Maintenance Reserve Fund	10,097,454
Operations and Maintenance Fund	135,024
General Revenue Fund	4,520,199
Self-Insurance Fund	4,849,745
Rebate Fund	1,399,734
Cost of Issuance Fund	290,014
Capital Improvement Fund	682,262
	28,466,289
Restricted:	
Cash with trustees	4,718
Construction Fund	109,864,890
Bond Reserve Funds	19,678,484
Debt Service Funds	1,184
Renewal and Replacement Fund	1,000,249
	130,549,525
	$ 159,015,814

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

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

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

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Memorial Hospital Authority (GMHA):

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

Guam Power Authority (GPA):

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

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

Restricted:	
Bond Reserve Funds	$ 49,278,574
Bond Fund	4,845,762
	$ 54,124,336

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA):

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

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

Restricted:	
Bond Reserve Funds	$ 7,707,871
Debt Service Funds	9,492,784
	$ 17,200,655

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

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

Port Authority of Guam (PAG):

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG):

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

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

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

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

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

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

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

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

Guam Community College (GCC):

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

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing and Urban Renewal Authority (GHURA):

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

Guam Housing Corporation (GHC):

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

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

Restricted:	
Foreclosure Protection Fund	$ 500,247
Capitalized Interest Fund	257
Revenue Fund	4,073,520
	$ 4,574,024

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

Restricted:	
Money market funds	$ 2,430,266
Fixed income	2,143,758
	$ 4,574,024

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

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

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

Guam Economic Development Authority (GEDA):

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA), Continued:

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

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

Guam Preservation Trust (GPT):

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

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

Mutual funds	$ 2,561,238

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Visitors Bureau (GVB):

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

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

Guam Educational Telecommunications Corporation (GETC):

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

C. Receivables

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

University of Guam (UOG):

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

Nonmajor Component Units:

Guam Housing and Urban Renewal Authority (GHURA):

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

Guam Housing Corporation (GHC):

Loans receivable from first time homebuyers under GHC's Low Cost Housing Assistance Program, due in varying monthly installments, interest free, with maturities to 2024, collateralized by first mortgages on real estate.	29,313,878
Loans receivable from first time homebuyers under the Community Affordable Housing Action Trust, Hazard Mitigation, Down Payment and Closing Assistance, and the Sagan Linayan Project programs, due in varying monthly installments, interest free.	2,185,659
	$ 32,254,048

D. Due from/due to Primary Government

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

E. Capital Assets

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

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

F. Bonds Payable

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

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

General Revenue Bonds, Series 2013 (original issue of $247,335,000, dated September 1, 2013), varying interest rates at 3% - 6% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing on October 1, 2014 of $9,845,000 and increasing to a final payment of $10,240,000 on October 1, 2043. The bonds were issued for the purpose of: (1) advance refunding 2003 Series bonds; (2) to finance additions, extensions, and improvements to the Airport; and (3) to provide additional proceeds to fund the Bond Reserve account.	$ 247,335,000
Add net unamortized premium on bonds	2,891,161
	$ 250,226,161

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

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

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

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

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

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA):

General Revenue Bonds, Series 2010 (original issue of $150,440,000, dated July 1, 2010), varying interest rates at 5.0% - 5.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $225,000 in October 2022, increasing to $17,215,000 in October 2040. The bonds have been issued to finance a new administration building and various generation, transmission, and distribution facilities.	$ 150,440,000
Subordinated General Revenue Bonds, Series 2010 (original issue of $56,115,000, dated July 1, 2010), varying interest rates at 6.0% - 7.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $4,435,000 in October 2011, increasing to $14,155,000 in October 2015. The bonds have been issued to fund the Working Capital Fund and to refinance existing subordinate lien obligations.	39,500,000
General Revenue Bonds, Series 2012 (original issue of $340,620,000, dated October 1, 2012), varying interest rates at 2.98% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $110,000 in October 2014, increasing to $24,485,000 in October 2034. The bonds have been issued to refund the 1993 and 1999 bonds, and to fund a deposit to the Bond Reserve Fund and satisfy the Bond Reserve Fund Requirement.	340,620,000
	530,560,000
Add premium on 2012 bonds	31,497,387
Less discount on 2010 bonds	(3,809,646)
	$ 558,247,741

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

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

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

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

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

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

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

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