

**GOVERNMENT OF GUAM**

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

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**YEAR ENDED SEPTEMBER 30, 2011**

# GOVERNMENT OF GUAM

## Table of Contents Year Ended September 30, 2011

	<u>Page</u>
I. Independent Auditors' Report	1
Management's Discussion and Analysis	3
II. Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	15
Governmental Fund Financial Statements:	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities	19
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	20
Statement of Changes in Fiduciary Net Assets	21
Discretely Presented Component Unit Financial Statements:	
Statement of Net Assets	22
Statement of Revenues, Expenses, and Changes in Net Assets	24
Notes to the Basic Financial Statements	25
III. Required Supplementary Information - Other than Management's Discussion and Analysis:	
Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund	110
Notes to the Required Supplementary Information - Budgetary Reporting	111
IV. Other Supplementary Information:	
Combining Schedule of Expenditures by Object - Governmental Funds	114
Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund	115
Statement of Revenue, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund	124
Combining Balance Sheet - Nonmajor Governmental Funds	132
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances - Nonmajor Governmental Funds	133
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances - Nonmajor Governmental Funds	134
Introductions:	
Nonmajor Governmental Funds - Special Revenue Funds	135
Nonmajor Governmental Funds - Capital Projects Funds	144
Nonmajor Governmental Funds - Debt Service Funds	145
Nonmajor Component Units	146
Fiduciary Funds	148

# GOVERNMENT OF GUAM

## Table of Contents, Continued Year Ended September 30, 2011

	<u>Page</u>
IV. Other Supplementary Information, Continued:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Special Revenue Funds	149
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits) - Special Revenue Funds	155
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits) - Special Revenue Funds	161
Combining Balance Sheet - Capital Projects Funds	167
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances - Capital Projects Funds	168
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances - Capital Projects Funds	169
Combining Balance Sheet - Debt Service Funds	170
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Debt Service Funds	171
Fiduciary Funds:	
Statement of Fiduciary Net Assets - Pension Trust	172
Statement of Changes in Fiduciary Net Assets - Pension Trust	173
Nonmajor Component Units:	
Combining Balance Sheet	174
Combining Statement of Revenues, Expenses, and Changes in Net Assets	176
Combining Statement of Assets, Liabilities, and Fund Balances (Deficits) - General Fund	177
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - General Fund	178
Combining Schedule of Expenditures by Object - General Fund	188
Combining Statement of Assets, Liabilities, and Fund Balances - General Fund - Other Miscellaneous Funds	189
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances - General Fund - Other Miscellaneous Funds	193
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances - General Fund - Other Miscellaneous Funds	199
Combining Statement of Assets, Liabilities, and Fund Balances - General Fund - Debt Service Funds	203
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Debt Service Funds	204
Comparative Statements of Net Assets - Primary Government	205
Comparative Statements of Activities - Primary Government	206
Schedule of Outstanding Debt	207
Schedule of Personnel Count - Primary Government	208
Schedule of Personnel Count - Component Units	209

## INDEPENDENT AUDITORS' REPORT

Honorable Eddie Baza Calvo  
Governor  
Government of Guam:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2011, which collectively comprise GovGuam's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 91%, 93% and 50%, respectively, of the assets, net assets/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the Port Authority of Guam, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 35%, 59% and 29%, respectively, of the assets, net assets and operating revenues of GovGuam's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Port Authority of Guam, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

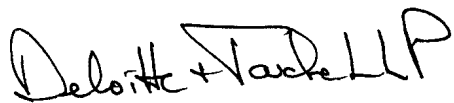
In our opinion, based on our audit and the reports of other auditors, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, during the year ended September 30, 2011, GovGuam adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the Government of Guam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, on pages 3 through 12, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, on pages 110 through 112, are not a required part of the basic financial statements but are supplementary information required by the GASB. This supplementary information is the responsibility of the management of GovGuam. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on GovGuam's respective financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section IV of the foregoing table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of GovGuam. This supplementary information is the responsibility of the management of GovGuam. The additional information on pages 114 through 134, and 149 through 204 as well as the 2011 information on pages 205 and 206 has been subjected to the auditing procedures applied by us, and the other auditors, in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The additional information on pages 135 through 148 and on pages 208 and 209 as well as the 2010 information on pages 205 and 206 has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

June 29, 2012

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis Year Ended September 30, 2011

Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview of GovGuam's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with GovGuam's basic financial statements, which follow this section. Fiscal year 2010 comparative information has been included, where appropriate.

### FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2011, GovGuam's total net deficiency decreased by \$49.9 million (or 21%) from a net deficiency of \$234.7 million in the prior year to a net deficiency of \$184.8 million.
- During fiscal year 2011, GovGuam's expenses for governmental activities were \$1,050.9 million, including expenses recorded or payments made to autonomous agencies, and were funded in part by \$491.71 million in program revenues and \$609.1 million in taxes and other general revenues. Expenses were up from fiscal year 2010 by \$29.4 million (or 2.9%) whereas revenues were up from fiscal year 2010 by \$157.1 million (or 16.6%). The overall increase in revenues consisted primarily of an increase in program revenues of \$97.4 million (or 24.7%). Program revenues increased primarily due to an increase in operating grants and contributions of \$96.9 million (or 29.3%) and general revenues increased by \$59.6 million (or 10.9%).
- For the fiscal year ended September 30, 2011, the General Fund reported general fund appropriations (including transfers out) of \$605.2 million, a decrease of \$14.1 million (or 2.3%) from fiscal year 2010 which was \$619.3 million.
- At September 30, 2011, the General Fund reported a total fund deficit of \$303.1 million, which is a decrease of \$18.2 million from the prior year deficit of \$321.3 million. During fiscal year 2011, GovGuam implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in a restatement of beginning fund deficit of \$15.1 million from \$336.4 million to \$321.3 million. This decrease in the total fund deficit for fiscal year 2011 is primarily attributable to unexpended ARRA revenues of \$60 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

The two government-wide statements report GovGuam's net assets and how they have changed. Net assets - the difference between GovGuam's assets and liabilities - is one way to measure GovGuam's financial health or position. Over time, increases or decreases in GovGuam's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of GovGuam, additional non-financial factors such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services need to be considered.

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

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

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2011

### Fund Financial Statements

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

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

GovGuam has two kinds of funds:

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

### A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. At the end of fiscal year 2011, GovGuam's liabilities exceeded assets by \$184.8 million. However, all these net assets are either restricted as to the purpose they can be used for or are invested in capital assets. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The summary of Net Assets (condensed) presented below, with comparable balances for fiscal year 2010, discloses this relationship:

	2011	2010
Current and other assets	\$ 525,169,729	\$ 435,875,839
Capital assets	859,581,664	755,195,456
Total assets	1,384,751,393	1,191,071,295
Long-term liabilities	948,029,151	846,618,146
Other liabilities	621,494,848	579,148,794
Total liabilities	1,569,523,999	1,425,766,940
Net deficiency:		
Invested in capital assets, net of related debt	411,350,002	382,995,557
Restricted	189,761,631	137,906,356
Unrestricted	(785,844,239)	(755,597,558)
Total net deficiency	\$ (184,772,606)	\$ (234,695,645)

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2011

At the end of fiscal year 2011, GovGuam's unrestricted net assets showed a deficiency of \$785.8 million, an increase of \$30.2 million (or 4%) from the prior year unrestricted deficiency. This deficiency is the result of having long-term commitments that are greater than currently available resources. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable, capital lease obligations and other loans as well as to pay for closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam will include these amounts in future years' budgets as they become due.

#### Changes in Net Assets

For the year ended September 30, 2011, total net deficiency of the primary government decreased by \$49.9 million compared to prior year's increase in net deficiency of \$77.7 million. This result indicates that GovGuam's financial condition, as a whole, improved from the prior year. For the year ended September 30, 2011, total net deficiency of the primary government changed as follows, with comparable amounts for fiscal year 2010:

GovGuam's Changes in Net Assets For the Years Ended September 30		
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 64,310,693	\$ 63,782,819
Operating grants and contributions	427,402,774	330,501,435
General revenues:		
Taxes	553,776,510	499,797,522
Section 30 Federal income tax collections	46,357,373	39,028,136
Investment earnings	3,913,616	5,056,652
Other	5,063,274	5,592,941
Total revenues	1,100,824,240	943,759,505
Expenses:		
General government	146,091,461	123,250,905
Protection of life and property	107,400,193	101,708,758
Public health	199,274,457	184,881,465
Community services	36,209,032	38,215,507
Recreation	4,220,962	4,654,424
Individual and collective rights	53,543,335	53,551,394
Transportation	24,299,883	36,589,772
Public education	279,000,190	257,944,439
Environmental protection	12,586,234	11,125,333
Economic development	15,749,829	26,664,370
Interest expense (unallocated)	44,518,473	42,653,588
Payments to autonomous agencies	93,597,931	98,759,320
COLA interest	1,985,124	1,325,003
Interest on tax refunds	4,663,347	3,030,072
Capital projects	11,186,460	23,156,677
Other	21,237,637	13,991,270
Total expenses	1,050,901,201	1,021,502,297
Change in net assets	\$ 49,923,039	\$ (77,742,792)



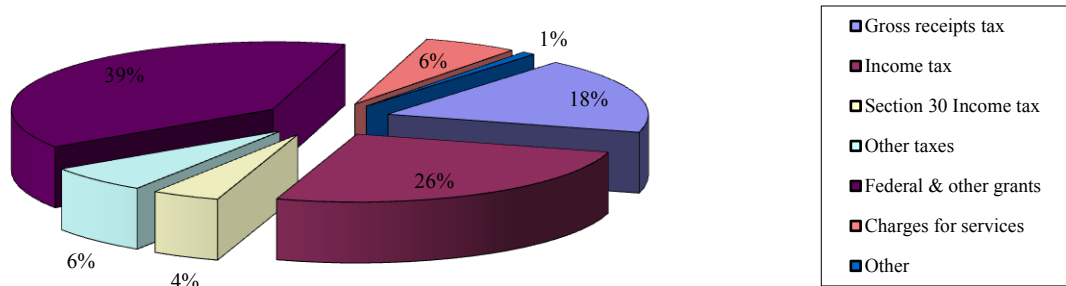
# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2011

GovGuam's revenues from governmental activities, including local revenues, totaled \$1,100.8 million in fiscal year 2011. The cost of governmental activities totaled \$1,050.9 million, resulting in an overall net decrease in total net deficiency of \$49.9 million.

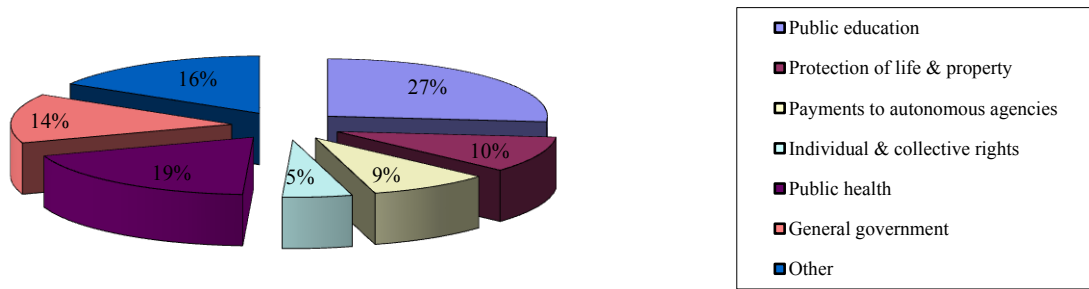
Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1  
GovGuam's Revenue Sources  
For the Year Ended September 30, 2011



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises of 50% and 39%, respectively, of the total revenues for fiscal year 2011.

Graph 2  
GovGuam's Cost of Governmental Activities  
For the Year Ended September 30, 2011



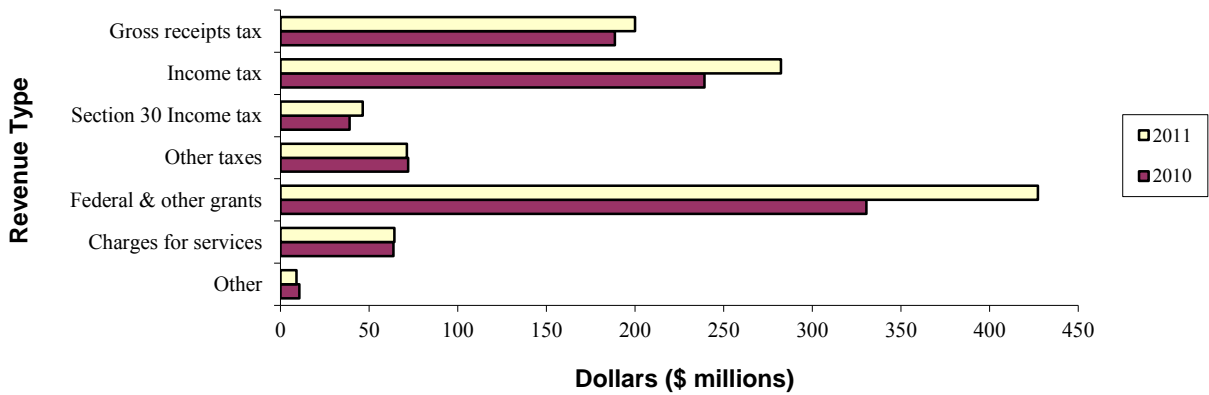
Other expenses that make up a portion of the costs of governmental activities include community services (\$36.2 million), environmental protection (\$12.6 million), economic development (\$15.7 million), unallocated interest expense (\$46.5 million), transportation expenses (\$24.3 million), recreation (\$4.2 million), capital-related expenses (\$11.2 million), and miscellaneous payments (\$21.2 million).

# GOVERNMENT OF GUAM

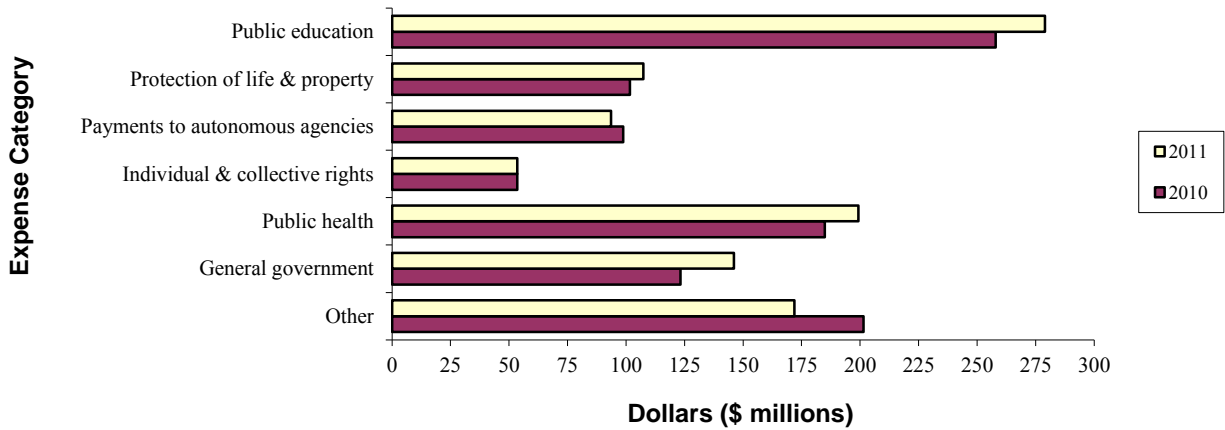
## Management's Discussion and Analysis, Continued Year Ended September 30, 2011

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2011 and 2010.

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



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



Other expenses in fiscal year 2011 included community services of \$36.2 million, down from \$38.2 million (or 5%) in fiscal year 2010, environmental protection of \$12.6 million, increase from \$11.1 million (or 13%) in fiscal year 2010, economic development expenses of \$15.7 million, down from \$26.7 million (or 40.9%) in fiscal year 2010, unallocated interest expense of \$44.5 million, up from \$42.7 million (or 4%) in fiscal year 2010, transportation expenses of \$24.3 million, down from \$36.6 million (or 33.6%) in fiscal year 2010, COLA interest of \$2 million, increase from \$1.3 million (or 50%) in fiscal year 2010, recreation expense of \$4.2 million, down from \$4.7 million (or 9.3%) in fiscal year 2010, and capital-related expenses of \$11.2 million, down from \$23.2 million (or 51.7%) in fiscal year 2010.

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2011

#### Analysis of Changes in Net Assets

During the current fiscal year, GovGuam's total net deficiency decreased by \$49.9 million. The key elements of this increase are a result of receipt of ARRA funds for Department of Education and reimbursements from charges for services and operating grants for transportation.

	2011	2010
General revenues:		
Taxes	\$ 553,776,510	\$ 499,797,522
Section 30 Federal income tax collections	46,357,373	39,028,136
Investment earnings	3,913,616	5,056,652
Other	5,063,274	5,592,941
Total revenues	609,110,773	533,432,934
Expenses, net of program revenues:		
General government	113,432,026	92,359,810
Protection of life and property	88,674,688	83,811,212
Public health	38,186,674	41,484,649
Community services	28,342,201	22,388,175
Recreation	3,002,661	2,796,511
Individual and collective rights	36,796,638	38,399,377
Transportation	(1,471,805)	12,139,159
Public education	134,494,766	202,497,717
Environmental protection	(13,031,969)	(9,118,840)
Economic development	7,906,897	8,998,583
Interest expense (unallocated)	37,827,118	44,980,739
Payments to autonomous agencies	80,237,203	86,794,146
COLA interest	1,985,124	1,325,003
Interest on tax refunds	4,663,347	3,030,072
Capital projects	(22,896,504)	(14,304,465)
Other	21,038,669	13,991,270
Total expenses, net	559,187,734	629,966,497
Change in net assets	\$ 49,923,039	\$ (77,742,792)

#### FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As noted earlier, GovGuam uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of fiscal year 2011, GovGuam's governmental funds reported a combined fund balance deficit of \$86.3 million, which represents a decrease in the deficit of \$38 million (or 30.6%) in comparison with the fiscal year 2010 combined fund deficit of \$124.3 million. This is primarily attributable to the decrease in the fund deficit of the general fund of \$18.2 million, and an increase in the fund balances of the special revenue funds, debt service funds and capital project funds of \$5.1 million, \$1.5 million and \$13.2 million, respectively.

The General Fund is the chief operating fund of GovGuam. At the end of the current fiscal year, the General Fund has a fund deficit of \$303.1 million as compared with the prior year ending fund deficit of \$321.3 million, an increase in performance of \$18.2 million (or 5.7%). This current year operational surplus was the result of the following: (1) \$60 million of ARRA funds received by the Guam Department of Education; (2) \$22.2 million in expenditures incurred for which no appropriations were provided by the Legislature; and (3) an \$11.4 million budgeted shortfall of income tax and gross receipts taxes. As stated earlier, GovGuam implemented GASB Statement No. 54, which resulted in a restatement of the beginning fund deficit of \$15.1 million from \$336.4 million to \$321.3 million.

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2011

The Federal Grants Assistance Fund has a total fund balance of \$0.05 million, which primarily represents accumulated interest income received not yet expended at year end. Fund balance of the Federal Grants Assistance Fund decreased marginally from prior year with total revenues and transfers in of \$306.2 million supporting expenditures and transfers out of \$306.5 million, up from total revenues and transfers in of \$298.2 million (or 2.7%) supporting expenditures and transfers out of the same amount in fiscal year 2010.

The Guam Department of Education (GDOE) Federal Grants Fund has a zero total fund balance at the end of the current fiscal year. Total revenues and transfers in for the GDOE Federal Grants Fund amounted to \$142.8 million, an increase of \$92.6 million (or 184%), which funded various education-related federal grant programs including ARRA funded programs.

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

#### **General Fund Budgetary Highlights**

During the fiscal year ended September 30, 2011, there was a \$21.7 million increase in appropriations between the original and final amended budget for Executive Branch operations, which was primarily attributable to an increase in appropriations related to Retiree Healthcare Premiums, the DMHSA Receiver, local match for Federally funded programs, and various expenditures appropriated under Public Law 31-74 for the Supplemental Appropriations Revenue Fund.

Actual revenues collected (including operating transfers in) of \$555.3 million were lower than budgeted amounts of \$577.8 million due primarily to lower than anticipated tax revenue collections and transfers in from the Solid Waste Operations Fund and the Territorial Education Facilities Fund. During the year ended September 30, 2011, actual tax collections amounted to \$485 million, which were lower by \$12 million (or 2.4%) from the budgeted amount of \$497.1 million. In addition, transfers in from the Solid Waste Operations Fund and the Territorial Education Facilities Fund were lower by \$6.2 million (or 34.8%).

Budgetary expenditures (including operating transfers out) of \$605.2 million were lower than authorized appropriations of \$626.1 million due primarily to continuing appropriations for GMHA capital project expenditures incurred of \$11.2 million, Income Tax Efficiency Fund of \$8 million, and COLA expenditures of \$9.2 million plus miscellaneous continuing appropriations offset by \$22.2 million, as discussed earlier, for which no appropriations were provided by the Legislature. These non-appropriated expenditures include interest of \$2 million on COLA interest, as mandated by Public Law 29-18; interest on delinquent tax refunds of \$4.7 million; special payments to the GovGuam Retirement Fund of \$7 million, as mandated by Public Laws 28-38 and 31-74; and other miscellaneous expenditures of \$3.4 million relating to merchant service bank fees.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

GovGuam's investment in capital assets for its governmental activities as of September 30, 2011 amounted to \$1,281 million, net of accumulated depreciation of \$421 million, leaving a net book value of \$860 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below)

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2011

#### Capital Assets, Continued

GovGuam's Capital Assets September 30, 2011 and 2010		
	2011	2010
Non-depreciable:		
Land	\$ 11,454,623	\$ 11,454,623
Construction in progress	8,960,816	54,299,542
	20,415,439	65,754,165
Depreciable:		
Infrastructure	648,662,545	604,988,041
Buildings	475,942,942	403,208,721
Layon landfill	65,741,886	-
Machinery and equipment	69,831,734	64,574,439
	1,260,179,107	1,072,771,201
Accumulated depreciation	(421,012,882)	(383,329,910)
	839,166,225	689,441,291
Total capital assets, net	\$ 859,581,644	\$ 755,195,456

Major capital asset additions for fiscal year 2011 were as follows:

- Completion of construction of the Layon landfill at a current year cost of \$22 million, resulting in a completed project cost of \$65.7 million.
- Additional work carried out under the Federal Highway Administration funded projects, including GovGuam's road expansions and upgrades at a cost of \$40 million.
- Capital lease acquisition associated with the construction of the John F. Kennedy High School in the amount of \$65.7 million.

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

#### Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Guam Legislature. GovGuam has entered into ten separate long-term debt obligations, as indicated below, aggregating to \$775 million at September 30, 2011. This represents a net increase of \$33 million (or 4.5%) from fiscal year 2010.

GovGuam's Outstanding Debt September 30, 2011 and 2010		
	2011	2010
Limited Obligation (Section 30) Bonds, 2001A	\$ 9,565,000	\$ 18,620,000
Limited Obligation (Section 30) Bonds, 2009A	202,425,000	202,425,000
General Obligation Bonds, 2009 Series A	267,850,000	271,070,000
General Obligation Bonds, 1993 Series A	31,300,000	34,370,000
General Obligation Bonds, 2007 Series A	151,935,000	151,935,000
Limited Obligation Highway Refunding Bonds, 2001 Series A	5,765,000	11,250,000
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A	-	31,385,000
Hotel Occupancy Tax Revenue Bonds, 2011 Series A	90,665,000	-
Judicial Building Fund	9,847,089	10,175,434
General Fund - \$10 M Note Payable	2,823,256	3,949,267
General Fund - \$13.8 M Note Payable	3,363,219	7,183,280
	\$ 775,538,564	\$ 742,362,981

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2011

During the year ended September 30, 2011, GovGuam issued hotel occupancy tax refunding bonds in the amount of \$90.7 million for the purpose of refunding 1997 Series A bonds and providing additional proceeds to fund the construction of a museum and other tourism-related projects.

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

### **ECONOMIC FACTORS, NEXT YEAR BUDGET AND RATES, AND CHALLENGES**

Guam's overall economic performance throughout Fiscal Year 2011 remained upbeat, with economic growth expected to incrementally accelerate through the latter part of Fiscal Year 2012 and throughout 2013. This anticipated growth is dependent on the new timeline adjustments and magnitude of direct military investments agreed to by the United States and Japan to finance the infrastructure requirements of the U.S. Marines relocation to Guam. It also depends on opportunities now in play from the President's National Export Initiative and newfound priorities to expedite Visa applications worldwide. Guam hopes to benefit tremendously from Visas granted to Chinese and other eastern tourists. Nevertheless, crude oil price change volatility continues to affect investment decisions as production costs remain uncertain, stymies employment opportunities and dampens consumer spending here and abroad.

The Government of Guam is making headway in rebuilding confidence by restructuring its debt and addressing its current obligations on a consistent and timely basis. Two separate bonds were recently floated under unprecedented terms to restructure some long-term indebtedness. Also, there has been consistent stable growth in General Fund revenues with annual revenues increasing from \$513.2 million in 2008, to \$540.2 million in 2010. For Fiscal Year 2011, budgeted General Fund revenues authorized by the Guam Legislature have been set at \$600.8 million, an increase of 11.2% over Fiscal Year 2010 estimates. Higher Real Property Tax assessments are realizable next year since an overall property re-evaluation of assessments is about completed. The Government of Guam's indebtedness remains a significant challenge to overcome despite forecasted general fund revenue increases in Fiscal Year 2012 and 2013.

Based on the 2010 Guam Census, its civilian and military population in 2010 was 159,358, well short of the projected 180,692 by U.S. Census in 2000. Currently, there are no population estimates through 2013. On the labor force front, the total number of people employed as of September 2011 was 61,990, an increase of 1,890 or 3.14 percent since September 2009. Over the same time period, private average hourly earnings were \$9.40, an increase of 23 cents; and average weekly earnings were \$328.85, a decrease of \$14.65. Job gains increased the most in the Services, Financial Services and Wholesale industries. With some buildup efforts underway, Guam might experience an increase in permanent and transient workers employed from abroad to fill the direct and secondary job shortfalls from local sector industries.

In 2011, overall prices increased by 3.3 percent as compared to 2010. Food prices increased by 8.1 percent, Housing increased by 10.0 percent, Apparel and Upkeep decreased by 4.8 percent, Transportation increased by 2.5 percent, Medical Care decreased by 2.4 percent, Recreation increased by 5.4 percent, Education and Communication decreased by 0.4 percent and Other Goods and Services decreased by 1.2 percent from the 4<sup>th</sup> quarter 2010 to the 4<sup>th</sup> quarter 2011. Energy prices increased by 4.0 percent, and All Items Less Food and Energy decreased by 0.8 percent from the 4<sup>th</sup> quarter 2010 to the 4<sup>th</sup> quarter 2011. Over the past 3 years, Guam has been experiencing increasing prices which is in part determined by the price of oil and costs of imported commodities which exacerbate the strain on profits, investments and savings.

Tourism arrivals have rebounded from the collapse of the world financial crisis increasing from 1,053,248 in 2009, to 1,147,134 in 2011. The outlook is positive as Guam's Visitor's Bureau estimates tourism arrivals to increase by 9.8 percent, to 1,285,156 in Fiscal Year 2012, and to 1,353,369 in Fiscal Year 2013. This anticipated increase translates into increasing gross receipts and occupancy taxes.

Construction permits continue to stabilize around the \$200 million set in 2008, despite learning of the delays of the U.S. Marines relocation to Guam in 2011. In 2009, gross construction permit valuations were \$278.2 million, and in 2011 decreased to \$217.9 million. It is anticipated that permits will exceed \$300 million in 2012 and 2013, given recent resurgence in tourism activity, an emphasis in building affordable homes and potential investment opportunities reflecting positive feedback received from Guam's trade missions abroad.

## **GOVERNMENT OF GUAM**

### **Management's Discussion and Analysis, Continued Year Ended September 30, 2011**

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

A major challenge of the Government is that it has continued to work with an antiquated financial management system that is not always capable of generating financial and federal reports. The system is not easily customizable, which necessitates the need for supervisors to work outside the accounting system to generate needed reports in the format that is conducive to the Government's requirements. The system does not allow posting government-wide entries affecting the fund level accounts.

#### **CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT**

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

**GOVERNMENT OF GUAM**

Statement of Net Assets (Deficiency)  
September 30, 2011

	Primary Government	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,729,463	\$ 89,513,855
Time certificates of deposit	1,760,633	7,787,898
Investments	11,703,091	4,161,584
Receivables, net	122,205,919	155,477,416
Due from primary government	-	17,646,478
Due from private purpose trusts	4,116,813	-
Due from component units	2,153,590	-
Inventories	341,726	80,514,239
Other current assets	5,770,304	2,812,194
Restricted assets:		
Cash and cash equivalents	165,291,277	219,086,312
Investments	168,230,152	19,429,008
Total current assets	513,302,968	596,428,984
Noncurrent assets:		
Investments	1,000,000	31,047,936
Receivables, net	-	11,669,322
Due from primary government	-	1,822,750
Capital assets, net of accumulated depreciation	859,581,664	1,412,952,017
Land held for development	-	13,953,518
Deferred charges	9,866,043	15,450,069
Other noncurrent assets	-	22,492,688
Restricted assets:		
Cash and cash equivalents	-	120,156,428
Time certificates of deposit	1,000,718	-
Investments	-	103,140,641
Total noncurrent assets	871,448,425	1,732,685,369
Total assets	\$ 1,384,751,393	\$ 2,329,114,353

See accompanying notes to basic financial statements.



**GOVERNMENT OF GUAM**

Statement of Net Assets (Deficiency), Continued  
September 30, 2011

	Primary Government	Component Units
<b>LIABILITIES</b>		
Current liabilities:		
Bank overdraft	\$ 2,733,106	\$ -
Current portion of compensated absences payable	10,774,648	6,545,824
Current portion of capital lease obligations	3,990,000	10,235,901
Current portion of long-term obligations	28,521,897	31,872,497
Accounts payable and other current liabilities	96,876,349	58,129,203
Contracts payable	-	5,803,235
Accrued interest payable	17,943,793	24,014,964
Accrued payroll and other	22,776,892	10,188,080
Payable to federal agencies	13,724,635	554,350
Provision for tax refunds	326,034,953	-
COLA liability	21,020,092	-
Due to pension trust fund	6,559,766	15,052,276
Due to primary government	-	1,785,059
Due to component units	17,828,433	-
Deferred revenues	41,093,541	35,673,314
Deposits and other liabilities	11,616,743	26,902,835
Total current liabilities	621,494,848	226,757,538
Noncurrent liabilities:		
Compensated absences payable, net of current portion	11,933,770	6,993,425
Capital lease obligations, net of current portion	121,155,000	97,829,839
Long-term obligations, net of current portion	725,839,597	1,004,811,478
DCRS sick leave liability	19,168,522	9,934,213
Due to component units	1,824,066	-
Due to IRS	23,097,000	-
Other noncurrent liabilities	45,011,196	22,471,925
Total noncurrent liabilities	948,029,151	1,142,040,880
Total liabilities	1,569,523,999	1,368,798,418
Commitments and contingencies		
<b>NET ASSETS (DEFICIENCY)</b>		
Invested in capital assets, net of related debt	411,350,002	687,263,427
Restricted for:		
Expendable:		
Capital projects	22,079,977	15,445,271
Retirement of indebtedness	79,751,514	35,992,471
Other purposes	87,930,140	46,267,346
Nonexpendable:		
Other purposes	-	5,676,726
Unrestricted	(785,884,239)	169,670,694
Total net assets (deficiency)	(184,772,606)	960,315,935
Total liabilities and net assets	\$ 1,384,751,393	\$ 2,329,114,353

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Statement of Activities  
Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
<b>Primary government:</b>						
<b>Governmental Activities:</b>						
General government	\$ 146,091,461	\$ 12,774,934	\$ 19,884,501	\$ -	\$ (113,432,026)	\$ -
Protection of life and property	107,400,193	12,327,607	6,397,898	-	(88,674,688)	-
Public health	199,274,457	2,264,425	158,823,358	-	(38,186,674)	-
Community services	36,209,032	538,914	7,327,917	-	(28,342,201)	-
Recreation	4,220,962	873,785	344,516	-	(3,002,661)	-
Individual and collective rights	53,543,335	203,976	16,542,721	-	(36,796,638)	-
Transportation	24,299,883	12,523,532	13,248,156	-	1,471,805	-
Public education	279,000,190	2,199,542	142,305,882	-	(134,494,766)	-
Environmental protection	12,586,234	18,127,248	7,490,955	-	13,031,969	-
Economic development	15,749,829	183,968	7,658,964	-	(7,906,897)	-
Interest (unallocated)	46,503,597	-	2,028,008	-	(44,475,589)	-
<b>Payments to:</b>						
GovGuam Retirement Fund	1,643,757	-	-	-	(1,643,757)	-
Guam Memorial Hospital Authority	16,985,355	-	2,843,688	-	(14,141,667)	-
University of Guam	33,073,532	-	116,995	-	(32,956,537)	-
Guam Visitors Bureau	14,329,230	-	-	-	(14,329,230)	-
Guam Community College	15,552,642	1,525,437	514,755	-	(13,512,450)	-
Other component units	12,013,415	767,325	7,592,528	-	(3,653,562)	-
Capital	11,186,460	-	34,082,964	-	22,896,504	-
Miscellaneous	21,237,637	-	198,968	-	(21,038,669)	-
<b>Total primary government</b>	<b>\$ 1,050,901,201</b>	<b>\$ 64,310,693</b>	<b>\$ 427,402,774</b>	<b>\$ -</b>	<b>(559,187,734)</b>	<b>-</b>
<b>Component Units:</b>						
Antonio B. Won Pat International Airport Authority	\$ 58,127,284	\$ 47,235,873	\$ 503,875	\$ 9,004,486	-	(1,383,050)
Guam Memorial Hospital Authority	107,328,630	69,139,310	-	983,283	-	(37,206,037)
Guam Power Authority	397,674,168	390,932,318	-	1,319,064	-	(5,422,786)
Guam Waterworks Authority	75,066,130	66,708,209	-	4,788,268	-	(3,569,653)
Port Authority of Guam	37,575,039	35,239,208	-	4,413,323	-	2,077,492
University of Guam	93,597,899	12,650,866	48,639,704	-	-	(32,307,329)
Nonmajor component units	130,697,756	8,857,991	85,558,665	8,911,959	-	(27,369,141)
<b>Total component units</b>	<b>\$ 900,066,906</b>	<b>\$ 630,763,775</b>	<b>\$ 134,702,244</b>	<b>\$ 29,420,383</b>	<b>-</b>	<b>(105,180,504)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Income					282,409,535	-
Gross receipts					200,047,641	-
Property					20,577,294	-
Hotel occupancy					22,972,113	-
Liquid fuel					9,478,586	-
Tobacco					12,831,340	-
Alcoholic beverages					2,910,508	-
Excise					2,549,493	-
Section 30 Federal income tax collections					46,357,373	-
Investment earnings					3,913,616	3,509,146
Contributions from primary government					-	71,169,247
Other					5,063,274	14,951,590
<b>Total general revenues</b>					<b>609,110,773</b>	<b>89,629,983</b>
<b>Change in net assets</b>					<b>49,923,039</b>	<b>(15,550,521)</b>
<b>Net assets (deficiency) at beginning of year</b>					<b>(234,695,645)</b>	<b>975,866,456</b>
<b>Net assets (deficiency) at end of year</b>					<b>\$ (184,772,606)</b>	<b>\$ 960,315,935</b>

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Balance Sheet  
Governmental Funds  
September 30, 2011

	General	Special Revenue		Capital Projects	Other Governmental Funds	Total
		Federal Grants Assistance	GDOE Federal Grants	Landfill CIP		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,640,367	\$ 3,352,784	\$ -	\$ 4,156,889	\$ 11,579,423	\$ 31,729,463
Time certificates of deposit	509,631	-	-	-	1,251,002	1,760,633
Investments	1,254,037	-	-	-	11,449,054	12,703,091
Receivables, net:						
Taxes	30,642,644	-	-	-	5,888,124	36,530,768
Federal agencies	30,990,716	38,827,292	8,911,189	-	-	78,729,197
Other	1,318,018	-	-	-	5,627,936	6,945,954
Due from other funds	44,168,705	-	1,219,416	-	16,842,218	62,230,339
Due from private purpose trust funds	4,116,813	-	-	-	-	4,116,813
Due from component units	-	-	-	-	2,153,590	2,153,590
Inventories	341,726	-	-	-	-	341,726
Prepayments	2,755,952	-	996,354	-	-	3,752,306
Deposits and other assets	1,310,498	-	-	-	10,000	1,320,498
Restricted assets:						
Cash and cash equivalents	68,193,833	-	-	19,175,859	77,921,585	165,291,277
Time certificates of deposit	-	-	-	-	1,000,718	1,000,718
Investments	79,299,149	-	-	88,368,860	562,143	168,230,152
Total assets	\$ 277,542,089	\$ 42,180,076	\$ 11,126,959	\$ 111,701,608	\$ 134,285,793	\$ 576,836,525
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Bank overdraft	\$ 2,733,106	\$ -	\$ -	\$ -	\$ -	\$ 2,733,106
Accounts payable	85,123,825	3,291,635	3,472,275	4,634,783	353,831	96,876,349
Accrued payroll and other	15,745,161	663,722	5,389,088	-	978,921	22,776,892
Due to other funds	18,061,634	24,672,604	-	9,731,784	9,764,317	62,230,339
Due to pension trust funds	6,559,766	-	-	-	-	6,559,766
Due to component units	18,247,543	-	-	-	1,404,956	19,652,499
Payable to federal agencies	23,320,180	13,501,455	-	-	-	36,821,635
Deferred revenues	53,125,949	-	2,265,596	-	1,392,980	56,784,525
Provision for tax refunds	326,034,953	-	-	-	-	326,034,953
COLA liability	21,020,092	-	-	-	-	21,020,092
Deposits and other liabilities	10,702,141	-	-	-	914,602	11,616,743
Total liabilities	580,674,350	42,129,416	11,126,959	14,366,567	14,809,607	663,106,899
Fund balances (deficits):						
Non-spendable	2,815,860	-	-	-	-	2,815,860
Restricted	137,105,509	50,660	-	97,335,041	90,969,464	325,460,674
Committed	48,599,042	-	-	-	26,201,404	74,800,446
Assigned	592,629	-	-	-	2,551,373	3,144,002
Unassigned:						
General fund	(492,245,301)	-	-	-	-	(492,245,301)
Special revenue funds	-	-	-	-	(246,055)	(246,055)
Total fund balances (deficits)	(303,132,261)	50,660	-	97,335,041	119,476,186	(86,270,374)
Total liabilities and fund balances	\$ 277,542,089	\$ 42,180,076	\$ 11,126,959	\$ 111,701,608	\$ 134,285,793	\$ 576,836,525

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets September 30, 2011

Total deficit - governmental funds		\$ (86,270,374)
Amounts reported for governmental activities in the statement of net assets are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		697,500
Borrowing costs and related maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		4,369,624
Bonds issued by GovGuam have associated costs that are paid from current available resources in the funds. However, these costs are deferred on the statement of net assets		5,496,419
Certain revenues are earned but not available and therefore are deferred in the governmental funds:		
Adjustment of deferred revenue		15,690,984
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 11,454,623	
Construction in progress	8,960,816	
Depreciable capital assets and infrastructure	1,260,179,107	
Accumulated depreciation	<u>(421,012,882)</u>	
Capital assets, net of accumulated depreciation		859,581,664
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Bonds payable	(754,361,494)	
Capital lease obligations	(125,145,000)	
Accrued interest payable	(17,943,793)	
Compensated absences payable	(22,708,418)	
DCRS sick leave liability	(19,168,522)	
Landfill closure and postclosure costs	<u>(45,011,196)</u>	
Long-term liabilities		<u>(984,338,423)</u>
Net assets of governmental activities		<u>\$ (184,772,606)</u>

See accompanying notes to basic financial statements.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Governmental Funds Year Ended September 30, 2011

	General	Special Revenue		Capital	Other Governmental Funds	Total
		Federal Grants Assistance	GDOE Federal Grants	Projects Landfill CIP		
<b>Revenues:</b>						
Taxes	\$ 485,006,669	\$ -	\$ -	\$ -	\$ 68,339,690	\$ 553,346,359
Federal contributions	6,461,145	281,203,371	135,584,057	-	2,389,011	425,637,584
Licenses, fees and permits	5,735,762	-	-	-	54,214,874	59,950,636
Section 30 Federal income tax collections	46,357,373	-	-	-	-	46,357,373
Use of money and property	183,100	-	-	865,238	2,865,278	3,913,616
Indirect cost reimbursement	(55,693)	-	-	-	-	(55,693)
Contributions from component units	2,199,058	-	-	-	-	2,199,058
Immigration fees	1,967,660	-	-	-	-	1,967,660
Guam Public School System	1,429,568	-	-	-	-	1,429,568
Other	3,071,018	-	82,245	-	1,910,011	5,063,274
<b>Total revenues</b>	<b>552,355,660</b>	<b>281,203,371</b>	<b>135,666,302</b>	<b>865,238</b>	<b>129,718,864</b>	<b>1,099,809,435</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	75,912,295	19,933,359	-	3,736,064	19,272,121	118,853,839
Protection of life and property	84,925,138	8,197,786	-	-	14,194,930	107,317,854
Public health	13,792,959	171,838,052	-	-	14,516,334	200,147,345
Community services	20,081,263	15,536,949	-	-	583,374	36,201,586
Recreation	2,763,566	344,516	-	-	1,035,566	4,143,648
Individual and collective rights	38,718,463	10,677,972	-	-	5,518,533	54,914,968
Transportation	-	13,248,156	-	-	4,036,479	17,284,635
Public education	209,562,604	-	55,431,259	-	234,506	265,228,369
Environmental protection	-	7,490,955	-	-	5,274,726	12,765,681
Economic development	3,592,927	6,736,380	-	-	150,027	10,479,334
<b>Payments to:</b>						
GovGuam Retirement Fund	1,643,757	-	-	-	-	1,643,757
Antonio B. Won Pat International Airport Authority	-	238,081	-	-	-	238,081
Chamorro Land Trust Commission	-	-	-	-	579,049	579,049
Guam Community College	13,131,969	563,376	-	-	1,857,297	15,552,642
Guam Educational Telecommunications Corporation	530,059	-	-	-	-	530,059
Guam Housing and Urban Renewal Authority	-	2,129,098	-	-	378,711	2,507,809
Guam Memorial Hospital Authority	9,368,560	2,843,688	-	-	4,773,107	16,985,355
Guam Preservation Trust	-	-	-	-	698,934	698,934
Guam Power Authority	-	611,753	-	-	-	611,753
Guam Regional Transit Authority	-	1,117,997	-	-	2,933,232	4,051,229
Guam Visitors Bureau	20,605	-	-	-	14,308,625	14,329,230
Guam Waterworks Authority	-	580,699	-	-	-	580,699
Port Authority of Guam	-	2,914,900	-	-	-	2,914,900
University of Guam	30,851,172	116,995	-	-	2,105,365	33,073,532
Miscellaneous appropriations	27,321,971	198,968	-	-	63,755	27,584,694
Interest and other charges	23,108,677	-	-	-	-	23,108,677
Capital projects	65,735,000	34,082,964	-	31,179,079	3,859,140	134,856,183
Cost of issuance	-	-	-	-	765,347	765,347
Debt service	56,608,444	-	7,100,000	4,062,437	11,093,717	78,864,598
<b>Total expenditures</b>	<b>677,669,429</b>	<b>299,402,644</b>	<b>62,531,259</b>	<b>38,977,580</b>	<b>108,232,875</b>	<b>1,186,813,787</b>
Excess (deficiency) of revenues over (under) expenditures	(125,313,769)	(18,199,273)	73,135,043	(38,112,342)	21,485,989	(87,004,352)
<b>Other financing sources (uses):</b>						
Proceeds from issuance of refunding bonds	-	-	-	-	90,665,000	90,665,000
Discount on refunded bonds issued	-	-	-	-	(2,117,169)	(2,117,169)
Payment to refunded bond escrow agent	-	-	-	-	(28,787,786)	(28,787,786)
Capital leases	65,735,000	-	-	-	-	65,735,000
Transfers in from other funds	108,839,247	25,024,530	7,100,000	175,410	28,137,541	169,276,728
Transfers out to other funds	(31,075,716)	(7,100,000)	(80,235,043)	-	(51,339,756)	(169,750,515)
<b>Total other financing sources (uses), net</b>	<b>143,498,531</b>	<b>17,924,530</b>	<b>(73,135,043)</b>	<b>175,410</b>	<b>36,557,830</b>	<b>125,021,258</b>
<b>Net change in fund balances (deficits)</b>	<b>18,184,762</b>	<b>(274,743)</b>	<b>-</b>	<b>(37,936,932)</b>	<b>58,043,819</b>	<b>38,016,906</b>
Fund balances (deficits) at beginning of year	(321,317,023)	325,403	-	135,271,973	61,432,367	(124,287,280)
Fund balances (deficits) at end of year	\$ (303,132,261)	\$ 50,660	\$ -	\$ 97,335,041	\$ 119,476,186	\$ (86,270,374)

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities Year Ended September 30, 2011

Total net change in fund balances (deficits) - governmental funds		\$ 38,016,906
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Adjustment of deferred revenues		1,014,805
<p>Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:</p>		
Guam Department of Education capital lease		(279,069)
<p>Borrowing costs are deferred and amortized in the Statement of Activities over the term of the related long-term debt. These consist of:</p>		
Bonds payable		137,143
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:</p>		
Capital outlays, net of disposals	142,969,180	
Depreciation expense	(38,582,972)	
		104,386,208
<p>The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. For the current year, these amounts consist of:</p>		
Refunding bonds issued, net of discount	(88,547,831)	
Proceeds from capital lease obligations	(65,735,000)	
Repayment of bonds	24,120,000	
Payments to the bond refunding agent	28,095,000	
Repayment of loans	5,274,417	
Repayment of capital leases	3,060,000	
Amortization of bond premium	503,539	
Amortization of deferred amount on refunding	(734,445)	
		(93,964,320)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year, these activities consist of:</p>		
Change in accrued interest payable	(1,053,564)	
Change in compensated absences payable	2,026,266	
Change in landfill closure and postclosure care costs	1,042,304	
Change in DCRS sick leave liability	(1,403,640)	
		611,366
Change in net assets of governmental activities		\$ 49,923,039

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2011

	Pension Trust	Private Purpose Trust	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,259,802	\$ 10,079,860	\$ -
Time certificates of deposit	-	2,414,384	-
Investments at fair value:			
Common stocks	688,984,305	-	-
U.S. Government securities	167,582,279	-	-
Corporate bonds and notes	195,167,909	-	-
Money market funds	58,355,513	-	-
Mutual funds	322,723,174	-	-
DC plan forfeitures	5,913,481	-	-
Total investments	1,438,726,661	-	-
Accounts receivable:			
Employer contributions	12,584,067	-	-
Member contributions	4,656,699	-	-
Interest and penalties on contributions	2,622,664	-	-
Accrued investment income	5,228,841	-	-
Due from brokers for unsettled trades	2,679,861	-	-
Service credits	1,103,793	-	-
Notes receivable - ERIP	3,561,549	-	-
Supplemental/COLA benefits	61,841,261	-	-
Supplemental/Insurance benefits advanced	3,511,711	-	-
Other	10,229,336	-	-
Total receivables	108,019,782	-	-
Deposits and other assets	-	-	15,487,595
Capital assets	1,106,894	-	-
Total assets	1,557,113,139	12,494,244	\$ 15,487,595
<u>LIABILITIES</u>			
Deferred revenue	12,225,887	-	\$ -
Accounts payable and accrued expenses	1,713,718	-	-
Accrued payroll and other	463,984	-	-
Due to other funds	-	4,287,809	-
Deposits and other liabilities	-	7,575,689	15,487,595
Due to brokers for unsettled trades	38,183,278	-	-
Total liabilities	52,586,867	11,863,498	\$ 15,487,595
<u>NET ASSETS</u>			
Held in trust for retirement benefits	1,504,526,272	-	
Held in trust for other purposes	-	630,746	
Total net assets	\$ 1,504,526,272	\$ 630,746	

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended September 30, 2011

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
Additions:		
Contributions:		
Employer contributions	\$ 114,719,236	\$ -
Member contributions	32,324,729	-
Use of money and property	-	1,333,513
Transfers in from other funds	-	473,787
Total contributions and revenues	<u>147,043,965</u>	<u>1,807,300</u>
Net investment loss:		
Net depreciation in fair value of investments	(52,764,790)	-
Interest	24,551,929	-
Dividends	16,780,298	-
Other	1,740,670	-
Total investment loss	<u>(9,691,893)</u>	<u>-</u>
Less: investment expenses	<u>5,032,871</u>	<u>-</u>
Net investment loss	<u>(14,724,764)</u>	<u>-</u>
Total additions	<u>132,319,201</u>	<u>1,807,300</u>
Deductions:		
Benefits	176,716,825	-
Refunds	16,331,904	-
Interest on refunded contributions	1,968,048	-
Administrative and general expense	4,643,707	-
Individual and collective rights	-	1,423,067
Total deductions	<u>199,660,484</u>	<u>1,423,067</u>
Change in net assets	<u>(67,341,283)</u>	<u>384,233</u>
Net assets at beginning of year	<u>1,571,867,555</u>	<u>246,513</u>
Net assets at end of year	<u>\$ 1,504,526,272</u>	<u>\$ 630,746</u>

See accompanying notes to basic financial statements.



# GOVERNMENT OF GUAM

## Statement of Net Assets Component Units September 30, 2011

	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
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 1,300,062	\$ 84,034	\$ 38,422,119	\$ 1,934,542	\$ 10,710,367	\$ 6,597,849	\$ 30,464,882	\$ 89,513,855
Time certificates of deposit	-	-	-	-	-	7,787,898	-	7,787,898
Investments	-	-	-	-	-	-	4,161,584	4,161,584
Receivables, net	8,687,851	40,996,484	48,665,234	9,636,730	5,009,950	12,413,888	30,067,279	155,477,416
Due from primary government	-	825,985	2,262,958	-	-	6,720,464	7,837,071	17,646,478
Inventories	67,361	4,790,372	71,993,976	2,037,713	123,872	555,628	945,317	80,514,239
Prepayments	-	196,587	787,081	251,698	139,109	-	179,953	1,554,428
Deposits and other assets	-	-	257,830	-	-	999,936	-	1,257,766
Restricted assets:								
Cash and cash equivalents	-	-	189,277,443	19,212,946	-	-	10,595,923	219,086,312
Investments	-	-	-	-	-	7,530,799	11,898,209	19,429,008
<b>Total current assets</b>	<b>10,055,274</b>	<b>46,893,462</b>	<b>351,666,641</b>	<b>33,073,629</b>	<b>15,983,298</b>	<b>42,606,462</b>	<b>96,150,218</b>	<b>596,428,984</b>
Noncurrent assets:								
Investments	21,577,162	-	-	-	-	7,695,923	1,774,851	31,047,936
Receivables, net	-	-	-	-	-	-	11,669,322	11,669,322
Due from primary government	-	-	1,822,750	-	-	-	-	1,822,750
Capital assets, net of accumulated depreciation	405,381,493	36,577,600	481,390,770	284,212,877	64,406,381	68,528,364	72,454,532	1,412,952,017
Land held for development	-	-	-	-	-	-	13,953,518	13,953,518
Deferred bond issuance costs	5,448,094	-	9,386,233	-	-	-	615,742	15,450,069
Other assets	12,984,992	221,226	3,750,251	5,244,802	-	-	291,417	22,492,688
Restricted assets:								
Cash and cash equivalents	-	209,267	-	117,233,610	-	2,713,551	-	120,156,428
Investments	32,671,610	-	45,159,623	17,201,280	-	8,108,128	-	103,140,641
<b>Total noncurrent assets</b>	<b>478,063,351</b>	<b>37,008,093</b>	<b>541,509,627</b>	<b>423,892,569</b>	<b>64,406,381</b>	<b>87,045,966</b>	<b>100,759,382</b>	<b>1,732,685,369</b>
<b>Total assets</b>	<b>\$ 488,118,625</b>	<b>\$ 83,901,555</b>	<b>\$ 893,176,268</b>	<b>\$ 456,966,198</b>	<b>\$ 80,389,679</b>	<b>\$ 129,652,428</b>	<b>\$ 196,909,600</b>	<b>\$ 2,329,114,353</b>

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

## Statement of Net Assets, Continued Component Units September 30, 2011

	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
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Current portion of long-term debt	\$ 9,095,000	\$ 598,094	\$ 12,640,000	\$ 6,192,198	\$ 144,144	\$ 187,857	\$ 3,015,204	\$ 31,872,497
Current obligations under capital leases	-	-	10,235,901	-	-	-	-	10,235,901
Accounts payable	2,366,675	18,369,169	14,131,763	5,490,560	4,637,654	5,477,986	7,655,396	58,129,203
Contracts payable	4,382,840	-	-	1,420,395	-	-	-	5,803,235
Accrued interest payable	4,061,459	-	16,356,876	3,015,548	-	-	581,081	24,014,964
Accrued payroll and other	1,173,341	7,586,447	372,591	385,664	344,201	-	325,836	10,188,080
Payable to federal agencies	-	-	554,350	-	-	-	-	554,350
Due to pension trust funds	-	15,052,276	-	-	-	-	-	15,052,276
Due to primary government	1,785,059	-	-	-	-	-	-	1,785,059
Deferred revenue	1,135,533	3,489,526	20,479,214	-	210,463	6,289,749	4,068,829	35,673,314
Compensated absences	322,389	1,442,000	2,263,391	446,877	856,942	790,178	424,047	6,545,824
Deposits and other liabilities	-	2,357,279	17,473,679	2,454,257	251,150	258,797	4,107,673	26,902,835
<b>Total current liabilities</b>	<b>24,322,296</b>	<b>48,894,791</b>	<b>94,507,765</b>	<b>19,405,499</b>	<b>6,444,554</b>	<b>13,004,567</b>	<b>20,178,066</b>	<b>226,757,538</b>
Noncurrent liabilities:								
Compensated absences	667,578	2,260,156	663,898	879,905	524,620	1,047,446	949,822	6,993,425
Capital lease obligations	-	-	97,829,839	-	-	-	-	97,829,839
Noncurrent portion of long-term debt	155,809,139	11,292,852	547,466,230	234,233,172	3,210,951	12,427,945	40,371,189	1,004,811,478
Other noncurrent liabilities	-	-	11,096,334	168,946	-	115,188	11,091,457	22,471,925
DCRS sick leave liability	170,548	2,840,806	2,012,318	931,407	1,028,941	1,720,001	1,230,192	9,934,213
<b>Total noncurrent liabilities</b>	<b>156,647,265</b>	<b>16,393,814</b>	<b>659,068,619</b>	<b>236,213,430</b>	<b>4,764,512</b>	<b>15,310,580</b>	<b>53,642,660</b>	<b>1,142,040,880</b>
<b>Total liabilities</b>	<b>180,969,561</b>	<b>65,288,605</b>	<b>753,576,384</b>	<b>255,618,929</b>	<b>11,209,066</b>	<b>28,315,147</b>	<b>73,820,726</b>	<b>1,368,798,418</b>
Net Assets:								
Invested in capital assets, net of related debt	258,910,440	36,577,600	12,641,588	189,524,913	64,406,381	55,912,562	69,289,943	687,263,427
Restricted:								
Expendable:								
Capital projects	-	-	15,445,271	-	-	-	-	15,445,271
Retirement of indebtedness	13,157,642	-	18,264,779	4,570,050	-	-	-	35,992,471
Other purposes	15,446,608	-	-	3,479,916	-	8,322,846	19,017,976	46,267,346
Nonexpendable	-	-	-	-	-	5,628,306	48,420	5,676,726
Unrestricted (deficit)	19,634,374	(17,964,650)	93,248,246	3,772,390	4,774,232	31,473,567	34,732,535	169,670,694
<b>Total net assets</b>	<b>307,149,064</b>	<b>18,612,950</b>	<b>139,599,884</b>	<b>201,347,269</b>	<b>69,180,613</b>	<b>101,337,281</b>	<b>123,088,874</b>	<b>960,315,935</b>
<b>Total liabilities and net assets</b>	<b>\$ 488,118,625</b>	<b>\$ 83,901,555</b>	<b>\$ 893,176,268</b>	<b>\$ 456,966,198</b>	<b>\$ 80,389,679</b>	<b>\$ 129,652,428</b>	<b>\$ 196,909,600</b>	<b>\$ 2,329,114,353</b>

See accompanying notes to basic financial statements.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenses, and Changes in Net Assets Component Units Year Ended September 30, 2011

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Non-major Component Units	Total
Operating revenues:								
Charges for services	\$ 47,235,873	\$ 69,139,310	\$ 390,932,318	\$ 66,708,209	\$ 35,239,208	\$ 12,650,866	\$ 8,857,991	\$ 630,763,775
Grants and contracts	503,875	-	-	-	-	48,639,704	85,558,665	134,702,244
Other	1,481,857	710,950	2,605,775	606,994	485,307	4,355,310	4,705,397	14,951,590
Total operating revenues	<u>49,221,605</u>	<u>69,850,260</u>	<u>393,538,093</u>	<u>67,315,203</u>	<u>35,724,515</u>	<u>65,645,880</u>	<u>99,122,053</u>	<u>780,417,609</u>
Operating expenses:								
Cost of services	33,232,252	97,603,136	300,007,275	45,879,095	23,558,804	78,604,845	81,229,760	660,115,167
Depreciation and amortization	22,638,455	4,853,099	26,121,870	11,854,307	3,350,881	2,663,474	4,812,211	76,294,297
General and administrative	-	3,329,489	30,431,797	5,885,100	8,236,302	9,277,889	41,651,680	98,812,257
Total operating expenses	<u>55,870,707</u>	<u>105,785,724</u>	<u>356,560,942</u>	<u>63,618,502</u>	<u>35,145,987</u>	<u>90,546,208</u>	<u>127,693,651</u>	<u>835,221,721</u>
Operating income (loss)	<u>(6,649,102)</u>	<u>(35,935,464)</u>	<u>36,977,151</u>	<u>3,696,701</u>	<u>578,528</u>	<u>(24,900,328)</u>	<u>(28,571,598)</u>	<u>(54,804,112)</u>
Nonoperating revenues (expenses):								
Contributions from the primary government	78,063	7,806,396	-	-	-	31,935,909	31,348,879	71,169,247
Contributions to the primary government	-	-	-	-	-	(2,199,249)	-	(2,199,249)
Investment income	1,155,144	-	1,779,178	32,441	(62,588)	794,919	(189,948)	3,509,146
Interest expense	(7,343,883)	(3,105,834)	(47,767,482)	(13,366,111)	-	(578,299)	(3,083,689)	(75,245,298)
Other income (expenses), net	5,087,306	1,562,928	6,654,256	1,918,483	(2,429,052)	(274,143)	79,584	12,599,362
Total nonoperating revenues (expenses), net	<u>(1,023,370)</u>	<u>6,263,490</u>	<u>(39,334,048)</u>	<u>(11,415,187)</u>	<u>(2,491,640)</u>	<u>29,679,137</u>	<u>28,154,826</u>	<u>9,833,208</u>
Net income (loss) before capital contributions	<u>(7,672,472)</u>	<u>(29,671,974)</u>	<u>(2,356,897)</u>	<u>(7,718,486)</u>	<u>(1,913,112)</u>	<u>4,778,809</u>	<u>(416,772)</u>	<u>(44,970,904)</u>
Capital contributions	9,004,486	983,283	1,319,064	4,788,268	4,413,323	-	8,911,959	29,420,383
Change in net assets	1,332,014	(28,688,691)	(1,037,833)	(2,930,218)	2,500,211	4,778,809	8,495,187	(15,550,521)
Net assets at beginning of year	305,817,050	47,301,641	140,637,717	204,277,487	66,680,402	96,558,472	114,593,687	975,866,456
Total net assets at end of year	<u>\$ 307,149,064</u>	<u>\$ 18,612,950</u>	<u>\$ 139,599,884</u>	<u>\$ 201,347,269</u>	<u>\$ 69,180,613</u>	<u>\$ 101,337,281</u>	<u>\$ 123,088,874</u>	<u>\$ 960,315,935</u>

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

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

For financial reporting purposes, GovGuam has included all funds, organizations, agencies, boards, commissions and institutions, including the Guam Department of Education (GDOE), formerly known as the Guam Public School System, which is a line agency of GovGuam within GovGuam's Department of Education and is included within the General Fund. GovGuam has also considered all potential component units for which it is financially accountable as well as other entities for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. Blended component units are entities that are legally separate from GovGuam, but are so related to GovGuam that they are, in substance, the same as GovGuam or entities providing services entirely or almost entirely to GovGuam. The net assets and results of operations of the following legally separate entities are presented as part of GovGuam's operations.

#### 1. Blended Component Units

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### A. Reporting Entity, Continued

#### 1. Blended Component Units, Continued

(b) Private purpose trust funds are comprised of trust funds administered by the Superior Court and Public Defender.

#### 2. Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from GovGuam, but are financially accountable to GovGuam, or whose relationships with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. The component units' column of the basic financial statements includes the financial data of the following entities:

Major Component Units:

- (a) Antonio B. Won Pat International Airport Authority (AWPIAA), formerly known as the Guam International Airport Authority, was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. AWPIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven-member Board of Directors, all of whom are appointed by the Governor of Guam.
- (b) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven-member Board of Trustees, all of whom are appointed by the Governor of Guam.
- (c) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five-member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms.
- (d) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees charged to residential, commercial and government customers, based on consumption, and is governed by the CCU.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### A. Reporting Entity, Continued

#### 2. Discretely Presented Component Units, Continued

Major Component Units, Continued:

- (e) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five-member Board of Directors, all of whom are appointed by the Governor of Guam.
- (f) The University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine-member Board of Regents, all of whom are appointed by the Governor of Guam.

Nonmajor Component Units:

Nonmajor component units are the Chamorro Land Trust Commission, the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Guam Economic Development Authority, the Guam Visitors Bureau, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation (PBS GUAM).

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

Antonio B. Won Pat International Airport Authority P.O. Box 8770 Tamuning, GU 96931	Guam Memorial Hospital Authority 850 Governor Carlos G. Camacho Rd. Tamuning, GU 96913
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Guam Power Authority P.O. Box 2977 Hagatna, GU 96932	Guam Waterworks Authority P.O. Box 3010 Hagatna, GU 96932
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Port Authority of Guam 1026 Cabras Hwy, Ste. 201 Piti, GU 96925	University of Guam University Station University Drive Mangilao, GU 96923
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Guam Community College P.O. Box 23069, GMF Barrigada, GU 96921	Guam Housing and Urban Renewal Authority 117 Bien Venida Avenue Sinajana, GU 96926
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Guam Housing Corporation P.O. Box 3457 Hagatna, GU 96932	Chamorro Land Trust Commission P.O. Box 2950 Hagatna, GU 96932
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**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Guam Economic Development Authority  
Suite 511, ITC Bldg.  
590 S. Marine Drive  
Tamuning, GU 96913

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

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

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

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

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

3. Related Organizations

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### B. Government-Wide Financial Statements

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

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. GovGuam did not report any business-type activities during the year ended September 30, 2011. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

The Statement of Net Assets presents all of the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

The government-wide Statement of Net Assets reports \$189,761,631 of restricted net assets, of which \$27,788,487 is restricted by enabling legislation.

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



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### C. Fund Financial Statements

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

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

### D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

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

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

Governmental Fund Financial Statements:

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### D. Measurement Focus and Basis of Accounting, Continued

Governmental Fund Financial Statements, Continued:

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings: the first billing is due February 20; the second billing is due April 20. The billings are considered past due 60 days after the respective tax payment dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Fiduciary Funds and Component Units Financial Statements:

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

GovGuam reports the following fund types:

#### 1. Governmental Fund Types

General Fund, a governmental fund, is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources that have been aggregated according to enabling legislation to support specific governmental activities.

Capital Projects Funds account for the acquisition or construction of major GovGuam capital facilities financed primarily from bonds and federal reimbursements.

Debt Service Funds account for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### D. Measurement Focus and Basis of Accounting, Continued

#### 2. Fiduciary Fund Types

Pension Trust Funds report resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension plans.

Private Purpose Funds are used to account for resources held in trust under which principal and income benefit certain individuals.

Agency Funds account for assets GovGuam holds on behalf of others. Agency funds are custodial in nature and do not involve measurement of operations.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements.

GovGuam reports the following major governmental funds:

Federal Grants Assistance Fund, a Governmental Fund Type - Special Revenue Fund. This fund accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.

GDOE Federal Grants Fund, a Governmental Fund Type - Special Revenue Fund. This fund accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance public education.

Landfill CIP Fund, a Governmental Fund Type - Capital Projects Fund. This fund accounts for bond proceeds issued by GovGuam for the purpose of financing facilities of the Solid Waste Management System of Guam.

As allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, GovGuam's discretely presented component units follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments in U.S. Treasury obligations with a maturity date within three months of the date acquired by GovGuam. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the statement of net assets/balance sheet.

### F. Investments

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

### G. Receivables

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

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

### H. Inventories

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

### I. Interfund Receivables/Payables

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### J. Capital Assets

Capital assets, including property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Construction in progress includes all associated cumulative costs of a constructed capital asset. Construction in progress is relieved at the point at which an asset is placed in service for its intended use. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are capitalized when the cost of the individual items exceeds \$50,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

With the exception of the Layon Landfill, capital assets of the primary government are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. Landfill cells are depreciated based on capacity used/available at year end. Capital assets of the discretely presented component units are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets.

### K. Deferred Revenues

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Deferred revenue in the governmental fund types primarily relates to Section 30 federal income tax collections remitted to the trustee in accordance with the bond indentures associated with the 2001 and 2009 Series A bond issues, and federal funds received in advance of eligible expenditures. On September 26, 2011, GovGuam received Section 30 federal income tax collections from the United States Government in the amount of \$53,125,949, which pertains to revenues of the following fiscal year.

### L. Provision for Tax Refunds

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### M. Long-term Debt

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

### N. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay the following debt: (i) \$76,895,000 in limited obligation bonds issued in December 2001; (ii) a \$10,000,000 note payable to a bank executed in September 2002; (iii) a \$13,800,000 note payable to a bank executed in July 2008; and (iv) \$202,425,000 in limited obligation bonds issued in June 2009. This debt is payable solely from Section 30 revenues payable to GovGuam by the United States Government pursuant to Section 30 of the Organic Act, Title 48, U.S. Code, Section 41421(h). Total principal and interest remaining on this debt is approximately \$387,928,528 payable through June 2034. For the year ended September 30, 2011, principal and interest paid and total Section 30 revenues were \$26,506,762 and \$46,357,373, respectively.

GovGuam has also pledged a portion of future hotel occupancy tax revenues, liquid fuel tax revenues and vehicle registration/license fees, and certain judicial fees, fines and building rental receipts to repay the following debt: (i) \$90,665,000 in limited obligation infrastructure improvement bonds issued in April 2011; (ii) \$21,560,000 in limited obligation highway refunding bonds issued in April 2001; and (iii) a \$11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain tax revenues, vehicle registration/license fees, judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately \$192,509,198 payable through November 2040. For the year ended September 30, 2011, principal and interest paid and total hotel occupancy tax revenues were \$4,778,016 and \$22,972,113, respectively. Total principal and interest remaining on the limited obligation highway refunding bonds is approximately \$6,024,425 payable through May 2012. For the year ended September 30, 2011, principal and interest paid, total liquid fuel tax revenues and total vehicle registration/license fees were \$6,027,225, \$9,478,586 and \$8,902,796, respectively. Total principal and interest remaining on the note payable is approximately \$13,819,487 payable through September 2019. For the year ended September 30, 2011, principal and interest paid and total judicial fees, fines and building rental receipt revenues were \$993,004 and \$2,636,654, respectively.

Finally, GovGuam has entered into a municipal school lease agreement whereby GovGuam has pledged a portion of future Compact Impact grant revenues to finance annual lease payments under this agreement. This lease obligation is payable solely from Compact Impact grant revenues payable to GovGuam by the United States Government pursuant to the Compact of Free Association Act, U.S. Public Law 108-188. Total payments remaining on this municipal school lease agreement are approximately \$103,078,828 payable through December 2025. For the year ended September 30, 2011, lease payments made and total Compact Impact grant revenues received were \$7,100,000 and \$7,100,000, respectively.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### O. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of bond premiums and discounts. Bond issue costs are reported as deferred charges.

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

### P. Fund Equity/Net Assets

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

Net Assets have been restricted as follows:

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

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

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented, effective for the fiscal year ending September 30, 2011. It establishes fund balance classifications based on the extent to which GovGuam is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result of implementing this statement, there were significant changes in GovGuam’s fund structure. Funds that did not meet the new special revenue fund definition were moved to the General Fund. Amounts previously reported as reserved and unreserved fund balance are now reported under the following fund balance classifications:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### P. Fund Equity/Net Assets, Continued

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned includes negative fund balances in other governmental funds.

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

A formal minimum fund balance policy has not been adopted.

### Q. Estimates

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

### R. Compensated Absences

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



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### R. Compensated Absences, Continued

In accordance with Public Law 27-5 and Public Law 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service.
2. Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service.
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

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

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of \$19,168,522 at September 30, 2011 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

### S. New Accounting Standards

During fiscal year 2011, GovGuam implemented the following pronouncements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that 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 the governmental funds. The Statement requires governments to disclose information in the notes about the processes through which constraints are imposed, as well as accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to be spent. This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. As a result of implementation, the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds have been restated due to reclassification of funds. Beginning fund balance for the DMHSA Receiver Fund and the Other Governmental Funds decreased by \$1,500,000 and \$13,627,840, respectively, while the General Fund increased by \$15,127,840.

Details on GovGuam's fund balance classifications are reflected in note 10.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### S. New Accounting Standards, Continued

- GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses 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 provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve 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 provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance 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. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (1) Summary of Significant Accounting Policies, Continued

### S. New Accounting Standards, Continued

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In July 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53)*, which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

### T. 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, 2010 from which summarized information was derived.

## (2) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (2) Deposits and Investments, Continued

### A. Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by GovGuam or its agent in GovGuam's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in GovGuam's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in GovGuam's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. 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, 2011, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$198,781,091 and the corresponding bank balances were \$215,850,602. Of the bank balances, \$132,465,274 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 \$83,385,328 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, 2011. As of September 30, 2011, bank deposits in the amount of \$10,000,029 were FDIC insured and bank deposits in the amount of \$500,000 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, 2011, cash and cash equivalents in the amount of \$138,794,204 are restricted for capital projects. Of this amount, \$78,703,211 represents unexpended bond proceeds. In addition, cash and cash equivalents and time certificates of deposit in the amount of \$19,394,951 are restricted for debt service. Finally, cash and cash equivalents in the amount of \$8,102,840 are restricted for a Court issued permanent injunction as further disclosed in note 13.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (2) Deposits and Investments, Continued

### B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

- Category 1 Investments that are insured or registered, or securities held by GovGuam or its agent in GovGuam's name;
- Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in GovGuam's name; or
- Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in GovGuam's name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

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, 2011.

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.

# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (2) Deposits and Investments, Continued

#### B. Investments, Continued

As of September 30, 2011, GovGuam's investments recorded at fair value are classified as follows:

	<u>General</u>	Federal Grants <u>Assistance</u>	GDOE Federal <u>Grants</u>	Landfill <u>CIP</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Investments:						
Money market funds	\$ 79,553,186	\$ -	\$ -	\$ 3,652,517	\$ 12,011,197	\$ 95,216,885
Mutual funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,716,343</u>	<u>-</u>	<u>84,716,343</u>
	<u>\$ 79,553,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,368,860</u>	<u>\$ 12,011,197</u>	<u>\$ 179,933,243</u>

As of September 30, 2011, certain investments are restricted for capital projects and future debt service requirements in the amounts of \$88,931,003 and \$79,299,149, respectively.

Additionally, as of September 30, 2011, the General Fund holds 17% of the shares of the Pacific Islands Development Bank in the amount of \$1,000,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

#### Government of Guam 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, have 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.

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (2) Deposits and Investments, Continued

#### B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (2) Deposits and Investments, Continued

### B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

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;



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (2) Deposits and Investments, Continued

### B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

- 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.

Investments of GGRF as of September 30, 2011 are classified as follows:

Common stocks	\$ 688,984,305
Fixed income	362,750,188
Money market funds	58,355,513
Mutual funds	<u>328,636,655</u>
	<u>\$ 1,438,726,661</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

As of September 30, 2011, GGRF's investments in debt securities were as follows:

	<u>Investment Maturities (In Years)</u>				
	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	<u>Fair Value</u>
U.S. Treasury notes	\$ -	\$ 1,171,261	\$ 852,263	\$ 170,124	\$ 2,193,648
U.S. government agencies	32,914,859	4,047,453	25,953,250	96,237,151	159,152,713
Corporate notes and bonds	<u>6,498,863</u>	<u>33,183,695</u>	<u>92,968,840</u>	<u>68,752,429</u>	<u>201,403,827</u>
	<u>\$ 39,413,722</u>	<u>\$ 38,402,409</u>	<u>\$ 119,774,353</u>	<u>\$ 165,159,704</u>	<u>\$ 362,750,188</u>

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

GGRF has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. At September 30, 2011, GGRF held mortgage-backed securities valued at approximately \$79,000,000.

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.

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, 2011:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating as of Year End</u>
U.S. Treasury notes	N/A	\$ 59,980,635	Exempt from disclosure
Federal agency securities	N/A	108,806,877	Exempt from disclosure
Money market funds	A-2	58,355,513	AAAm
Corporate medium term notes	BBB	31,957,023	Aaa
and U.S. municipal obligations		34,303,527	Aa1-Aa3
		79,597,719	A1-A3
		27,908,114	Baa1-Baa3
		<u>20,196,293</u>	Not rated
		<u>\$ 421,105,701</u>	

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (2) Deposits and Investments, Continued

### B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2011, 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, 2011, GGRF held approximately \$5,827,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$2,096,000 was issued by Canadian companies, \$989,000 by British companies, and \$2,742,000 by Dutch companies.

At September 30, 2011, 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, 2011 was approximately \$72,000,000. Of this total, approximately \$28,000,000 relates to companies whose functional currency is the Euro, \$12,000,000 relates to companies whose functional currency is the Japanese yen, \$6,000,000 relates to companies whose functional currency is the Swiss Franc, \$11,000,000 relates to companies whose functional currency is the British pound, and the remaining \$15,000,000 relates to companies representing nine separate functional currencies.

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

The Guam Code Annotated and GGRF's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits and investments. The Guam Code Annotated requires that a financial institution secure deposits made by GovGuam agencies by pledging securities in: "(a) Treasury notes or bonds of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and 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.

# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (3) Receivables

Receivables as of September 30, 2011, 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	\$ 30,642,644	\$ -	\$ -	\$ -	\$ 5,888,124	\$ -	\$ 36,530,768
Federal grants	30,990,716	38,827,292	8,911,189	-	-	-	78,729,197
Contributions	-	-	-	-	-	17,240,766	17,240,766
Notes	-	-	-	-	-	3,561,549	3,561,549
Interest	-	-	-	-	-	2,622,664	2,622,664
COLA benefits	-	-	-	-	-	61,841,261	61,841,261
Other	<u>7,482,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,315,346</u>	<u>22,753,542</u>	<u>49,551,781</u>
	69,116,253	38,827,292	8,911,189	-	25,203,470	108,019,782	250,077,986
Allowance for uncollectible accounts	<u>(6,164,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,687,410)</u>	<u>-</u>	<u>(19,852,285)</u>
Net receivables	<u>\$ 62,951,378</u>	<u>\$ 38,827,292</u>	<u>\$ 8,911,189</u>	<u>\$ -</u>	<u>\$ 11,516,060</u>	<u>\$ 108,019,782</u>	<u>\$ 230,225,701</u>

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies for various pay periods during the fiscal years ended September 30, 1988 through 2006. As of September 30, 2011, employer contributions receivable totaled \$12,584,067; member contributions receivable totaled \$4,656,699; and interest and penalties receivable totaled \$2,622,664. A significant portion of the employer and member contributions receivable represent Defined Benefit Plan contributions from the Guam Department of Education (GDOE), formerly the Guam Public School System, a line agency of the primary government, and the Guam Memorial Hospital Authority (GMHA). As of September 30, 2011, receivables from GDOE and GMHA totaled \$7,540,314 and \$8,595,752, respectively.

Interest and penalties continue to accrue on these receivables based on the provisions set forth in Section 8137(c) of 4 GCA 8, *Retirement of Public Employees*, which states that GGRF will impose interest at a rate equivalent to the average rate of return on its investments from the previous fiscal year and a 1% penalty for delinquent payments.

Public Law 28-38, as amended by Public Law 29-19, requires GovGuam's General Fund to remit interest only payments monthly to GGRF for the aforementioned receivables from GDOE and GMHA. The law indicates that monthly payments, totaling \$192,955 and \$190,501, respectively, for GDOE and GMHA, will continue until the outstanding balances for these agencies are fully paid from a general obligation bond or other means. However, if the obligations are not paid within ten years, payments for GDOE and GMHA will resume per 4 GCA Section 8137.

The provisions of Public Law 28-38 were further amended by 1) Public Law 30-196 in September 2010, and 2) Public Law 31-74 in June 2011. In accordance with P.L. 30-196, the interest-only payments for GDOE and GMHA retirement liabilities to GGRF shall be equal to the outstanding liability multiplied by one twelfth of the most recent historical five (5) year average annual rate of return of the Defined Benefit (DB) Plan investment portfolio, inclusive of performance which yielded negative returns.

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (3) Receivables, Continued

Public Law 31-74 passed in June 2011, further amended Public Law 28-38 to increase the monthly remittance of interest-only payments to GGRF to include interest payments on:

1. The delinquent DB Plan employer contributions owed to GGRF by GMHA for various pay periods in fiscal year 2011.
2. The contributions owed to GGRF as a result of the temporary reduction in the statutory employer contribution rate from 27.46% to 21.44%, for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally-funded programs, between June 4, 2011 and September 30, 2011. In accordance with Public Law 31-74, the GGRF Board and the Governor of Guam entered into the "Health Insurance Bailout Agreement of FY 2011" reducing the contribution rate accordingly.

During the fiscal year ended September 30, 2011, GGRF received payments totaling \$370,744 and \$481,725 for GDOE and GMHA, respectively.

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, 2011, the amount owed under these notes was \$3,561,549. 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, 2011 was 1.2016% of covered payroll. As of September 30, 2011, the receivable recorded by GGRF amounted to \$61,841,261.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2011, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grants Assistance	\$ 24,672,604
General	Landfill CIP	9,899,178
GDOE Federal Grants	General	1,219,416
Nonmajor governmental funds	General	16,842,218
General	Nonmajor governmental funds	<u>9,764,317</u>
		<u>\$ 62,397,733</u>

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

Balances reflected as due to component units of the primary government at September 30, 2011, are summarized as follows:

General Fund:		
Guam Power Authority		\$ 4,085,708
University of Guam		6,978,400
Guam Community College		6,074,964
Guam Visitors Bureau		<u>1,108,471</u>
		<u>18,247,543</u>
Nonmajor governmental funds:		
University of Guam		181,544
Guam Visitors Bureau		1,074,478
Guam Preservation Trust		<u>148,934</u>
		<u>1,404,956</u>
		<u>\$ 19,652,499</u>

Balances reflected as due from component units of the primary government in the statement of net assets/balance sheet at September 30, 2011, are summarized as follows:

Nonmajor governmental funds:		
Antonio B. Won Pat International Airport Authority		\$ <u>2,153,590</u>

## GOVERNMENT OF GUAM

### Notes to Financial Statements September 30, 2011

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2011, are as follows:

	Estimated Useful Lives	Balance October 1, 2010	Additions	Transfers	Retirements	Balance September 30, 2011
Governmental activities:						
Nondepreciable capital assets:						
Land		\$ 11,454,623	\$ -	\$ -	\$ -	\$ 11,454,623
Construction in progress		<u>54,299,542</u>	<u>29,617,439</u>	<u>(73,526,165)</u>	<u>(1,430,000)</u>	<u>8,960,816</u>
		<u>65,754,165</u>	<u>29,617,439</u>	<u>(73,526,165)</u>	<u>(1,430,000)</u>	<u>20,415,439</u>
Depreciable capital assets:						
Landfill cells	Capacity	-	-	65,741,886	-	65,741,886
Buildings	40 - 60 yrs	403,208,721	66,945,343	6,688,878	(900,000)	475,942,942
Machinery, equipment and furniture	5 - 20 yrs	64,574,439	5,044,069	213,226	-	69,831,734
Infrastructure	25 yrs	<u>604,988,041</u>	<u>42,792,329</u>	<u>882,175</u>	<u>-</u>	<u>648,662,545</u>
		<u>1,072,771,201</u>	<u>114,781,741</u>	<u>73,526,165</u>	<u>(900,000)</u>	<u>1,260,179,107</u>
Less accumulated depreciation:						
Buildings		(129,208,559)	(10,842,870)	-	900,000	(139,151,429)
Landfill cells		-	-	-	-	-
Machinery, equipment and furniture		(50,255,853)	(3,606,699)	-	-	(53,862,552)
Infrastructure		<u>(203,865,498)</u>	<u>(24,133,403)</u>	<u>-</u>	<u>-</u>	<u>(227,998,901)</u>
		<u>(383,329,910)</u>	<u>(38,582,972)</u>	<u>-</u>	<u>900,000</u>	<u>(421,012,882)</u>
Depreciable capital assets, net		<u>689,441,291</u>	<u>76,198,769</u>	<u>73,526,165</u>	<u>-</u>	<u>839,166,225</u>
		<u>\$ 755,195,456</u>	<u>\$ 105,816,208</u>	<u>\$ -</u>	<u>\$ (1,430,000)</u>	<u>\$ 859,581,664</u>

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

General government	\$ 2,720,418
Protection of life and property	697,574
Public health	226,904
Community services	7,446
Recreation	77,314
Individual and collective rights	742,077
Transportation	18,711,171
Public education	9,350,813
Environmental protection	419,964
Economic development	<u>5,629,291</u>
	<u>\$ 38,582,972</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (6) Long-Term Obligations

As of September 30, 2011, the primary government had the following long-term debt outstanding:

### General Obligation Bonds:

General Obligation Bonds, 1993 Series A (original issue of \$175,000,000, dated September 15, 1993), varying interest rates at 5.375% - 5.4% per annum, payable semiannually on May 5 and November 5, partially refunded in 2008 with principal fund payments due in varying annual installments commencing with an initial payment of \$2,910,000 on November 5, 2009 and increasing to a final payment of \$4,670,000 on November 5, 2018. The bonds were issued for the purpose of implementing certain capital projects comprised principally of new or renovated educational facilities and related equipment and are backed solely by a pledge of full faith and credit of GovGuam.

\$ 31,300,000

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 advance 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 and are backed solely by a pledge of full faith and credit of GovGuam.

151,935,000

Less net unamortized discount on refunded bonds

(4,887,346)

147,047,654

General Obligation Bonds, 2009 Series A (original issue of \$271,070,000, dated June 18, 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 and are backed solely by a pledge of full faith and credit of GovGuam.

267,850,000

Less net unamortized discount on bonds

(8,980,991)

258,869,009



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (6) Long-Term Obligations, Continued

### Limited Obligation Bonds:

Limited Obligation Highway Refunding Bonds, 2001 Series A (original issue of \$51,705,000, dated April 1, 2001), varying interest rates at 4.375% - 5.25% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with a payment of \$3,830,000 on May 1, 2002 and increasing to a final payment of \$5,765,000 on May 1, 2012. The bonds were issued for the purpose of refunding 1992 Highway Bonds and paying expenses incurred in relation to the issuance of the 2001 Section 30 Bonds, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of liquid fuel taxes, vehicle registration and licensing fees revenues.

5,765,000

Limited Obligation (Section 30) Bonds, 2001 Series A (original issue of \$76,895,000, dated December 1, 2001), varying interest rates at 4.25% - 5.5% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$6,220,000 on December 1, 2002 and increasing to a final payment of \$9,565,000 on December 1, 2011. The bonds were issued for the purpose of refunding 1989 Water System Revenue Bonds, prepaying two bank loans, funding capital improvements to the water system, funding capitalized interest, and purchasing a surety bond for the debt service reserve account, 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.

9,565,000

Limited Obligation (Section 30) Bonds, 2009 Series A (original issue of \$202,425,000, dated June 18, 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.

202,425,000

Less net unamortized discount on bonds (5,191,564)

197,233,436

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (6) Long-Term Obligations, Continued

### Limited Obligation Bonds, Continued:

Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of \$90,665,000, dated April 28, 2011), varying interest rates at 1% - 6.625% 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.

90,665,000

Less net unamortized discount on bonds

(2,117,169)

88,547,831

### Loans Payable:

Note payable to a local bank in the amount of \$10,000,000, dated September 20, 2002, interest rate is based on the bank's index rate and varies from 4.75% - 8% per annum, principal and interest payable commencing October 1, 2003 in annual installments of \$1,281,818, fully due October 1, 2012. This loan was used to fund public assistance programs and for the payment of the GovGuam Department of Education's monthly allotment backlog. The note is collateralized by a subordinate pledge and assignment of Section 30 federal income tax collections.

2,823,256

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 a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.

9,847,089

Note payable to a local bank in the amount of \$13,800,000, dated July 17, 2008, interest at 7% per annum, payable monthly commencing August 1, 2008, with principal and interest payable commencing November 1, 2008 in monthly installments of \$350,184, fully due on July 1, 2012. This loan was used to retire certain delinquent utility billings owed to the Guam Power Authority. The note is collateralized by a subordinate pledge and assignment of Section 30 federal income tax collections.

3,363,219

\$ 754,361,494

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(6) Long-Term Obligations, Continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 28,521,897	\$ 45,417,114	\$ 73,939,011
2013	15,369,045	44,144,815	59,513,860
2014	14,407,972	43,378,007	57,785,979
2015	15,155,149	42,618,297	57,773,446
2016	15,947,637	41,803,456	57,751,093
2017 – 2021	99,141,864	193,682,243	292,824,107
2022 – 2026	119,575,000	162,392,494	281,967,494
2027 – 2031	154,270,000	122,626,355	276,896,355
2032 – 2036	191,275,000	68,945,097	260,220,097
2037 – 2041	<u>121,875,000</u>	<u>16,216,269</u>	<u>138,091,269</u>
	<u>\$ 775,538,564</u>	<u>\$ 781,224,147</u>	<u>\$ 1,556,762,711</u>

On November 1, 2007, GovGuam issued \$151,935,000 in General Obligation Bonds, 2007 Series A, with varying interest rates of 5% - 5.25% to advance refund \$73,695,000 of outstanding 1993 Series A bonds. Of the net proceeds of \$146,295,794 (after payment of \$2,020,476 in underwriting fees, insurance, and other issuance costs), \$73,664,587 were placed in escrow, of which \$66,819,577 were 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 advance refunding was undertaken to extend the maturity date of outstanding debt and to provide additional proceeds to fund certain capital improvement projects, Cost of Living Allowance payments, tax refund payments, and other court mandated payments and resulted in an economic loss of \$2,564,997.

As of September 30, 2011, \$80,299,867 has been accumulated within the General Fund and other governmental funds in the form of restricted time certificates of deposit and investments to service the General Obligation and Limited Obligation Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (6) Long-Term Obligations, Continued

General Obligation Bonds - 1993 Series A, 2007 Series A, and 2009 Series A:

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

Public Law 22-19 has authorized the creation of the Territorial Education Facilities Fund that requires that all real property tax revenues received shall be deposited into this fund. While such deposits are not pledged, these shall be used to pay the principal and interest on bonds issued for Capital Improvement Projects provided for under the General Obligation Bonds 1993 Series A indenture.

Limited Obligation Highway Refunding Bonds, 2001 Series A:

The 2001 Series A bonds are limited obligations of GovGuam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of vehicle registration fees, license fees and certain penalties, and from taxes on the sale of gasoline, aviation and diesel fuels. GovGuam has pledged to maintain these revenues at a level sufficient to equal annual budgeted highway maintenance and operating expenses plus 1.2 times the aggregate debt service becoming due within the next fiscal year.

In accordance with the bond indenture, the depository has created a trust account to be known as the "Construction Fund". Amounts deposited therein are to be used to (1) implement highway capital improvement projects based on Public Law 21-110 signed by the Governor on June 1, 1992, (2) pay the costs of bond issuance, and (3) pay the principal and interest on the bonds should other sources be insufficient. The "Construction Fund" account is accounted for within the Limited Obligation Highway Improvement Bonds Capital Projects Fund.

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund". In addition, all interest and other profit derived from investments, except those in the "Construction Fund," are to be transferred monthly to the "Revenue Fund". Transactions of the "Revenue Fund" account are accounted for in the Territorial Highway Fund. On the fifth day of each month following the month the revenues are deposited, the depository/trustee is to deposit into the following funds the specified amounts in the following order of priority:

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (6) Long-Term Obligations, Continued

Limited Obligation Highway Refunding Bonds, 2001 Series A, Continued:

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all then outstanding bonds, plus (2) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such May 1, plus (3) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of the mandatory sinking fund payments required to be paid for outstanding term bonds on such May 1. Amounts in the Bond Fund are to be used to pay bond interest and the principal of the serial and term bonds. Funds in this account are accounted for within the Limited Obligation Highway Improvement Bonds Debt Service Fund.
- Maintenance and Operation Fund - the amount of maintenance and operation expenses budgeted by GovGuam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying GovGuam highway maintenance and operation costs. This account is a component of the Territorial Highway Fund.
- Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1.5% of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay GovGuam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Territorial Highway Fund.
- Bond Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the Limited Obligation Highway Improvement Bonds Debt Service Fund.
- Surplus Fund - the amount remaining in the revenue fund after all of the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Transactions to and from the Surplus Fund are accounted for in the Territorial Highway Fund.

Limited Obligation (Section 30) Bonds, 2001 Series A:

The 2001 Series A bonds are limited obligations of GovGuam 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.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2001 Series A, Continued:

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 bond indenture, the depository has created the following trust accounts to be known as the "Bond Expense Fund", "Bond Fund" and "Reserve Fund". Amounts deposited therein are to be used to (1) implement water systems and wastewater systems capital improvement projects based on Public Law 26-58 signed by the Governor on November 20, 2001, (2) pay the costs of bond issuance, and (3) pay the principal and interest on the bonds should other sources be insufficient. The "Bond Expense Fund", "Bond Fund" and "Reserve Fund" accounts are accounted for within the General Fund.

All pledged revenues are to be deposited into a special account entitled the "Section 30 Revenue Fund". Upon receipt of the annual payment of Section 30 revenues from the United States of America (customarily expected to be on or about October 1 of each year), and on the business day preceding each interest payment date, the depository/trustee shall transfer from the "Section 30 Revenues Fund" for deposit into the following funds the specified amounts in the following order of priority:

- Bond Fund - an amount necessary 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 maturity term bonds as provided in the indenture. Funds in this account are accounted for within the General Fund.
- Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the General Fund.
- Construction Fund - an amount of the proceeds are to be used to pay GovGuam water system and wastewater system capital projects. Funds in this account are accounted for within the General Fund.
- Bond Expense Fund - an amount, if any, needed to pay fees and expenditures for (1) water system and wastewater system capital projects, (2) any bond insurance policy. Funds in this account are accounted for within the General Fund.

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2001 Series A, Continued:

- Surplus Fund - this is the balance that remains in the "Section 30 Revenue Fund" after all of the foregoing deposits. Amounts in the "Section 30 Revenue Fund" are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Funds in this account are accounted for within the General Fund.

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

The 2009 Series A bonds are limited obligations of GovGuam payable entirely from a pledge of Section 30 revenues and to be secured by a first lien upon final maturity of the 2001 Series A Bonds. In accordance with a subordination agreement, dated June 18, 2009, between GovGuam and a local bank, the local bank agreed to subordinate the pledges of Section 30 revenues securing the \$10,000,000 and \$13,800,000 notes payable to a pledge of Section 30 revenues to be provided as security solely for the 2009 Series A bonds until these notes payable are both fully and completely repaid and discharged.

In accordance with the bond indenture, the depository has created the following trust accounts to be known as the "Bond Expense Fund", "Bond Fund" and "Reserve Fund". Amounts deposited therein are to be used to (1) pay costs associated with acquiring, constructing, improving and equipping a new municipal solid waste disposal facility in the Layon area near the Village of Inarajan (the "New Landfill") and with acquiring and constructing the closure of the Ordot Dump, (2) prepay a \$20.1 million loan incurred on January 2, 2009 to fund certain costs of the New Landfill; (3) make a deposit to the Bond Reserve Fund; (4) capitalize a portion of the interest on the 2009 Series A Bonds to and including June 1, 2012; and (5) pay the cost of bond issuance. The "Bond Expense Fund", "Bond Fund" and "Reserve Fund" accounts are accounted for within the General Fund.

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

The 2011 Series A bonds are limited obligations of GovGuam payable entirely from a pledge of hotel occupancy tax revenues and to be secured by a first lien upon final maturity of the 2011 Series A Bonds.

In accordance with the bond indenture, the depository has created the following trust accounts to be known as the "Construction Account". Amounts in the Construction Account shall be used and withdrawn solely for the payment of Infrastructure Improvement Project Costs of such Infrastructure Improvement Projects, including by (1) direct payment, or (2) payment of any debt obligations issued by GovGuam to finance Infrastructure Improvement Project Costs, or (3) repayment of any advances made from any source for such Infrastructure Improvement Project Costs. The depository shall disburse moneys in the Construction Account for the purposes of the preceding sentence only upon Requisition of GovGuam stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper and lawful charge against said fund. Upon receipt of a Certificate of GovGuam that amounts in said fund are no longer required for the purpose of said fund, said amounts shall be transferred to the Revenue Fund. The Construction Account is accounted for within the Capital Projects Fund.

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (6) Long-Term Obligations, Continued

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

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund." In addition, all interest and other profit derived from investments, except those in the "Construction Account," are to be transferred monthly to the "Revenue Fund." Transactions of the "Revenue Fund" account are accounted for in the Tourist Attraction Fund. On the fifth day of each month following the month the revenues are deposited, the depository is to deposit into the following funds (all accounted for within the Debt Service Fund) the specified amounts in the following order of priority:

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the then current calendar month upon all bonds then outstanding, plus (2) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal payment date, would aggregate to the amount of the principal becoming due and payable on the outstanding serial bonds on such principal payment date, plus (3) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal payment date, would aggregate to the amount of mandatory sinking fund account payments required to be paid for the outstanding term bonds on such principal payment date.
- Bond Reserve Fund - an amount, if any, needed to equal the least of (1) the maximum annual debt service, (2) 10% of the proceeds received from the sale of the bonds or (3) 125% of average annual debt service on the bonds or an amount as may be specified by supplemental indentures providing for the issuance of a series of bonds. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.
- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 2011 Series A Bonds.
- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2011.



# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (7) Changes in Long-Term Liabilities

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2011, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net assets:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 457,375,000	\$ -	\$ (6,290,000)	\$ 451,085,000	\$ 6,640,000
Limited obligation bonds	<u>263,680,000</u>	<u>90,665,000</u>	<u>(45,925,000)</u>	<u>308,420,000</u>	<u>17,000,000</u>
	721,055,000	90,665,000	(52,215,000)	759,505,000	23,640,000
Unamortized premium on bonds issued	503,539	-	(503,539)	-	-
Unamortized discount on bonds issued	(14,719,025)	(2,117,169)	546,470	(16,289,724)	-
Unamortized discount on refunding	<u>(5,075,321)</u>	<u>-</u>	<u>187,975</u>	<u>(4,887,346)</u>	<u>-</u>
	701,764,193	88,547,831	(51,984,094)	738,327,930	23,640,000
Loans payable	<u>21,307,981</u>	<u>-</u>	<u>(5,274,417)</u>	<u>16,033,564</u>	<u>4,881,897</u>
	<u>723,072,174</u>	<u>88,547,831</u>	<u>(57,258,511)</u>	<u>754,361,494</u>	<u>28,521,897</u>
Other liabilities:					
Compensated absences	24,734,684	6,068,287	(8,094,553)	22,708,418	10,774,648
Capital lease obligations	62,470,000	65,735,000	(3,060,000)	125,145,000	3,990,000
DCRS sick leave liability	17,764,882	1,818,045	(414,405)	19,168,522	-
Due to component units	6,447,691	15,566,791	(2,361,983)	19,652,499	17,828,433
Due to IRS	11,674,000	17,432,500	(6,009,500)	23,097,000	-
Landfill closure	<u>46,053,500</u>	<u>-</u>	<u>(1,042,304)</u>	<u>45,011,196</u>	<u>-</u>
	<u>169,144,757</u>	<u>106,620,623</u>	<u>(20,982,745)</u>	<u>254,782,635</u>	<u>32,593,081</u>
	<u>\$ 892,216,931</u>	<u>\$ 195,168,454</u>	<u>\$ (78,241,256)</u>	<u>\$ 1,009,144,129</u>	<u>\$ 61,114,978</u>

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 the agreement between GovGuam and the IRS, this amount is due and payable by January 1, 2013. A summary of the application of MWPC is as follows:

Due to IRS at October 1, 2010	\$ 11,674,000
MWPC payments received by GovGuam through September 30, 2011:	
Tax Year 2009	\$ 200,000
Tax Year 2010	<u>17,232,500</u>
	17,432,500
Application of MWPC made by GovGuam through September 30, 2011:	
Included in the provision for tax refunds	1,324,500
Included as income tax revenues for tax credits	<u>(7,334,000)</u>
	<u>(6,009,500)</u>
	<u>\$ 23,097,000</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(8) Provision for Tax Refunds

As of September 30, 2011, GovGuam recorded a provision for unpaid tax refunds in the amount of \$326,034,953, which includes \$16,857,000 relating to interest payable to taxpayers for unpaid prior year tax refunds. The liability associated with the Earned Income Tax Credits (EITC) was paid in full during the year ended September 30, 2011.

In June 2004, GovGuam agreed to pay \$60,000,000 over nine years in settlement of unpaid EITC refunds from 1996. The settlement plan allowed for non-interest bearing tax credit refunds amounting to \$20,000,000 over the next year, of which \$3,000,000 shall be paid into the EITC Fund within thirty days from the approval of the settlement agreement, and approximately \$1,500,000 per month for eleven months following the first installment. The remaining balance is to be paid at approximately \$5,000,000 over the next eight years, beginning June 30, 2007. During the year ended September 30, 2006, GovGuam reached a new settlement agreement replacing the June 2004 agreement whereby GovGuam agreed to pay up to \$90,000,000. According to the agreement, GovGuam will be required, subject to final determination by the U.S. District Court, to set aside up to \$15,000,000 each into the following six categories:

- Tax years 1995, 1996, 1999, 2000
- Tax year 1998
- Tax year 2001
- Tax year 2002
- Tax year 2003
- Tax year 2004

On April 10, 2008, the U.S. District Court approved the settlement agreement reducing the EITC tax liability from \$90,000,000 to \$72,845,303.

During the year ended September 30, 2011, the following changes occurred in the provision for tax refund liability relating to EITC refunds:

EITC liability at October 1, 2010	\$ 3,256,657
Payments made during the year	<u>(3,256,657)</u>
EITC liability at September 30, 2011	\$ <u>          -</u>

(9) 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.

# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (9) Cost of Living Adjustment (COLA) Liability, Continued

During the year ended September 30, 2011, the following changes occurred in the COLA liability:

COLA liability at October 1, 2010	\$ 23,100,732
Assessment of interest	1,375,146
Payments made during the year	<u>(3,455,786)</u>
 COLA liability at September 30, 2011	 <u>\$ 21,020,092</u>

As of September 30, 2011, the COLA liability of \$21,020,092 is comprised of \$17,209,504 in outstanding awards payable and \$3,810,588 in accrued interest payable. Total payments made of \$3,455,786 during the year ended September 30, 2011, is comprised of \$3,157,434 in awards and \$298,352 in interest.

### (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	GDOE Federal Grants	Landfill CIP	Other Funds	Total
Non-spendable:						
Pacific Islands Development Bank	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Prepayment of textbooks	1,474,134	-	-	-	-	1,474,134
Inventories	341,726	-	-	-	-	341,726
Restricted for:						
Guam Department of Education	60,090,993	-	-	-	-	60,090,993
DMHSA Court-appointed receiver	7,541,315	-	-	-	-	7,541,315
Debt service reserve	69,473,201	-	-	27,554,659	19,396,876	116,424,736
Landfill capital projects	-	-	-	69,780,382	-	69,780,382
Tourism related capital projects	-	-	-	-	56,705,273	56,705,273
Highway related capital projects	-	-	-	-	2,371,803	2,371,803
Tobacco MSA projects	-	-	-	-	11,159,167	11,159,167
Other capital projects	-	-	-	-	1,336,345	1,336,345
Other purposes	-	50,660	-	-	-	50,660
Committed to:						
Department of Public Works	-	-	-	-	12,000,375	12,000,375
Guam Visitors Bureau	-	-	-	-	2,791,657	2,791,657
Unified Courts of Guam	9,796,169	-	-	-	676,348	10,472,517
Department of Education	4,009,546	-	-	-	-	4,009,546
Department of Administration	3,950,833	-	-	-	-	3,950,833
Guam Memorial Hospital Authority	11,203,531	-	-	-	-	11,203,531
Federal grants local match	4,620,472	-	-	-	-	4,620,472
Guam Legislature	1,650,527	-	-	-	-	1,650,527
Other purposes	13,367,964	-	-	-	10,733,024	24,100,988
Assigned to:						
Other purposes	592,629	-	-	-	2,551,373	3,144,002
Unassigned	<u>(492,245,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(246,055)</u>	<u>(492,491,356)</u>
	<u><u>\$(303,132,261)</u></u>	<u><u>\$ 50,660</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 97,335,041</u></u>	<u><u>\$ 119,476,186</u></u>	<u><u>\$ (86,270,374)</u></u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(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, 2011, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Assistance Fund	\$ 24,915,172	\$ -
GDOE Federal Grants Fund	-	80,235,043
Nonmajor governmental funds	<u>6,160,544</u>	<u>28,604,204</u>
	<u>31,075,716</u>	<u>108,839,247</u>
Federal Grants Assistance Fund:		
General Fund	-	24,915,172
GDOE Federal Grants Fund	7,100,000	-
Nonmajor governmental funds	<u>-</u>	<u>109,358</u>
	<u>7,100,000</u>	<u>25,024,530</u>
GDOE Federal Grants Fund:		
General Fund	80,235,043	-
Federal Grants Assistance Fund	<u>-</u>	<u>7,100,000</u>
	<u>80,235,043</u>	<u>7,100,000</u>
Landfill CIP Fund:		
Nonmajor governmental funds	<u>-</u>	<u>175,410</u>
Nonmajor Governmental Funds:		
General Fund	28,604,204	6,160,544
Federal Grants Assistance Fund	109,358	-
Landfill CIP Fund	175,410	-
Nonmajor governmental funds	21,976,997	21,976,997
Fiduciary funds	<u>473,787</u>	<u>-</u>
	<u>51,339,756</u>	<u>28,137,541</u>
Fiduciary Funds:		
Nonmajor governmental funds	<u>-</u>	<u>473,787</u>
	<u>\$ 169,750,515</u>	<u>\$ 169,750,515</u>

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (11) Interfund/Intrafund Transactions, Continued

During the year ended September 30, 2011, GovGuam made a one-time transfer in the amount of \$80,235,043 from the GDOE Federal Grants Fund to the General Fund to subsidize, in part, salaries and wages of the Guam Department of Education and, at the same time, allow for the use of ARRA State Fiscal Stabilization Funds provided by the U.S. Department of Education prior to September 30, 2012.

## (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](http://www.ggrf.com).

#### Funding Policy:

As a result of actuarial valuations performed as of September 30, 2009, 2008, and 2007, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2011, 2010 and 2009, respectively, have been determined by the Guam Legislature as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal costs (% of DB Plan payroll)	17.00%	18.34%	17.36%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>7.50%</u>	<u>8.84%</u>	<u>7.86%</u>
Employer portion of normal costs (% of total payroll)	3.03%	3.73%	3.70%
Unfunded liability cost (% of total payroll)	<u>21.75%</u>	<u>22.69%</u>	<u>19.68%</u>
Government contribution as a % of total payroll	<u>24.78%</u>	<u>26.42%</u>	<u>23.38%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>27.46%</u>	<u>26.04%</u>	<u>25.20%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (12) Retirement Plans, Continued

#### Defined Benefit Plan, Continued

During the year ended September 30, 2011, the Guam Legislature enacted Public Law 31-74 temporarily reducing the statutory contributions rate from 27.46% to 21.44% for the period June 4, 2011 through September 30, 2011, which resulted in a savings of \$6,163,348. Public Law 31-74 required this savings to be deferred and paid to GGRF upon the issuance of a GovGuam general obligation bond. Accordingly, this liability has been recorded by GovGuam at September 30, 2011. GovGuam's contributions to the DB Plan for the years ending September 30, 2011, 2010 and 2009 were \$30,290,344, \$39,564,433 and \$43,401,895, respectively, equal to the statutorily required contributions for each year.

#### 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 into the DCRS plan for the year ended September 30, 2011 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 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, 2011, 2010 and 2009 were \$48,480,208, \$38,632,203 and \$25,791,438, 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, 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, 2011, 2010 and 2009, GovGuam's contributions to this Plan amounted to \$27,299,574, \$19,145,143 and \$20,398,115, respectively, equal to the statutorily required contributions for each year.

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (13) Commitments and Contingencies

### A. Ordot Dump

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. 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.

The Ordot Dump was finally closed on August 31, 2011 and the Layon landfill opened on September 1, 2011. Although closure and post closure care costs will be paid only near or after the date that Ordot Dump stopped accepting waste, GovGuam's governmental activities reported a portion of these closure and post closure care costs as an expense in each period based on landfill capacity used as of each balance sheet date. The \$45,011,196 reported as landfill closure and post closure care liability at September 30, 2011 within the accompanying financial statements, represents the cumulative amount reported based on 100 percent capacity for Ordot Dump. This amount is based on what it would cost to perform all closure and post closure care in 2011. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The Layon landfill consists of two cells and has an estimated life of 50 years. GovGuam also reports a portion of closure and postclosure care costs associated with the Layon landfill as an expense in each period based on landfill capacity. As the new landfill opened on September 1, 2011, no associated costs have been recognized in the accompanying financial statements as such are not considered material.

### B. 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 and Department of Integrated Services for Individuals with Disabilities to provide treatment and develop programs to mentally ill patients residing on Guam. 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(13) Commitments and Contingencies, Continued

B. Permanent Injunction, Continued

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. As of September 30, 2011, GovGuam has deposited prerequisite payments with the Court in the amount of \$7,500,000. On October 7, 2011, the Court issued a Court Order deferring the remainder of the required deposits with the Court as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 7,200,000
2013	1,000,000
2014	<u>250,000</u>
	\$ <u>8,450,000</u>

C. 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 2011 and prior year audits aggregated to a material amount. 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.

D. 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, 2011, no commitment has been entered into with respect to the construction of this facility.



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (13) Commitments and Contingencies, Continued

### E. 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, 2011, no commitment has been entered into with respect to the purchase of this equipment.

### 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, 2011, no commitment has been entered into with respect to the construction of these facilities.

### G. Ukudo High School Expansion

On June 3, 2011, the Guam Legislature enacted Public Law 31-74 authorizing the expansion of Ukudo High School in the amount of \$21,818,000. The financing of this facility is to be funded by entering into Qualified School Construction Bonds as authorized under Section 1521 of the American Recovery and Reinvestment Act of 2009 and the issuance of tax exempt bonds of lease certificates. As of September 30, 2011, no commitment has been entered into with respect to the construction of this facility.

### H. 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%. Title to the Leased Schools and Facilities will transfer to GovGuam upon the payment of all required rents.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(13) Commitments and Contingencies, Continued

H. Municipal School Lease Agreements, Continued

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 88,529,866
Less accumulated depreciation	<u>(7,513,782)</u>
	<u>\$ 81,016,084</u>

These buildings are summarized as follows:

Liguan Elementary School	\$ 13,082,080
Adacao Elementary School	14,482,938
Astumbo Middle School	18,383,500
Ukudo High School	<u>42,581,348</u>
	<u>\$ 88,529,866</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 6,185,000
2013	6,186,667
2014	6,184,167
2015	6,190,000
2016	6,191,667
2017 - 2021	27,792,500
2022 - 2026	<u>25,706,667</u>
Total minimum lease payments	84,436,667
Less amount representing interest	<u>(25,026,667)</u>
Present value of net minimum lease payments	59,410,000
Less current portion	<u>3,210,000</u>
Noncurrent portion	<u>\$ 56,200,000</u>

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.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (13) Commitments and Contingencies, Continued

### H. Municipal School Lease Agreements, Continued

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.

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	\$ 65,735,000
Less accumulated depreciation	<u>(1,314,700)</u>
	\$ <u>64,420,300</u>

The future minimum lease payments as of September 30, 2011, were as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 6,698,663
2013	6,699,938
2014	6,699,012
2015	6,695,612
2016	6,695,850
2017 - 2021	33,489,300
2022 - 2026	33,484,803
2027 - 2031	33,482,356
2032 - 2036	33,480,156
2037 - 2041	<u>33,483,266</u>
Total minimum lease payments	200,908,956
Less amount representing interest and rent	<u>(135,173,956)</u>
Present value of net minimum lease payments	65,735,000
Less current portion	<u>780,000</u>
Noncurrent portion	\$ <u>64,955,000</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (13) Commitments and Contingencies, Continued

### I. 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, 2011. The estimated accumulated amount of unused sick leave at September 30, 2011, is \$88,502,043, of which an estimated \$19,168,522 has been accrued and may be convertible by members of the DCRS to pay upon retirement.

### J. 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, 2011. 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 13K below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

### K. 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, 2011, claims in the amount of \$97,000 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.

### L. 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, 2011, \$15,487,595 was held by GovGuam in bonds as security against possible claims.

### M. 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.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (13) Commitments and Contingencies, Continued

### N. Other Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2011. On September 30, 2005, the Guam Legislature appropriated \$24,042,000 in accordance with Public Law 28-68 for the purpose of funding various island wide capital improvement road projects. As of September 30, 2011, continuing appropriations associated with this appropriation amount to \$1,584,508.

### O. General Fund Financial Position

GovGuam's General Fund has previously sustained recurring operating deficits and has an unassigned fund deficit of \$492,245,301 at September 30, 2011. There is a 2% cap on appropriations already mandated in 5GCA, §22436 and was in effect beginning in FY 2010. However, in FY2012, a 15% appropriation/allotment reserve was imposed on Executive Agencies. This was a policy decision to limit the growth in expenditures.

The Governor, by Executive Order 2011-10 (further amended by Executive Order 2011-11) established the Fiscal Responsibility and Tax Refund Commission (FRTRC). The Commission was directed, in Section 5 of Guam Public Law 31-76, to perform the following: to provide to the Legislature findings and recommendations regarding policy initiatives and fiscal strategies for reducing the overall deficit, debt and liabilities of the government of Guam and to improve the government's fiscal situation and ability to achieve long-term and effective fiscal sustainability in the government's operating budget. In compliance with this mandate, the Governor's Fiscal Policy Team submitted to the FRTRC the Deficit Reduction and Fiscal Reform Plan which was endorsed by the Commission and submitted to the Legislature on May 8, 2012.

The administration has submitted a budget for FY13 which incorporates the 98% cap on appropriations as mandated by 5GCA, §22436. In Fiscal Year 2012 and in accordance with Public Laws 31-76 and 31-196, GovGuam issued two series of Bonds. Guam Business Privilege Tax Bonds Series 2011A in the amount of \$235 million and Series 2012B in the amount of \$108 million. The primary use of proceeds was to pay outstanding tax refunds, COLA liability and retirement fund delinquent contributions with a correspondingly direct impact of reducing the deficit. The administration is finalizing a Fiscal Stabilization and Sustainability Plan, which includes initiatives on revenue enhancement, cost-containment, cost reduction and economic development. The objective of the foregoing plan of action is deficit elimination and fiscal recovery and sustainability.

Furthermore, Executive Directive 2012-01 created a Spending Cuts Task Force with the ultimate goal of reducing General Fund annual operational expenditures. Efforts are currently on-going with a plan to be presented to the Governor before the end of the fiscal year.

## (14) Subsequent Events

On December 1, 2011, GovGuam issued \$235,000,000 of Business Privilege Tax Revenue Bonds for the purpose of funding payment of unpaid income tax refunds, cost of living allowances, capitalized interest, and other bond related costs.

On June 6, 2012, GovGuam issued \$108,700,000 of Business Privilege Tax Revenue Bonds for the purpose of funding payment of unpaid income tax refunds, delinquent retirement fund contributions, capitalized interest, and other bond related costs.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures

### A. Restricted Cash and Cash Equivalents

Guam Memorial Hospital Authority (GMHA):

At September 30, 2011, 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 1993, 1999 and 2010 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2011, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 118,957,292
Interest and Principal Funds	28,292,131
Bond Funds	13,535,601
Working Capital Funds	<u>28,492,419</u>
	\$ <u>189,277,443</u>

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2005 and 2010 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. At September 30, 2011, restricted cash and cash equivalents held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Construction Funds	\$ 90,130,409
Operations, Maintenance, Renewal and Replacement Fund	12,439,723
Capitalized Interest Fund	14,663,478
Operations and Maintenance Fund	4,730,869
Revenue Fund	4,169,491
Capital Improvement Fund	<u>58,376</u>
	\$ <u>126,192,346</u>

Furthermore, GWA maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2011, these consisted of the following:

Water and Sewer Development Fund	\$ 163,243
Operation and Maintenance Fund	6,016
Navy Surcharge Fund	400,559
Meter Reserve Fund	91,043
Sewer Hook-up Revolving Fund	72,060
Debt Service Fund	1,204,476
Moratorium Project	5,000,000
Island Water and Sewer Infrastructure Development Fund	<u>3,316,813</u>
	\$ <u>10,254,210</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### A. Restricted Cash and Cash Equivalents, Continued

University of Guam (UOG):

At September 30, 2011, UOG maintained restricted cash and cash equivalents for debt service related accounts in the amount of \$2,713,551.

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 and Commerce 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, 2011, restricted cash and cash equivalents held for this purpose amounted to \$313,493.

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, 2011, 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	\$ 597,079
Section 8 HCV	989,649
Central Office Cost Center	1,161,569
Low Rent Housing	183,593
Revolving Fund	<u>100,559</u>
	\$ <u>3,032,449</u>

Guam Housing Corporation (GHC):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2011, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	\$ 2,117,250
Community Affordable Housing Action Trust	183,853
Trust fund and borrower's deposit	427,308
Hazard Mitigation Program	138,376
Building renovation contract	<u>67,158</u>
	\$ <u>2,933,945</u>

Furthermore, GHC self-insures for all risks relating to Lada Gardens and Guma As-Atdas. A separate cash account was established to fund any damages that may arise in the future. At September 30, 2011, restricted cash set aside to fund these damages amounted to \$1,467,408.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

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, 2011, restricted short-term money market fund investments held for this purpose amounted to \$3,660,291.

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, 2011, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Tourist Attraction Fund Projects	\$ <u>364,330</u>
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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, 2011, cash and cash equivalents held by GETC for this purpose amounted to \$291,415.

B. Deposits and Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

- Category 1 Investments that are insured or registered, or securities held by the component units' or their agent in the component units' name;
- Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the component units' name; or
- Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the component units' name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### B. Deposits and Investments, Continued

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, 2011, \$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, 2011, investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Unrestricted:

Federal Grants Fund	\$ 7,095,661
Operations and Maintenance Reserve Fund	9,252,793
Operations and Maintenance Fund	4,686
General Revenue Fund	639,581
Self-Insurance Fund	4,038,862
Capital Improvement Fund	<u>545,579</u>
	<u>21,577,162</u>

Restricted:

Cash with trustees	449,771
Bond Reserve Funds	18,063,952
Debt Service Funds	13,157,642
Renewal and Replacement Fund	<u>1,000,245</u>
	<u>32,671,610</u>
	<u>\$ 54,248,772</u>

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	\$ 449,771
Money market funds	29,571,942
Fixed income securities	24,176,963
Other	<u>50,096</u>
	<u>\$ 54,248,772</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

As of September 30, 2011, AWPIAA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 35,916	\$ 1,033,407	\$ -	\$ -	\$ 1,069,323
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	809,701	1,092,592	-	-	1,902,293
Federal National Mortgage Association	Aaa	199,681	1,117,213	-	-	1,316,894
Other guaranteed by FDIC	Aaa	328,949	-	-	-	328,949
Corporate notes:						
CDC Funding Corporation	Aa3	-	-	-	18,045,950	18,045,950
Other	Aaa	36,273	33,763	-	-	70,036
Other	Aa2	20,552	365,533	-	-	386,085
Other	A2	116,790	741,035	6,304	-	864,129
Other	Baa2	-	193,304	-	-	193,304
		<u>\$ 1,547,862</u>	<u>\$ 4,576,847</u>	<u>\$ 6,304</u>	<u>\$18,045,950</u>	24,176,963
Cash with trustees						449,771
Money market funds						29,571,942
Accrued interest						<u>50,096</u>
						<u>\$54,248,772</u>

At September 30, 2011, 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, 2011.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2011, the carrying amount of GMHA's total cash and cash equivalents was \$84,034 and the corresponding bank balances were \$1,879,768, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2011, bank deposits in the amount of \$1,879,768 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA):

As of September 30, 2011, the carrying amount of GPA's total cash and cash equivalents was \$227,699,562 and the corresponding bank balances were \$227,269,906. Of the bank balance amount, \$16,979,077 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, 2011, bank deposits in the amount of \$1,659,088 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, 2011, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds \$ 45,159,623

As of September 30, 2011, GPA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 19,388,751	\$ -	\$ -	\$ -	\$ 19,388,751
Commercial paper:						
Intesa Funding LLC	P-1	13,742,000	-	-	-	13,742,000
Natixis U.S. Finance Company	A	<u>12,028,872</u>	-	-	-	<u>12,028,872</u>
		<u>\$ 45,159,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,159,623</u>

Guam Waterworks Authority (GWA):

As of September 30, 2011, the carrying amount of GWA's total cash and cash equivalents was \$138,381,098 and the corresponding bank balances were \$138,985,778. Of the bank balance amount, \$11,863,989 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$127,121,789 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, 2011, bank deposits in the amount of \$6,397,194 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA), Continued:

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, 2011, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds	\$ 7,707,871
Debt Service Funds	<u>9,493,409</u>
	<u>\$ 17,201,280</u>

As of September 30, 2011, GWA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	<u>\$ 17,201,280</u>	\$ -	\$ -	\$ -	<u>\$ 17,201,280</u>

Port Authority of Guam (PAG):

As of September 30, 2011, the carrying amount of PAG's total cash and cash equivalents was \$10,710,367, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2011, 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.

University of Guam (UOG):

As of September 30, 2011, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$17,099,298 and the corresponding bank balance was \$18,606,005. Of the bank balance amount, \$14,449,511 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

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

Money market funds	\$ 433,041
Mutual funds	1,690,008
Fixed income securities	4,794,183
Domestic equities	<u>8,886,819</u>
	<u>\$ 15,804,051</u>

As of September 30, 2011, UOG's investments in debt securities were as follows:

	<u>Investment Maturities (In Years)</u>				<u>Total</u>
	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	
U.S. treasury notes	\$ -	\$ -	\$ -	\$ 261,050	\$ 261,050
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	-	6,041	362,727	368,768
Federal National Mortgage Association	-	-	18,812	963,689	982,501
Mortgage and asset-backed securities	-	-	93,060	88,808	181,868
Corporate notes and bonds	<u>-</u>	<u>-</u>	<u>2,250,687</u>	<u>749,309</u>	<u>2,999,996</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,368,600</u>	<u>\$ 2,425,583</u>	<u>\$ 4,794,183</u>

UOG's exposure to credit risk at September 30, 2011, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
AAA	\$ 1,787,074	\$ 1,787,074	\$ -
AA	319,048	319,048	-
A	1,737,888	1,737,888	-
BAA	200,864	200,864	-
Unrated	<u>749,309</u>	<u>-</u>	<u>749,309</u>
	<u>\$ 4,794,183</u>	<u>\$ 4,044,874</u>	<u>\$ 749,309</u>

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	\$ 206,571
U.S. Government notes and bonds	1,345,333
Domestic equities	<u>5,978,895</u>
	<u>\$ 7,530,799</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### B. Deposits and Investments, Continued

#### Guam Community College (GCC):

As of September 30, 2011, the carrying amount of GCC's cash and cash equivalents was \$1,444,845 and the corresponding bank balance was \$2,131,434, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2011, bank deposits in the amount of \$1,262,658 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 and Commerce 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, 2011, GCC had one fixed income corporate note in the amount of \$1,774,851, with interest at 5% per annum, and which matures on November 1, 2017, and is rated AA by Fitch.

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	\$ 339,380
U.S. Government notes and bonds	1,053,839
Government and government-sponsored entity bonds	589,873
Mortgage and asset-backed securities	563,643
Common stocks	<u>4,124,144</u>
	<u>\$ 6,670,879</u>

#### Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2011, the carrying amount of GHURA's total cash and cash equivalents was \$18,386,772 and the corresponding bank balances were \$18,384,375, 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, 2011, bank deposits in the amount of \$14,890,978 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC):

As of September 30, 2011, the carrying amount of GHC's total cash and cash equivalents was \$8,234,877, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2011, 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, 2011, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:		
Foreclosure Protection Fund	\$	500,000
Capitalized Interest Fund		258
Revenue Fund		<u>4,727,072</u>
		<u>\$ 5,227,330</u>

Investments of GHC as of September 30, 2011, are classified as follows:

Restricted:		
Money market funds	\$	2,410,626
Fixed income		<u>2,816,704</u>
		<u>\$ 5,227,330</u>

As of September 30, 2011, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	\$ _____ -	\$ _____ -	\$ _____ -	\$ 2,816,704	\$ 2,816,704

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA):

At September 30, 2011, the carrying amount of GEDA's cash and cash equivalents was \$18,015 and the corresponding bank balance was \$70,117, which is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$3,660,291 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, 2011. As of September 30, 2011, bank deposits in the amount of \$70,117 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, 2011, GEDA's investments are as follows:

Unrestricted:

Mutual funds	\$ 3,242,264
U.S. Government obligations	<u>574,881</u>
	<u>\$ 3,817,145</u>

As of September 30, 2011, GEDA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury notes	Aaa	\$ 43,777	\$ 45,472	\$ -	\$ -	\$ 89,249
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	<u>485,632</u>	-	-	-	<u>485,632</u>
		<u>\$ 529,409</u>	<u>\$ 45,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 574,881</u>

Guam Preservation Trust (GPT):

As of September 30, 2011, the carrying amount of GPT's total cash and cash equivalents was \$1,204,116, which is maintained in a financial institution subject to FDIC insurance. As of September 30, 2011, bank deposits in the amount of \$595,108 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are exposed to custodial credit risk.

Investments of GPT as of September 30, 2011 are classified as follows:

Mutual funds	\$ <u>344,439</u>
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# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (15) Discretely Presented Component Unit Disclosures, Continued

#### B. Deposits and Investments, Continued

##### Guam Visitors Bureau (GVB):

At September 30, 2011, the carrying amount of GVB's cash and cash equivalents was \$7,359,468 and the corresponding bank balance was \$8,029,897. Of the bank balance amount, \$7,935,467 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2011, bank deposits in the amount of \$515,742 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.

##### Guam Educational Telecommunications Corporation (GETC):

At September 30, 2011, the carrying amount of GETC's cash and cash equivalents was \$752,421 and the corresponding bank balance was \$765,330, 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, 2011, bank deposits in the amount of \$332,484 were FDIC insured and bank deposits in the amount of \$432,846 were NCUA insured. GETC 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 or NCUA insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

#### C. Receivables

Receivables as of September 30, 2011, 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	\$ 7,676,178	\$ 219,561,460	\$ 43,260,214	\$ 24,129,053	\$ 6,151,064	\$ 8,636,515	\$ 6,216,002	\$ 315,630,486
Federal grants	454,035	-	4,837,953	363,178	-	6,215,053	4,925,703	16,795,922
Loans	-	-	-	-	-	10,430,560	29,715,904	40,146,464
Interest	-	-	663,751	-	-	-	84,438	748,189
Other	<u>1,443,800</u>	<u>1,332,365</u>	<u>4,943,793</u>	<u>617,501</u>	<u>-</u>	<u>3,238,349</u>	<u>9,401,344</u>	<u>20,977,152</u>
	9,574,013	220,893,825	53,705,711	25,109,732	6,151,064	28,520,477	50,343,391	394,298,213
Allowance for uncollectible accounts	<u>(886,162)</u>	<u>(179,897,341)</u>	<u>(5,040,477)</u>	<u>(15,473,002)</u>	<u>(1,141,114)</u>	<u>(16,106,589)</u>	<u>(8,606,790)</u>	<u>(227,151,475)</u>
Net receivables	<u>\$ 8,687,851</u>	<u>\$ 40,996,484</u>	<u>\$ 48,665,234</u>	<u>\$ 9,636,730</u>	<u>\$ 5,009,950</u>	<u>\$ 12,413,888</u>	<u>\$ 41,736,601</u>	<u>\$ 167,146,738</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(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, 2011, loan receivables are reserved in the amount of \$10,430,560.

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. \$ 954,871

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. 28,709,043

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. 2,252,740

\$ 31,916,654

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2011, 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	\$ _____	\$ 825,985	\$ 4,085,708	\$ _____	\$ _____	\$ 6,720,464	\$ 7,837,071	\$ 19,469,228
Due to Primary Government:								
Nonmajor governmental funds	\$ 1,785,059	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 1,785,059

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### D. Due from/due to Primary Government, Continued

Guam Power Authority (GPA):

GPA has entered into a payment agreement with the primary government. Details of this payment agreement are as follows:

Receivable from the Guam Department of Education, a line agency of the primary government, due in 109 monthly installments, inclusive of interest at 4.47% per annum (\$500,000 per month for the first three months, then \$100,000 per month escalating at intervals to \$200,000 per month), beginning July 20, 2004, with the final installment payment due in July 2013, uncollateralized. \$ 4,085,708

Future repayments under this payment agreement are scheduled as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 2,262,958
2013	<u>1,822,750</u>
	<u>\$ 4,085,708</u>

### E. Long-Term Debt

As of September 30, 2011, the discretely presented component units had the following long-term debt outstanding:

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

General Revenue Bonds, Series 2003 (original issue of \$216,250,000, dated December 1, 2003), varying interest rates at 1.45% - 5.375% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing on October 1, 2004 of \$5,600,000 and increasing to a final payment of \$17,175,000 on October 1, 2023. \$ 164,100,000

Add net unamortized premium on bonds 4,130,326  
Less deferred difference on refunding of 1993 bonds (3,326,187)

\$ 164,904,139

The 2003 General Revenue Bonds, including interest, are payable solely from and are secured by a pledge of revenues under the indenture. The bonds are 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, is a debt, liability or obligation of GovGuam.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

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

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

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

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,095,000	\$ 7,901,000	\$ 16,996,000
2013	9,590,000	7,482,000	17,072,000
2014	10,030,000	7,076,000	17,106,000
2015	10,510,000	6,621,000	17,131,000
2016	11,065,000	6,121,000	17,186,000
2017 - 2021	65,645,000	21,479,000	86,544,000
2022 - 2024	<u>48,745,000</u>	<u>3,858,000</u>	<u>52,603,000</u>
	\$ <u>164,100,000</u>	\$ <u>60,538,000</u>	\$ <u>224,638,000</u>

On September 30, 2003, AWPIAA issued \$216,250,000 in Series 2003 General Revenue Bonds to retire \$216,185,000 of outstanding 1993 Series bonds. The net proceeds of \$192,699,547 (after payment of \$11,007,710 in underwriting fees, insurance and other issuance costs) plus an additional \$30,969,034 from the Series 1993 funds were deposited in an irrevocable trust with an escrow agent to provide for the future service of the Series 1993 bonds through May 15, 2016. Except to the extent of any excess which is to be released upon termination (when all transfers and payments required are satisfied), AWPIAA has no interest in the funds or investments held in the escrow fund and as a result, the Series 1993 bonds indenture was satisfied and discharged. Additionally, the transaction meets the requirement of an in-substance defeasance and as a result, the Series 1993 bonds and the related funds held by the escrow agent have been removed from the accompanying financial statements.

Additionally, the defeasance resulted in a loss of \$7,937,352, representing the difference between the reacquisition price and the carrying amount of the Series 1993 bonds. The loss has been deferred and amortized over the remaining life the Series 1993 bonds and is reflected as a reduction of the bond liability.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

Guam Memorial Hospital Authority (GMHA):

Note payable to a local bank in the amount of \$12,000,000, dated February 11, 2011, variable interest at 1% over bank's reference rate subject to a minimum rate of 6.5% per annum and a maximum rate of 9.5% per annum, due in monthly installments of principal and interest of \$104,634 through January 2018. \$ 11,790,724

Note payable to a vendor, interest at 12% per annum, due in monthly installments of principal and interest of \$20,000 through March 2012. 100,222

\$ 11,890,946

On January 31, 2011, GMHA entered into a \$12,000,000 bank loan guaranteed by GovGuam and the full faith and credit of GovGuam. Pursuant to the loan agreement, GMHA pledged all revenues.

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 598,094	\$ 777,509	\$ 1,375,603
2013	539,748	715,855	1,255,603
2014	575,543	680,060	1,255,603
2015	612,058	643,545	1,255,603
2016	651,375	604,228	1,255,603
2017 - 2018	<u>8,914,128</u>	<u>778,442</u>	<u>9,692,570</u>
	<u>\$ 11,890,946</u>	<u>\$ 4,199,639</u>	<u>\$ 16,090,585</u>

Guam Power Authority (GPA):

General Revenue Bonds, Series 1993 (original issue of \$100,000,000, dated October 1, 1993), varying interest rates at 3.9% - 5.25% 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 \$1,725,000 on October 1, 1996, and increasing to a final payment of \$6,535,000 on October 1, 2023. The bonds have been issued to finance acquisitions of additional generating capacity, to construct additional transmission facilities, and to upgrade and refurbish existing equipment. \$ 63,625,000

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

General Revenue Bonds, Series 1999 (original issue of \$349,178,601, dated May 1, 1999 and June 3, 1999), varying interest rates at 3.9% - 5.25% 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 \$2,950,000 on October 1, 2000, and increasing to a final payment of \$26,110,000 on October 1, 2034. The bonds have been issued to finance new projects as specified in the bond indenture and to retire certain outstanding bonds and the commercial paper issued for the purpose of financing certain commercial paper projects.

309,265,000

General Revenue Bonds, Series 2010 (original issue of \$150,440,000, dated July 1, 2010), varying interest rates at 5% - 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% - 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.

56,115,000

579,445,000

Less discount on bonds (7,757,396)  
Less deferred loss on defeasance (11,581,374)

\$ 560,106,230

All gross revenues of GPA have been pledged to repay the 1993, 1999 and 2010 series bond principal and interest. Discounts associated with 1993, 1999 and 2010 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 U.S. Bank Trust National Association 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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

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 deferred revenues and deferred asset at September 30, 2011 associated with this agreement:

Deferred revenues	\$ 17,521,029
Accumulated amortization	<u>(6,424,695)</u>
	<u>\$ 11,096,334</u>
Deferred asset	\$ 4,780,529
Accumulated amortization	<u>(1,752,861)</u>
	<u>\$ 3,027,668</u>

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

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 12,640,000	\$ 30,867,313	\$ 43,507,313
2013	20,815,000	30,147,875	50,962,875
2014	21,290,000	28,878,950	50,168,950
2015	22,710,000	27,461,788	50,171,788
2016	24,225,000	25,947,238	50,172,238
2017 - 2021	58,670,000	115,735,863	174,405,863
2022 - 2026	88,130,000	97,611,419	185,741,419
2027 - 2031	122,620,000	69,663,119	192,283,119
2032 - 2036	130,665,000	34,017,550	164,682,550
2037 - 2041	<u>77,680,000</u>	<u>13,118,800</u>	<u>90,798,800</u>
	<u>\$ 579,445,000</u>	<u>\$ 473,449,915</u>	<u>\$ 1,052,894,915</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

On May 1, 1999, GPA issued the 1999 Series bonds of \$349,178,601 to finance 1999 projects; to retire \$45,000,000 in tax exempt commercial paper notes; to retire GPA's 1992 and 1994 series bonds with a total principal outstanding of \$143,660,000 and \$99,820,000, respectively; and to pay the amount currently due on the 1993 bonds totaling \$1,950,000. The proceeds for the refunding of the aforementioned bonds were transferred to an escrow agent who used the proceeds to purchase U.S. Government securities which are to be held by the escrow agent in an irrevocable trust to provide debt service payments until maturity or earlier redemption of the 1992 and 1994 bonds. The advance refunding met the requirements of an in-substance defeasance and the 1992 and 1994 bonds were removed from the accompanying financial statements.

Additionally, the defeasance resulted in a loss of \$21,989,949 representing the difference between the reacquisition price and the carrying amount of the Series 1992 and 1994 bonds. The loss has been deferred and amortized over the remaining life the Series 1992 and 1994 bonds and is reflected as a reduction of the bond liability.

Guam Waterworks Authority (GWA):

Water and Wastewater System Revenue Bonds, Series 2005 (original issue of \$101,175,000, dated November 1, 2005), varying interest rates at 5% - 5.875% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,865,000 on July 1, 2008, and increasing to a final payment of \$6,810,000 on July 1, 2035. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems, refinancing certain outstanding obligations, and financing new water meters. \$ 93,135,000

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

Note payable to a local bank in the amount of \$25,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of \$300,027 through June 15, 2020. 22,828,155

Note payable to a local bank in the amount of \$5,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of \$100,785 through June 2015. 3,923,887



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Waterworks Authority (GWA), Continued:

Note payable to the U.S. Navy, with interest at 1.25% per annum, payable in monthly installments of \$45,833, including interest, through March 2009, \$132,545 through March 2011, and \$264,853 through June 2012, collateralized by real property of GWA.	<u>1,161,292</u>
	239,873,334
Less net unamortized discount on 2010 bonds	(2,351,607)
Add net unamortized premium on 2005 bonds	<u>2,903,643</u>
	\$ <u>240,425,370</u>

All gross revenues of GWA have been pledged to repay the 2010 and 2005 series bond principal and interest. A premium associated with the 2005 bond series is being amortized using the effective interest method over the lives of the bonds. The discount associated with the 2010 bond series has been deferred and is being amortized using the effective interest method over the lives of the bonds.

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

On November 1, 2010, GWA entered into a supplemental indenture agreement for the issuance of \$118,825,000 Water and Wastewater System Revenue Bonds, Series 2010, to finance various water and wastewater capital improvement projects. The 2010 bonds are limited obligations of GWA payable solely from and secured by a pledge of revenues as defined in the indenture. The bonds are subject to mandatory, optional and special redemption prior to maturity.

Total bond proceeds were \$116,404,591, net of a bond discount of \$2,420,409 and GWA incurred closing costs of \$2,805,108. The discount and closing costs have been deferred and amortized on a straight line basis over the average remaining life of the 2010 bonds. Proceeds of the 2010 series bonds are to be used for the purpose of funding capital improvements of water and wastewater systems, meeting certain requirements of the U.S. Environmental Protection Agency, to paying capitalized interest, to fund a deposit to the Bond Reserve Fund, and paying related issuance costs.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

Guam Waterworks Authority (GWA), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,192,198	\$ 13,934,041	\$ 20,126,239
2013	5,519,702	13,586,482	19,106,184
2014	5,810,108	13,221,323	19,031,431
2015	21,231,326	12,531,276	33,762,602
2016	3,875,000	11,397,070	15,272,070
2017 - 2021	22,650,000	53,714,294	76,364,294
2022 - 2026	29,795,000	46,565,769	76,360,769
2027 - 2031	39,350,000	37,008,394	76,358,394
2032 - 2036	52,070,000	24,289,194	76,359,194
2037 - 2040	<u>53,380,000</u>	<u>7,711,875</u>	<u>61,091,875</u>
	<u>\$ 239,873,334</u>	<u>\$ 233,959,718</u>	<u>\$ 473,833,052</u>

Port Authority of Guam (PAG):

Note payable to a bank, variable interest at 3% above the Federal Home Loan Bank of Seattle's 15-Year amortizing fixed advanced rate at the time of funding (6.18% per annum at September 30, 2011), due in monthly installments of principal and interest of \$30,000 through October 2025.

\$ 3,355,095

On October 22, 2010, PAG obtained a \$4,500,000 U.S. Department of Agriculture (USDA) Guaranteed Term Loan with a bank, of which proceeds of \$3,500,000 were received to reimburse PAG for the acquisition of four top lifters and ten terminal yard contractors. The loan is secured by the abovementioned equipment.

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 144,144	\$ 214,373	\$ 358,517
2013	154,821	203,696	358,517
2014	164,665	193,852	358,517
2015	175,134	183,383	358,517
2016	186,269	172,248	358,517
2017 - 2021	1,196,306	596,279	1,792,585
2022 - 2026	<u>1,333,756</u>	<u>130,036</u>	<u>1,463,792</u>
	<u>\$ 3,355,095</u>	<u>\$ 1,693,867</u>	<u>\$ 5,048,962</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

University of Guam (UOG):

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

\$ 12,615,802

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 187,857	\$ 562,203	\$ 750,060
2013	196,487	553,573	750,060
2014	205,514	544,546	750,060
2015	214,955	535,105	750,060
2016	224,830	525,230	750,060
2017 - 2021	1,288,904	2,461,396	3,750,300
2022 - 2026	1,613,444	2,136,856	3,750,300
2027 - 2031	2,019,703	1,730,597	3,750,300
2032 - 2036	2,528,255	1,222,045	3,750,300
2037 - 2041	3,164,859	585,441	3,750,300
2042 - 2043	<u>970,994</u>	<u>29,018</u>	<u>1,000,012</u>
	<u>\$ 12,615,802</u>	<u>\$ 10,886,010</u>	<u>\$ 23,501,812</u>

Guam Community College (GCC):

Due to U.S. Department of Agriculture in the original amount of \$2,118,784, with interest at 4.125% per annum, payable in monthly installments of \$9,698, including interest, through March 2051, collateralized by a pledge of all gross revenues and fixed assets of GCC.

\$ 2,118,784

Due to U.S. Department of Agriculture, with interest at 4.375% per annum, payable in monthly installments of \$2,755, including interest, through April 2024, collateralized by certain revenues and fixed assets of GCC.

278,018

\$ 2,396,802

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

Guam Community College (GCC), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 33,323	\$ 97,468	\$ 130,791
2013	47,017	95,675	142,692
2014	49,032	93,660	142,692
2015	51,133	91,559	142,692
2016	53,325	89,367	142,692
2017 - 2021	302,935	410,525	713,460
2022 - 2026	209,762	354,917	564,679
2027 - 2031	236,604	311,556	548,160
2032 - 2036	289,599	258,561	548,160
2037 - 2041	354,464	193,696	548,160
2042 - 2046	433,857	114,303	548,160
2047 - 2051	<u>335,751</u>	<u>20,373</u>	<u>356,124</u>
	<u>\$ 2,396,802</u>	<u>\$ 2,131,660</u>	<u>\$ 4,528,462</u>

On March 10, 2011, GCC entered into a \$2,250,000 Community Facilities Loan agreement with the U.S. Department of Agriculture for the purpose of funding construction of a new Learning Resource Center. The loan is guaranteed by a pledge of all gross revenues and fixed assets of GCC.

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of \$10,540, including interest, through April 2030, collateralized by restricted cash balances. \$ 1,356,328

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 46,000	\$ 80,480	\$ 126,480
2013	49,000	77,480	126,480
2014	52,000	74,480	126,480
2015	55,000	71,480	126,480
2016	59,000	67,480	126,480
2017 - 2021	352,000	280,400	632,400
2022 - 2026	476,000	156,400	632,400
2027 - 2031	<u>267,328</u>	<u>145,291</u>	<u>412,619</u>
	<u>\$ 1,356,328</u>	<u>\$ 953,491</u>	<u>\$ 2,309,819</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of \$50,000,000, dated April 15, 1998), varying interest rates at 4.45% - 5.75% per annum, payable semiannually on March 1 and September 1, principal fund payments due in varying semiannual installments commencing with a payment of \$25,000 on March 1, 2002, and increasing to a final payment of \$194,201 on September 1, 2031. \$ 4,850,000

Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in 2014, collateralized by proceeds received from mortgage loans made by GHC. As of September 30, 2011, GHC has pledged as security for this loan approximately \$8,577,278 of related outstanding mortgage loans. 3,343,170

\$ 8,193,170

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

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

The bond indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of GHC is of the opinion that GHC was in compliance with all significant covenants as of September 30, 2011.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2011

(15) Discretely Presented Component Unit Disclosures, Continued

E. Long-Term Debt, Continued

Guam Housing Corporation (GHC), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,215,881	\$ 450,738	\$ 1,666,619
2013	1,292,820	370,952	1,663,772
2014	1,271,673	286,444	1,558,117
2015	160,985	241,622	402,607
2016	169,180	232,900	402,080
2017 - 2021	1,052,631	1,017,693	2,070,324
2022 - 2026	1,300,911	711,682	2,012,593
2027 - 2031	<u>1,729,089</u>	<u>285,134</u>	<u>2,014,223</u>
	<u>\$ 8,193,170</u>	<u>\$ 3,597,165</u>	<u>\$ 11,790,335</u>

Guam Economic Development Authority (GEDA):

Tobacco Settlement Asset-Backed Bonds, 2007 Series A, (original issue of \$33,575,000, dated December 1, 2007), varying interest rates at 5.25% - 5.625% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$1,025,000 on June 1, 2008 and increasing to a final payment of \$3,840,000 on June 1, 2026. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds. \$ 29,775,000

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

	<u>16,773,618</u>
	46,548,618
Less discount on Series B capital appreciation turbo term bonds	(12,333,221)
Less discount on issuance	(1,337,658)
Less deferred difference on defeasance of 2001 bonds	<u>(1,437,646)</u>
	<u>\$ 31,440,093</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Economic Development Authority (GEDA), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,720,000	\$ 1,519,435	\$ 3,239,435
2013	1,850,000	1,429,004	3,279,004
2014	1,980,000	1,331,879	3,311,879
2015	2,120,000	1,227,732	3,347,732
2016	2,270,000	1,116,300	3,386,300
2017 - 2021	7,410,000	4,090,434	11,500,434
2022 - 2026	11,352,533	2,067,328	13,419,861
2027 - 2031	12,334,175	-	12,334,175
2032 - 2034	<u>5,511,910</u>	<u>-</u>	<u>5,511,910</u>
	\$ <u>46,548,618</u>	\$ <u>12,782,112</u>	\$ <u>59,330,730</u>

On December 13, 2007, GEDA issued \$36,982,077 in Series 2007 Tobacco Settlement Asset-Backed Bonds to retire \$25,040,000 of outstanding 2001 Series bonds. The net proceeds were \$35,478,149 (\$34,359,109 of original principal after issuance discount, underwriter discount and other issuance costs, plus an additional \$794,040 from the Series 2001 funds plus \$325,000 received in connection with the termination of Series 2001 Reserve Fund Agreement). Of this amount, \$8,345,278 was transferred into a custodial account for the benefit of GovGuam. The remaining \$27,132,871 was deposited in an irrevocable trust with an escrow agent to provide for the future service of the Series 2001 bonds through May 15, 2016. Except to the extent of any excess which is to be released upon termination (when all transfers and payments required are satisfied), GEDA has no interest in the funds or investments held in the escrow fund and as a result, the Series 2001 bonds indenture was satisfied and discharged. Additionally, the transaction meets the requirement of an in-substance defeasance and as a result, the Series 2001 bonds and the related funds held by the escrow agent have been removed from the accompanying financial statements.

Additionally, the defeasance resulted in a loss of \$2,628,344, representing the difference between the reacquisition price and the carrying amount of the Series 2001 bonds. The loss has been deferred and amortized over the remaining life the Series 2001 bonds and is reflected as a reduction of the bond liability.

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

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### E. Long-Term Debt, Continued

Guam Economic Development Authority (GEDA), Continued:

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

### F. Capital Lease Financing

Guam Power Authority (GPA):

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

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

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

<u>Year ending September 30,</u>	<u>Amount</u>
2012	\$ 23,084,304
2013	23,084,304
2014	23,084,304
2015	23,084,304
2016	23,084,304
2017 - 2019	<u>48,047,861</u>
	163,469,381
Less amounts representing interest	<u>(55,403,641)</u>
	\$ <u>108,065,740</u>



# GOVERNMENT OF GUAM

## Notes to Financial Statements September 30, 2011

### (15) Discretely Presented Component Unit Disclosures, Continued

#### G. Changes in Long-Term Liabilities

During the year ended September 30, 2011, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net assets:

	Balance October 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2011</u>	Due Within <u>One Year</u>
Bonds and notes payable:					
Antonio B. Won Pat International Airport Authority	\$ 172,725,000	\$ -	\$ (8,625,000)	\$ 164,100,000	\$ 9,095,000
Guam Memorial Hospital Authority	-	12,190,222	(299,276)	11,890,946	598,094
Guam Power Authority	587,240,000	-	(7,795,000)	579,445,000	12,640,000
Guam Waterworks Authority	128,840,028	118,825,000	(7,791,694)	239,873,334	6,192,198
Port Authority of Guam	-	3,500,000	(144,905)	3,355,095	144,144
University of Guam	12,787,473	-	(171,671)	12,615,802	187,857
Guam Community College	631,877	2,118,784	(353,859)	2,396,802	33,323
Guam Housing and Urban Renewal Authority	1,400,541	-	(44,213)	1,356,328	46,000
Guam Housing Corporation	9,331,620	-	(1,138,450)	8,193,170	1,215,881
Guam Economic Development Authority	47,203,618	-	(655,000)	46,548,618	1,720,000
	<u>960,160,157</u>	<u>136,634,006</u>	<u>(27,019,068)</u>	<u>1,069,775,095</u>	<u>31,872,497</u>
Deferred amounts:					
Unamortized premiums:					
Antonio B. Won Pat International Airport Authority	4,743,128	-	(612,802)	4,130,326	-
Guam Waterworks Authority	3,023,794	-	(120,151)	2,903,643	-
Unamortized discounts:					
Guam Power Authority	(8,488,896)	-	731,500	(7,757,396)	-
Guam Waterworks Authority	-	(2,420,409)	68,802	(2,351,607)	-
Guam Economic Development Authority	(14,095,868)	-	424,989	(13,670,879)	-
Unamortized difference on bond defeasance:					
Antonio B. Won Pat International Airport Authority	(3,819,694)	-	493,507	(3,326,187)	-
Guam Power Authority	(12,460,972)	-	879,598	(11,581,374)	-
Guam Economic Development Authority	(1,748,488)	-	310,842	(1,437,646)	-
	<u>927,313,161</u>	<u>134,213,597</u>	<u>(24,842,783)</u>	<u>1,036,683,975</u>	<u>31,872,497</u>
Other:					
Compensated absences	13,080,196	6,923,133	(6,464,080)	13,539,249	6,545,824
Capital lease obligations	117,129,395	-	(9,063,655)	108,065,740	10,235,901
Due to component units	1,547,818	-	(1,547,818)	-	-
DCRS sick leave	8,536,854	2,482,498	(1,085,139)	9,934,213	-
Other noncurrent liabilities	23,123,215	85,675	(736,965)	22,471,925	-
	<u>163,417,478</u>	<u>9,491,306</u>	<u>(18,897,657)</u>	<u>154,011,127</u>	<u>16,781,725</u>
	<u>\$ 1,090,730,639</u>	<u>\$ 143,704,903</u>	<u>\$ (43,740,440)</u>	<u>\$ 1,190,695,102</u>	<u>\$ 48,654,222</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### H. Commitments and Contingencies

#### Guam Economic Development Authority (GEDA) Tobacco Settlement Reserve Fund

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

On September 22, 2009, GEDA filed claims with the United States Bankruptcy Court against LBSF and LBHI, each for approximately \$1.8 million, as the estimated replacement market value of the Reserve Fund Agreement. Such replacement value represents the present value of the difference between the guaranteed rate and the market interest rate over the remaining term of the Agreement, i.e. through June 1, 2047. If the termination claim is not favorably resolved, GEDA's earnings from the investment of the Reserve Fund could be lower than originally expected, but no loss of principal has occurred or would occur. These events are not expected to have an adverse impact on the timely repayment of the Series 2007 Tobacco Settlement Bonds.

#### Performance Management Contracts (PMCs)

Guam Power Authority (GPA) has entered into two new PMCs with two companies for the operation and maintenance of Cabras 1 and 2 and Cabras 3 and 4 generators, which became effective on October 1, 2010 and July 1, 2010, respectively. These PMCs are for a period of five years with an option to extend for another five-year term.

The future minimum annual management fee payments for commitments under these contracts are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 2,587,404
2013	2,659,801
2014	2,734,177
2015	<u>2,526,743</u>
	<u>\$ 10,508,125</u>

On December 5, 2006, Guam Waterworks Authority entered into a three year PMC with a company for the operation and maintenance of its Wastewater Treatment Plants, Collection System, and Lift Stations, which were extended to mature on December 31, 2012.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### H. Commitments and Contingencies, Continued

#### Performance Management Contracts (PMCs), Continued

The future minimum annual management fee payments for commitments under these contracts are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 1,077,254
2013	<u>278,752</u>
	\$ <u>1,386,169</u>

#### Lease Obligations as Lessor

In November 2002, the DFS Group L.P. (DFS) was selected as the primary concessionaire and was awarded a ten year concession agreement by Antonio B. Won Pat International Airport Authority (AWPIAA) commencing on January 1, 2003 and terminating on December 31, 2012. On March 17, 2006, AWPIAA entered into a concession agreement for additional space for a five year term which expired in 2011, but the concession continues on a month-to-month basis until a new agreement is finalized. Effective fiscal year 2011, DFS entered into another concession agreement with AWPIAA for a separate additional store space for a five year term. The concession agreements provide for a minimum annual guarantee rent as well as percentage rent on gross revenues exceeding certain levels.

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

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 4,750,000
2013	1,617,000
2014	<u>244,000</u>
	\$ <u>6,611,000</u>

AWPIAA has lease agreements with scheduled air carriers, various other concessionaires and airport users. The agreements provide the lessees with the use of AWPIAA's system facilities, equipment and services. The signatory airline operating agreement and terminal building leases expired on September 30, 2011 and were extended until September 30, 2016. Other ground lease agreements will expire ranging from September 2015 through September 2035. The lease agreements with six rent-a-car companies will expire in June 2016.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### H. Commitments and Contingencies, Continued

#### Lease Obligations as Lessor, Continued

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

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 6,910,000
2013	5,442,000
2014	5,220,000
2015	4,904,000
2016	4,514,000
Thereafter	<u>26,560,000</u>
	<u>\$ 53,550,000</u>

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

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

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 401,000
2013	401,000
2014	401,000
2015	401,000
2016	401,000
Thereafter	<u>1,756,000</u>
	<u>\$ 3,761,000</u>

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

#### Lease Obligations as Lessee

On December 31, 2002, Guam Power Authority (GPA) entered into a lease agreement for its office building for an initial term of two years with a monthly rental of \$25,000. On January 1, 2010, GPA renewed the lease agreement for an additional term of three years with a monthly rental of \$45,000, expiring on December 31, 2012.

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### H. Commitments and Contingencies, Continued

#### Lease Obligations as Lessee, Continued

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

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

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 1,636,196
2013	752,040
2014	53,935
2015	<u>40,451</u>
	\$ <u>2,482,622</u>

On January 2010, Guam Housing and Urban Rural Authority (GHURA) entered into a lease agreement for office space for an initial term of two years with a monthly rental of \$6,216.

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

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ <u>27,302</u>

On February 2003, Guam Housing Corporation (GHC) entered into a Memorandum of Understanding (MOU) with Guam Economic Development Authority (GEDA) to provide support services to GHC. Such services were for network and computer administration for a fee of \$21,696 per annum. GHC also sub-leases office space from GEDA under its operating lease, which expires February 28, 2012.

#### Derivatives

Guam Power Authority (GPA) is exposed to market price fluctuations on its purchases of fuel oil. GPA uses derivatives such as commodity swaps to protect itself from increases in market prices. GPA has an outstanding commodity swap for fiscal year 2011 fuel requirements based on a notional amount of 169,938 metric tons of low sulfur and high sulfur fuel oil. Payment is based on current spot prices at the settlement date. At September 30, 2011, the commodity swaps had a positive fair value of approximately \$486,000. Accordingly, GPA was exposed to credit risk on the amount of their fair value. At September 30, 2011, there are three counterparties, rated as A-1, Aa2, A2 and A-1+ by Moody's and S&P.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

## (15) Discretely Presented Component Unit Disclosures, Continued

### H. Commitments and Contingencies, Continued

#### Fuel Purchase Contract

In March 2010, the Guam Power Authority has entered into an agreement to purchase residual fuel oil and low sulfur fuel oil. The agreement is for three years with an option to extend for two additional one year terms, renewable annually.

#### Environmental Monitoring

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

Although the primary remediation action is natural attenuation, AWPIAA has substantially completed a water system project as part of the military airport program, which concurrently satisfies, in part, certain response actions contemplated under the Environmental Services Cooperative Agreement. AWPIAA will continue the voluntary monitoring until such time the decision document is executed and AWPIAA's remediation responsibilities are specified. The long-term obligation to operate and maintain the facilities built under the remedial construction as well as the required sampling will be handled through a water system commercial agreement. As of September 30, 2011, AWPIAA estimated that its pollution remediation obligations amounted to \$454,468.

#### Stipulated Order

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

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

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2011

### (15) Discretely Presented Component Unit Disclosures, Continued

#### H. Commitments and Contingencies, Continued

##### Construction Contracts

Antonio B. Won Pat International Airport Authority has commitments of approximately \$10,800,000 under several construction contracts as of September 30, 2011 and approximately \$15,700,000 under other various contracts as of September 30, 2011.

Guam Waterworks Authority has commitments of \$7,426,934 under several capital projects as of September 30, 2011.

Guam Housing and Urban Renewal Authority has commitments of \$5,202,177 under several development stage contracts as of September 30, 2011.

##### Loans

Guam Housing Corporation has \$708,481 in loan commitments as of September 30, 2011.

##### Land Held for Development

Public Law 20-225 authorized the transfer of land under the Lada Estates Project from GovGuam to the Guam Housing Corporation (GHC) for the development of affordable housing units for sale to first-time homeowners. In addition to the initial cost of \$392,385, subsequent capitalized development costs were incurred of \$15,721,953, which included \$10,555,000 for improvement for off-site and on-site infrastructure incurred by a contractor. Subsequent economic conditions prevented the completion of the project and, as a result, GHC halted further development. The contractor has subsequently sued GHC and GovGuam for the amount of development costs incurred. GHC is awaiting ultimate adjudication by the Court to determine the validity of the claim, including accrued interest of \$7,117,176. A liability has been recorded by GHC in the amount of \$10,555,000 associated with the development costs; however, no liability has been recorded for accrued interest. GHC and GovGuam are disputing the liability, including the accrued interest, and believe that the contractor's claim may not be payable pursuant to the terms of the contract and under Guam law. Accordingly, it is not possible to determine the ultimate outcome of this matter and hence no provision for any liability that may result from the accrued interest claim by the contractor has been made in the accompanying financial statements.

The improvements on land held for development had a carrying value of \$15,721,953. Lada Estates experienced recurring theft and damage to its infrastructure and incurred illegal dumping of trash and refuse. Due to the physical damage and construction stoppage, GHC believes that the carrying amount of Lada Estates improvements is no longer recoverable and was written down to its estimated fair value of \$10,555,000.

GovGuam transferred land to the Guam Housing and Urban Renewal Authority for the purpose of constructing 500 single-family homes. This property is recorded at fair value less estimated selling costs in the amount of \$3,398,518.

**GOVERNMENT OF GUAM**

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**YEAR ENDED SEPTEMBER 30, 2011**



**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual  
General Fund  
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Income	\$ 291,345,857	\$ 291,345,857	\$ 282,284,515	\$ (9,061,342)
Gross receipts	202,375,945	202,375,945	200,047,641	(2,328,304)
Income - COLA	-	-	125,020	125,020
Excise	3,362,792	3,362,792	2,549,493	(813,299)
Section 30 Federal income tax collections	46,331,054	46,331,054	46,357,373	26,319
Immigration fees	1,647,349	1,647,349	1,967,660	320,311
Indirect cost reimbursement	-	-	(55,693)	(55,693)
Contributions from component units	2,028,008	2,028,008	2,199,058	171,050
Other	12,776,946	12,776,946	7,075,614	(5,701,332)
<b>Total revenues</b>	<b>559,867,951</b>	<b>559,867,951</b>	<b>542,550,681</b>	<b>(17,317,270)</b>
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan	10,218,142	6,089,772	10,033,567	(3,943,795)
Office of I Segundu Na Maga'lahaen Guahan	1,053,934	969,439	968,288	1,151
Bureau of Budget and Management Research	281,961	261,175	264,739	(3,564)
Civil Service Commission	835,079	814,533	778,543	35,990
Department of Administration	34,612,755	30,059,397	24,938,624	5,120,773
Guam Election Commission	1,331,794	918,901	888,319	30,582
Department of Revenue and Taxation	10,141,750	10,979,671	10,129,667	850,004
Bureau of Statistics and Plans	1,156,292	1,187,724	1,157,142	30,582
Department of Public Works	9,551,484	9,862,213	9,076,009	786,204
Office of the Attorney General	8,323,409	8,290,840	6,852,044	1,438,796
Guam Police Department	24,562,965	24,335,958	24,466,209	(130,251)
Department of Corrections	16,359,874	20,218,188	18,722,609	1,495,579
Department of Agriculture	2,637,104	2,482,614	2,458,965	23,649
Department of Public Health and Social Services	10,916,683	5,685,838	5,421,609	264,229
Department of Education	165,688,400	169,198,799	165,192,500	4,006,299
Department of Youth Affairs	4,643,806	4,123,932	3,873,635	250,297
Department of Mental Health and Substance Abuse	12,897,051	8,672,030	8,538,138	133,892
Department of Labor	1,430,888	584,647	562,363	22,284
Department of Parks and Recreation	3,047,459	2,805,750	2,781,747	24,003
Department of Integrated Services for Individuals with Disabilities	1,207,690	572,357	548,670	23,687
Mayors' Council of Guam	9,915,793	9,604,439	8,366,506	1,237,933
Chief Medical Examiner	422,691	400,413	394,174	6,239
Department of Chamorro Affairs	1,153,497	992,292	943,221	49,071
Department of Military Affairs	365,426	149,560	142,384	7,176
Guam Fire Department	24,058,971	24,713,654	25,268,092	(554,438)
Payments to Component Units	58,529,062	58,229,730	45,944,647	12,285,083
GovGuam Retirement Fund appropriations	3,900,178	10,472,114	1,285,140	9,186,974
Miscellaneous appropriations	20,226,657	28,068,451	27,614,038	454,413
Interest and other charges	3,600,000	900,000	23,108,677	(22,208,677)
Debt service	59,237,061	62,633,443	56,601,424	6,032,019
<b>Total expenditures</b>	<b>502,307,856</b>	<b>504,277,874</b>	<b>487,321,690</b>	<b>16,956,184</b>
Excess of revenues over expenditures	57,560,095	55,590,077	55,228,991	(361,086)
Other financing sources (uses):				
Transfers in from other funds	17,903,768	17,903,768	12,757,201	(5,146,567)
Transfers out to other funds	(102,117,274)	(121,848,131)	(117,865,331)	3,982,800
<b>Total other financing sources (uses), net</b>	<b>(84,213,506)</b>	<b>(103,944,363)</b>	<b>(105,108,130)</b>	<b>(1,163,767)</b>
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	2,981,978	2,981,978
<b>Net change in deficit</b>	<b>\$ (26,653,411)</b>	<b>\$ (48,354,286)</b>	<b>\$ (46,897,161)</b>	<b>\$ 1,457,125</b>

See accompanying notes to required supplementary information - budgetary reporting.

## GOVERNMENT OF GUAM

### Notes to Required Supplementary Information – Budgetary Reporting September 30, 2011

#### (1) Budgetary Process

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Notes to Required Supplementary Information – Budgetary Reporting September 30, 2011

#### (1) Budgetary Process, Continued

The Budget Act for fiscal year 2011, Public Law No. 30-196, was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds. The accompanying Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund presents solely the financial activities of the General Fund administered by the Department of Administration, and does not include the financial activities of the General Fund administered by the Guam Department of Education or the impact of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

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**OTHER SUPPLEMENTARY  
INFORMATION**

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**YEAR ENDED SEPTEMBER 30, 2011**

**GOVERNMENT OF GUAM**

All Governmental Funds  
Combining Schedule of Expenditures By Object  
Year Ended September 30, 2011

	Special Revenue			Capital Projects	Other Governmental Funds	Total
	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP		
Expenditures by Object:						
Salaries and wages:						
Regular	\$ 247,286,831	\$ 28,328,465	\$ 21,992,125	\$ -	\$ 26,389,884	\$ 323,997,305
Overtime	6,932,208	393,184	-	-	463,973	7,789,365
Fringe benefits	80,146,385	8,528,067	7,505,948	-	8,917,423	105,097,823
Travel	1,188,926	2,095,164	1,956,220	-	217,752	5,458,062
Contractual services	33,905,784	64,284,608	20,177,617	33,190,914	10,796,232	162,355,155
Building rent	9,070,392	1,851,342	-	-	4,573,692	15,495,426
Supplies	5,426,491	1,878,981	2,924,393	-	4,225,424	14,455,289
Equipment	1,517,291	1,500,937	411,264	-	556,846	3,986,338
Utilities - power and water	21,064,802	1,862,726	-	-	7,736,099	30,663,627
Communications	2,244,688	529,082	-	-	420,038	3,193,808
Capital outlays	1,739,928	7,614,810	396,537	1,724,229	1,182,293	12,657,797
Capital lease acquisition	65,735,000	-	-	-	-	65,735,000
Grants and subsidies	55,016,063	131,832,371	-	-	27,634,320	214,482,754
Supplemental annuity benefits	18,325,074	-	-	-	-	18,325,074
Retiree healthcare benefits	27,299,574	-	-	-	-	27,299,574
Principal retirement	20,291,072	-	3,060,000	-	9,103,345	32,454,417
Interest and fiscal charges	42,965,843	-	4,040,000	4,062,437	1,990,372	53,058,652
Miscellaneous	37,513,077	48,702,907	67,155	-	4,025,182	90,308,321
	<u>\$ 677,669,429</u>	<u>\$ 299,402,644</u>	<u>\$ 62,531,259</u>	<u>\$ 38,977,580</u>	<u>\$ 108,232,875</u>	<u>\$ 1,186,813,787</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - General Fund  
Year Ended September 30, 2011  
(With comparatives for the year ended September 30, 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes:		
Income	\$ 282,284,515	\$ 239,152,369
Gross receipts	200,047,641	188,621,364
Income - COLA	125,020	99,291
Excise	2,549,493	3,490,942
Federal contributions	6,461,145	2,992,415
Licenses, fees and permits	5,735,762	6,504,447
Use of money and property	183,100	444,661
Section 30 Federal income tax collections	46,357,373	39,028,136
Immigration fees	1,967,660	1,754,678
Indirect cost reimbursement	(55,693)	469,595
Guam Public School System	1,429,568	4,272,611
Contributions from component units	2,199,058	4,863,593
Other	3,071,018	4,444,655
Total revenues	<u>552,355,660</u>	<u>496,138,757</u>
Expenditures by Department:		
General Government:		
Office of I Maga'lahren Guahan:		
Office of the Governor	3,904,674	3,889,870
Office of the Governor - Guam Liaison Office	168,576	206,943
Ancestral Land Trust Commission	208,365	203,197
Government House	687,014	644,792
Bureau of Information Technology	157,785	172,723
Medical Referral Offices	656,982	65,755
Bureau of Women's Affairs	-	205,888
Office of Veteran's Affairs	318,301	240,024
	<u>6,101,697</u>	<u>5,629,192</u>
Office of I Segundu Na Maga'lahren Guahan:		
Office of the Lieutenant Governor	965,717	1,141,155
Guam State Clearinghouse	-	196,746
	<u>965,717</u>	<u>1,337,901</u>
Bureau of Budget and Management Research:		
Office of the Director	303,924	293,371
Internal Audit Division	5,600	993,208
	<u>309,524</u>	<u>1,286,579</u>
Civil Service Commission:		
Office of the Director	364,402	235,535
Board of Commissioners	59,221	57,648
Legal Office	83,561	7,021
Personnel Management	269,724	181,192
	<u>776,908</u>	<u>481,396</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - General Fund, Continued  
Year Ended September 30, 2011  
(With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
General Government, continued:		
Department of Administration:		
Office of the Director	3,438,591	3,828,609
Office of the Director - COLA	18,325,074	18,501,387
Office of the Director - Child Support	675,958	607,791
Office of the Director - Streetlights	-	1,229,387
Office of the Director - Health insurance benefits	5,294,462	3,870,026
Office of the Director - Power and Water	6,584,052	6,988,618
Personnel Management	1,641,975	1,777,979
Financial Management	724,382	709,487
Data Processing	899,873	545,066
General Services Agency	777,404	892,979
Division of Accounts	1,607,972	2,350,842
	<u>39,969,743</u>	<u>41,302,171</u>
Department of Public Works:		
Office of the Director	1,326,887	1,366,732
Office of the Director - Consent Decree	-	38,432
Public Cemeteries	-	58,982
Transportation Maintenance Division	1,104,698	763,107
	<u>2,431,585</u>	<u>2,227,253</u>
Department of Revenue and Taxation:		
Office of the Director	4,003,197	3,988,051
Office of the Director - Stimulus Tax Rebates	-	193,870
Office of the Director - Real Property Assessment Bond	664,386	-
Tax Enforcement Division	2,114,157	2,035,693
Real Property Tax Division	662,805	557,791
Taxpayer Services Division	1,987,161	1,725,911
Regulatory Division	1,167,678	1,090,993
Motor Vehicle Division	708,938	789,330
	<u>11,308,322</u>	<u>10,381,639</u>
Department of Land Management:		
Office of the Director	243,223	-
Legislative Branch:		
Guam Legislature	8,368,608	7,780,095
Public Auditor:		
Office of Public Accountability	1,185,571	1,068,346
Legal Services:		
Public Defender Services Corporation	4,251,397	3,797,892
Total General Government	<u>75,912,295</u>	<u>75,292,464</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2011 (With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
Protection of Life and Property		
Department of Corrections:		
Office of the Director	6,222,142	4,356,187
Office of the Director - Rent	104,500	114,000
Office of the Director - Bureau of Prisons	1,287,272	-
Adult Correctional Facility	10,110,414	9,493,564
Rosario Detention Center	2,418,577	2,153,151
Off-island Detention	-	1,490
Casework and Counseling Service Division	330,805	321,843
Forensic Division	315,098	343,235
Parole Service Division	549,653	559,548
	21,338,461	17,343,018
Department of Youth Affairs:		
Office of the Director	226,570	101,385
Office of the Director - Nursing and Medication	25,461	10,601
Division of Youth Development	543,815	491,354
Division of Youth Corrections	2,585,149	2,577,933
Division of Vocational Rehabilitation and Support Services	578,538	576,244
	3,959,533	3,757,517
Guam Fire Department:		
Office of the Fire Chief	2,798,830	1,002,220
Administrative and Logistical Support	950,353	941,842
Emergency Medical Service/Rescue Operations Bureau	7,990,422	9,088,863
Fire Suppression Bureau	16,050,917	17,181,698
	27,790,522	28,214,623
Guam Police Department:		
Office of the Chief	2,196,263	2,100,965
Office of the Chief - Police Commander	2,821,511	2,622,247
Office of the Chief - Administration Division	1,416,332	1,196,143
Office of the Chief - Overtime	1,165,155	522,877
Office of the Chief - Fuel	450,881	390,435
Criminal Investigation Division	2,845,819	2,728,265
Neighborhood Patrol Division	9,350,160	9,395,207
Support Division	1,930,425	2,142,756
Forensic Science Division	1,140,959	1,157,811
Highway Patrol Division	1,416,197	1,391,364
	24,733,702	23,648,070
Office of the Attorney-General:		
Attorney-General's Office	6,683,255	6,833,516
Chief Medical Examiner:		
Medical Examiner's Office	419,665	381,546
Total Protection of Life and Property	84,925,138	80,178,290

See Accompanying Independent Auditors' Report.



## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2011 (With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	5,918,816	5,488,847
Office of the Director - Permanent Injunction	1,569,728	2,761,997
Clinical Services Division	1,000,296	799,590
Youth Drug and Alcohol Program	-	11,156
Child and Adolescent Services Division	768,553	759,877
Nursing Services Division	1,941,355	1,974,216
	11,198,748	11,795,683
Department of Public Health and Social Services:		
Office of the Director	400,851	2,575,154
Chief Public Health Office	3,000	183,528
Community Health Services	-	104,072
Communicable Disease Control	-	12,402
Professional Social Services	-	4,228
Primary Care Services	2,399	154,948
Family Health and Nursing	962	72,614
Division of Environmental Health	552,666	502,973
Financial Management Services	187,414	163,836
Supply Section	120,502	84,928
Management Support Services	167,391	149,556
Facilities and Maintenance	872,206	946,119
Systems Group	286,820	373,949
	2,594,211	5,328,307
Total Public Health	13,792,959	17,123,990
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	15,727,524	13,290,820
Foster Care	1,871,531	1,519,219
Division of Senior Citizens	208,194	177,630
Adult Protective Services	468,125	455,434
	18,275,374	15,443,103
Department of Integrated Services for Individuals with Disabilities:		
Service Contracts	-	284,236
Office of the Director	630,179	341,086
Basic Support 110	24,985	32,754
	655,164	658,076

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - General Fund, Continued  
Year Ended September 30, 2011  
(With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
Community Services, continued:		
Guam Public Library System:		
Office of the Director	806,687	850,611
Hagatna-Dededo Library	148,842	186,851
Barrigada Library	59,674	48,643
Agat Library	37,668	34,827
Yona Library	34,639	32,445
Merizo Library	63,215	56,478
	1,150,725	1,209,855
Total Community Services	20,081,263	17,311,034
Recreation:		
Department of Parks and Recreation:		
Office of the Director	382,339	372,270
Memorial Services	112,645	114,228
Community Programs	346,518	312,360
Pool and Beach Programs	428,268	420,794
Paseo Stadium	-	146,168
Parks Administration and Planning	154,576	139,214
Historic Preservation Division	233,332	196,767
Parks Maintenance	966,109	976,069
Territorial Park Protection	139,779	176,417
Total Recreation	2,763,566	2,854,287
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	18,015	61,795
Department of Chamorro Affairs:		
Office of the Director	455,159	424,859
Language and Culture Division	50,218	48,812
Research Publication and Training	71,021	70,796
Guam Museum	291,627	299,046
	868,025	843,513
Department of Labor:		
Office of the Director	424,343	547,356
Occupational Safety and Health Agency	4,878	49,059
Wage and Hour Division	1,890	203,862
Bureau of Labor Statistics	2,360	213,833
Worker's Compensation Commission	5,558	93,088
Fiscal and Support Office	112,257	89,671
	551,286	1,196,869

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2011 (With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
Individual and Collective Rights, continued:		
Department of Military Affairs:		
Office of the Adjutant General	142,072	125,310
Other:		
Unified Courts of Guam	28,044,579	25,160,316
Guam Election Commission	862,151	691,649
Mayor's Council of Guam	8,232,335	8,710,141
	37,139,065	34,562,106
Total Individual and Collective Rights	38,718,463	36,789,593
Public Education:		
Education Suruhanu	118,797	129,714
Guam Commission for Educator Certification	172,664	214,475
Office of I Maga'lahren Guahan:		
Office of the Governor - JFK School Lease	4,493,256	4,494,000
Department of Education:		
Guam Public School System	198,632,127	192,868,497
Department of Public Works:		
Bus Operations	6,145,760	6,459,318
Total Public Education	209,562,604	204,166,004
Economic Development:		
Bureau of Statistics and Plans:		
Administration	385,987	364,384
Chief Economist's Office	6,652	2,205
Planning Information	245,733	191,547
Socio-Economic Planning	137,755	136,448
Business and Economic Statistics Division	380,008	330,180
	1,156,135	1,024,764
Department of Agriculture:		
Office of the Director	830,365	879,657
Fire Protection	252,280	18,852
Aquatic and Wildlife Resources Division	137,441	127,537
Animal and Plant Industry Division	831,039	786,304
Animal Health Section	385,667	364,297
	2,436,792	2,176,647
Total Economic Development	3,592,927	3,201,411
Payments to Component Units:		
Government of Guam Retirement Fund:		
Medicare Reimbursement	697,696	700,000
Governor and Lieutenant Governor Pension Contributions	210,636	145,000
Judge and Justice Retirement Annuities	735,425	458,448
	1,643,757	1,303,448

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2011 (With comparatives for the year ended September 30, 2010)

	2011	2010
Expenditures by Department, continued:		
Payments to Component Units, continued:		
Guam Community College	13,131,969	13,938,332
Guam Educational Telecommunications Corporation	530,059	521,621
Guam Visitors Bureau	20,605	76,395
Guam Regional Transit Authority	-	399,934
Guam Memorial Hospital Authority	9,368,560	12,221,213
University of Guam	30,851,172	32,588,765
Total Payments to Component Units	55,546,122	61,049,708
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	27,299,574	19,145,143
Guam Council on the Arts and Humanities Council	-	3,138
Sanctuary, Inc.	-	190,789
Hagatna Restoration and Redevelopment	22,397	72,909
Total Miscellaneous Appropriations	27,321,971	19,411,979
Interest and other charges:		
Interest on tax refunds	4,663,347	3,030,072
Public Law 28-38 Special Retirement payments	852,469	4,601,475
Public Law 31-74 GGRF savings payments	6,163,348	-
Credit card charge fees and other bank fees	4,290,392	4,052,949
COLA interest	1,985,124	1,325,003
Temporary Assistance for Needy Families	1,721,324	-
Miscellaneous GGRF contributions	1,637,303	576,160
Other	1,795,370	4,441,751
Total Interest and other charges	23,108,677	18,027,410
Debt service:		
Principal retirement	20,291,072	14,794,069
Interest and fiscal charges	36,317,372	28,247,529
Total Debt Service	56,608,444	43,041,598
Capital Projects:		
John F. Kennedy High School	65,735,000	-
Total expenditures	677,669,429	578,447,768
Deficiency of revenues under expenditures	(125,313,769)	(82,309,011)
Other financing sources (uses):		
Capital leases	65,735,000	-

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - General Fund, Continued

Year Ended September 30, 2011

(With comparatives for the year ended September 30, 2010)

	2011	2010
Other financing sources (uses), continued:		
Transfers in from other funds:		
Air Pollution Fund	-	268,198
Autonomous Agency Infrastructure Collections Fund	-	460
Board of Accountancy Fund	-	14,781
Carrier Off-duty Services Revolving Fund	-	165,505
Census Fund	1,000,000	-
Contractors' License Board Fund	-	435,950
Controlled Substance Diversion Fund	-	97,720
Criminal Injuries Compensation Fund	-	253,673
Dededo Buffer Strip Revolving Fund	-	50,241
DPW Building and Design Fund	-	162,201
Drivers' Education Fund	-	546,257
Enhanced 911 Emergency Reporting System Fund	-	2,236,556
Environmental Health Fund	-	260,558
Examiner Off-Duty Services Fund	-	1,925
GDOE Federal Grants Fund	80,235,043	-
GFD Capital Revolving Fund	-	63,119
Guam Cancer Trust Fund	1,033,533	-
Guam Environmental Trust Fund	38,546	552,060
Guam Plant Inspection and Permit Fund	-	193,311
Guam Preservation Trust Fund	-	448,249
Guam Unarmed Combat Commission Fund	-	1,964
Health and Human Services Fund	1,155	-
Health Professional Licensure Fund	-	365,986
Healthy Futures Fund	533,894	4,094,360
Land Survey Revolving Fund	-	4,196,176
Limited Obligation Infrastructure Improvement Bonds Fund	1,000,000	-
Mental Health and Substance Abuse Fund	-	200,969
Notary Public Revolving Fund	-	11,930
Pesticide Management Fund	-	12,713
Plant Nursery Revolving Fund	-	50,011
Police Services Fund	-	16,657
Professional Engineers', Architects' and Surveyors Fund	-	110,703
Public Library System Fund	804,876	1,315,069
Public Recreation Services Fund	-	38,838
Public Transit Fund	-	146,347
Rabies Prevention Fund	-	100,794
Recycling Revolving Fund	-	5,010,806
Safe Streets Fund	-	365,586
Solid Waste Management Plan Fund	-	28,991
Solid Waste Operations Fund	3,747,581	-
Tax Collection Fund	-	4,382
Territorial Education Facilities Fund	18,478,397	20,179,223
Territorial Highway Fund	890,280	877,913

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2011 (With comparatives for the year ended September 30, 2010)

	2011	2010
Other financing sources (uses), continued:		
Transfers in from other funds, continued:		
Tourist Attraction Fund	1,075,942	4,418,111
Underground Storage Tank Management Fund	-	52,450
Unreserved Fund Balance Fund	-	207,353
Village Streets Fund	-	248,851
Water Protection Fund	-	214,399
Water Research and Development Fund	-	344,647
Wildlife Conservation Fund	-	131,809
PUAG Capital Projects Fund	-	977,640
	108,839,247	49,475,442
Transfers out to other funds:		
Accessible Parking Fund	-	411,767
Customs, Agriculture and Quarantine Inspection Services Fund	3,264,296	2,195,448
Federal Grants Assistance Fund	24,915,172	30,041,783
Land Survey Revolving Fund	816,007	3,747,398
Manpower Development Fund	927,228	-
Unified Courts of Guam Trust Fund	473,787	1,081,311
Wildlife Conservation Fund	-	76,955
Worker's Compensation Fund	679,226	776,611
	31,075,716	38,331,273
Total other financing sources (uses), net	143,498,531	11,144,169
Net change in fund deficit	18,184,762	(71,164,842)
Deficit at the beginning of the year	(321,317,023)	(250,152,181)
Deficit at the end of the year	\$ (303,132,261)	\$ (321,317,023)

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Income	\$ 291,345,857	\$ 291,345,857	\$ 282,284,515	\$ (9,061,342)
Gross receipts	202,375,945	202,375,945	200,047,641	(2,328,304)
Income - COLA	-	-	125,020	125,020
Excise	3,362,792	3,362,792	2,549,493	(813,299)
Section 30 Federal income tax collections	46,331,054	46,331,054	46,357,373	26,319
Immigration fees	1,647,349	1,647,349	1,967,660	320,311
Indirect cost reimbursement	-	-	(55,693)	(55,693)
Contributions from component units	2,028,008	2,028,008	2,199,058	171,050
Other	12,776,946	12,776,946	7,075,614	(5,701,332)
<b>Total revenues</b>	<b>559,867,951</b>	<b>559,867,951</b>	<b>542,550,681</b>	<b>(17,317,270)</b>
<b>Expenditures by Department:</b>				
<b>Executive Branch:</b>				
<b>Office of I Maga'lahaen Guahan:</b>				
Office of the Governor	4,333,152	3,453,481	3,302,923	150,558
Office of the Governor - Guam Liaison Office	337,345	184,282	174,636	9,646
Office of the Governor - JFK School Lease	3,000,000	-	4,493,000	(4,493,000)
Commission on Decolonization	250,000	250,000	18,015	231,985
Ancestral Land Trust Commission	208,665	206,021	199,557	6,464
Government House	701,196	769,752	699,622	70,130
Bureau of Information Technology	183,417	159,268	157,785	1,483
Medical Referral Offices	663,458	656,983	656,982	1
Office of Civil Defense	107,970	75,132	1,485	73,647
Office of Veteran's Affairs	432,939	334,853	329,562	5,291
	<u>10,218,142</u>	<u>6,089,772</u>	<u>10,033,567</u>	<u>(3,943,795)</u>
<b>Office of I Segundu Na Maga'lahaen Guahan:</b>				
Office of the Lieutenant Governor	1,052,927	968,434	968,288	146
Guam State Clearinghouse	1,007	1,005	-	1,005
	<u>1,053,934</u>	<u>969,439</u>	<u>968,288</u>	<u>1,151</u>
<b>Bureau of Budget and Management Research:</b>				
Office of the Director	276,360	261,175	259,139	2,036
Internal Audit Division	5,601	-	5,600	(5,600)
	<u>281,961</u>	<u>261,175</u>	<u>264,739</u>	<u>(3,564)</u>
<b>Civil Service Commission:</b>				
Office of the Director	834,689	406,024	366,037	39,987
Board of Commissioners	-	59,221	59,221	-
Legal Office	-	79,564	83,561	(3,997)
Personnel Management	390	269,724	269,724	-
	<u>835,079</u>	<u>814,533</u>	<u>778,543</u>	<u>35,990</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Administration:				
Office of the Director	4,385,795	2,151,307	2,065,121	86,186
Office of the Director - COLA	6,770,500	6,770,500	5,923,630	846,870
Office of the Director - Child Support	684,170	685,129	677,462	7,667
Office of the Director - Streetlights	-	1	1	-
Office of the Director - Health insurance benefits	3,942,303	6,938,958	5,294,462	1,644,496
Office of the Director - Power and Water	5,708,467	5,953,720	5,901,715	52,005
Office of the Director - Salary Adjustments	13,114,596	2,483,848	-	2,483,848
Personnel Management	-	1,474,523	1,474,587	(64)
Financial Management	-	533,846	533,852	(6)
Data Processing	-	767,873	767,873	-
General Services Agency	-	697,263	697,263	-
Division of Accounts	6,924	1,602,429	1,602,658	(229)
	<u>34,612,755</u>	<u>30,059,397</u>	<u>24,938,624</u>	<u>5,120,773</u>
Guam Election Commission	<u>1,331,794</u>	<u>918,901</u>	<u>888,319</u>	<u>30,582</u>
Department of Revenue and Taxation:				
Office of the Director	9,192,006	3,377,404	2,589,222	788,182
Office of the Director - Stimulus Tax Rebates	31	65,383	-	65,383
Office of the Director - Real Property Assessment Bond	899,706	899,706	899,706	-
Tax Enforcement Division	27,501	2,113,321	2,114,157	(836)
Real Property Tax Division	1	661,936	662,805	(869)
Taxpayer Services Division	2	1,986,451	1,987,161	(710)
Regulatory Division	22,502	1,166,601	1,167,678	(1,077)
Motor Vehicle Division	1	708,869	708,938	(69)
	<u>10,141,750</u>	<u>10,979,671</u>	<u>10,129,667</u>	<u>850,004</u>
Bureau of Statistics and Plans:				
Administration	1,151,101	390,911	386,164	4,747
Chief Economist's Office	5,190	33,313	7,482	25,831
Planning Information	-	245,734	245,733	1
Socio-Economic Planning	1	137,756	137,755	1
Business and Economic Statistics Division	-	380,010	380,008	2
	<u>1,156,292</u>	<u>1,187,724</u>	<u>1,157,142</u>	<u>30,582</u>
Department of Public Works:				
Office of the Director	8,355,639	1,353,005	1,331,603	21,402
Office of the Director - Consent Decree	1,172,921	1,172,921	415,709	757,212
Office of the Director - Streetlights	-	553,481	553,481	-
Transportation Maintenance Division	835	1,108,187	1,107,253	934
Bus Operations Division	22,089	5,674,619	5,667,963	6,656
	<u>9,551,484</u>	<u>9,862,213</u>	<u>9,076,009</u>	<u>786,204</u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual - General Fund, Continued  
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Office of the Attorney-General:				
Attorney-General's Office	8,323,409	8,290,840	6,852,044	1,438,796
Guam Police Department:				
Office of the Chief	24,390,059	1,962,659	1,916,302	46,357
Office of the Chief - Police Commander	1	2,808,132	2,821,511	(13,379)
Office of the Chief - Administration Division	1	1,416,302	1,416,332	(30)
Office of the Chief - Overtime	165,062	1,168,655	1,165,155	3,500
Office of the Chief - Equipment and Training	6,249	3,201	3,201	-
Office of the Chief - Fuel	10	459,443	459,443	-
Criminal Investigation Division	12	2,830,613	2,845,819	(15,206)
Neighborhood Patrol Division	-	9,220,649	9,350,160	(129,511)
Support Division	790	1,920,828	1,931,090	(10,262)
Forensic Science Division	781	1,131,799	1,140,999	(9,200)
Highway Patrol Division	-	1,413,677	1,416,197	(2,520)
	<u>24,562,965</u>	<u>24,335,958</u>	<u>24,466,209</u>	<u>(130,251)</u>
Department of Corrections:				
Office of the Director	16,109,115	3,653,166	3,606,290	46,876
Office of the Director - Rent	-	104,500	104,500	-
Office of the Director - Bureau of Prisons	-	3,283,589	1,287,272	1,996,317
Adult Correctional Facility	250,759	9,566,413	10,110,414	(544,001)
Rosario Detention Center	-	2,440,734	2,418,577	22,157
Casework and Counseling Service Division	-	316,310	330,805	(14,495)
Forensic Division	-	314,970	315,098	(128)
Parole Service Division	-	538,506	549,653	(11,147)
	<u>16,359,874</u>	<u>20,218,188</u>	<u>18,722,609</u>	<u>1,495,579</u>
Department of Agriculture:				
Office of the Director	2,622,104	869,120	849,268	19,852
Fire Protection	-	253,135	252,280	855
Aquatic and Wildlife Resources Division	-	137,442	137,441	1
Animal and Plant Industry Division	-	831,041	831,039	2
Animal Health Section	15,000	391,876	388,937	2,939
	<u>2,637,104</u>	<u>2,482,614</u>	<u>2,458,965</u>	<u>23,649</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Public Health and Social Services:				
Office of the Director	10,802,101	605,501	445,096	160,405
Chief Public Health Office	12,265	27,802	18,544	9,258
Community Health Services	-	2,910	2,910	-
Communicable Disease Control	-	3,973	3,973	-
Professional Social Services	-	572	572	-
Primary Care Services	23,188	23,464	5,742	17,722
Family Health and Nursing	1,616	1,616	962	654
Division of Environmental Health	-	566,806	566,804	2
Financial Management Services	877	188,275	188,449	(174)
Supply Section	2,065	122,417	121,345	1,072
Management Support Services	5,683	173,792	168,737	5,055
Facilities and Maintenance	4,475	903,949	900,583	3,366
Systems Group	7,847	320,560	316,175	4,385
Medically Indigent Program	3,627	111,085	100,791	10,294
Foster Care	5,387	1,908,199	1,884,917	23,282
Division of Senior Citizens	6,544	233,481	218,396	15,085
Adult Protective Services	41,008	491,436	477,613	13,823
	<u>10,916,683</u>	<u>5,685,838</u>	<u>5,421,609</u>	<u>264,229</u>
Department of Education:				
Guam Public School System	<u>164,391,590</u>	<u>167,922,457</u>	<u>163,953,531</u>	<u>3,968,926</u>
Guam Public Library System:				
Office of the Director	1,290,718	833,846	815,536	18,310
Hagatna-Dededo Library	5,734	228,049	226,494	1,555
Barrigada Library	181	66,443	59,877	6,566
Agat Library	109	41,392	38,035	3,357
Yona Library	45	40,813	34,833	5,980
Merizo Library	23	65,799	64,194	1,605
	<u>165,688,400</u>	<u>169,198,799</u>	<u>165,192,500</u>	<u>4,006,299</u>
Department of Youth Affairs:				
Office of the Director	4,581,945	112,194	112,193	1
Office of the Director - Nursing and Medication	14,259	134,899	33,263	101,636
Division of Youth Development	-	543,816	543,815	1
Division of Youth Corrections	1	2,616,417	2,585,149	31,268
Division of Vocational Rehabilitation and Support Services	47,601	716,606	599,215	117,391
	<u>4,643,806</u>	<u>4,123,932</u>	<u>3,873,635</u>	<u>250,297</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Mental Health and Substance Abuse:				
Office of the Director	8,587,296	4,816,917	4,728,902	88,015
Office of the Director - Permanent Injunction	4,104,431	103,452	92,612	10,840
Clinical Services Division	37,546	994,878	1,002,296	(7,418)
Child and Adolescent Services Division	3,036	769,580	768,943	637
Nursing Services Division	164,742	1,987,203	1,945,385	41,818
	<u>12,897,051</u>	<u>8,672,030</u>	<u>8,538,138</u>	<u>133,892</u>
Department of Labor:				
Office of the Director	1,430,888	457,506	435,420	22,086
Occupational Safety and Health Agency	-	4,879	4,878	1
Wage and Hour Division	-	1,900	1,890	10
Bureau of Labor Statistics	-	2,619	2,360	259
Worker's Compensation Commission	-	5,614	5,558	56
Fiscal and Support Office	-	112,129	112,257	(128)
	<u>1,430,888</u>	<u>584,647</u>	<u>562,363</u>	<u>22,284</u>
Department of Parks and Recreation:				
Office of the Director	3,046,409	424,377	398,576	25,801
Memorial Services	-	112,645	112,645	-
Community Programs	-	346,518	346,518	-
Pool and Beach Programs	-	427,298	428,268	(970)
Parks Administration and Planning	-	154,576	154,576	-
Historic Preservation Division	-	233,332	233,332	-
Parks Maintenance	1,050	967,375	968,053	(678)
Territorial Park Protection	-	139,629	139,779	(150)
	<u>3,047,459</u>	<u>2,805,750</u>	<u>2,781,747</u>	<u>24,003</u>
Department of Integrated Services for Individuals with Disabilities:				
Service Contracts	1,200,375	-	-	-
Permanent Injunction	4,011	4,011	-	4,011
Office of the Director	3,303	543,360	523,685	19,675
Fiscal Support	1	24,986	24,985	1
	<u>1,207,690</u>	<u>572,357</u>	<u>548,670</u>	<u>23,687</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	9,915,793	9,604,439	8,366,506	1,237,933
Chief Medical Examiner:				
Medical Examiner's Office	422,691	400,413	394,174	6,239

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Chamorro Affairs:				
Office of the Director	1,153,497	573,917	530,355	43,562
Language and Culture Division	-	50,747	50,218	529
Research Publication and Training	-	71,864	71,021	843
Guam Museum	-	295,764	291,627	4,137
	<u>1,153,497</u>	<u>992,292</u>	<u>943,221</u>	<u>49,071</u>
Department of Military Affairs:				
Office of the Adjutant General	<u>365,426</u>	<u>149,560</u>	<u>142,384</u>	<u>7,176</u>
Guam Fire Department:				
Office of the Fire Chief	23,965,436	760,154	232,497	527,657
Administrative and Logistical Support	93,535	983,943	994,256	(10,313)
Emergency Medical Service/Rescue Operations Bureau	-	7,986,956	7,990,422	(3,466)
Fire Suppression Bureau	-	14,982,601	16,050,917	(1,068,316)
	<u>24,058,971</u>	<u>24,713,654</u>	<u>25,268,092</u>	<u>(554,438)</u>
Payments to Component Units:				
Guam Community College	13,583,423	13,517,207	13,131,969	385,238
Guam Educational Telecommunications Corporation	557,630	534,742	533,691	1,051
Guam Visitors Bureau	20,605	23,605	20,605	3,000
Guam Regional Transit Authority	13,200	13,200	-	13,200
Guam Memorial Hospital Authority	12,572,613	12,610,741	1,407,210	11,203,531
University of Guam	31,781,591	31,530,235	30,851,172	679,063
	<u>58,529,062</u>	<u>58,229,730</u>	<u>45,944,647</u>	<u>12,285,083</u>
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	702,000	702,000	689,715	12,285
Governor and Lieutenant Governor Pension Contributions	145,000	145,000	145,000	-
COLA	2,594,730	9,166,666	-	9,166,666
Judge and Justice Retirement Annuities	458,448	458,448	450,425	8,023
	<u>3,900,178</u>	<u>10,472,114</u>	<u>1,285,140</u>	<u>9,186,974</u>
Total Executive Branch	<u>419,244,138</u>	<u>412,675,980</u>	<u>379,997,551</u>	<u>32,678,429</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual - General Fund, Continued  
Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Miscellaneous Appropriations:				
Retiree Healthcare Premiums	19,500,000	27,642,267	27,299,574	342,693
Guam Council on the Arts and Humanities Agency	276,700	-	-	-
Education Suruhanu	180,202	179,635	118,899	60,736
Guam Commission for Educator Certification	228,027	224,341	173,168	51,173
Guam Legal Service Corporation	19,520	-	-	-
Hagatna Restoration and Redevelopment	22,208	22,208	22,397	(189)
Total Miscellaneous Appropriations	20,226,657	28,068,451	27,614,038	454,413
Interest and other charges:				
Interest on tax refunds	-	-	4,663,347	(4,663,347)
Public Law 28-38 Special Retirement payments	-	-	852,469	(852,469)
Public Law 31-74 GGRF savings payments	-	-	6,163,348	(6,163,348)
Credit card charge fees and other bank fees	3,600,000	900,000	4,290,392	(3,390,392)
COLA interest	-	-	1,985,124	(1,985,124)
Temporary Assistance for Needy Families	-	-	1,721,324	(1,721,324)
Miscellaneous GGRF contributions	-	-	1,637,303	(1,637,303)
Other	-	-	1,795,370	(1,795,370)
Total Interest and other charges	3,600,000	900,000	23,108,677	(22,208,677)
Debt Service:				
Principal retirement	20,291,366	22,124,578	20,288,336	1,836,242
Interest and fiscal charges	38,945,695	40,508,865	36,313,088	4,195,777
	59,237,061	62,633,443	56,601,424	6,032,019
Total expenditures	502,307,856	504,277,874	487,321,690	16,956,184
Excess (deficiency) of revenues over (under) expenditures	57,560,095	55,590,077	55,228,991	(361,086)
Other financing sources (uses):				
Transfers in from other funds:				
Solid Waste Operations Fund	7,135,019	7,135,019	3,747,581	(3,387,438)
Territorial Education Facilities Fund	10,768,749	10,768,749	7,933,678	(2,835,071)
Tourist Attraction Fund	-	-	1,075,942	1,075,942
	17,903,768	17,903,768	12,757,201	(5,146,567)

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual - General Fund, Continued  
Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses), continued:				
Transfers out to other funds:				
DMHSA Receiver Fund	-	4,000,000	7,500,000	(3,500,000)
Better Public Service Fund	776,969	443,742	549,717	(105,975)
Community Development Fund	99,991	-	-	-
Customs, Agriculture and Quarantine Inspection Fund	-	-	3,264,296	(3,264,296)
DOC Inmates Revolving Fund	-	-	733,575	(733,575)
Federal Grants Assistance Fund	28,139,391	32,310,510	24,993,719	7,316,791
Government Claims Fund	100,000	100,000	100,000	-
GMHA Pharmaceuticals Fund	8,406,877	8,095,038	7,961,350	133,688
Guam Legislature Fund	8,108,910	8,060,770	8,060,770	-
Income Tax Efficiency Payment Fund	-	8,022,974	-	8,022,974
Land Survey Revolving Fund	-	62,447	816,007	(753,560)
Manpower Development Fund	-	-	927,228	(927,228)
MIP Payment Revolving Fund	13,327,317	13,322,907	14,594,467	(1,271,560)
Office of Public Accountability	1,411,166	1,454,778	1,165,486	289,292
Off-island Treatment Fund	1,284,709	1,196,421	1,188,202	8,219
Public Defender Service Corporation Fund	3,708,020	3,699,971	3,699,971	-
Supplemental Annuity Benefits Fund	11,375,000	11,375,000	12,080,141	(705,141)
Supplemental Appropriation Revenue Fund	-	4,262,091	4,908,287	(646,196)
Unified Courts of Guam Fund	24,620,331	24,642,889	24,642,889	-
Worker's Compensation Fund	758,593	798,593	679,226	119,367
	<u>102,117,274</u>	<u>121,848,131</u>	<u>117,865,331</u>	<u>3,982,800</u>
Total other financing sources (uses), net	<u>(84,213,506)</u>	<u>(103,944,363)</u>	<u>(105,108,130)</u>	<u>(1,163,767)</u>
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	2,981,978	2,981,978
	-	-	2,981,978	2,981,978
Net change in fund deficit	<u>\$ (26,653,411)</u>	<u>\$ (48,354,286)</u>	<u>\$ (46,897,161)</u>	<u>\$ 1,457,125</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds  
Combining Balance Sheet  
September 30, 2011

<u>ASSETS</u>	Other <u>Special Revenue</u>	Other <u>Capital Project</u>	Other <u>Debt Service</u>	<u>Total</u>
Cash and cash equivalents	\$ 10,387,090	\$ 1,190,408	\$ 1,925	\$ 11,579,423
Time certificates of deposit	1,251,002	-	-	1,251,002
Investments	11,449,054	-	-	11,449,054
Receivables, net:				
Taxes	5,888,124	-	-	5,888,124
Other	5,627,936	-	-	5,627,936
Due from other funds	16,068,016	774,202	-	16,842,218
Due from component units	2,153,590	-	-	2,153,590
Deposits and other assets	-	10,000	-	10,000
Restricted assets:				
Cash and cash equivalents	-	59,527,352	18,394,233	77,921,585
Time certificates of deposit	-	1,000,718	-	1,000,718
Investments	-	562,143	-	562,143
Total assets	\$ 52,824,812	\$ 63,064,823	\$ 18,396,158	\$ 134,285,793
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 223,098	\$ 130,733	\$ -	\$ 353,831
Accrued payroll and other	978,921	-	-	978,921
Due to other funds	8,920,714	843,603	-	9,764,317
Due to component units	1,404,956	-	-	1,404,956
Deferred revenue	1,392,980	-	-	1,392,980
Deposits and other liabilities	914,602	-	-	914,602
Total liabilities	13,835,271	974,336	-	14,809,607
Fund balances:				
Restricted	11,159,167	61,414,139	18,396,158	90,969,464
Committed	25,525,056	676,348	-	26,201,404
Assigned	2,551,373	-	-	2,551,373
Unassigned:				
Special revenue funds	(246,055)	-	-	(246,055)
Total fund balances	38,989,541	62,090,487	18,396,158	119,476,186
Total liabilities and fund balances	\$ 52,824,812	\$ 63,064,823	\$ 18,396,158	\$ 134,285,793

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances Year Ended September 30, 2011

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 20,147,143	\$ -	\$ -	\$ 20,147,143
Hotel	22,972,113	-	-	22,972,113
Liquid fuel	9,478,586	-	-	9,478,586
Tobacco	12,831,340	-	-	12,831,340
Alcoholic beverages	2,910,508	-	-	2,910,508
Licenses, fees and permits	54,214,874	-	-	54,214,874
Use of money and property	308,212	2,639,646	(82,580)	2,865,278
Federal contributions	2,389,011	-	-	2,389,011
Other	1,910,011	-	-	1,910,011
Total revenues	<u>127,161,798</u>	<u>2,639,646</u>	<u>(82,580)</u>	<u>129,718,864</u>
Expenditures by Function:				
Current:				
General government	19,266,575	5,546	-	19,272,121
Protection of life and property	14,194,930	-	-	14,194,930
Public health	14,516,334	-	-	14,516,334
Community services	583,374	-	-	583,374
Recreation	1,035,566	-	-	1,035,566
Individual and collective rights	3,314,896	2,203,637	-	5,518,533
Transportation	4,036,479	-	-	4,036,479
Public education	234,506	-	-	234,506
Environmental protection	5,274,726	-	-	5,274,726
Economic development	150,027	-	-	150,027
Payments to:				
Chamorro Land Trust Commission	579,049	-	-	579,049
Guam Community College	1,857,297	-	-	1,857,297
Guam Housing and Urban Renewal	378,711	-	-	378,711
Guam Memorial Hospital Authority	4,773,107	-	-	4,773,107
Guam Preservation Trust	698,934	-	-	698,934
Guam Regional Transit Authority	2,933,232	-	-	2,933,232
Guam Visitors Bureau	14,308,625	-	-	14,308,625
University of Guam	2,105,365	-	-	2,105,365
Miscellaneous appropriations	63,755	-	-	63,755
Capital projects	-	3,859,140	-	3,859,140
Cost of issuance	-	-	765,347	765,347
Debt service	-	993,004	10,100,713	11,093,717
Total expenditures	<u>90,305,488</u>	<u>7,061,327</u>	<u>10,866,060</u>	<u>108,232,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,856,310</u>	<u>(4,421,681)</u>	<u>(10,948,640)</u>	<u>21,485,989</u>
Other financing sources (uses):				
Proceeds from issuance of refunding bonds	-	90,665,000	-	90,665,000
Discount on refunded bonds issued	-	(2,117,169)	-	(2,117,169)
Payment to refunded bond escrow agent	-	(21,908,273)	(6,879,513)	(28,787,786)
Transfers in from other funds	7,766,635	-	20,370,906	28,137,541
Transfers out to other funds	<u>(39,269,197)</u>	<u>(11,070,559)</u>	<u>(1,000,000)</u>	<u>(51,339,756)</u>
Total other financing sources (uses), net	<u>(31,502,562)</u>	<u>55,568,999</u>	<u>12,491,393</u>	<u>36,557,830</u>
Net change in fund balances	5,353,748	51,147,318	1,542,753	58,043,819
Fund balances at beginning of year	<u>33,635,793</u>	<u>10,943,169</u>	<u>16,853,405</u>	<u>61,432,367</u>
Fund balances at end of year	<u>\$ 38,989,541</u>	<u>\$ 62,090,487</u>	<u>\$ 18,396,158</u>	<u>\$ 119,476,186</u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures by Object, and  
Changes in Fund Balances  
Year Ended September 30, 2011

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 20,147,143	\$ -	\$ -	20,147,143
Hotel	22,972,113	-	-	22,972,113
Liquid fuel	9,478,586	-	-	9,478,586
Tobacco	12,831,340	-	-	12,831,340
Alcoholic beverages	2,910,508	-	-	2,910,508
Licenses, fees and permits	54,214,874	-	-	54,214,874
Use of money and property	308,212	2,639,646	(82,580)	2,865,278
Federal contributions	2,389,011	-	-	2,389,011
Other	1,910,011	-	-	1,910,011
Total revenues	<u>127,161,798</u>	<u>2,639,646</u>	<u>(82,580)</u>	<u>129,718,864</u>
Expenditures by Object:				
Salaries and wages - regular	26,389,884	-	-	26,389,884
Salaries and wages - overtime	463,973	-	-	463,973
Salaries and wages - fringe benefits	8,917,423	-	-	8,917,423
Travel	217,752	-	-	217,752
Contractual services	9,033,226	1,763,006	-	10,796,232
Building rent	4,178,167	395,525	-	4,573,692
Supplies	4,225,424	-	-	4,225,424
Equipment	521,629	35,217	-	556,846
Utilities - power and water	6,638,912	1,097,187	-	7,736,099
Communications	225,227	194,811	-	420,038
Capital outlays	149,110	1,033,183	-	1,182,293
Grants and subsidies	27,634,320	-	-	27,634,320
Principal retirement	-	328,345	8,775,000	9,103,345
Interest and fiscal charges	-	664,659	1,325,713	1,990,372
Other	1,710,441	1,549,394	765,347	4,025,182
Total expenditures	<u>90,305,488</u>	<u>7,061,327</u>	<u>10,866,060</u>	<u>108,232,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,856,310</u>	<u>(4,421,681)</u>	<u>(10,948,640)</u>	<u>21,485,989</u>
Other financing sources (uses):				
Proceeds from issuance of refunding bonds	-	90,665,000	-	90,665,000
Discount on refunded bonds issued	-	(2,117,169)	-	(2,117,169)
Payment to refunded bond escrow agent	-	(21,908,273)	(6,879,513)	(28,787,786)
Transfers in from other funds	7,766,635	-	20,370,906	28,137,541
Transfers out to other funds	(39,269,197)	(11,070,559)	(1,000,000)	(51,339,756)
Total other financing sources (uses), net	<u>(31,502,562)</u>	<u>55,568,999</u>	<u>12,491,393</u>	<u>36,557,830</u>
Net change in fund balances	5,353,748	51,147,318	1,542,753	58,043,819
Fund balances at beginning of year	33,635,793	10,943,169	16,853,405	61,432,367
Fund balances at end of year	<u>\$ 38,989,541</u>	<u>\$ 62,090,487</u>	<u>\$ 18,396,158</u>	<u>\$ 119,476,186</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds September 30, 2011

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of GovGuam's nonmajor governmental funds - special revenue funds as of September 30, 2011, follows.

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

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

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

Autonomous Agency Infrastructure Collections Fund - This fund, created by Public Law 24-14, was created to ensure the health and public safety of the people of Guam and public works. The revenues are derived from the operating surpluses generated by autonomous agencies.

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

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

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

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

Chamorro Commercial Loan Fund - Established in 1993 by Public Law 21-148, the Chamorro Commercial Loan Fund is created through the authority of the Chamorro Land Trust Commission. Loans are to be made available to Chamorro Land Trust lessees or by organizations formed and controlled by lessees for the development of theaters, garages, service stations, markets, stores and other mercantile establishments.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

Government House Revolving Fund - This fund was created by Executive Order 87-008. Its purpose is to account for the fees charged and related expenditures made for the use of the Government House for public functions held.

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

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

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

Guam Preservation Trust Fund - This fund was created by Public Law 20-151 as a non-profit public corporation, for the purpose of the preservation of the island's many historical and cultural locations. Revenues are derived from building permit fees assessed to contractors before the issuance of any type of building permit. Expenditures are limited to costs involved in the acquisition of threatened Guam properties for the preservation of their historical value, and to support other activities directly related to increasing the public appreciation of the benefit from historical places.

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

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

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

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

Peace Officer Standards and Training Fund - This fund was created by Public Law 24-145 to account for funds received by the Peace Officer Standards and Training Commission in the administration, operation, training costs of peace officers, management surveys, research, management assistance, and other operating expenses.

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

Printing Revolving Fund - This fund is maintained to collect all monies received as payment for publications and publication services provided by the compiler of laws and to pay all costs associated with the printing and publishing of local laws. Funding was provided by local appropriation, however; when activities begin, funding will also be provided from publication charges.

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

Program Development Fund – This fund was created by Public Law 18-20 to account for fees levied by the Guam Economic Development Authority (GEDA) in conjunction with revenue bonds issued by GEDA for loans to developing of multi-family housing.

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.



## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

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

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

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

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

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

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

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

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

Tourist Attraction Fund - This fund was created to finance the improvement of the physical facilities of Guam's parks and recreation areas. Financing is provided by the imposition of an 11 percent tax on lodging provided to transients.

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

Underground Storage Tank Management Fund – This fund was created by Public Law 20-106 to account for collections received under the Underground Storage of Regulated Substances Act.

See Accompanying Independent Auditors’ Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2011

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

UOG Capital Improvements Fund – This fund was created by Public Law 26-48 to account for the design, construction and collateral equipment of the College of Business and Public Administration, and for the replacement of the roof of the Fine Arts Building.

Unreserved Fund Balance Fund – This fund was created by Public Law 28-68 to account for the transfer of funds equal to the amounts in the unreserved fund balances of the Corrections Revolving Fund, the Dededo Buffer Strip Revolving Fund, the DPW Building and Design Fee Account Fund, the Enhanced 911 Emergency Reporting System Fund, the Guam Plant Inspection and Permit Fund, the Healthy Futures Fund, the Housing Revolving Fund, the Police Services Fund, and Parks & Recreation Services Fund at September 30, 2004.

Village Streets Fund - This fund was created by Public Law 23-128. This Fund shall be used exclusively for the purpose of payment to vendors for village road planning, design, construction, reconstruction, improvement, repair and maintenance services, the acquisition of rights of way, or to service debt payments of revenue bonds which may be issued to fund the construction, repair and maintenance of secondary and tertiary roads.

Water Protection Fund - This fund was created by Public Law 22-47 to provide funding for the administration and implementation and enforcement of the Water Pollution Control Act and regulations promulgated from said Act, for educational programs and grants for research and development, advertisement promotions, and inspections of facilities to prevent or minimize erosion that contributes to pollution of the waters.

Water Research and Development Fund – This fund was created by Public Law 22-47 to conduct water resource research which will contribute to the effective planning and management of Guam's underground and surface water, and to the development of programs which promote the best use of these resources.

Wildlife Conservation Fund - This fund was created to preserve, manage, enhance and protect the Government's wildlife resources and their environment. Revenues are derived principally from the sale of hunting, fishing and harvesting licenses, fees and permits.

Workmen's Compensation Fund - This fund was authorized to be created by Public Law 1-88. Section 37042 of the Government Code of Guam requires a fund sufficient to secure compensation payments under Title XXXIII of the Government Code in respect to employees of GovGuam, its agencies and instrumentalities, including any public corporation. Funds are disbursed upon the order of the Workers Compensation Commission, of which the Director of Labor is the Commissioner.

Youth Tobacco Education and Prevention Fund – This fund was created by Public Law 25-187 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be utilized by the Department of Mental Health and Substance Abuse, for youth compliance monitoring and tobacco and drug prevention and education programs.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Capital Project Funds September 30, 2011

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A brief discussion of GovGuam's nonmajor governmental funds - capital projects funds as of September 30, 2011, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for the construction of highway improvement projects from Limited Obligation Highway Improvement bond proceeds.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for the construction of capital improvement projects from Limited Obligation Infrastructure Improvement bond proceeds.

Water System Revenue Bond Fund – This fund is used to account for the repayment of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority, the voluntary service debt and for expanding and improving the existing water system of GovGuam operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority.

PUAG Capital Projects Fund– This fund is used to account for expanding and improving the existing water system of GovGuam operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority.

General Obligation Bond Series A 1993 Fund – This fund is used to account for the construction of new or renovated educational facilities from General Obligation Bond Series A 1993 bond proceeds.

Judicial Building Fund – This fund is used to account for the construction of miscellaneous capital improvements of the Superior Court of Guam and to redeem loan principal and to pay loan interest as such becomes due.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Debt Service Funds September 30, 2011

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment. A brief discussion of GovGuam's nonmajor governmental funds - debt service funds as of September 30, 2011, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Highway Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Infrastructure Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Component Units September 30, 2011

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net assets, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2011, follows:

Guam Community College (GCC) - GCC was created by the enactment of Public Law 14-77, "The Community College Act of 1977," which became effective on November 11, 1977. Administration and operation of GCC is under the control of a nine-member Board of Trustees appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union.

Guam Housing and Urban Renewal Authority (GHURA) - GHURA was created by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA's purpose is to promote the health, safety and welfare of the people of Guam by eliminating slum and blight conditions, by the orderly redevelopment and renewal of communities, by proper planning of community development and by provision of safe, decent and sanitary dwellings for low-income families, through all available Federal and local governmental programs. The Board of Commissioners of GHURA is appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Revenues are derived from Federal financial assistance and rentals or charges for dwelling accommodations.

Guam Housing Corporation (GHC) - GHC was organized under the authority of Public Law 8-80 to promote the general welfare of GovGuam by encouraging investment in and development of low-cost housing. GHC provides for its operating needs by charging points on its low cost loans. Interest rates are determined by its Board of Directors.

Guam Economic Development Authority (GEDA) - GEDA was created to assist in the implementation of an integrated program for the economic development of Guam. Enabling legislation set forth several specific purposes for the establishment of GEDA to include:

- a) Aiding private enterprise without competing with it;
- b) Expansion of the money supply to finance housing facilities; and
- c) Providing the means necessary for acquisition of hospital facilities.

To accomplish the stated purposes, GEDA is authorized to conduct research, invest in, provide loans, operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain GovGuam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDA utilizes various Trust Funds to accomplish its stated purposes.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

Nonmajor Component Units, Continued  
September 30, 2011

Chamorro Land Trust Commission (CLTC) - CLTC was organized under the authority of Public Law 12-226 to protect and ensure trust lands are efficiently and effectively awarded to native Chamorro through residential, agricultural, and commercial leases. CLTC's objectives are to act in the interest of beneficiaries, maintain and uphold fiduciary responsibilities for the beneficiaries, and to exercise due diligence in the management of Chamorro homelands. CLTC currently has a trust land inventory of 12,731 acres or 51,520,529 square meters.

Guam Preservation Trust (GPT) - This fund was created by Public Law 20-151 to establish a program for historic preservation at all levels of government and to promote the use and conservation of such preservations for education, inspiration, pleasure and enrichment of the residents of the Territory.

Guam Visitors Bureau (GVB) - GVB is a public corporation created for the purpose of promoting the visitor industry in Guam. Funding is provided from transfers of appropriations from the Tourist Attraction Fund and interest income.

Guam Educational Telecommunications Corporation (GETC) - GETC, also known as KGTF-TV, was created as a public corporation by Public Law 12-194, as approved on January 2, 1975. The law sets forth the purpose of the Corporation to present educational television to the people of Guam and involve the people of Guam in its activities to the maximum extent possible. Funding is primarily derived from appropriations from the General Fund, community service grants and contributions from the public.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

Fiduciary Funds  
September 30, 2011

Fiduciary funds are used to account for assets held by GovGuam in a fiduciary capacity. A brief description of each fund follows.

### Pension Trust Fund

Government of Guam Retirement Fund - Public Law 1-88 and Public Law 9-251 (Section 4201 of the Government Code of Guam) created the Retirement Fund to provide retirement annuities and other benefits to employees of the Government who became aged or incapacitated or to dependents or survivors of these employees. The Retirement Fund is administered by a Board of Trustees who bears responsibility for the direction and operation of the affairs and business of the retirement system.

### Private Purpose Trust Funds

Superior Court Trust Funds - The Superior Court is responsible for maintaining five trust funds which were primarily created through judicial decree. These Trusts are:

- Land Condemnation Fund - an escrow account for governmental land acquisitions.
- Guardianship Fund - to account for the financial affairs of individuals for whom the Court has been petitioned to act as a guardian.
- Trust Fund - to account for judgments compelling individuals to award payments arising from various civil and criminal cases.
- Traffic Court - to account for deposits made by accused traffic offenders who are contesting charges against them.
- Jury Fund - to account for funds awarded and to be awarded to citizens who serve on juries. Funding is derived from local appropriations.

Supreme Court Trust Fund - This fund was created to hold the assets in conjunction with an embezzlement judgment brought against a local attorney and to pay valid claims in accordance with any rulings.

### Agency Fund

Agency funds are normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	236	265	262	266	282	633	624	646	105	213	272
	Accessible Parking	Air Pollution Control	Autonomous Agency Infrastructure Collections	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Child Care Revolving	Community Health Centers	Contractors' License Board	Controlled Substance Diversion
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 672,088	\$ -	\$ 11,094	\$ 135,241	\$ -	\$ 528,496	\$ 22,952	\$ -
Time certificates of deposit	-	-	-	1,251,002	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	36,190	-	-	-	-	-	-	-
Due from other funds	588,493	-	-	-	163,966	-	441,612	2,405	1,709,300	242,145	26,953
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 588,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,959,280</u>	<u>\$ 163,966</u>	<u>\$ 11,094</u>	<u>\$ 576,853</u>	<u>\$ 2,405</u>	<u>\$ 2,237,796</u>	<u>\$ 265,097</u>	<u>\$ 26,953</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 39,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147	\$ -
Accrued payroll and other	-	4,969	-	-	9,003	(18,603)	8,862	-	29,125	9,345	-
Due to other funds	-	70,718	-	-	-	18,603	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>75,687</u>	<u>-</u>	<u>39,944</u>	<u>9,003</u>	<u>-</u>	<u>8,862</u>	<u>-</u>	<u>29,125</u>	<u>9,492</u>	<u>-</u>
Fund balances (deficit):											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	581,108	-	-	1,919,336	154,963	-	502,310	2,405	1,407,167	239,593	25,343
Assigned	7,385	-	-	-	-	-	65,681	-	801,504	16,012	1,610
Unassigned	-	(75,687)	-	-	-	11,094	-	-	-	-	-
Total fund balances (deficit)	<u>588,493</u>	<u>(75,687)</u>	<u>-</u>	<u>1,919,336</u>	<u>154,963</u>	<u>11,094</u>	<u>567,991</u>	<u>2,405</u>	<u>2,208,671</u>	<u>255,605</u>	<u>26,953</u>
Total liabilities and fund balances (deficit)	<u>\$ 588,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,959,280</u>	<u>\$ 163,966</u>	<u>\$ 11,094</u>	<u>\$ 576,853</u>	<u>\$ 2,405</u>	<u>\$ 2,237,796</u>	<u>\$ 265,097</u>	<u>\$ 26,953</u>

(continued)



**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	641
	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Examiner Off-Duty Services	GFD Capital Revolving	Guam Cancer Trust
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ 188,640	\$ -	\$ 1,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 629,956
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	42,795	-	-	-	-	-	-	-	-	-
Due from other funds	462,074	-	46,080	600,000	104,923	80,860	601,140	-	73	49,272	-
Due from component units	-	2,153,590	-	-	-	-	-	-	-	-	-
Total assets	\$ 462,074	\$ 2,385,025	\$ 46,080	\$ 601,403	\$ 104,923	\$ 80,860	\$ 601,140	\$ -	\$ 73	\$ 49,272	\$ 629,956
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	458,143	-	-	4,212	-	12,155	7,915	-	-	-
Due to other funds	-	1,926,882	-	-	-	-	-	4,263	-	-	629,956
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	168,890	-	-	-	-	-	-	-	-	-	-
Total liabilities	169,059	2,385,025	-	-	4,212	-	12,155	12,178	-	-	629,956
<b>Fund balances (deficit):</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	293,015	-	46,080	601,403	97,949	80,860	533,530	-	73	45,673	-
Assigned	-	-	-	-	2,762	-	55,455	-	-	3,599	-
Unassigned	-	-	-	-	-	-	-	(12,178)	-	-	-
Total fund balances (deficit)	293,015	-	46,080	601,403	100,711	80,860	588,985	(12,178)	73	49,272	-
Total liabilities and fund balances (deficit)	\$ 462,074	\$ 2,385,025	\$ 46,080	\$ 601,403	\$ 104,923	\$ 80,860	\$ 601,140	\$ -	\$ 73	\$ 49,272	\$ 629,956

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	639	245	608	326	635	270	602	241	311	632	222
	Guam Charter Schools	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Indirect Cost	Land Survey Revolving
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ 5,326	\$ 196,812	\$ -	\$ 1,919	\$ 10,933	\$ -	\$ 8,740	\$ 1,024	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	4,214,936	-	-	5,804,720	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	1,045,870	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	1,000	31,004	32,204	91,104	1,480	98,026	-	149,931	-	1,362,564	47,450
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,000</u>	<u>\$ 31,004</u>	<u>\$ 37,530</u>	<u>\$ 287,916</u>	<u>\$ 1,480</u>	<u>\$ 4,314,881</u>	<u>\$ 1,056,803</u>	<u>\$ 149,931</u>	<u>\$ 5,813,460</u>	<u>\$ 1,363,588</u>	<u>\$ 47,450</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,208	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	2,462	-	-	-	-	140,706	-	-	39,581	47,450
Due to other funds	-	-	-	-	-	-	381,319	-	100,000	-	-
Due to component units	-	-	-	148,934	-	-	181,544	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,462</u>	<u>-</u>	<u>148,934</u>	<u>-</u>	<u>-</u>	<u>754,777</u>	<u>-</u>	<u>100,000</u>	<u>39,581</u>	<u>47,450</u>
Fund balances (deficit):											
Restricted	-	-	-	-	-	4,314,881	-	-	5,713,460	-	-
Committed	1,000	-	31,810	138,982	1,480	-	302,026	124,133	-	1,265,530	-
Assigned	-	28,542	5,720	-	-	-	-	25,798	-	58,477	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>1,000</u>	<u>28,542</u>	<u>37,530</u>	<u>138,982</u>	<u>1,480</u>	<u>4,314,881</u>	<u>302,026</u>	<u>149,931</u>	<u>5,713,460</u>	<u>1,324,007</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,000</u>	<u>\$ 31,004</u>	<u>\$ 37,530</u>	<u>\$ 287,916</u>	<u>\$ 1,480</u>	<u>\$ 4,314,881</u>	<u>\$ 1,056,803</u>	<u>\$ 149,931</u>	<u>\$ 5,813,460</u>	<u>\$ 1,363,588</u>	<u>\$ 47,450</u>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	232	294	261	107	629	211	263	215	604	620	317
	Manpower Development	Mental Health and Substance Abuse	Notary Public Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Police Services	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit
<b>ASSETS</b>											
Cash and cash equivalents	\$ 191,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,176	\$ 11,800	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	572,387	-	16,000	-	68,538	-	-	170,575	-	285	68,113
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 763,722</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ 68,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,575</u>	<u>\$ 496,176</u>	<u>\$ 12,085</u>	<u>\$ 68,113</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	18,010	-	-	-	-	-	-	618	-	1,413	-
Due to other funds	-	4,456	-	-	-	3,365	12,157	-	488,113	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	745,712	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>763,722</u>	<u>4,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,365</u>	<u>12,157</u>	<u>618</u>	<u>488,113</u>	<u>1,413</u>	<u>-</u>
<b>Fund balances (deficit):</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	16,000	-	66,754	-	-	168,300	8,063	4,221	65,446
Assigned	-	-	-	-	1,784	-	-	1,657	-	6,451	2,667
Unassigned	-	(4,456)	-	-	-	(3,365)	(12,157)	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>(4,456)</u>	<u>16,000</u>	<u>-</u>	<u>68,538</u>	<u>(3,365)</u>	<u>(12,157)</u>	<u>169,957</u>	<u>8,063</u>	<u>10,672</u>	<u>68,113</u>
Total liabilities and fund balances (deficit)	<u>\$ 763,722</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ 68,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,575</u>	<u>\$ 496,176</u>	<u>\$ 12,085</u>	<u>\$ 68,113</u>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	285	619	217	284	416	417	605	202	603	205	208
	Rabies Prevention	Recycling Revolving	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Solid Waste Operations	Special Assets Forfeiture	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ 793	\$ 8,000	\$ -	\$ 1,205,709	\$ 315,163	\$ 262,913	\$ -	\$ -	\$ 16,875	\$ 3,474,572
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	2,158,848	791,017
Other	-	-	-	-	7,322,679	(1,773,728)	-	-	-	-	-
Due from other funds	27,946	1,398,804	-	10,225	-	6,262,127	378,412	27,910	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 27,946</u>	<u>\$ 1,399,597</u>	<u>\$ 8,000</u>	<u>\$ 10,225</u>	<u>\$ 8,528,388</u>	<u>\$ 4,803,562</u>	<u>\$ 641,325</u>	<u>\$ 27,910</u>	<u>\$ -</u>	<u>\$ 2,175,723</u>	<u>\$ 4,265,589</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
<b>Liabilities:</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,130
Accrued payroll and other	-	-	-	-	49,283	-	-	-	16,493	-	137,779
Due to other funds	-	-	6,807	-	670,427	-	-	-	56,510	1,140,697	3,029,682
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	962,829	-	-	-	-	430,151	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>6,807</u>	<u>-</u>	<u>1,682,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,003</u>	<u>1,570,848</u>	<u>3,285,591</u>
<b>Fund balances (deficit):</b>											
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	22,987	1,113,771	-	10,225	5,683,063	4,803,562	637,095	27,910	-	604,875	979,998
Assigned	4,959	285,826	1,193	-	1,162,786	-	4,230	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(73,003)	-	-
Total fund balances (deficit)	<u>27,946</u>	<u>1,399,597</u>	<u>1,193</u>	<u>10,225</u>	<u>6,845,849</u>	<u>4,803,562</u>	<u>641,325</u>	<u>27,910</u>	<u>(73,003)</u>	<u>604,875</u>	<u>979,998</u>
Total liabilities and fund balances (deficit)	<u>\$ 27,946</u>	<u>\$ 1,399,597</u>	<u>\$ 8,000</u>	<u>\$ 10,225</u>	<u>\$ 8,528,388</u>	<u>\$ 4,803,562</u>	<u>\$ 641,325</u>	<u>\$ 27,910</u>	<u>\$ -</u>	<u>\$ 2,175,723</u>	<u>\$ 4,265,589</u>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2011**

AS/400 Fund Number	206	636	297	621	247	283	300	203	310	276	
	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ 1,987,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,884	\$ 10,387,090
Time certificates of deposit	-	-	-	-	-	-	-	-	-	-	1,251,002
Investments	-	-	-	-	-	-	-	-	-	1,429,398	11,449,054
Receivables, net:											
Taxes	1,892,389	-	-	-	-	-	-	-	-	-	5,888,124
Other	-	-	-	-	-	-	-	-	-	-	5,627,936
Due from other funds	-	79,341	-	-	-	-	7,275	-	46,019	-	16,068,016
Due from component units	-	-	-	-	-	-	-	-	-	-	2,153,590
Total assets	<u>\$ 3,879,635</u>	<u>\$ 79,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,275</u>	<u>\$ -</u>	<u>\$ 46,019</u>	<u>\$ 1,431,282</u>	<u>\$ 52,824,812</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 13,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	223,098
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	978,921
Due to other funds	-	-	-	6,394	22,695	44,053	-	3,161	-	300,456	8,920,714
Due to component units	1,074,478	-	-	-	-	-	-	-	-	-	1,404,956
Deferred revenue	-	-	-	-	-	-	-	-	-	-	1,392,980
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	914,602
Total liabilities	<u>1,087,978</u>	<u>-</u>	<u>-</u>	<u>6,394</u>	<u>22,695</u>	<u>44,053</u>	<u>-</u>	<u>3,161</u>	<u>-</u>	<u>300,456</u>	<u>13,835,271</u>
<b>Fund balances (deficit):</b>											
Restricted	-	-	-	-	-	-	-	-	-	1,130,826	11,159,167
Committed	2,791,657	79,341	-	-	-	-	-	-	46,019	-	25,525,056
Assigned	-	-	-	-	-	-	7,275	-	-	-	2,551,373
Unassigned	-	-	-	(6,394)	(22,695)	(44,053)	-	(3,161)	-	-	(246,055)
Total fund balances (deficit)	<u>2,791,657</u>	<u>79,341</u>	<u>-</u>	<u>(6,394)</u>	<u>(22,695)</u>	<u>(44,053)</u>	<u>7,275</u>	<u>(3,161)</u>	<u>46,019</u>	<u>1,130,826</u>	<u>38,989,541</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,879,635</u>	<u>\$ 79,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,275</u>	<u>\$ -</u>	<u>\$ 46,019</u>	<u>\$ 1,431,282</u>	<u>\$ 52,824,812</u>

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	236	265	262	266	282	633	624	646	105	213	272
	Accessible Parking	Air Pollution Control	Autonomous Agency Infrastructure Collections	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Child Care Revolving	Community Health Centers	Contractors' License Board	Controlled Substance Diversion
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	166,621	179,056	-	638,690	678,305	-	767,325	2,405	1,129,901	819,992	34,874
Use of money and property	-	-	-	5,147	-	-	4	-	-	1	-
Federal contributions	-	-	-	-	-	1,058,818	-	-	1,330,193	-	-
Other	-	-	-	-	165,505	-	-	-	-	-	-
<b>Total revenues</b>	<b>166,621</b>	<b>179,056</b>	<b>-</b>	<b>643,837</b>	<b>843,810</b>	<b>1,058,818</b>	<b>767,329</b>	<b>2,405</b>	<b>2,460,094</b>	<b>819,993</b>	<b>34,874</b>
<b>Expenditures by Function:</b>											
Current:											
General government	-	20,787	-	336,439	-	-	86,186	-	95	557,309	-
Protection of life and property	64,995	-	-	-	635,711	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	2,055,637	-	7,921
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	233,956	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	47,724	-	-	-	-	-
Payments to:											
Chamorro Land Trust Commission	-	-	-	-	-	-	579,049	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Housing and Urban Renewal Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	103	-	-	-	-
<b>Total expenditures</b>	<b>64,995</b>	<b>254,743</b>	<b>-</b>	<b>336,439</b>	<b>635,711</b>	<b>47,724</b>	<b>665,338</b>	<b>-</b>	<b>2,055,732</b>	<b>557,309</b>	<b>7,921</b>
Excess (deficiency) of revenues over (under) expenditures	101,626	(75,687)	-	307,398	208,099	1,011,094	101,991	2,405	404,362	262,684	26,953
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(1,000,000)	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances (deficits)	101,626	(75,687)	-	307,398	208,099	11,094	101,991	2,405	404,362	262,684	26,953
Fund balances (deficits) at beginning of year	486,867	-	-	1,611,938	(53,136)	-	466,000	-	1,804,309	(7,079)	-
<b>Fund balances (deficits) at end of year</b>	<b>\$ 588,493</b>	<b>\$ (75,687)</b>	<b>\$ -</b>	<b>\$ 1,919,336</b>	<b>\$ 154,963</b>	<b>\$ 11,094</b>	<b>\$ 567,991</b>	<b>\$ 2,405</b>	<b>\$ 2,208,671</b>	<b>\$ 255,605</b>	<b>\$ 26,953</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	641
	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Examiner Off-Duty Services	GFD Capital Revolving	Guam Cancer Trust
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	454,109	8,692,686	46,080	-	491,354	80,860	1,667,793	677,911	1,485	63,522	-
Use of money and property	-	181	-	1	-	-	-	-	-	-	103
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(17,739)	-	-	-	-
<b>Total revenues</b>	<b>454,109</b>	<b>8,692,867</b>	<b>46,080</b>	<b>1</b>	<b>491,354</b>	<b>80,860</b>	<b>1,650,054</b>	<b>677,911</b>	<b>1,485</b>	<b>63,522</b>	<b>103</b>
<b>Expenditures by Function:</b>											
<b>Current:</b>											
General government	-	388,627	-	-	390,643	-	73,351	28,361	1,412	-	-
Protection of life and property	-	11,568,536	-	-	-	-	969,629	-	-	14,250	-
Public health	-	-	-	-	-	-	-	603,619	-	-	528,213
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	51,666	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
<b>Payments to:</b>											
Chamorro Land Trust Commission	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Housing and Urban Renewal Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	1,100,000
Miscellaneous appropriations	-	-	-	-	-	-	8,740	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>11,957,163</b>	<b>-</b>	<b>-</b>	<b>390,643</b>	<b>-</b>	<b>1,051,720</b>	<b>683,646</b>	<b>1,412</b>	<b>14,250</b>	<b>1,628,213</b>
Excess (deficiency) of revenues over (under) expenditures	454,109	(3,264,296)	46,080	1	100,711	80,860	598,334	(5,735)	73	49,272	(1,628,110)
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	3,264,296	-	-	-	-	-	-	-	-	1,251,765
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	(1,033,533)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>3,264,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,232</b>
Net change in fund balances (deficits)	454,109	-	46,080	1	100,711	80,860	598,334	(5,735)	73	49,272	(1,409,878)
Fund balances (deficits) at beginning of year	(161,094)	-	-	601,402	-	-	(9,349)	(6,443)	-	-	1,409,878
<b>Fund balances (deficits) at end of year</b>	<b>\$ 293,015</b>	<b>\$ -</b>	<b>\$ 46,080</b>	<b>\$ 601,403</b>	<b>\$ 100,711</b>	<b>\$ 80,860</b>	<b>\$ 588,985</b>	<b>\$ (12,178)</b>	<b>\$ 73</b>	<b>\$ 49,272</b>	<b>\$ -</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	639	245	608	326	635	270	602	241	311	632	222
	Guam Charter Schools	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Indirect Cost	Land Survey Revolving
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	12,831,340	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	2,910,508	-	-	-	-
Sales, licenses, fees and permits	1,000	385,462	82,824	698,784	1,480	11,550	-	199,350	-	-	2,510,108
Use of money and property	-	-	-	182	-	44,946	8	-	205,524	6	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	(12,144)	4,872	-	(54,940)	1,781,837	-
<b>Total revenues</b>	<b>1,000</b>	<b>385,462</b>	<b>82,824</b>	<b>698,966</b>	<b>1,480</b>	<b>44,352</b>	<b>15,746,728</b>	<b>199,350</b>	<b>150,584</b>	<b>1,781,843</b>	<b>2,510,108</b>
<b>Expenditures by Function:</b>											
<b>Current:</b>											
General government	-	25,983	22,715	4,244	-	-	26,449	-	-	2,756,166	3,285,802
Protection of life and property	-	-	-	-	-	-	207,365	-	-	-	-
Public health	-	-	-	-	-	63,394	11,203,675	49,419	-	-	-
Community services	-	-	-	-	-	-	534,878	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	291,451	-	-	-	-	-	-	-	-	-
Economic development	-	-	22,579	-	-	-	-	-	-	-	-
<b>Payments to:</b>											
Chamorro Land Trust Commission	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Housing and Urban Renewal Authority	-	-	-	-	-	378,711	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	4,773,107	-	-	-	-
Guam Preservation Trust	-	-	-	698,934	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>317,434</b>	<b>45,294</b>	<b>703,178</b>	<b>-</b>	<b>442,105</b>	<b>16,745,474</b>	<b>49,419</b>	<b>-</b>	<b>2,756,166</b>	<b>3,285,802</b>
Excess (deficiency) of revenues over (under) expenditures	1,000	68,028	37,530	(4,212)	1,480	(397,753)	(998,746)	149,931	150,584	(974,323)	(775,694)
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	816,007
Transfers out to other funds	-	(38,546)	-	-	-	(1,155)	(1,785,659)	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(38,546)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,155)</b>	<b>(1,785,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>816,007</b>
Net change in fund balances (deficits)	1,000	29,482	37,530	(4,212)	1,480	(398,908)	(2,784,405)	149,931	150,584	(974,323)	40,313
Fund balances (deficits) at beginning of year	-	(940)	-	143,194	-	4,713,789	3,086,431	-	5,562,876	2,298,330	(40,313)
<b>Fund balances (deficits) at end of year</b>	<b>\$ 1,000</b>	<b>\$ 28,542</b>	<b>\$ 37,530</b>	<b>\$ 138,982</b>	<b>\$ 1,480</b>	<b>\$ 4,314,881</b>	<b>\$ 302,026</b>	<b>\$ 149,931</b>	<b>\$ 5,713,460</b>	<b>\$ 1,324,007</b>	<b>\$ -</b>

(continued)



**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	232	294	261	107	629	211	263	215	604	620	317
	Manpower Development	Mental Health and Substance Abuse	Notary Public Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Police Services	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	1,525,437	-	16,000	-	68,538	17,929	541,982	332,282	688,114	175,001	156,390
Use of money and property	168	-	-	-	-	-	-	-	321	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,525,605</b>	<b>-</b>	<b>16,000</b>	<b>-</b>	<b>68,538</b>	<b>17,929</b>	<b>541,982</b>	<b>332,282</b>	<b>688,435</b>	<b>175,001</b>	<b>156,390</b>
<b>Expenditures by Function:</b>											
<b>Current:</b>											
General government	47,768	-	-	-	-	-	-	160,849	-	-	-
Protection of life and property	-	-	-	-	-	-	554,139	-	-	-	-
Public health	-	4,456	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	164,329	-
Individual and collective rights	1,056,533	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	21,294	-	-	-	-	-
<b>Payments to:</b>											
Chamorro Land Trust Commission	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	1,835,558	-	-	-	-	-	-	-	-	-	-
Guam Housing and Urban Renewal Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	416,390
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,939,859</b>	<b>4,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,294</b>	<b>554,139</b>	<b>160,849</b>	<b>-</b>	<b>164,329</b>	<b>416,390</b>
Excess (deficiency) of revenues over (under) expenditures	(1,414,254)	(4,456)	16,000	-	68,538	(3,365)	(12,157)	171,433	688,435	10,672	(260,000)
<b>Other financing sources (uses):</b>											
Transfers in from other funds	927,228	-	-	-	-	-	-	-	-	-	328,113
Transfers out to other funds	(90,558)	-	-	-	-	-	-	-	(804,876)	-	-
<b>Total other financing sources (uses), net</b>	<b>836,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(804,876)</b>	<b>-</b>	<b>328,113</b>
Net change in fund balances (deficits)	(577,584)	(4,456)	16,000	-	68,538	(3,365)	(12,157)	171,433	(116,441)	10,672	68,113
Fund balances (deficits) at beginning of year	577,584	-	-	-	-	-	-	(1,476)	124,504	-	-
Fund balances (deficits) at end of year	\$ -	\$ (4,456)	\$ 16,000	\$ -	\$ 68,538	\$ (3,365)	\$ (12,157)	\$ 169,957	\$ 8,063	\$ 10,672	\$ 68,113

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	285	619	217	284	416	417	605	202	603	205	208
	Rabies Prevention	Recycling Revolving	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Solid Waste Operations	Special Assets Forfeiture	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,147,143	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,478,586
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	53,670	2,438,540	96,000	10,225	13,971,669	112	963	3,620,736	702,087	-	8,902,796
Use of money and property	-	10	-	-	1,235	-	363	-	-	433	5,227
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>53,670</b>	<b>2,438,550</b>	<b>96,000</b>	<b>10,225</b>	<b>13,972,904</b>	<b>112</b>	<b>1,326</b>	<b>3,620,736</b>	<b>702,087</b>	<b>20,147,576</b>	<b>18,386,609</b>
<b>Expenditures by Function:</b>											
<b>Current:</b>											
General government	-	272,755	-	-	414,633	-	-	3,841,251	765,236	170,500	5,550,192
Protection of life and property	-	-	94,807	-	-	-	79,104	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	356,085	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	143,566	-	-	3,892,913
Public education	-	-	-	-	-	-	-	-	-	-	234,506
Environmental protection	-	79,222	-	-	4,388,941	-	-	-	-	-	-
Economic development	25,724	-	-	-	-	-	-	-	-	-	-
Payments to:											
Chamorro Land Trust Commission	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Housing and Urban Renewal Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	2,516,842
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>25,724</b>	<b>708,062</b>	<b>94,807</b>	<b>-</b>	<b>4,803,574</b>	<b>-</b>	<b>79,104</b>	<b>3,984,817</b>	<b>765,236</b>	<b>170,500</b>	<b>12,194,453</b>
Excess (deficiency) of revenues over (under) expenditures	27,946	1,730,488	1,193	10,225	9,169,330	112	(77,778)	(364,081)	(63,149)	19,977,076	6,192,156
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(175,410)	-	-	(3,747,581)	-	-	-	-	(18,478,397)	(6,035,287)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(175,410)</b>	<b>-</b>	<b>-</b>	<b>(3,747,581)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,478,397)</b>	<b>(6,035,287)</b>
Net change in fund balances (deficits)	27,946	1,555,078	1,193	10,225	5,421,749	112	(77,778)	(364,081)	(63,149)	1,498,679	156,869
Fund balances (deficits) at beginning of year	-	(155,481)	-	-	1,424,100	4,803,450	719,103	391,991	(9,854)	(893,804)	823,129
<b>Fund balances (deficits) at end of year</b>	<b>\$ 27,946</b>	<b>\$ 1,399,597</b>	<b>\$ 1,193</b>	<b>\$ 10,225</b>	<b>\$ 6,845,849</b>	<b>\$ 4,803,562</b>	<b>\$ 641,325</b>	<b>\$ 27,910</b>	<b>\$ (73,003)</b>	<b>\$ 604,875</b>	<b>\$ 979,998</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	206	636	297	621	247	283	300	203	310	276	
	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,147,143
Hotel	22,972,113	-	-	-	-	-	-	-	-	-	22,972,113
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,478,586
Tobacco	-	-	-	-	-	-	-	-	-	-	12,831,340
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	2,910,508
Sales, licenses, fees and permits	-	66,515	-	-	-	41,168	71,672	29,545	203,976	-	54,214,874
Use of money and property	56	-	-	-	-	-	-	-	-	44,296	308,212
Federal contributions	-	-	-	-	-	-	-	-	-	-	2,389,011
Other	-	52,450	-	-	-	-	-	-	1,982	(11,812)	1,910,011
<b>Total revenues</b>	<b>22,972,169</b>	<b>118,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,168</b>	<b>71,672</b>	<b>29,545</b>	<b>205,958</b>	<b>32,484</b>	<b>127,161,798</b>
<b>Expenditures by Function:</b>											
<b>Current:</b>											
General government	18,000	-	-	-	-	19,620	1,202	-	-	-	19,266,575
Protection of life and property	-	-	-	6,394	-	-	-	-	-	-	14,194,930
Public health	-	-	-	-	-	-	-	-	-	-	14,516,334
Community services	48,496	-	-	-	-	-	-	-	-	-	583,374
Recreation	871,237	-	-	-	-	-	-	-	-	-	1,035,566
Individual and collective rights	1,095,330	-	-	-	22,695	-	-	-	784,253	-	3,314,896
Transportation	-	-	-	-	-	-	-	-	-	-	4,036,479
Public education	-	-	-	-	-	-	-	-	-	-	234,506
Environmental protection	61,070	39,624	-	-	-	65,601	63,195	-	-	-	5,274,726
Economic development	-	-	-	-	-	-	-	32,706	-	-	150,027
<b>Payments to:</b>											
Chamorro Land Trust Commission	-	-	-	-	-	-	-	-	-	-	579,049
Guam Community College	21,739	-	-	-	-	-	-	-	-	-	1,857,297
Guam Housing and Urban Renewal Authority	-	-	-	-	-	-	-	-	-	-	378,711
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	4,773,107
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	698,934
Guam Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	2,933,232
Guam Visitors Bureau	14,308,625	-	-	-	-	-	-	-	-	-	14,308,625
University of Guam	505,365	-	500,000	-	-	-	-	-	-	-	2,105,365
Miscellaneous appropriations	-	-	-	-	-	-	-	-	54,912	-	63,755
<b>Total expenditures</b>	<b>16,929,862</b>	<b>39,624</b>	<b>500,000</b>	<b>6,394</b>	<b>22,695</b>	<b>85,221</b>	<b>64,397</b>	<b>32,706</b>	<b>839,165</b>	<b>-</b>	<b>90,305,488</b>
Excess (deficiency) of revenues over (under) expenditures	6,042,307	79,341	(500,000)	(6,394)	(22,695)	(44,053)	7,275	(3,161)	(633,207)	32,484	36,856,310
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	500,000	-	-	-	-	-	679,226	-	7,766,635
Transfers out to other funds	(6,078,195)	-	-	-	-	-	-	-	-	-	(39,269,197)
<b>Total other financing sources (uses), net</b>	<b>(6,078,195)</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,226</b>	<b>-</b>	<b>(31,502,562)</b>
Net change in fund balances (deficits)	(35,888)	79,341	-	(6,394)	(22,695)	(44,053)	7,275	(3,161)	46,019	32,484	5,353,748
Fund balances (deficits) at beginning of year	2,827,545	-	-	-	-	-	-	-	-	1,098,342	33,635,793
<b>Fund balances (deficits) at end of year</b>	<b>\$ 2,791,657</b>	<b>\$ 79,341</b>	<b>\$ -</b>	<b>\$ (6,394)</b>	<b>\$ (22,695)</b>	<b>\$ (44,053)</b>	<b>\$ 7,275</b>	<b>\$ (3,161)</b>	<b>\$ 46,019</b>	<b>\$ 1,130,826</b>	<b>\$ 38,989,541</b>

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	236	265	262	266	282	633	624	646	105	213	272
	Accessible Parking	Air Pollution Control	Autonomous Agency Infrastructure Collections	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Child Care Revolving	Community Health Centers	Contractors' License Board	Controlled Substance Diversion
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	166,621	179,056	-	638,690	678,305	-	767,325	2,405	1,129,901	819,992	34,874
Use of money and property	-	-	-	5,147	-	-	4	-	-	1	-
Federal contributions	-	-	-	-	-	1,058,818	-	-	1,330,193	-	-
Other	-	-	-	-	165,505	-	-	-	-	-	-
<b>Total revenues</b>	<b>166,621</b>	<b>179,056</b>	<b>-</b>	<b>643,837</b>	<b>843,810</b>	<b>1,058,818</b>	<b>767,329</b>	<b>2,405</b>	<b>2,460,094</b>	<b>819,993</b>	<b>34,874</b>
<b>Expenditures by Object:</b>											
Salaries and wages - regular	-	121,874	-	-	412,763	-	32,890	-	969,156	358,726	-
Salaries and wages - overtime	-	-	-	-	213,795	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	43,968	-	-	9,153	-	38,796	-	308,242	118,487	-
Travel	-	-	-	-	-	-	-	-	57,042	-	1,195
Contractual services	-	39,598	-	270,135	-	-	-	-	471,803	58,365	-
Building rent	-	-	-	23,868	-	-	-	-	-	-	-
Supplies	25,449	13,589	-	9,610	-	13,557	-	-	161,301	8,124	-
Equipment	1,130	4,927	-	6,385	-	34,167	-	-	66,999	-	6,726
Utilities - power and water	-	20,787	-	-	-	-	14,500	-	-	5,158	-
Communications	3,541	10,000	-	-	-	-	-	-	800	6,661	-
Capital outlays	28,875	-	-	-	-	-	-	-	20,032	-	-
Payments to component units	-	-	-	-	-	-	579,049	-	-	-	-
Miscellaneous	6,000	-	-	26,441	-	-	103	-	357	1,788	-
<b>Total expenditures</b>	<b>64,995</b>	<b>254,743</b>	<b>-</b>	<b>336,439</b>	<b>635,711</b>	<b>47,724</b>	<b>665,338</b>	<b>-</b>	<b>2,055,732</b>	<b>557,309</b>	<b>7,921</b>
Excess (deficiency) of revenues over (under) expenditures	101,626	(75,687)	-	307,398	208,099	1,011,094	101,991	2,405	404,362	262,684	26,953
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(1,000,000)	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances (deficits)	101,626	(75,687)	-	307,398	208,099	11,094	101,991	2,405	404,362	262,684	26,953
Fund balances (deficits) at beginning of year	486,867	-	-	1,611,938	(53,136)	-	466,000	-	1,804,309	(7,079)	-
<b>Fund balances (deficits) at end of year</b>	<b>\$ 588,493</b>	<b>\$ (75,687)</b>	<b>\$ -</b>	<b>\$ 1,919,336</b>	<b>\$ 154,963</b>	<b>\$ 11,094</b>	<b>\$ 567,991</b>	<b>\$ 2,405</b>	<b>\$ 2,208,671</b>	<b>\$ 255,605</b>	<b>\$ 26,953</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	641
	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Examiner Off-Duty Services	GFD Capital Revolving	Guam Cancer Trust
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	454,109	8,692,686	46,080	-	491,354	80,860	1,667,793	677,911	1,485	63,522	-
Use of money and property	-	181	-	1	-	-	-	-	-	-	103
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(17,739)	-	-	-	-
<b>Total revenues</b>	<b>454,109</b>	<b>8,692,867</b>	<b>46,080</b>	<b>1</b>	<b>491,354</b>	<b>80,860</b>	<b>1,650,054</b>	<b>677,911</b>	<b>1,485</b>	<b>63,522</b>	<b>103</b>
Expenditures by Object:											
Salaries and wages - regular	-	5,845,182	-	-	298,719	-	544,236	361,791	-	-	-
Salaries and wages - overtime	-	339	-	-	-	-	18,350	-	1,151	-	-
Salaries and wages - fringe benefits	-	2,311,311	-	-	79,392	-	185,970	131,203	261	-	-
Travel	-	-	-	-	235	-	-	8,780	-	-	2,737
Contractual services	-	109,562	-	-	1,946	-	125,300	97,219	-	5,500	-
Building rent	-	3,518,032	-	-	-	-	-	-	-	-	-
Supplies	-	51,441	-	-	6,465	-	37,850	12,741	-	6,352	-
Equipment	-	-	-	-	3,886	-	46,851	37,004	-	2,398	-
Utilities - power and water	-	23,394	-	-	-	-	47,036	-	-	-	-
Communications	-	44,254	-	-	-	-	33,004	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	34,833	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	1,100,000
Miscellaneous	-	53,648	-	-	-	-	13,123	75	-	-	525,476
<b>Total expenditures</b>	<b>-</b>	<b>11,957,163</b>	<b>-</b>	<b>-</b>	<b>390,643</b>	<b>-</b>	<b>1,051,720</b>	<b>683,646</b>	<b>1,412</b>	<b>14,250</b>	<b>1,628,213</b>
Excess (deficiency) of revenues over (under) expenditures	454,109	(3,264,296)	46,080	1	100,711	80,860	598,334	(5,735)	73	49,272	(1,628,110)
Other financing sources (uses):											
Transfers in from other funds	-	3,264,296	-	-	-	-	-	-	-	-	1,251,765
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	(1,033,533)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>3,264,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,232</b>
Net change in fund balances (deficits)	454,109	-	46,080	1	100,711	80,860	598,334	(5,735)	73	49,272	(1,409,878)
Fund balances (deficits) at beginning of year	(161,094)	-	-	601,402	-	-	(9,349)	(6,443)	-	-	1,409,878
<b>Fund balances (deficits) at end of year</b>	<b>\$ 293,015</b>	<b>\$ -</b>	<b>\$ 46,080</b>	<b>\$ 601,403</b>	<b>\$ 100,711</b>	<b>\$ 80,860</b>	<b>\$ 588,985</b>	<b>\$ (12,178)</b>	<b>\$ 73</b>	<b>\$ 49,272</b>	<b>\$ -</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	639	245	608	326	635	270	602	241	311	632	222
	Guam Charter Schools	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Unarmed Combat Commission	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Indirect Cost	Land Survey Revolving
<b>Revenues:</b>											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	12,831,340	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	2,910,508	-	-	-	-
Sales, licenses, fees and permits	1,000	385,462	82,824	698,784	1,480	11,550	-	199,350	-	-	2,510,108
Use of money and property	-	-	-	182	-	44,946	8	-	205,524	6	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	(12,144)	4,872	-	(54,940)	1,781,837	-
<b>Total revenues</b>	<b>1,000</b>	<b>385,462</b>	<b>82,824</b>	<b>698,966</b>	<b>1,480</b>	<b>44,352</b>	<b>15,746,728</b>	<b>199,350</b>	<b>150,584</b>	<b>1,781,843</b>	<b>2,510,108</b>
<b>Expenditures by Object:</b>											
Salaries and wages - regular	-	75,930	-	-	-	-	6,224,671	-	-	1,705,779	1,948,698
Salaries and wages - overtime	-	-	-	-	-	-	14,159	-	-	73	-
Salaries and wages - fringe benefits	-	28,865	-	-	-	-	1,879,374	-	-	550,211	685,120
Travel	-	-	-	-	-	-	8,340	6,666	-	70,354	-
Contractual services	-	153,676	5,156	-	-	37,488	1,412,981	38,940	-	408,567	139,753
Building rent	-	-	-	-	-	-	162,600	-	-	-	421,001
Supplies	-	10,962	11,959	-	-	25,906	1,624,814	3,813	-	13,602	36,366
Equipment	-	1,659	-	-	-	-	126,551	-	-	1,180	29,511
Utilities - power and water	-	25,983	22,715	-	-	-	-	-	-	-	-
Communications	-	20,001	3,989	-	-	-	20,649	-	-	4,213	22,153
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	698,934	-	378,711	4,773,107	-	-	-	-
Miscellaneous	-	358	1,475	4,244	-	-	498,228	-	-	2,187	3,200
<b>Total expenditures</b>	<b>-</b>	<b>317,434</b>	<b>45,294</b>	<b>703,178</b>	<b>-</b>	<b>442,105</b>	<b>16,745,474</b>	<b>49,419</b>	<b>-</b>	<b>2,756,166</b>	<b>3,285,802</b>
Excess (deficiency) of revenues over (under) expenditures	1,000	68,028	37,530	(4,212)	1,480	(397,753)	(998,746)	149,931	150,584	(974,323)	(775,694)
<b>Other financing sources (uses):</b>											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	816,007
Transfers out to other funds	-	(38,546)	-	-	-	(1,155)	(1,785,659)	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(38,546)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,155)</b>	<b>(1,785,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>816,007</b>
Net change in fund balances (deficits)	1,000	29,482	37,530	(4,212)	1,480	(398,908)	(2,784,405)	149,931	150,584	(974,323)	40,313
Fund balances (deficits) at beginning of year	-	(940)	-	143,194	-	4,713,789	3,086,431	-	5,562,876	2,298,330	(40,313)
<b>Fund balances (deficits) at end of year</b>	<b>\$ 1,000</b>	<b>\$ 28,542</b>	<b>\$ 37,530</b>	<b>\$ 138,982</b>	<b>\$ 1,480</b>	<b>\$ 4,314,881</b>	<b>\$ 302,026</b>	<b>\$ 149,931</b>	<b>\$ 5,713,460</b>	<b>\$ 1,324,007</b>	<b>\$ -</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	232	294	261	107	629	211	263	215	604	620	317
	Manpower Development	Mental Health and Substance Abuse	Notary Public Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Police Services	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	1,525,437	-	16,000	-	68,538	17,929	541,982	332,282	688,114	175,001	156,390
Use of money and property	168	-	-	-	-	-	-	-	321	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,525,605</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>68,538</u>	<u>17,929</u>	<u>541,982</u>	<u>332,282</u>	<u>688,435</u>	<u>175,001</u>	<u>156,390</u>
Expenditures by Object:											
Salaries and wages - regular	765,390	-	-	-	-	-	-	64,933	-	107,382	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	33,836	-
Salaries and wages - fringe benefits	256,067	-	-	-	-	-	-	20,316	-	-	-
Travel	5,080	-	-	-	-	-	-	-	-	-	-
Contractual services	5,368	-	-	-	-	-	516,839	30,036	-	12,224	-
Building rent	36,624	-	-	-	-	-	-	16,042	-	-	-
Supplies	16,269	-	-	-	-	20,266	37,300	1,602	-	10,887	-
Equipment	9,695	4,456	-	-	-	1,028	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	3,080	-	-	-
Communications	8,608	-	-	-	-	-	-	2,056	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	1,835,558	-	-	-	-	-	-	-	-	-	416,390
Miscellaneous	1,200	-	-	-	-	-	-	22,784	-	-	-
Total expenditures	<u>2,939,859</u>	<u>4,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,294</u>	<u>554,139</u>	<u>160,849</u>	<u>-</u>	<u>164,329</u>	<u>416,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,414,254)</u>	<u>(4,456)</u>	<u>16,000</u>	<u>-</u>	<u>68,538</u>	<u>(3,365)</u>	<u>(12,157)</u>	<u>171,433</u>	<u>688,435</u>	<u>10,672</u>	<u>(260,000)</u>
Other financing sources (uses):											
Transfers in from other funds	927,228	-	-	-	-	-	-	-	-	-	328,113
Transfers out to other funds	(90,558)	-	-	-	-	-	-	-	(804,876)	-	-
Total other financing sources (uses), net	<u>836,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(804,876)</u>	<u>-</u>	<u>328,113</u>
Net change in fund balances (deficits)	(577,584)	(4,456)	16,000	-	68,538	(3,365)	(12,157)	171,433	(116,441)	10,672	68,113
Fund balances (deficits) at beginning of year	577,584	-	-	-	-	-	-	(1,476)	124,504	-	-
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ (4,456)</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ 68,538</u>	<u>\$ (3,365)</u>	<u>\$ (12,157)</u>	<u>\$ 169,957</u>	<u>\$ 8,063</u>	<u>\$ 10,672</u>	<u>\$ 68,113</u>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	285	619	217	284	416	417	605	202	603	205	208
	Rabies Prevention	Recycling Revolving	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Solid Waste Operations	Special Assets Forfeiture	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,147,143	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,478,586
Tobacco	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	53,670	2,438,540	96,000	10,225	13,971,669	112	963	3,620,736	702,087	-	8,902,796
Use of money and property	-	10	-	-	1,235	-	363	-	-	433	5,227
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>53,670</b>	<b>2,438,550</b>	<b>96,000</b>	<b>10,225</b>	<b>13,972,904</b>	<b>112</b>	<b>1,326</b>	<b>3,620,736</b>	<b>702,087</b>	<b>20,147,576</b>	<b>18,386,609</b>
Expenditures by Object:											
Salaries and wages - regular	-	47,231	-	-	1,446,080	-	-	-	463,942	-	4,514,685
Salaries and wages - overtime	-	-	-	-	164,619	-	-	-	17,651	-	-
Salaries and wages - fringe benefits	-	18,162	-	-	483,951	-	-	-	166,035	-	1,578,025
Travel	-	-	-	-	-	-	44,178	-	9,019	-	-
Contractual services	9,922	629,625	-	-	1,825,693	-	2,996	-	27,511	-	417,256
Building rent	-	-	-	-	-	-	-	-	-	-	-
Supplies	14,325	9,119	94,807	-	560,946	-	25,230	-	490	-	731,360
Equipment	1,477	3,925	-	-	21,534	-	6,700	-	-	-	57,127
Utilities - power and water	-	-	-	-	86,616	-	-	3,984,817	66,933	-	2,316,799
Communications	-	-	-	-	-	-	-	-	-	-	39,058
Capital outlays	-	-	-	-	-	-	-	-	-	-	19,270
Payments to component units	-	-	-	-	-	-	-	-	-	-	2,516,842
Miscellaneous	-	-	-	-	214,135	-	-	-	13,655	170,500	4,031
<b>Total expenditures</b>	<b>25,724</b>	<b>708,062</b>	<b>94,807</b>	<b>-</b>	<b>4,803,574</b>	<b>-</b>	<b>79,104</b>	<b>3,984,817</b>	<b>765,236</b>	<b>170,500</b>	<b>12,194,453</b>
Excess (deficiency) of revenues over (under) expenditures	27,946	1,730,488	1,193	10,225	9,169,330	112	(77,778)	(364,081)	(63,149)	19,977,076	6,192,156
Other financing sources (uses):											
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(175,410)	-	-	(3,747,581)	-	-	-	-	(18,478,397)	(6,035,287)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>(175,410)</b>	<b>-</b>	<b>-</b>	<b>(3,747,581)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,478,397)</b>	<b>(6,035,287)</b>
Net change in fund balances (deficits)	27,946	1,555,078	1,193	10,225	5,421,749	112	(77,778)	(364,081)	(63,149)	1,498,679	156,869
Fund balances (deficits) at beginning of year	-	(155,481)	-	-	1,424,100	4,803,450	719,103	391,991	(9,854)	(893,804)	823,129
<b>Fund balances (deficits) at end of year</b>	<b>\$ 27,946</b>	<b>\$ 1,399,597</b>	<b>\$ 1,193</b>	<b>\$ 10,225</b>	<b>\$ 6,845,849</b>	<b>\$ 4,803,562</b>	<b>\$ 641,325</b>	<b>\$ 27,910</b>	<b>\$ (73,003)</b>	<b>\$ 604,875</b>	<b>\$ 979,998</b>

(continued)



**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2011**

AS/400 Fund Number	206	636	297	621	247	283	300	203	310	276	
	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,147,143
Hotel	22,972,113	-	-	-	-	-	-	-	-	-	22,972,113
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,478,586
Tobacco	-	-	-	-	-	-	-	-	-	-	12,831,340
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	2,910,508
Sales, licenses, fees and permits	-	66,515	-	-	-	41,168	71,672	29,545	203,976	-	54,214,874
Use of money and property	56	-	-	-	-	-	-	-	-	44,296	308,212
Federal contributions	-	-	-	-	-	-	-	-	-	-	2,389,011
Other	-	52,450	-	-	-	-	-	-	1,982	(11,812)	1,910,011
<b>Total revenues</b>	<b>22,972,169</b>	<b>118,965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,168</b>	<b>71,672</b>	<b>29,545</b>	<b>205,958</b>	<b>32,484</b>	<b>127,161,798</b>
Expenditures by Object:											
Salaries and wages - regular	-	22,614	-	-	-	29,232	27,980	-	-	-	26,389,884
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	463,973
Salaries and wages - fringe benefits	-	7,268	-	-	-	9,053	8,193	-	-	-	8,917,423
Travel	591	-	-	-	3,535	-	-	-	-	-	217,752
Contractual services	1,339,453	1,895	-	6,394	686	19,513	22,394	18,277	771,155	-	9,033,226
Building rent	-	-	-	-	-	-	-	-	-	-	4,178,167
Supplies	607,153	3,747	-	-	201	2,741	3,451	11,629	-	-	4,225,424
Equipment	42,213	4,100	-	-	-	-	-	-	-	-	521,629
Utilities - power and water	-	-	-	-	273	19,620	1,201	-	-	-	6,638,912
Communications	-	-	-	-	-	5,062	1,178	-	-	-	225,227
Capital outlays	28,100	-	-	-	18,000	-	-	-	-	-	149,110
Payments to component units	14,835,729	-	500,000	-	-	-	-	-	-	-	27,634,320
Miscellaneous	76,623	-	-	-	-	-	-	2,800	68,010	-	1,710,441
<b>Total expenditures</b>	<b>16,929,862</b>	<b>39,624</b>	<b>500,000</b>	<b>6,394</b>	<b>22,695</b>	<b>85,221</b>	<b>64,397</b>	<b>32,706</b>	<b>839,165</b>	<b>-</b>	<b>90,305,488</b>
Excess (deficiency) of revenues over (under) expenditures	6,042,307	79,341	(500,000)	(6,394)	(22,695)	(44,053)	7,275	(3,161)	(633,207)	32,484	36,856,310
Other financing sources (uses):											
Transfers in from other funds	-	-	500,000	-	-	-	-	-	679,226	-	7,766,635
Transfers out to other funds	(6,078,195)	-	-	-	-	-	-	-	-	-	(39,269,197)
<b>Total other financing sources (uses), net</b>	<b>(6,078,195)</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,226</b>	<b>-</b>	<b>(31,502,562)</b>
Net change in fund balances (deficits)	(35,888)	79,341	-	(6,394)	(22,695)	(44,053)	7,275	(3,161)	46,019	32,484	5,353,748
Fund balances (deficits) at beginning of year	2,827,545	-	-	-	-	-	-	-	-	1,098,342	33,635,793
<b>Fund balances (deficits) at end of year</b>	<b>\$ 2,791,657</b>	<b>\$ 79,341</b>	<b>\$ -</b>	<b>\$ (6,394)</b>	<b>\$ (22,695)</b>	<b>\$ (44,053)</b>	<b>\$ 7,275</b>	<b>\$ (3,161)</b>	<b>\$ 46,019</b>	<b>\$ 1,130,826</b>	<b>\$ 38,989,541</b>

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Capital Projects Funds  
Combining Balance Sheet  
September 30, 2011

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water System Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
<u>ASSETS:</u>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	1,190,408	\$ 1,190,408
Due from other funds	-	-	5,000	-	769,202	-	774,202
Deposits and other assets	-	-	-	-	-	10,000	10,000
Restricted assets:							
Cash and cash equivalents	2,699,113	56,828,239	-	-	-	-	59,527,352
Time certificates of deposit	-	-	-	-	-	1,000,718	1,000,718
Investments	-	-	562,128	-	15	-	562,143
Total assets	<u>\$ 2,699,113</u>	<u>\$ 56,828,239</u>	<u>\$ 567,128</u>	<u>\$ -</u>	<u>\$ 769,217</u>	<u>\$ 2,201,126</u>	<u>\$ 63,064,823</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 10,955	\$ 119,778	\$ -	\$ -	\$ -	-	\$ 130,733
Due to other funds	316,355	3,188	-	-	-	524,060	843,603
Total liabilities	<u>327,310</u>	<u>122,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,060</u>	<u>974,336</u>
Fund balances:							
Restricted	2,371,803	56,705,273	567,128	-	769,217	1,000,718	61,414,139
Committed	-	-	-	-	-	676,348	676,348
Total fund balances	<u>2,371,803</u>	<u>56,705,273</u>	<u>567,128</u>	<u>-</u>	<u>769,217</u>	<u>1,677,066</u>	<u>62,090,487</u>
Total liabilities and fund balances	<u>\$ 2,699,113</u>	<u>\$ 56,828,239</u>	<u>\$ 567,128</u>	<u>\$ -</u>	<u>\$ 769,217</u>	<u>\$ 2,201,126</u>	<u>\$ 63,064,823</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Capital Projects Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances  
 Year Ended September 30, 2011

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 402	\$ 2,526	\$ 64	\$ -	\$ -	\$ 2,636,654	\$ 2,639,646
Expenditures by function:							
Current:							
General government	-	5,546	-	-	-	-	5,546
Individual and collective rights	-	-	-	-	-	2,203,637	2,203,637
Capital projects	1,526,416	1,197,781	162,232	-	-	972,711	3,859,140
Debt service	-	-	-	-	-	993,004	993,004
Total expenditures	<u>1,526,416</u>	<u>1,203,327</u>	<u>162,232</u>	<u>-</u>	<u>-</u>	<u>4,169,352</u>	<u>7,061,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,526,014)</u>	<u>(1,200,801)</u>	<u>(162,168)</u>	<u>-</u>	<u>-</u>	<u>(1,532,698)</u>	<u>(4,421,681)</u>
Other financing sources (uses):							
Proceeds from refunded bonds issued	-	90,665,000	-	-	-	-	90,665,000
Discount on refunded bonds issued	-	(2,117,169)	-	-	-	-	(2,117,169)
Payment to refunded bond escrow agent	-	(21,908,273)	-	-	-	-	(21,908,273)
Transfers out to other funds	-	(11,070,559)	-	-	-	-	(11,070,559)
Total other financing sources (uses), net	<u>-</u>	<u>55,568,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,568,999</u>
Net change in fund balances	(1,526,014)	54,368,198	(162,168)	-	-	(1,532,698)	51,147,318
Fund balances at beginning of year	<u>3,897,817</u>	<u>2,337,075</u>	<u>729,296</u>	<u>-</u>	<u>769,217</u>	<u>3,209,764</u>	<u>10,943,169</u>
Fund balances at end of year	<u>\$ 2,371,803</u>	<u>\$ 56,705,273</u>	<u>\$ 567,128</u>	<u>\$ -</u>	<u>\$ 769,217</u>	<u>\$ 1,677,066</u>	<u>\$ 62,090,487</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Capital Projects Funds  
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances  
Year Ended September 30, 2011

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 402	\$ 2,526	\$ 64	\$ -	\$ -	\$ 2,636,654	\$ 2,639,646
Expenditures by object:							
Contractual services	-	1,197,781	-	-	-	565,225	1,763,006
Building rent	-	-	-	-	-	395,525	395,525
Equipment	-	-	-	-	-	35,217	35,217
Utilities - power and water	-	-	-	-	-	1,097,187	1,097,187
Communications	-	-	-	-	-	194,811	194,811
Capital outlays	72,815	-	-	-	-	960,368	1,033,183
Principal retirement	-	-	-	-	-	328,345	328,345
Interest and fiscal charges	-	-	-	-	-	664,659	664,659
Miscellaneous	1,453,601	5,546	162,232	-	-	(71,985)	1,549,394
Total expenditures	1,526,416	1,203,327	162,232	-	-	4,169,352	7,061,327
Excess (deficiency) of revenues over (under) expenditures	(1,526,014)	(1,200,801)	(162,168)	-	-	(1,532,698)	(4,421,681)
Other financing sources (uses):							
Proceeds from refunded bonds issued	-	90,665,000	-	-	-	-	90,665,000
Discount on refunded bonds issued	-	(2,117,169)	-	-	-	-	(2,117,169)
Payment to refunded bond escrow agent	-	(21,908,273)	-	-	-	-	(21,908,273)
Transfers out to other funds	-	(11,070,559)	-	-	-	-	(11,070,559)
Total other financing sources (uses), net	-	55,568,999	-	-	-	-	55,568,999
Net change in fund balances	(1,526,014)	54,368,198	(162,168)	-	-	(1,532,698)	51,147,318
Fund balances at beginning of year	3,897,817	2,337,075	729,296	-	769,217	3,209,764	10,943,169
Fund balances at end of year	\$ 2,371,803	\$ 56,705,273	\$ 567,128	\$ -	\$ 769,217	\$ 1,677,066	\$ 62,090,487

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Debt Service Funds  
 Combining Balance Sheet  
 September 30, 2011

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,925	\$ -	\$ 1,925
Restricted assets:			
Cash and cash equivalents	5,897,551	12,496,682	18,394,233
Total assets	\$ 5,899,476	\$ 12,496,682	\$ 18,396,158
<u>FUND BALANCES</u>			
Fund balances:			
Restricted	5,899,476	12,496,682	18,396,158
Total fund balances	\$ 5,899,476	\$ 12,496,682	\$ 18,396,158

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Debt Service Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended September 30, 2011

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
	<u>Bonds</u>	<u>Bonds</u>	<u>Total</u>
Revenues:			
Use of money and property	\$ (73,070)	\$ (9,510)	\$ (82,580)
Expenditures:			
Debt service:			
Principal retirement	5,485,000	3,290,000	8,775,000
Cost of issuance	-	765,347	765,347
Interest and fiscal charges	542,225	783,488	1,325,713
Total expenditures	<u>6,027,225</u>	<u>4,838,835</u>	<u>10,866,060</u>
Deficiency of revenues under expenditures	<u>(6,100,295)</u>	<u>(4,848,345)</u>	<u>(10,948,640)</u>
Other financing sources (uses):			
Payment to refunded bond escrow agent	-	(6,879,513)	(6,879,513)
Transfers in from other funds	4,316,894	16,054,012	20,370,906
Transfers out to other funds	-	(1,000,000)	(1,000,000)
	<u>4,316,894</u>	<u>8,174,499</u>	<u>12,491,393</u>
Net change in fund balances	(1,783,401)	3,326,154	1,542,753
Fund balances at beginning of year	<u>7,682,877</u>	<u>9,170,528</u>	<u>16,853,405</u>
Fund balances at end of year	<u>\$ 5,899,476</u>	<u>\$ 12,496,682</u>	<u>\$ 18,396,158</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Fiduciary Net Assets  
Fiduciary Funds - Pension Trusts  
September 30, 2011

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,010,155	\$ 4,249,647	\$ 9,259,802
Investments at fair value:			
Common stocks	688,984,305	-	688,984,305
U.S. Government securities	167,582,279	-	167,582,279
Corporate bonds and notes	195,167,909	-	195,167,909
Money market funds	58,355,513	-	58,355,513
Mutual funds	94,335,163	228,388,011	322,723,174
DC plan forfeitures	-	5,913,481	5,913,481
Total investments	<u>1,204,425,169</u>	<u>234,301,492</u>	<u>1,438,726,661</u>
Accounts receivable:			
Employer contributions, net	12,153,131	430,936	12,584,067
Member contributions	4,226,049	430,650	4,656,699
Interest and penalties on contributions	2,622,664	-	2,622,664
Accrued investment income	5,228,841	-	5,228,841
Due from brokers for unsettled trades	2,679,861	-	2,679,861
Service credits	1,103,793	-	1,103,793
Notes receivable - ERIP	3,561,549	-	3,561,549
Supplemental/COLA benefits	61,841,261	-	61,841,261
Supplemental/Insurance benefits advanced	3,511,711	-	3,511,711
Other	9,687,137	78,215	9,765,352
Due from DC plan	463,984	-	463,984
Total receivables	<u>107,079,981</u>	<u>939,801</u>	<u>108,019,782</u>
Capital assets	<u>967,746</u>	<u>139,148</u>	<u>1,106,894</u>
Total assets	<u>1,317,483,051</u>	<u>239,630,088</u>	<u>1,557,113,139</u>
<u>LIABILITIES</u>			
Deferred revenue	12,225,887	-	12,225,887
Accounts payable and accrued expenses	1,713,718	-	1,713,718
Due to DB plan	-	463,984	463,984
Due to brokers for unsettled trades	37,717,936	465,342	38,183,278
Total liabilities	<u>51,657,541</u>	<u>929,326</u>	<u>52,586,867</u>
<u>NET ASSETS</u>			
Held in trust for retirement benefits	\$ <u>1,265,825,510</u>	\$ <u>238,700,762</u>	\$ <u>1,504,526,272</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - Pension Trusts  
Year Ended September 30, 2011

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 100,343,563	\$ 14,375,673	\$ 114,719,236
Member	18,081,130	14,243,599	32,324,729
	<u>118,424,693</u>	<u>28,619,272</u>	<u>147,043,965</u>
Net investment loss:			
Net depreciation in fair value of investments	(46,794,683)	(5,970,107)	(52,764,790)
Interest	20,463,983	4,087,946	24,551,929
Dividends	16,780,298	-	16,780,298
Other	916,871	823,799	1,740,670
	<u>(8,633,531)</u>	<u>(1,058,362)</u>	<u>(9,691,893)</u>
Less: investment expenses	<u>4,958,871</u>	<u>74,000</u>	<u>5,032,871</u>
Net investment loss	<u>(13,592,402)</u>	<u>(1,132,362)</u>	<u>(14,724,764)</u>
Total additions	<u>104,832,291</u>	<u>27,486,910</u>	<u>132,319,201</u>
Deductions:			
Benefits	176,716,825	-	176,716,825
Refunds	3,615,187	12,716,717	16,331,904
Interest on refunded contributions	1,968,048	-	1,968,048
Balance transfer to DC plan	111,474	(111,474)	-
Administrative and general expenses	3,047,424	1,596,283	4,643,707
	<u>185,458,958</u>	<u>14,201,526</u>	<u>199,660,484</u>
Change in net assets	(80,626,667)	13,285,384	(67,341,283)
Net assets at beginning of year	<u>1,346,452,177</u>	<u>225,415,378</u>	<u>1,571,867,555</u>
Net assets at end of year	<u>\$ 1,265,825,510</u>	<u>\$ 238,700,762</u>	<u>\$ 1,504,526,272</u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Nonmajor Component Units  
Combining Statement of Net Assets  
September 30, 2011

<u>ASSETS</u>	<u>Guam Community College</u>	<u>Guam Housing and Urban Renewal Authority</u>	<u>Guam Housing Corporation</u>	<u>Chamorro Land Trust Commission</u>	<u>Guam Economic Development Authority</u>	<u>Guam Preservation Trust</u>	<u>Guam Visitors Bureau</u>	<u>Guam Educational Telecomm- unications Corporation</u>	<u>Total</u>
Current assets:									
Cash and cash equivalents	\$ 1,131,352	\$ 15,354,323	\$ 5,300,932	\$ -	\$ 18,015	\$ 1,204,116	\$ 6,995,138	\$ 461,006	\$ 30,464,882
Investments	-	-	-	-	3,817,145	344,439	-	-	4,161,584
Receivables, net	8,767,040	1,476,166	19,337,387	-	251,365	54,723	141,758	38,840	30,067,279
Due from primary government	5,654,121	-	-	-	-	-	2,182,950	-	7,837,071
Inventories	444,930	241,812	247,691	-	10,884	-	-	-	945,317
Prepayments	-	124,649	48,852	-	-	-	6,452	-	179,953
Restricted assets:									
Cash and cash equivalents	313,493	3,032,449	2,933,945	-	3,660,291	-	364,330	291,415	10,595,923
Investments	6,670,879	-	5,227,330	-	-	-	-	-	11,898,209
Total current assets	<u>22,981,815</u>	<u>20,229,399</u>	<u>33,096,137</u>	<u>-</u>	<u>7,757,700</u>	<u>1,603,278</u>	<u>9,690,628</u>	<u>791,261</u>	<u>96,150,218</u>
Noncurrent assets:									
Investments	1,774,851	-	-	-	-	-	-	-	1,774,851
Receivables, net	-	866,382	10,802,940	-	-	-	-	-	11,669,322
Capital assets, net of accumulated depreciation	27,267,500	29,314,256	5,771,930	-	576,771	2,980	7,089,874	2,431,221	72,454,532
Land held for development	-	3,398,518	10,555,000	-	-	-	-	-	13,953,518
Deferred bond issuance costs	-	-	-	-	615,742	-	-	-	615,742
Other assets	117,736	37,056	-	-	3,500	-	133,125	-	291,417
Total noncurrent assets	<u>29,160,087</u>	<u>33,616,212</u>	<u>27,129,870</u>	<u>-</u>	<u>1,196,013</u>	<u>2,980</u>	<u>7,222,999</u>	<u>2,431,221</u>	<u>100,759,382</u>
Total assets	<u>\$ 52,141,902</u>	<u>\$ 53,845,611</u>	<u>\$ 60,226,007</u>	<u>\$ -</u>	<u>\$ 8,953,713</u>	<u>\$ 1,606,258</u>	<u>\$ 16,913,627</u>	<u>\$ 3,222,482</u>	<u>\$ 196,909,600</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Component Units  
Combining Statement of Net Assets, Continued  
September 30, 2011

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
<b>LIABILITIES AND NET ASSETS</b>									
Current liabilities:									
Current portion of long-term debt	\$ 33,323	\$ 46,000	\$ 1,215,881	\$ -	\$ 1,720,000	\$ -	\$ -	\$ -	\$ 3,015,204
Accounts payable	4,476,319	203,318	164,908	-	253,534	67,327	2,431,950	58,040	7,655,396
Accrued interest payable	-	-	40,081	-	541,000	-	-	-	581,081
Accrued payroll and other	-	57,340	-	-	259,927	-	-	8,569	325,836
Deferred revenues	1,915,627	1,790,866	47,577	-	80,554	-	-	234,205	4,068,829
Compensated absences	181,308	14,831	103,861	-	-	-	99,885	24,162	424,047
Deposits and other liabilities	255,830	3,246,793	594,675	-	2,375	8,000	-	-	4,107,673
<b>Total current liabilities</b>	<b>6,862,407</b>	<b>5,359,148</b>	<b>2,166,983</b>	<b>-</b>	<b>2,857,390</b>	<b>75,327</b>	<b>2,531,835</b>	<b>324,976</b>	<b>20,178,066</b>
Noncurrent liabilities:									
Compensated absences	252,632	650,017	-	-	-	-	-	47,173	949,822
Noncurrent portion of long-term debt	2,363,479	1,310,328	6,977,289	-	29,720,093	-	-	-	40,371,189
Other noncurrent liabilities	-	-	10,952,634	-	138,823	-	-	-	11,091,457
DCRS sick leave liability	873,089	-	141,121	-	81,066	-	126,352	8,564	1,230,192
<b>Total noncurrent liabilities</b>	<b>3,489,200</b>	<b>1,960,345</b>	<b>18,071,044</b>	<b>-</b>	<b>29,939,982</b>	<b>-</b>	<b>126,352</b>	<b>55,737</b>	<b>53,642,660</b>
<b>Total liabilities</b>	<b>10,351,607</b>	<b>7,319,493</b>	<b>20,238,027</b>	<b>-</b>	<b>32,797,372</b>	<b>75,327</b>	<b>2,658,187</b>	<b>380,713</b>	<b>73,820,726</b>
Net assets:									
Invested in capital assets, net of related debt	22,084,393	31,332,774	5,771,930	-	576,771	2,980	7,089,874	2,431,221	69,289,943
Restricted:									
Expendable:									
Other purposes	3,694,045	5,138,507	9,738,655	-	-	-	446,769	-	19,017,976
Nonexpendable	48,420	-	-	-	-	-	-	-	48,420
Unrestricted (deficit)	15,963,437	10,054,837	24,477,395	-	(24,420,430)	1,527,951	6,718,797	410,548	34,732,535
<b>Total net assets</b>	<b>41,790,295</b>	<b>46,526,118</b>	<b>39,987,980</b>	<b>-</b>	<b>(23,843,659)</b>	<b>1,530,931</b>	<b>14,255,440</b>	<b>2,841,769</b>	<b>123,088,874</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,141,902</b>	<b>\$ 53,845,611</b>	<b>\$ 60,226,007</b>	<b>\$ -</b>	<b>\$ 8,953,713</b>	<b>\$ 1,606,258</b>	<b>\$ 16,913,627</b>	<b>\$ 3,222,482</b>	<b>\$ 196,909,600</b>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Component Units  
Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended September 30, 2011

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:									
Charges for services	\$ 3,216,380	\$ 1,008,613	\$ 2,925,838	\$ -	\$ 1,707,160	\$ -	\$ -	\$ -	\$ 8,857,991
Grants and contracts	13,608,037	69,476,556	-	-	-	-	1,151,005	1,323,067	85,558,665
Other	1,458,567	24,000	-	-	2,986,975	-	228,005	7,850	4,705,397
Total operating revenues	<u>18,282,984</u>	<u>70,509,169</u>	<u>2,925,838</u>	<u>-</u>	<u>4,694,135</u>	<u>-</u>	<u>1,379,010</u>	<u>1,330,917</u>	<u>99,122,053</u>
Operating expenses:									
Cost of services	28,146,389	32,935,455	2,494,264	-	2,632,520	294,776	14,526,611	199,745	81,229,760
Depreciation and amortization	1,659,864	2,647,206	137,206	-	81,758	1,350	113,975	170,852	4,812,211
General and administrative	2,388,443	36,882,820	-	-	-	809,606	-	1,570,811	41,651,680
Total operating expenses	<u>32,194,696</u>	<u>72,465,481</u>	<u>2,631,470</u>	<u>-</u>	<u>2,714,278</u>	<u>1,105,732</u>	<u>14,640,586</u>	<u>1,941,408</u>	<u>127,693,651</u>
Operating income (loss)	<u>(13,911,712)</u>	<u>(1,956,312)</u>	<u>294,368</u>	<u>-</u>	<u>1,979,857</u>	<u>(1,105,732)</u>	<u>(13,261,576)</u>	<u>(610,491)</u>	<u>(28,571,598)</u>
Nonoperating revenues (expenses):									
Contributions from the primary government	15,699,625	-	-	-	-	698,967	14,329,230	621,057	31,348,879
Investment income	(102,174)	22,277	23,915	-	22,068	(166,181)	10,147	-	(189,948)
Interest expense	(46,902)	(82,267)	(518,743)	-	(2,435,777)	-	-	-	(3,083,689)
Other income (expenses), net	(721,063)	473,269	200,254	(507,767)	146,426	-	488,465	-	79,584
Total nonoperating revenues (expenses), net	<u>14,829,486</u>	<u>413,279</u>	<u>(294,574)</u>	<u>(507,767)</u>	<u>(2,267,283)</u>	<u>532,786</u>	<u>14,827,842</u>	<u>621,057</u>	<u>28,154,826</u>
Net income (loss) before capital contributions	917,774	(1,543,033)	(206)	(507,767)	(287,426)	(572,946)	1,566,266	10,566	(416,772)
Capital grants from the United States government	6,839,284	2,072,675	-	-	-	-	-	-	8,911,959
Change in net assets	7,757,058	529,642	(206)	(507,767)	(287,426)	(572,946)	1,566,266	10,566	8,495,187
Net assets at beginning of year	34,033,237	45,996,476	39,988,186	507,767	(23,556,233)	2,103,877	12,689,174	2,831,203	114,593,687
Net assets at end of year	<u>\$ 41,790,295</u>	<u>\$ 46,526,118</u>	<u>\$ 39,987,980</u>	<u>\$ -</u>	<u>\$ (23,843,659)</u>	<u>\$ 1,530,931</u>	<u>\$ 14,255,440</u>	<u>\$ 2,841,769</u>	<u>\$ 123,088,874</u>

See Accompanying Independent Auditors' Report.

# GOVERNMENT OF GUAM

## Combining Schedule of Assets, Liabilities, and Fund Balances (Deficits) General Fund September 30, 2011

	100		618					
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3,372,640	\$ -	\$ 4,978	\$ 9,262,749	\$ -	\$ 12,640,367	\$ -	\$ 12,640,367
Time certificates of deposit	206,517	-	-	303,114	-	509,631	-	509,631
Investments	1,000,000	-	-	254,037	-	1,254,037	-	1,254,037
Receivables, net:								
Taxes	30,642,644	-	-	-	-	30,642,644	-	30,642,644
Federal agencies	30,193,000	-	-	797,716	-	30,990,716	-	30,990,716
Other	61,415	-	-	1,256,603	-	1,318,018	-	1,318,018
Due from primary government	-	4,343,656	-	-	-	4,343,656	(4,343,656)	-
Due from other funds	102,752,472	-	-	17,158,400	631,895	120,542,767	(76,374,062)	44,168,705
Due from private purpose trust funds	-	-	-	4,116,813	-	4,116,813	-	4,116,813
Inventories	-	-	-	341,726	-	341,726	-	341,726
Prepayments	-	1,474,134	-	-	1,281,818	2,755,952	-	2,755,952
Deposits and other assets	-	-	-	1,310,498	-	1,310,498	-	1,310,498
Restricted assets:								
Cash and cash equivalents	-	60,090,993	-	8,102,840	-	68,193,833	-	68,193,833
Investments	21,657,959	-	-	-	57,641,190	79,299,149	-	79,299,149
Total assets	<u>\$ 189,886,647</u>	<u>\$ 65,908,783</u>	<u>\$ 4,978</u>	<u>\$ 42,904,496</u>	<u>\$ 59,554,903</u>	<u>\$ 358,259,807</u>	<u>\$ (80,717,718)</u>	<u>\$ 277,542,089</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
Bank overdraft	\$ -	\$ 2,733,106	\$ -	\$ -	\$ -	\$ 2,733,106	\$ -	\$ 2,733,106
Accounts payable	72,181,291	5,454,027	-	7,486,507	2,000	85,123,825	-	85,123,825
Accrued payroll and other	4,568,007	9,582,003	-	1,595,151	-	15,745,161	-	15,745,161
Due to component units	14,161,835	4,085,708	-	-	-	18,247,543	-	18,247,543
Due to retirement fund	-	6,559,766	-	-	-	6,559,766	-	6,559,766
Due to other funds	38,452,109	1,219,416	-	7,020,817	52,087,010	98,779,352	(80,717,718)	18,061,634
Payable to federal agencies	23,097,000	-	-	223,180	-	23,320,180	-	23,320,180
Deferred revenue	53,125,949	-	-	-	-	53,125,949	-	53,125,949
Provision for tax refunds	320,842,689	-	-	5,192,264	-	326,034,953	-	326,034,953
COLA liability	21,020,092	-	-	-	-	21,020,092	-	21,020,092
Deposits and other liabilities	10,672,100	-	-	30,041	-	10,702,141	-	10,702,141
Total liabilities	<u>558,121,072</u>	<u>29,634,026</u>	<u>-</u>	<u>21,547,960</u>	<u>52,089,010</u>	<u>661,392,068</u>	<u>(80,717,718)</u>	<u>580,674,350</u>
Fund balances (deficits):								
Non-spendable	1,000,000	1,474,134	-	341,726	-	2,815,860	-	2,815,860
Restricted	10,552,193	60,090,993	-	7,541,315	58,921,008	137,105,509	-	137,105,509
Committed	30,171,041	-	4,978	18,423,023	-	48,599,042	-	48,599,042
Assigned	-	-	-	592,629	-	592,629	-	592,629
Unassigned	(409,957,659)	(25,290,370)	-	(5,542,157)	(51,455,115)	(492,245,301)	-	(492,245,301)
Total fund balances (deficits)	<u>(368,234,425)</u>	<u>36,274,757</u>	<u>4,978</u>	<u>21,356,536</u>	<u>7,465,893</u>	<u>(303,132,261)</u>	<u>-</u>	<u>(303,132,261)</u>
Total liabilities and fund balances	<u>\$ 189,886,647</u>	<u>\$ 65,908,783</u>	<u>\$ 4,978</u>	<u>\$ 42,904,496</u>	<u>\$ 59,554,903</u>	<u>\$ 358,259,807</u>	<u>\$ (80,717,718)</u>	<u>\$ 277,542,089</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
 General Fund  
 Year Ended September 30, 2011

	100		618					
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
<b>Revenues:</b>								
<b>Taxes:</b>								
Income	\$ 282,284,515	\$ -	\$ -	\$ -	-	\$ 282,284,515	-	\$ 282,284,515
Gross receipts	200,047,641	-	-	-	-	200,047,641	-	200,047,641
Income - COLA	125,020	-	-	-	-	125,020	-	125,020
Excise	2,549,493	-	-	-	-	2,549,493	-	2,549,493
Federal contributions	-	-	-	6,461,145	-	6,461,145	-	6,461,145
Licenses, fees and permits	4,542,485	-	-	1,193,277	-	5,735,762	-	5,735,762
Use of money and property	138,354	-	114	42,388	2,244	183,100	-	183,100
Section 30 Federal income tax collections	46,357,373	-	-	-	-	46,357,373	-	46,357,373
Immigration fees	1,967,660	-	-	-	-	1,967,660	-	1,967,660
Indirect cost reimbursement	(55,693)	-	-	-	-	(55,693)	-	(55,693)
Guam Public School System	-	1,429,568	-	-	-	1,429,568	-	1,429,568
Contributions from component units	2,199,058	-	-	-	-	2,199,058	-	2,199,058
Other	2,394,775	-	-	676,243	-	3,071,018	-	3,071,018
Total revenues	<u>542,550,681</u>	<u>1,429,568</u>	<u>114</u>	<u>8,373,053</u>	<u>2,244</u>	<u>552,355,660</u>	<u>-</u>	<u>552,355,660</u>
<b>Expenditures by Department:</b>								
<b>General Government:</b>								
<b>Office of I Maga'lahaen Guahan:</b>								
Office of the Governor	3,254,674	-	-	650,000	-	3,904,674	-	3,904,674
Office of the Governor - Guam Liaison Office	168,576	-	-	-	-	168,576	-	168,576
Ancestral Land Trust Commission	197,209	-	-	11,156	-	208,365	-	208,365
Government House	687,014	-	-	-	-	687,014	-	687,014
Bureau of Information Technology	157,785	-	-	-	-	157,785	-	157,785
Medical Referral Offices	656,982	-	-	-	-	656,982	-	656,982
Office of Veteran's Affairs	318,301	-	-	-	-	318,301	-	318,301
	<u>5,440,541</u>	<u>-</u>	<u>-</u>	<u>661,156</u>	<u>-</u>	<u>6,101,697</u>	<u>-</u>	<u>6,101,697</u>
<b>Office of I Segundu Na Maga'lahaen Guahan:</b>								
Office of the Lieutenant Governor	965,717	-	-	-	-	965,717	-	965,717
<b>Bureau of Budget and Management Research:</b>								
Office of the Director	257,200	-	-	46,724	-	303,924	-	303,924
Internal Audit Division	5,600	-	-	-	-	5,600	-	5,600
	<u>262,800</u>	<u>-</u>	<u>-</u>	<u>46,724</u>	<u>-</u>	<u>309,524</u>	<u>-</u>	<u>309,524</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
General Government, Continued:								
Civil Service Commission:								
Office of the Director	364,402	-	-	-	-	364,402	-	364,402
Board of Commissioners	59,221	-	-	-	-	59,221	-	59,221
Legal Office	83,561	-	-	-	-	83,561	-	83,561
Personnel Management	269,724	-	-	-	-	269,724	-	269,724
	<u>776,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,908</u>	<u>-</u>	<u>776,908</u>
Department of Administration:								
Office of the Director	1,991,984	-	-	1,446,607	-	3,438,591	-	3,438,591
Office of the Director - COLA	5,923,630	-	-	12,401,444	-	18,325,074	-	18,325,074
Office of the Director - Child Support	675,958	-	-	-	-	675,958	-	675,958
Office of the Director - Health insurance benefits	5,294,462	-	-	-	-	5,294,462	-	5,294,462
Office of the Director - Power and Water	5,901,578	-	-	682,474	-	6,584,052	-	6,584,052
Personnel Management	1,474,587	-	-	167,388	-	1,641,975	-	1,641,975
Financial Management	533,852	-	-	190,530	-	724,382	-	724,382
Data Processing	767,873	-	-	132,000	-	899,873	-	899,873
General Services Agency	697,263	-	-	80,141	-	777,404	-	777,404
Division of Accounts	1,602,658	-	-	5,314	-	1,607,972	-	1,607,972
	<u>24,863,845</u>	<u>-</u>	<u>-</u>	<u>15,105,898</u>	<u>-</u>	<u>39,969,743</u>	<u>-</u>	<u>39,969,743</u>
Department of Public Works:								
Office of the Director	1,326,887	-	-	-	-	1,326,887	-	1,326,887
Transportation Maintenance Division	1,104,698	-	-	-	-	1,104,698	-	1,104,698
	<u>2,431,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,431,585</u>	<u>-</u>	<u>2,431,585</u>
Department of Revenue and Taxation:								
Office of the Director	2,466,929	-	-	1,536,268	-	4,003,197	-	4,003,197
Office of the Director - Real Property Assessment Bond	664,386	-	-	-	-	664,386	-	664,386
Tax Enforcement Division	2,114,157	-	-	-	-	2,114,157	-	2,114,157
Real Property Tax Division	662,805	-	-	-	-	662,805	-	662,805
Taxpayer Services Division	1,987,161	-	-	-	-	1,987,161	-	1,987,161
Regulatory Division	1,167,678	-	-	-	-	1,167,678	-	1,167,678
Motor Vehicle Division	708,938	-	-	-	-	708,938	-	708,938
	<u>9,772,054</u>	<u>-</u>	<u>-</u>	<u>1,536,268</u>	<u>-</u>	<u>11,308,322</u>	<u>-</u>	<u>11,308,322</u>
Department of Land Management:								
Office of the Director	-	-	-	243,223	-	243,223	-	243,223

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
General Government, Continued:								
Legislative Branch:								
Guam Legislature	-	-	-	8,368,608	-	8,368,608	-	8,368,608
Public Auditor:								
Office of Public Accountability	-	-	-	1,185,571	-	1,185,571	-	1,185,571
Legal Services:								
Public Defender Service Corporation	-	-	-	4,251,397	-	4,251,397	-	4,251,397
Total General Government	44,513,450	-	-	31,398,845	-	75,912,295	-	75,912,295
Protection of Life and Property:								
Department of Corrections:								
Office of the Director	3,445,777	-	-	2,776,365	-	6,222,142	-	6,222,142
Office of the Director - Rent	104,500	-	-	-	-	104,500	-	104,500
Office of the Director - Bureau of Prisons	1,287,272	-	-	-	-	1,287,272	-	1,287,272
Adult Correctional Facility	10,110,414	-	-	-	-	10,110,414	-	10,110,414
Rosario Detention Center	2,418,577	-	-	-	-	2,418,577	-	2,418,577
Casework and Counseling Service Division	330,805	-	-	-	-	330,805	-	330,805
Forensic Division	315,098	-	-	-	-	315,098	-	315,098
Parole Service Division	549,653	-	-	-	-	549,653	-	549,653
	18,562,096	-	-	2,776,365	-	21,338,461	-	21,338,461
Department of Youth Affairs:								
Office of the Director	112,193	-	-	114,377	-	226,570	-	226,570
Office of the Director - Nursing and Medication	25,461	-	-	-	-	25,461	-	25,461
Division of Youth Development	543,815	-	-	-	-	543,815	-	543,815
Division of Youth Corrections	2,585,149	-	-	-	-	2,585,149	-	2,585,149
Division of Vocational Rehabilitation and Support Services	578,538	-	-	-	-	578,538	-	578,538
	3,845,156	-	-	114,377	-	3,959,533	-	3,959,533
Guam Fire Department:								
Office of the Fire Chief	222,916	-	-	2,575,914	-	2,798,830	-	2,798,830
Administrative and Logistical Support	950,353	-	-	-	-	950,353	-	950,353
Emergency Medical Service and Rescue Operations Bureau	7,990,422	-	-	-	-	7,990,422	-	7,990,422
Fire Suppression Bureau	16,050,917	-	-	-	-	16,050,917	-	16,050,917
	25,214,608	-	-	2,575,914	-	27,790,522	-	27,790,522

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued General Fund Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Protection of Life and Property, Continued:								
Guam Police Department:								
Office of the Chief	1,901,317	-	-	294,946	-	2,196,263	-	2,196,263
Office of the Chief - Police Commander	2,821,511	-	-	-	-	2,821,511	-	2,821,511
Office of the Chief - Administration Division	1,416,332	-	-	-	-	1,416,332	-	1,416,332
Office of the Chief - Overtime	1,165,155	-	-	-	-	1,165,155	-	1,165,155
Office of the Chief - Fuel	450,881	-	-	-	-	450,881	-	450,881
Criminal Investigation Division	2,845,819	-	-	-	-	2,845,819	-	2,845,819
Neighbourhood Patrol Division	9,350,160	-	-	-	-	9,350,160	-	9,350,160
Support Division	1,930,425	-	-	-	-	1,930,425	-	1,930,425
Forensic Science Division	1,140,959	-	-	-	-	1,140,959	-	1,140,959
Highway Patrol Division	1,416,197	-	-	-	-	1,416,197	-	1,416,197
	<u>24,438,756</u>	<u>-</u>	<u>-</u>	<u>294,946</u>	<u>-</u>	<u>24,733,702</u>	<u>-</u>	<u>24,733,702</u>
Office of the Attorney-General:								
Attorney-General's Office	6,683,255	-	-	-	-	6,683,255	-	6,683,255
Chief Medical Examiner:								
Medical Examiner's Office	394,174	-	-	25,491	-	419,665	-	419,665
Total Protection of Life and Property	<u>79,138,045</u>	<u>-</u>	<u>-</u>	<u>5,787,093</u>	<u>-</u>	<u>84,925,138</u>	<u>-</u>	<u>84,925,138</u>
Public Health:								
Department of Mental Health and Substance Abuse:								
Office of the Director	4,444,911	-	-	1,473,905	-	5,918,816	-	5,918,816
Office of the Director - Permanent Injunction	80,473	-	-	1,489,255	-	1,569,728	-	1,569,728
Clinical Services Division	1,000,296	-	-	-	-	1,000,296	-	1,000,296
Child and Adolescent Services Division	768,553	-	-	-	-	768,553	-	768,553
Nursing Services Division	1,941,355	-	-	-	-	1,941,355	-	1,941,355
	<u>8,235,588</u>	<u>-</u>	<u>-</u>	<u>2,963,160</u>	<u>-</u>	<u>11,198,748</u>	<u>-</u>	<u>11,198,748</u>
Department of Public Health and Social Services:								
Office of the Director	400,081	-	-	770	-	400,851	-	400,851
Chief Public Health Office	3,000	-	-	-	-	3,000	-	3,000

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Public Health, Continued:								
Department of Public Health and Social Services, Continued:								
Primary Care Services	2,399	-	-	-	-	2,399	-	2,399
Family Health and Nursing	962	-	-	-	-	962	-	962
Division of Environmental Health	552,666	-	-	-	-	552,666	-	552,666
Financial Management Services	187,414	-	-	-	-	187,414	-	187,414
Supply Section	120,502	-	-	-	-	120,502	-	120,502
Management Support Services	167,391	-	-	-	-	167,391	-	167,391
Facilities and Maintenance	872,206	-	-	-	-	872,206	-	872,206
Systems Group	286,820	-	-	-	-	286,820	-	286,820
	<u>2,593,441</u>	<u>-</u>	<u>-</u>	<u>770</u>	<u>-</u>	<u>2,594,211</u>	<u>-</u>	<u>2,594,211</u>
Total Public Health	<u>10,829,029</u>	<u>-</u>	<u>-</u>	<u>2,963,930</u>	<u>-</u>	<u>13,792,959</u>	<u>-</u>	<u>13,792,959</u>
Community Services:								
Department of Public Health and Social Services:								
Medically Indigent Program	99,524	-	-	15,628,000	-	15,727,524	-	15,727,524
Foster Care	1,871,531	-	-	-	-	1,871,531	-	1,871,531
Division of Senior Citizens	208,194	-	-	-	-	208,194	-	208,194
Adult Protective Services	468,125	-	-	-	-	468,125	-	468,125
	<u>2,647,374</u>	<u>-</u>	<u>-</u>	<u>15,628,000</u>	<u>-</u>	<u>18,275,374</u>	<u>-</u>	<u>18,275,374</u>
Department of Integrated Services for Individuals with Disabilities:								
Office of the Director	521,358	-	-	108,821	-	630,179	-	630,179
Fiscal Support	24,985	-	-	-	-	24,985	-	24,985
	<u>546,343</u>	<u>-</u>	<u>-</u>	<u>108,821</u>	<u>-</u>	<u>655,164</u>	<u>-</u>	<u>655,164</u>
Guam Public Library System:								
Office of the Director	806,687	-	-	-	-	806,687	-	806,687
Hagatna-Dededo Library	148,842	-	-	-	-	148,842	-	148,842
Barrigada Library	59,674	-	-	-	-	59,674	-	59,674
Agat Library	37,668	-	-	-	-	37,668	-	37,668
Yona Library	34,639	-	-	-	-	34,639	-	34,639

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Community Services, Continued:								
Guam Public Library System, Continued:								
Merizo Library	63,215	-	-	-	-	63,215	-	63,215
	<u>1,150,725</u>	-	-	-	-	<u>1,150,725</u>	-	<u>1,150,725</u>
Total Community Services	<u>4,344,442</u>	-	-	15,736,821	-	<u>20,081,263</u>	-	<u>20,081,263</u>
Recreation:								
Department of Parks and Recreation:								
Office of the Director	382,339	-	-	-	-	382,339	-	382,339
Memorial Services	112,645	-	-	-	-	112,645	-	112,645
Community Programs	346,518	-	-	-	-	346,518	-	346,518
Pool and Beach Programs	428,268	-	-	-	-	428,268	-	428,268
Parks Administration and Planning	154,576	-	-	-	-	154,576	-	154,576
Historic Preservation Division	233,332	-	-	-	-	233,332	-	233,332
Parks Maintenance	966,109	-	-	-	-	966,109	-	966,109
Territorial Park Protection	139,779	-	-	-	-	139,779	-	139,779
Total Recreation	<u>2,763,566</u>	-	-	-	-	<u>2,763,566</u>	-	<u>2,763,566</u>
Individual and Collective Rights:								
Office of I Maga'lahaen Guahan:								
Commission on Decolonization	18,015	-	-	-	-	18,015	-	18,015
Department of Chamorro Affairs:								
Office of the Director	455,159	-	-	-	-	455,159	-	455,159
Language and Culture Division	50,218	-	-	-	-	50,218	-	50,218
Research Publication and Training	71,021	-	-	-	-	71,021	-	71,021
Guam Museum	291,627	-	-	-	-	291,627	-	291,627
	<u>868,025</u>	-	-	-	-	<u>868,025</u>	-	<u>868,025</u>
Department of Labor:								
Office of the Director	424,343	-	-	-	-	424,343	-	424,343
Occupational Safety and Health Agency	4,878	-	-	-	-	4,878	-	4,878
Wage and Hour Division	1,890	-	-	-	-	1,890	-	1,890
Bureau of Labor Statistics	2,360	-	-	-	-	2,360	-	2,360
Worker's Compensation Commission	5,558	-	-	-	-	5,558	-	5,558
Fiscal and Support Office	112,257	-	-	-	-	112,257	-	112,257
	<u>551,286</u>	-	-	-	-	<u>551,286</u>	-	<u>551,286</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Individual and Collective Rights, Continued:								
Department of Military Affairs:								
Office of the Adjutant General	142,072	-	-	-	-	142,072	-	142,072
Judicial Branch:								
Unified Courts of Guam	-	-	-	28,044,579	-	28,044,579	-	28,044,579
Other:								
Guam Election Commission	862,151	-	-	-	-	862,151	-	862,151
Mayor's Council of Guam	8,143,747	-	-	88,588	-	8,232,335	-	8,232,335
	9,005,898	-	-	88,588	-	9,094,486	-	9,094,486
Total Individual and Collective Rights	10,585,296	-	-	28,133,167	-	38,718,463	-	38,718,463
Public Education:								
Education Suruhanu	118,797	-	-	-	-	118,797	-	118,797
Guam Commission for Educator Certification	172,664	-	-	-	-	172,664	-	172,664
Office of I Maga'lahan Guahan:								
Office of the Governor - JFK School Lease	-	4,493,256	-	-	-	4,493,256	-	4,493,256
Department of Education:								
Guam Public School System	-	198,632,127	-	-	-	198,632,127	-	198,632,127
Department of Public Works:								
Bus Operations	5,666,644	-	-	479,116	-	6,145,760	-	6,145,760
Total Public Education	5,958,105	203,125,383	-	479,116	-	209,562,604	-	209,562,604
Economic Development:								
Bureau of Statistics and Plans:								
Administration	385,987	-	-	-	-	385,987	-	385,987
Chief Economist's Office	6,652	-	-	-	-	6,652	-	6,652
Planning Information	245,733	-	-	-	-	245,733	-	245,733
Socio-Economic Planning	137,755	-	-	-	-	137,755	-	137,755
Business and Economic Statistics Division	380,008	-	-	-	-	380,008	-	380,008
	1,156,135	-	-	-	-	1,156,135	-	1,156,135
Department of Agriculture:								
Office of the Director	830,365	-	-	-	-	830,365	-	830,365
Fire Protection	252,280	-	-	-	-	252,280	-	252,280
Aquatic and Wildlife Resources Division	137,441	-	-	-	-	137,441	-	137,441
Animal and Plant Industry Division	831,039	-	-	-	-	831,039	-	831,039

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued General Fund Year Ended September 30, 2011

	100	618				Combined	Eliminating	Total
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Total	Entries	Total
Expenditures by Department, Continued:								
Economic Development, Continued:								
Department of Agriculture, Continued:								
Animal Health Section	385,667	-	-	-	-	385,667	-	385,667
	<u>2,436,792</u>	-	-	-	-	<u>2,436,792</u>	-	<u>2,436,792</u>
Total Economic Development	<u>3,592,927</u>	-	-	-	-	<u>3,592,927</u>	-	<u>3,592,927</u>
Payments to Component Units:								
Government of Guam Retirement Fund:								
Medicare Reimbursement	689,715	-	-	7,981	-	697,696	-	697,696
Governor and Lt Governor Contributions	145,000	-	-	65,636	-	210,636	-	210,636
Judge and Justice Retirement Annuities	450,425	-	-	285,000	-	735,425	-	735,425
	<u>1,285,140</u>	-	-	<u>358,617</u>	-	<u>1,643,757</u>	-	<u>1,643,757</u>
Guam Community College	13,131,969	-	-	-	-	13,131,969	-	13,131,969
Guam Educational Telecom. Corporation	530,059	-	-	-	-	530,059	-	530,059
Guam Visitors Bureau	20,605	-	-	-	-	20,605	-	20,605
Guam Memorial Hospital Authority	1,407,210	-	-	7,961,350	-	9,368,560	-	9,368,560
University of Guam	30,851,172	-	-	-	-	30,851,172	-	30,851,172
Total Payments to Component Units	<u>47,226,155</u>	-	-	<u>8,319,967</u>	-	<u>55,546,122</u>	-	<u>55,546,122</u>
Miscellaneous Appropriations:								
Retiree Healthcare Premiums	18,614,422	8,685,152	-	-	-	27,299,574	-	27,299,574
Hagatna Restoration and Redevelopment	22,397	-	-	-	-	22,397	-	22,397
Total Miscellaneous Appropriations	<u>18,636,819</u>	<u>8,685,152</u>	-	-	-	<u>27,321,971</u>	-	<u>27,321,971</u>
Interest and other charges:								
Interest on Tax Refunds	4,663,347	-	-	-	-	4,663,347	-	4,663,347
Public Law 28-38 Special Retirement payments	852,469	-	-	-	-	852,469	-	852,469
Public Law 31-74 GGRF Savings payment	6,163,348	-	-	-	-	6,163,348	-	6,163,348
Credit card charge fees and other bank fees	4,290,392	-	-	-	-	4,290,392	-	4,290,392
COLA interest	1,985,124	-	-	-	-	1,985,124	-	1,985,124
Temporary Assistance for Needy Families	1,721,324	-	-	-	-	1,721,324	-	1,721,324
Miscellaneous GGRF contributions	1,637,303	-	-	-	-	1,637,303	-	1,637,303
Other	1,795,370	-	-	-	-	1,795,370	-	1,795,370
Total Interest and other charges	<u>23,108,677</u>	-	-	-	-	<u>23,108,677</u>	-	<u>23,108,677</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Debt Service:								
Principal retirement	3,220,000	-	-	-	17,071,072	20,291,072	-	20,291,072
Interest and fiscal charges	25,357,269	-	-	-	10,960,103	36,317,372	-	36,317,372
Total Debt Service	<u>28,577,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,031,175</u>	<u>56,608,444</u>	<u>-</u>	<u>56,608,444</u>
Capital Projects:								
John F. Kennedy High School	-	65,735,000	-	-	-	65,735,000	-	65,735,000
Total expenditures	<u>279,273,780</u>	<u>277,545,535</u>	<u>-</u>	<u>92,818,939</u>	<u>28,031,175</u>	<u>677,669,429</u>	<u>-</u>	<u>677,669,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>263,276,901</u>	<u>(276,115,967)</u>	<u>114</u>	<u>(84,445,886)</u>	<u>(28,028,931)</u>	<u>(125,313,769)</u>	<u>-</u>	<u>(125,313,769)</u>
Other financing sources (uses):								
Capital leases	-	65,735,000	-	-	-	65,735,000	-	65,735,000
Transfers in from other funds:								
Department of Administration	-	14,247,250	162,873,074	87,184,855	28,024,155	292,329,334	(292,329,334)	-
Guam Public School System Operations Fund	-	171,857,972	-	-	-	171,857,972	(171,857,972)	-
GDOE Federal Grants Fund	-	80,235,043	-	-	-	80,235,043	-	80,235,043
Census Fund	-	-	-	1,000,000	-	1,000,000	-	1,000,000
Guam Cancer Trust Fund	-	-	-	1,033,533	-	1,033,533	-	1,033,533
Guam Environmental Trust Fund	-	-	-	38,546	-	38,546	-	38,546
Health and Human Services Fund	-	-	-	1,155	-	1,155	-	1,155
Healthy Futures Fund	-	533,894	-	-	-	533,894	-	533,894
Public Library System Fund	-	-	804,876	-	-	804,876	-	804,876
Solid Waste Operations Fund	3,747,581	-	-	-	-	3,747,581	-	3,747,581
Supplemental Appropriation Revenue Fund	-	-	-	321,303	-	321,303	(321,303)	-
Territorial Education Facilities Fund	7,933,678	2,400,000	8,144,719	-	-	18,478,397	-	18,478,397
Territorial Highway Fund	-	-	-	890,280	-	890,280	-	890,280
Tourist Attraction Fund	1,075,942	-	-	-	-	1,075,942	-	1,075,942
Unified Courts of Guam	-	-	-	778,077	-	778,077	(778,077)	-
Limited Obligation Infrastructure Improvement Bonds Fund	-	-	-	1,000,000	-	1,000,000	-	1,000,000
Total other financing sources	<u>12,757,201</u>	<u>269,274,159</u>	<u>171,822,669</u>	<u>92,247,749</u>	<u>28,024,155</u>	<u>574,125,933</u>	<u>(465,286,686)</u>	<u>108,839,247</u>
Transfers out to other funds:								
Guam Department of Education - Chamoru Studies	1,069,098	-	171,857,972	-	-	172,927,070	(172,927,070)	-
Guam Department of Education - Retiree Healthcare	8,685,152	-	-	-	-	8,685,152	(8,685,152)	-
Guam Department of Education - JFK High School	4,493,000	-	-	-	-	4,493,000	(4,493,000)	-
Guam Public School System Operations Fund	162,873,074	-	-	-	-	162,873,074	(162,873,074)	-
DMHSA Receiver Fund	7,500,000	-	-	-	-	7,500,000	(7,500,000)	-

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued  
 General Fund  
 Year Ended September 30, 2011

	100	618						
	Department of Administration	Guam Department of Education	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:								
Transfers out to other funds, Continued:								
Better Public Service Fund	549,717	-	-	-	-	549,717	(549,717)	-
Customs, Agriculture and Quarantine Inspection Services Fund	3,264,296	-	-	-	-	3,264,296	-	3,264,296
DOC Inmates Revolving Fund	733,575	-	-	-	-	733,575	(733,575)	-
Federal Grants Assistance Fund	24,915,172	-	-	-	-	24,915,172	-	24,915,172
Government Claims Fund	100,000	-	-	-	-	100,000	(100,000)	-
GMHA Pharmaceuticals Fund	7,961,350	-	-	-	-	7,961,350	(7,961,350)	-
Guam Legislature Fund	8,060,770	-	-	-	-	8,060,770	(8,060,770)	-
Land Survey Revolving Fund	816,007	-	-	-	-	816,007	-	816,007
Manpower Development Fund	927,228	-	-	-	-	927,228	-	927,228
MIP Payment Revolving Fund	14,594,467	-	-	-	-	14,594,467	(14,594,467)	-
Office of the Public Auditor	1,165,486	-	-	-	-	1,165,486	(1,165,486)	-
Off-island Treatment Fund	1,188,202	-	-	-	-	1,188,202	(1,188,202)	-
Public Defender Service Corporation Fund	3,699,971	-	-	778,077	-	4,478,048	(4,478,048)	-
Supplemental Annuity Benefits Fund	12,080,141	-	-	321,303	-	12,401,444	(12,401,444)	-
Supplemental Appropriation Revenue Fund	4,908,287	-	-	-	-	4,908,287	(4,908,287)	-
Unified Courts of Guam Fund	24,642,889	-	-	-	-	24,642,889	(24,642,889)	-
Unified Courts of Guam Trust Fund	-	-	-	473,787	-	473,787	-	473,787
Workers Compensation Fund	679,226	-	-	-	-	679,226	-	679,226
General Obligation Bonds Series A 1993 Debt Service Fund - Principal	3,070,000	-	-	-	-	3,070,000	(3,070,000)	-
General Obligation Bonds Series A 1993 Debt Service Fund - Interest	1,770,149	-	-	-	-	1,770,149	(1,770,149)	-
General Obligation Bonds Series A 2007 Debt Service Fund - Interest	7,874,700	-	-	-	-	7,874,700	(7,874,700)	-
Streetlight Note Loan Fund - Principal	3,820,354	-	-	-	-	3,820,354	(3,820,354)	-
Streetlight Note Loan Fund - Interest	381,859	-	-	-	-	381,859	(381,859)	-
Water System Revenue Bond Debt Service Fund - Principal	10,177,982	-	-	-	-	10,177,982	(10,177,982)	-
Water System Revenue Bond Debt Service Fund - Interest	929,111	-	-	-	-	929,111	(929,111)	-
Total other financing uses	322,931,263	-	171,857,972	1,573,167	-	496,362,402	(465,286,686)	31,075,716
Total other financing sources (uses), net	(310,174,062)	335,009,159	(35,303)	90,674,582	28,024,155	143,498,531	-	143,498,531
Net change in fund deficit	(46,897,161)	58,893,192	(35,189)	6,228,696	(4,776)	18,184,762	-	18,184,762
Deficit at the beginning of the year	(321,337,264)	(22,618,435)	40,167	15,127,840	7,470,669	(321,317,023)	-	(321,317,023)
Deficit at the end of the year	\$ (368,234,425)	\$ 36,274,757	\$ 4,978	\$ 21,356,536	\$ 7,465,893	\$ (303,132,261)	\$ -	\$ (303,132,261)

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Schedule of Expenditures by Object  
General Fund  
Year Ended September 30, 2011

	100		618					
	Department of Administration	Guam Public School System	Guam Public School System Operations	Other Miscellaneous	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Object:								
Salaries and wages - regular	\$ 90,331,444	\$ 126,098,020	\$ -	\$ 30,857,367	\$ -	\$ 247,286,831	\$ -	\$ 247,286,831
Salaries and wages - overtime	4,475,299	-	-	2,456,909	-	6,932,208	-	6,932,208
Salaries and wages - fringe benefits	30,050,074	41,669,424	-	8,426,887	-	80,146,385	-	80,146,385
Travel	299,299	404,754	-	484,873	-	1,188,926	-	1,188,926
Contractual services	14,547,388	10,719,493	-	8,638,903	-	33,905,784	-	33,905,784
Building rent	3,322,844	4,493,256	-	1,254,292	-	9,070,392	-	9,070,392
Supplies	2,332,217	1,833,557	-	1,260,717	-	5,426,491	-	5,426,491
Equipment	175,521	1,116,016	-	225,754	-	1,517,291	-	1,517,291
Utilities - power and water	5,906,210	14,266,858	-	891,734	-	21,064,802	-	21,064,802
Communications	1,702,509	324,110	-	218,069	-	2,244,688	-	2,244,688
Capital outlays	297,603	1,363,986	-	78,339	-	1,739,928	-	1,739,928
Capital lease acquisition	-	65,735,000	-	-	-	65,735,000	-	65,735,000
Grants and subsidies	46,696,096	-	-	8,319,967	-	55,016,063	-	55,016,063
Supplemental annuity benefits	5,923,630	-	-	12,401,444	-	18,325,074	-	18,325,074
Retiree healthcare benefits	18,614,422	8,685,152	-	-	-	27,299,574	-	27,299,574
Principal retirement	3,220,000	-	-	-	17,071,072	20,291,072	-	20,291,072
Interest and fiscal charges	32,005,740	-	-	-	10,960,103	42,965,843	-	42,965,843
Miscellaneous	19,373,484	835,909	-	17,303,684	-	37,513,077	-	37,513,077
	<u>\$ 279,273,780</u>	<u>\$ 277,545,535</u>	<u>\$ -</u>	<u>\$ 92,818,939</u>	<u>\$ 28,031,175</u>	<u>\$ 677,669,429</u>	<u>\$ -</u>	<u>\$ 677,669,429</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**  
 Combining Schedule of Assets, Liabilities, and Fund Balances  
 General Fund - Other Miscellaneous Funds  
 September 30, 2011

AS/400 Fund Number	309	628	411	319	255/643	214	106	638	104
	Agana Fractional Lots Program	Better Public Service	Chamorro Commercial Loan	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,919	\$ 6,562	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	233,807
Receivables, net:									
Federal agencies	-	-	-	-	-	-	-	-	-
Other	90,169	-	-	-	-	88,200	-	-	28,738
Due from other funds	-	148,225	-	-	-	-	-	133,334	101,693
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	-	-	-	-	8,102,840	-	-	-	-
Total assets	\$ 90,169	\$ 148,225	\$ -	\$ -	\$ 8,102,840	\$ 88,200	\$ 1,919	\$ 139,896	\$ 364,238
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 559,127	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	2,398	-	-	-	-
Due to other funds	-	-	-	88,588	-	88,200	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	748	-	-
Total liabilities	-	-	-	88,588	561,525	88,200	748	-	-
Fund balances (deficit):									
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	7,541,315	-	-	-	-
Committed	90,169	31,211	-	-	-	-	-	139,896	364,238
Assigned	-	117,014	-	-	-	-	-	-	-
Unassigned	-	-	-	(88,588)	-	-	1,171	-	-
Total fund balances (deficit)	90,169	148,225	-	(88,588)	7,541,315	-	1,171	139,896	364,238
Total liabilities and fund balances (deficit)	\$ 90,169	\$ 148,225	\$ -	\$ -	\$ 8,102,840	\$ 88,200	\$ 1,919	\$ 139,896	\$ 364,238

(continued)



**GOVERNMENT OF GUAM**  
Combining Schedule of Assets, Liabilities, and Fund Balances  
General Fund - Other Miscellaneous Funds  
September 30, 2011

AS/400 Fund Number	299	229	404	239	237	617	616	201	298
	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,402	\$ 177	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Federal agencies	-	-	-	-	-	-	-	-	-
Other	19,661	-	-	-	-	-	648,909	303,578	-
Due from other funds	17,293	-	454,664	-	-	-	150,700	270	22,093
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	176,314	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	\$ 36,954	\$ -	\$ 630,978	\$ -	\$ -	\$ 1,402	\$ 799,786	\$ 303,848	\$ 22,093
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-
Due to other funds	-	808	-	-	-	1,397	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	8,894	-
Total liabilities	-	808	-	-	-	1,397	-	8,894	-
Fund balances (deficit):									
Non-spendable	-	-	176,314	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	35,014	-	-	-	-	5	799,786	303,578	20,998
Assigned	1,940	-	454,664	-	-	-	-	-	1,095
Unassigned	-	(808)	-	-	-	-	-	(8,624)	-
Total fund balances (deficit)	36,954	(808)	630,978	-	-	5	799,786	294,954	22,093
Total liabilities and fund balances (deficit)	\$ 36,954	\$ -	\$ 630,978	\$ -	\$ -	\$ 1,402	\$ 799,786	\$ 303,848	\$ 22,093

(continued)

**GOVERNMENT OF GUAM**  
 Combining Schedule of Assets, Liabilities, and Fund Balances  
 General Fund - Other Miscellaneous Funds  
 September 30, 2011

AS/400 Fund Number	303	321	293	329	225	504	221		
	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Printing Revolving
<b>ASSETS</b>									
Cash and cash equivalents	\$ (243,739)	\$ 1,805,131	\$ 1,436,187	\$ -	\$ -	\$ 92,231	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	303,114	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Federal agencies	-	-	-	-	-	3,844	-	-	-
Other	-	-	3,126	-	-	24,520	-	-	-
Due from other funds	5,954,259	-	607,695	6,234,778	-	-	-	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	20,653	-	-	-
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,710,520</u>	<u>\$ 1,805,131</u>	<u>\$ 2,047,008</u>	<u>\$ 6,234,778</u>	<u>\$ -</u>	<u>\$ 444,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>(DEFICIT)</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 53,924	\$ 6,234,778	\$ -	\$ 1,924	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	119,377	-	2,553	-	-	-	-
Due to other funds	-	1,568,850	-	-	31,920	-	4,808	3,548	-
Payable to federal agencies	-	-	223,180	-	-	-	-	-	-
Provision for tax refunds	5,192,264	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	13,213	-	-	-	-
Total liabilities	<u>5,192,264</u>	<u>1,568,850</u>	<u>396,481</u>	<u>6,234,778</u>	<u>47,686</u>	<u>1,924</u>	<u>4,808</u>	<u>3,548</u>	<u>-</u>
Fund balances (deficit):									
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	518,256	236,281	1,650,527	6,909	-	442,438	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(6,909)	(47,686)	-	(4,808)	(3,548)	-
Total fund balances (deficit)	<u>518,256</u>	<u>236,281</u>	<u>1,650,527</u>	<u>-</u>	<u>(47,686)</u>	<u>442,438</u>	<u>(4,808)</u>	<u>(3,548)</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,710,520</u>	<u>\$ 1,805,131</u>	<u>\$ 2,047,008</u>	<u>\$ 6,234,778</u>	<u>\$ -</u>	<u>\$ 444,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**GOVERNMENT OF GUAM**  
Combining Schedule of Assets, Liabilities, and Fund Balances  
General Fund - Other Miscellaneous Funds  
September 30, 2011

AS/400 Fund Number	238	314	103	607	645	501			
	Program Development	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Typhoon Chataan & Halong	Unified Courts of Guam	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 971,878	\$ 26	\$ -	\$ -	\$ 2,799,553	\$ -	\$ 2,391,422	\$ 9,262,749
Time certificates of deposit	-	-	-	-	-	-	-	-	303,114
Investments	-	-	-	20,230	-	-	-	-	254,037
Receivables, net:									
Federal agencies	-	-	-	-	-	-	-	793,872	797,716
Other	-	5,002	19,515	-	-	-	-	25,185	1,256,603
Due from other funds	-	268,927	12,861	-	-	-	-	3,051,608	17,158,400
Due from private purpose trust funds	-	-	-	-	-	-	-	4,116,813	4,116,813
Inventories	-	-	165,412	-	-	-	-	-	341,726
Deposits and other assets	-	123,708	-	-	-	-	-	1,166,137	1,310,498
Restricted assets:									
Cash and cash equivalents	-	-	-	-	-	-	-	-	8,102,840
Total assets	\$ -	\$ 1,369,515	\$ 197,814	\$ 20,230	\$ -	\$ 2,799,553	\$ -	\$ 11,545,037	\$ 42,904,496
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>									
Liabilities:									
Accounts payable	\$ -	\$ 8,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,874	\$ 7,486,507
Accrued payroll and other	-	75,120	-	-	-	274,709	-	1,120,994	1,595,151
Due to other funds	-	-	-	-	-	5,231,928	770	-	7,020,817
Payable to federal agencies	-	-	-	-	-	-	-	-	223,180
Provision for tax refunds	-	-	-	-	-	-	-	-	5,192,264
Deposits and other liabilities	-	7,186	-	-	-	-	-	-	30,041
Total liabilities	-	91,186	-	-	-	5,506,637	770	1,748,868	21,547,960
Fund balances (deficit):									
Non-spendable	-	-	165,412	-	-	-	-	-	341,726
Restricted	-	-	-	-	-	-	-	-	7,541,315
Committed	-	1,278,329	14,486	20,230	-	2,674,503	-	9,796,169	18,423,023
Assigned	-	-	17,916	-	-	-	-	-	592,629
Unassigned	-	-	-	-	-	(5,381,587)	(770)	-	(5,542,157)
Total fund balances (deficit)	-	1,278,329	197,814	20,230	-	(2,707,084)	(770)	9,796,169	21,356,536
Total liabilities and fund balances (deficit)	\$ -	\$ 1,369,515	\$ 197,814	\$ 20,230	\$ -	\$ 2,799,553	\$ -	\$ 11,545,037	\$ 42,904,496

**GOVERNMENT OF GUAM**

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

General Fund - Other Miscellaneous Funds

Year Ended September 30, 2011

AS/400 Fund Number	309	628	411	319	255/643	214
	Agana Fractional Lots Program	Better Public Service	Chamorro Commercial Loan	Community Development	DMHSA Receiver	DOC Inmates Revolving
Revenues:						
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	-	-	642,446
Use of money and property	-	-	-	-	30,570	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	-	30,570	642,446
Expenditures by Function:						
Current:						
General government:						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	-	-	-	-
Ancestral Land Trust Commission	-	-	-	-	-	-
Bureau of Budget and Management Research:						
Office of the Director	-	-	-	-	-	-
Department of Administration:						
Office of the Director	-	-	-	-	-	-
Office of the Director - COLA	-	-	-	-	-	-
Office of the Director - Power and Water	-	-	-	-	-	-
Personnel Management	-	-	-	-	-	-
Financial Management	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
General Services Agency	-	-	-	-	-	-
Division of Accounts	-	-	-	-	-	-
Department of Revenue and Taxation:						
Office of the Director	-	1,536,268	-	-	-	-
Department of Land Management:						
Office of the Director	-	-	-	-	-	-
Guam Legislature	-	-	-	-	-	-
Office of Public Accountability	-	-	-	-	-	-
Public Defender Service Corporation	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	-	-	-	1,063,662
Department of Youth Affairs:						
Office of the Director	-	-	-	-	-	-
Guam Fire Department:						
Office of the Chief	-	-	-	-	-	-
Guam Police Department:						
Office of the Chief	-	-	-	-	-	-
Chief Medical Examiner:						
Medical Examiner's Office	-	-	-	-	-	-
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	-	-	-	-
Office of the Director - Permanent Injunction	-	-	-	-	1,489,255	-
Department of Public Health and Social Services:						
Office of the Director	-	-	-	-	-	-
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	-	-	-
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	-	-	-	-
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	88,588	-	-
Public education:						
Department of Public Works:						
Bus Operations	-	-	-	-	-	-
Payments to GovGuam Retirement Fund						
Medicare Reimbursement	-	-	-	-	-	-
Governor and Lt. Governor Contributions	-	-	-	-	-	-
Judge and Justice Retirement Annuities	-	-	-	-	-	-
Payments to Guam Memorial Hospital Authority	-	-	-	-	-	-
Total expenditures	-	1,536,268	-	88,588	1,489,255	1,063,662
Excess (deficiency) of revenues over (under) expenditures	-	(1,536,268)	-	(88,588)	(1,458,685)	(421,216)
Other financing sources (uses):						
Transfers in from other funds:						
Department of Administration	-	549,717	-	-	7,500,000	733,575
Census Fund	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-
Territorial Highway Fund	-	890,280	-	-	-	-
Guam Environmental Trust Fund	-	38,546	-	-	-	-
Health and Human Services Fund	-	1,155	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Total transfers in from other funds	-	1,479,698	-	-	7,500,000	733,575
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-
Total transfers out to other funds	-	-	-	-	-	-
Total other financing sources (uses), net	-	1,479,698	-	-	7,500,000	733,575
Net change in fund balances (deficits)	-	(56,570)	-	(88,588)	6,041,315	312,359
Fund balances (deficits) at beginning of year	90,169	204,795	-	-	1,500,000	(312,359)
Fund balances (deficits) at end of year	\$ 90,169	\$ 148,225	\$ -	\$ (88,588)	\$ 7,541,315	\$ -

(continued)

**GOVERNMENT OF GUAM**

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

General Fund - Other Miscellaneous Funds

Year Ended September 30, 2011

AS/400 Fund Number	106	638	104	299	229	404
	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving
Revenues:						
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	139,896	-	67,985	124	307,470
Use of money and property	2	-	-	-	-	-
Other	402,606	-	-	-	-	-
Total revenues	402,608	139,896	-	67,985	124	307,470
Expenditures by Function:						
Current:						
General government:						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	-	-	-	-
Ancestral Land Trust Commission	-	-	-	-	-	-
Bureau of Budget and Management Research:						
Office of the Director	-	-	-	-	-	-
Department of Administration:						
Office of the Director	-	-	-	-	-	-
Office of the Director - COLA	-	-	-	-	-	-
Office of the Director - Power and Water	-	-	-	-	-	-
Personnel Management	-	-	-	-	-	-
Financial Management	-	-	-	112,474	-	-
Data Processing	-	-	-	-	-	-
General Services Agency	-	-	-	-	932	-
Division of Accounts	-	-	1,173	-	-	-
Department of Revenue and Taxation:						
Office of the Director	-	-	-	-	-	-
Department of Land Management:						
Office of the Director	-	-	-	-	-	-
Guam Legislature	-	-	-	-	-	-
Office of Public Accountability	-	-	-	-	-	-
Public Defender Service Corporation	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	-	-	-	-
Department of Youth Affairs:						
Office of the Director	-	-	-	-	-	-
Guam Fire Department:						
Office of the Chief	-	-	-	-	-	-
Guam Police Department:						
Office of the Chief	-	-	-	-	-	-
Chief Medical Examiner:						
Medical Examiner's Office	-	-	-	-	-	-
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	-	-	-	-
Office of the Director - Permanent Injunction	-	-	-	-	-	-
Department of Public Health and Social Services:						
Office of the Director	-	-	-	-	-	-
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	-	-	-
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	-	-	-	-
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	-	-	-
Public education:						
Department of Public Works:						
Bus Operations	-	-	-	-	-	-
Payments to GovGuam Retirement Fund						
Medicare Reimbursement	-	-	-	-	-	-
Governor and Lt. Governor Contributions	-	-	-	-	-	-
Judge and Justice Retirement Annuities	-	-	-	-	-	-
Payments to Guam Memorial Hospital Authority	-	-	-	-	-	-
Total expenditures	-	-	1,173	112,474	932	-
Excess (deficiency) of revenues over (under) expenditures	402,608	139,896	(1,173)	(44,489)	(808)	307,470
Other financing sources (uses):						
Transfers in from other funds:						
Department of Administration	-	-	-	-	-	-
Census Fund	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-
Net change in fund balances (deficits)	402,608	139,896	(1,173)	(44,489)	(808)	307,470
Fund balances (deficits) at beginning of year	(401,437)	-	365,411	81,443	-	323,508
Fund balances (deficits) at end of year	\$ 1,171	\$ 139,896	\$ 364,238	\$ 36,954	\$ (808)	\$ 630,978

(continued)

**GOVERNMENT OF GUAM**  
**Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**General Fund - Other Miscellaneous Funds**  
**Year Ended September 30, 2011**

AS/400 Fund Number	239	237	617 Guam Memorial Hospital Authority	616 Guam Telephone Authority Privatization Proceeds	201  Housing Revolving	298  Human Resources Services Revolving
	Government Claims	Government House Revolving	Pharmaceuticals	Proceeds	Revolving	Revolving
Revenues:						
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	-	-	30,937
Use of money and property	-	-	2	47	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>47</u>	<u>-</u>	<u>30,937</u>
Expenditures by Function:						
Current:						
General government:						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	-	-	-	-
Ancestral Land Trust Commission	-	-	-	-	-	-
Bureau of Budget and Management Research:						
Office of the Director	-	-	-	-	-	-
Department of Administration:						
Office of the Director	100,000	-	-	-	-	-
Office of the Director - COLA	-	-	-	-	-	-
Office of the Director - Power and Water	-	-	-	-	-	-
Personnel Management	-	-	-	-	-	28,988
Financial Management	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
General Services Agency	-	-	-	-	-	-
Division of Accounts	-	-	-	-	-	-
Department of Revenue and Taxation:						
Office of the Director	-	-	-	-	-	-
Department of Land Management:						
Office of the Director	-	-	-	-	-	-
Guam Legislature	-	-	-	-	-	-
Office of Public Accountability	-	-	-	-	-	-
Public Defender Service Corporation	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	-	-	-	-
Department of Youth Affairs:						
Office of the Director	-	-	-	-	-	-
Guam Fire Department:						
Office of the Chief	-	-	-	-	-	-
Guam Police Department:						
Office of the Chief	-	-	-	-	-	-
Chief Medical Examiner:						
Medical Examiner's Office	-	-	-	-	-	-
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	-	-	-	-
Office of the Director - Permanent Injunction	-	-	-	-	-	-
Department of Public Health and Social Services:						
Office of the Director	-	-	-	-	-	-
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	-	-	-
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	-	-	-	-
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	-	-	-
Public education:						
Department of Public Works:						
Bus Operations	-	-	-	-	-	-
Payments to GovGuam Retirement Fund	-	-	-	-	-	-
Medicare Reimbursement	-	-	-	-	-	-
Governor and Lt. Governor Contributions	-	-	-	-	-	-
Judge and Justice Retirement Annuities	-	-	-	-	-	-
Payments to Guam Memorial Hospital Authority	-	-	7,961,350	-	-	-
Total expenditures	<u>100,000</u>	<u>-</u>	<u>7,961,350</u>	<u>-</u>	<u>-</u>	<u>28,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,000)</u>	<u>-</u>	<u>(7,961,348)</u>	<u>47</u>	<u>-</u>	<u>1,949</u>
Other financing sources (uses):						
Transfers in from other funds:						
Department of Administration	100,000	-	7,961,350	-	-	-
Census Fund	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
	<u>100,000</u>	<u>-</u>	<u>7,961,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses), net	<u>100,000</u>	<u>-</u>	<u>7,961,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<u>-</u>	<u>-</u>	<u>2</u>	<u>47</u>	<u>-</u>	<u>1,949</u>
Fund balances (deficits) at beginning of year	-	-	3	799,739	294,954	20,144
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 799,786</u>	<u>\$ 294,954</u>	<u>\$ 22,093</u>

(continued)

**GOVERNMENT OF GUAM**

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

General Fund - Other Miscellaneous Funds

Year Ended September 30, 2011

AS/400 Fund Number	303	321		293	329	
	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability
Revenues:						
Federal contributions	\$ -	\$ -	\$ 17,134	\$ -	\$ -	\$ 42,789
Sales, licenses, fees and permits	-	-	-	-	-	-
Use of money and property	44	3,395	2,411	-	-	5,496
Other	-	-	185,979	-	-	-
Total revenues	44	3,395	205,524	-	-	48,285
Expenditures by Function:						
Current:						
General government:						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	-	-	-	-
Ancestral Land Trust Commission	-	-	-	-	-	-
Bureau of Budget and Management Research:						
Office of the Director	-	-	-	-	-	-
Department of Administration:						
Office of the Director	-	-	-	-	1,220,647	-
Office of the Director - COLA	-	-	-	-	-	-
Office of the Director - Power and Water	-	-	-	-	-	-
Personnel Management	-	-	-	-	-	-
Financial Management	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
General Services Agency	-	-	-	-	-	-
Division of Accounts	-	-	-	-	-	-
Department of Revenue and Taxation:						
Office of the Director	-	-	-	-	-	-
Department of Land Management:						
Office of the Director	-	-	-	-	-	-
Guam Legislature	-	-	8,368,608	-	-	-
Office of Public Accountability	-	-	-	-	-	1,185,571
Public Defender Service Corporation	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	-	-	-	-
Department of Youth Affairs:						
Office of the Director	-	-	-	-	-	-
Guam Fire Department:						
Office of the Chief	-	-	-	-	-	-
Guam Police Department:						
Office of the Chief	-	-	-	-	-	-
Chief Medical Examiner:						
Medical Examiner's Office	-	-	-	-	-	-
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	-	-	-	-
Office of the Director - Permanent Injunction	-	-	-	-	-	-
Department of Public Health and Social Services:						
Office of the Director	-	-	-	-	-	-
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	15,628,000	-	-
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	-	-	-	-
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	-	-	-
Public education:						
Department of Public Works:						
Bus Operations	-	-	-	-	-	-
Payments to GovGuam Retirement Fund						
Medicare Reimbursement	-	-	-	-	-	-
Governor and Lt. Governor Contributions	-	-	-	-	-	-
Judge and Justice Retirement Annuities	-	-	-	-	-	-
Payments to Guam Memorial Hospital Authority	-	-	-	-	-	-
Total expenditures	-	-	8,368,608	15,628,000	1,220,647	1,185,571
Excess (deficiency) of revenues over (under) expenditures	44	3,395	(8,163,084)	(15,628,000)	(1,220,647)	(1,137,286)
Other financing sources (uses):						
Transfers in from other funds:						
Department of Administration	-	-	8,060,770	14,594,467	1,188,202	1,165,486
Census Fund	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	1,033,533	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	8,060,770	15,628,000	1,188,202	1,165,486
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	8,060,770	15,628,000	1,188,202	1,165,486
Net change in fund balances (deficits)	44	3,395	(102,314)	-	(32,445)	28,200
Fund balances (deficits) at beginning of year	518,212	232,886	1,752,841	-	(15,241)	414,238
Fund balances (deficits) at end of year	\$ 518,256	\$ 236,281	\$ 1,650,527	\$ -	\$ (47,686)	\$ 442,438

(continued)

**GOVERNMENT OF GUAM**

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

General Fund - Other Miscellaneous Funds

Year Ended September 30, 2011

AS/400 Fund Number	225	504	221	238		314
	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Printing Revolving	Program Development	Public Defender Service Corporation	State Agency Surplus Property
Revenues:						
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ 25,848	\$ -
Sales, licenses, fees and permits	-	-	-	-	-	4,419
Use of money and property	-	-	-	-	-	-
Other	-	-	-	-	221	87,437
Total revenues	-	-	-	-	26,069	91,856
Expenditures by Function:						
Current:						
General government:						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	-	-	-	-
Ancestral Land Trust Commission	-	-	-	-	-	-
Bureau of Budget and Management Research:						
Office of the Director	-	-	-	-	-	-
Department of Administration:						
Office of the Director	-	-	-	-	-	-
Office of the Director - COLA	-	-	-	-	-	-
Office of the Director - Power and Water	-	-	-	-	-	-
Personnel Management	-	-	-	-	-	-
Financial Management	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
General Services Agency	-	-	-	-	-	39,994
Division of Accounts	-	-	-	-	-	-
Department of Revenue and Taxation:						
Office of the Director	-	-	-	-	-	-
Department of Land Management:						
Office of the Director	-	-	-	-	-	-
Guam Legislature	-	-	-	-	-	-
Office of Public Accountability	-	-	-	-	-	-
Public Defender Service Corporation	-	-	-	-	4,251,397	-
Unified Courts of Guam	-	-	-	-	-	-
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	-	-	-	-
Department of Youth Affairs:						
Office of the Director	-	-	-	-	-	-
Guam Fire Department:						
Office of the Chief	-	-	-	-	-	-
Guam Police Department:						
Office of the Chief	-	-	-	-	-	-
Chief Medical Examiner:						
Medical Examiner's Office	-	-	-	-	-	-
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	-	-	-	-
Office of the Director - Permanent Injunction	-	-	-	-	-	-
Department of Public Health and Social Services:						
Office of the Director	-	-	-	-	-	-
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	-	-	-
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	-	-	-	-
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	-	-	-
Public education:						
Department of Public Works:						
Bus Operations	-	-	-	-	-	-
Payments to GovGuam Retirement Fund						
Medicare Reimbursement	-	-	-	-	-	-
Governor and Lt. Governor Contributions	-	-	-	-	-	-
Judge and Justice Retirement Annuities	-	-	-	-	-	-
Payments to Guam Memorial Hospital Authority	-	-	-	-	-	-
Total expenditures	-	-	-	-	4,251,397	39,994
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(4,225,328)	51,862
Other financing sources (uses):						
Transfers in from other funds:						
Department of Administration	-	-	-	-	3,699,971	-
Census Fund	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	778,077	-
Total other financing sources (uses), net	-	-	-	-	4,478,048	-
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	4,478,048	-
Net change in fund balances (deficits)	-	-	-	-	252,720	51,862
Fund balances (deficits) at beginning of year	(4,808)	(3,548)	-	-	1,025,609	145,952
Fund balances (deficits) at end of year	\$ (4,808)	\$ (3,548)	\$ -	\$ -	\$ 1,278,329	\$ 197,814

(continued)



**GOVERNMENT OF GUAM**  
**Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**General Fund - Other Miscellaneous Funds**  
**Year Ended September 30, 2011**

AS/400 Fund Number	103	607	645	501	Unified Courts of Guam	Total
	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Typhoon Chataan & Halong		
<b>Revenues:</b>						
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ 6,375,374	\$ 6,461,145
Sales, licenses, fees and permits	-	-	-	-	-	1,193,277
Use of money and property	-	-	421	-	-	42,388
Other	-	-	-	-	-	676,243
Total revenues	<u>-</u>	<u>-</u>	<u>421</u>	<u>-</u>	<u>6,375,374</u>	<u>8,373,053</u>
<b>Expenditures by Function:</b>						
<b>Current:</b>						
<b>General government:</b>						
Office of I Maga'lahaen Guahan:						
Office of the Governor	-	-	650,000	-	-	650,000
Ancestral Land Trust Commission	-	-	11,156	-	-	11,156
Bureau of Budget and Management Research:						
Office of the Director	-	-	46,724	-	-	46,724
Department of Administration:						
Office of the Director	-	-	125,960	-	-	1,446,607
Office of the Director - COLA	-	12,401,444	-	-	-	12,401,444
Office of the Director - Power and Water	-	-	682,474	-	-	682,474
Personnel Management	-	-	138,400	-	-	167,388
Financial Management	-	-	78,056	-	-	190,530
Data Processing	-	-	132,000	-	-	132,000
General Services Agency	-	-	39,215	-	-	80,141
Division of Accounts	750	-	3,391	-	-	5,314
Department of Revenue and Taxation:						
Office of the Director	-	-	-	-	-	1,536,268
Department of Land Management:						
Office of the Director	-	-	243,223	-	-	243,223
Guam Legislature	-	-	-	-	-	8,368,608
Office of Public Accountability	-	-	-	-	-	1,185,571
Public Defender Service Corporation	-	-	-	-	-	4,251,397
Unified Courts of Guam	-	-	-	-	28,044,579	28,044,579
Protection of life and property:						
Department of Corrections:						
Office of the Director	-	-	1,712,703	-	-	2,776,365
Department of Youth Affairs:						
Office of the Director	-	-	114,377	-	-	114,377
Guam Fire Department:						
Office of the Chief	-	-	2,575,914	-	-	2,575,914
Guam Police Department:						
Office of the Chief	-	-	294,946	-	-	294,946
Chief Medical Examiner:						
Medical Examiner's Office	-	-	25,491	-	-	25,491
Public health:						
Department of Mental Health and Substance Abuse:						
Office of the Director	-	-	1,473,905	-	-	1,473,905
Office of the Director - Permanent Injunction	-	-	-	-	-	1,489,255
Department of Public Health and Social Services:						
Office of the Director	-	-	-	770	-	770
Community services:						
Department of Public Health and Social Services:						
Medically Indigent Program	-	-	-	-	-	15,628,000
Department of Integrated Services for Individuals with Disabilities:						
Office of the Director	-	-	108,821	-	-	108,821
Individual and collective rights:						
Mayor's Council of Guam	-	-	-	-	-	88,588
Public education:						
Department of Public Works:						
Bus Operations	-	-	479,116	-	-	479,116
Payments to GovGuam Retirement Fund						
Medicare Reimbursement	-	-	7,981	-	-	7,981
Governor and Lt. Governor Contributions	-	-	65,636	-	-	65,636
Judge and Justice Retirement Annuities	-	-	285,000	-	-	285,000
Payments to Guam Memorial Hospital Authority	-	-	-	-	-	7,961,350
Total expenditures	<u>750</u>	<u>12,401,444</u>	<u>9,294,489</u>	<u>770</u>	<u>28,044,579</u>	<u>92,818,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(750)</u>	<u>(12,401,444)</u>	<u>(9,294,068)</u>	<u>(770)</u>	<u>(21,669,205)</u>	<u>(84,445,886)</u>
<b>Other financing sources (uses):</b>						
Transfers in from other funds:						
Department of Administration	-	12,080,141	4,908,287	-	24,642,889	87,184,855
Census Fund	-	-	1,000,000	-	-	1,000,000
LOB Infrastructure Improvement Bonds Fund	-	-	1,000,000	-	-	1,000,000
Guam Cancer Trust Fund	-	-	-	-	-	1,033,533
Supplemental Appropriation Revenue Fund	-	321,303	-	-	-	321,303
Territorial Highway Fund	-	-	-	-	-	890,280
Guam Environmental Trust Fund	-	-	-	-	-	38,546
Health and Human Services Fund	-	-	-	-	-	1,155
Unified Courts of Guam	-	-	-	-	-	778,077
	<u>-</u>	<u>12,401,444</u>	<u>6,908,287</u>	<u>-</u>	<u>24,642,889</u>	<u>92,247,749</u>
Transfers out to other funds:						
Public Defender Service Corporation	-	-	-	-	(778,077)	(778,077)
Supplemental Annuity Benefits Fund	-	-	(321,303)	-	-	(321,303)
Unified Courts of Guam Trust Fund	-	-	-	-	(473,787)	(473,787)
	<u>-</u>	<u>-</u>	<u>(321,303)</u>	<u>-</u>	<u>(1,251,864)</u>	<u>(1,573,167)</u>
Total other financing sources (uses), net	<u>-</u>	<u>12,401,444</u>	<u>6,586,984</u>	<u>-</u>	<u>23,391,025</u>	<u>90,674,582</u>
Net change in fund balances (deficits)	<u>(750)</u>	<u>-</u>	<u>(2,707,084)</u>	<u>(770)</u>	<u>1,721,820</u>	<u>6,228,696</u>
Fund balances (deficits) at beginning of year	20,980	-	-	-	8,074,349	15,127,840
Fund balances (deficits) at end of year	<u>\$ 20,230</u>	<u>\$ -</u>	<u>\$ (2,707,084)</u>	<u>\$ (770)</u>	<u>\$ 9,796,169</u>	<u>\$ 21,356,536</u>

**GOVERNMENT OF GUAM**  
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
General Fund - Other Miscellaneous Funds  
Year Ended September 30, 2011

AS/400 Fund Number	309	628	411	319	255/643	214	106	638	104
	Agana Fractional Lots Program	Better Public Service	Chamorro Commercial Loan	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge
Revenues:									
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	-	-	642,446	-	139,896	-
Use of money and property	-	-	-	-	30,570	-	2	-	-
Other	-	-	-	-	-	-	402,606	-	-
Total revenues	-	-	-	-	30,570	642,446	402,608	139,896	-
Expenditures by Object:									
Salaries and wages - regular	-	-	-	-	1,305,375	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	1,785	-	-	-	-
Travel	-	8,263	-	-	-	-	-	-	-
Contractual services	-	1,402,348	-	48,378	108,026	1,063,662	-	-	-
Building rent	-	-	-	-	8,569	-	-	-	-
Supplies	-	125,657	-	4,498	28,372	-	-	-	-
Equipment	-	-	-	17,321	6,714	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	18,391	26,414	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	4,000	-	-	-	1,173
Total expenditures	-	1,536,268	-	88,588	1,489,255	1,063,662	-	-	1,173
Excess (deficiency) of revenues over (under) expenditures	-	(1,536,268)	-	(88,588)	(1,458,685)	(421,216)	402,608	139,896	(1,173)
Other financing sources (uses):									
Transfers in from other funds:									
Department of Administration	-	549,717	-	-	7,500,000	733,575	-	-	-
Census Fund	-	-	-	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-	-	-	-
Territorial Highway Fund	-	890,280	-	-	-	-	-	-	-
Guam Environmental Trust Fund	-	38,546	-	-	-	-	-	-	-
Health and Human Services Fund	-	1,155	-	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	1,479,698	-	-	7,500,000	733,575	-	-	-
Transfers out to other funds:									
Public Defender Service Corporation	-	-	-	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	1,479,698	-	-	7,500,000	733,575	-	-	-
Net change in fund balances (deficits)	-	(56,570)	-	(88,588)	6,041,315	312,359	402,608	139,896	(1,173)
Fund balances (deficits) at beginning of year	90,169	204,795	-	-	1,500,000	(312,359)	(401,437)	-	365,411
Fund balances (deficits) at end of year	\$ 90,169	\$ 148,225	\$ -	\$ (88,588)	\$ 7,541,315	\$ -	\$ 1,171	\$ 139,896	\$ 364,238

(continued)

**GOVERNMENT OF GUAM**  
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
General Fund - Other Miscellaneous Funds  
Year Ended September 30, 2011

AS/400 Fund Number	299	229	404	239	237	617 Guam Memorial Hospital Authority	616 Guam Telephone Authority Privatization Proceeds	201	298
	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving	Pharmaceuticals		Housing Revolving	Human Resources Services Revolving
<b>Revenues:</b>									
Federal contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	67,985	124	307,470	-	-	-	-	-	30,937
Use of money and property	-	-	-	-	-	2	47	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>67,985</b>	<b>124</b>	<b>307,470</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>47</b>	<b>-</b>	<b>30,937</b>
<b>Expenditures by Object:</b>									
Salaries and wages - regular	150	-	-	-	-	-	-	-	-
Salaries and wages - overtime	3,513	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	504	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-
Contractual services	99,231	-	-	-	-	-	-	-	880
Building rent	-	-	-	-	-	-	-	-	-
Supplies	9,076	932	-	-	-	-	-	-	3,803
Equipment	-	-	-	-	-	-	-	-	1,180
Utilities - power and water	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	7,961,350	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	100,000	-	-	-	-	23,125
<b>Total expenditures</b>	<b>112,474</b>	<b>932</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>7,961,350</b>	<b>-</b>	<b>-</b>	<b>28,988</b>
Excess (deficiency) of revenues over (under) expenditures	(44,489)	(808)	307,470	(100,000)	-	(7,961,348)	47	-	1,949
<b>Other financing sources (uses):</b>									
Transfers in from other funds:									
Department of Administration	-	-	-	100,000	-	7,961,350	-	-	-
Census Fund	-	-	-	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	-	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-	-	-	-
	-	-	-	100,000	-	7,961,350	-	-	-
Transfers out to other funds:									
Public Defender Service Corporation	-	-	-	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>7,961,350</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(44,489)</b>	<b>(808)</b>	<b>307,470</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>47</b>	<b>-</b>	<b>1,949</b>
Fund balances (deficits) at beginning of year	81,443	-	323,508	-	-	3	799,739	294,954	20,144
<b>Fund balances (deficits) at end of year</b>	<b>\$ 36,954</b>	<b>\$ (808)</b>	<b>\$ 630,978</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ 799,786</b>	<b>\$ 294,954</b>	<b>\$ 22,093</b>

(continued)

**GOVERNMENT OF GUAM**  
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
General Fund - Other Miscellaneous Funds  
Year Ended September 30, 2011

AS/400 Fund Number	303	321	293	329	212/225	504	221		
	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Printing Revolving
Revenues:									
Federal contributions	\$ -	\$ -	\$ 17,134	\$ -	\$ -	\$ 42,789	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	-	-	-	-	-	-
Use of money and property	44	3,395	2,411	-	-	5,496	-	-	-
Other	-	-	185,979	-	-	-	-	-	-
<b>Total revenues</b>	<b>44</b>	<b>3,395</b>	<b>205,524</b>	<b>-</b>	<b>-</b>	<b>48,285</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures by Object:									
Salaries and wages - regular	-	-	5,756,921	-	109,598	621,290	-	-	-
Salaries and wages - overtime	-	-	-	-	10,670	-	-	-	-
Salaries and wages - fringe benefits	-	-	1,110,529	-	42,871	246,094	-	-	-
Travel	-	-	67,707	35,092	12,526	50,516	-	-	-
Contractual services	-	-	239,093	-	-	79,024	-	-	-
Building rent	-	-	557,057	-	-	102,594	-	-	-
Supplies	-	-	103,131	-	-	7,214	-	-	-
Equipment	-	-	45,152	-	-	28,949	-	-	-
Utilities - power and water	-	-	194,860	-	-	-	-	-	-
Communications	-	-	87,339	-	-	5,333	-	-	-
Capital outlays	-	-	-	-	-	24,929	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	206,819	15,592,908	1,044,982	19,628	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>8,368,608</b>	<b>15,628,000</b>	<b>1,220,647</b>	<b>1,185,571</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	44	3,395	(8,163,084)	(15,628,000)	(1,220,647)	(1,137,286)	-	-	-
Other financing sources (uses):									
Transfers in from other funds:									
Department of Administration	-	-	8,060,770	14,594,467	1,188,202	1,165,486	-	-	-
Census Fund	-	-	-	-	-	-	-	-	-
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	-	-	-	-
Guam Cancer Trust Fund	-	-	-	1,033,533	-	-	-	-	-
Supplemental Appropriation Revenue Fund	-	-	-	-	-	-	-	-	-
Territorial Highway Fund	-	-	-	-	-	-	-	-	-
Guam Environmental Trust Fund	-	-	-	-	-	-	-	-	-
Health and Human Services Fund	-	-	-	-	-	-	-	-	-
Unified Courts of Guam	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>8,060,770</b>	<b>15,628,000</b>	<b>1,188,202</b>	<b>1,165,486</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers out to other funds:									
Public Defender Service Corporation	-	-	-	-	-	-	-	-	-
Supplemental Annuity Benefits Fund	-	-	-	-	-	-	-	-	-
Unified Courts of Guam Trust Fund	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>8,060,770</b>	<b>15,628,000</b>	<b>1,188,202</b>	<b>1,165,486</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances (deficits)	44	3,395	(102,314)	-	(32,445)	28,200	-	-	-
Fund balances (deficits) at beginning of year	518,212	232,886	1,752,841	-	(15,241)	414,238	(4,808)	(3,548)	-
Fund balances (deficits) at end of year	\$ 518,256	\$ 236,281	\$ 1,650,527	\$ -	\$ (47,686)	\$ 442,438	\$ (4,808)	\$ (3,548)	\$ -

(continued)

**GOVERNMENT OF GUAM**  
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
General Fund - Other Miscellaneous Funds  
Year Ended September 30, 2011

AS/400 Fund Number	238	314	103	607	645	501			
	Program Development	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Typhoon Chataan & Halong	Unified Courts of Guam	Total
Revenues:									
Federal contributions	\$ -	\$ 25,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,375,374	\$ 6,461,145
Sales, licenses, fees and permits	-	-	4,419	-	-	-	-	-	1,193,277
Use of money and property	-	-	-	-	-	421	-	-	42,388
Other	-	221	87,437	-	-	-	-	-	676,243
Total revenues	-	26,069	91,856	-	-	421	-	6,375,374	8,373,053
Expenditures by Object:									
Salaries and wages - regular	-	2,761,944	3,516	-	-	3,319,197	-	16,979,376	30,857,367
Salaries and wages - overtime	-	-	1,451	-	-	2,211,407	-	229,868	2,456,909
Salaries and wages - fringe benefits	-	903,814	1,117	-	-	644,223	-	5,475,950	8,426,887
Travel	-	4,346	11,920	-	-	-	-	294,503	484,873
Contractual services	-	130,479	13,587	-	-	1,320,226	-	4,133,969	8,638,903
Building rent	-	318,901	-	-	-	243,223	-	23,948	1,254,292
Supplies	-	29,655	4,268	-	-	439,264	-	504,847	1,260,717
Equipment	-	37,965	4,135	-	-	-	-	84,338	225,754
Utilities - power and water	-	14,400	-	-	-	682,474	-	-	891,734
Communications	-	18,751	-	-	-	72,970	-	33,676	218,069
Capital outlays	-	5,100	-	-	-	-	-	3,505	78,339
Payments to component units	-	-	-	-	-	358,617	-	-	8,319,967
Supplemental annuity benefits	-	-	-	-	12,401,444	-	-	-	12,401,444
Miscellaneous	-	26,042	-	750	-	2,888	770	280,599	17,303,684
Total expenditures	-	4,251,397	39,994	750	12,401,444	9,294,489	770	28,044,579	92,818,939
Excess (deficiency) of revenues over (under) expenditures	-	(4,225,328)	51,862	(750)	(12,401,444)	(9,294,068)	(770)	(21,669,205)	(84,445,886)
Other financing sources (uses):									
Transfers in from other funds:									
Department of Administration	-	3,699,971	-	-	12,080,141	4,908,287	-	24,642,889	87,184,855
Census Fund	-	-	-	-	-	1,000,000	-	-	1,000,000
LOB Infrastructure Improvement Bonds Fund	-	-	-	-	-	1,000,000	-	-	1,000,000
Guam Cancer Trust Fund	-	-	-	-	-	-	-	-	1,033,533
Supplemental Appropriation Revenue Fund	-	-	-	-	321,303	-	-	-	321,303
Territorial Highway Fund	-	-	-	-	-	-	-	-	890,280
Guam Environmental Trust Fund	-	-	-	-	-	-	-	-	38,546
Health and Human Services Fund	-	-	-	-	-	-	-	-	1,155
Unified Courts of Guam	-	778,077	-	-	-	-	-	-	778,077
	-	4,478,048	-	-	12,401,444	6,908,287	-	24,642,889	92,247,749
Transfers out to other funds:									
Public Defender Service Corporation	-	-	-	-	-	-	-	(778,077)	(778,077)
Supplemental Annuity Benefits Fund	-	-	-	-	-	(321,303)	-	-	(321,303)
Unified Courts of Guam Trust Fund	-	-	-	-	-	-	-	(473,787)	(473,787)
	-	-	-	-	-	(321,303)	-	(1,251,864)	(1,573,167)
Total other financing sources (uses), net	-	4,478,048	-	-	12,401,444	6,586,984	-	23,391,025	90,674,582
Net change in fund balances (deficits)	-	252,720	51,862	(750)	-	(2,707,084)	(770)	1,721,820	6,228,696
Fund balances (deficits) at beginning of year	-	1,025,609	145,952	20,980	-	-	-	8,074,349	15,127,840
Fund balances (deficits) at end of year	\$ -	\$ 1,278,329	\$ 197,814	\$ 20,230	\$ -	\$ (2,707,084)	\$ (770)	\$ 9,796,169	\$ 21,356,536

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Combining Schedule of Assets, Liabilities, and Fund Balances General Fund - Debt Service Funds September 30, 2011

	355	357	359	361	362	363	Total
	Water System Revenue Bond	General Obligation Series A 1993	General Obligation Series A 1995	General Obligation Series A 2007	Streetlight Note Payable 2008	Limited Obligation Series A 2009	Total
<b><u>ASSETS</u></b>							
Due from other funds	\$ -	\$ -	\$ 630,656	\$ -	\$ -	\$ 1,239	\$ 631,895
Prepayments	1,281,818	-	-	-	-	-	1,281,818
Restricted assets:							
Investments	45,823,665	3,258,338	-	8,558,860	-	327	57,641,190
Total assets	<u>\$ 47,105,483</u>	<u>\$ 3,258,338</u>	<u>\$ 630,656</u>	<u>\$ 8,558,860</u>	<u>\$ -</u>	<u>\$ 1,566</u>	<u>\$ 59,554,903</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Accounts payable	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Due to other funds	44,887,648	81,903	-	7,117,459	-	-	52,087,010
Total liabilities	<u>44,889,648</u>	<u>81,903</u>	<u>-</u>	<u>7,117,459</u>	<u>-</u>	<u>-</u>	<u>52,089,010</u>
Fund balances:							
Restricted	47,103,483	3,258,338	-	8,558,860	-	327	58,921,008
Unassigned	(44,887,648)	(81,903)	630,656	(7,117,459)	-	1,239	(51,455,115)
	<u>2,215,835</u>	<u>3,176,435</u>	<u>630,656</u>	<u>1,441,401</u>	<u>-</u>	<u>1,566</u>	<u>7,465,893</u>
Total liabilities and fund balances	<u>\$ 47,105,483</u>	<u>\$ 3,258,338</u>	<u>\$ 630,656</u>	<u>\$ 8,558,860</u>	<u>\$ -</u>	<u>\$ 1,566</u>	<u>\$ 59,554,903</u>

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance General Fund - Debt Service Funds Year Ended September 30, 2011

	355	357	359	361	362	363	
	Water System Revenue Bond	General Obligation Series A 1993	General Obligation Series A 1995	General Obligation Series A 2007	Streetlight Note Payable 2008	Limited Obligation Series A 2009	Total
Revenues:							
Use of money and property	\$ 530	\$ 702	\$ -	\$ 907	\$ -	\$ 105	\$ 2,244
Expenditures by Function:							
Debt service:							
Principal retirement	10,181,011	3,070,000	-	-	3,820,061	-	17,071,072
Interest and fiscal charges	933,102	1,770,149	-	7,874,700	382,152	-	10,960,103
Total expenditures	<u>11,114,113</u>	<u>4,840,149</u>	<u>-</u>	<u>7,874,700</u>	<u>4,202,213</u>	<u>-</u>	<u>28,031,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,113,583)</u>	<u>(4,839,447)</u>	<u>-</u>	<u>(7,873,793)</u>	<u>(4,202,213)</u>	<u>105</u>	<u>(28,028,931)</u>
Other financing sources (uses):							
Transfers in from (out to) other funds:							
Department of Administration	11,107,093	4,840,149	-	7,874,700	4,202,213	-	28,024,155
Net change in fund balances	(6,490)	702	-	907	-	105	(4,776)
Fund balance at the beginning of the year	2,222,325	3,175,733	630,656	1,440,494	-	1,461	7,470,669
Fund balance at the end of the year	<u>\$ 2,215,835</u>	<u>\$ 3,176,435</u>	<u>\$ 630,656</u>	<u>\$ 1,441,401</u>	<u>\$ -</u>	<u>\$ 1,566</u>	<u>\$ 7,465,893</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Net Assets  
Primary Government  
September 30, 2011

(with comparative totals as of September 30, 2010)

	2011	2010
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 31,729,463	\$ 33,399,105
Time certificates of deposit	1,760,633	205,770
Investments	11,703,091	16,678,557
Receivables, net	122,205,919	113,035,104
Due from private purpose trusts	4,116,813	2,516,039
Due from component units	2,153,590	2,153,590
Inventories	341,726	406,896
Other current assets	5,770,304	5,470,310
Restricted assets:		
Cash and cash equivalents	165,291,277	11,795,623
Investments	168,230,152	238,381,897
Total current assets	513,302,968	424,042,891
Noncurrent assets:		
Investments	1,000,000	1,000,000
Capital assets, net of accumulated depreciation	859,581,664	755,195,456
Deferred charges	9,866,043	9,832,230
Restricted assets:		
Time certificates of deposit	1,000,718	1,000,718
Total noncurrent assets	871,448,425	767,028,404
Total assets	\$ 1,384,751,393	\$ 1,191,071,295
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ 2,733,106	\$ -
Current portion of compensated absences payable	10,774,648	10,819,246
Current portion of capital lease obligations	3,990,000	3,060,000
Current portion of long-term obligations	28,521,897	29,395,338
Accounts payable	96,876,349	116,917,598
Accrued interest payable	17,943,793	16,890,229
Accrued payroll and other	22,776,892	21,609,720
Payable to federal agencies	13,724,635	11,894,669
Tax refunds	326,034,953	284,868,839
COLA liability	21,020,092	23,100,732
Due to pension trust funds	6,559,766	6,562,500
Due to component units	17,828,433	2,324,201
Deferred revenues	41,093,541	35,286,328
Deposits and other liabilities	11,616,743	16,419,394
Total current liabilities	621,494,848	579,148,794
Noncurrent liabilities:		
Compensated absences payable, net of current portion	11,933,770	13,915,438
Capital lease obligations, net of current portion	121,155,000	59,410,000
Long-term obligations, net of current portion	725,839,597	693,676,836
DCRS sick leave liability	19,168,522	17,764,882
Due to component units	1,824,066	4,123,490
Due to IRS	23,097,000	11,674,000
Other noncurrent liabilities	45,011,196	46,053,500
Total noncurrent liabilities	948,029,151	846,618,146
Total liabilities	1,569,523,999	1,425,766,940
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	411,350,002	382,995,557
Restricted for:		
Capital projects	22,079,977	6,204,216
Retirement of indebtedness	79,751,514	93,961,296
Other purposes	87,930,140	37,740,844
Unrestricted	(785,884,239)	(755,597,558)
Total net assets	(184,772,606)	(234,695,645)
Total liabilities and net assets	\$ 1,384,751,393	\$ 1,191,071,295

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Statement of Activities  
 Primary Government  
 Year Ended September 30, 2011  
 (with comparative totals for the year ended September 30, 2010)

	2011	2010
Revenues:		
Charges for services	\$ 64,310,693	\$ 63,782,819
Operating grants and contributions	427,402,774	330,501,435
General revenues:		
Taxes	553,776,510	499,797,522
Section 30 Federal income tax collections	46,357,373	39,028,136
Investment earnings	3,913,616	5,056,652
Other	5,063,274	5,592,941
Total revenues	1,100,824,240	943,759,505
Expenses:		
General government	146,091,461	123,250,905
Protection of life and property	107,400,193	101,708,758
Public health	199,274,457	184,881,465
Community services	36,209,032	38,215,507
Recreation	4,220,962	4,654,424
Individual and collective rights	53,543,335	53,551,394
Transportation	24,299,883	36,589,772
Public education	279,000,190	257,944,439
Environmental protection	12,586,234	11,125,333
Economic development	15,749,829	26,664,370
Interest (unallocated)	46,503,597	47,008,663
Payments to:		
GovGuam Retirement Fund	1,643,757	1,803,448
Guam Memorial Hospital Authority	16,985,355	19,090,827
Guam Power Authority	-	46,554
University of Guam	33,073,532	33,318,156
Guam Visitors Bureau	14,329,230	13,537,490
Guam Community College	15,552,642	16,911,221
Other component units	12,013,415	14,051,624
Capital	11,186,460	23,156,677
Miscellaneous	21,237,637	13,991,270
Total expenses	1,050,901,201	1,021,502,297
Changes in net assets	49,923,039	(77,742,792)
Net assets at the beginning of the year	(234,695,645)	(156,952,853)
Net assets at the end of the year	\$ (184,772,606)	\$ (234,695,645)

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Schedule of Outstanding Debt  
September 30, 2011**

	Outstanding Principal Amount	Fiscal Year 2012 Debt Service			Final Maturity (Year Ending September 30)
		Principal	Interest	Total	
<b>Primary Government:</b>					
<b>General Obligation Bonds:</b>					
1993 Series A	\$ 31,300,000	\$ 3,235,000	\$ 1,600,702	\$ 4,835,702	2019
2007 Series A	151,935,000	-	7,874,700	7,874,700	2038
2009 Series A	267,850,000	3,405,000	18,031,781	21,436,781	2040
<b>Limited Obligation Bonds:</b>					
2001 Series A Highway Refunding Bonds	5,765,000	5,765,000	259,425	6,024,425	2012
2001 Series A Section 30 Bonds	9,565,000	9,565,000	260,631	9,825,631	2012
2009 Series A Section 30 Bonds	202,425,000	-	11,197,456	11,197,456	2035
2011 Series A Hotel Tax Revenue Bonds	90,665,000	1,670,000	5,328,216	6,998,216	2041
<b>Other Loans Payable:</b>					
2002 Bank loan	2,823,256	1,168,767	113,051	1,281,818	2013
2006 Bank loan	9,847,089	351,955	641,049	993,004	2018
2008 Bank loan	3,363,219	3,363,219	107,152	3,470,371	2012
	<u>775,538,564</u>	<u>28,523,941</u>	<u>45,414,163</u>	<u>73,938,104</u>	
<b>Component Units:</b>					
<b>Antonio B. Won Pat International Airport Authority:</b>					
2003 Series A, B, C and D Revenue Bonds	164,100,000	9,095,000	7,901,219	16,996,219	2024
<b>Guam Memorial Hospital Authority:</b>					
2011 Bank loan	11,790,724	598,094	777,509	1,375,603	2018
<b>Guam Power Authority:</b>					
1993 Series A Revenue Bonds	63,625,000	3,535,000	3,247,519	6,782,519	2024
1999 Series A Revenue Bonds	309,265,000	4,670,000	15,815,675	20,485,675	2035
2010 Series A Revenue Bonds	150,440,000	-	7,999,200	7,999,200	2041
2010 Series A Subordinate Revenue Bonds	56,115,000	4,435,000	4,020,300	8,455,300	2016
<b>Guam Waterworks Authority:</b>					
2005 Series A Revenue Bonds	93,135,000	2,270,000	5,437,794	7,707,794	2035
2010 Series A Revenue Bonds	118,825,000	-	6,516,400	6,516,400	2040
2010 Bank loans	26,752,042	3,922,198	1,979,847	5,902,045	2016/2020
<b>Port Authority of Guam:</b>					
2010 Bank loan	3,355,095	144,144	214,373	358,517	2026
<b>University of Guam:</b>					
Rural development loan	12,615,802	187,857	562,203	750,060	2044
<b>Guam Community College:</b>					
Rural development loans	2,396,802	33,323	97,468	130,791	2024/2051
<b>Guam Housing and Urban Renewal Authority:</b>					
Rural development loan	1,356,541	46,000	80,480	126,480	2030
<b>Guam Housing Corporation:</b>					
1998 Series A Mortgage-Backed Revenue Bonds	4,850,000	140,000	264,968	404,968	2031
Federal Home Loan Bank loan	3,343,170	1,075,881	185,770	1,261,651	2014
<b>Guam Economic Development Authority:</b>					
2007 Series A and B Tobacco Settlement Revenue Bonds	46,548,618	1,720,000	1,519,435	3,239,435	2026/2034
	<u>1,068,513,794</u>	<u>31,872,497</u>	<u>56,620,160</u>	<u>88,492,657</u>	
	<u>\$ 1,844,052,358</u>	<u>\$ 60,396,438</u>	<u>\$ 102,034,323</u>	<u>\$ 162,430,761</u>	

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Schedule of Personnel Count - Primary Government Years Ended September 30, 2011 and 2010

Department	2011	2010
Agency for Human Resources Development	128	99
Ancestral Lands Commission	3	3
Bureau of Budget and Management Research	18	18
Bureau of Statistics and Plans	36	65
Chamorro Land Trust Commission	11	12
Civil Service Commission	11	8
Customs and Quarantine	145	150
Department of Administration	135	136
Department of Agriculture	83	81
Department of Chamorro Affairs	13	13
Department of Corrections	224	231
Department of Education	3,841	3,702
Department of Integrated Services for Individuals with Disabilities	38	31
Department of Labor	191	183
Department of Land Management	46	53
Department of Law - Attorney General	158	151
Department of Mental Health and Substance Abuse	165	159
Department of Military Affairs	46	43
Department of Parks and Recreation	64	72
Department of Public Health and Social Services	416	412
Department of Public Works	351	382
Department of Revenue and Taxation	177	165
Department of Youth Affairs	83	86
Education Suruhanu	-	2
Governor's Office	85	98
Guam Commission for Educator Certification	3	3
Guam Contractors License Board	11	11
Guam Council on the Arts and Humanities Agency	5	5
Guam Educational and Telecommunications Corporation - KGTF	10	10
Guam Election Commission	7	-
Guam Energy Office	11	15
Guam Environmental Protection Agency	51	49
Guam Fire Department	291	297
Guam Legislature	167	168
Guam PEALS Board	1	2
Guam Police Department	372	382
Guam Public Library System	29	31
Guam Regional Transit Authority	5	5
Hagatna Restoration and Redevelopment Authority	-	1
Mayors' Council of Guam	205	247
Medical Examiner	3	3
Office of I Segundu Na Maga'Lahen Guahan	16	22
Office of Public Accountability	16	16
Public Defender	58	49
Unified Courts of Guam	372	381
Veteran Affairs Office	7	4
	8,108	8,056

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Schedule of Personnel Count - Component Units  
Years Ended September 30, 2011 and 2010

<u>Component Unit</u>	<u>2011</u>	<u>2010</u>
Antonio B. Won Pat International Airport Authority	199	200
Guam Memorial Hospital Authority	999	1,063
Guam Power Authority	536	522
Guam Waterworks Authority	324	327
Port Authority of Guam	364	347
University of Guam	819	788
Guam Community College	241	227
Guam Housing and Urban Renewal Authority	98	103
Guam Housing Corporation	26	23
Guam Economic Development Authority	27	26
Guam Preservation Trust	4	4
Guam Visitors Bureau	29	28
Guam Educational and Telecommunications Corporation - KGTF	18	15
Government of Guam Retirement Fund	41	42
	<u>3,725</u>	<u>3,715</u>

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