GOVERNMENT OF GUAM

BASIC FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Eddie Baza Calvo
Governor
Government of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements as set forth in Section III of the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 93%, 95% and 67%, respectively, of the assets, net position/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 26%, 42% and 13%, respectively, of the assets and deferred outflows, net position and operating revenues of GovGuam's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Implementation of New Accounting Standards

As discussed in note 1, the Government of Guam implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. The effects of implementation of GASB 67 are presented in Note 16.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15 as well as the Schedule of Revenues, Expenditures, and changes in Deficit - Budget and Actual - General Fund and notes thereto, on pages 120 through 122, and the Schedule of Funding Progress, on page 123, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Other Supplementary Information is the responsibility of management. The additional information on pages 128 through 139 and 148 through 206 as well as the 2014 information on pages 140 through 147 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the additional information on pages 128 through 139 and 148 through 206 as well as the 2014 information on pages 140 through 147 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2013 information on pages 140 through 147 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of GovGuam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GovGuam's internal control over financial reporting and compliance.

Deloitte + Touche LLP

June 29, 2015

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, 2014. Please read it in conjunction with GovGuam's financial statements, which follow this section. Fiscal year 2013 comparative information has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2014, GovGuam's total net position decreased by $33.5 million (or 16.1%) from a net position of $207.9 million in the prior year to a net position of $174.4 million.

- During fiscal year 2014, GovGuam's expenses for governmental activities were $1.2 billion and were funded in part by $430.2 million in program revenues and $736.3 million in taxes and other general revenues. Expenses were up from fiscal year 2014 by $76.9 million (or 6.8%) whereas revenues were up from fiscal year 2013 by $26.5 million (or 2.33%).

- For the fiscal year ended September 30, 2014, the General Fund reported expenditures (including transfers out) of $848.2 million, an increase of $156.4 million (or 22.6%) from fiscal year 2013 expenditures and transfers out of $691.8 million. The majority of the deficit can be directly attributed to Guam Department of Education's (GDOE) capital expenditure outlays of $21 million, PL 29-105 unfunded law enforcement payments of $24 million, and $8.6 million attributable to unreimbursed debt service from the Guam Solid Waste Authority under the federal receivership. These expenditures were outside of our direct control.

- At September 30, 2014, the General Fund reported a cumulative fund deficiency of $59.6 million, which is a decrease of $61.9 million from the prior year fund balance of $2.3 million. The unfunded expenditures, GDOE's capital outlays, and the unreimbursed debt service have negatively affected the General Fund's fund deficiency.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

- Over time, increases or decreases in GovGuam's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of GovGuam, additional non-financial factors such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services also need to be considered.

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

- Primary government - this grouping comprises governmental activities, which includes most of GovGuam's basic services such as education, public safety, health, finance, judiciary, and general administration. Local sourced tax revenues and other federal grants finance most activities of the primary government.

- Discretely presented component units - GovGuam includes numerous other entities in its report. Although legally separate, these "component units" are important because GovGuam is financially accountable for them.

Fund Financial Statements

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

- Some funds are required by enabling legislation.

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

GovGuam has two kinds of funds:

- Governmental funds - Most of GovGuam's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of GovGuam's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance GovGuam's programs.

- Fiduciary funds - GovGuam is the trustee, or fiduciary, for other assets that because of trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net 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 position may serve over time as a useful indicator of a government's financial position. At September 30, 2014, GovGuam reported positive balances in two of the categories of net position. By far, the largest portion of GovGuam's net position ($585.8 million) reflects its investment in capital assets (eg., land, infrastructure, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. An additional portion of GovGuam's net position ($521.1 million) represents resources that are subject to external restrictions or enabling legislation as to the purpose they can be used for. The summary of Net Position (condensed) presented below, with comparable balances for fiscal year 2013, discloses this relationship:

GovGuam's Net Position
As of September 30

	Governmental Activities 2014	Governmental Activities 2013	Total Percentage Change 2014-2013
Current and other assets	$ 822,702,622	$ 912,981,294	-9.9%
Capital assets	1,058,730,716	972,226,579	8.9%
Total assets	**1,881,433,338**	**1,885,207,873**	**-0.2%**
Long-term debt outstanding	1,061,700,419	1,074,417,580	-1.2%
Other liabilities	645,342,179	602,935,825	7.0%
Total liabilities	**1,707,042,598**	**1,677,353,405**	**1.8%**
Net position:			
Invested in capital assets, net of related debt	585,760,983	508,552,458	15.2%
Restricted	520,618,592	534,036,117	-2.5%
Unrestricted	(931,988,835)	(834,734,107)	11.6%
Total net position	**$ 174,390,740**	**$ 207,854,468**	**-16.1%**

At the end of fiscal year 2014, GovGuam's unrestricted net deficiency amounted to $932 million, an increase of $97.3 million (or 11.6%) from the prior year unrestricted net deficiency. This deficiency is the result of having long-term assets that are greater than currently available liabilities. 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 Position

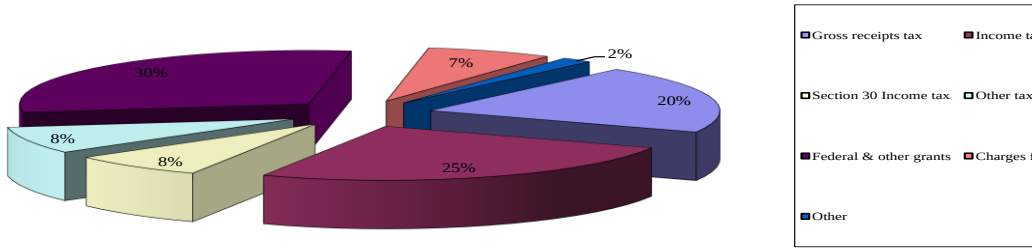
For the year ended September 30, 2014, net position of the primary government decreased by $33.5 million compared to prior year's net position of $13.2 million. This result indicates that GovGuam's financial condition slightly worsen from the prior year. For the year ended September 30, 2014, net position of the primary government changed as follows, with comparable amounts for fiscal year 2013:

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

	Governmental Activities 2014	Governmental Activities 2013	Total Percentage Change 2014-2013
Revenues:			
Program revenues:			
Charges for services	$ 82,326,867	$ 76,251,059	8.0%
Operating grants and contributions	347,823,463	376,118,645	-7.5%
General revenues:			
Income taxes	296,186,624	261,854,651	13.1%
Gross receipts taxes	238,249,400	221,672,983	7.5%
Other taxes	182,046,996	179,646,037	1.3%
Other general revenues	19,873,819	24,444,670	-18.7%
Total revenues	**1,166,507,169**	**1,139,988,045**	**2.3%**
Expenses:			
General government	180,414,676	148,651,381	21.4%
Protection of life and property	130,163,043	116,757,499	11.5%
Public health	286,044,457	276,151,415	3.6%
Community services	24,882,661	24,512,384	1.5%
Culture and recreation	23,897,739	22,247,794	7.4%
Individual and collective rights	57,094,837	61,011,520	-6.4%
Transportation	35,263,891	30,029,865	17.4%
Public education	361,965,601	340,576,575	6.3%
Environmental protection	20,123,925	23,137,218	-13.0%
Economic development	15,055,455	18,296,407	-17.7%
Interest	73,340,959	69,975,052	4.8%
Total expenses	**1,208,247,244**	**1,131,347,110**	**6.8%**
Contributions to permanent fund	8,276,347	4,519,460	83.1%
Change in net position	**(33,463,728)**	**13,160,395**	**-354.3%**
Net position, beginning of year	**207,854,468**	**194,694,073**	**6.8%**
Net position, end of year	**$ 174,390,740**	**$ 207,854,468**	**-16.1%**

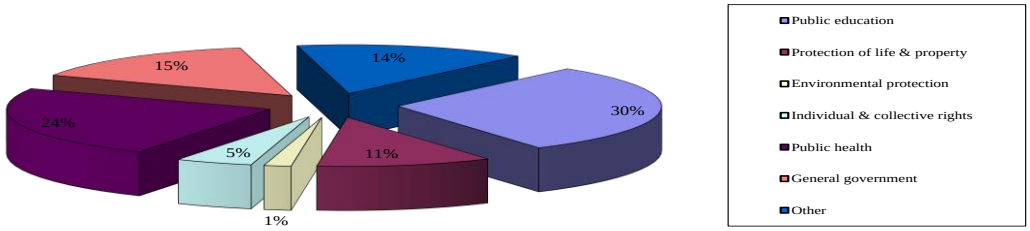
GovGuam's revenues from governmental activities, including local revenues, totaled $1.17 billion in fiscal year 2014. The cost of governmental activities also totaled $1.21 billion, resulting in an overall slight negative change in net position of $33.5 million. Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1
GovGuam's Revenue Sources
For the Year Ended September 30, 2014



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises of 61% and 30%, respectively, of the total revenues for fiscal year 2014. Charges for services provided 7% of the total revenues.

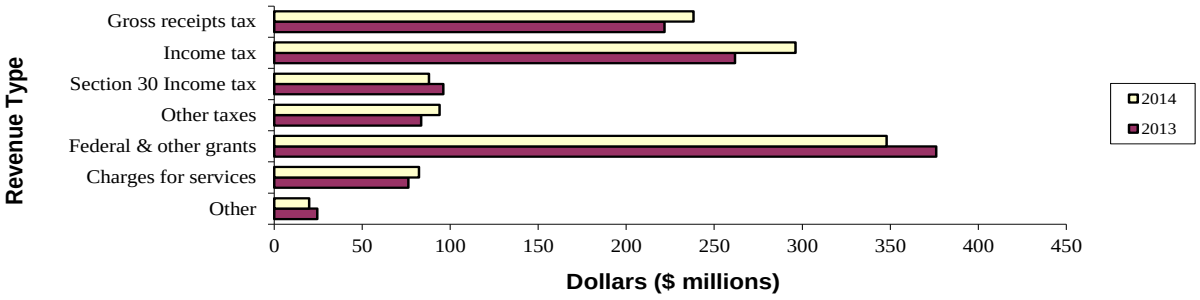
Graph 2
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2014



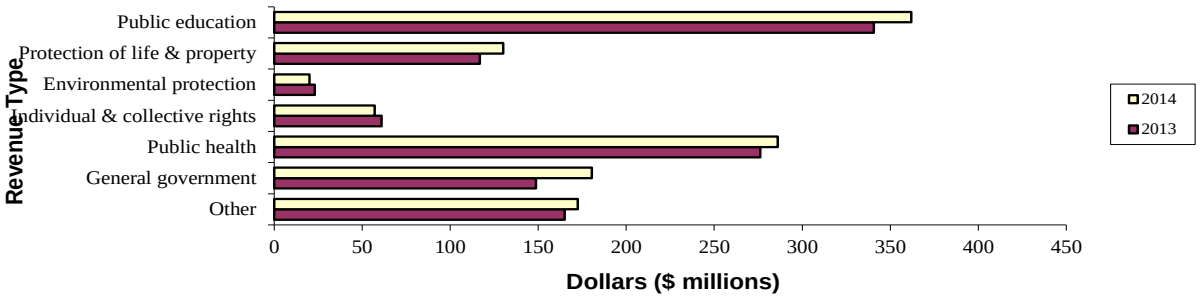
GovGuam's expenses cover a range of services. The largest expenses were for public education and public health, which comprises of 30% and 23%, respectively, of the total expenses for fiscal year 2014. Other expenses that make up a portion of the costs of governmental activities include community services ($24.9 million), economic development ($15.1 million), unallocated interest expense ($73.3 million), transportation expenses ($35.3 million), and culture and recreation ($23.9 million).

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2014 and 2013.

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 2014 included community services of $24.9 million, up from $24.5 million (or 1.5%) in fiscal year 2013, culture and recreation expense of $23.9 million, up from $22.2 million (or 7.4%) in fiscal year 2013, transportation expenses of $35.3 million, up from $30 million (or 17.4%) in fiscal year 2013, economic development expenses of $15.1 million, down from $18.3 million (or 17.7%) in fiscal year 2013, and unallocated interest expense of $73.3 million, up from $70 million (or 4.8%) in fiscal year 2013.

Analysis of Changes in Net Position

During the current fiscal year, GovGuam's total net position decreased by $33.5 million compared with prior fiscal year increase of $13.2 million. This represents a decrease in the change in net position of $46.7 million (or 354%). The key elements of this reduction are an increase in general revenues of $48.7 million (or 7.1%) offset by an increase in expenses, net of program revenues, of $99.1 million (or 14.6%). The elements of these changes are reflected below:

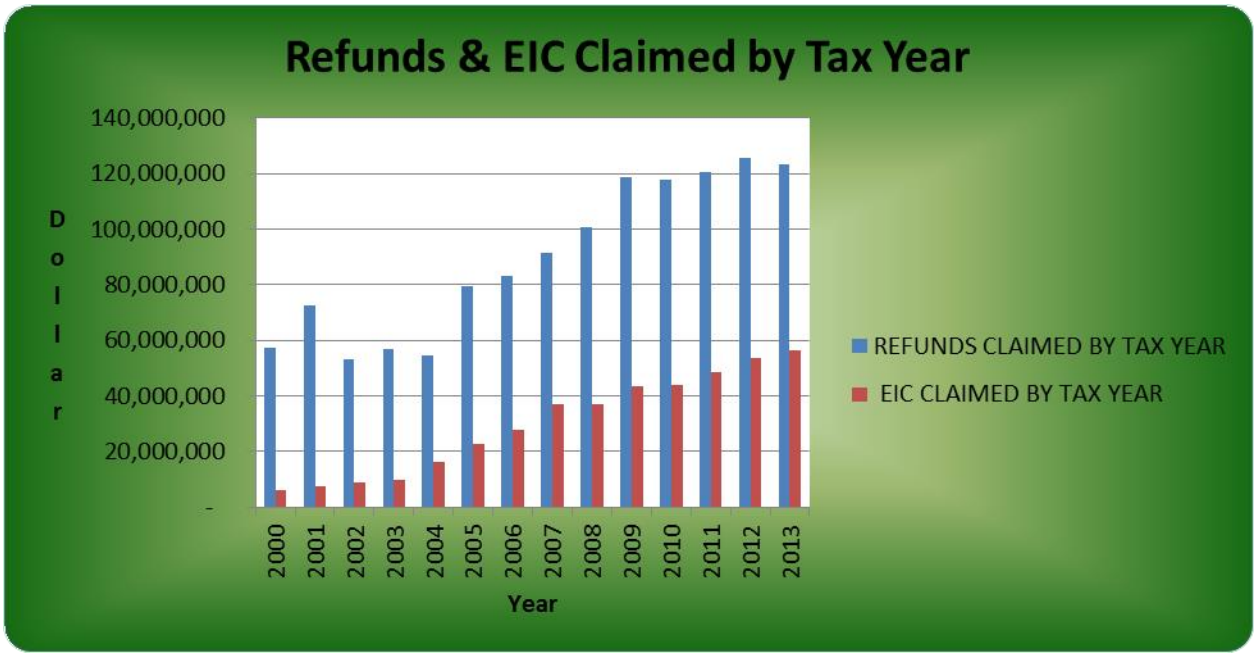
	Governmental Activities 2014	Governmental Activities 2013	Total Percentage Change 2014-2013
General revenues:			
Income taxes	$ 296,186,624	$ 261,854,651	13.1%
Gross receipts taxes	238,249,400	221,672,983	7.5%
Other taxes	182,046,996	179,646,037	1.3%
Other general revenues	19,873,819	24,444,671	-18.7%
Total general revenues	**736,356,839**	**687,618,342**	**7.1%**
Expenses, net of program revenues:			
General government	156,031,912	124,246,855	25.6%
Protection of life and property	100,599,098	92,766,491	8.4%
Public health	83,838,905	80,055,601	4.7%
Community services	20,992,638	12,712,987	65.1%
Culture and recreation	21,985,998	20,325,004	8.2%
Individual and collective rights	43,401,782	48,017,219	-9.6%
Transportation	14,175,738	(3,425,471)	-513.8%
Public education	294,539,115	267,620,456	10.1%
Environmental protection	(5,178,634)	(9,586,438)	-46.0%
Economic development	(25,630,597)	(21,525,668)	19.1%
Interest	73,340,959	67,770,370	8.2%
Total expenses	**778,096,914**	**678,977,406**	**14.6%**
Contributions to permanent fund	8,276,347	4,519,459	83.1%
Change in net position	**$ (33,463,728)**	**$ 13,160,395**	**-354.3%**

General revenues increased by $48.7 million (or 7.1%) from the previous fiscal year. The increase was primarily due to increases in comparison with prior year, income tax collections of $34.3 million (or 13.1%) compared with prior year, gross receipts taxes of $16.6 million or (7.5%), hotel occupancy taxes of $5 million (or 17.2%) alcohol and tobacco taxes of $2.8 million (or 13.6%) compared with prior year, and real property taxes of $2 million or (9.4%) compared with prior year offset by a decrease in Section 30 Federal income tax collections of $8.1 million or (8.4%). General government net expenses increased by $31.8 million or (25.6%) primarily due to public safety and law enforcement payments, public education net expenses increased by $26.9 million (or 10.1%) from the previous fiscal year primarily due to spending of ARRA funding.

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 2014, GovGuam's governmental funds reported a combined fund balance surplus of $502.9 million, a decrease of $90.8 million compared with a combined fund surplus of $593.7 million at the end of fiscal year 2013. This is primarily attributable to the increase of fund deficit in General Fund of $61.9 million and capital project expenditures incurred in the Landfill CIP Fund of $27.4 million.

The General Fund is the chief operating fund of GovGuam. At the end of the current fiscal year, General Fund has a fund balance deficit of $59.6 million as compared with the prior year fund balance of $2.3 million, a decrease in performance of $61.9 million. This current year negative change in fund balance was attributed primarily to payments of GDOE federal stimulus capital projects expenditures of $21 million for which revenues were previously recorded in a prior fiscal year, underfunded payments to public safety and law enforcement officers of $24 million, capitalized interest expenditures of $8.6 million for which bond proceeds were previously recorded in a prior fiscal year and non-reimbursement of landfill debt of $8.6 million. Public Law 29-105 authorized a 40% increase in compensation to public safety and law enforcement officers. Compensation was to be increased by no less than ten percent each year beginning in fiscal year 2009 until such time the 40% is achieved. An initial 10% was implemented and paid in 2009 with an additional 10% being paid in 2010. The remaining 20% increase in base pay was paid in two increments in December 2013 and August 2014. The tax liability continues to increase due to the Earned Income Tax Credit (EITC). EITC is an unfunded federal mandate that GovGuam is required to pay without any contribution from the taxpayer. The relationship of EITC paid compared to the tax refunds paid continues to grow from Tax Year 2000 of 11% to Tax Year 2013 of 46%, which is summarized as follows:



The Federal Grants Assistance Fund has a total fund balance of $0.1 million, which primarily represents accumulated interest income received not yet expended at year end.

The 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 $61.5 million, which funded various education-related federal grant programs and which was lower than fiscal year 2013 revenues and transfers in of $69.2 million by $ 7.7 million 11.1%. In 2011, the GDOE Federal Grants Fund recognized federal stimulus funds in the amount of $80.2 million associated with ARRA State Fiscal Stabilization Funds.

The Landfill CIP Fund was established in fiscal year 2009 to account for the proceeds of Section 30 limited obligation revenue bonds issued for the purpose of funding the construction of a new landfill and the closure of Ordot Dump. Capital projects expenditures of $27.4 million were incurred.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2014, there was a net $68.1 million increase in appropriations between the original and final budget for Executive Branch operations, which was primarily due to continuing appropriations for Guam Memorial Hospital Authority ($13.7 million), additional compensation for public safety and law enforcement officers ($8.6 million), debt service ($14.6 million), and additional funding provided for the Medicaid PACA Local Match ($13.9 million).

Actual revenues collected (including operating transfers in) of $682.5 million, were higher than budgeted amounts of $647.4 million by $35.1 million. The net increase is due primarily to the increase in Section 30 Federal income tax collections of $9.7 million, the increase in Gross Receipts Tax of $5.4 million and an increase in other revenues of $4.8 million.

Budgetary expenditures (including operating transfers out) of $729.2 million were higher than authorized appropriations of $681.8 million. The net increase is due primarily to underfunded payments to public safety and law enforcement officers of $24 million, continuing authorized appropriations for Guam Memorial Hospital Authority of $5.2 million, payments exceeding budget for the Department of Education of $10.1 million and unbudgeted Landfill Tax Credits Expenditures of $9.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2014 amounted to $1.61 billion, net of accumulated depreciation of $0.55 billion, leaving a net book value of $1.06 billion. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below)

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

	Governmental Activities 2014	Governmental Activities 2013	Percentage Change 2014-2013
Land	$ 47,434,113	$ 41,865,823	13.3%
Landfill	74,482,977	71,937,991	3.5%
Buildings	427,358,638	340,945,758	25.4%
Machinery, equipment and furniture	26,530,131	26,826,839	-1.1%
Infrastructure	342,590,947	359,495,027	-4.7%
Construction in progress	140,333,910	131,155,141	7.0%
Total	**$ 1,058,730,716**	**$ 972,226,579**	**8.9%**

Major capital asset additions for fiscal year 2014 were as follows:

- $21.6 million for work carried out under Highway federally funded projects, including GovGuam's road expansions and upgrades.
- $78 million for Department of Education Tiyan Properties.

- $5.6 million associated with the Tiyan Parkway project.

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

Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Guam Legislature. At the end of the current fiscal year, GovGuam had total bonded debt outstanding of $1.06 billion. Of this amount, $399.1 million comprises debt backed by the full faith and credit of GovGuam and $654.4 million is revenue bonded debt that is payable from and secured solely by the specific revenue sources. In addition to this bonded debt, GovGuam had a loan payable and outstanding of $8.3 million at year end.

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

GovGuam's Outstanding Debt
As of September 30

	Governmental Activities 2014	Governmental Activities 2013	Percentage Change 2014-2013
General obligation bonds (backed by GovGuam)	$ 399,074,717	$ 402,476,727	-0.8%
Limited obligation bonds (backed by specific tax and fee revenues)	654,366,833	663,127,638	-1.3%
Loans payable (backed by specific tax and fee revenues)	8,258,869	8,813,215	-6.3%
Total	**$ 1,061,700,419**	**$ 1,074,417,580**	**-1.2%**

GovGuam's total long-term debt decreased by $12.7 million (or 1.2%) during the current fiscal year.

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

- $151.9 million General Obligation Bonds, 2007 Series A (BB-/Stable).
- $271.1 million General Obligation Bonds, 2009 Series A (BB-/Stable).
- $202.4 million Limited Obligation (Section 30) Bonds, 2009 Series A (BBB+/Stable).
- $90.7 million Hotel Occupancy Tax Bonds, 2011 Series A (BBB+/Stable).
- $235 million Business Privilege Tax Bonds, 2011 Series A (A/Stable).
- $108.7 million Business Privilege Tax Bonds, 2012 Series B (A/Stable).
- $22.6 million Business Privilege Tax Bonds, 2013 Series C (A/Stable).

In accordance with the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is $1.16 billion as of September 30, 2013, the date that such certification was performed. Total debt outstanding as of September 30, 2014, subject to the debt ceiling limitation is $1.11 billion. The legal debt margin at September 30, 2014 was $49.1 million.

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

ECONOMIC FACTORS, NEXT YEAR BUDGET AND RATES, AND CHALLENGES

Guam's overall economic performance throughout Fiscal Year 2014 was similar to FY 2013, with some economic growth expected in the coming years. Primary growth is dependent on the capital investments within the tourism district, the completion of the new hospital and with continuing infrastructure investments made for federal and military purposes. Moreover, Guam hopes to benefit from the stronger dollar given the volume and dependency of goods imported from regional markets. Incremental infrastructure investments continue to be made in Guam particularly in existing and new housing starts for the elderly and low income market. With a higher minimum wage, new signs emerge for employment opportunities which lead to sustained consumer spending in the region.

The government of Guam consistently addresses its debt and other current obligations on a disciplined and timely basis, while instituting cost and budgeting controls upon its agencies. As to our local tax base there has been consistent stable growth in General Fund revenues with annual revenues increasing from $552.4 million in Fiscal Year 2011, to $610.6 million in Fiscal Year 2013. For Fiscal Year 2014, General Fund revenues authorized by the Guam Legislature have been set at $591.1 million, a decrease of 3.2% over Fiscal Year 2013. The government of Guam's current and accumulated debt remains a significant challenge to overcome despite forecasted general fund revenue increases in subsequent years. Direct expenditures from the federal government have decreased modestly in recent years, although contract obligations are at a high in FY 2014.

Based on the 2010 Guam Census it's civilian and military population in 2010 was 159,358 and projected population for 2014 is 161,001. On the labor force front, the total number of people employed as of September 2014 was 62,550, an increase of 1,150 or 1.3 percent since September 2013. Over the same time period private average hourly earnings were $12.81, a decrease of 4 cents; and average weekly earnings were $467.25, a decrease of $8.69. Job gains increased the most in the Construction, Transportation, Retail and Services industries. Guam's unemployment rate dropped from 10.0 percent in September 2013 to 7.4 percent in March 2014.

In 2014, overall prices increased 0.8 percent over 2013. Food prices increased by 6.7 percent, Housing increased by 0.2 percent, Apparel and Upkeep increased by 1.3 percent, Transportation decreased by 6.7 percent, Medical Care increased by 1.8 percent, Recreation increased by 11.3 percent, Education and Communication increased by 0.3 percent and Other Goods and Services increased by 3.2 percent, from the 4th quarter 2013 to the 4th quarter 2014. Energy prices decreased by 0.9 percent, and All Items Less Food and Energy (core index) increased by 1.5 percent from the 4th quarter 2013 to the 4th quarter 2014. Over the past 2 years, Guam has been experiencing minimal increases in the average level of prices along with steady decreases in the unemployment rate.

Tourism arrivals have seen increases given favorable environmental factors along with economic stability in the region increasing from 1,147,134 in Fiscal Year 2011, to 1,341,171 in Fiscal Year 2014. The outlook is positive as Guam's Visitors Bureau forecasts tourism arrivals to increase by 2.5 percent, to 1,375,000 in Fiscal Year 2015. This anticipated increase translates into stability in the industry job market, increasing gross receipts and occupancy taxes for the local treasury.

Construction permits continue to exceed the $200 million set in Fiscal Year 2008, despite learning of the subsequent delays of the U.S. Marines relocation to Guam. In Fiscal Year 2012 gross construction permit valuations were $363.9 million, and in Fiscal Year 2014 increased to $406.2 million. It is anticipated permits will exceed $300 million in 2015 given the completion of new hotels and the occupancy of affordable homes for the elderly now underway.

Given the dampening of the crude oil price changes, favorable outlook in tourist arrivals, aggressive promotional trade missions spent abroad and a stable outlook in global financial markets the short to medium term economic outlook for Guam remains modestly positive.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

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

GOVERNMENT OF GUAM

Statement of Net Position
September 30, 2014

	Primary Government	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	$ 99,948,550	$ 135,281,552
Investments	3,039,687	19,077,848
Receivables, net	124,927,438	148,401,690
Due from primary government	-	10,308,390
Due from private purpose trusts	2,514,978	-
Due from component units	2,658,915	-
Inventories	2,363,983	83,623,995
Other current assets	4,831,431	5,656,581
Restricted assets:		
Cash and cash equivalents	69,868,704	200,097,022
Investments	90,612,857	26,252,895
Total current assets	400,766,543	628,699,973
Noncurrent assets:		
Investments	1,000,000	44,743,293
Land and other real estate	419,436,079	-
Receivables, net	-	2,666,286
Capital assets:		
Nondepreciable capital assets	187,768,023	339,168,435
Capital assets, net of accumulated depreciation	870,962,693	1,230,896,196
Land held for development	-	3,051,988
Unamortized bond issuance costs	-	5,490,556
Other noncurrent assets	1,500,000	10,469,137
Restricted assets:		
Cash and cash equivalents	-	199,333,063
Investments	-	231,946,286
Total noncurrent assets	1,480,666,795	2,067,765,240
Total assets	1,881,433,338	2,696,465,213
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	17,799,818
Deferred forward delivery contract costs	-	1,115,438
Total deferred outflows of resources	-	18,915,256
	$ 1,881,433,338	$ 2,715,380,469

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued
September 30, 2014

	Primary Government	Component Units
LIABILITIES		
Current liabilities:		
Current portion of compensated absences payable	$ 20,107,434	$ 8,037,386
Current portion of capital lease obligations	6,530,850	18,774,245
Current portion of bonds payable	14,850,000	29,680,000
Current portion of notes payable	585,424	7,365,761
Current portion of tax credits payable	6,863,814	-
Current portion of IRS payable	5,500,000	-
Accounts payable and other current liabilities	90,514,450	86,994,930
Contracts payable	-	7,834,157
Accrued interest payable	20,685,122	26,263,231
Accrued payroll and other	21,441,521	17,777,336
Payable to federal agencies	18,835,876	-
Provision for tax refunds	99,347,398	-
COLA liability	4,710,404	-
Due to primary government	-	2,658,915
Due to component units	256,957	-
Unearned revenues	73,038,507	21,380,780
Deposits and other liabilities	9,564,976	34,895,342
Total current liabilities	392,832,733	261,662,083
Noncurrent liabilities:		
Compensated absences payable, net of current portion	5,747,327	6,268,323
Capital lease obligations, net of current portion	183,252,951	54,429,945
Bonds payable, net of current portion	1,038,591,550	1,263,876,490
Notes payable, net of current portion	7,673,445	77,854,974
Tax credits payable, net of current portion	13,765,662	-
Due to IRS, net of current portion	14,437,926	-
DCRS sick leave liability	25,146,784	13,822,342
Other noncurrent liabilities	25,594,220	3,812,431
Total noncurrent liabilities	1,314,209,865	1,420,064,505
Total liabilities	1,707,042,598	1,681,726,588
DEFERRED INFLOWS OF RESOURCES		
Deferred regulatory fuel revenue	-	17,486,278
Deferred forward delivery contract revenues	-	4,445,123
Deferred amount on refunding	-	486,540
Total deferred inflows of resources	-	22,417,941
NET POSITION		
Net investment in capital assets	528,259,670	608,390,137
Restricted for:		
Capital projects	11,700,896	6,466,443
Retirement of indebtedness	35,881,285	42,509,072
Endowment - nonexpendable	419,436,079	5,681,485
Public health	14,514,045	-
Environmental protection	18,027,777	-
Other purposes	18,150,886	152,690,685
Unrestricted	(871,579,898)	195,498,118
Total net position	174,390,740	1,011,235,940
	$ 1,881,433,338	$ 2,715,380,469

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
Governmental Activities:						
General government	$ 180,414,676	$ 15,572,588	$ 8,810,176	$ -	$ (156,031,912)	$ -
Protection of life and property	130,163,043	19,042,756	10,521,189	-	(100,599,098)	-
Public health	286,044,457	6,299,100	195,906,452	-	(83,838,905)	-
Community services	24,882,661	940,977	2,949,046	-	(20,992,638)	-
Culture and recreation	23,897,739	1,576,235	335,506	-	(21,985,998)	-
Individual and collective rights	57,094,837	1,194,121	12,498,934	-	(43,401,782)	-
Transportation	35,263,891	13,346,125	7,742,028	-	(14,175,738)	-
Public education	361,965,601	3,452,956	63,973,530	-	(294,539,115)	-
Environmental protection	20,123,925	20,710,812	4,591,747	-	5,178,634	-
Economic development	15,055,455	191,197	40,494,855	-	25,630,597	-
Interest (unallocated)	73,340,959	-	-	-	(73,340,959)	-
Total primary government	$ 1,208,247,244	$ 82,326,867	$ 347,823,463	$ -	(778,096,914)	-
Component Units:						
Antonio B. Won Pat International Airport Authority	$ 63,653,337	$ 59,297,854	$ 879,966	$ 11,755,448	-	8,279,931
Guam Memorial Hospital Authority	101,647,974	79,648,875	-	2,952,854	-	(19,046,245)
Guam Power Authority	435,325,459	434,284,425	-	1,812,857	-	771,823
Guam Waterworks Authority	93,686,187	82,147,911	-	3,075,596	-	(8,462,680)
Port Authority of Guam	45,719,126	44,508,402	-	4,164,994	-	2,954,270
University of Guam	86,224,752	13,889,957	35,995,500	718,910	-	(35,620,385)
Nonmajor component units	111,436,924	9,618,268	59,644,530	770,875	-	(41,403,251)
	$ 937,693,759	$ 723,395,692	$ 96,519,996	$ 25,251,534	-	(92,526,537)
General revenues:						
Taxes:						
Income					296,186,624	-
Gross receipts					238,249,400	-
Section 30 Federal income tax collections					87,998,215	-
Hotel occupancy					34,362,256	-
Property					23,263,150	-
Tobacco					20,960,702	-
Liquid fuel					9,791,970	-
Alcoholic beverages					2,207,886	-
Excise					3,462,817	-
Investment earnings					2,923,497	4,776,687
Contributions from primary government					-	94,376,198
Other					16,950,322	18,106,192
Total general revenues					736,356,839	117,259,077
Special item - donation of land					-	9,900,000
Contributions to permanent fund					8,276,347	-
Total general revenues, special items, and contributions to permanent fund					744,633,186	127,159,077
Change in net position					(33,463,728)	34,632,540
Net position at beginning of year					207,854,468	976,603,400
Net position at end of year					$ 174,390,740	$ 1,011,235,940

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2014

	General	Special Revenue: Federal Grants Assistance	Special Revenue: GDOE Federal Grants	Capital Projects: Landfill CIP	Permanent: Chamorro Lands	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	$ 48,135,546	$ 3,288,204	$ 1,929,558	$ -	$ -	$ 46,595,242	$ 99,948,550
Investments	1,438,182	-	-	-	-	2,601,505	4,039,687
Land and other real estate	-	-	-	-	419,436,079	-	419,436,079
Receivables, net:							
Taxes	49,834,048	-	-	-	-	5,707,422	55,541,470
Federal agencies	8,305,111	39,158,899	9,983,952	-	-	-	57,447,962
Other	7,220,692	-	-	-	-	4,717,314	11,938,006
Due from other funds	35,787,270	-	771,967	-	-	15,769,667	52,328,904
Due from private purpose trust funds	2,514,978	-	-	-	-	-	2,514,978
Due from component units	-	-	-	-	-	2,658,915	2,658,915
Inventories	2,363,983	-	-	-	-	-	2,363,983
Prepayments	3,066,012	-	13,404	-	-	696,385	3,775,801
Deposits and other assets	437,235	-	-	-	-	3,456	440,691
Restricted assets:							
Cash and cash equivalents	19,370,188	-	-	12,680,525	-	37,817,991	69,868,704
Investments	51,008,468	-	-	23,833,979	-	15,770,410	90,612,857
Total assets	$ 229,481,713	$ 42,447,103	$ 12,698,881	$ 36,514,504	$ 419,436,079	$ 132,338,307	$ 872,916,587
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts payable	$ 73,775,593	$ 4,316,902	$ 1,669,359	$ 6,409,566	$ -	$ 4,343,030	$ 90,514,450
Accrued payroll and other	15,057,324	1,030,038	4,365,181	-	-	988,978	21,441,521
Due to other funds	16,541,634	24,839,422	-	34,270	-	10,913,578	52,328,904
Due to component units	-	-	-	-	-	256,957	256,957
Payable to federal agencies	-	12,171,535	6,664,341	-	-	-	18,835,876
Unearned revenues	71,446,424	-	-	-	-	1,592,083	73,038,507
Provision for tax refunds	99,347,398	-	-	-	-	-	99,347,398
COLA liability	4,710,404	-	-	-	-	-	4,710,404
Deposits and other liabilities	8,218,001	-	-	-	-	1,346,975	9,564,976
Total liabilities	289,096,778	42,357,897	12,698,881	6,443,836	-	19,441,601	370,038,993
Fund balances (deficit):							
Non-spendable	3,363,983	-	-	-	419,436,079	-	422,800,062
Restricted	50,032,118	-	-	30,070,668	-	57,326,728	137,429,514
Committed	15,856,132	-	-	-	-	54,309,177	70,165,309
Assigned	-	89,206	-	-	-	-	89,206
Unassigned:							
General fund	(128,867,298)	-	-	-	-	-	(128,867,298)
Capital projects funds	-	-	-	-	-	1,260,801	1,260,801
Total fund balances (deficit)	(59,615,065)	89,206	-	30,070,668	419,436,079	112,896,706	502,877,594
Total liabilities and fund balances (deficit)	$ 229,481,713	$ 42,447,103	$ 12,698,881	$ 36,514,504	$ 419,436,079	$ 132,338,307	$ 872,916,587

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2014

Total fund balance - governmental funds		$ 502,877,594
Amounts reported for governmental activities in the statement of net position are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		614,939
Maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,500,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 47,434,113	
Construction in progress	140,333,910	
Depreciable capital assets and infrastructure	1,422,494,078	
Accumulated depreciation	(551,531,385)	
Capital assets, net of accumulated depreciation		1,058,730,716
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Bonds payable	(1,053,441,550)	
Notes payable	(8,258,869)	
Capital lease obligations	(189,783,801)	
Due to IRS	(19,937,926)	
Tax credits payable	(20,629,476)	
Accrued interest payable	(20,685,122)	
Compensated absences payable	(25,854,761)	
DCRS sick leave liability	(25,146,784)	
Landfill closure and postclosure costs	(25,594,220)	
Long-term liabilities		(1,389,332,509)
Net position of governmental activities		$ 174,390,740

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2014

		Special Revenue		Capital Projects	Permanent		
	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Chamorro Lands	Other Governmental Funds	Total
Revenues:							
Taxes	$ 625,897,056	$ -	$ -	$ -	$ -	$ 90,585,964	$ 716,483,020
Intergovernmental	2,545,406	289,450,766	54,073,530	-	-	1,403,943	347,473,645
Licenses and permits	5,594,294	-	-	-	-	54,247,570	59,841,864
Charges for services	4,285,337	-	335,287	-	-	17,348,685	21,969,309
Fines and forfeits	515,694	-	-	-	-	-	515,694
Interest and investment earnings	510,373	-	-	161,095	8,276,347	2,252,029	11,199,844
Indirect cost reimbursement	349,818	-	-	-	-	-	349,818
Other	7,865,511	-	-	13,500	-	9,071,311	16,950,322
Total revenues	647,563,489	289,450,766	54,408,817	174,595	8,276,347	174,909,502	1,174,783,516
Expenditures:							
Current:							
General government	120,487,365	8,734,309	-	829,607	-	15,499,224	145,550,505
Protection of life and property	101,340,082	12,440,332	-	-	-	17,244,695	131,025,109
Public health	19,118,466	223,068,651	-	-	-	11,589,576	253,776,693
Community services	12,962,680	11,844,069	-	-	-	36,840	24,843,589
Recreation	3,048,828	335,506	-	-	-	846,047	4,230,381
Individual and collective rights	40,267,848	11,371,834	-	-	-	3,583,617	55,223,299
Transportation	-	7,742,028	-	-	-	11,247,202	18,989,230
Public education	245,712,333	2,800,000	54,408,817	-	-	886,054	303,807,204
Environmental protection	109,799	4,591,747	-	-	-	15,185,201	19,886,747
Economic development	3,829,949	5,455,845	-	-	-	170,597	9,456,391
Payments to:							
GovGuam Retirement Fund	2,708,400	-	-	-	-	6,388,394	9,096,794
Guam Community College	15,162,634	-	-	-	-	1,593,356	16,755,990
Guam Memorial Hospital Authority	23,054,890	3,501,846	-	-	-	5,539,337	32,096,073
Guam Preservation Trust	-	-	-	-	-	1,500,000	1,500,000
Guam Visitors Bureau	-	-	-	-	-	18,089,832	18,089,832
University of Guam	31,693,992	-	-	-	-	3,166,204	34,860,196
Miscellaneous appropriations	23,118,485	-	-	-	-	-	23,118,485
Capital projects	78,024,200	34,684,456	-	27,396,528	-	8,351,952	148,457,136
Debt service:							
Principal retirement	11,615,399	-	3,515,000	-	-	2,339,346	17,469,745
Interest and fiscal charges	65,201,497	-	3,585,000	-	-	5,671,399	74,457,896
Total expenditures	797,456,847	326,570,623	61,508,817	28,226,135	-	128,928,873	1,342,691,295
Excess (deficiency) of revenues over (under) expenditures	(149,893,358)	(37,119,857)	(7,100,000)	(28,051,540)	8,276,347	45,980,629	(167,907,779)
Other financing sources (uses):							
Capital leases	78,024,200	-	-	-	-	-	78,024,200
Transfers in from other funds	60,657,605	44,202,453	7,100,000	-	-	17,678,410	129,638,468
Transfers out to other funds	(50,730,409)	(7,100,000)	-	(68,417)	-	(72,691,137)	(130,589,963)
Total other financing sources (uses), net	87,951,396	37,102,453	7,100,000	(68,417)	-	(55,012,727)	77,072,705
Net change in fund balances (deficit)	(61,941,962)	(17,404)	-	(28,119,957)	8,276,347	(9,032,098)	(90,835,074)
Fund balances at beginning of year	2,326,897	106,610	-	58,190,625	411,159,732	121,928,804	593,712,668
Fund balances (deficit) at end of year	$ (59,615,065)	$ 89,206	$ -	$ 30,070,668	$ 419,436,079	$ 112,896,706	$ 502,877,594

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended September 30, 2014

Net change in fund balances - total governmental funds		$ (90,835,074)
Amounts reported for governmental activities in the statement of activities are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:		
Guam Department of Education capital lease		334,857
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:		
Capital outlays, net of disposals	132,267,896	
Depreciation expense	(45,763,759)	
		86,504,137
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. For the current year, these amounts consist of:		
Proceeds from capital lease obligations issued	(78,024,200)	
Repayment of Limited Obligation bonds	7,910,000	
Repayment of General Obligation bonds	3,805,000	
Repayment of loans	554,346	
Repayment of capital leases	5,200,399	
Reduction in tax credits payable	8,483,494	
Amortization of bond premiums	479,257	
Amortization of bond discounts	(623,027)	
		(52,214,731)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year, these activities consist of:		
Change in accrued interest payable	210,850	
Change in compensated absences payable	(897,578)	
Change in landfill closure and postclosure care costs	27,913,836	
Change in DCRS sick leave liability	(4,480,025)	
		22,747,083
Change in net position of governmental activities		$ (33,463,728)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014

	Pension Trust	Private Purpose Trust	Agency Fund
ASSETS			
Cash and cash equivalents	$ 10,751,163	$ 12,774,790	$ -
Time certificates of deposit	-	1,000,000	-
Investments at fair value:			
Common stocks	1,061,632,545	-	-
U.S. Government securities	216,830,055	-	-
Corporate bonds and notes	144,343,162	-	-
Money market funds	30,336,838	-	-
Mutual funds	538,103,720	-	-
DC plan forfeitures	5,607,520	-	-
Total investments	1,996,853,840	-	-
Accounts receivable:			
Employer contributions	1,475,139	-	-
Member contributions	767,278	-	-
Interest and penalties on contributions	366,905	-	-
Accrued investment income	3,966,005	-	-
Due from brokers for unsettled trades	4,820,165	-	-
Service credits	756,356	-	-
Notes receivable - ERIP	354,600	-	-
Supplemental/COLA benefits	44,785,528	-	-
Supplemental/Insurance benefits advanced	3,511,711	-	-
Other	3,012,844	-	-
Total receivables	63,816,531	-	-
Deposits and other assets	-	-	17,517,256
Capital assets	1,044,363	-	-
Total assets	2,072,465,897	13,774,790	$ 17,517,256
LIABILITIES			
Unearned revenue	1,400,075	-	$ -
Accounts payable and accrued expenses	2,832,410	-	-
Accrued payroll and other	359,668	-	-
Due to other funds	-	2,514,978	-
Deposits and other liabilities	-	10,348,370	17,517,256
Due to brokers for unsettled trades	7,665,698	-	-
Total liabilities	12,257,851	12,863,348	$ 17,517,256
NET POSITION			
Restricted for:			
Employees' pension benefits	2,060,208,046	-	
Individuals, organizations and other governments	-	911,442	
Total net position	$ 2,060,208,046	$ 911,442	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2014

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	$ 146,170,649	$ -
Member contributions	33,426,493	-
Use of money and property	-	2,066,060
Transfers in from other funds	-	951,495
Total contributions and revenues	179,597,142	3,017,555
Net investment income:		
Net appreciation in fair value of investments	124,159,784	-
Interest	45,326,840	-
Dividends	15,704,974	-
Other	1,818,468	-
Total investment income	187,010,066	-
Less: investment expenses	5,758,120	-
Net investment income	181,251,946	-
Total additions	360,849,088	3,017,555
Deductions:		
Benefits	195,128,969	-
Refunds	18,040,309	-
Interest on refunded contributions	1,442,661	-
Administrative and general expense	4,583,989	-
Individual and collective rights	-	3,012,477
Total deductions	219,195,928	3,012,477
Change in net position held in trust for:		
Employees' pension benefits	141,653,160	-
Individuals, organizations, and other governments	-	5,078
Net position at beginning of year	1,918,554,886	906,364
Net position at end of year	$ 2,060,208,046	$ 911,442

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position
Component Units
September 30, 2014

	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
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current assets:								
Cash and cash equivalents	$ 3,079,668	$ 3,198,789	$ 55,030,778	$ 2,555,136	$ 14,098,290	$ 18,238,145	$ 39,080,746	$ 135,281,552
Investments	-	-	-	-	-	7,557,936	11,519,912	19,077,848
Receivables, net	12,727,433	21,909,130	44,388,260	15,393,379	8,104,360	10,953,276	34,925,852	148,401,690
Due from primary government	-	2,218,415	-	-	-	3,890,851	4,199,124	10,308,390
Inventories	247,096	3,536,870	76,079,372	1,712,739	110,795	640,513	1,296,610	83,623,995
Prepayments	-	66,786	509,259	670,781	20,125	-	243,477	1,510,428
Deposits and other assets	-	-	-	-	-	3,717,154	428,999	4,146,153
Restricted assets:								
Cash and cash equivalents	-	-	164,109,656	21,374,773	-	-	14,612,593	200,097,022
Investments	-	-	4,855,561	-	-	7,611,701	13,785,633	26,252,895
Total current assets	16,054,197	30,929,990	344,972,886	41,706,808	22,333,570	52,609,576	120,092,946	628,699,973
Noncurrent assets:								
Investments	33,124,474	-	-	-	-	9,870,315	1,748,504	44,743,293
Receivables, net	-	-	-	-	-	-	2,666,286	2,666,286
Capital assets:								
Nondepreciable capital assets	151,931,236	10,379,441	69,906,892	55,238,241	16,294,223	4,956,614	30,461,788	339,168,435
Capital assets, net of accumulated depreciation	258,209,002	30,557,791	482,785,341	280,801,599	55,267,915	65,331,610	57,942,938	1,230,896,196
Land held for development	-	-	-	-	-	-	3,051,988	3,051,988
Unamortized bond issuance costs	-	-	5,490,556	-	-	-	-	5,490,556
Other assets	9,956,947	128,295	262,193	-	-	-	121,702	10,469,137
Restricted assets:								
Cash and cash equivalents	-	209,267	-	193,457,407	965,546	4,700,843	-	199,333,063
Investments	140,096,676	-	49,272,328	29,587,425	-	12,989,857	-	231,946,286
Total noncurrent assets	593,318,335	41,274,794	607,717,310	559,084,672	72,527,684	97,849,239	95,993,206	2,067,765,240
Total assets	609,372,532	72,204,784	952,690,196	600,791,480	94,861,254	150,458,815	216,086,152	2,696,465,213
Deferred outflows of resources:								
Deferred amount on refunding	-	-	14,826,028	2,468,670	-	-	505,120	17,799,818
Deferred forward delivery contract costs	-	-	1,115,438	-	-	-	-	1,115,438
Total deferred outflows of resources	-	-	15,941,466	2,468,670	-	-	505,120	18,915,256
	$ 609,372,532	$ 72,204,784	$ 968,631,662	$ 603,260,150	$ 94,861,254	$ 150,458,815	$ 216,591,272	$ 2,715,380,469

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued
Component Units
September 30, 2014

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION								
Current liabilities:								
Current portion of bonds payable	$ 9,845,000	$ -	$ 13,600,000	$ 3,955,000	$ -	$ -	$ 2,280,000	$ 29,680,000
Current portion of notes payable	942,000	2,027,203	-	3,308,220	749,228	210,817	128,293	7,365,761
Current obligations under capital leases	-	-	18,774,245	-	-	-	-	18,774,245
Accounts payable	2,462,354	10,029,359	51,253,721	7,427,186	2,458,963	5,066,934	8,296,413	86,994,930
Contracts payable	3,048,553	-	-	4,785,604	-	-	-	7,834,157
Accrued interest payable	6,849,225	-	14,235,177	4,658,506	-	-	520,323	26,263,231
Accrued payroll and other	2,109,553	12,339,142	1,332,009	1,177,150	434,178	-	385,304	17,777,336
Due to primary government	2,658,915	-	-	-	-	-	-	2,658,915
Unearned revenue	-	-	-	-	307,043	8,641,086	12,432,651	21,380,780
Compensated absences	385,512	1,639,954	2,440,368	515,874	1,196,251	1,224,741	634,686	8,037,386
Deposits and other liabilities	1,232,560	3,078,180	25,147,117	2,123,047	316,038	55,690	2,942,710	34,895,342
Total current liabilities	29,533,672	29,113,838	126,782,637	27,950,587	5,461,701	15,199,268	27,620,380	261,662,083
Noncurrent liabilities:								
Compensated absences	785,439	2,261,785	741,191	802,948	216,406	487,706	972,848	6,268,323
Capital lease obligations	-	-	54,429,945	-	-	-	-	54,429,945
Noncurrent portion of bonds payable	240,180,971	-	614,543,460	375,102,919	-	-	34,049,140	1,263,876,490
Noncurrent portion of notes payable	10,359,193	21,595,731	-	14,203,343	13,198,596	11,830,853	6,667,258	77,854,974
Other noncurrent liabilities	-	-	3,170,746	169,299	-	45,169	427,217	3,812,431
DCRS sick leave liability	325,104	3,647,026	2,842,985	1,255,580	1,330,654	2,649,240	1,771,753	13,822,342
Total noncurrent liabilities	251,650,707	27,504,542	675,728,327	391,534,089	14,745,656	15,012,968	43,888,216	1,420,064,505
Total liabilities	281,184,379	56,618,380	802,510,964	419,484,676	20,207,357	30,212,236	71,508,596	1,681,726,588
Deferred inflows of resources:								
Deferred regulatory fuel revenue	-	-	17,486,278	-	-	-	-	17,486,278
Deferred forward delivery contract revenues	-	-	4,445,123	-	-	-	-	4,445,123
Deferred amount on refunding	486,540	-	-	-	-	-	-	486,540
Total deferred inflows of resources	486,540	-	21,931,401	-	-	-	-	22,417,941
Net Position:								
Net investment in capital assets	158,283,481	40,937,232	28,014,763	180,655,378	57,614,314	58,246,554	84,638,415	608,390,137
Restricted:								
Capital projects	-	-	-	6,466,443	-	-	-	6,466,443
Retirement of indebtedness	16,697,811	-	20,052,215	5,759,046	-	-	-	42,509,072
Endowment - nonexpendable	-	-	-	-	-	5,637,856	43,629	5,681,485
Other purposes	116,407,298	-	-	709,254	965,546	14,677,676	19,930,911	152,690,685
Unrestricted (deficit)	36,313,023	(25,350,828)	96,122,319	(9,814,647)	16,074,037	41,684,493	40,469,721	195,498,118
Total net position	327,701,613	15,586,404	144,189,297	183,775,474	74,653,897	120,246,579	145,082,676	1,011,235,940
	$ 609,372,532	$ 72,204,784	$ 968,631,662	$ 603,260,150	$ 94,861,254	$ 150,458,815	$ 216,591,272	$ 2,715,380,469

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2014

	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	$ 59,297,854	$ 79,648,875	$ 434,284,425	$ 82,147,911	$ 44,508,402	$ 13,889,957	$ 9,618,268	$ 723,395,692
Grants and contracts	879,966	-	-	-	-	35,995,500	59,644,530	96,519,996
Other	2,576,611	532,609	2,155,627	573,483	373,985	5,147,922	6,745,955	18,106,192
Total operating revenues	62,754,431	80,181,484	436,440,052	82,721,394	44,882,387	55,033,379	76,008,753	838,021,880
Operating expenses:								
Cost of services	38,436,727	101,158,934	327,882,121	47,475,465	24,756,222	76,167,816	87,478,013	703,355,298
Depreciation and amortization	21,915,920	4,349,905	36,988,988	13,351,158	4,836,830	3,122,808	4,911,756	89,477,365
General and administrative	-	3,141,104	30,673,972	6,234,980	8,395,471	8,934,161	18,359,200	75,738,888
Total operating expenses	60,352,647	108,649,943	395,545,081	67,061,603	37,988,523	88,224,785	110,748,969	868,571,551
Operating income (loss)	2,401,784	(28,468,459)	40,894,971	15,659,791	6,893,864	(33,191,406)	(34,740,216)	(30,549,671)
Nonoperating revenues (expenses):								
Contributions from the primary government	5,690	21,509,442	-	-	-	35,315,238	37,545,828	94,376,198
Contributions to the primary government	-	-	-	-	-	-	-	-
Investment income	637,391	-	1,371,518	22,333	-	1,655,241	1,090,204	4,776,687
Interest expense	(13,248,425)	(1,693,431)	(37,196,138)	(20,031,506)	(731,915)	(538,267)	(2,770,944)	(76,210,626)
Bond issuance costs	(54,645)	-	(6,318,884)	-	-	-	-	(6,373,529)
Other income (expenses), net	10,002,380	8,695,400	3,734,644	(6,593,078)	(6,998,688)	2,538,300	2,082,989	13,461,947
Total nonoperating revenues (expenses), net	(2,657,609)	28,511,411	(38,408,860)	(26,602,251)	(7,730,603)	38,970,512	37,948,077	30,030,677
Net income (loss) before capital contributions	(255,825)	42,952	2,486,111	(10,942,460)	(836,739)	5,779,106	3,207,861	(518,994)
Capital contributions	11,755,448	2,952,854	1,812,857	3,075,596	4,164,994	718,910	770,875	25,251,534
Net income (loss) after capital contributions	11,499,623	2,995,806	4,298,968	(7,866,864)	3,328,255	6,498,016	3,978,736	24,732,540
Special item - donation of land	-	-	-	-	-	-	9,900,000	9,900,000
Change in net position	11,499,623	2,995,806	4,298,968	(7,866,864)	3,328,255	6,498,016	13,878,736	34,632,540
Net position at beginning of year	316,201,990	12,590,598	139,890,329	191,642,338	71,325,642	113,748,563	131,203,940	976,603,400
Net position at end of year	$ 327,701,613	$ 15,586,404	$ 144,189,297	$ 183,775,474	$ 74,653,897	$ 120,246,579	$ 145,082,676	$ 1,011,235,940

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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

(a) Antonio B. Won Pat International Airport Authority (AWPIAA), formerly known as the Guam International Airport Authority, was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. AWPIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven-member Board of Directors, all of whom are appointed by the Governor of Guam. AWPIAA is fiscally dependent upon GovGuam whereby AWPIAA cannot issue bonded debt without legislative approval.

(b) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GMHA through legislative appropriations.

(c) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five-member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms. GPA is fiscally dependent upon GovGuam whereby GPA cannot issue bonded debt without legislative approval.

(d) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees charged to residential, commercial and government customers, based on consumption, and is governed by the CCU. GWA is fiscally dependent upon GovGuam whereby GWA cannot issue bonded debt without legislative approval.

(e) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five-member Board of Directors, all of whom are appointed by the Governor of Guam. PAG is fiscally dependent upon GovGuam whereby PAG cannot issue bonded debt without legislative approval.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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

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

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

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

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

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

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

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

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

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

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

University of Guam
University Drive
Mangilao, GU 96923

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

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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

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

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

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

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

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

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

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

B. Government-Wide Financial Statements

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

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements, Continued

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, 2014. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.

- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated (for example, internally restricted), to indicate that management does not consider it to be available for general operations.

The government-wide Statement of Net Position reports $517,710,968 of restricted net position, of which $50,692,708 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.

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.

(1) Summary of Significant Accounting Policies, Continued

C. Fund Financial Statements, Continued

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

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

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

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

Governmental Fund Financial Statements:

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

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services and are recognized in the year in which they are received or subject to accrual, grants expended or services provided. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Governmental Fund Financial Statements, Continued:

Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources.

Fiduciary Funds and Component Units Financial Statements:

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

- Chamorro Lands Fund - a Permanent Fund that accounts for developed Chamorro land and other real estate owned by GovGuam and is held in various land banks. Such are legally restricted to the extent that only earnings from lease rental payments, and not principal, may be used to support GovGuam operations.

The nonmajor governmental funds are comprised of the following:

- Special Revenue Funds – these funds account for the financial resources obtained from specific revenue sources and used for restricted purposes.

- Capital Projects Funds – these funds account for the financial resources obtained from bond issuances for the acquisition or construction of capital assets and facilities.

- Debt Service Funds – these funds account for the financial resources obtained and used for the payment of principal and interest revenue bond obligations established in accordance with bond indentures.

In addition, GovGuam reports the following fiduciary fund types:

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

(1) Summary of Significant Accounting Policies, Continued

G. Land and Other Real Estate

Land and other real estate held as investments in permanent funds of $419,436,079, which comprise of $412,676,185 held by the Chamorro Land Trust Commission and $6,759,894 held by the Guam Ancestral Lands Commission, are reported at fair value. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from lease agreements associated with these investments are reported as revenues of the Chamorro Land Trust Commission and the Guam Ancestral Lands Commission. Only developed land supported by valid lease agreements is included in the valuation whereas other undeveloped land not supported by lease agreements is reported at historical cost.

H. Receivables

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

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

I. Inventories

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

J. Prepaid Items

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

K. Interfund Receivables/Payables

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

(1) Summary of Significant Accounting Policies, Continued

L. Capital Assets

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

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

M. Deferred Outflows of Resources

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

N. Unearned Revenues

In the government-wide financial statements, unearned revenues are recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenues represent monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Unearned revenues in the governmental fund types primarily relate to Section 30 federal income tax collections remitted to the trustee in accordance with the bond indenture associated with the 2009 Series A bond issue, and federal funds received in advance of eligible expenditures. On September 19, 2014, GovGuam received Section 30 federal income tax collections from the United States Government in the amount of $72,605,102, which pertains to revenues of the following fiscal year.

O. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. At September 30, GovGuam estimates the amount owed to taxpayers for overpayments during the first nine months of the calendar year. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as provision for tax refunds and as a reduction of tax revenue.

(1) Summary of Significant Accounting Policies, Continued

O. Provision for Tax Refunds, Continued

The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. This evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis. As of September 30, 2014, GovGuam recorded a provision for unpaid tax refunds in the amount of $99,347,398, which includes amounts relating to the U.S. Federal Earned Income Tax Credit (EITC).

P. Long-term Debt

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

In accordance with Section 1423a of the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is $1,158,858,887 as of September 30, 2013, the date that such certification was performed. Total debt outstanding as of September 30, 2014, subject to the debt ceiling limitation is $1,109,735,457.

Q. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay $202,425,000 in limited obligation bonds issued in June 2009. This debt is payable solely from Section 30 revenues payable to GovGuam by the United States Government pursuant to Section 30 of the Organic Act, Title 48, U.S. Code, Section 41421(h). Total principal and interest remaining on this debt is approximately $329,089,859 payable through December 2034. For the year ended September 30, 2014, principal and interest paid and total Section 30 revenues were $15,672,331 and $87,998,515, respectively.

GovGuam has also pledged a portion of future hotel occupancy tax revenues to repay $90,665,000 in limited obligation infrastructure improvement bonds issued in April 2011. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately $171,513,433 payable through November 2040. For the year ended September 30, 2014, principal and interest paid and total hotel occupancy tax revenues were $6,999,188 and $34,362,256, respectively.

(1) Summary of Significant Accounting Policies, Continued

Q. Dedicated Revenues and Pledges, Continued

GovGuam has also pledged a portion of future judicial fees, fines and building rental receipts to repay an $11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the note payable is approximately $9,979,517 payable through September 2019. For the year ended September 30, 2014, principal and interest paid and total judicial fees, fines and building rental receipt revenues were $993,005 and $1,914,673, respectively.

GovGuam has pledged a portion of future General Fund gross receipts tax revenues to repay the following debt: (i) $235,000,000 in limited obligation bonds issued in December 2011; (ii) $108,700,000 in limited obligation bonds issued in June 2012; and (iii) $22,640,000 in limited obligation bonds issued in January 2013. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on this debt is approximately $676,261,268 payable through January 2042. For the year ended September 30, 2014, principal and interest paid and total gross receipts tax revenues were $19,500,859 and $238,249,400, 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 $77,200,000 payable through December 2025. For the year ended September 30, 2014, lease payments made and total Compact Impact grant revenues received were $7,100,000 and $7,100,000, respectively.

R. Bond Premiums and Discounts

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

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

(1) Summary of Significant Accounting Policies, Continued

S. Deferred Inflows of Resources

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

T. Fund Equity/Net Position

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

Net Position has been restricted as follows:

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

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

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

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

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

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

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

(1) Summary of Significant Accounting Policies, Continued

T. Fund Equity/Net Position, Continued

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Guam Legislature, GovGuam's highest level of decision-making authority, and does not lapse at year-end. Formal action of the Guam Legislature is required to establish, modify or remove the limitations on committed fund balances.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by either the Guam Legislature or a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned includes negative fund balances in other governmental funds.

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

A formal minimum fund balance policy has not been adopted.

U. Estimates

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

V. Compensated Absences

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

(1) Summary of Significant Accounting Policies, Continued

V. 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; or (3) One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

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

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of $25,146,784 at September 30, 2014 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.

W. Property Taxes

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

X. Encumbrances

GovGuam utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. At September 30, 2014, GovGuam has significant encumbrances summarized as follows:

General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Other Governmental	Total
$ 10,063,829	$ 56,759,686	$ 9,028,978	$ 22,432,713	$ 28,415,840	$ 126,701,046

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards

During fiscal year 2014, GovGuam implemented the following pronouncements:

- GASB Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, which revises existing guidance for the financial reports of most pension plans.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The implementation of this statement did not have a material effect on the accompanying financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions,* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. The implementation of this statement will have a material effect on the financial statements of the governmental activities, the fiduciary component units, and the discretely presented component unit columns and will require a restatement disclosure upon implementation. As of October 1, 2014, the net pension liability that the governmental activities, the fiduciary component units, and the discretely presented component units will record upon implementation of Statement 68 is $872,913,616, $4,403,458 and $451,911,893, respectively.

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

(1) Summary of Significant Accounting Policies, Continued

Y. New Accounting Standards, Continued

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68,* which addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions in Statement 71 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of this statement on the financial statements of GovGuam.

Z. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with GovGuam's financial statements for the year ended September 30, 2013 from which summarized information was derived.

(2) Deposits and Investments

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

A. Deposits

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

(2) Deposits and Investments, Continued

A. Deposits, Continued

As of September 30, 2014, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was $208,274,293 and the corresponding bank balances were $236,471,194. Of the bank balances, $83,495,694 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 $1,134,082 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, 2014. As of September 30, 2014, bank deposits in the amount of $1,500,000 were FDIC insured and bank deposits in the amount of $368,000 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, 2014, cash and cash equivalent balances in the amount of $69,868,704 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, $2,163,113 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; $1,478,956 is externally restricted for a Court issued permanent injunction as further disclosed in Note 13D; $212,282 is externally restricted under a Chamorro Lands loan guarantee program; $2,514,474 is externally restricted under the Limited Obligation (Section 30) Bonds, 2009 Series A, bond indenture for System Revenue Funds; $35,495,935 represents unexpended proceeds under various bond issues; and $28,003,944 represents amounts restricted for future debt service requirements.

B. Investments

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

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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2014.

(2) Deposits and Investments, Continued

B. Investments, Continued

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

As of September 30, 2014, GovGuam's investments recorded at fair value are classified as follows:

	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Nonmajor Governmental Funds	Total
Investments:						
Certificates of deposit	$ 2,535,799	$ -	$ -	$ -	$ 3,803,609	$ 6,339,408
Money market funds	32,420,460	-	-	-	14,568,306	32,420,460
Mutual funds	17,490,391	-	-	23,833,979	-	55,892,676
	$ 52,446,650	$ -	$ -	$ 23,833,979	$ 18,371,915	$ 94,652,544

As of September 30, 2014, investment balances in the amount of $90,612,857 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, $2,097,617 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; $300,000 is externally restricted under a Chamorro Lands loan guarantee program; $38,402,285 represents unexpended proceeds under various bond issues; and $49,812,955 represents amounts restricted for future debt service requirements.

Additionally, as of September 30, 2014, the General Fund holds 13.8% of the shares of the Pacific Islands Development Bank in the amount of $1,000,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

Government of Guam Retirement Fund (GGRF):

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

(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.

(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;

(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, 2014 are classified as follows:

Common stocks	$ 1,061,632,545
Fixed income securities	361,173,217
Money market funds	30,336,838
Mutual funds	543,711,240
	$ 1,996,853,840

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

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

As of September 30, 2014, GGRF's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Fair Value
U.S. Treasury notes	$ 24,080,332	$ 14,699,929	$ 25,371,538	$ 28,875,615	$ 93,027,414
U.S. government agencies	386,252	18,989,872	26,942,634	77,483,883	123,802,641
Corporate notes and bonds	5,958,606	29,229,720	42,592,171	66,562,665	144,343,162
	$ 30,425,190	$ 62,919,521	$ 94,906,343	$ 172,922,163	$ 361,173,217

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, 2014, GGRF held mortgage-backed securities valued at approximately $101,000,000.

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, 2014:

Investment Type	Minimum Legal Rating	Amount	Rating as of Year End
U.S. Treasury notes	N/A	$ 93,027,414	Exempt from disclosure
Federal agency securities	N/A	123,802,641	Exempt from disclosure
Money market funds	A-2	30,336,838	AAAm
Corporate medium term notes	BBB	21,068,139	Aaa
and U.S. municipal obligations		18,811,183	Aa1-Aa3
		39,916,333	A1-A3
		44,868,282	Baa1-Baa3
		19,679,225	Not rated
		$ 391,510,055	

(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, 2014, 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, 2014, GGRF held approximately $8,200,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately $2,500,000 was issued by Canadian companies, $2,000,000 by Dutch companies, $1,600,000 by British companies, $1,100,000 by Norwegian companies, and $1,000,000 by Swedish companies.

At September 30, 2014, 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, 2014 was approximately $104,000,000. Of this total, approximately $38,000,000 relates to companies whose functional currency is the Euro, $19,000,000 relates to companies whose functional currency is the British pound, $15,000,000 relates to companies whose functional currency is the Japanese yen, $10,000,000 relates to companies whose functional currency is the Swiss Franc, and the remaining $22,000,000 relates to companies representing eight separate functional currencies.

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

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

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

(3) Receivables

Receivables as of September 30, 2014, 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	$ 49,834,048	$ -	$ -	$ -	$ 5,707,422	$ -	$ 55,541,470
Federal agencies	8,305,110	39,158,899	9,983,952	-	-	-	57,447,961
Contributions	-	-	-	-	-	2,242,417	2,242,417
Notes	-	-	-	-	-	354,600	354,600
Interest	-	-	-	-	-	366,905	366,905
COLA benefits	-	-	-	-	-	44,785,528	44,785,528
Other	8,831,290	-	-	-	6,207,065	16,067,081	31,105,436
	66,970,448	39,158,899	9,983,952	-	11,914,487	63,816,531	191,844,317
Allowance for uncollectible accounts	(1,610,597)	-	-	-	(1,489,751)	-	(3,100,348)
Net receivables	$ 65,359,851	$ 39,158,899	$ 9,983,952	$ -	$ 10,424,736	$ 63,816,531	$ 188,743,969

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies. As of September 30, 2014, employer contributions receivable totaled $1,475,139; member contributions receivable totaled $767,278; and interest and penalties receivable totaled $366,905.

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.

(3) Receivables, Continued

Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly $15,000,000. At September 30, 2014, the amount owed under these notes was $354,600. 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, 2014 was 1.2016% of covered payroll. As of September 30, 2014, the receivable recorded by GGRF amounted to $44,785,528.

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2014, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Federal Grants Assistance	$ 24,839,422
General	Landfill CIP	34,270
General	Nonmajor governmental funds	10,913,578
GDOE Federal Grants	General	771,967
Nonmajor governmental funds	General	15,769,667
		$ 52,328,904

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, 2014, are summarized as follows:

Nonmajor governmental funds:	
Guam Memorial Hospital Authority	$ 181,957
University of Guam	75,000
	$ 256,957

(4) Interfund Receivables/Payables, Continued

Balances reflected as due from component units of the primary government in the statement of net position/balance sheet at September 30, 2014, are summarized as follows:

Nonmajor governmental funds:	
Antonio B. Won Pat International Airport Authority	$ 2,658,915

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2014, are as follows:

	Estimated Useful Lives	Balance October 1, 2013	Additions	Transfers	Retirements	Balance September 30, 2014
Governmental activities:						
Nondepreciable capital assets:						
Land		$ 41,865,823	$ 5,568,290	$ -	$ -	$ 47,434,113
Construction in progress		131,155,141	30,785,014	(21,606,245)	-	140,333,910
		173,020,964	36,353,304	(21,606,245)	-	187,768,023
Depreciable capital assets:						
Landfill cells	Capacity	73,241,693	3,347,486	-	-	76,589,179
Buildings	40 - 60 yrs	502,635,960	87,297,830	12,659,756	-	602,593,546
Machinery, equipment and Furniture	5 - 20 yrs	91,175,710	5,269,276	-	-	96,444,986
Infrastructure	25 yrs	637,919,878	-	8,946,489	-	646,866,367
		1,304,973,241	95,914,592	21,606,245	-	1,422,494,078
Less accumulated depreciation:						
Buildings		(161,690,202)	(13,544,706)	-	-	(175,234,908)
Landfill cells		(1,303,702)	(802,500)	-	-	(2,106,202)
Machinery, equipment and Furniture		(64,348,871)	(5,565,984)	-	-	(69,914,855)
Infrastructure		(278,424,851)	(25,850,569)	-	-	(304,275,420)
		(505,767,626)	(45,763,759)	-	-	(551,531,385)
Depreciable capital assets, net		799,205,615	50,150,833	21,606,245	-	870,962,693
		$ 972,226,579	$ 86,504,137	$ -	$ -	$ 1,058,730,716

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

General government	$ 4,759,257
Protection of life and property	876,879
Public health	271,615
Community services	39,072
Recreation	77,526
Individual and collective rights	925,651
Transportation	20,435,105
Public education	12,295,473
Environmental protection	412,142
Economic development	5,671,039
	$ 45,763,759

(5) Capital Assets, Continued

Depreciation expense of $4,843,703 associated with assets acquired through capital leases is included above under the public education function.

(6) Long-Term Obligations

As of September 30, 2014, the primary government had the following long-term debt outstanding:

General Obligation Bonds:

General Obligation Bonds, 2007 Series A (original issue of $151,935,000, dated November 1, 2007), varying interest rates at 5% - 5.25% per annum, payable semiannually on May 5 and November 5, principal fund payments due in varying annual installments commencing with a payment of $4,920,000 on November 5, 2019 and increasing to a final payment of $12,155,000 on November 1, 2037. The bonds were issued for the purpose of currently refunding a portion of the 1993 General Obligation Bonds and to provide additional proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2007 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.	$ 151,935,000
Less net unamortized discount on refunded bonds	(4,417,409)
	147,517,591
General Obligation Bonds, 2009 Series A (original issue of $271,070,000, dated June 1, 2009), varying interest rates at 5.75% - 7% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying semiannual installments commencing with a payment of $3,220,000 on November 15, 2010 and increasing to a final payment of $20,125,000 on November 15, 2039. The bonds were issued for the purpose of providing proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2009 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.	257,040,000
Less net unamortized discount on bonds	(5,482,874)
	251,557,126
	$ 399,074,717

(6) Long-Term Obligations, Continued

General Obligation Bonds, Continued:

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

Year ending September 30,	Principal	Interest	Total
2015	$ 4,025,000	$ 25,267,081	$ 29,292,081
2016	4,255,000	25,023,713	29,278,713
2017	4,510,000	24,760,763	29,270,763
2018	4,785,000	24,481,913	29,266,913
2019	5,070,000	24,186,263	29,256,263
2020 – 2024	57,765,000	112,190,494	169,955,494
2025 – 2029	77,115,000	92,202,675	169,317,675
2030 – 2034	103,695,000	64,731,756	168,426,756
2035 – 2039	127,630,000	27,152,038	154,782,038
2040	20,125,000	704,375	20,829.375
	$ 408,975,000	$ 420,701,069	$ 829,676,069

As of September 30, 2014, certain amounts have been accumulated within the General Fund in the form of $17,831,756 in restricted investments to service the General Obligation Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

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

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

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

(6) Long-Term Obligations, Continued

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

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

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

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

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

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

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

Limited Obligation Bonds:

Limited Obligation (Section 30) Bonds, 2009 Series A (original issue of $202,425,000, dated June 1, 2009), varying interest rates at 5% - 5.75% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of $4,590,000 on June 30, 2013 and increasing to a final payment of $15,235,000 on June 30, 2035. The bonds were issued for the purpose of constructing a new landfill, closure of the Ordot Dump, prepaying a bank loan and funding capitalized interest, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 federal income tax collections.	$ 193,010,000
Less net unamortized discount on bonds	(3,039,519)
	189,980,481
Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of $90,665,000, dated April 1, 2011), varying interest rates at 2% - 6.5% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with an initial payment of $1,670,000 on November 1, 2011 and increasing to a final payment of $5,725,000 on November 1, 2040. The bonds were issued for the purpose of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues.	85,470,000
Less net unamortized discount on bonds	(1,067,979)
	84,402,021
Business Privilege Tax Revenue Bonds, 2011 Series A (original issue of $235,000,000, dated December 1, 2011), varying interest rates at 2.5% - 5.25% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $4,515,000 on January 1, 2017 and increasing to a final payment of $15,940,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	235,000,000
Add net unamortized premium on bonds	7,659,515
	242,659,515

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Business Privilege Tax Revenue Bonds, 2012 Series B (original issue of $108,700,000, dated June 1, 2012), varying interest rates at 2.93% - 5% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $2,305,000 on January 1, 2017 and increasing to a final payment of $7,135,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, health insurance premium payments and delinquent retirement fund contributions, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	108,700,000
Add net unamortized premium on bonds	5,520,063
	114,220,063
Business Privilege Tax Revenue Bonds, 2013 Series C (original issue of $22,640,000, dated January 31, 2013), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of $1,300,000 on November 15, 2013 and increasing to a final payment of $4,675,000 on November 15, 2018. The bonds were issued for the purpose of refunding 1993 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	21,340,000
Add net unamortized premium on bonds	1,774,753
	22,114,753
	$ 653,376,833

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

Year ending September 30,	Principal	Interest	Total
2015	$ 10,825,000	$ 33,855,934	$ 44,680,934
2016	11,310,000	33,362,340	44,672,340
2017	18,680,000	32,658,475	51,338,475
2018	19,580,000	31,743,899	51,323,899
2019	20,550,000	30,765,376	51,315,376
2020 – 2024	92,755,000	139,771,098	232,526,098
2025 – 2029	115,650,000	112,232,481	227,882,481
2030 – 2034	149,975,000	76,589,601	226,564,601
2035 – 2039	127,235,000	36,494,394	163,729,394
2040 – 2042	76,960,000	5,870,963	82,830,963
	$ 643,520,000	$ 533,344,561	$ 1,176,864,561

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

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

As of September 30, 2014, certain amounts have been accumulated within the General Fund and other governmental funds in the form of $28,003,944 in restricted cash and cash equivalents and $29,478,707 in restricted investments to service the Limited Obligation Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

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

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

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

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

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

(6) Long-Term Obligations, Continued

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

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

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

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

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

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

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

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

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

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

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

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

(6) Long-Term Obligations, Continued

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

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

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

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

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

Loan Payable:

Note payable to a local bank in the amount of $11,000,000, dated September 15, 2006, interest at 6.49% per annum, payable quarterly commencing December 1, 2006, with principal and interest payable commencing December 1, 2009 in quarterly installments of $248,251, fully due on September 1, 2018. This loan was used to fund the construction of a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.	$ 8,258,869

(6) Long-Term Obligations, Continued

Loan Payable, Continued:

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

Year ending September 30,	Principal	Interest	Total
2015	$ 585,424	$ 407,581	$ 993,005
2016	614,599	378,406	993,005
2017	647,425	345,580	993,005
2018	6,411,421	589,082	7,000,503
	$ 8,258,869	$ 2,720,649	$ 9,979,518

As of September 30, 2014, $902,104 has been accumulated within the other governmental funds in the form of restricted investments to service the loan payable.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures and loan covenants as of September 30, 2014.

(7) Changes in Long-Term Liabilities

Other long-term liabilities will generally be liquidated in the future from the General Fund. During the year ended September 30, 2014, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net position:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
GO Bonds payable:					
General obligation bonds	$ 412,780,000	$ -	$ (3,805,000)	$ 408,975,000	$ 4,025,000
Discount on bonds issued	(5,697,889)	-	215,015	(5,482,874)	-
Discount on refunding	(4,605,384)	-	187,975	(4,417,409)	-
	402,476,727	-	(3,402,010)	399,074,717	4,025,000
LO Bonds payable:					
Limited obligation bonds	651,430,000	-	(7,910,000)	643,520,000	10,825,000
Premium on bonds issued	16,025,173	-	(1,070,842)	14,954,331	-
Discount on bonds issued	(4,327,535)	-	220,037	(4,107,498)	-
	663,127,638	-	(8,760,805)	654,366,833	10,825,000
Loan payable	8,813,215	-	(554,346)	8,258,869	585,424
Other long-term liabilities:					
Compensated absences	24,957,183	10,250,403	(9,352,825)	25,854,761	20,107,434
Capital lease obligations	116,960,000	78,024,200	(5,200,399)	189,783,801	6,530,850
DCRS sick leave liability	20,666,759	9,917,749	(5,437,726	25,146,784	-
Due to component units	3,420,561	-	(3,163,604)	256,957	256,957
Tax credits payable	29,112,970	-	(8,483,494)	20,629,476	6,863,814
Due to IRS	19,937,926	-	-	19,937,926	5,500,000
Landfill closure	53,508,056	2,044,616	(29,958,452)	25,594,220	-
	268,563,455	100,236,968	(58,727,626)	307,203,923	39,259,055
	$1,342,981,035	$ 100,236,968	$ (71,444,787)	$1,368,904,342	$ 54,694,479

(7) Changes in Long-Term Liabilities, Continued

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

In addition, other long-term liabilities include an amount due to landowners in the original amount of $29,112,970, inclusive of interest. On October 31, 2012, a Court Order was issued for the payment of approximately $25,115,683 for the condemnation of land which encompasses the Layon landfill. As of September 30, 2014, $3,410,000 had been deposited to the Court and distributed to the landowners and $21,705,683 plus interest at 6% per annum calculated from January 24, 2008 of $8,574,564 has yet to be made. GovGuam has negotiated long-term tax credit certificates with certain landowners. During the year ended September 30, 2014, tax credits in the amount of $9,785,956 were redeemed in lieu of payments associated with this Court Order, which included $8,483,494 as a reduction in long-term liabilities and $1,302,462 for interest.

(8) Cost of Living Adjustment (COLA) Liability

In August 1988, Public Law 19-19, as codified in 4 G.C.A. § 8137.1, required GovGuam to pay an annual lump sum COLA to retirees and survivors on the first retirement payday after July 1 of each year. In October 1993, a GovGuam retiree filed a class action suit on behalf of 4,877 retirees and survivors, alleging that they were being denied the COLA benefits prescribed by 4 G.C.A. § 8137.1. The “COLA class” consisted of all GovGuam retirees and survivors that were entitled to retirement benefits during COLA years 1990 through 1994 (payout years July 1991 through July 1995). The Petitioner alleged that GovGuam did not implement 4 G.C.A. § 8137.1. The Governor and the GovGuam Retirement Fund subsequently submitted to the Court their respective calculations of the COLA owed under seal. In October 2006, the Superior Court of Guam, pursuant to 4 G.C.A. § 8137.1, ordered the GovGuam Retirement Fund to revise its initial August 2006 COLA calculation of $96 million, which resulted in the award of $123,580,231 to the COLA class. As of September 30, 2014, the outstanding COLA liability amounted to $4,710,404. In accordance with Public Law 31-76, the accrual of interest on outstanding awards ceased commencing October 1, 2011.

(9) Deficit Fund Balances/Net Position

The following individual nonmajor component unit reflects deficit net position at September 30, 2014:

Component Units:	
Guam Economic Development Authority	$ 23,880,602

(10) Fund Balances

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

	General	Federal Grants Assistance	Landfill CIP	Chamorro Lands	Other Funds	Total
Non-spendable:						
Pacific Islands Development Banl	$ 1,000,000	$ -	$ -	$ -	$ -	$ 1,000,000
Land Trust	-	-	-	419,436,079	-	419,436,079
Inventories	2,363,983	-	-	-	-	2,363,983
Restricted for:						-
State Fiscal Stabilization Fund	4,260,730	-	-	-	-	4,260,730
DMHSA Court-appointed receiver	1,478,956	-	-	-	-	1,478,956
Debt service reserve	42,695,890	-	-	-	12,273,975	54,969,865
Landfill capital projects	-	-	30,070,668	-	-	30,070,668
Tourism related capital projects	-	-	-	-	35,604,072	35,604,072
Tobacco MSA projects	-	-	-	-	2,343,592	2,343,592
Chamorro Loan Guarantee	-	-	-	-	512,282	512,282
Ancestral Land Bank	-	-	-	-	3,600,351	3,600,351
Solid Waste operations	-	-	-	-	2,514,474	2,514,474
Other capital projects	1,596,542	-	-	-	477,982	2,074,524
Committed to:						-
Tourism related	-	-	-	-	8,070,787	8,070,787
Highway related	-	-	-	-	7,316,487	7,316,487
Chamorro Land Trust operations	-	-	-	-	2,022,444	2,022,444
Health and education programs	-	-	-	-	4,660,579	4,660,579
Solid Waste operations	-	-	-	-	12,428,058	12,428,058
Recycling program	-	-	-	-	2,000,411	2,000,411
DOC inmates revolving	2,455,231	-	-	-	-	2,455,231
Unified Courts of Guam	5,178,206	-	-	-	-	5,178,206
Public Defender Service Corpora	1,625,291	-	-	-	-	1,625,291
Federal grants local match	-	-	-	-	3,497,283	3,497,283
Guam Legislature	2,718,060	-	-		-	2,718,060
Other purposes	3,879,344	-	-	-	14,313,128	18,192,472
Assigned to:						-
Other purposes	-	89,206	-	-	-	89,206
Unassigned	(128,867,298)	-	-	-	1,260,801	(127,606,497)
	$ (59,615,065)	$ 89,206	$ 30,070,668	$419,436,079	$112,896,706	$ 502,877,594

(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, 2014, are as follows:

	Transfers Out	Transfers In
General Fund:		
Federal Grants Assistance Fund	$ 44,202,453	$ -
Landfill CIP Fund	-	68,417
Nonmajor governmental funds	5,576,461	60,589,188
Fiduciary funds	951,495	-
	50,730,409	60,657,605
Federal Grants Assistance Fund:		
General Fund	-	44,202,453
GDOE Federal Grants Fund	7,100,000	-
	7,100,000	44,202,453
GDOE Federal Grants Fund:		
Federal Grants Assistance Fund	-	7,100,000
Landfill CIP Fund:		
General Fund	68,417	-
Nonmajor governmental funds:		
General Fund	60,589,188	5,576,461
Nonmajor governmental funds	12,101,949	12,101,949
	72,691,137	17,678,410
Fiduciary funds:		
General Fund	-	951,495
	$ 130,589,963	$ 130,589,963

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid. Specifically, GovGuam transferred $44,202,453 from the General Fund to the Federal Grants Assistance Fund representing local match requirements under various federal grant awards; $58,775,041 from the nonmajor governmental funds to the General Fund to primarily finance public school operations and debt service requirements; and $7,100,000 from the Federal Grants Assistance Fund to the GDOE Federal Grants Fund to finance municipal school lease payments and other programs administered by the Guam Department of Education.

(12) Retirement Plans

Defined Benefit Plan

Plan Description:

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

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

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2012, 2011, and 2010, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2014, 2013 and 2012, respectively, have been determined by the Guam Legislature as follows:

	2014	2013	2012
Normal costs (% of DB Plan payroll)	16.61%	17.52%	17.07%
Employee contributions (DB Plan employees)	9.50%	9.50%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	7.11%	8.02%	7.57%
Employer portion of normal costs (% of total payroll)	2.39%	3.03%	3.03%
Unfunded liability cost (% of total payroll)	24.01%	24.33%	23.75%
Government contribution as a % of total payroll	26.40%	27.33%	26.78%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	30.03%	30.09%	28.30%
Employee	9.50%	9.50%	9.50%

GovGuam's contributions to the DB Plan for the years ending September 30, 2014, 2013 and 2012 were $34,801,226, $33,170,773 and $31,730,829, respectively, equal to the statutorily required contributions for each year.

(12) Retirement Plans, Continued

Defined Contribution Retirement System (DCRS)

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

Statutory employer contributions on DCRS plan payroll for the year ended September 30, 2014 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only an amount equivalent to 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan. GovGuam's contributions to the DCRS plan for the years ended September 30, 2014, 2013 and 2012 were $68,498,488, $58,450,372 and $54,060,053, respectively, equal to the statutorily required contributions for each year.

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

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple-employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, prescription drug, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. For the years ended September 30, 2014, 2013 and 2012, GovGuam's contributions to this Plan amounted to $22,020,623, $16,922,668 and $22,610,227, respectively, equal to the statutorily required contributions for each year. GovGuam's base contributions to the Plan are determined by the Guam Legislature and the retiree is responsible to pay the difference if the base contribution is less than the monthly premium.

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

(13) Commitments and Contingencies

A. Budgetary Compliance

For the year ended September 30, 2014, significant over-expenditures exceeding appropriations within the General Fund were as follows:

Guam Police Department	$ 2,551,581
Department of Corrections	$ 1,259,108
Department of Education	$ 10,060,843
Guam Fire Department	$ 5,378,750
Law Enforcement Officers Retro Pay	$ 25,295,120
Landfill Tax Credits Liability - Principal	$ 8,483,494
Landfill Tax Credits Liability - Interest	$ 1,302,462

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

B. Landfill Closure and Postclosure Costs

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

On March 17, 2008, the United States District Court of Guam issued a Court Order that placed the Solid Waste Division of the Department of Public Works (DPW) in Guam in Receivership. After receiving and reviewing qualifications information on firms presented by GovGuam and the U.S. Environmental Protection Agency, and conducting interviews and reference checks, the District Court Judge selected and appointed a receiver. The Receiver was given full power and authority to enforce the terms of the Consent Decree, including closure of the Ordot Dump and opening of a new landfill, and assume all of the responsibilities for the operations of DPW's Solid Waste Division. For the year ended September 30, 2014, recorded receiver fee expenditures were $1,534,060 with accumulated receiver fee expenditures since the appointment of the Receiver on March 17, 2008 through September 30, 2014 amount to $14,427,618. Of this amount, $3,848,700 was funded by the General Fund and the remaining was funded from solid waste operations. Pursuant to the Court Order, the appointment of the Receiver shall be for the period necessary to achieve compliance with the consent decree unless: (a) the Receiver recommends termination of the Court Order as no longer necessary, or modification thereof, and said termination or modification is accepted by the court, (b) the Receiver requests to be relieved and such request is approved by the court, and (c) the Court Order is otherwise modified or terminated by the court.

(13) Commitments and Contingencies, Continued

B. Landfill Closure and Postclosure Costs, Continued

On February 13, 2009, the United States District Court of Guam issued a Court Order associated with the DPW Solid Waste Division Receivership requiring GovGuam to provide for costs of the new landfill. On June 4, 2009, GovGuam issued $202,425,000 in Limited Obligation Revenue Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam. On August 31, 2011, the Ordot Dump was finally closed and the Layon landfill opened on September 1, 2011.

State and federal laws and regulations require GovGuam to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GovGuam's governmental activities reports a portion of these closure and postclosure care costs as an expense based on landfill capacity used as of each balance sheet date. The $25,594,220 reported as landfill closure and post closure care liability at September 30, 2014 within the accompanying financial statements includes the cumulative amount of $22,589,630 reported based on 100% capacity for Ordot Dump and $3,004,579 reported based on the use of 2.75% of the estimated capacity of Layon landfill. The Layon landfill consists of up to eleven cells and has an estimated lifespan of 50 years. Currently, GovGuam is projected to utilizing two cells that together have a projected life of 10 years. GovGuam will recognize the remaining estimated cost of closure and postclosure care of $106,252,855 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

C. Permanent Injunction

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

(13) Commitments and Contingencies, Continued

D. Guam Fire Department Equipment

On September 30, 2008, the Guam Legislature enacted Public Law 29-113 authorizing the purchase of certain firefighting equipment in the amount of $7,850,000. The financing of this equipment purchase is to be funded by entering into a debt agreement or other financing source, with lower cost of funds, for a term not to exceed ten (10) years. As of September 30, 2014, no commitment has been entered into with respect to the purchase of this equipment.

E. Land Management Building

On December 24, 2008, the Guam Legislature enacted Public Law 29-135 authorizing the design and construction of a Land Resources Public Facility in the amount of $15,750,000. The financing of this facility is to be funded by entering into a financing arrangement with the U.S. Department of Agriculture or other financing source, with lower cost of funds, for a term not to exceed forty (40) years. As of September 30, 2014, no commitment has been entered into with respect to the construction of this facility.

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

On December 1, 2010, the Guam Legislature enacted Public Law 30-201 authorizing the construction of the UOG Student Services Center and the Annex Building for the School of Engineering; the extension of the GCC Crime Lab Building; and the renovation of GCC Buildings 100 and 200 in the aggregate amount of $40,500,000. As of September 30, 2014, no commitment has been entered into with respect to the construction of these facilities.

G. Tax Refunds

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

H. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Cumulative questioned costs as at September 30, 2014 aggregated $46,293. 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.

(13) Commitments and Contingencies, Continued

H. Federal Grants, Continued

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.

I. Municipal School Lease Agreements

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

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

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

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

(13) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

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

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

On June 23, 2009, GovGuam entered into a lease agreement for certain property located in Tiyan for use as a temporary high school. The lease, which is renewable annually, has a fixed annual rent of $4,493,256 for the first five years, commencing October 1, 2009. The rent shall increase by 10% for every five-year period with a term of June 30, 2024. The lease agreement provides an option for GovGuam to pay in cash or by transferable tax credits. On December 30, 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024 with rent abatement from October 1, 2011 through January 31, 2012 due to non-occupancy of the property. On December 30, 2013, GovGuam exercised an option to purchase. In addition to the purchase price of $43,500,000 that comprises the temporary high school, GovGuam elected to purchase additional property and the construction of new buildings and facilities in the amount of $43,648,970. Title to the Tiyan properties under lease will transfer to GovGuam upon the payment of all required rents. The total purchase price is to be paid in the form of tax credits over a period of 10 years commencing January 1, 2014 in the aggregate amount of $175,433,826, inclusive of $88,284,856 in interest and other costs.

Lease payments are to be paid in the form of tax credits over the term of the lease. Annual rents due for the years ended December 31, 2014 and 2015 are $8,742,240 and $6,411,410, respectively. Beginning January 1, 2016 through December 31, 2024, annual rent due will be $10,113,927 with a balloon payment due on December 31, 2024 for the remaining purchase price. Annual rent includes principal, interest at 7.193% of outstanding principal balance, insurance and maintenance costs (see Note 14).

(13) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

As of September 30, 2014, purchased Tiyan properties in the amount of $55,206,200 were occupied. The remaining amount of $31,942,770 will be occupied when construction is complete.

The assets acquired through capital leases are as follows:

Assets:	
Buildings	$ 232,289,066
Less accumulated depreciation	(20,238,622)
	$ 212,050,444

These buildings are summarized as follows:

Liguan Elementary School	$ 13,082,080
Adacao Elementary School	14,482,938
Astumbo Middle School	18,383,500
John F. Kennedy High School	65,735,000
Tiyan High School	43,500,000
Tiyan 3 (Lot)	8,000,000
Tiyan Office	2,900,000
Tiyan Warehouse	806,200
Ukudo High School	42,581,348
Ukudo High School Expansion	22,818,000
	$ 232,289,066

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

Year ending September 30,	Principal	Interest	Additional Rental	Total
2015	$ 6,530,850	$ 12,334,686	$ 5,620,121	$ 24,485,657
2016	6,923,271	11,940,671	5,549,489	24,413,431
2017	7,235,626	11,625,316	5,551,089	24,412,031
2018	7,634,533	11,223,972	5,553,127	24,411,632
2019	7,047,870	10,755,676	5,619,060	23,422,606
2020 - 2024	41,806,460	47,137,528	28,377,017	117,321,005
2025 - 2029	68,872,191	20,186,387	19,679,251	108,737,829
2030 - 2034	15,553,000	12,387,524	9,707,336	37,647,860
2035 - 2039	23,220,000	7,549,094	7,840,000	38,609,094
2040 - 2042	4,960,000	170,500	3,136,000	8,266,500
	$ 189,783,801	$ 145,311,354	$ 96,632,490	$ 431,727,645

(13) Commitments and Contingencies, Continued

J. 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, 2014. The estimated accumulated amount of unused sick leave at September 30, 2014, is $112,172,699, of which an estimated $25,146,784 has been accrued and may be convertible by members of the DCRS to pay upon retirement.

K. 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, 2014. 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 13L below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

L. 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, 2014, claims in the amount of $100,000 were made from the Government Claims Fund. GovGuam has not experienced material prior year losses as a result of this policy. Virtually all discretely presented component units have some form of commercial insurance to insure against risk of loss such as property, liability and typhoon.

M. 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, 2014, $17,517,256 was held by GovGuam in bonds as security against possible claims.

N. 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.

(13) Commitments and Contingencies, Continued

O. Loan Guarantee

GovGuam has guaranteed Guam Memorial Hospital Authority debt of $25,000,000 which was issued in January 2014 as explained on Note 15G.

(14) Subsequent Event

On November 6, 2014, the Tiyan lease purchase agreement was amended to extend the lease term through December 31, 2041 and to include the purchase of collateral equipment in the amount of $7,499,090 for the new buildings and facilities to be constructed. Payments under the amended lease purchase agreement in the form of tax credits, inclusive of the collateral equipment, will only apply for amounts due through January 31, 2015. Effective February 1, 2015, amounts due will be paid in the form of cash. Future annual rental payments were amended as follows:

January 1, 2014 through December 31, 2014	$ 8,742,240
January 1, 2015 through December 31, 2015	$ 6,411,410
January 1, 2016 through December 31, 2016	$ 7,272,935
January 1, 2017 through December 31, 2038	$ 10,113,927
January 1, 2039 through December 31, 2040	$ 3,702,517
January 1, 2040 through December 31, 2041	$ 2,840,992

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents

Guam Memorial Hospital Authority (GMHA):

At September 30, 2014, GMHA maintained restricted cash and cash equivalents for debt service related accounts in the amount of $209,267.

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 2010, 2012 and 2014 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2014, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	$ 103,796,644
Interest and Principal Funds	27,962,569
Bond Funds	541,235
Working Capital Funds	18,065,239
Capitalized Interest Fund	7,547,000
Cost of Issuance Fund	1,111,969
Bond Reserve Fund	5,085,000
	$ 164,109,656

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2010, 2013 and 2014 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. At September 30, 2014, restricted cash and cash equivalents held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Construction Funds	$ 167,038,296
Operations, Maintenance, Renewal and Replacement Fund	14,753,392
Capitalized Interest Fund	13,558,568
Operations and Maintenance Fund	3,083,481
Revenue Fund	5,575,605
Capital Improvement Fund	3,855,075
	$ 207,864,417

Furthermore, GWA maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2014, these consisted of the following:

Water and Sewer Development Fund	$ 164,004
Operation and Maintenance Fund	6,100
Navy Surcharge Fund	183,441
Meter Reserve Fund	636,592
Sewer Hook-up Revolving Fund	72,662
Debt Service Fund	1,342,062
Moratorium Project	9,308
Island Water and Sewer Infrastructure Development Fund	6,466,443
	$ 8,880,612

Port Authority of Guam (PAG):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2014, restricted cash and cash equivalents held by PAG are as follows:

Crane Surcharge Reserve Account	$ 965,546

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

University of Guam (UOG):

At September 30, 2014, UOG maintained restricted cash and cash equivalents for the following purposes:

Enhancement of Learning Resources and Technology	$ 351,427
Guam Cancer Trust Fund	2,884,344
Debt Service and Operations and Maintenance Reserve Funds	1,260,062
Other	205,010
	$ 4,700,843

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2014, restricted cash and cash equivalents held for this purpose amounted to $355,105.

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, 2014, 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	$ 574,090
Section 8 HCV	756,758
Public Housing	1,260,139
Low Rent Housing	184,253
Revolving Fund	100,980
	$ 2,876,220

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, 2014, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	$ 1,321,901
First-time Homeowner Assistance Program	309,464
Community Affordable Housing Action Trust	170,078
Trust fund and borrower's deposit	683,284
Hazard Mitigation Program	150,518
Building renovation contract	103,140
	$ 2,738,385

(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, 2014, restricted short-term money market fund investments held for this purpose amounted to $3,585,540.

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, 2014, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Rainy Day Fund	$ 1,872,412
FESTPAC & Folklife Festival Trust Account	1,546,798
Tourist Attraction Fund Projects	1,562,981
	$ 4,982,191

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, 2014, cash and cash equivalents held by GETC for this purpose amounted to $75,152.

B. Deposits and Investments

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

As of September 30, 2014, the carrying amount of AWPIAA's total cash and cash equivalents was $3,079,668 maintained in banks, which at times may exceed federal depository insurance limits. At September 30, 2014, $250,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

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, 2014, investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Unrestricted:	
Federal Grants Fund	$ 6,535,762
Operations and Maintenance Reserve Fund	10,994,077
Operations and Maintenance Fund	43,556
General Revenue Fund	7,864,102
Self-Insurance Fund	5,158,460
Rebate Fund	1,399,956
Capital Improvement Fund	1,128,561
	33,124,474
Restricted:	
Cash with trustees	4,718
Construction Fund	102,716,987
Bond Reserve Funds	19,676,959
Debt Service Funds	16,697,811
Renewal and Replacement Fund	1,000,201
	140,096,676
	$ 173,221,150

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

Cash with trustees	$ 4,718
Money market funds	157,271,210
Fixed income securities	15,424,463
Other	520,759
	$ 173,221,150

(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, 2014, AWPIAA's investments in debt securities were as follows:

	S&P Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	Aaa	$ -	$ 2,325,985	$ -	$ -	$ 2,325,985
U.S. government agencies:						
Federal Home Loan Mortgage Corp.	Aaa	149,999	647,732	-	-	797,731
Federal National Mortgage Association	Aaa	-	948,194	27,597	162,408	1,138,199
Corporate notes:						
CDC Funding Corporation	Aa3	-	-	-	9,549,194	9,549,194
Other	Aaa	-	63,647	-	-	63,647
Other	Aa	-	240,224	-	-	240,224
Other	A2	-	-	9,980	23,354	33,334
Other	A1	-	49,911	63,702	5,763	119,376
Other	A	-	63,647	21,338	-	84,985
Other	Baa2	-	165,056	202,451	27,723	395,230
Other	Baa1	-	10,349	10,290	-	20,639
Other	Baa	-	157,326	-	-	157,326
Other	B1	-	498,593	-	-	498,593
		$ 149,999	$ 5,170,664	$ 335,358	$ 9,768,442	15,424,463
Cash with trustees						4,718
Money market funds						142,912,272
Accrued interest						513,943
						$ 159,015,814

At September 30, 2014, 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, 2014.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2014, the carrying amount of GMHA's total cash and cash equivalents was $3,408,056 and the corresponding bank balances were $6,313,610, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2014, bank deposits in the amount of $250,000 were FDIC insured. GMHA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA):

As of September 30, 2014, the carrying amount of GPA's total cash and cash equivalents was $219,140,434 and the corresponding bank balances were $137,504,647. Of the bank balance amount, $20,233,353 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, 2014, bank deposits in the amount of $959,054 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, 2014, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:	
Bond Reserve Funds	$ 49,272,328
Bond Fund	4,855,561
	$ 54,127,889

As of September 30, 2014, GPA's investments in debt securities were as follows:

		Investment Maturities (In Years)				
	Credit Rating	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	Aaa	$ 23,501,456	$ -	$ -	$ -	$ 23,501,456
Commercial paper:						
Fortis Funding LLC	P-1	13,742,000	-	-	-	13,742,000
Natixis Funding Corporation	A2	-	12,028,872	-	-	12,028,872
		$ 37,243,456	$ 12,028,872	$ -	$ -	$ 49,272,328

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA):

As of September 30, 2014, the carrying amount of GWA's total cash and cash equivalents was $217,387,316 and the corresponding bank balances were $218,424,173. Of the bank balance amount, $11,390,125 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $207,034,048 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, 2014, bank deposits in the amount of $686,482 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indentures for GWA require the establishment of special funds and accounts to be held and administered by GWA's trustees for the accounting of the monies. At September 30, 2014, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Restricted:	
Bond Reserve Funds	$ 7,707,602
Debt Service Funds	19,986,973
	$ 27,694,575

As of September 30, 2014, GWA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	Aaa	$ 29,588,425	$ -	$ -	$ -	$ 29,587,425

Port Authority of Guam (PAG):

As of September 30, 2014, the carrying amount of PAG's total cash and cash equivalents was $15,063,836 and the corresponding bank balance was $15,694,684, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2014, bank deposits in the amount of $500,000 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG):

As of September 30, 2014, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was $30,496,924 and the corresponding bank balance was $30,861,378. Of the bank balance amount, $1,660,897 is maintained in financial institutions subject to FDIC insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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

Certificates of deposit	$ 7,557,936
Money market funds	554,511
Mutual funds	937,698
Fixed income securities	4,723,747
Municipal bonds	1,739,029
Domestic equities	14,905,187
	$ 30,418,108

As of September 30, 2014, UOG's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury notes	$ -	$ 113,433	$ 850,775	$ 681,901	$ 1,646,109
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	1,203,468	46,593	85,648	1,335,709
Federal National Mortgage Association	-	127,550	464,429	152,747	744,726
Corporate notes and bonds	-	92,657	901,477	3,069	997,203
	$ -	$ 1,537,108	$ 2,263,274	$ 923,365	$ 4,723,747

UOG's exposure to credit risk at September 30, 2014, was as follows:

Moody's Rating	Domestic
AAA	$ 1,707,700
AA	1,556,395
A	633,728
BBB	124,665
Not rated	701,259
	$ 4,723,747

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

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

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

Restricted for endowments:	
Money market funds	$ 70,697
Mutual funds	1,528,325
U.S. Government notes and bonds	2,442,469
Domestic equities	3,570,210
	$ 7,611,701

Guam Community College (GCC):

As of September 30, 2014, the carrying amount of GCC's cash and cash equivalents was $8,286,058 and the corresponding bank balance was $8,227,740, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2014, bank deposits in the amount of $694,105 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2014, GCC had one fixed income corporate note in the amount of $1,748,504, with interest at 7.25% per annum, matures on June 1, 2057, and which is uninsured and unregistered.

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

Restricted for endowments:	
Money market funds	$ 432,013
U.S. Government notes and bonds	853,586
Government and government-sponsored entity bonds	1,267,169
Common stocks	6,935,670
	$ 9,488,438

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2014, the carrying amount of GHURA's total cash and cash equivalents was $11,177,638 and the corresponding bank balances were $11,175,038, 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, 2014, bank deposits in the amount of $11,380,690 were FDIC insured or collateralized by U.S. securities. GHURA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Housing Corporation (GHC):

As of September 30, 2014, the carrying amount of GHC's total cash and cash equivalents was $6,825,558, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2014, 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, 2014, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Foreclosure Protection Fund	$ 500,240
Capitalized Interest Fund	257
Revenue Fund	3,796,698
	$ 4,297,195

Investments of GHC as of September 30, 2014, are classified as follows:

Restricted:	
Money market funds	$ 2,368,322
Fixed income	1,928,873
	$ 4,297,195

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

As of September 30, 2014, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	$ -	$ -	$ -	$ 1,928,873	$ 1,928,873

Guam Economic Development Authority (GEDA):

At September 30, 2014, the carrying amount of GEDA's cash and cash equivalents was $12,223,109 and the corresponding bank balance was $11,113,240, of which $7,527,700 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $3,585,540 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, 2014. As of September 30, 2014, bank deposits in the amount of $400,994 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, 2014, GEDA's investments are as follows:

Unrestricted:	
Mutual funds	$ 2,968,575
Brokered certificates of deposit	180,149
Municipal bonds	883,975
	$ 4,032,699

As of September 30, 2014, GEDA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
Municipal bonds	Aaa	$ -	$ -	$ 55,418	$ -	$ 55,418
Municipal bonds	Aa	-	52,656	52,279	-	104,935
Municipal bonds	Aa1	-	60,558	47,823	58,024	166,405
Municipal bonds	Aa2	-	100,110	138,188	39,284	277,582
Municipal bonds	Aa3	-	37,962	46,560	-	84,522
Municipal bonds	A1	-	62,193	-	-	62,193
Municipal bonds	A2	-	43,466	89,454	-	132,920
		$ -	$ 356,945	$ 429,722	$ 97,308	$ 883,975

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Preservation Trust (GPT):

As of September 30, 2014, the carrying amount of GPT's total cash and cash equivalents was $1,934,315, which is maintained in a financial institution subject to FDIC insurance. As of September 30, 2014, bank deposits in the amount of $90,141 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are not exposed to custodial credit risk.

Investments of GPT as of September 30, 2014 are classified as follows:

Mutual funds	$ 2,339,119
Fixed income	1,690,820
Equities	945,481
	$ 4,975,420

Guam Visitors Bureau (GVB):

At September 30, 2014, the carrying amount of GVB's cash and cash equivalents was $12,922,049 and the corresponding bank balance was $13,023,789. Of the bank balance amount, $12,876,671 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2014, bank deposits in the amount of $315,002 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

At September 30, 2014, short-term investments include time certificates of deposit in the amount of $980,516 with original maturities of more than three months, which are fully FDIC insured, and money market funds in the amount of $1,531,277, which are subject to Securities Investor Protection Corporation insurance.

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2014, the carrying amount of GETC's cash and cash equivalents and time certificates of deposit was $324,612 and the corresponding bank balance was $349,911, 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, 2014, bank deposits in the amount of $172,439 were FDIC insured and bank deposits in the amount of $177,472 were NCUA insured.

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables

Receivables as of September 30, 2014, 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	$ 10,516,549	$ 258,528,949	$ 45,574,347	$ 22,376,365	$ 8,689,849	$ 9,220,345	$ 5,599,181	$ 360,505,585
Federal grants	2,175,933	-	1,395,471	20,000	263,950	2,752,007	2,558,307	9,347,668
Loans	-	-	-	-	-	19,748,246	30,255,673	50,003,909
Interest	-	669,964	299,483	-	-	-	56,477	355,960
Other	1,998,876	330,871	2,713,793	2,302,986	-	2,368,146	28,854,166	12,907,931
	14,691,358	258,859,820	49,983,094	24,681,351	8,953,799	34,288,734	41,323,804	433,121,053
Allowance for uncollectible	(1,963,925)	(237,289,783)	(5,594,834)	(9,287,972)	(849,439)	(23,335,458)	(3,731,666)	(282,053,011)
Net receivables	$12,727,433	$ 21,909,130	$ 44,388,260	$ 15,393,379	$ 8,104,360	$ 10,953,276	$ 37,592,138	$ 151,067,976

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, 2014, loan receivables are reserved in the amount of $19,748,236.

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.	$ 661,859

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.	27,514,724

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

Guam Housing Corporation (GHC), Continued:

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.	2,091,276
	$ 30,267,859

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2014, 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	$ -	$ 2,218,415	$ -	$ -	$ -	$ 3,890,851	$ 4,199,124	$ 10,308,390
Due to Primary Government:								
Nonmajor governmental funds	$ 2,658,915	$ -	$ -	$ -	$ -	$ -	$ -	$ -

E. Capital Assets

Capital asset activities of the discretely presented component units for the year ended September 30, 2014, are as follows:

	Estimated Useful Lives	Balance October 1, 2013	Transfers and Additions	Transfers and Deletions	Balance September 30, 2014
Nondepreciable capital assets:					
Land		$ 79,273,533	$ 10,304,125	$ -	$ 89,577,658
Construction in progress		210,415,763	136,336,496	(97,161,482)	249,590,777
		289,689,296	146,640,621	(97,161,482)	339,168,435
Depreciable capital assets:					
Capital lease assets	20 - 40 yrs	171,382,727	-	-	171,382,727
Buildings and improvements	5 - 60 yrs	1,322,538,470	34,889,215	20,702,336	1,377,788,329
Machinery, equipment and furniture	2 - 40 yrs	176,644,852	11,139,581	(14,890,842)	173,238,455
Intangible	30 yrs	4,353,988		(4,353,988)	-
Infrastructure	10 - 50 yrs	877,015,941	21,542,517	(8,859,883)	889,698,575
		2,551,935,978	67,571,313	(7,402,377)	2,612,108,086
Less accumulated depreciation		(1,324,718,239)	(88,469,018)	31,975,368	(1,381, 211,890)
Depreciable capital assets, net		1,227,217,739	20,897,705	24,572,991	1,230,896,196
		$ 1,516,907,035	$ 125,742,916	$(12,588,491)	$ 1,570,064,631

(15) Discretely Presented Component Unit Disclosures, Continued

E. Capital Assets, Continued

In February 2014, the Guam Preservation Trust received donated land with a fair market value of approximately $9,900,000 at the date of donation. The donor placed restrictions over the use of the land.

F. Bonds Payable

As of September 30, 2014, the discretely presented component units had the following bonds payable outstanding:

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

General Revenue Bonds, Series 2013 (original issue of $247,335,000, dated September 1, 2013), varying interest rates at 3% - 6.375% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing on October 1, 2014 of $9,845,000 and increasing to a final payment of $10,240,000 on October 1, 2043. The bonds were issued for the purpose of: (1) advance refunding 2003 Series bonds; (2) to finance additions, extensions, and improvements to the Airport; and (3) to provide additional proceeds to fund the Bond Reserve account.	$ 247,335,000
Add net unamortized premium on bonds	2,690,971
	$ 250,025,971

On September 12, 2013, AWPIAA issued $247,335,000 in General Revenue Bonds, 2013 Series, with varying interest rates of 3% - 6.375% per annum to current refund $145,415,000 of outstanding 2003 Series bonds. The net proceeds of $247,540,014 represented the principal amount of the 2013 Series bonds, plus a net original issue premium of $2,891,161 less an underwriters' discount and insurance of $2,686,147. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements of AWPIAA. The refunding resulted in a credit difference on refunding of $3,008,461 representing the difference between the reacquisition price and carrying amount of the 2003 Series bonds. AWPIAA netted the $2,422,781 unamortized difference from prior refunding against the $3,008,461 difference in current refunding, and the resulting net credit of $585,743 is presented as a deferred inflow of resources in the accompanying statement of net position. The $585,743 is to be deferred and amortized over the ten year original amortization period remaining from the 2003 Series bonds.

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

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

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

Year ending September 30,	Principal	Interest	Total
2015	$ 9,845,000	$ 13,550,775	$ 23,395,775
2016	10,465,000	13,193,800	23,658,800
2017	10,890,000	12,712,250	23,602,250
2018	11,430,000	12,154,250	23,584,250
2019	12,010,000	11,568,250	23,578,250
Thereafter	192,695,000	138,542,644	237,183,119
	$ 247,335,000	$ 201,721,969	$ 449,056,969

Guam Power Authority (GPA):

General Revenue Bonds, Series 2010 (original issue of $150,440,000, dated July 1, 2010), varying interest rates at 5.0% - 5.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $225,000 in October 2022, increasing to $17,215,000 in October 2040. The bonds have been issued to finance a new administration building and various generation, transmission, and distribution facilities.	$ 150,440,000
Subordinated General Revenue Bonds, Series 2010 (original issue of $56,115,000, dated July 1, 2010), varying interest rates at 6.0% - 7.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $4,435,000 in October 2011, increasing to $14,155,000 in October 2015. The bonds have been issued to fund the Working Capital Fund and to refinance existing subordinate lien obligations.	27,300,000
General Revenue Bonds, Series 2012 (original issue of $340,620,000, dated October 1, 2012), varying interest rates at 2.98% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $110,000 in October 2013, increasing to $24,485,000 in October 2034. The bonds have been issued to refund the 1993 and 1999 bonds, and to fund a deposit to the Bond Reserve Fund and satisfy the Bond Reserve Fund Requirement.	340,510,000

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

General Revenue Bonds, Series 2014 (original issue of $76,470,000, dated September 17, 2014), varying interest rates at 4% - 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 $1,310,000 in October 2017, increasing to $4,855,000 in October 2044. The bonds have been issued to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, and to fund a deposit to the Senior Bond Reserve Fund.	76,470,000
	594,720,000
Add premium on 2014 and 2012 bonds	37,137,418
Less discount on 2010 bonds	(3,713,958)
	$ 628,143,460

All gross revenues of GPA have been pledged to repay the 2010, 2012 and 2014 series bond principal and interest. The debt service for the 2010 and 2012 series bonds was $40,646,800 or 9.3% of pledged gross revenues for the year ended September 30, 2014. The 2014 series bonds have no required debt service for the year ended September 30, 2014. Premium and discounts associated with the 2010 and 2012 bond series are being amortized using the effective interest method over the lives of the bonds. No amortization was recognized on the premium associated with the 2014 series bonds for the year ended September 30, 2014. On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the Lehman Brothers and Bank of America. In connection with the agreement, GPA received cash totaling $13,500,000 in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

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

The following summarizes unamortized costs and unearned revenues at September 30, 2014 associated with this agreement:

Unearned forward delivery contract revenues	$ 8,760,514
Accumulated amortization	(4,672,391)
	$ 4,088,123

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

Unamortized forward delivery contract costs	$ 2,390,265
Accumulated amortization	(1,274,827)
	$ 1,115,438

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:

Year ending September 30,	Principal	Interest	Total
2015	$ 13,600,000	$ 28,937,207	$ 42,537,207
2016	14,265,000	29,819,130	44,084,130
2017	115,000	28,754,130	28,869,130
2018	1,780,000	28,712,600	30,492,600
2019	1,495,000	28,636,625	30,131,625
2020 - 2024	104,605,000	130,938,350	235,543,350
2025 - 2029	139,310,000	100,386,300	239,696,300
2030 - 2034	160,285,000	61,801,675	222,086,675
2035 - 2039	99,750,000	28,773,050	128,523,050
2040 - 2044	54,660,000	6,571,625	61,231,625
2045	4,855,000	115,975	4,970,975
	$ 594,720,000	$ 473,446,667	$ 1,068,166,667

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

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

The loss on refunding of the 1993 and 1999 Series bonds has been amortized using the effective interest method over the average remaining life of the 1993 and 1999 bonds which approximated the average life of the 2012 Series bonds. The loss on refunding of the 1992 and 1994 Series bonds has been amortized on a straight line basis, which approximates the effective interest method, over the remaining life of the 1992 and 1994 bonds. The unamortized balance of the loss refunding of the 1993 and 1999 Series bonds and the 1992 and 1994 Series bonds is $14,826,028 as of September 30, 2014.

Guam Waterworks Authority (GWA):

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
Water and Wastewater System Revenue Bonds, Series 2013 (original issue of $172,630,000, dated December 12, 2013), varying interest rates at 5% - 5.5% 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 $2,695,000 on July 1, 2020, and increasing to a final payment of $25,880,000 on July 1, 2043. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems.	172,630,000
Water and Wastewater System Revenue Bonds, Series 2014 (original issue of $85,600,000, dated August 7, 2014), varying interest rates at 5% - 6% 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 $2,900,000 on July 1, 2015, and increasing to a final payment of $350,000 on July 1, 2035. The bonds have been issued to refund the 2005 bond issue.	85,600,000
	377,055,000
Add net unamortized premium on 2014 bonds	5,604,534
Less net unamortized discount on 2013 bonds	(1,492,049)
Less net unamortized discount on 2010 bonds	(2,109,566)
	$ 379,057,919

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA), Continued:

All gross revenues of GWA, except PUC surcharge revenues, have been pledged to repay the 2010, 2013 and 2014 series bond principal and interest. The debt service for the 2010, 2013 and 2014 series bonds was $11,674,749 or 18% of pledged gross revenues for the year ended September 30, 2014. A premium associated with the 2014 bond series is being amortized using the effective interest method over the lives of the bonds. The discount associated with the 2010 and 2013 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 a 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.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 3,955,000	$ 19,347,512	$ 23,302,512
2016	4,910,000	19,648,317	24,558,317
2017	5,040,000	19,522,301	24,562,301
2018	5,200,000	19,366,797	24,566,797
2019	5,420,000	19,182,802	24,602,802
2020 - 2024	38,525,000	87,825,456	126,350,456
2025 - 2029	57,265,000	77,755,956	135,020,956
2030 - 2034	73,700,000	63,151,519	136,851,519
2035 - 2039	87,355,000	45,353,975	132,708,975
2040 - 2043	95,685,000	20,685,838	116,370,838
	$ 377,055,000	$ 391,840,473	$ 768,895,473

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of $50,000,000, dated April 15, 1998), varying interest rates at 4.7% - 5.75% per annum, payable semiannually on March 1 and September 1, principal fund payments due in varying semiannual installments commencing with a payment of $25,000 on March 1, 2002, and increasing to a final payment of $194,201 on September 1, 2031. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam.	$ 4,415,000

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Housing Corporation (GHC), Continued:

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, 2014.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 160,000	$ 241,730	$ 401,730
2016	170,000	233,036	403,036
2017	180,000	223,808	403,808
2018	190,000	214,044	404,044
2019	220,000	203,835	423,835
2020 - 2024	1,205,000	846,896	2,051,896
2025 - 2029	1,545,000	468,625	2,013,625
2030 - 2031	745,000	54,050	799,050
	$ 4,415,000	$ 2,486,024	$ 6,901,024

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

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.	$ 27,395,000
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.	16,773,618
	44,168,618
Less discount on Series B capital appreciation turbo term bonds	(11,275,652)
Less discount on issuance	(978,826)
	$ 31,914,140

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

Year ending September 30,	Principal	Interest	Total
2015	$ 2,120,000	$ 1,227,732	$ 3,347,732
2016	2,270,000	1,116,300	3,386,300
2017	2,430,000	996,380	3,426,380
2018	1,115,000	885,891	2,000,891
2019	1,200,000	805,219	2,005,219
2020 - 2024	7,435,000	2,908,969	10,343,969
2025 - 2029	12,710,508	561,303	13,271,811
2030 - 2034	14,888,110	-	14,888,110
	$ 44,168,618	$ 8,501,794	$ 52,670,412

(15) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Economic Development Authority (GEDA), Continued:

On December 13, 2007, GEDA issued $36,982,077 in Series 2007 Tobacco Settlement Asset-Backed Bonds to retire $25,040,000 of outstanding 2001 Series bonds. The net proceeds were $35,478,149 ($34,359,109 of original principal after issuance discount, underwriter discount and other issuance costs, plus an additional $794,040 from the Series 2001 funds plus $325,000 received in connection with the termination of Series 2001 Reserve Fund Agreement). Of this amount, $8,345,278 was transferred into a custodial account for the benefit of GovGuam. The remaining $27,132,871 was deposited in an irrevocable trust with an escrow agent to provide for the future service of the Series 2001 bonds through May 15, 2016. Except to the extent of any excess which is to be released upon termination (when all transfers and payments required are satisfied), GEDA has no interest in the funds or investments held in the escrow fund and as a result, the Series 2001 bonds indenture was satisfied and discharged. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements of GEDA. This advance refunding resulted in a loss of $2,628,344, representing the difference between the reacquisition price and the carrying amount of the Series 2001 bonds. The loss has been deferred and amortized over the remaining life the Series 2001 bonds and is reflected a deferred outflow of resources. As of September 30, 2014, bonds outstanding from the abovementioned advance refunding activities in the amount of $22,400,000 are considered defeased.

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

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

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

All Tobacco Settlement Revenue (TSR) of GEDA has been pledged to repay the 2007 series bond principal and interest. The debt service for the 2007 series bonds was $2,434,700 or 96% of pledged TSR revenues for the year ended September 30, 2014.

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable

As of September 30, 2014, the discretely presented component units had the following notes payable outstanding:

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

Note payable to a bank in the amount of $11,900,000, dated June 27, 2012, interest at 3.75% per annum, due initially in monthly installments of interest commencing July 27, 2012, with monthly installments of principal and interest at 5.75% per annum of $130,625 commencing February 27, 2014 through January 23, 2024. Loan proceeds are to be used to finance energy efficient upgrades. The loan is subject to U.S. Department of Agriculture's (USDA) written commitment to the bank to guaranty no less than 90% of the loan to AWPIAA. $ 11,301,193

The loan is secured by a Security Agreement and UCC-1 Financing Statement which identify sums in the Subordinate Securities Fund and Capital Improvement Fund as collateral for the loan. Both funds are allocated revenues pursuant to Section 5.02 of the 2013 General Revenue Bond indenture. Obligations of AWPIAA payable from the aforementioned funds are subordinate to the pledge and lien of airport revenues to secure payment of AWPIAA's bonds. The $11,900,000 is subject to USDA's Loan Note Guarantee, which was executed by USDA on March 10, 2014.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 942,000	$ 625,500	$ 1,567,500
2016	998,000	569,500	1,567,500
2017	1,057,000	510,500	1,567,500
2018	1,119,000	448,500	1,567,500
2019	1,185,000	382,500	1,567,500
2020 - 2024	6,000,193	792,307	6,792,500
	$ 11,301,193	$ 3,328,807	$ 14,630,000

Guam Memorial Hospital Authority (GMHA):

Note payable to a local bank in the amount of $25,000,000, dated January 17, 2014, variable interest at 2% over bank's reference rate subject to a minimum rate of 5.25% per annum and a maximum rate of 8% per annum for first 18 months and variable interest at 2.25% over bank's reference rate subject to a minimum rate of 5.5% per annum and a maximum rate of 8% per annum for the remaining term, due in monthly installments of principal and interest of $268,240 commencing February 2014 through January 2024. $ 23,622,934

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Memorial Hospital Authority (GMHA), Continued:

Loan proceeds were used to repay a $12 million loan and for other purposes permitted by law. The loan is collateralized by a pledge of GMHA revenues and guaranteed by GovGuam and the full faith and credit of GovGuam.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 2,027,203	$ 1,191,674	$ 3,218,877
2016	2,133,170	1,085,707	3,218,877
2017	2,250,956	967,921	3,218,877
2018	2,372,016	846,861	3,218,877
2019	2,499,587	719,290	3,218,877
2020 - 2024	12,340,002	1,608,467	13,948,469
	$ 23,622,934	$ 6,419,920	$ 30,042,854

Guam Waterworks Authority (GWA):

Note payable to a local bank in the amount of $25,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of $300,027 through June 15, 2015; refinanced principal balance of $14,856,080, interest at 5.25% per annum, due in monthly installments of principal and interest of $285,000 through June 15, 2020.	$ 16,637,110
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.	874,453
	$ 17,511,563

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

Year ending September 30,	Principal	Interest	Total
2015	$ 3,308,220	$ 231,087	$ 3,539,307
2016	2,737,921	682,079	3,420,000
2017	2,887,103	532,897	3,420,000
2018	3,042,376	377,624	3,420,000
2019	3,206,001	213,999	3,420,000
2020	2,329,942	48,018	2,377,960
	$ 17,511,563	$ 2,085,704	$ 19,597,267

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Port Authority of Guam (PAG):

Note payable to a bank in the amount of $3,500,000, dated October 22, 2010, variable interest at 3% above the Federal Home Loan Bank of Seattle's 15-Year amortizing fixed advanced rate at the time of funding (6.18% per annum at September 30, 2014), due in monthly installments of principal and interest of $30,049 through October 2025. Loan proceeds were used to reimburse PAG for the acquisition of four top lifters and ten terminal yard contractors. The loan is secured by the abovementioned equipment.	$ 2,860,900
Note payable to a local bank in the amount of $12,000,000, dated December 20, 2012, variable interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-Year amortizing fixed advanced rate at the time of funding (5.94% per annum at September 30, 2014), due in monthly installments of principal and interest of $101,427 through December 2027. Loan proceeds were used to purchase used gantry cranes.	11,086,924
	$ 13,947,824

In April 2014, PAG obtained a $10,000,000 loan from a bank, payable in ten years, for the purpose of funding the cost of service life extension repairs to the berths or wharves and for either or both of (a) funding the cost of software acquisition for the purpose of upgrading the financial management system, (b) funding the cost of acquisition of a container handling top-lifter. The funding for service life extension repairs shall have the priority. The term loan bears interest at 2.55% above the Federal Home Loan Bank of Seattle Long Term 5-year amortizing fixed rate in effect from time to time or 3.75% whichever is greater. The interest rate shall be adjusted on the fifth anniversary. PAG has not drawn funds against the loan as of September 30, 2014.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 749,228	$ 828,479	$ 1,577,707
2016	796,174	781,533	1,577,707
2017	848,188	729,519	1,577,707
2018	901,248	676,459	1,577,707
2019	957,628	620,079	1,577,707
2020 - 2024	5,762,535	2,125,998	7,888,533
2025 - 2028	3,932,823	386,171	4,318,994
	$ 13,947,824	$ 6,148,238	$ 20,096,062

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, 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 (BPA) Building. The loan is secured by equipment, furniture and fixtures located at the BPA Building. $ 12,041,670

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

Year ending September 30,	Principal	Interest	Total
2015	$ 210,817	$ 539,243	$ 750,060
2016	220,501	529,559	750,060
2017	230,631	519,429	750,060
2018	241,226	508,834	750,060
2019	252,308	497,752	750,060
2020 - 2024	1,446,430	2,303,870	3,750,300
2025 - 2029	1,810,635	1,939,665	3,750,300
2030 - 2034	2,266,546	1,483,754	3,750,300
2035 - 2039	2,837,252	913,048	3,750,300
2040 - 2043	2,525,323	225,096	2,750,419
	$ 12,041,670	$ 9,460,249	$ 21,501,919

Guam Community College (GCC):

Due to U.S. Department of Agriculture in the original amount of $2,250,000, with interest at 4.125% per annum, payable in monthly installments of $9,698, including interest, through March 10, 2051, collateralized by a pledge of all gross revenues and fixed assets of GCC. $ 2,188,071

Due to U.S. Department of Agriculture in the original amount of $3,500,000, with interest at 3.125% per annum, payable in monthly installments of $12,810, including interest, through March 6, 2053, collateralized by a pledge of all gross revenues. 3,397,973

$ 5,586,044

(15) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Community College (GCC), Continued:

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

Year ending September 30,	Principal	Interest	Total
2015	$ 73,293	$ 196,080	$ 269,373
2016	75,891	193,481	269,372
2017	78,584	190,789	269,373
2018	81,371	187,999	269,370
2019	84,265	185,108	269,373
2020 - 2024	468,494	878,368	1,346,862
2025 - 2029	558,240	788,622	1,346,862
2030 - 2034	712,946	750,292	1,463,238
2035 - 2039	794,014	552,848	1,346,862
2040 - 2044	947,815	399,047	1,346,862
2045 - 2049	1,132,096	214,766	1,346,862
2050 - 2053	579,035	32,936	611,971
	$ 5,586,044	$ 4,570,336	$ 10,156,380

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.	$ 1,209,507

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

Year ending September 30,	Principal	Interest	Total
2015	$ 55,000	$ 71,480	$ 126,480
2016	59,000	67,480	126,480
2017	62,000	64,480	126,480
2018	66,000	60,480	126,480
2019	70,000	56,480	126,480
2020 - 2024	422,000	210,400	632,400
2025 - 2029	474,000	64,751	538,751
2030	1,507	-	1,507
	$ 1,209,507	$ 595,551	$ 1,805,058

(15) Discretely Presented Component Unit Disclosures, Continued

H. Capital Lease Financing

Guam Power Authority (GPA):

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

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

The assets acquired through capital leases are as follows:

Asset:	
Buildings	$ 171,382,727
Less accumulated depreciation	(75,128,910)
	$ 96,253,817

The leases have effective interest rates ranging from 8.6% to 14.2%.

On December 29, 2014, GPA obtained regulatory approval to early terminate one of the energy conversion agreements effective January 2, 2015 for a payment of $8,100,000. The agreement originally expires in September 2017. GPA incurred a $2,800,000 loss due to early termination of the agreement. GPA will deactivate the plant no later than May 2015.

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

Year ending September 30,	Principal	Interest	Total
2015	$ 18,774,245	$ 8,899,699	$ 27,673,944
2016	14,820,776	5,968,708	20,789,484
2017	16,738,299	4,051,185	20,789,484
2018	16,950,423	1,934,418	18,884,841
2019	5,920,447	159,673	6,080,120
	$ 73,204,190	$ 21,013,683	$ 94,217,873

(15) Discretely Presented Component Unit Disclosures, Continued

I. Changes in Long-Term Liabilities

During the year ended September 30, 2014, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net position:

Bonds Payable:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Bonds payable:					
Antonio B. Won Pat International Airport Authority	$ 247,335,000	$ -	$ -	$ 247,335,000	$ 9,845,000
Guam Power Authority	530,560,000	76,470,000	(12,310,000)	594,720,000	13,600,000
Guam Waterworks Authority	207,310,000	258,230,000	(88,485,000)	377,055,000	3,955,000
Guam Housing Corporation	4,565,000	-	(150,000)	4,415,000	160,000
Guam Economic Development Authority	45,058,618	-	(890,000)	44,168,618	2,120,000
	1,034,828,618	334,700,000	(101,835,000)	1,267,693,618	29,680,000
Unamortized amounts:					
Bond premiums:					
Antonio B. Won Pat International Airport Authority	2,891,161	-	(200,190)	2,690,971	-
Guam Power Authority	31,497,387	7,831,290	(2,191,259)	37,137,418	-
Guam Waterworks Authority	2,663,341	5,619,665	(2,663,341)	5,619,665	-
Bond discounts:					
Guam Power Authority	(3,809,646)	-	95,688	(3,713,958)	-
Guam Waterworks Authority	(2,190,245)	(1,507,180)	80,679	(3,616,746)	-
Guam Economic Development Authority	(12,751,627)	-	497,149	(12,254,478)	-
	$ 1,053,128,989	$ 346,643,775	$ (106,216,274)	$ 1,293,556,490	$ 29,680,000

Notes Payable:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Notes payable:					
Antonio B. Won Pat International Airport Authority	$ 10,928,228	$ 971,772	$ (598,807)	$ 11,301,193	$ 942,000
Guam Memorial Hospital Authority	10,753,125	25,000,000	(12,130,191)	23,622,934	2,027,203
Guam Waterworks Authority	20,806,970	-	(3,295,407)	17,511,563	3,308,220
Port Authority of Guam	14,658,984	-	(711,160)	13,947,824	749,228
University of Guam	2,253,463	-	(211,793)	12,041,670	210,817
Guam Community College	5,599,941	60,000	(73,897)	5,586,044	73,293
Guam Housing and Urban Renewal Authority	1,260,729	-	(51,222)	1,209,507	55,000
Guam Housing Corporation (as restated)	1,119,469	-	(1,119,469)	-	-
	$ 77,380,909	$ 26,031,772	$ (18,191,946)	$ 85,220,735	$ 7,365,761

Other Long-term Liabilities:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Compensated absences	$ 14,024,560	$ 9,261,245	$ (8,980,096)	$ 14,305,709	$ 8,037,386
Capital lease obligations	86,268,238	-	(13,064,048)	73,204,190	18,774,245
DCRS sick leave	12,656,959	3,846,777	(2,681,394)	13,822,342	-
Other noncurrent liabilities	3,780,349	127,537	(95,455)	3,812,431	-
	$116,730,106	$ 14,634,241	$ (24,273,700)	$ 116,730,106	$ 26,811,631

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies

Guam Economic Development Authority (GEDA) Tobacco Settlement Reserve Fund

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

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

Performance Management Contracts (PMCs)

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

Lease Obligations as Lessor

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

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued

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

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

Year Ending September 30,	
2015	$ 15,400,000
2016	15,400,000
2017	15,400,000
2018	15,400,000
2019	15,400,000
Thereafter	59,033,333
	$ 136,033,333

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

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued

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

Year Ending September 30,	
2015	$ 7,022,000
2016	6,288,000
2017	5,937,000
2018	1,359,000
2019	1,359,000
Thereafter	7,814,000
	$ 31,076,000

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:

Year Ending September 30,	
2015	$ 1,182,416
2016	1,182,416
2017	1,182,416
2018	1,182,416
2019	1,182,416
Thereafter	3,329,994
	$ 10,424,490

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

Lease Obligations as Lessee

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

On September 1, 2013, GPA renewed a lease agreement for fuel storage tanks with fixed annual fees escalating 4% every year until August 2018.

(15) Discretely Presented Component Unit Disclosures, Continued

J. 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:

Year Ending September 30,	
2015	$ 1,711,485
2016	1,594,682
2017	1,656,018
2018	1,576,545
2019	61,261
2019 - 2023	188,888
	$ 6,788,879

Renewable Energy Contracts

Guam Power Authority (GPA) has entered into three agreements to purchase 20 Megawatts (MW) of solar renewable energy, 5.65 MW of solar renewable energy, and 9.35 MW of wind renewable energy. The planned commercial operation dates are September 2015 for the solar renewable energy and March 2016 for the wind renewable energy. The agreements include escalating contract prices per MW hour until 2041 with a minimum renewable energy purchase commitment of 1.7 million MW hour.

At September 30, 2014, the minimum future renewable energy purchases are as follows:

Year Ending September 30,	
2015	$ -
2016	13,482,113
2017	15,402,557
2018	15,502,492
2019	15,552,844
2019 - 2023	78,924,453
2024 - 2028	80,909,874
2029 - 2033	78,169,713
2034 - 2038	53,155,542
2039	9,262,031
	$ 360,361,619

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Fuel Purchase and Bulk Storage Facility Contracts

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

In August 2013, the Guam Power Authority (GPA) entered into a fuel purchase contract agreement to purchase residual fuel oil and low sulfur fuel oil from a fuel supplier. The agreement is for two years with an option to extend for three additional one year terms, renewable annually. In February 2012, GPA renewed two contracts with a fuel supplier to purchase diesel fuel oil through November 30, 2014. On January 1, 2015, GPA entered into diesel fuel supply contracts with two fuel suppliers. The agreements are for three years ending December 31, 2017 with an option to extend for two additional one-year terms, renewable annually.

U.S. Environmental Protection Agency (EPA)

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

Environmental Monitoring

In September 2000, the U.S. Navy (the Navy) transferred 1,417 acres of property to the Antonio B. Won Pat International Airport Authority (AWPIAA) and GovGuam at no cost. In November 2000, the Navy paid AWPIAA $10,000,000. In exchange for the payment, AWPIAA and GovGuam agreed to complete certain environmental monitoring work on the property even if the cost of the environmental monitoring work exceeds the $10,000,000 remitted by the Navy. AWPIAA management has received the final draft of the Decision Document for Operable Unit 3 which is the groundwater under the former Naval Air Station. AWPIAA's responsibilities under the draft Decision Document are limited to sampling and testing as currently performed. The new task is for AWPIAA to conduct a 5 year review to ensure the remedial action is or will be protective of human health and the environment. This new task may reduce the ongoing sampling and testing requirements or completely eliminate them. Moreover, the granular activated carbon (GAC) treatment provided under AWPIAA's new water system satisfies the GAC treatment component of future wells meeting the selected remedy. No further obligation of AWPIAA is required under the draft Decision Document.

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Environmental Monitoring, Continued

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, 2014, AWPIAA estimated that its pollution remediation obligations amounted to $800,929.

Stipulated Order

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

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

In 2006, the Stipulated Order was amended which required GWA to perform approximately $220 million worth of capital improvement projects and perform other actions to bring GWA's system into compliance. However, GWA was unable to meet all deadlines set out in the amended Stipulated Order. The District Court ordered the parties to stipulate as to scope of remaining projects and project completion dates; however, the parties were unable to reach an agreement on all items. As a result, on November 10, 2011, the District Court issued an order setting new deadlines for the unfinished projects and establishing new projects that were not part of the amended Stipulated Order. As of September 30, 2014, the financial impact of the order has not been fully determined and has been estimated to cost approximately $450 million to $500 million, including financing costs.

Primary Treatment Permits

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

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Construction Contracts

Antonio B. Won Pat International Airport Authority has commitments of approximately $15,100,000 under several construction contracts as of September 30, 2014 and approximately $10,000,000 under other various contracts as of September 30, 2014.

Guam Waterworks Authority has commitments of $21,082,176 under several capital projects as of September 30, 2014.

Guam Housing and Urban Renewal Authority has commitments of $2,768,138 under several development stage contracts as of September 30, 2014.

Loans

Guam Housing Corporation has $2,012,614 in loan commitments as of September 30, 2014.

Port Modernization Plan

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

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

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

(15) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Port Modernization Plan, Continued

The appropriation from USDOD is sourced from the 2010 U.S. Supplemental Appropriations Act that was signed into law in August 2010. The appropriation was transferred to the Fund on September 22, 2010 and will be administered and disbursed by MARAD based on the terms of the MOU; however, with the approval and authorization of PAG. PAG intends to first utilize this appropriation before drawing down on the $25,000,000 USDA appropriations. The appropriations from USDA were awarded on October 22, 2010. On the same date, PAG received $3,500,000 of the guaranteed term loan with a bank. The remaining $1,000,000 guaranteed term loan is unused as of September 30, 2014. PAG anticipates that it will not utilize the unused portion of the loan.

In 2012, PAG utilized $12,000,000 of the Community Facilities Guaranteed loan with a bank for acquisition of the cranes.

In November 2013, the Plan was updated to provide a comprehensive view of PAG's current condition, identify elements of continuous improvement and sustainability, and scale down the components of Phase I-A of the Plan. Changes to the Plan were signed into law through Public Law 32-155 on May 21, 2014.

At September 30, 2014, PAG has $11,400,000 recorded in construction work-in-progress for the Plan. Realization of these assets is dependent on future events, including continuation of the Plan as currently envisioned. In 2014, $1,700,000 of the capitalized project costs were written-off to expense as PAG believes the assets are not realizable and due to downscaling of the original Plan.

PAG segregated the construction funded by the $50,000,000 USDOD appropriation into three phases. As of September 30, 2014, Phase 2 of the construction is completed; however, it is not recorded as timely cost information was not received from MARAD.

(16) Net Pension Liability Required by GASB 67

The net pension liability (i.e., the Government of Guam Retirement Fund's liability determined in accordance with GASB No. 67 less the fiduciary net position) as of September 30, 2014 is as shown below.

Total pension liability	$ 2,871,562,108
Fiduciary net position	1,625,255,354
Net pension liability	$ 1,246,306,754
Fiduciary net position as a % of the total pension liability	56.60%
Covered payroll (DB and DC)	$ 504,943,471
Net pension liability as a % of covered payroll	246.82%
Discount rate	7.00%

(16) Net Pension Liability Required by GASB 67, Continued

The actuarial valuation of the Fund involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Employers' Net Pension Liability presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in .the Required Supplementary Information section. The Total Pension Liability as of September 30, 2014, is based on the results of an actuarial valuation date of September 30, 2013.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below and are based on the assumption that the Fund will continue in operation. If the Fund were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Actuarial Cost Method	Entry age normal
Valuation of Assets	3-year phase in of gains/losses relative to interest rate assumption.
Investment Income	7% per year
Salary Increase:	Graduated based on service with the Government ranging from 4.5% for service in excess of 20 years to 7.5% for service from zero to five years
Total Payroll Growth	3.0%
Expenses:	$6,788,000 per year, net of bad debts and recoveries
Mortality:	RP 2000 Healthy table set forward 4 years for males and set forward 1year for females
Disability:	1974-78 SOA LID Non-Jumbo, with rates reduced by 50%
Retirement Age:	40% probability of retirement at earliest age of eligibility for unreduced retirement benefits; 15% per year thereafter until age 65, 20% per year thereafter until age 70, 100% at age 70
Return of Contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Amortization Method:	Constant percentage of total payroll, which is assumed to grow at 3.0% per year.
Amortization Period:	In accordance with 4GCA§8137, complete funding is to be achieved by April 30, 2031. At September 30, 2013 the remaining period is 17.58 years.

(16) Net Pension Liability Required by GASB 67, Continued

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities (Large Cap)	30.00%	5.56%
U.S. Equities (Small Cap)	10.00%	7.33%
Non-U.S. Equities	14.25%	5.70%
Non-U.S. Equities (Emerging Markets)	5.75%	8.55%
U.S. Fixed Income (Aggregate)	30.00%	2.09%
Real Estate (REITs)	10.00%	5.58%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.0%) or 1.00% higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	$1,597,346,382	$1,246,306,754	$981,225,647

GOVERNMENT OF GUAM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual (Unaudited)
General Fund
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget -
	Original	Final	(See Note 1)	Positive (Negative)
Revenues:				
Taxes:				
Income	$ 292,125,244	$ 294,865,244	$ 296,185,527	$ 1,320,283
Gross receipts	232,826,385	232,826,385	238,249,400	5,423,015
Income - COLA	-	-	1,097	1,097
Excise	2,632,132	2,632,132	3,462,817	830,685
Section 30 Federal income tax collections	63,287,000	78,287,000	87,998,215	9,711,215
Immigration fees	1,849,872	1,849,872	1,615,405	(234,467)
Indirect cost reimbursement	-	-	349,818	349,818
Contributions from component units	1,145,399	1,205,399	-	(1,205,399)
Other	8,151,356	8,151,356	12,910,423	4,759,067
Total revenues	602,017,388	619,817,388	640,772,702	20,955,314
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan	7,474,103	7,373,911	7,429,043	(55,132)
Office of I Segundu Na Maga'lahen Guahan	23,031	885,342	881,423	3,919
Bureau of Budget and Management Research	941,499	982,692	1,056,748	(74,056)
Civil Service Commission	839,452	851,522	840,913	10,609
Department of Administration	23,624,402	22,770,871	22,813,212	(42,341)
Guam Election Commission	958,507	1,410,786	1,336,080	74,706
Department of Revenue and Taxation	9,407,152	15,051,642	14,850,767	200,875
Bureau of Statistics and Plans	1,134,329	1,199,133	1,032,722	166,411
Department of Public Works	11,464,122	12,028,349	10,108,696	1,919,653
Office of the Attorney General	12,160,026	11,051,641	10,296,170	755,471
Guam Police Department	28,208,031	28,541,258	31,092,839	(2,551,581)
Department of Corrections	20,104,300	20,063,435	21,322,543	(1,259,108)
Department of Agriculture	2,593,705	3,155,241	2,836,341	318,900
Department of Public Health and Social Services	38,634,668	11,320,889	8,502,492	2,818,397
Department of Education	192,588,148	196,445,012	206,505,855	(10,060,843)
Department of Youth Affairs	4,874,605	5,029,018	5,185,860	(156,842)
Department of Mental Health and Substance Abuse	13,386,585	13,879,904	12,884,638	995,266
Department of Labor	920,507	964,878	1,019,602	(54,724)
Department of Parks and Recreation	2,941,015	3,017,428	3,066,807	(49,379)
Department of Integrated Services for Individuals with Disabilities	1,121,521	548,745	515,825	32,920
Mayors' Council of Guam	9,656,514	9,153,044	9,560,842	(407,798)
Department of Land Management	362,825	534,125	363,538	170,587
Chief Medical Examiner	414,439	414,439	406,176	8,263
Department of Chamorro Affairs	3,077,426	2,832,970	2,724,751	108,219
Department of Military Affairs	682,842	187,622	121,302	66,320
Guam Fire Department	27,677,056	27,723,833	33,102,583	(5,378,750)
Payments to Component Units	48,162,761	63,548,697	60,598,461	2,950,236
GovGuam Retirement Fund appropriations	2,708,400	2,708,400	2,708,400	-
Miscellaneous appropriations	19,881,376	28,579,013	62,438,211	(33,859,198)
Interest and other charges	-	-	3,396,926	(3,396,926)
Debt service	50,009,754	64,580,279	64,584,798	(4,519)
Total expenditures	536,033,101	556,834,119	603,584,564	(46,750,445)
Excess of revenues over expenditures	65,984,287	62,983,269	37,188,138	(25,795,131)
Other financing sources (uses):				
Transfers in from other funds	18,677,150	27,572,964	41,742,837	14,169,873
Transfers out to other funds	(77,656,703)	(124,994,208)	(125,624,888)	(630,680)
Total other financing sources (uses), net	(58,979,553)	(97,421,244)	(83,882,051)	13,539,193
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	3,913,248	3,913,248	4,545,031	631,783
Net change in fund balance	$ 10,917,982	$ (30,524,727)	$ (42,148,882)	$ (11,624,155)

See accompanying notes to required supplementary information - budgetary reporting.

See Accompanying Independent Auditors' Report.

(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.

(1) Budgetary Process, Continued

The Budget Act for fiscal year 2014, Public Law No. 32-068, was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds and Capital Projects Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds and Capital Projects Funds is not required or presented. The accompanying Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund presents solely the financial activities of the General Fund administered by the Department of Administration, and does not include the financial activities of the General Fund administered by the Guam Department of Education or the impact of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

(2) Reconciliation of Budgetary Schedule

Net change in fund balance (deficit) - budgetary basis	$ (42,148,882)
Net change in fund balance (deficit) of GASB 54 Funds included within the General Fund	(19,793,080)
Net change in fund balance (deficit) - General Fund	$ (61,941,962)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	$ -	$ 1,635,223,000	$ 1,635,223,000	0.0%	$ 199,982,594	817.7%
October 1, 2009	$ -	$ 1,852,558,000	$ 1,852,558,000	0.0%	$ 209,819,224	882.9%
October 1, 2011	$ -	$ 2,088,331,000	$ 2,088,331,000	0.0%	$ 323,997,305	644.6%

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

Primary Government:	
GovGuam Line Agencies	$ 359,547,000
GovGuam Retirement Fund	5,638,000
Guam Legislature	3,370,000
Guam Department of Education	382,476,000
Public Defender Service Corporation	4,988,000
Unified Courts of Guam	37,155,000
Guam Retirement Fund Retirees	875,878,000
Defined Contribution Retirees	84,688,000
Total Primary Government	1,753,740,000
Component Units:	
Antonio B. Won Pat International Airport Authority	19,876,000
Guam Community College	19,794,000
Guam Economic Development Authority	1,877,000
Guam Housing Corporation	3,190,000
Guam Housing and Urban Renewal Authority	6,167,000
Guam Memorial Hospital Authority	79,012,000
Guam Power Authority	58,314,000
Guam Visitors Bureau	4,371,000
Guam Waterworks Authority	38,357,000
Port Authority of Guam	37,028,000
University of Guam	66,605,000
Total Component Units	334,591,000
Total Actuarial Accrued Liability	$ 2,088,331,000

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

OTHER SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT OF GUAM

General Fund
September 30, 2014

The General Fund is the most significant of GovGuam's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund. The General Fund is divided into several accounts. A brief discussion of the accounts that comprise GovGuam's General Fund as of September 30, 2014, follows.

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2014

AS/400 Fund Number	100		618	309	628	319	255/643	214	106	638
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
ASSETS										
Cash and cash equivalents	$ (21,012,631)	$ (932,262)	$ 5,011	$ -	$ -	$ -	$ -	$ -	$ 1,926	$ 36,747
Investments	1,207,839	-	-	-	-	-	-	-	-	-
Receivables, net:										
Taxes	49,834,048	-	-	-	-	-	-	-	-	-
Federal agencies	7,913,997	-	-	-	-	-	-	-	-	-
Other	5,532,029	465,830	-	90,169	-	-	-	-	-	-
Due from other funds	118,828,783	-	281,890	-	1,106,788	-	1,500,000	2,455,231	-	441,989
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepayments	2,900,000	166,012	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-
Restricted assets:										
Cash and cash equivalents	-	2,163,113	-	-	-	-	1,478,956	-	-	-
Investments	25,473,644	2,097,617	-	-	-	-	-	-	-	-
Total assets	$ 190,677,709	$ 3,960,310	$ 286,901	$ 90,169	$ 1,106,788	$ -	$ 2,978,956	$ 2,455,231	$ 1,926	$ 478,736
LIABILITIES AND FUND BALANCE (DEFICIT)										
Accounts payable	$ 61,470,178	$ 8,020,682	$ 281,890	$ -	$ 637,650	$ -	$ 525,279	$ -	$ -	$ -
Accrued payroll and other	4,525,220	9,379,589	-	-	-	-	20,035	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-
Due to other funds	33,953,074	771,967	-	-	-	89,038	2,092,506	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-
Unearned revenue	71,446,424	-	-	-	-	-	-	-	-	-
Provision for tax refunds	94,155,134	-	-	-	-	-	-	-	-	-
COLA liability	4,710,404	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	8,184,237	-	-	-	-	-	-	-	748	-
Total liabilities	278,444,671	18,172,238	281,890	-	637,650	89,038	2,637,820	-	748	-
Fund balance (deficit):										
Non-spendable	1,000,000	-	-	-	-	-	-	-	-	-
Restricted	25,473,644	4,260,730	-	-	-	-	1,478,956	-	-	-
Committed	-	-	5,011	90,169	469,138	-	-	2,455,231	1,178	478,736
Unassigned	(114,240,606)	(18,472,658)	-	-	-	(89,038)	(1,137,820)	-	-	-
Total fund balance (deficit)	(87,766,962)	(14,211,928)	5,011	90,169	469,138	(89,038)	341,136	2,455,231	1,178	478,736
Total liabilities and fund balance (deficit)	$ 190,677,709	$ 3,960,310	$ 286,901	$ 90,169	$ 1,106,788	$ -	$ 2,978,956	$ 2,455,231	$ 1,926	$ 478,736

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2014

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
ASSETS											
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 1,407	$ -	$ -	$ -	$ -	$ 1,425,079
Investments	230,343	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-	-	-
Other	28,738	19,661	-	-	-	-	605,657	301,979	-	-	-
Due from other funds	-	54,645	6,267	-	-	-	194,129	1,870	38,581	5,711,247	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	2,198,571	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 259,081	$ 74,306	$ 6,267	$ 2,198,571	$ -	$ 1,407	$ 799,786	$ 303,849	$ 38,581	$ 5,711,247	$ 1,425,079
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	$ 288	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	8,107	-	-	611,659	-	1,397	-	-	-	-	1,145,084
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	5,192,264	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	8,894	-	-	-
Total liabilities	8,395	-	-	611,659	-	1,397	-	8,894	-	5,192,264	1,145,084
Fund balance (deficit):											
Non-spendable	-	-	-	2,198,571	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	250,686	74,306	6,267	-	-	10	799,786	294,955	38,581	518,983	279,995
Unassigned	-	-	-	(611,659)	-	-	-	-	-	-	-
Total fund balance (deficit)	250,686	74,306	6,267	1,586,912	-	10	799,786	294,955	38,581	518,983	279,995
Total liabilities and fund balance (deficit)	$ 259,081	$ 74,306	$ 6,267	$ 2,198,571	$ -	$ 1,407	$ 799,786	$ 303,849	$ 38,581	$ 5,711,247	$ 1,425,079

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2014

AS/400 Fund Number		293	329		225	504		314	103	607	645
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
ASSETS											
Cash and cash equivalents	$ 2,921,604	$ -	$ -	$ 432,826	$ -	$ -	$ 1,491,852	$ 7,309	$ 17,982	$ -	$ 4,788
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	38,700	-	-	-	-	-	-	-
Other	1,402	-	-	-	-	-	155,712	19,515	-	-	-
Due from other funds	-	2,535,942	296	-	-	-	-	47,398	-	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	165,412	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 2,923,006	$ 2,535,942	$ 296	$ 471,526	$ -	$ -	$ 1,647,564	$ 239,634	$ 17,982	$ -	$ 4,788
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	$ 40,960	$ 2,517,689	$ -	$ 15,040	$ -	$ -	$ 11,364	$ -	$ 188	$ -	$ -
Accrued payroll and other	163,986	-	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	4,808	3,548	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	13,213	-	-	-	10,909	-	-	-	-
Total liabilities	204,946	2,517,689	13,213	15,040	4,808	3,548	22,273	-	188	-	-
Fund balance (deficit):											
Non-spendable	-	-	-	-	-	-	-	165,412	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	2,718,060	18,253	-	456,486	-	-	1,625,291	74,222	17,794	-	4,788
Unassigned	-	-	(12,917)	-	(4,808)	(3,548)	-	-	-	-	-
Total fund balance (deficit)	2,718,060	18,253	(12,917)	456,486	(4,808)	(3,548)	1,625,291	239,634	17,794	-	4,788
Total liabilities and fund balance (deficit)	$ 2,923,006	$ 2,535,942	$ 296	$ 471,526	$ -	$ -	$ 1,647,564	$ 239,634	$ 17,982	$ -	$ 4,788

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2014

AS/400 Fund Number	501		355	357	359	361	362	363			
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
ASSETS											
Cash and cash equivalents	$ -	$ 1,103,432	$ 62,630,476	$ -	$ -	$ -	$ -	$ -	$ 48,135,546	$ -	$ 48,135,546
Investments	-	-	-	-	-	-	-	-	1,438,182	-	1,438,182
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	49,834,048	-	49,834,048
Federal agencies	-	352,414	-	-	-	-	-	-	8,305,111	-	8,305,111
Other	-	-	-	-	-	-	-	-	7,220,692	-	7,220,692
Due from other funds	-	1,991,026	-	3,176,478	630,656	-	-	-	139,003,216	(103,215,946)	35,787,270
Due from private purpose trust funds	-	2,514,978	-	-	-	-	-	-	2,514,978	-	2,514,978
Inventories	-	-	-	-	-	-	-	-	2,363,983	-	2,363,983
Prepayments	-	-	-	-	-	-	-	-	3,066,012	-	3,066,012
Deposits and other assets	-	437,235	-	-	-	-	-	-	437,235	-	437,235
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	15,728,119	19,370,188	-	19,370,188
Investments	-	-	-	-	-	5,946,816	-	17,490,391	51,008,468	-	51,008,468
Total assets	$ -	$ 6,399,085	$ 62,630,476	$ 3,176,478	$ 630,656	$ 5,946,816	$ -	$ 33,218,510	$ 332,697,659	$ (103,215,946)	$ 229,481,713
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	$ -	$ 252,385	$ 2,000	$ -	$ -	$ -	$ -	$ -	$ 73,775,593	$ -	$ 73,775,593
Accrued payroll and other	-	968,494	-	-	-	-	-	-	15,057,324	-	15,057,324
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	770	-	60,409,061	-	-	4,503,492	320,023	15,843,046	119,757,580	(103,215,946)	16,541,634
Due to private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	71,446,424	-	71,446,424
Provision for tax refunds	-	-	-	-	-	-	-	-	99,347,398	-	99,347,398
COLA liability	-	-	-	-	-	-	-	-	4,710,404	-	4,710,404
Deposits and other liabilities	-	-	-	-	-	-	-	-	8,218,001	-	8,218,001
Total liabilities	770	1,220,879	60,411,061	-	-	4,503,492	320,023	15,843,046	392,312,724	(103,215,946)	289,096,778
Fund balance (deficit):											
Non-spendable	-	-	-	-	-	-	-	-	3,363,983	-	3,363,983
Restricted	-	-	-	-	-	1,443,324	-	17,375,464	50,032,118	-	50,032,118
Committed	-	5,178,206	-	-	-	-	-	-	15,856,132	-	15,856,132
Unassigned	(770)	-	2,219,415	3,176,478	630,656	-	(320,023)	-	(128,867,298)	-	(128,867,298)
Total fund balance (deficit)	(770)	5,178,206	2,219,415	3,176,478	630,656	1,443,324	(320,023)	17,375,464	(59,615,065)	-	(59,615,065)
Total liabilities and fund balance (deficit)	$ -	$ 6,399,085	$ 62,630,476	$ 3,176,478	$ 630,656	$ 5,946,816	$ -	$ 33,218,510	$ 332,697,659	$ (103,215,946)	$ 229,481,713

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	100		618	309	628	319	255/643	214	106	638
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	$ 296,185,527	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	238,249,400	-	-	-	-	-	-	-	-	-
Income - COLA	1,097	-	-	-	-	-	-	-	-	-
Excise	3,462,817	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	87,998,215	-	-	-	-	-	-	-	-	-
Intergovernmental	-	556,232	-	-	-	-	-	-	-	-
Licenses and permits	5,020,412	-	-	-	17,441	-	-	-	-	121,830
Charges for services	1,615,405	897,039	-	-	-	-	-	1,772,893	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	368,188	-	6	-	-	-	11,101	-	2	167
Indirect cost reimbursement	349,818	-	-	-	-	-	-	-	-	-
Other	7,521,823	-	-	-	-	-	-	-	-	-
Total revenues	640,772,702	1,453,271	6	-	17,441	-	11,101	1,772,893	2	121,997
Expenditures by Function:										
Current:										
General government	93,177,730	-	-	-	1,546,082	-	-	-	-	-
Protection of life and property	100,415,552	-	-	-	-	-	-	924,530	-	-
Public health	17,320,936	-	-	-	-	-	1,783,093	-	-	14,437
Community services	3,435,189	-	-	-	-	-	-	-	-	-
Recreation	3,048,828	-	-	-	-	-	-	-	-	-
Individual and collective rights	14,663,970	-	-	-	-	-	-	-	-	-
Public education	6,165,710	239,546,623	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Economic development	3,829,949	-	-	-	-	-	-	-	-	-
Payments to:										
GovGuam Retirement Fund	2,708,400	-	-	-	-	-	-	-	-	-
Guam Community College	15,162,634	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	13,741,835	-	-	-	-	-	-	-	-	-
University of Guam	31,693,992	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	23,118,485	-	-	-	-	-	-	-	-	-
Capital projects	-	78,024,200	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	5,105,000	1,685,399	-	-	-	-	-	-	-	-
Interest and fiscal charges	35,932,767	10,546,699	-	-	-	-	-	-	-	-
Total expenditures	369,520,977	329,802,921	-	-	1,546,082	-	1,783,093	924,530	-	14,437
Excess (deficiency) of revenues over (under) expenditures	271,251,725	(328,349,650)	6	-	(1,528,641)	-	(1,771,992)	848,363	2	107,560
Other financing sources (uses):										
Capital leases	-	78,024,200	-	-	-	-	-	-	-	-
Transfers in from other funds	41,742,837	224,409,724	203,465,086	-	1,530,397	-	-	-	-	-
Transfers out to other funds	(355,143,444)	-	(203,465,086)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(313,400,607)	302,433,924	-	-	1,530,397	-	-	-	-	-
Net change in fund balances (deficit)	(42,148,882)	(25,915,726)	6	-	1,756	-	(1,771,992)	848,363	2	107,560
Fund balances (deficit) at beginning of year	(45,618,080)	11,703,798	5,005	90,169	467,382	(89,038)	2,113,128	1,606,868	1,176	371,176
Fund balances (deficit) at end of year	$ (87,766,962)	$ (14,211,928)	$ 5,011	$ 90,169	$ 469,138	$ (89,038)	$ 341,136	$ 2,455,231	$ 1,178	$ 478,736

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	65,755	601	322,502	-	-	-	-	41,925	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	17	-	-	-	-	2	-	-	-	2	4,820
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	17	65,755	601	322,502	-	2	-	-	41,925	2	4,820
Expenditures by Function:											
Current:											
General government	1,154	82,874	19,002	-	100,000	-	-	-	41,097	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	109,799	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	9,313,055	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	110,953	82,874	19,002	-	100,000	9,313,055	-	-	41,097	-	-
Excess (deficiency) of revenues over (under) expenditures	(110,936)	(17,119)	(18,401)	322,502	(100,000)	(9,313,053)	-	-	828	2	4,820
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	100,000	9,313,055	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	100,000	9,313,055	-	-	-	-	-
Net change in fund balances (deficit)	(110,936)	(17,119)	(18,401)	322,502	-	2	-	-	828	2	4,820
Fund balances (deficit) at beginning of year	361,622	91,425	24,668	1,264,410	-	8	799,786	294,955	37,753	518,981	275,175
Fund balances (deficit) at end of year	$ 250,686	$ 74,306	$ 6,267	$ 1,586,912	$ -	$ 10	$ 799,786	$ 294,955	$ 38,581	$ 518,983	$ 279,995

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number		293	329		225	504		314	103	607	645
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	42,343	-	-	33,524	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	3,828	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	3,432	-	-	115	3	1	-	6
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	247,194	-	-	2,802	-	-	-	93,692	-	-	-
Total revenues	247,194	-	-	48,577	-	-	33,639	97,523	1	-	6
Expenditures by Function:											
Current:											
General government	7,527,455	-	1,100,000	1,238,294	-	-	4,556,711	161,216	750	10,935,000	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	9,527,491	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	7,527,455	9,527,491	1,100,000	1,238,294	-	-	4,556,711	161,216	750	10,935,000	-
Excess (deficiency) of revenues over (under) expenditures	(7,280,261)	(9,527,491)	(1,100,000)	(1,189,717)	-	-	(4,523,072)	(63,693)	(749)	(10,935,000)	6
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	8,218,498	9,545,744	1,100,000	1,176,832	-	-	4,684,484	-	-	10,935,000	2,357,855
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	8,218,498	9,545,744	1,100,000	1,176,832	-	-	4,684,484	-	-	10,935,000	2,357,855
Net change in fund balances (deficit)	938,237	18,253	-	(12,885)	-	-	161,412	(63,693)	(749)	-	2,357,861
Fund balances (deficit) at beginning of year	1,779,823	-	(12,917)	469,371	(4,808)	(3,548)	1,463,879	303,327	18,543	-	(2,353,073)
Fund balances (deficit) at end of year	$ 2,718,060	$ 18,253	$ (12,917)	$ 456,486	$ (4,808)	$ (3,548)	$ 1,625,291	$ 239,634	$ 17,794	$ -	$ 4,788

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	501		355	357	359	361	362	363			
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 296,185,527	$ -	$ 296,185,527
Gross receipts	-	-	-	-	-	-	-	-	238,249,400	-	238,249,400
Income - COLA	-	-	-	-	-	-	-	-	1,097	-	1,097
Excise	-	-	-	-	-	-	-	-	3,462,817	-	3,462,817
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	87,998,215	-	87,998,215
Intergovernmental	-	1,913,307	-	-	-	-	-	-	2,545,406	-	2,545,406
Licenses and permits	-	-	-	-	-	-	-	-	5,594,294	-	5,594,294
Charges for services	-	-	-	-	-	-	-	-	4,285,337	-	4,285,337
Fines and forfeits	-	515,694	-	-	-	-	-	-	515,694	-	515,694
Interest and investment earnings	-	-	1,044	-	-	639	-	120,828	510,373	-	510,373
Indirect cost reimbursement	-	-	-	-	-	-	-	-	349,818	-	349,818
Other	-	-	-	-	-	-	-	-	7,865,511	-	7,865,511
Total revenues	-	2,429,001	1,044	-	-	639	-	120,828	647,563,489	-	647,563,489
Expenditures by Function:											
Current:											
General government	-	-	-	-	-	-	-	-	120,487,365	-	120,487,365
Protection of life and property	-	-	-	-	-	-	-	-	101,340,082	-	101,340,082
Public health	-	-	-	-	-	-	-	-	19,118,466	-	19,118,466
Community services	-	-	-	-	-	-	-	-	12,962,680	-	12,962,680
Recreation	-	-	-	-	-	-	-	-	3,048,828	-	3,048,828
Individual and collective rights	-	25,603,878	-	-	-	-	-	-	40,267,848	-	40,267,848
Public education	-	-	-	-	-	-	-	-	245,712,333	-	245,712,333
Environmental protection	-	-	-	-	-	-	-	-	109,799	-	109,799
Economic development	-	-	-	-	-	-	-	-	3,829,949	-	3,829,949
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	2,708,400	-	2,708,400
Guam Community College	-	-	-	-	-	-	-	-	15,162,634	-	15,162,634
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	23,054,890	-	23,054,890
University of Guam	-	-	-	-	-	-	-	-	31,693,992	-	31,693,992
Miscellaneous appropriations	-	-	-	-	-	-	-	-	23,118,485	-	23,118,485
Capital projects	-	-	-	-	-	-	-	-	78,024,200	-	78,024,200
Debt service:											
Principal retirement	-	-	-	-	-	-	-	4,825,000	11,615,399	-	11,615,399
Interest and fiscal charges	-	-	-	-	-	7,874,700	-	10,847,331	65,201,497	-	65,201,497
Total expenditures	-	25,603,878	-	-	-	7,874,700	-	15,672,331	797,456,847	-	797,456,847
Excess (deficiency) of revenues over (under) expenditures	-	(23,174,877)	1,044	-	-	(7,874,061)	-	(15,551,503)	(149,893,358)	-	(149,893,358)
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	78,024,200	-	78,024,200
Transfers in from other funds	-	28,204,377	-	-	-	7,874,700	-	15,740,748	570,399,337	(509,741,732)	60,657,605
Transfers out to other funds	-	(1,863,611)	-	-	-	-	-	-	(560,472,141)	509,741,732	(50,730,409)
Total other financing sources (uses), net	-	26,340,766	-	-	-	7,874,700	-	15,740,748	87,951,396	-	87,951,396
Net change in fund balances (deficit)	-	3,165,889	1,044	-	-	639	-	189,245	(61,941,962)	-	(61,941,962)
Fund balances (deficit) at beginning of year	(770)	2,012,317	2,218,371	3,176,478	630,656	1,442,685	(320,023)	17,186,219	2,326,897	-	2,326,897
Fund balances (deficit) at end of year	$ (770)	$ 5,178,206	$ 2,219,415	$ 3,176,478	$ 630,656	$ 1,443,324	$ (320,023)	$ 17,375,464	$ (59,615,065)	$ -	$ (59,615,065)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	100		618	309	628	319	255/643	214	106	638
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	$ 296,185,527	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	238,249,400	-	-	-	-	-	-	-	-	-
Income - COLA	1,097	-	-	-	-	-	-	-	-	-
Excise	3,462,817	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	87,998,215	-	-	-	-	-	-	-	-	-
Intergovernmental	-	556,232	-	-	-	-	-	-	-	-
Licenses and permits	5,020,412	-	-	-	17,441	-	-	-	-	121,830
Charges for services	1,615,405	897,039	-	-	-	-	-	1,772,893	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	368,188	-	6	-	-	-	11,101	-	2	167
Indirect cost reimbursement	349,818	-	-	-	-	-	-	-	-	-
Other	7,521,823	-	-	-	-	-	-	-	-	-
Total revenues	640,772,702	1,453,271	6	-	17,441	-	11,101	1,772,893	2	121,997
Expenditures by Object:										
Salaries and wages - regular	126,689,601	131,049,527	-	-	-	-	892,181	-	-	-
Salaries and wages - overtime	9,420,406	-	-	-	-	-	256	-	-	-
Salaries and wages - fringe benefits	44,943,300	45,150,549	-	-	-	-	339,439	-	-	-
Travel	244,575	500,562	-	-	-	-	-	-	-	-
Contractual services	19,693,564	17,025,672	-	-	1,444,464	-	426,049	924,530	-	12,600
Building rent	4,196,323	3,032,334	-	-	101,618	-	-	-	-	-
Supplies	2,000,660	5,750,980	-	-	-	-	77,765	-	-	1,837
Equipment	148,169	901,856	-	-	-	-	180	-	-	-
Utilities - power and water	6,775,598	16,614,975	-	-	-	-	-	-	-	-
Communications	1,253,640	322,788	-	-	-	-	-	-	-	-
Capital outlays	620,374	18,622,292	-	-	-	-	47,187	-	-	-
Capital lease acquisition	-	78,024,200	-	-	-	-	-	-	-	-
Grants and subsidies	63,306,861	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	11,542,700	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	19,428,759	-	-	-	-	-	-	-	-	-
Principal retirement	13,730,671	1,685,399	-	-	-	-	-	-	-	-
Interest and fiscal charges	38,154,838	10,546,699	-	-	-	-	-	-	-	-
Miscellaneous	7,370,938	575,088	-	-	-	-	36	-	-	-
Total expenditures	369,520,977	329,802,921	-	-	1,546,082	-	1,783,093	924,530	-	14,437
Excess (deficiency) of revenues over (under) expenditures	271,251,725	(328,349,650)	6	-	(1,528,641)	-	(1,771,992)	848,363	2	107,560
Other financing sources (uses):										
Capital leases	-	78,024,200	-	-	-	-	-	-	-	-
Transfers in from other funds	41,742,837	224,409,724	203,465,086	-	1,530,397	-	-	-	-	-
Transfers out to other funds	(355,143,444)	-	(203,465,086)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(313,400,607)	302,433,924	-	-	1,530,397	-	-	-	-	-
Net change in fund balances (deficit)	(42,148,882)	(25,915,726)	6	-	1,756	-	(1,771,992)	848,363	2	107,560
Fund balances (deficit) at beginning of year	(45,618,080)	11,703,798	5,005	90,169	467,382	(89,038)	2,113,128	1,606,868	1,176	371,176
Fund balances (deficit) at end of year	$ (87,766,962)	$ (14,211,928)	$ 5,011	$ 90,169	$ 469,138	$ (89,038)	$ 341,136	$ 2,455,231	$ 1,178	$ 478,736

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	104	299	229	404	239	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	65,755	601	322,502	-	-	-	-	41,925	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	17	-	-	-	-	2	-	-	-	2	4,820
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	17	65,755	601	322,502	-	2	-	-	41,925	2	4,820
Expenditures by Object:											
Salaries and wages - regular	52,469	3,503	1,087	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	19,734	17,485	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	14,320	3,809	430	-	-	-	-	-	-	-	-
Travel	6,224	-	-	-	-	-	-	-	-	-	-
Contractual services	9,240	50,923	-	-	-	-	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-
Supplies	10,828	4,905	-	-	-	-	-	-	4,372	-	-
Equipment	-	-	-	-	-	-	-	-	520	-	-
Utilities - power and water	16,096	-	-	-	-	-	-	-	-	-	-
Communications	622	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Capital lease acquisition	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	9,313,055	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,154	-	-	-	100,000	-	-	-	36,205	-	-
Total expenditures	110,953	82,874	19,002	-	100,000	9,313,055	-	-	41,097	-	-
Excess (deficiency) of revenues over (under) expenditures	(110,936)	(17,119)	(18,401)	322,502	(100,000)	(9,313,053)	-	-	828	2	4,820
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	100,000	9,313,055	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	100,000	9,313,055	-	-	-	-	-
Net change in fund balances (deficit)	(110,936)	(17,119)	(18,401)	322,502	-	2	-	-	828	2	4,820
Fund balances (deficit) at beginning of year	361,622	91,425	24,668	1,264,410	-	8	799,786	294,955	37,753	518,981	275,175
Fund balances (deficit) at end of year	$ 250,686	$ 74,306	$ 6,267	$ 1,586,912	$ -	$ 10	$ 799,786	$ 294,955	$ 38,581	$ 518,983	$ 279,995

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number		293	329		225	504		314	103	607	645
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Income - COLA	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	42,343	-	-	33,524	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	3,828	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	3,432	-	-	115	3	1	-	6
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Other	247,194	-	-	2,802	-	-	-	93,692	-	-	-
Total revenues	247,194	-	-	48,577	-	-	33,639	97,523	1	-	6
Expenditures by Object:											
Salaries and wages - regular	4,970,315	-	-	625,956	-	-	2,924,318	700	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	9,436	-	-	-
Salaries and wages - fringe benefits	1,101,141	-	-	228,878	-	-	1,074,332	250	-	-	-
Travel	39,886	14,428	20,905	18,301	-	-	-	20,071	-	-	-
Contractual services	416,998	-	-	171,391	-	-	102,170	90,994	-	-	-
Building rent	480,840	-	-	107,723	-	-	335,698	-	-	-	-
Supplies	67,154	-	-	4,511	-	-	33,002	24,532	-	-	-
Equipment	41,312	-	-	17,191	-	-	13,368	15,233	-	-	-
Utilities - power and water	287,069	-	-	-	-	-	28,800	-	-	-	-
Communications	-	-	-	2,879	-	-	10,799	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-
Capital lease acquisition	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	10,935,000	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	122,740	9,513,063	1,079,095	61,464	-	-	34,224	-	750	-	-
Total expenditures	7,527,455	9,527,491	1,100,000	1,238,294	-	-	4,556,711	161,216	750	10,935,000	-
Excess (deficiency) of revenues over (under) expenditures	(7,280,261)	(9,527,491)	(1,100,000)	(1,189,717)	-	-	(4,523,072)	(63,693)	(749)	(10,935,000)	6
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	8,218,498	9,545,744	1,100,000	1,176,832	-	-	4,684,484	-	-	10,935,000	2,357,855
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	8,218,498	9,545,744	1,100,000	1,176,832	-	-	4,684,484	-	-	10,935,000	2,357,855
Net change in fund balances (deficit)	938,237	18,253	-	(12,885)	-	-	161,412	(63,693)	(749)	-	2,357,861
Fund balances (deficit) at beginning of year	1,779,823	-	(12,917)	469,371	(4,808)	(3,548)	1,463,879	303,327	18,543	-	(2,353,073)
Fund balances (deficit) at end of year	$ 2,718,060	$ 18,253	$ (12,917)	$ 456,486	$ (4,808)	$ (3,548)	$ 1,625,291	$ 239,634	$ 17,794	$ -	$ 4,788

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2014

AS/400 Fund Number	501		355	357	359	361	362	363			
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 1993 Debt Service	General Obligation Series A 1995 Debt Service	General Obligation Series A 2007 Debt Service	Streetlight Note Payable 2008 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:											
Taxes:											
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 296,185,527	$ -	$ 296,185,527
Gross receipts	-	-	-	-	-	-	-	-	238,249,400	-	238,249,400
Income - COLA	-	-	-	-	-	-	-	-	1,097	-	1,097
Excise	-	-	-	-	-	-	-	-	3,462,817	-	3,462,817
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	87,998,215	-	87,998,215
Intergovernmental	-	1,913,307	-	-	-	-	-	-	2,545,406	-	2,545,406
Licenses and permits	-	-	-	-	-	-	-	-	5,594,294	-	5,594,294
Charges for services	-	-	-	-	-	-	-	-	4,285,337	-	4,285,337
Fines and forfeits	-	515,694	-	-	-	-	-	-	515,694	-	515,694
Interest and investment earnings	-	-	1,044	-	-	639	-	120,828	510,373	-	510,373
Indirect cost reimbursement	-	-	-	-	-	-	-	-	349,818	-	349,818
Other	-	-	-	-	-	-	-	-	7,865,511	-	7,865,511
Total revenues	-	2,429,001	1,044	-	-	639	-	120,828	647,563,489	-	647,563,489
Expenditures by Object:											
Salaries and wages - regular	-	-	-	-	-	-	-	-	267,209,657	-	267,209,657
Salaries and wages - overtime	-	-	-	-	-	-	-	-	9,467,317	-	9,467,317
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-	92,856,448	-	92,856,448
Travel	-	-	-	-	-	-	-	-	864,952	-	864,952
Contractual services	-	-	-	-	-	-	-	-	40,368,595	-	40,368,595
Building rent	-	-	-	-	-	-	-	-	8,254,536	-	8,254,536
Supplies	-	-	-	-	-	-	-	-	7,980,546	-	7,980,546
Equipment	-	-	-	-	-	-	-	-	1,137,829	-	1,137,829
Utilities - power and water	-	-	-	-	-	-	-	-	23,722,538	-	23,722,538
Communications	-	-	-	-	-	-	-	-	1,590,728	-	1,590,728
Capital outlays	-	-	-	-	-	-	-	-	19,289,853	-	19,289,853
Capital lease acquisition	-	-	-	-	-	-	-	-	78,024,200	-	78,024,200
Grants and subsidies	-	-	-	-	-	-	-	-	72,619,916	-	72,619,916
Supplemental annuity benefits	-	-	-	-	-	-	-	-	22,477,700	-	22,477,700
Retiree healthcare benefits	-	-	-	-	-	-	-	-	19,428,759	-	19,428,759
Principal retirement	-	-	-	-	-	-	-	4,825,000	20,241,070	-	20,241,070
Interest and fiscal charges	-	-	-	-	-	7,874,700	-	10,847,331	67,423,568	-	67,423,568
Miscellaneous	-	25,603,878	-	-	-	-	-	-	44,498,635	-	44,498,635
Total expenditures	-	25,603,878	-	-	-	7,874,700	-	15,672,331	797,456,847	-	797,456,847
Excess (deficiency) of revenues over (under) expenditures	-	(23,174,877)	1,044	-	-	(7,874,061)	-	(15,551,503)	(149,893,358)	-	(149,893,358)
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	78,024,200	-	78,024,200
Transfers in from other funds	-	28,204,377	-	-	-	7,874,700	-	15,740,748	570,399,337	(509,741,732)	60,657,605
Transfers out to other funds	-	(1,863,611)	-	-	-	-	-	-	(560,472,141)	509,741,732	(50,730,409)
Total other financing sources (uses), net	-	26,340,766	-	-	-	7,874,700	-	15,740,748	87,951,396	-	87,951,396
Net change in fund balances (deficit)	-	3,165,889	1,044	-	-	639	-	189,245	(61,941,962)	-	(61,941,962)
Fund balances (deficit) at beginning of year	(770)	2,012,317	2,218,371	3,176,478	630,656	1,442,685	(320,023)	17,186,219	2,326,897	-	2,326,897
Fund balances (deficit) at end of year	$ (770)	$ 5,178,206	$ 2,219,415	$ 3,176,478	$ 630,656	$ 1,443,324	$ (320,023)	$ 17,375,464	$ (59,615,065)	$ -	$ (59,615,065)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Revenues:		
Taxes:		
Income	$ 296,185,527	$ 261,848,998
Gross receipts	238,249,400	221,672,983
Income - COLA	1,097	5,653
Excise	3,462,817	2,725,994
Section 30 Federal income tax collections	87,998,215	96,104,113
Intergovernmental	2,545,406	2,388,344
Licenses and permits	5,594,294	5,454,970
Charges for services	4,285,337	4,171,584
Fines and forfeits	515,694	485,471
Interest and investment earnings	510,373	50,812
Indirect cost reimbursement	349,818	189,244
Contributions from component units	-	2,204,682
Other	7,865,511	13,332,562
Total revenues	647,563,489	610,635,410
Expenditures by Department:		
General Government:		
Office of I Maga'lahen Guahan:		
Office of the Governor	3,976,523	3,683,482
Office of the Governor - Guam Liaison Office	212,083	169,434
Government House	730,804	483,123
Bureau of Information Technology	1,733	95,952
Medical Referral Offices	668,166	596,662
Office of Civil Defense	855,113	90,639
Office of Veteran's Affairs	573,425	385,590
	7,017,847	5,504,882
Office of I Segundu Na Maga'lahen Guahan:		
Office of the Lieutenant Governor	869,295	820,172
Bureau of Budget and Management Research:		
Office of the Director	342,826	288,647
Internal Audit Division	713,922	737,948
	1,056,748	1,026,595
Civil Service Commission:		
Office of the Director	364,973	351,747
Board of Commissioners	74,023	61,546
Legal Office	51,153	107,294
Personnel Management	350,305	334,253
	840,454	854,840

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
General Government, continued:		
Department of Administration:		
Office of the Director	4,364,628	4,119,682
Office of the Director - COLA	11,542,700	16,810,901
Office of the Director - Supplemental Annuity	10,935,000	-
Office of the Director - Child Support	861,068	657,404
Office of the Director - Drug Free Workplace	8,190	2,980
Office of the Director - Prior Year Obligations	25,000	2,697,099
Personnel Management	1,742,933	1,535,935
Financial Management	82,874	63,990
Data Processing	1,999,878	1,149,051
General Services Agency	954,766	760,330
Division of Accounts	2,406,880	2,440,364
	34,923,917	30,237,736
Department of Public Works:		
Office of the Director	1,522,786	1,337,279
Capital Improvement Projects	1,156,071	1,126,766
Building Construction and Facilities Maintenance	1,165,235	1,141,496
	3,844,092	3,605,541
Department of Revenue and Taxation:		
Office of the Director	4,060,735	3,712,568
Office of the Director - Vacancies and Overtime	3,162,408	1,854,945
Office of the Director - Vacancies and Tax Attorney	81,606	101,098
Office of the Director - Real Property Assessment Bond	-	15,878
Office of the Director - Transaction Processing System	400,000	-
Office of the Director - Real Property Revaluation	1,400,000	-
Tax Enforcement Division	2,261,970	2,387,782
Real Property Tax Division	726,266	652,463
Taxpayer Services Division	1,607,806	1,658,221
Regulatory Division	1,333,538	1,291,207
Motor Vehicle Division	709,377	600,275
	15,743,706	12,274,437
Department of Land Management:		
Office of the Director	363,538	323,070
Ancestral Land Trust Commission	-	92,185
Office of the Director	363,538	415,255
Legislative Branch:		
Guam Legislature	7,527,455	7,947,211
Public Auditor:		
Office of Public Accountability	1,238,294	1,157,574
Legal Services::		
Public Defender Services Corporation	4,556,711	4,359,470
Total General Government	77,982,057	68,203,713

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
Protection of Life and Property		
Department of Corrections:		
Office of the Director	4,291,476	4,135,729
Office of the Director - Bureau of Prisons	529,621	639,049
Office of the Director - Food Contract	2,527,840	1,517,606
Office of the Director - GMHA	-	646,317
Adult Correctional Facility	10,657,750	10,042,996
Rosario Detention Center	3,006,083	2,785,275
Casework and Counseling Service Division	256,287	251,765
Forensic Division	360,670	194,442
Parole Service Division	528,855	603,315
	22,158,582	20,816,494
Department of Youth Affairs:		
Office of the Director	132,555	124,555
Office of the Director - Nursing and Medication	5,622	8,701
Division of Youth Development	998,939	886,904
Division of Youth Corrections	3,079,737	2,634,019
Division of Vocational Rehabilitation and Support Services	811,904	821,897
	5,028,757	4,476,076
Guam Fire Department:		
Office of the Fire Chief	123,388	106,053
Administrative and Logistical Support	1,226,036	1,415,930
Emergency Medical Service/Rescue Operations Bureau	10,270,977	9,652,379
Fire Suppression Bureau	21,404,160	18,305,465
	33,024,561	29,479,827
Guam Police Department:		
Office of the Chief	3,191,614	3,498,191
Office of the Chief - Police Commander	3,539,622	3,130,974
Office of the Chief - Administration Division	1,811,060	1,666,489
Office of the Chief - Overtime	1,322,501	1,701,526
Office of the Chief - Purchase of New Vehicles	99,694	-
Office of the Chief - Workers' Compensation Disability	10,824	10,926
Office of the Chief - Fuel	463,451	453,257
Criminal Investigation Division	3,314,620	2,997,634
Neighborhood Patrol Division	11,863,050	10,145,060
Support Division	1,545,611	1,788,877
Forensic Science Division	1,838,851	1,463,996
Highway Patrol Division	1,698,265	1,499,903
	30,699,163	28,356,833
Office of the Attorney-General:		
Attorney-General's Office	10,025,403	8,776,644
Chief Medical Examiner:		
Medical Examiner's Office	403,616	404,865
Total Protection of Life and Property	101,340,082	92,310,739

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	8,992,000	7,473,496
Office of the Director - Permanent Injunction	1,783,093	4,287,043
Clinical Services Division	732,514	750,301
Child and Adolescent Services Division	789,417	734,562
Nursing Services Division	1,874,224	2,442,067
	14,171,248	15,687,469
Department of Public Health and Social Services:		
Office of the Director	828,916	582,381
Chief Public Health Office	218,198	198,844
Nutrition Services	48,000	48,000
Communicable Disease Control	633,556	667,300
Community Health Services	17,965	-
Primary Care Services	594,043	214,878
Family Health and Nursing	1,150	-
Division of Environmental Health	594,514	627,451
Financial Management Services	166,426	194,090
Supply Section	165,577	136,237
Management Support Services	84,209	151,542
Facilities and Maintenance	1,482,669	1,894,408
Systems Group	111,995	267,731
	4,947,218	4,982,862
Total Public Health	19,118,466	20,670,331
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	9,992,551	9,564,061
Foster Care	1,788,519	1,917,103
Division of Senior Citizens	218,415	283,282
Adult Protective Services	448,114	376,738
	12,447,599	12,141,184
Department of Integrated Services for Individuals with Disabilities:		
Office of the Director	512,899	464,587
Basic Support 110	2,182	18,552
	515,081	483,139
Total Community Services	12,962,680	12,624,323

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
Recreation:		
Department of Parks and Recreation:		
Office of the Director	1,041,429	1,074,765
Memorial Services	35,953	34,740
Community Programs	280,706	302,482
Pool and Beach Programs	293,505	339,553
Paseo Stadium	54,852	57,259
Parks Administration and Planning	75,267	74,103
Historic Preservation Division	250,105	234,378
Parks Maintenance	846,168	790,072
Territorial Park Protection	170,843	101,748
Total Recreation	3,048,828	3,009,100
Individual and Collective Rights:		
Office of I Maga'lahen Guahan:		
Commission on Decolonization	196,430	220,118
Department of Chamorro Affairs:		
Office of the Director	602,962	551,734
Guam Public Library	1,106,399	1,140,953
Language and Culture Division	58,736	55,345
Research Publication and Training	81,973	79,752
Guam Educational Telecommunications Corporation	619,483	541,977
Guam Museum	243,407	190,173
	2,712,960	2,559,934
Department of Labor:		
Office of the Director	175,904	128,685
Wage and Hour Division	224,360	189,953
Bureau of Labor Statistics	221,989	206,251
Fair Employment Practice Office	73,775	65,261
Worker's Compensation Commission	277,502	245,509
Fiscal and Support Office	43,700	101,512
	1,017,230	937,171
Department of Military Affairs:		
Office of the Adjutant General	121,302	144,381
Other:		
Unified Courts of Guam	25,603,878	30,909,516
Guam Election Commission	1,290,655	850,067
Mayor's Council of Guam	9,325,393	8,743,405
	36,219,926	40,502,988
Total Individual and Collective Rights	40,267,848	44,364,592

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
Public Education:		
Guam Commission for Educator Certification	209,978	133,507
Department of Education:		
Guam Public School System	317,570,823	238,289,414
Department of Public Works:		
Bus Operations	5,955,732	5,630,277
Total Public Education	323,736,533	244,053,198
Environmental Protection:		
Guam Energy Office	109,799	-
Total Environmental Protection	109,799	-
Economic Development:		
Bureau of Statistics and Plans:		
Administration	316,162	313,705
Chief Economist's Office	3,621	2,982
Planning Information	191,043	304,429
Socio-Economic Planning	107,474	144,062
Business and Economic Statistics Division	413,406	401,053
	1,031,706	1,166,231
Department of Agriculture:		
Office of the Director	1,373,516	1,014,608
Forestry and Soil Resources	51,892	-
Aquatic and Wildlife Resources Division	186,117	151,800
Animal and Plant Industry Division	479,818	539,054
Plant Inspection Station	344,303	303,989
Animal Health Section	362,597	354,167
	2,798,243	2,363,618
Total Economic Development	3,829,949	3,529,849
Payments to Component Units:		
Government of Guam Retirement Fund:		
Medicare Reimbursement	2,099,400	1,298,849
Governor and Lieutenant Governor Pension Contributions	251,000	251,000
Judge and Justice Retirement Annuities	358,000	358,000
	2,708,400	1,907,849
Guam Community College	15,162,634	13,166,268
Guam Housing Corporation	-	243,058
Guam Memorial Hospital Authority	23,054,890	16,804,677
University of Guam	31,693,992	30,554,431
Total Payments to Component Units	72,619,916	62,676,283
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	19,428,759	16,922,668
Law Enforcement Officers Retro Pay	32,719,352	-
Landfill Tax Credits - Principal	8,483,494	-
Landfill Tax Credits - Interest	1,302,462	-
Sanctuary, Inc.	292,800	-
Guam Football Association	-	500,000
Total Miscellaneous Appropriations	62,226,867	17,422,668

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Expenditures by Department, continued:		
Interest and Other Charges:		
Interest on tax refunds	923,109	1,096,019
Other	2,473,817	3,755,695
Total Interest and Other Charges	3,396,926	4,851,714
Debt Service:		
Principal retirement	13,581,249	14,069,675
Bond issuance costs	-	229,256
Interest and fiscal charges	63,235,647	61,600,190
Total Debt Service	76,816,896	75,899,121
Total expenditures	797,456,847	649,615,631
Deficiency of revenues under expenditures	(149,893,358)	(38,980,221)
Other financing sources (uses):		
Capital leases	78,024,200	-
Proceeds from bonds issued	-	22,640,000
Payment to refunded bond escrow agent	-	(25,088,795)
Proceeds from refinancing short-term obligations	-	19,937,926
Premium on bonds issued	-	2,957,923
	78,024,200	20,447,054
Transfers in from other funds:		
Federal Grants Assistance Fund	-	256,400
Accessible Parking Fund	-	515,188
Contractors' License Board Fund	912,222	-
Criminal Injuries Compensation Fund	-	555,031
DPW Building and Design Fund	-	660,572
Enhanced 911 Emergency Reporting System Fund	1,839,854	-
Environmental Health Fund	1,227,075	-
GFD Capital Revolving Fund	920,694	900,000
Guam Charter Schools Fund	2,832,500	-
Guam Environmental Trust Fund	-	36,697
Health and Human Services Fund	1,527,439	1,010
Health Professional Licensure Fund	580,014	-
Health Security Trust Fund	5,915,979	-
Healthy Futures Fund	11,105,740	2,895,832
Limited Gaming Fund	236,344	-
Pesticide Management Fund	-	204,893
Professional Engineers', Architects', and Surveyors' Fund	-	483,853
Public Library System Fund	796,323	489,703
Recycling Revolving Fund	3,059,197	770,455
Solid Waste Operations Fund	2,248,548	4,497,097
Street Light Fund	1,467,257	-
Territorial Education Facilities Fund	23,019,129	19,758,576
Territorial Highway Fund	930,268	901,107
Youth and Tobacco Trust Fund	1,194,724	-
Solid Waste Capital Projects Fund	68,417	-
Territorial Highway Capital Projects Fund	775,881	-
	60,657,605	32,926,414

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Fund Balance (Deficit) - General Fund, Continued
Year Ended September 30, 2014
(With comparatives for the year ended September 30, 2013)

	2014	2013
Other financing sources (uses), continued:		
Transfers out to other funds:		
Accessible Parking Fund	40,611	-
Air Pollution Control Fund	50,676	-
Criminal Injuries Compensation Fund	184,412	-
Customs, Agriculture and Quarantine Inspection Services Fund	217,555	1,691,449
Federal Grants Assistance Fund	44,202,453	37,764,433
GDOE Federal Grants Fund	-	114,450
Guam Charter Schools Fund	2,832,500	687,500
Indirect Cost Fund	653,933	-
Land Survey Revolving Fund	610,386	-
Manpower Development Fund	45,412	564,588
Mental Health and Substance Abuse Fund	15,950	-
Safe Streets Fund	29,038	-
Section 2718 Fund	135,116	-
Unified Courts of Guam Trust Fund	951,495	745,433
Unreserved Fund Balance Fund	6,394	-
Village Streets Fund	22,695	-
Worker's Compensation Fund	731,783	634,947
	50,730,409	42,202,800
Total other financing sources (uses), net	87,951,396	11,170,668
Net change in fund balance (deficit)	(61,941,962)	(27,809,553)
Fund balance at the beginning of the year	2,326,897	30,136,450
Fund balance (deficit) at the end of the year	$ (59,615,065)	$ 2,326,897

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Revenues:				
Taxes:				
Income	$ 292,125,244	$ 294,865,244	$ 296,185,527	$ 1,320,283
Gross receipts	232,826,385	232,826,385	238,249,400	5,423,015
Income - COLA	-	-	1,097	1,097
Excise	2,632,132	2,632,132	3,462,817	830,685
Section 30 Federal income tax collections	63,287,000	78,287,000	87,998,215	9,711,215
Immigration fees	1,849,872	1,849,872	1,615,405	(234,467)
Indirect cost reimbursement	-	-	349,818	349,818
Contributions from component units	1,145,399	1,205,399	-	(1,205,399)
Other	8,151,356	8,151,356	12,910,423	4,759,067
Total revenues	602,017,388	619,817,388	640,772,702	20,955,314
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan:				
Office of the Governor	6,585,282	4,088,822	4,076,568	12,254
Office of the Governor - Guam Liaison Office	1,779	215,410	215,385	25
Commission on Decolonization	220,581	220,581	196,546	24,035
Government House	32,982	784,538	769,408	15,130
Bureau of Information Technology	1,733	1,733	1,733	-
Medical Referral Offices	3,601	668,340	668,166	174
Office of Civil Defense	6,493	756,493	899,704	(143,211)
Office of Veteran's Affairs	621,652	637,994	601,533	36,461
	7,474,103	7,373,911	7,429,043	(55,132)
Office of I Segundu Na Maga'lahen Guahan:				
Office of the Lieutenant Governor	23,031	885,342	881,423	3,919
Bureau of Budget and Management Research:				
Office of the Director	941,499	299,900	342,826	(42,926)
Internal Audit Division	-	682,792	713,922	(31,130)
	941,499	982,692	1,056,748	(74,056)
Civil Service Commission:				
Office of the Director	839,452	375,370	365,432	9,938
Board of Commissioners	-	74,024	74,023	1
Legal Office	-	51,822	51,153	669
Personnel Management	-	350,306	350,305	1
	839,452	851,522	840,913	10,609

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Administration:				
Office of the Director	11,289,664	3,208,123	3,190,796	17,327
Office of the Director - COLA	11,665,800	11,665,800	11,542,700	123,100
Office of the Director - Child Support	668,070	668,070	879,176	(211,106)
Office of the Director - Drug Free Workplace	-	17,187	8,190	8,997
Office of the Director - Power and Water	868	868	868	-
Office of the Director - Civil Case CV 1158-12	-	25,000	25,000	-
Personnel Management	-	2,209,545	1,701,836	507,709
Data Processing	-	2,284,924	2,285,122	(198)
General Services Agency	-	774,548	774,548	-
Division of Accounts	-	1,916,806	2,404,976	(488,170)
	23,624,402	22,770,871	22,813,212	(42,341)
Guam Election Commission	958,507	1,410,786	1,336,080	74,706
Department of Revenue and Taxation:				
Office of the Director	8,326,224	2,528,978	2,524,920	4,058
Office of the Director - Vacancies and Overtime	676,485	4,425,143	3,798,658	626,485
Office of the Director - Vacancies and Tax Attorney	1,339	98,775	85,128	13,647
Office of the Director - Stimulus Tax Rebates	-	65,383	-	65,383
Office of the Director - Real Property Assessment Bond	3,104	3,104	3,104	-
Office of the Director - Transaction Processing System	400,000	400,000	400,000	-
Office of the Director - Real Property Revaluation	-	1,400,000	1,400,000	-
Tax Enforcement Division	-	2,255,744	2,261,970	(6,226)
Real Property Tax Division	-	723,845	726,266	(2,421)
Taxpayer Services Division	-	1,492,475	1,607,806	(115,331)
Regulatory Division	-	1,122,770	1,333,538	(210,768)
Motor Vehicle Division	-	535,425	709,377	(173,952)
	9,407,152	15,051,642	14,850,767	200,875
Bureau of Statistics and Plans:				
Administration	1,134,244	371,045	316,494	54,551
Chief Economist's Office	85	21,319	4,305	17,014
Planning Information	-	240,591	191,043	49,548
Socio-Economic Planning	-	126,629	107,474	19,155
Business and Economic Statistics Division	-	439,549	413,406	26,143
	1,134,329	1,199,133	1,032,722	166,411
Department of Public Works:				
Office of the Director	11,461,786	1,835,085	1,825,042	10,043
Capital Improvement Projects	1,200	1,159,712	1,158,275	1,437
Bus Operations Division	-	6,561,490	5,956,205	605,285
Building Construction and Facilities Maintenance	1,136	1,172,062	1,169,174	2,888
Tiyan Parkway Project	-	1,300,000	-	1,300,000
	11,464,122	12,028,349	10,108,696	1,919,653

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GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Office of the Attorney-General:				
Attorney-General's Office	12,160,026	11,051,641	10,296,170	755,471
Guam Police Department:				
Office of the Chief	28,027,432	3,132,189	3,305,345	(173,156)
Office of the Chief - Police Commander	-	3,467,233	3,539,622	(72,389)
Office of the Chief - Administration Division	-	1,806,850	1,811,060	(4,210)
Office of the Chief - Overtime	-	1,321,669	1,322,501	(832)
Office of the Chief - Equipment and Training	3,201	3,201	3,201	-
Office of the Chief - Community Police Review	150,000	75,000	-	75,000
Office of the Chief - Purchase of New Vehicles	-	400,000	346,994	53,006
Office of the Chief - Workers' Compensation Disability	-	10,824	10,824	-
Office of the Chief - Fuel	-	463,452	463,451	1
Criminal Investigation Division	-	3,085,965	3,314,620	(228,655)
Neighborhood Patrol Division	-	10,223,339	11,863,050	(1,639,711)
Support Division	22,254	1,609,099	1,575,055	34,044
Forensic Science Division	5,144	1,538,702	1,838,851	(300,149)
Highway Patrol Division	-	1,403,735	1,698,265	(294,530)
	28,208,031	28,541,258	31,092,839	(2,551,581)
Department of Corrections:				
Office of the Director	19,369,424	3,526,085	3,446,268	79,817
Office of the Director - Bureau of Prisons	696,000	621,000	529,621	91,379
Office of the Director - Food Service Contract	38,876	2,575,885	2,537,009	38,876
Adult Correctional Facility	-	9,329,608	10,657,750	(1,328,142)
Rosario Detention Center	-	2,878,265	3,006,083	(127,818)
Casework and Counseling Service Division	-	255,897	256,287	(390)
Forensic Division	-	359,773	360,670	(897)
Parole Service Division	-	516,922	528,855	(11,933)
	20,104,300	20,063,435	21,322,543	(1,259,108)
Department of Agriculture:				
Office of the Director	2,593,705	1,548,547	1,390,046	158,501
Forestry and Soil Resources	-	126,994	51,892	75,102
Aquatic and Wildlife Resources Division	-	199,935	186,117	13,818
Animal and Plant Industry Division	-	535,306	479,818	55,488
Plant Inspection Station	-	345,503	344,303	1,200
Animal Health Section	-	398,956	384,165	14,791
	2,593,705	3,155,241	2,836,341	318,900

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Public Health and Social Services:				
Office of the Director	38,225,100	1,577,179	846,040	731,139
Chief Public Health Office	12,474	291,151	255,552	35,599
Nutrition Services	-	748,000	48,000	700,000
Communicable Disease Control	21,865	805,538	722,060	83,478
Community Health Services	-	20,000	18,000	2,000
Primary Care Services	101,563	759,323	665,483	93,840
Family Health and Nursing	3,007	38,407	1,150	37,257
Division of Environmental Health	38	610,079	582,850	27,229
Financial Management Services	308	185,158	166,436	18,722
Supply Section	886	173,806	167,157	6,649
Management Support Services	4,974	124,096	93,504	30,592
Facilities and Maintenance	116,756	1,975,464	1,768,773	206,691
Systems Group	100,191	239,286	202,773	36,513
Medically Indigent Program	444	1,117,478	465,114	652,364
Foster Care	13,209	1,906,565	1,800,809	105,756
Division of Senior Citizens	28,084	275,502	237,557	37,945
Adult Protective Services	5,769	473,857	461,234	12,623
	38,634,668	11,320,889	8,502,492	2,818,397
Department of Education:				
Guam Public School System	192,588,148	196,445,012	206,505,855	(10,060,843)
Department of Youth Affairs:				
Office of the Director	4,819,756	132,555	132,555	-
Office of the Director - Nursing and Medication	5,249	70,972	68,971	2,001
Division of Youth Development	-	868,739	998,939	(130,200)
Division of Youth Corrections	-	3,018,392	3,079,737	(61,345)
Division of Vocational Rehabilitation and Support Services	49,600	938,360	905,658	32,702
	4,874,605	5,029,018	5,185,860	(156,842)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Mental Health and Substance Abuse:				
Office of the Director	13,277,605	10,017,281	9,270,239	747,042
Office of the Director - Permanent Injunction	12,139	12,606	12,139	467
Clinical Services Division	6,261	748,746	732,514	16,232
Child and Adolescent Services Division	-	837,003	789,417	47,586
Nursing Services Division	90,580	2,264,268	2,080,329	183,939
	13,386,585	13,879,904	12,884,638	995,266
Department of Labor:				
Office of the Director	919,537	181,392	176,903	4,489
Wage and Hour Division	-	224,609	224,608	1
Bureau of Labor Statistics	173	208,259	221,989	(13,730)
Fair Employment Practice Office	-	55,058	74,183	(19,125)
Worker's Compensation Commission	715	251,706	278,025	(26,319)
Fiscal and Support Office	82	43,854	43,894	(40)
	920,507	964,878	1,019,602	(54,724)
Department of Parks and Recreation:				
Office of the Director	2,941,015	1,062,402	1,059,408	2,994
Memorial Services	-	35,953	35,953	-
Community Programs	-	277,073	280,706	(3,633)
Pool and Beach Programs	-	291,123	293,505	(2,382)
Paseo Stadium	-	54,852	54,852	-
Parks Administration and Planning	-	75,267	75,267	-
Historic Preservation Division	-	249,965	250,105	(140)
Parks Maintenance	-	845,633	846,168	(535)
Territorial Park Protection	-	125,160	170,843	(45,683)
	2,941,015	3,017,428	3,066,807	(49,379)
Department of Integrated Services for Individuals with Disabilities:				
Office of the Director	1,121,521	542,551	513,643	28,908
Permanent Injunction	-	4,011	-	4,011
Fiscal Support	-	2,183	2,182	1
	1,121,521	548,745	515,825	32,920
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	9,656,514	9,153,044	9,560,842	(407,798)
Department of Land Management:				
Office of the Director	358,375	529,675	363,538	166,137
Ancestral Land Trust Commission	4,450	4,450	-	4,450
	362,825	534,125	363,538	170,587
Chief Medical Examiner:				
Medical Examiner's Office	414,439	414,439	406,176	8,263

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Chamorro Affairs:				
Office of the Director	945,892	585,212	602,962	(17,750)
Guam Public Library	1,170,434	1,197,173	1,116,940	80,233
Language and Culture Division	-	56,884	58,736	(1,852)
Guam Council on the Arts and Humanities Agency	307,500	-	-	-
Research Publication and Training	-	82,841	81,973	868
Guam Educational Telecommunications Corporation	653,600	668,309	620,733	47,576
Guam Museum	-	242,551	243,407	(856)
	3,077,426	2,832,970	2,724,751	108,219
Department of Military Affairs:				
Office of the Adjutant General	682,842	187,622	121,302	66,320
Guam Fire Department:				
Office of the Fire Chief	27,613,652	123,501	123,500	1
Administrative and Logistical Support	63,404	1,329,052	1,303,946	25,106
Emergency Medical Service/Rescue Operations Bureau	-	8,564,136	10,270,977	(1,706,841)
Fire Suppression Bureau	-	17,707,144	21,404,160	(3,697,016)
	27,677,056	27,723,833	33,102,583	(5,378,750)
Payments to Component Units:				
Guam Community College	15,044,429	15,201,763	15,162,634	39,129
Guam Visitors Bureau	-	3,000	-	3,000
Guam Memorial Hospital Authority	2,894,340	16,649,942	13,741,835	2,908,107
University of Guam	30,223,992	31,693,992	31,693,992	-
	48,162,761	63,548,697	60,598,461	2,950,236
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	2,099,400	2,099,400	2,099,400	-
Governor and Lieutenant Governor Pension Contributions	251,000	251,000	251,000	-
Judge and Justice Retirement Annuities	358,000	358,000	358,000	-
	2,708,400	2,708,400	2,708,400	-
Total Executive Branch	466,141,971	463,674,827	473,164,629	(9,489,802)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Expenditures by Department, continued:				
Miscellaneous Appropriations:				
Retiree Healthcare Premiums	19,678,759	19,428,759	19,428,759	-
Law Enforcement Officers Retro Pay	-	8,650,000	32,719,352	(24,069,352)
Landfill Tax Credits - Principal	-	-	8,483,494	(8,483,494)
Landfill Tax Credits - Interest	-	-	1,302,462	(1,302,462)
Sanctuary, Inc.	-	292,800	292,800	-
Guam Commission for Educator Certification	202,617	207,454	211,344	(3,890)
Total Miscellaneous Appropriations	19,881,376	28,579,013	62,438,211	(33,859,198)
Interest and other charges:				
Interest on tax refunds	-	-	923,109	(923,109)
Other	-	-	2,473,817	(2,473,817)
Total Interest and other charges	-	-	3,396,926	(3,396,926)
Debt Service:				
Principal retirement	9,930,000	9,930,000	9,930,000	-
Interest and fiscal charges	40,079,754	54,650,279	54,654,798	(4,519)
	50,009,754	64,580,279	64,584,798	(4,519)
Total expenditures	536,033,101	556,834,119	603,584,564	(46,750,445)
Excess of revenues over expenditures	65,984,287	62,983,269	37,188,138	(25,795,131)
Other financing sources (uses):				
Transfers in from other funds:				
Contractors' License Board Fund	-	-	912,222	912,222
Enhanced 911 Emergency Reporting System Fund	-	-	1,839,854	1,839,854
Environmental Health Fund	-	-	1,227,075	1,227,075
GFD Capital Revolving Fund	-	-	920,694	920,694
Health and Human Services Fund	-	1,526,584	1,526,584	-
Health Professional Licensure Fund	-	-	580,014	580,014
Health Security Trust Fund	-	5,915,979	5,915,979	-
Healthy Futures Fund	-	-	10,385,961	10,385,961
Recycling Revolving Fund	-	-	3,059,197	3,059,197
Solid Waste Operations Fund	10,802,450	10,802,450	2,248,548	(8,553,902)
Street Light Fund	-	-	1,467,257	1,467,257
Territorial Highway Fund Capital Projects Fund	-	-	775,881	775,881
Youth and Tobacco Trust Fund	-	1,453,251	1,194,724	(258,527)
Territorial Education Facilities Fund	7,874,700	7,874,700	9,688,847	1,814,147
	18,677,150	27,572,964	41,742,837	14,169,873

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Fund Balance - Budget and Actual - General Fund, Continued
Year Ended September 30, 2014

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance
Other financing sources (uses), continued:				
Transfers out to other funds:				
Accessible Parking Fund	-	-	40,611	(40,611)
Air Pollution Control Fund	-	-	50,676	(50,676)
Better Public Service Fund	471,119	-	599,274	(599,274)
Criminal Injuries Compensation Fund	-	-	184,412	(184,412)
Customs, Agriculture and Quarantine Inspection Services Fund	-	-	217,555	(217,555)
Federal Grants Assistance Fund	436,005	48,641,102	44,725,424	3,915,678
Government Claims Fund	100,000	100,000	100,000	-
GMHA Pharmaceuticals Fund	9,313,055	9,313,055	9,313,055	-
Guam Charter Schools Fund	344,372	2,832,500	2,832,500	-
Guam Legislature Fund	8,218,498	8,218,498	8,218,498	-
Indirect Cost Fund	-	4,770	653,933	(649,163)
Land Survey Revolving Fund	-	-	610,386	(610,386)
Manpower Development Fund	-	5,437	45,412	(39,975)
Mental Health and Substance Abuse Fund	-	-	15,950	(15,950)
MIP Payment Revolving Fund	15,407,092	9,652,672	9,545,744	106,928
Office of Public Accountability	1,285,371	1,303,044	1,176,832	126,212
Off-island Treatment Fund	1,100,000	1,100,000	1,100,000	-
Professional Engineers', Architects' and Surveyors' Fund	-	23,743	-	23,743
Public Defender Service Corporation Fund	3,772,368	3,772,368	3,772,368	-
Safe Streets Fund	-	-	29,038	(29,038)
Section 2718 Fund	-	-	135,116	(135,116)
Supplemental Annuity Benefits Fund	9,660,000	9,660,000	10,935,000	(1,275,000)
Supplemental Appropriation Revenue Fund	-	-	2,357,855	(2,357,855)
Tax Collection Fund	-	14,049	-	14,049
Unified Courts of Guam Fund	26,750,230	29,554,377	28,204,377	1,350,000
Unreserved Fund Balance Fund	-	-	6,394	(6,394)
Village Streets Fund	-	-	22,695	(22,695)
Worker's Compensation Fund	798,593	798,593	731,783	66,810
	77,656,703	124,994,208	125,624,888	(630,680)
Total other financing sources (uses), net	(58,979,553)	(97,421,244)	(83,882,051)	13,539,193
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	3,913,248	3,913,248	4,545,031	631,783
Net change in fund balance	$ 10,917,982	$ (30,524,727)	$ (42,148,882)	$ (11,624,155)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
September 30, 2014

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2014

ASSETS	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Cash and cash equivalents	$ 45,558,255	$ 1,036,987	$ -	$ 46,595,242
Investments	2,601,505	-	-	2,601,505
Receivables, net:				
Taxes	5,707,422	-	-	5,707,422
Other	4,717,314	-	-	4,717,314
Due from other funds	13,955,213	1,814,454	-	15,769,667
Due from component units	2,658,915	-	-	2,658,915
Prepayments	696,385	-	-	696,385
Deposits and other assets	-	3,456	-	3,456
Restricted assets:				
Cash and cash equivalents	2,726,756	22,815,410	12,275,825	37,817,991
Investments	300,000	15,470,410	-	15,770,410
Total assets	$ 78,921,765	$ 41,140,717	$ 12,275,825	$ 132,338,307
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,567,343	$ 1,773,837	$ 1,850	$ 4,343,030
Accrued payroll and other	988,978	-	-	988,978
Due to other funds	8,889,553	2,024,025	-	10,913,578
Due to component units	256,957	-	-	256,957
Unearned revenue	1,592,083	-	-	1,592,083
Deposits and other liabilities	1,346,975	-	-	1,346,975
Total liabilities	15,641,889	3,797,862	1,850	19,441,601
Fund balances:				
Restricted	8,970,699	36,082,054	12,273,975	57,326,728
Committed	54,309,177	-	-	54,309,177
Unassigned:				
Capital projects funds	-	1,260,801	-	1,260,801
Total fund balances	63,279,876	37,342,855	12,273,975	112,896,706
Total liabilities and fund balances	$ 78,921,765	$ 41,140,717	$ 12,275,825	$ 132,338,307

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, 2014

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 23,263,150	$ -	$ -	$ 23,263,150
Hotel	34,362,256	-	-	34,362,256
Liquid fuel	9,791,970	-	-	9,791,970
Tobacco	20,960,702	-	-	20,960,702
Alcoholic beverages	2,207,886	-	-	2,207,886
Licenses and permits	54,247,570	-	-	54,247,570
Charges for services	17,348,685	-	-	17,348,685
Interest and investment earnings	281,426	1,971,768	(1,165)	2,252,029
Intergovernmental	1,403,943	-	-	1,403,943
Other	9,071,311	-	-	9,071,311
Total revenues	172,938,899	1,971,768	(1,165)	174,909,502
Expenditures by Function:				
Current:				
General government	15,499,224	-	-	15,499,224
Protection of life and property	17,244,695	-	-	17,244,695
Public health	11,589,576	-	-	11,589,576
Community services	36,840	-	-	36,840
Recreation	846,047	-	-	846,047
Individual and collective rights	2,511,107	1,072,510	-	3,583,617
Transportation	11,247,202	-	-	11,247,202
Public education	886,054	-	-	886,054
Environmental protection	15,185,201	-	-	15,185,201
Economic development	170,597	-	-	170,597
Payments to:				
GovGuam Retirement Fund	6,388,394	-	-	6,388,394
Guam Community College	1,593,356	-	-	1,593,356
Guam Memorial Hospital Authority	5,539,337	-	-	5,539,337
Guam Preservation Trust	1,500,000	-	-	1,500,000
Guam Visitors Bureau	18,089,832	-	-	18,089,832
University of Guam	3,166,204	-	-	3,166,204
Capital projects	-	8,351,952	-	8,351,952
Debt service:				
Principal retirement	-	554,346	1,785,000	2,339,346
Interest and fiscal charges	-	438,659	5,232,740	5,671,399
Total expenditures	111,493,666	10,417,467	7,017,740	128,928,873
Excess (deficiency) of revenues over (under) expenditures	61,445,233	(8,445,699)	(7,018,905)	45,980,629
Other financing sources (uses):				
Transfers in from other funds	10,558,408	-	7,120,002	17,678,410
Transfers out to other funds	(71,915,256)	(775,881)	-	(72,691,137)
Total other financing sources (uses), net	(61,356,848)	(775,881)	7,120,002	(55,012,727)
Net change in fund balances	88,385	(9,221,580)	101,097	(9,032,098)
Fund balances at beginning of year	63,191,491	46,564,435	12,172,878	121,928,804
Fund balances at end of year	$ 63,279,876	$ 37,342,855	$ 12,273,975	$ 112,896,706

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, 2014

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 23,263,150	$ -	$ -	$ 23,263,150
Hotel	34,362,256	-	-	34,362,256
Liquid fuel	9,791,970	-	-	9,791,970
Tobacco	20,960,702	-	-	20,960,702
Alcoholic beverages	2,207,886	-	-	2,207,886
Licenses and permits	54,247,570	-	-	54,247,570
Charges for services	17,348,685	-	-	17,348,685
Interest and investment earnings	281,426	1,971,768	(1,165)	2,252,029
Intergovernmental	1,403,943	-	-	1,403,943
Other	9,071,311	-	-	9,071,311
Total revenues	172,938,899	1,971,768	(1,165)	174,909,502
Expenditures by Object:				
Salaries and wages - regular	23,275,599	11,233	-	23,286,832
Salaries and wages - overtime	679,125	3,046	-	682,171
Salaries and wages - fringe benefits	8,730,183	-	-	8,730,183
Travel	275,284	-	-	275,284
Contractual services	19,921,806	2,375,351	-	22,297,157
Building rent	3,380,060	372,600	-	3,752,660
Supplies	5,631,727	-	-	5,631,727
Equipment	451,692	97	-	451,789
Utilities - power and water	8,545,023	2,770	-	8,547,793
Communications	275,055	-	-	275,055
Capital outlays	2,631,121	6,659,365	-	9,290,486
Grants and subsidies	36,592,788	-	-	36,592,788
Principal retirement	-	554,346	1,785,000	2,339,346
Interest and fiscal charges	-	438,659	5,232,740	5,671,399
Other	1,104,203	-	-	1,104,203
Total expenditures	111,493,666	10,417,467	7,017,740	128,928,873
Excess (deficiency) of revenues over (under) expenditures	61,445,233	(8,445,699)	(7,018,905)	45,980,629
Other financing sources (uses):				
Transfers in from other funds	10,558,408	-	7,120,002	17,678,410
Transfers out to other funds	(71,915,256)	(775,881)	-	(72,691,137)
Total other financing sources (uses), net	(61,356,848)	(775,881)	7,120,002	(55,012,727)
Net change in fund balances	88,385	(9,221,580)	101,097	(9,032,098)
Fund balances at beginning of year	63,191,491	46,564,435	12,172,878	121,928,804
Fund balances at end of year	$ 63,279,876	$ 37,342,855	$ 12,273,975	$ 112,896,706

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
September 30, 2014

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, 2014, follows.

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

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

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

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

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

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

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

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

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

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

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.

See Accompanying Independent Auditors' Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

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

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

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

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

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

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

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

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

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.

See Accompanying Independent Auditors' Report.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	250	213	272
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion
ASSETS												
Cash and cash equivalents	$ -	$ -	$ 1,194,789	$ -	$ -	$ 1,990,705	$ -	$ -	$ 3,937,586	$ -	$ 99,924	$ -
Investments	-	-	501,505	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	43,505	-	-	183,285	-	-	-	-	-	-
Due from other funds	-	3,272	-	213,762	11,094	-	-	19,188	-	4,910	-	102,129
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	212,282	-	-	-	-	-
Investments	-	-	-	-	-	-	300,000	-	-	-	-	-
Total assets	$ -	$ 3,272	$ 1,739,799	$ 213,762	$ 11,094	$ 2,173,990	$ 512,282	$ 19,188	$ 3,937,586	$ 4,910	$ 99,924	$ 102,129
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ -	$ -	$ 27,940	$ -	$ -	$ 26,120	$ -	$ -	$ 106,250	$ -	$ -	$ -
Accrued payroll and other	-	3,272	-	45,077	-	8,874	-	-	61,555	-	12,630	-
Due to other funds	-	-	-	-	-	73,982	-	-	272,498	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	42,570	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	3,272	27,940	45,077	-	151,546	-	-	440,303	-	12,630	-
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	512,282	-	-	-	-	-
Committed	-	-	1,711,859	168,685	11,094	2,022,444	-	19,188	3,497,283	4,910	87,294	102,129
Total fund balances (deficit)	-	-	1,711,859	168,685	11,094	2,022,444	512,282	19,188	3,497,283	4,910	87,294	102,129
Total liabilities and fund balances (deficit)	$ -	$ 3,272	$ 1,739,799	$ 213,762	$ 11,094	$ 2,173,990	$ 512,282	$ 19,188	$ 3,937,586	$ 4,910	$ 99,924	$ 102,129

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	656	
	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	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations
ASSETS												
Cash and cash equivalents	$ -	$ 224,313	$ -	$ 2,819	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 220
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	487,835	-	-	-	-	-	-	-	-	-	-
Due from other funds	200,516	-	150,750	599,700	470,780	180,256	28,492	11,855	32,621	-	495,696	25,368
Due from component units	-	2,658,915	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 200,516	$ 3,371,063	$ 150,750	$ 602,519	$ 470,780	$ 180,256	$ 28,492	$ 11,855	$ 32,621	$ -	$ 495,696	$ 25,588
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ 169	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,000
Accrued payroll and other	-	260,492	-	-	9,428	-	28,492	11,855	92	-	-	2,368
Due to other funds	-	3,110,571	-	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	200,347	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	200,516	3,371,063	-	-	9,428	-	28,492	11,855	92	-	-	25,368
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	150,750	602,519	461,352	180,256	-	-	32,529	-	495,696	220
Total fund balances (deficit)	-	-	150,750	602,519	461,352	180,256	-	-	32,529	-	495,696	220
Total liabilities and fund balances (deficit)	$ 200,516	$ 3,371,063	$ 150,750	$ 602,519	$ 470,780	$ 180,256	$ 28,492	$ 11,855	$ 32,621	$ -	$ 495,696	$ 25,588

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number			641	639	657	245	649	608	326	651	635	270
	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support	Guam Unarmed Combat Commission	Health and Human Services
ASSETS												
Cash and cash equivalents	$ 1,405,260	$ 8,426	$ 45	$ -	$ -	$ 28,570	$ -	$ 98,163	$ 165,985	$ -	$ -	$ 1,850,208
Investments	2,100,000	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	353,779	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	1,500	-	88,284	15,043	21,699	128,289	1,931	9,130	483,327
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 3,859,039	$ 8,426	$ 45	$ 1,500	$ -	$ 116,854	$ 15,043	$ 119,862	$ 294,274	$ 1,931	$ 9,130	$ 2,333,535
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ 10,999	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	3,931	-	-	-	-	-	-
Due to other funds	-	-	45	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	106,705	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	149,410	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	267,114	-	45	-	-	3,931	-	-	-	-	-	-
Fund balances (deficit):												
Restricted	3,591,925	8,426	-	-	-	-	-	-	-	-	-	2,333,535
Committed	-	-	-	1,500	-	112,923	15,043	119,862	294,274	1,931	9,130	-
Total fund balances (deficit)	3,591,925	8,426	-	1,500	-	112,923	15,043	119,862	294,274	1,931	9,130	2,333,535
Total liabilities and fund balances (deficit)	$ 3,859,039	$ 8,426	$ 45	$ 1,500	$ -	$ 116,854	$ 15,043	$ 119,862	$ 294,274	$ 1,931	$ 9,130	$ 2,333,535

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	602	241	311	652	658	632	351	222	655	232	294	653
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse	MHSA Services
ASSETS												
Cash and cash equivalents	$ 3,525,768	$ -	$ 153,490	$ -	$ -	$ 58	$ 118,068	$ -	$ -	$ 397,435	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	796,555	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	53	3,462,256	57,233	-	74,285	1,689,650	607,919	-	5,014
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	696,385	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 5,018,708	$ -	$ 153,490	$ 53	$ 3,462,256	$ 57,291	$ 118,068	$ 74,285	$ 1,689,650	$ 1,005,354	$ -	$ 5,014
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 1,019	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	176,172	-	-	-	-	56,272	-	74,285	-	8,136	-	-
Due to other funds	-	-	143,433	-	-	-	117,930	-	-	-	-	-
Due to component units	181,957	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	997,218	-	-
Total liabilities	358,129	-	143,433	-	-	57,291	117,930	74,285	-	1,005,354	-	-
Fund balances (deficit):												
Restricted	-	-	10,057	-	-	-	-	-	-	-	-	-
Committed	4,660,579	-	-	53	3,462,256	-	138	-	1,689,650	-	-	5,014
Total fund balances (deficit)	4,660,579	-	10,057	53	3,462,256	-	138	-	1,689,650	-	-	5,014
Total liabilities and fund balances (deficit)	$ 5,018,708	$ -	$ 153,490	$ 53	$ 3,462,256	$ 57,291	$ 118,068	$ 74,285	$ 1,689,650	$ 1,005,354	$ -	$ 5,014

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285	619
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving
ASSETS												
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 244,404	$ 130,345	$ -	$ -	$ 1,202,117
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	84,287	345,494	305,159	42,506	424,464	1,569	57,368	264,489	-	416,516	131,877	800,000
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 84,287	$ 345,494	$ 305,159	$ 42,506	$ 424,464	$ 1,569	$ 57,368	$ 508,893	$ 130,345	$ 416,516	$ 131,877	$ 2,002,117
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	2,219	1,756	-	-	-	4,781	-	-	-	-	1,706
Due to other funds	-	-	-	-	-	-	-	-	56,641	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	2,219	1,756	-	-	-	4,781	-	56,641	-	-	1,706
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Committed	84,287	343,275	303,403	42,506	424,464	1,569	52,587	508,893	73,704	416,516	131,877	2,000,411
Total fund balances (deficit)	84,287	343,275	303,403	42,506	424,464	1,569	52,587	508,893	73,704	416,516	131,877	2,000,411
Total liabilities and fund balances (deficit)	$ 84,287	$ 345,494	$ 305,159	$ 42,506	$ 424,464	$ 1,569	$ 57,368	$ 508,893	$ 130,345	$ 416,516	$ 131,877	$ 2,002,117

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	601	217	330	647	284	416	605	625	202	603	205	208
	Safe Homes Safe Streets	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
ASSETS												
Cash and cash equivalents	$ -	$ 245	$ -	$ 1,522	$ -	$ 12,136,155	$ 734	$ -	$ -	$ -	$ 125,198	$ 8,696,388
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	1,130,208	817,828
Other	-	-	-	-	-	3,648,910	-	-	-	-	-	-
Due from other funds	4,175	-	-	-	60,434	-	593,391	876	-	518,528	72,864	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	2,514,474	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 4,175	$ 245	$ -	$ 1,522	$ 60,434	$ 18,299,539	$ 594,125	$ 876	$ -	$ 518,528	$ 1,328,270	$ 9,514,216
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 1,979,776	$ -	$ -	$ -	$ -	$ -	$ 392,070
Accrued payroll and other	-	-	(833)	-	-	47,172	-	-	-	15,622	-	142,249
Due to other funds	-	245	833	1,522	-	917,837	-	-	-	-	-	1,663,410
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	412,222	-	-	-	-	1,030,586	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	245	-	1,522	-	3,357,007	-	-	-	15,622	1,030,586	2,197,729
Fund balances (deficit):												
Restricted	-	-	-	-	-	2,514,474	-	-	-	-	-	-
Committed	4,175	-	-	-	60,434	12,428,058	594,125	876	-	502,906	297,684	7,316,487
Total fund balances (deficit)	4,175	-	-	-	60,434	14,942,532	594,125	876	-	502,906	297,684	7,316,487
Total liabilities and fund balances (deficit)	$ 4,175	$ 245	$ -	$ 1,522	$ 60,434	$ 18,299,539	$ 594,125	$ 876	$ -	$ 518,528	$ 1,328,270	$ 9,514,216

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2014

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
ASSETS											
Cash and cash equivalents	$ 7,616,658	$ 169,378	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,279	$ 45,558,255
Investments	-	-	-	-	-	-	-	-	-	-	2,601,505
Receivables, net:											
Taxes	2,962,831	-	-	-	-	-	-	-	-	-	5,707,422
Other	-	-	-	-	-	-	-	-	-	-	4,717,314
Due from other funds	-	314,229	75,000	-	-	64,228	60,186	71,545	50,026	-	13,955,213
Due from component units	-	-	-	-	-	-	-	-	-	-	2,658,915
Prepayments	-	-	-	-	-	-	-	-	-	-	696,385
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	2,726,756
Investments	-	-	-	-	-	-	-	-	-	-	300,000
Total assets	$ 10,579,489	$ 483,607	$ 75,000	$ -	$ -	$ 64,228	$ 60,186	$ 71,545	$ 50,026	$ 33,279	$ 78,921,765
LIABILITIES AND FUND BALANCES (DEFICIT)											
Liabilities:											
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,567,343
Accrued payroll and other	11,375	-	-	-	-	-	-	-	-	-	988,978
Due to other funds	2,497,327	-	-	-	-	-	-	-	-	33,279	8,889,553
Due to component units	-	-	75,000	-	-	-	-	-	-	-	256,957
Unearned revenue	-	-	-	-	-	-	-	-	-	-	1,592,083
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	1,346,975
Total liabilities	2,508,702	-	75,000	-	-	-	-	-	-	33,279	15,641,889
Fund balances (deficit):											
Restricted	-	-	-	-	-	-	-	-	-	-	8,970,699
Committed	8,070,787	483,607	-	-	-	64,228	60,186	71,545	50,026	-	54,309,177
Total fund balances (deficit)	8,070,787	483,607	-	-	-	64,228	60,186	71,545	50,026	-	63,279,876
Total liabilities and fund balances (deficit)	$ 10,579,489	$ 483,607	$ 75,000	$ -	$ -	$ 64,228	$ 60,186	$ 71,545	$ 50,026	$ 33,279	$ 78,921,765

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	250	213	272
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	233,841	640,620	696,478	-	865,070	-	5,708	2,619,001	-	754,219	47,990
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	2,193	1,350	-	-	-	345	-
Intergovernmental	-	-	-	-	-	-	-	-	1,403,943	-	-	-
Other	(24,049)	-	9,560	-	-	50,434	8,969	-	-	-	-	-
Total revenues	(24,049)	233,841	650,180	696,478	-	917,697	10,319	5,708	4,022,944	-	754,564	47,990
Expenditures by Function:												
Current:												
General government	-	-	357,430	-	-	580,481	-	-	-	-	511,486	-
Protection of life and property	32,048	-	-	710,241	-	-	-	-	-	10,088	-	-
Public health	-	-	-	-	-	-	-	-	2,991,895	-	-	19,159
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	156,946	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	32,048	156,946	357,430	710,241	-	580,481	-	-	2,991,895	10,088	511,486	19,159
Excess (deficiency) of revenues over (under) expenditures	(56,097)	76,895	292,750	(13,763)	-	337,216	10,319	5,708	1,031,049	(10,088)	243,078	28,831
Other financing sources (uses):												
Transfers in from other funds	40,611	50,676	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	(912,222)	-
Total other financing sources (uses), net	40,611	50,676	-	-	-	-	-	-	-	-	(912,222)	-
Net change in fund balances (deficit)	(15,486)	127,571	292,750	(13,763)	-	337,216	10,319	5,708	1,031,049	(10,088)	(669,144)	28,831
Fund balances (deficit) at beginning of year	15,486	(127,571)	1,419,109	182,448	11,094	1,685,228	501,963	13,480	2,466,234	14,998	756,438	73,298
Fund balances (deficit) at end of year	$ -	$ -	$ 1,711,859	$ 168,685	$ 11,094	$ 2,022,444	$ 512,282	$ 19,188	$ 3,497,283	$ 4,910	$ 87,294	$ 102,129

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	656	
	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	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	7,236	13,229,460	26,070	-	914,907	30,423	2,056,143	1,190,721	20,201	963,274	1,511,104	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	120	-	377	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	142
Total revenues	7,236	13,229,580	26,070	377	914,907	30,423	2,056,143	1,190,721	20,201	963,274	1,511,104	142
Expenditures by Function:												
Current:												
General government	-	-	-	-	496,128	-	-	-	4,543	-	-	1,265
Protection of life and property	-	13,447,135	-	-	-	-	1,694,589	-	-	101,353	-	-
Public health	-	-	-	-	-	-	-	776,930	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	1,267,519	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	13,447,135	-	-	496,128	-	1,694,589	776,930	4,543	101,353	1,267,519	1,265
Excess (deficiency) of revenues over (under) expenditures	7,236	(217,555)	26,070	377	418,779	30,423	361,554	413,791	15,658	861,921	243,585	(1,123)
Other financing sources (uses):												
Transfers in from other funds	184,412	217,555	-	-	-	-	-	-	-	-	-	900
Transfers out to other funds	-	-	-	-	-	-	(1,839,854)	(1,227,075)	-	(920,694)	-	-
Total other financing sources (uses), net	184,412	217,555	-	-	-	-	(1,839,854)	(1,227,075)	-	(920,694)	-	900
Net change in fund balances (deficit)	191,648	-	26,070	377	418,779	30,423	(1,478,300)	(813,284)	15,658	(58,773)	243,585	(223)
Fund balances (deficit) at beginning of year	(191,648)	-	124,680	602,142	42,573	149,833	1,478,300	813,284	16,871	58,773	252,111	443
Fund balances (deficit) at end of year	$ -	$ -	$ 150,750	$ 602,519	$ 461,352	$ 180,256	$ -	$ -	$ 32,529	$ -	$ 495,696	$ 220

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2014

AS/400 Fund Number			641	639	657	245	649	608	326	651	635	270
	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support	Guam Unarmed Combat Commission	Health and Human Services
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	590,889	-	-	-	-	222,441	-	93,758	1,412,792	-	2,945	8,550
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	43,411	3	-	-	-	43	-	97	231	-	-	24,452
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	110,023	-	-	-	-	-	-	499	-	-	-	-
Total revenues	744,323	3	-	-	-	222,484	-	94,354	1,413,023	-	2,945	33,002
Expenditures by Function:												
Current:												
General government	84,510	30	-	-	-	-	45,353	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	315,725	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	235,605	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	59,146	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	100,000	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	1,500,000	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	84,510	30	315,725	-	100,000	235,605	45,353	59,146	1,500,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	659,813	(27)	(315,725)	-	(100,000)	(13,121)	(45,353)	35,208	(86,977)	-	2,945	33,002
Other financing sources (uses):												
Transfers in from other funds	-	-	315,725	2,832,500	100,000	-	-	-	-	-	-	-
Transfers out to other funds	-	(900)	-	(2,832,500)	-	-	-	-	-	-	-	(1,527,439)
Total other financing sources (uses), net	-	(900)	315,725	-	100,000	-	-	-	-	-	-	(1,527,439)
Net change in fund balances (deficit)	659,813	(927)	-	-	-	(13,121)	(45,353)	35,208	(86,977)	-	2,945	(1,494,437)
Fund balances (deficit) at beginning of year	2,932,112	9,353	-	1,500	-	126,044	60,396	84,654	381,251	1,931	6,185	3,827,972
Fund balances (deficit) at end of year	$ 3,591,925	$ 8,426	$ -	$ 1,500	$ -	$ 112,923	$ 15,043	$ 119,862	$ 294,274	$ 1,931	$ 9,130	$ 2,333,535

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	602	241	311	652	658	632	351	222	655	232	294	653
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse	MHSA Services
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	20,960,702	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	2,207,886	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	186,550	-	-	-	6,336	-	2,543,987	1,702,870	1,366,433	-	2,089
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	440	-	112,415	9	-	-	138	-	-	256	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	881,434	-	-	(564)	-	-	2,925
Total revenues	23,169,028	186,550	112,415	9	-	887,770	138	2,543,987	1,702,306	1,366,689	-	5,014
Expenditures by Function:												
Current:												
General government	-	-	-	-	-	1,666,488	-	3,032,212	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-
Public health	7,342,046	50,623	-	-	-	-	-	-	-	-	-	-
Community services	840	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	439,028	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	973,073	-	-
Guam Memorial Hospital Authority	4,271,818	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	2,051,204	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	13,665,908	50,623	-	-	-	1,666,488	-	3,032,212	-	1,412,101	-	-
Excess (deficiency) of revenues over (under) expenditures	9,503,120	135,927	112,415	9	-	(778,718)	138	(488,225)	1,702,306	(45,412)	-	5,014
Other financing sources (uses):												
Transfers in from other funds	-	-	-	-	3,462,256	653,933	-	610,386	-	45,412	15,950	-
Transfers out to other funds	(11,421,465)	(580,014)	(5,915,979)	-	-	-	-	-	(236,344)	-	-	-
Total other financing sources (uses), net	(11,421,465)	(580,014)	(5,915,979)	-	3,462,256	653,933	-	610,386	(236,344)	45,412	15,950	-
Net change in fund balances (deficit)	(1,918,345)	(444,087)	(5,803,564)	9	3,462,256	(124,785)	138	122,161	1,465,962	-	15,950	5,014
Fund balances (deficit) at beginning of year	6,578,924	444,087	5,813,621	44	-	124,785	-	(122,161)	223,688	-	(15,950)	-
Fund balances (deficit) at end of year	$ 4,660,579	$ -	$ 10,057	$ 53	$ 3,462,256	$ -	$ 138	$ -	$ 1,689,650	$ -	$ -	$ 5,014

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285	619
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	20,807	248,387	351,570	21,393	903,941	-	280,561	823,774	163,443	135,168	53,794	2,660,643
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	343	196	-	-	2,295
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	28,239	-	-	-	-	-	-	-
Total revenues	20,807	248,387	351,570	21,393	932,180	-	280,561	824,117	163,639	135,168	53,794	2,662,938
Expenditures by Function:												
Current:												
General government	-	-	-	-	-	-	224,303	-	-	-	-	-
Protection of life and property	-	-	-	-	700,412	-	-	-	-	-	-	-
Public health	-	93,198	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	156,685	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	92,680
Transportation	-	-	-	-	-	-	-	-	-	350,943	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	103,831	-	-	-	-	-	-	-	-	518,516
Economic development	-	-	-	4,026	-	-	-	-	-	-	15,974	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	93,198	103,831	4,026	700,412	-	224,303	-	156,685	350,943	15,974	611,196
Excess (deficiency) of revenues over (under) expenditures	20,807	155,189	247,739	17,367	231,768	-	56,258	824,117	6,954	(215,775)	37,820	2,051,742
Other financing sources (uses):												
Transfers in from other funds	-	-	-	-	-	-	-	-	-	333,227	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(796,323)	-	-	-	(3,059,197)
Total other financing sources (uses), net	-	-	-	-	-	-	-	(796,323)	-	333,227	-	(3,059,197)
Net change in fund balances (deficit)	20,807	155,189	247,739	17,367	231,768	-	56,258	27,794	6,954	117,452	37,820	(1,007,455)
Fund balances (deficit) at beginning of year	63,480	188,086	55,664	25,139	192,696	1,569	(3,671)	481,099	66,750	299,064	94,057	3,007,866
Fund balances (deficit) at end of year	$ 84,287	$ 343,275	$ 303,403	$ 42,506	$ 424,464	$ 1,569	$ 52,587	$ 508,893	$ 73,704	$ 416,516	$ 131,877	$ 2,000,411

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	601	217	330	647	284	416	605	625	202	603	205	208
	Safe Homes Safe Streets	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,263,150	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	9,791,970
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	24,002	-	-	32,324	-	65,606	201	4,043,442	835,658	-	9,302,683
Charges for services	-	-	-	-	-	17,348,685	-	-	-	-	-	-
Interest and investment earnings	-	-	-	1,667	-	59,070	270	-	-	-	217	6,696
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	7,855,935	-	147,739	-	-	-	25	-	-
Total revenues	-	24,002	-	7,857,602	32,324	17,555,494	65,876	201	4,043,442	835,683	23,263,367	19,101,349
Expenditures by Function:												
Current:												
General government	-	60	-	15	-	66,885	-	-	3,247,448	716,444	31,722	4,411,921
Protection of life and property	-	84,283	-	-	-	-	110,424	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	10,896,259
Public education	-	-	-	-	-	-	-	-	-	-	-	886,054
Environmental protection	-	-	-	-	92	14,045,536	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	6,388,394	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	84,343	-	6,388,409	92	14,112,421	110,424	-	3,247,448	716,444	31,722	16,194,234
Excess (deficiency) of revenues over (under) expenditures	-	(60,341)	-	1,469,193	32,232	3,443,073	(44,548)	201	795,994	119,239	23,231,645	2,907,115
Other financing sources (uses):												
Transfers in from other funds	-	29,038	-	135,116	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(2,248,548)	-	-	(1,467,257)	-	(23,019,129)	(2,113,495)
Total other financing sources (uses), net	-	29,038	-	135,116	-	(2,248,548)	-	-	(1,467,257)	-	(23,019,129)	(2,113,495)
Net change in fund balances (deficit)	-	(31,303)	-	1,604,309	32,232	1,194,525	(44,548)	201	(671,263)	119,239	212,516	793,620
Fund balances (deficit) at beginning of year	4,175	31,303	-	(1,604,309)	28,202	13,748,007	638,673	675	671,263	383,667	85,168	6,522,867
Fund balances (deficit) at end of year	$ 4,175	$ -	$ -	$ -	$ 60,434	$ 14,942,532	$ 594,125	$ 876	$ -	$ 502,906	$ 297,684	$ 7,316,487

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,263,150
Hotel	34,362,256	-	-	-	-	-	-	-	-	-	34,362,256
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,791,970
Tobacco	-	-	-	-	-	-	-	-	-	-	20,960,702
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	2,207,886
Licenses and permits	-	79,400	-	-	-	62,128	71,350	22,051	87,538	5,600	54,247,570
Charges for services	-	-	-	-	-	-	-	-	-	-	17,348,685
Interest and investment earnings	290	249	-	-	-	-	-	-	-	24,253	281,426
Intergovernmental	-	-	-	-	-	-	-	-	-	-	1,403,943
Other	-	-	-	-	-	-	-	-	-	-	9,071,311
Total revenues	34,362,546	79,649	-	-	-	62,128	71,350	22,051	87,538	29,853	172,938,899
Expenditures by Function:											
Current:											
General government	20,500	-	-	-	-	-	-	-	-	-	15,499,224
Protection of life and property	354,122	-	-	-	-	-	-	-	-	-	17,244,695
Public health	-	-	-	-	-	-	-	-	-	-	11,589,576
Community services	36,000	-	-	-	-	-	-	-	-	-	36,840
Recreation	689,362	-	-	-	-	-	-	-	-	-	846,047
Individual and collective rights	1,158,791	-	-	-	-	-	-	-	820,608	-	2,511,107
Transportation	-	-	-	-	-	-	-	-	-	-	11,247,202
Public education	-	-	-	-	-	-	-	-	-	-	886,054
Environmental protection	93,130	-	-	-	-	16,218	15,327	-	-	-	15,185,201
Economic development	-	-	-	-	-	-	-	91,451	-	-	170,597
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	6,388,394
Guam Community College	520,283	-	-	-	-	-	-	-	-	-	1,593,356
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	5,539,337
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	1,500,000
Guam Visitors Bureau	18,089,832	-	-	-	-	-	-	-	-	-	18,089,832
University of Guam	365,000	-	750,000	-	-	-	-	-	-	-	3,166,204
Total expenditures	21,327,020	-	750,000	-	-	16,218	15,327	91,451	820,608	-	111,493,666
Excess (deficiency) of revenues over (under) expenditures	13,035,526	79,649	(750,000)	-	-	45,910	56,023	(69,400)	(733,070)	29,853	61,445,233
Other financing sources (uses):											
Transfers in from other funds	-	-	750,000	6,394	22,695	-	-	-	731,783	19,839	10,558,408
Transfers out to other funds	(10,582,258)	-	-	-	-	-	-	-	-	(1,214,563)	(71,915,256)
Total other financing sources (uses), net	(10,582,258)	-	750,000	6,394	22,695	-	-	-	731,783	(1,194,724)	(61,356,848)
Net change in fund balances (deficit)	2,453,268	79,649	-	6,394	22,695	45,910	56,023	(69,400)	(1,287)	(1,164,871)	88,385
Fund balances (deficit) at beginning of year	5,617,519	403,958	-	(6,394)	(22,695)	18,318	4,163	140,945	51,313	1,164,871	63,191,491
Fund balances (deficit) at end of year	$ 8,070,787	$ 483,607	$ -	$ -	$ -	$ 64,228	$ 60,186	$ 71,545	$ 50,026	$ -	$ 63,279,876

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	236	265	266	282	633	624	415	646	105	250	213	272
	Accessible Parking	Air Pollution Control	Board of Accountancy	Carrier Off-duty Services Revolving	Census 2010	Chamorro Land Trust Operations	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	233,841	640,620	696,478	-	865,070	-	5,708	2,619,001	-	754,219	47,990
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	2,193	1,350	-	-	-	345	-
Intergovernmental	-	-	-	-	-	-	-	-	1,403,943	-	-	-
Other	(24,049)	-	9,560	-	-	50,434	8,969	-	-	-	-	-
Total revenues	(24,049)	233,841	650,180	696,478	-	917,697	10,319	5,708	4,022,944	-	754,564	47,990
Expenditures by Object:												
Salaries and wages - regular	-	82,798	-	453,312	-	270,841	-	-	1,666,041	-	324,057	-
Salaries and wages - overtime	-	-	-	245,701	-	-	-	-	4	-	-	-
Salaries and wages - fringe benefits	-	33,920	-	11,228	-	117,624	-	-	582,532	-	129,946	-
Travel	-	7,858	-	-	-	-	-	-	62,622	-	-	-
Contractual services	19,990	11,915	300,382	-	-	119,348	-	-	485,225	-	11,905	18,966
Building rent	-	-	23,868	-	-	67,098	-	-	-	-	-	-
Supplies	4,144	2,884	9,429	-	-	4,070	-	-	102,658	1,421	7,377	193
Equipment	7,914	-	1,319	-	-	-	-	-	61,743	8,667	7,780	-
Utilities - power and water	-	10,000	-	-	-	-	-	-	-	-	14,411	-
Communications	-	7,571	-	-	-	-	-	-	-	-	4,776	-
Capital outlays	-	-	-	-	-	-	-	-	30,430	-	10,110	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	22,432	-	-	1,500	-	-	640	-	1,124	-
Total expenditures	32,048	156,946	357,430	710,241	-	580,481	-	-	2,991,895	10,088	511,486	19,159
Excess (deficiency) of revenues over (under) expenditures	(56,097)	76,895	292,750	(13,763)	-	337,216	10,319	5,708	1,031,049	(10,088)	243,078	28,831
Other financing sources (uses):												
Transfers in from other funds	40,611	50,676	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	(912,222)	-
Total other financing sources (uses), net	40,611	50,676	-	-	-	-	-	-	-	-	(912,222)	-
Net change in fund balances (deficit)	(15,486)	127,571	292,750	(13,763)	-	337,216	10,319	5,708	1,031,049	(10,088)	(669,144)	28,831
Fund balances (deficit) at beginning of year	15,486	(127,571)	1,419,109	182,448	11,094	1,685,228	501,963	13,480	2,466,234	14,998	756,438	73,298
Fund balances (deficit) at end of year	$ -	$ -	$ 1,711,859	$ 168,685	$ 11,094	$ 2,022,444	$ 512,282	$ 19,188	$ 3,497,283	$ 4,910	87,294	$ 102,129

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	325	209	267	630	235	246	281	600	640	231	656	
	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	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	7,236	13,229,460	26,070	-	914,907	30,423	2,056,143	1,190,721	20,201	963,274	1,511,104	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	120	-	377	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	142
Total revenues	7,236	13,229,580	26,070	377	914,907	30,423	2,056,143	1,190,721	20,201	963,274	1,511,104	142
Expenditures by Object:												
Salaries and wages - regular	-	6,945,066	-	-	217,966	-	684,756	478,152	-	-	-	-
Salaries and wages - overtime	-	30,346	-	-	-	-	77,987	-	3,342	-	-	-
Salaries and wages - fringe benefits	-	2,675,827	-	-	86,207	-	296,776	166,159	1,201	-	-	-
Travel	-	-	-	-	-	-	-	8,703	-	-	-	-
Contractual services	-	535,706	-	-	54,615	-	314,483	116,309	-	12,015	-	-
Building rent	-	2,930,423	-	-	-	-	-	-	-	-	-	-
Supplies	-	116,347	-	-	13,824	-	17,910	5,484	-	25,638	-	-
Equipment	-	-	-	-	29,964	-	64,922	1,963	-	16,708	-	-
Utilities - power and water	-	132,139	-	-	25,661	-	112,105	-	-	-	-	-
Communications	-	20,000	-	-	13,380	-	60,066	-	-	-	-	-
Capital outlays	-	-	-	-	54,431	-	64,095	-	-	46,992	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	1,267,519	-
Miscellaneous	-	61,281	-	-	80	-	1,489	160	-	-	-	1,265
Total expenditures	-	13,447,135	-	-	496,128	-	1,694,589	776,930	4,543	101,353	1,267,519	1,265
Excess (deficiency) of revenues over (under) expenditures	7,236	(217,555)	26,070	377	418,779	30,423	361,554	413,791	15,658	861,921	243,585	(1,123)
Other financing sources (uses):												
Transfers in from other funds	184,412	217,555	-	-	-	-	-	-	-	-	-	900
Transfers out to other funds	-	-	-	-	-	-	(1,839,854)	(1,227,075)	-	(920,694)	-	-
Total other financing sources (uses), net	184,412	217,555	-	-	-	-	(1,839,854)	(1,227,075)	-	(920,694)	-	900
Net change in fund balances (deficit)	191,648	-	26,070	377	418,779	30,423	(1,478,300)	(813,284)	15,658	(58,773)	243,585	(223)
Fund balances (deficit) at beginning of year	(191,648)	-	124,680	602,142	42,573	149,833	1,478,300	813,284	16,871	58,773	252,111	443
Fund balances (deficit) at end of year	$ -	$ -	$ 150,750	$ 602,519	$ 461,352	$ 180,256	$ -	$ -	$ 32,529	$ -	$ 495,696	$ 220

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number			641	639	657	245	649	608	326	651	635	270
	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Geodetic Network	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Procurement Advisory Council Support	Guam Unarmed Combat Commission	Health and Human Services
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	590,889	-	-	-	-	222,441	-	93,758	1,412,792	-	2,945	8,550
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	43,411	3	-	-	-	43	-	97	231	-	-	24,452
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	110,023	-	-	-	-	-	-	499	-	-	-	-
Total revenues	744,323	3	-	-	-	222,484	-	94,354	1,413,023	-	2,945	33,002
Expenditures by Object:												
Salaries and wages - regular	-	-	-	-	-	97,996	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	3	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	37,717	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Contractual services	84,510	-	-	-	-	31,809	-	7,678	-	-	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	5,905	-	4,434	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	48,017	-	44,582	-	-	-	-
Communications	-	-	-	-	-	14,158	-	927	-	-	-	-
Capital outlays	-	-	-	-	-	-	45,353	-	-	-	-	-
Payments to component units	-	-	315,665	-	100,000	-	-	-	1,500,000	-	-	-
Miscellaneous	-	30	60	-	-	-	-	1,525	-	-	-	-
Total expenditures	84,510	30	315,725	-	100,000	235,605	45,353	59,146	1,500,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	659,813	(27)	(315,725)	-	(100,000)	(13,121)	(45,353)	35,208	(86,977)	-	2,945	33,002
Other financing sources (uses):												
Transfers in from other funds	-	-	315,725	2,832,500	100,000	-	-	-	-	-	-	-
Transfers out to other funds	-	(900)	-	(2,832,500)	-	-	-	-	-	-	-	(1,527,439)
Total other financing sources (uses), net	-	(900)	315,725	-	100,000	-	-	-	-	-	-	(1,527,439)
Net change in fund balances (deficit)	659,813	(927)	-	-	-	(13,121)	(45,353)	35,208	(86,977)	-	2,945	(1,494,437)
Fund balances (deficit) at beginning of year	2,932,112	9,353	-	1,500	-	126,044	60,396	84,654	381,251	1,931	6,185	3,827,972
Fund balances (deficit) at end of year	$ 3,591,925	$ 8,426	$ -	$ 1,500	$ -	$ 112,923	$ 15,043	$ 119,862	$ 294,274	$ 1,931	$ 9,130	$ 2,333,535

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	602	241	311	652	658	632	351	222	655	232	294	653
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse	MHSA Services
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	20,960,702	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	2,207,886	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	186,550	-	-	-	6,336	-	2,543,987	1,702,870	1,366,433	-	2,089
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	440	-	112,415	9	-	-	138	-	-	256	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	881,434	-	-	(564)	-	-	2,925
Total revenues	23,169,028	186,550	112,415	9	-	887,770	138	2,543,987	1,702,306	1,366,689	-	5,014
Expenditures by Object:												
Salaries and wages - regular	4,410,106	-	-	-	-	1,130,387	-	1,891,792	-	217,414	-	-
Salaries and wages - overtime	4,245	-	-	-	-	-	-	32	-	-	-	-
Salaries and wages - fringe benefits	1,629,577	-	-	-	-	410,382	-	724,503	-	89,146	-	-
Travel	-	916	-	-	-	15,471	-	-	-	1,138	-	-
Contractual services	755,609	29,662	-	-	-	85,152	-	98,739	-	13,259	-	-
Building rent	-	-	-	-	-	-	-	257,709	-	83,462	-	-
Supplies	178,338	5,324	-	-	-	9,471	-	34,310	-	18,206	-	-
Equipment	-	14,641	-	-	-	9,799	-	1,434	-	7,231	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	5,646	-	14,635	-	8,972	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	6,323,022	-	-	-	-	-	-	-	-	973,073	-	-
Miscellaneous	365,011	80	-	-	-	180	-	9,058	-	200	-	-
Total expenditures	13,665,908	50,623	-	-	-	1,666,488	-	3,032,212	-	1,412,101	-	-
Excess (deficiency) of revenues over (under) expenditures	9,503,120	135,927	112,415	9	-	(778,718)	138	(488,225)	1,702,306	(45,412)	-	5,014
Other financing sources (uses):												
Transfers in from other funds	-	-	-	-	3,462,256	653,933	-	610,386	-	45,412	15,950	-
Transfers out to other funds	(11,421,465)	(580,014)	(5,915,979)	-	-	-	-	-	(236,344)	-	-	-
Total other financing sources (uses), net	(11,421,465)	(580,014)	(5,915,979)	-	3,462,256	653,933	-	610,386	(236,344)	45,412	15,950	-
Net change in fund balances (deficit)	(1,918,345)	(444,087)	(5,803,564)	9	3,462,256	(124,785)	138	122,161	1,465,962	-	15,950	5,014
Fund balances (deficit) at beginning of year	6,578,924	444,087	5,813,621	44	-	124,785	-	(122,161)	223,688	-	(15,950)	-
Fund balances (deficit) at end of year	$ 4,660,579	$ -	$ 10,057	$ 53	$ 3,462,256	$ -	$ 138	$ -	$ 1,689,650	$ -	$ -	$ 5,014

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	261	650	629	211	263	644	215	604	620	317	285	619
	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	20,807	248,387	351,570	21,393	903,941	-	280,561	823,774	163,443	135,168	53,794	2,660,643
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	343	196	-	-	2,295
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	28,239	-	-	-	-	-	-	-
Total revenues	20,807	248,387	351,570	21,393	932,180	-	280,561	824,117	163,639	135,168	53,794	2,662,938
Expenditures by Object:												
Salaries and wages - regular	-	38,475	46,414	-	-	-	113,248	-	-	-	-	42,476
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	17,001	15,244	-	-	-	45,350	-	-	-	-	17,439
Travel	-	8,643	23,647	-	-	-	-	-	-	-	-	66,685
Contractual services	-	18,758	5,512	-	609,998	-	42,191	-	85,610	350,943	7,779	476,071
Building rent	-	-	-	-	-	-	17,500	-	-	-	-	-
Supplies	-	10,321	3,332	4,026	27,314	-	1,683	-	71,075	-	8,195	6,206
Equipment	-	-	9,682	-	-	-	-	-	-	-	-	2,319
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	2,485	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	63,100	-	1,846	-	-	-	-	-
Total expenditures	-	93,198	103,831	4,026	700,412	-	224,303	-	156,685	350,943	15,974	611,196
Excess (deficiency) of revenues over (under) expenditures	20,807	155,189	247,739	17,367	231,768	-	56,258	824,117	6,954	(215,775)	37,820	2,051,742
Other financing sources (uses):												
Transfers in from other funds	-	-	-	-	-	-	-	-	-	333,227	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(796,323)	-	-	-	(3,059,197)
Total other financing sources (uses), net	-	-	-	-	-	-	-	(796,323)	-	333,227	-	(3,059,197)
Net change in fund balances (deficit)	20,807	155,189	247,739	17,367	231,768	-	56,258	27,794	6,954	117,452	37,820	(1,007,455)
Fund balances (deficit) at beginning of year	63,480	188,086	55,664	25,139	192,696	1,569	(3,671)	481,099	66,750	299,064	94,057	3,007,866
Fund balances (deficit) at end of year	$ 84,287	$ 343,275	$ 303,403	$ 42,506	$ 424,464	$ 1,569	$ 52,587	$ 508,893	$ 73,704	$ 416,516	$ 131,877	$ 2,000,411

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

AS/400 Fund Number	601	217	330	647	284	416	605	625	202	603	205	208
	Safe Homes Safe Streets	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection	Territorial Educational Facilities	Territorial Highway
Revenues:												
Taxes:												
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,263,150	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	9,791,970
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	24,002	-	-	32,324	-	65,606	201	4,043,442	835,658	-	9,302,683
Charges for services	-	-	-	-	-	17,348,685	-	-	-	-	-	-
Interest and investment earnings	-	-	-	1,667	-	59,070	270	-	-	-	217	6,696
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	7,855,935	-	147,739	-	-	-	25	-	-
Total revenues	-	24,002	-	7,857,602	32,324	17,555,494	65,876	201	4,043,442	835,683	23,263,367	19,101,349
Expenditures by Object:												
Salaries and wages - regular	-	-	-	-	-	1,036,595	-	-	-	365,921	-	2,644,921
Salaries and wages - overtime	-	-	-	-	-	165,331	-	-	-	96	-	143,607
Salaries and wages - fringe benefits	-	-	-	-	-	403,064	-	-	-	145,163	-	1,055,610
Travel	-	-	-	-	-	1,596	27,177	-	-	11,880	-	4,833
Contractual services	-	-	-	-	-	10,204,906	11,338	-	-	7,575	-	3,363,927
Building rent	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	84,283	-	-	92	1,832,807	-	-	-	96,074	-	2,003,873
Equipment	-	-	-	-	-	6,144	11,164	-	-	-	-	101,772
Utilities - power and water	-	-	-	-	-	70,428	-	-	3,247,448	-	-	4,668,782
Communications	-	-	-	-	-	-	-	-	-	89,735	-	14,591
Capital outlays	-	-	-	-	-	-	47,438	-	-	-	-	2,176,163
Payments to component units	-	-	-	6,388,394	-	-	-	-	-	-	-	-
Miscellaneous	-	60	-	15	-	391,550	13,307	-	-	-	31,722	16,155
Total expenditures	-	84,343	-	6,388,409	92	14,112,421	110,424	-	3,247,448	716,444	31,722	16,194,234
Excess (deficiency) of revenues over (under) expenditures	-	(60,341)	-	1,469,193	32,232	3,443,073	(44,548)	201	795,994	119,239	23,231,645	2,907,115
Other financing sources (uses):												
Transfers in from other funds	-	29,038	-	135,116	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(2,248,548)	-	-	(1,467,257)	-	(23,019,129)	(2,113,495)
Total other financing sources (uses), net	-	29,038	-	135,116	-	(2,248,548)	-	-	(1,467,257)	-	(23,019,129)	(2,113,495)
Net change in fund balances (deficit)	-	(31,303)	-	1,604,309	32,232	1,194,525	(44,548)	201	(671,263)	119,239	212,516	793,620
Fund balances (deficit) at beginning of year	4,175	31,303	-	(1,604,309)	28,202	13,748,007	638,673	675	671,263	383,667	85,168	6,522,867
Fund balances (deficit) at end of year	$ 4,175	$ -	$ -	$ -	$ 60,434	$ 14,942,532	$ 594,125	$ 876	$ -	$ 502,906	$ 297,684	$ 7,316,487

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2014

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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,263,150
Hotel	34,362,256	-	-	-	-	-	-	-	-	-	34,362,256
Liquid fuel	-	-	-	-	-	-	-	-	-	-	9,791,970
Tobacco	-	-	-	-	-	-	-	-	-	-	20,960,702
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	2,207,886
Licenses and permits	-	79,400	-	-	-	62,128	71,350	22,051	87,538	5,600	54,247,570
Charges for services	-	-	-	-	-	-	-	-	-	-	17,348,685
Interest and investment earnings	290	249	-	-	-	-	-	-	-	24,253	281,426
Intergovernmental	-	-	-	-	-	-	-	-	-	-	1,403,943
Other	-	-	-	-	-	-	-	-	-	-	9,071,311
Total revenues	34,362,546	79,649	-	-	-	62,128	71,350	22,051	87,538	29,853	172,938,899
Expenditures by Object:											
Salaries and wages - regular	116,865	-	-	-	-	-	-	-	-	-	23,275,599
Salaries and wages - overtime	8,431	-	-	-	-	-	-	-	-	-	679,125
Salaries and wages - fringe benefits	38,567	-	-	-	-	-	-	-	-	-	8,730,183
Travel	26,499	-	-	-	-	-	-	-	7,616	-	275,284
Contractual services	747,343	-	-	-	-	12,343	3,366	57,086	809,783	-	19,921,806
Building rent	-	-	-	-	-	-	-	-	-	-	3,380,060
Supplies	886,466	-	-	-	-	3,875	6,961	17,777	-	-	5,631,727
Equipment	86,526	-	-	-	-	-	-	-	-	-	451,692
Utilities - power and water	166,450	-	-	-	-	-	5,000	-	-	-	8,545,023
Communications	2,575	-	-	-	-	-	-	15,538	-	-	275,055
Capital outlays	156,109	-	-	-	-	-	-	-	-	-	2,631,121
Payments to component units	18,975,115	-	750,000	-	-	-	-	-	-	-	36,592,788
Miscellaneous	116,074	-	-	-	-	-	-	1,050	3,209	-	1,104,203
Total expenditures	21,327,020	-	750,000	-	-	16,218	15,327	91,451	820,608	-	111,493,666
Excess (deficiency) of revenues over (under) expenditures	13,035,526	79,649	(750,000)	-	-	45,910	56,023	(69,400)	(733,070)	29,853	61,445,233
Other financing sources (uses):											
Transfers in from other funds	-	-	750,000	6,394	22,695	-	-	-	731,783	19,839	10,558,408
Transfers out to other funds	(10,582,258)	-	-	-	-	-	-	-	-	(1,214,563)	(71,915,256)
Total other financing sources (uses), net	(10,582,258)	-	750,000	6,394	22,695	-	-	-	731,783	(1,194,724)	(61,356,848)
Net change in fund balances (deficit)	2,453,268	79,649	-	6,394	22,695	45,910	56,023	(69,400)	(1,287)	(1,164,871)	88,385
Fund balances (deficit) at beginning of year	5,617,519	403,958	-	(6,394)	(22,695)	18,318	4,163	140,945	51,313	1,164,871	63,191,491
Fund balances (deficit) at end of year	$ 8,070,787	$ 483,607	$ -	$ -	$ -	$ 64,228	$ 60,186	$ 71,545	$ 50,026	$ -	$ 63,279,876

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds
September 30, 2014

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, 2014, follows:

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2014

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water System Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
ASSETS:						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 1,036,987	$ 1,036,987
Due from other funds	477,982	-	567,255	769,217	-	1,814,454
Deposits and other assets	-	-	-	-	3,456	3,456
Restricted assets:						
Cash and cash equivalents	-	22,815,410	-	-	-	22,815,410
Investments	-	14,568,306	-	-	902,104	15,470,410
Total assets	$ 477,982	$ 37,383,716	$ 567,255	$ 769,217	$ 1,942,547	$ 41,140,717
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ 1,746,645	$ -	$ -	$ 27,192	$ 1,773,837
Due to other funds	-	32,999	-	-	1,991,026	2,024,025
Total liabilities	-	1,779,644	-	-	2,018,218	3,797,862
Fund balances:						
Restricted	477,982	35,604,072	-	-	-	36,082,054
Unassigned	-	-	567,255	769,217	(75,671)	1,260,801
Total fund balances	477,982	35,604,072	567,255	769,217	(75,671)	37,342,855
Total liabilities and fund balances	$ 477,982	$ 37,383,716	$ 567,255	$ 769,217	$ 1,942,547	$ 41,140,717

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
Year Ended September 30, 2014

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:						
Interest and investment earnings	$ -	$ 57,073	$ 22	$ -	$ 1,914,673	$ 1,971,768
Expenditures by function:						
Current:						
Individual and collective rights	-	-	-	-	1,072,510	1,072,510
Capital projects	14,279	8,337,673	-	-	-	8,351,952
Debt service:						
Principal retirement	-	-	-	-	554,346	554,346
Interest and fiscal charges	-	-	-	-	438,659	438,659
Total expenditures	14,279	8,337,673	-	-	2,065,515	10,417,467
Excess (deficiency) of revenues over (under) expenditures	(14,279)	(8,280,600)	22	-	(150,842)	(8,445,699)
Other financing uses:						
Transfers out to other funds	(775,881)	-	-	-	-	(775,881)
Net change in fund balances	(790,160)	(8,280,600)	22	-	(150,842)	(9,221,580)
Fund balances at beginning of year	1,268,142	43,884,672	567,233	769,217	75,171	46,564,435
Fund balances at end of year	$ 477,982	$ 35,604,072	$ 567,255	$ 769,217	$ (75,671)	$ 37,342,855

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
Year Ended September 30, 2014

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:						
Interest and investment earnings	$ -	$ 57,073	$ 22	$ -	$ 1,914,673	$ 1,971,768
Expenditures by object:						
Salaries and wages - overtime	11,233	-	-	-	-	11,233
Salaries and wages - fringe benefits	3,046	-	-	-	-	3,046
Contractual services	-	1,817,742	-	-	557,609	2,375,351
Building rent	-	-	-	-	372,600	372,600
Equipment	-	-	-	-	97	97
Utilities - power and water	-	-	-	-	2,770	2,770
Capital outlays	-	6,519,931	-	-	139,434	6,659,365
Principal retirement	-	-	-	-	554,346	554,346
Interest and fiscal charges	-	-	-	-	438,659	438,659
Miscellaneous	-	-	-	-	-	-
Total expenditures	14,279	8,337,673	-	-	2,065,515	10,417,467
Excess (deficiency) of revenues over (under) expenditures	(14,279)	(8,280,600)	22	-	(150,842)	(8,445,699)
Other financing uses:						
Transfers out to other funds	(775,881)	-	-	-	-	(775,881)
Net change in fund balances	(790,160)	(8,280,600)	22	-	(150,842)	(9,221,580)
Fund balances at beginning of year	1,268,142	43,884,672	567,233	769,217	75,171	46,564,435
Fund balances at end of year	$ 477,982	$ 35,604,072	$ 567,255	$ 769,217	$ (75,671)	$ 37,342,855

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
September 30, 2014

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, 2014, follows:

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Pension Trusts
September 30, 2014

Pension trusts are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and defined contribution plans. A brief discussion of GovGuam's fiduciary funds - pension trusts as of September 30, 2014, follows:

Defined Benefits Plan - GovGuam participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995.

Defined Contributions Plan - All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS) administered by GGRF.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension Trusts
September 30, 2014

	Defined Benefit	Defined Contribution	Total
ASSETS			
Cash and cash equivalents	$ 7,222,269	$ 3,528,894	$ 10,751,163
Investments at fair value:			
Common stocks	1,061,632,545	-	1,061,632,545
U.S. Government securities	216,830,055	-	216,830,055
Corporate bonds and notes	144,343,162	-	144,343,162
Money market funds	30,336,838	-	30,336,838
Mutual funds	155,708,951	382,394,769	538,103,720
DC plan forfeitures	-	5,607,520	5,607,520
Total investments	1,608,851,551	388,002,289	1,996,853,840
Accounts receivable:			
Employer contributions, net	1,059,857	415,282	1,475,139
Member contributions	353,239	414,039	767,278
Interest and penalties on contributions	366,905	-	366,905
Accrued investment income	3,966,005	-	3,966,005
Due from brokers for unsettled trades	4,820,165	-	4,820,165
Service credits	756,356	-	756,356
Notes receivable - ERIP	354,600	-	354,600
Supplemental/COLA benefits	44,785,528	-	44,785,528
Supplemental/Insurance benefits advanced	3,511,711	-	3,511,711
Other	2,566,953	86,223	2,653,176
Due from DC plan	359,668	-	359,668
Total receivables	62,900,987	915,544	63,816,531
Capital assets	1,000,103	44,260	1,044,363
Total assets	1,679,974,910	392,490,987	2,072,465,897
LIABILITIES			
Unearned revenue	1,400,075	-	1,400,075
Accounts payable and accrued expenses	2,832,410	-	2,832,410
Due to DB plan	-	359,668	359,668
Due to brokers for unsettled trades	7,101,618	564,080	7,665,698
Total liabilities	11,334,103	923,748	12,257,851
NET POSITION			
Restricted for:			
Employees' pension benefits	$ 1,668,640,807	$ 391,567,239	$ 2,060,208,046

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2014

	Defined Benefit	Defined Contribution	Total
Additions:			
Contributions:			
Employer	$ 129,271,564	$ 16,899,085	$ 146,170,649
Member	16,626,009	16,800,484	33,426,493
Total contributions	145,897,573	33,699,569	179,597,142
Net investment income:			
Net appreciation in fair value of investments	121,293,316	2,866,468	124,159,784
Interest	18,663,467	26,663,373	45,326,840
Dividends	15,704,974	-	15,704,974
Other	540,907	1,277,561	1,818,468
Total investment income	156,202,664	30,807,402	187,010,066
Less: investment expenses	5,647,797	110,323	5,758,120
Net investment income	150,554,867	30,697,079	181,251,946
Total additions	296,452,440	64,396,648	360,849,088
Deductions:			
Benefits	195,128,969	-	195,128,969
Refunds	2,961,749	15,078,560	18,040,309
Interest on refunded contributions	1,442,661	-	1,442,661
Administrative and general expenses	2,634,037	1,949,952	4,583,989
Total deductions	202,167,416	17,028,512	219,195,928
Change in net position held in trust for employees' pension benefits	94,285,024	47,368,136	141,653,160
Net position at beginning of year	1,574,355,783	344,199,103	1,918,554,886
Net position at end of year	$ 1,668,640,807	$ 391,567,239	$ 2,060,208,046

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
September 30, 2014

Private purpose trusts are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations, or other governments. A brief discussion of GovGuam's fiduciary funds - private purpose trusts as of September 30, 2014, follows:

Trust Fund - this fund was established to account for judgments compelling individuals to award payments arising from various civil and criminal cases.

Traffic Court Trust Fund - this fund was established to account for deposits made by accused traffic offenders who are contesting charges against them.

Guardianship Trust Fund - this fund was established by Public Law 25-103 to account for the financial affairs of individuals for whom the Court has been petitioned to act as a guardian.

Land Condemnation Trust Fund - this fund was established as an escrow account for governmental land acquisitions.

Jury Trust Fund - this fund was established by Public Law 19-28 to account for funds awarded and to be awarded to citizens who serve on juries. Funding is derived from local appropriations.

Judicial Client Service Trust Fund - this fund was established by Public Law 27-55 to account for funds collected for: (i) the appointment of Counsel of Indigent Defendants including, but not limited to, attorney fees, investigator fees, interpreter fees, expert fees, jury fees, and any other related expenses approved by the Superior Court of Guam or the Supreme Court of Guam; (ii) Law Enforcement Escort Costs; and (iii) operations of Erica's House.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Fiduciary Net Position
September 30, 2014

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
ASSETS:									
Cash and cash equivalents	$ 8,693,390	$ 9,291	$ 1,106,186	$ 2,385,288	$ 442,319	$ 138,316	$ 12,774,790	$ -	$ 12,774,790
Time certificates of deposit	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
Due from other funds	-	408	-	66	-	840,850	841,324	(841,324)	-
Total assets	9,693,390	9,699	1,106,186	2,385,354	442,319	979,166	14,616,114	(841,324)	13,774,790
LIABILITIES									
Due to other funds	2,946,494	-	16,451	-	393,357	-	3,356,302	(841,324)	2,514,978
Deposits and other liabilities	6,746,896	9,699	1,089,735	2,385,354	8,249	108,437	10,348,370	-	10,348,370
Total liabilities	9,693,390	9,699	1,106,186	2,385,354	401,606	108,437	13,704,672	(841,324)	12,863,348
NET POSITION									
Restricted for:									
Individuals, organizations, and other governments	$ -	$ -	$ -	$ -	$ 40,713	$ 870,729	$ 911,442	$ -	$ 911,442

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2014

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
Additions:									
Use of money and property	$ -	$ -	$ -	$ -	$ 1,681	$ 2,064,379	$ 2,066,060	$ -	$ 2,066,060
Transfers in from other funds	-	-	-	-	760,798	190,697	951,495	-	951,495
Total additions	-	-	-	-	762,479	2,255,076	3,017,555	-	3,017,555
Deductions:									
Individual and collective rights	-	-	-	-	761,125	2,251,352	3,012,477	-	3,012,477
Total deductions	-	-	-	-	761,125	2,251,352	3,012,477	-	3,012,477
Change in net position held in trust for individuals, organizations, and other governments	-	-	-	-	1,354	3,724	5,078	-	5,078
Net position at beginning of year	-	-	-	-	39,359	867,005	906,364	-	906,364
Net position at end of year	$ -	$ -	$ -	$ -	$ 40,713	$ 870,729	$ 911,442	$ -	$ 911,442

See Accompanying Independent Auditors' Report.

Agency funds are used to report resources held by GovGuam in a purely custodial capacity (assets equal liabilities).

GOVERNMENT OF GUAM

Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency
September 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
ASSETS				
Deposits and other assets	$ 17,517,256	$ -	$ -	$ 17,517,256
Total assets	$ 17,517,256	$ -	$ -	$ 17,517,256
LIABILITIES				
Deposits and other liabilities	$ 17,517,256	$ -	$ -	$ 17,517,256
Total liabilities	$ 17,517,256	$ -	$ -	$ 17,517,256

See Accompanying Independent Auditors' Report.

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net position, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2014, follows:

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

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

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

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

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

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

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

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

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

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position
September 30, 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Current assets:								
Cash and cash equivalents	$ 7,930,953	$ 8,301,418	$ 4,087,173	$ 8,637,569	$ 1,934,315	$ 7,939,858	$ 249,460	$ 39,080,746
Investments	-	-	-	4,032,699	4,975,420	2,511,793	-	11,519,912
Receivables, net	5,349,358	1,766,255	27,006,691	548,508	61,081	164,074	29,885	34,925,852
Due from primary government	3,749,124	-	-	-	-	450,000	-	4,199,124
Inventories	672,485	214,745	399,949	9,431	-	-	-	1,296,610
Prepayments	-	149,433	73,738	-	13,854	6,452	-	243,477
Deposits and other assets	428,999	-	-	-	-	-	-	428,999
Restricted assets:								
Cash and cash equivalents	355,105	2,876,220	2,738,385	3,585,540	-	4,982,191	75,152	14,612,593
Investments	9,488,438	-	4,297,195	-	-	-	-	13,785,633
Total current assets	27,974,462	13,308,071	38,603,131	16,813,747	6,984,670	16,054,368	354,497	120,092,946
Noncurrent assets:								
Investments	1,748,504	-	-	-	-	-	-	1,748,504
Receivables, net	-	587,196	2,079,090	-	-	-	-	2,666,286
Capital assets:								
Nondepreciable capital assets	7,771,239	3,675,882	2,934,227	-	10,070,025	5,992,415	18,000	30,461,788
Capital assets, net of accumulated depreciation	29,036,325	21,626,649	3,771,899	531,926	7,651	832,039	2,136,449	57,942,938
Land held for development	-	3,051,988	-	-	-	-	-	3,051,988
Other assets	-	-	-	3,500	-	118,202	-	121,702
Total noncurrent assets	38,556,068	28,941,715	8,785,216	535,426	10,077,676	6,942,656	2,154,449	95,993,206
Total assets	66,530,530	42,249,786	47,388,347	17,349,173	17,062,346	22,997,024	2,508,946	216,086,152
Deferred Outflows of Resources:								
Deferred amount on refunding	-	-	-	505,120	-	-	-	505,120
	$ 66,530,530	$ 42,249,786	$ 47,388,347	$ 17,854,293	$ 17,062,346	$ 22,997,024	$ 2,508,946	$ 216,591,272

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position, Continued
September 30, 2014

LIABILITIES AND NET POSITION	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Current liabilities:								
Current portion of bonds payable	$ -	$ -	$ 160,000	$ 2,120,000	$ -	$ -	$ -	$ 2,280,000
Current portion of notes payable	73,293	55,000	-	-	-	-	-	128,293
Accounts payable	2,819,066	85,273	496,470	242,778	72,915	4,544,176	35,735	8,296,413
Accrued interest payable	-	-	20,323	500,000	-	-	-	520,323
Accrued payroll and other	-	150,761	-	194,723	-	-	39,820	385,304
Unearned revenues	1,947,357	1,725,273	45,214	8,602,792	-	18,500	93,515	12,432,651
Compensated absences	231,629	75,009	166,158	-	-	141,969	19,921	634,686
Deposits and other liabilities	638,867	1,437,496	858,347	-	8,000	-	-	2,942,710
Total current liabilities	5,710,212	3,528,812	1,746,512	11,660,293	80,915	4,704,645	188,991	27,620,380
Noncurrent liabilities:								
Compensated absences	256,839	679,864	-	-	-	-	36,145	972,848
Noncurrent portion of bonds payable	-	-	4,255,000	29,794,140	-	-	-	34,049,140
Noncurrent portion of notes payable	5,512,751	1,154,507	-	-	-	-	-	6,667,258
Other noncurrent liabilities	-	-	259,485	167,732	-	-	-	427,217
DCRS sick leave liability	1,323,230	-	185,866	112,730	-	149,927	-	1,771,753
Total noncurrent liabilities	7,092,820	1,834,371	4,700,351	30,074,602	-	149,927	36,145	43,888,216
Total liabilities	12,803,032	5,363,183	6,446,863	41,734,895	80,915	4,854,572	225,136	71,508,596
Net position:								
Net investment in capital assets	31,221,520	27,122,264	6,706,126	531,926	10,077,676	6,824,454	2,154,449	84,638,415
Restricted:								
Endowment - nonexpendable	43,629	-	-	-	-	-	-	43,629
Other purposes	10,460,225	1,457,460	3,284,430	-	-	4,728,796	-	19,930,911
Unrestricted (deficit)	12,002,124	8,306,879	30,950,928	(24,412,528)	6,903,755	6,589,202	129,361	40,469,721
Total net position	53,727,498	36,886,603	40,941,484	(23,880,602)	16,981,431	18,142,452	2,283,810	145,082,676
	$ 66,530,530	$ 42,249,786	$ 47,388,347	$ 17,854,293	$ 17,062,346	$ 22,997,024	$ 2,508,946	$ 216,591,272

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2014

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Operating revenues:								
Charges for services	$ 4,172,305	$ 1,277,908	$ 2,715,975	$ 1,452,080	$ -	$ -	$ -	$ 9,618,268
Grants and contracts	16,188,530	42,373,579	-	82,598	-	371,136	628,687	59,644,530
Other	2,071,109	63,294	-	3,240,006	-	999,991	371,555	6,745,955
Total operating revenues	22,431,944	43,714,781	2,715,975	4,774,684	-	1,371,127	1,000,242	76,008,753
Operating expenses:								
Cost of services	31,334,089	30,249,349	2,481,008	3,457,681	568,888	19,122,403	264,595	87,478,013
Depreciation and amortization	2,257,614	2,186,798	169,311	43,096	2,389	83,333	169,215	4,911,756
General and administrative	2,660,615	13,701,999	-	-	496,874	-	1,499,712	18,359,200
Total operating expenses	36,252,318	46,138,146	2,650,319	3,500,777	1,068,151	19,205,736	1,933,522	110,748,969
Operating income (loss)	(13,820,374)	(2,423,365)	65,656	1,273,907	(1,068,151)	(17,834,609)	(933,280)	(34,740,216)
Nonoperating revenues (expenses):								
Contributions from the primary government	17,422,722	-	-	-	1,413,023	18,089,832	620,251	37,545,828
Investment income	693,466	11,796	12,564	108,024	250,374	13,980	-	1,090,204
Interest expense	(88,138)	(75,258)	(282,132)	(2,325,416)	-	-	-	(2,770,944)
Other income (expenses), net	416,175	178,650	413,386	1,044,345	64,499	(34,066)	-	2,082,989
Total nonoperating revenues (expenses), net	18,444,225	115,188	143,818	(1,173,047)	1,727,896	18,069,746	620,251	37,948,077
Net income (loss) before capital contributions	4,623,851	(2,308,177)	209,474	100,860	659,745	235,137	(313,029)	3,207,861
Capital grants from the United States government	-	770,875	-	-	-	-	-	770,875
Net income (loss) after capital contributions	4,623,851	(1,537,302)	209,474	100,860	659,745	235,137	(313,029)	3,978,736
Special item - donation of land	-	-	-	-	9,900,000	-	-	9,900,000
Change in net position	4,623,851	(1,537,302)	209,474	100,860	10,559,745	235,137	(313,029)	13,878,736
Net position at beginning of year	49,103,647	38,423,905	40,732,010	(23,981,462)	6,421,686	17,907,315	2,596,839	131,203,940
Net position at end of year	$ 53,727,498	$ 36,886,603	$ 40,941,484	$ (23,880,602)	$ 16,981,431	$ 18,142,452	$ 2,283,810	$ 145,082,676

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Other Information
September 30, 2014

A brief discussion of other information presented for additional analysis as of September 30, 2014, follows:

Combining Schedule of Expenditures By Object:
All Governmental Funds

Schedule of Outstanding Debt:
Primary Government
Component Units

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2014

		Special Revenue		Capital Projects	Permanent		
	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Chamorro Lands	Other Governmental Funds	Total
Expenditures by Object:							
Salaries and wages:							
Regular	$ 267,209,657	$ 26,261,692	$ 24,425,606	$ -	$ -	$ 23,286,832	$ 341,183,787
Overtime	9,467,317	1,145,053	-	-	-	682,171	11,294,541
Fringe benefits	92,856,448	9,787,890	8,537,115	-	-	8,730,183	119,911,636
Travel	864,952	2,171,287	705,816	-	-	275,284	4,017,339
Contractual services	40,368,595	52,701,636	15,048,331	28,134,090	-	22,297,157	158,549,809
Building rent	8,254,536	2,058,187	-	-	-	3,752,660	14,065,383
Supplies	7,980,546	1,966,315	2,484,760	-	-	5,631,727	18,063,348
Equipment	1,137,829	2,102,018	2,758,683	-	-	451,789	6,450,319
Utilities - power and water	23,722,538	2,081,176	-	-	-	8,547,793	34,351,507
Communications	1,590,728	276,268	-	-	-	275,055	2,142,051
Capital outlays	19,289,853	7,272,395	265,555	78,458	-	9,290,486	36,196,747
Capital lease acquisition	78,024,200	-	-	-	-	-	78,024,200
Grants and subsidies	72,619,916	112,543,852	-	-	-	36,592,788	221,756,556
Supplemental annuity benefits	22,477,700	-	-	-	-	-	22,477,700
Retiree healthcare benefits	19,428,759	-	-	-	-	-	19,428,759
Principal retirement	20,241,070	-	3,515,000	-	-	2,339,346	26,095,416
Interest and fiscal charges	67,423,568	-	3,585,000	13,587	-	5,671,399	76,693,554
Miscellaneous	44,498,635	106,202,854	182,951	-	-	1,104,203	151,988,643
	$ 797,456,847	$ 326,570,623	$ 61,508,817	$ 28,226,135	$ -	$ 128,928,873	$ 1,342,691,295

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Outstanding Debt
September 30, 2014

	Outstanding Principal Amount	Fiscal Year 2015 Debt Service			Final Maturity (Year Ending September 30)
		Principal	Interest	Total	
Primary Government:					
General Obligation Bonds:					
2007 Series A	$ 151,935,000	$ -	$ 7,874,700	$ 7,874,700	2038
2009 Series A	257,040,000	4,025,000	17,392,381	21,417,381	2040
Limited Obligation Bonds:					
2009 Series A Section 30 Bonds	193,010,000	5,070,000	10,599,956	15,669,956	2035
2011 Series A Hotel Tax Revenue Bonds	85,470,000	1,845,000	5,152,819	6,997,819	2041
2011 Series A Business Privilege Tax Revenue Bonds	235,000,000	-	11,948,013	11,948,013	2042
2012 Series B Business Privilege Tax Revenue Bonds	108,700,000	-	5,246,046	5,246,046	2042
2013 Series C Business Privilege Tax Revenue Bonds	21,340,000	3,910,000	909,100	4,819,100	2019
Other Loans Payable:					
2006 Bank loan	8,258,869	554,346	438,659	993,005	2018
	1,060,753,869	15,404,346	59,561,674	74,966,020	
Component Units:					
Antonio B. Won Pat International Airport Authority:					
2012 Bank loan	11,301,193	942,000	625,504	1,567,504	2024
2013 Series A, B and C Revenue Bonds	247,335,000	9,845,000	13,550,775	23,395,775	2044
Guam Memorial Hospital Authority:					
2014 Bank loan	23,622,934	2,027,203	1,191,674	3,218,877	2024
Guam Power Authority:					
2010 Series A Revenue Bonds	177,740,000	13,145,000	10,046,700	23,191,700	2016/2041
2012 Series A Revenue Bonds	340,510,000	455,000	16,993,275	17,448,275	2035
2014 Series A Revenue Bonds	76,470,000	-	1,897,232	1,897,232	2045
Guam Waterworks Authority:					
2010 Series A Revenue Bonds	118,825,000	1,055,000	6,516,400	7,571,400	2040
2010 Bank loans	17,541,755	3,310,118	1,499,619	4,809,737	2015
2013 Series A Revenue Bonds	172,630,000	-	9,331,688	9,331,688	2043
2014 Series A and B Revenue Bonds	85,600,000	2,900,000	3,499,425	6,399,425	2035
Port Authority of Guam:					
2010 and 2012 Bank loans	13,947,824	749,228	828,479	1,577,707	2028
University of Guam:					
Rural development loan	12,041,670	210,817	539,243	750,060	2043
Guam Community College:					
Rural development loans	5,586,044	73,293	196,080	269,373	2053
Guam Housing and Urban Renewal Authority:					
Rural development loan	1,208,729	55,400	71,080	126,480	2030
Guam Housing Corporation:					
1998 Series A Mortgage-Backed Revenue Bonds	4,415,000	160,000	241,730	401,730	2031
Guam Economic Development Authority:					
2007 Series A and B Tobacco Settlement Revenue Bonds	44,168,619	2,120,000	1,227,732	3,347,732	2034
	1,352,943,768	37,048,059	68,256,636	105,304,695	
	$ 2,413,697,637	$ 52,452,405	$ 127,818,310	$ 180,270,715	

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT OF GUAM
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Eddie B. Calvo
Governor
Government of Guam:

We have audited 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated June 29, 2015. Our report includes a reference to other auditors and an emphasis-of-matters paragraph regarding implementation of new accounting standards. Other auditors audited the financial statements of the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, as described in our report on GovGuam's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Guam Community College, the Guam Department of Education, the Guam Economic Development Authority, the Guam Educational Telecommunications Corporation, the Guam Memorial Hospital Authority, the Guam Power Authority, the Guam Visitors Bureau, the Guam Waterworks Authority, the Solid Waste Operations Fund, the Territorial Highway Fund, and the Tourist Attraction Fund, which were all audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. Other auditors issued separate reports on their consideration of internal control over financial reporting and their tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust. The findings, if any, included in those reports are not included herein.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GovGuam's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-008, 2014-009 and 2014-010 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GovGuam's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

GovGuam's Response to Findings

GovGuam's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte + Touche LLP

June 29, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Honorable Eddie B. Calvo
Governor
Government of Guam:

Report on Compliance for Each Major Federal Program

We have audited the Government of Guam's (GovGuam's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of GovGuam's major federal programs for the year ended September 30, 2014. GovGuam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Note 2b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain entities whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2014. Our audit, described below, did not include the operations of the entities identified in Note 2b as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GovGuam's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GovGuam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GovGuam's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in Findings 2014-001 and 2014-003 through 2014-007 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-001	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2014-001	20.205	Highway Planning and Construction	Equipment and Real Property Management
2014-003	20.616	National Priority Safety Programs	Procurement and Suspension and Debarment
2014-001	64.203	State Cemetery Grants	Equipment and Real Property Management
2014-004	64.203	State Cemetery Grants	Allowable Costs/Cost Principles
2014-004	64.203	State Cemetery Grants	Procurement and Suspension and Debarment
2014-005	93.150	Projects for Assistance in Transition from Homelessness (PATH)	Eligibility
2014-006	93.150	Projects for Assistance in Transition from Homelessness (PATH)	Procurement and Suspension and Debarment
2014-007	93.558	Temporary Assistance for Needy Families	Eligibility
2014-007	93.778	Medical Assistance Program	Eligibility

Compliance with such requirements is necessary, in our opinion, for the Government of Guam to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 15.875 Economic, Social and Political Development of the Territories, CFDA 20.205 Highway Planning and Construction, 20.616 National Priority Safety Programs, 64.203 State Cemetery Grants, 93.150 Projects for Assistance in Transition from Homelessness (PATH), 93.558 Temporary Assistance for Needy Families, and CFDA 93.778 Medical Assistance Program for the year ended September 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

GovGuam's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of GovGuam is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GovGuam's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-003 through 2014-007 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned costs as item 2014-002 to be a significant deficiency.

GovGuam's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Government of Guam as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon dated June 29, 2015, which contained unmodified opinions on those financial statements and which report included a reference to other auditors and an emphasis-of-matters paragraph regarding implementation of new accounting standards . Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Deloitte + Touche LLP

June 29, 2015

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2014

Agency		Expenditures
U.S. Department of Agriculture	$	119,801,857
U.S. Department of Commerce		1,601,355
U.S. Department of Defense		5,924,348
U.S. Department of Housing and Urban Development		348,524
U.S. Department of the Interior		29,107,321
U.S. Department of Justice		4,051,746
U.S. Department of Labor		5,423,890
U.S. Department of Transportation		30,340,630
National Foundation on the Arts and the Humanities		447,091
U.S. Veterans Affairs Office		3,276,844
U.S. Environmental Protection Agency		3,541,098
U.S. Department of Energy		889,388
U.S. Department of Education		1,953,842
U.S. Department of Health and Human Services		80,601,748
Corporation for National and Community Service		981,033
U.S. Department of Homeland Security		4,404,646
GRAND TOTAL	$	292,695,361

Note: All awards are received direct from the Federal agency.

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program Title		Expenditures
	U.S. DEPARTMENT OF AGRICULTURE		
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program (SNAP)	$	108,434,050
10.561	State Administrative Matching Grants for the SNAP		1,345,059
	Subtotal SNAP Cluster		109,779,109
10.025	Plant and Animal Disease, Pest Control, and Animal Care		44,079
10.170	Specialty Crop Block Grant Program - Farm Bill		182,812
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		9,574,350
10.572	WIC Farmers' Market Nutrition Program (FMNP)		44,164
10.664	Cooperative Forestry Assistance		177,343
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	$	119,801,857
	U.S. DEPARTMENT OF COMMERCE		
11.407	Interjurisdictional Fisheries Act of 1986	$	10,371
11.419	Coastal Zone Management Administration Awards		762,996
11.437	Pacific Fisheries Data Program		71,606
11.454	Unallied Management Projects		12,103
11.467	Meteorologic and Hydrologic Modernization Development		339,075
11.482	Coral Reef Conservation Program		402,626
11.549	State and Local Implementation Grant Program		2,578
	U.S. DEPARTMENT OF COMMERCE TOTAL	$	1,601,355
	U.S. DEPARTMENT OF DEFENSE		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	$	100,142
12.401	National Guard Military Operations and Maintenance (O&M) Projects		3,395,930
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation		2,428,276
	U.S. DEPARTMENT OF DEFENSE TOTAL	$	5,924,348
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.225	Community Development Block Grant/Special Purpose Grant/Insular Area	$	263
14.235	Supportive Housing Program		344,545
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants		3,716
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	$	348,524

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program		Expenditures
	U.S. DEPARTMENT OF THE INTERIOR		
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration Program	$	1,029,589
15.611	Wildlife Restoration and Basic Hunter Education		372,800
	Subtotal Fish and Wildlife Cluster		1,402,389
15.608	Fish and Wildlife Management Assistance		3,322
15.615	Cooperative Endangered Species Conservation Fund		327,255
15.616	Clean Vessel Act Program		909
15.622	Sportsfishing and Boating Safety Act		1,262
15.634	State Wildlife Grants		107,268
15.808	U.S. Geological Survey_Research and Data Acquisition		20,941
15.875	Economic, Social, and Political Development of the Territories		26,908,469
15.904	Historic Preservation Fund Grants-In-Aid		335,506
	U.S. DEPARTMENT OF THE INTERIOR TOTAL	$	29,107,321
	U.S. DEPARTMENT OF JUSTICE		
16.013	Violence Against Women Act Court Training and Improvement Grants	$	51,615
16.017	Sexual Assault Services Formula Program		21,348
16.523	Juvenile Accountability Block Grants		88,428
16.527	Supervised Visitation, Safe Havens for Children		4,102
16.532	Part E_National Priority Program Grants		3,705
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		12,033
16.554	National Criminal History Improvement Program (NCHIP)		70,391
16.575	Crime Victim Assistance		436,177
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		2,796
16.585	Drug Court Discretionary Grant Program		43,538
16.588	Violence Against Women Formula Grants		690,485
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		3,653
16.593	Residential Substance Abuse Treatment for State Prisoners		61,733
16.606	State Criminal Alien Assistance Program		387,244
16.609	Project Safe Neighborhoods		2,703
16.710	Public Safety Partnership and Community Policing Grants		496,852
16.710	ARRA Public Safety Partnership and Community Policing Grants		244,167
16.727	Enforcing Underage Drinking Laws Program		29,590
16.738	Edward Byrne Memorial Justice Assistance Grant Program		896,738
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		130,856
16.750	Support for Adam Walsh Act Implementation Grant Program		317,291
16.816	John R. Justice Prosecutors and Defenders Incentive Act		56,301
	U.S. DEPARTMENT OF JUSTICE TOTAL	$	4,051,746

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program		Expenditures
	U.S. DEPARTMENT OF LABOR		
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	$	495,228
17.801	Disabled Veterans' Outreach Program (DVOP)		60,247
	Subtotal Employment Service Cluster		555,475
	WIA Cluster:		
17.258	WIA Adult Program		954,911
17.259	WIA Youth Activities		791,458
17.278	WIA Dislocated Worker Formula Grants		1,697,871
	Subtotal WIA Cluster		3,444,240
17.002	Labor Force Statistics		76,556
17.005	Compensation and Working Conditions		48,699
17.235	Senior Community Service Employment Program		938,358
17.260	WIA Dislocated Workers		17,281
17.273	Temporary Labor Certification for Foreign Workers		112,512
17.504	Consultation Agreements		230,769
	U.S. DEPARTMENT OF LABOR TOTAL	$	5,423,890
	U.S. DEPARTMENT OF TRANSPORTATION		
20.205	Highway Planning and Construction	$	27,939,451
20.205	ARRA Highway Planning and Construction		417,650
20.218	National Motor Carrier Safety		310,730
20.509	Formula Grants for Other Than Urbanized Areas		710,324
20.600	State and Community Highway Safety		521,365
20.616	National Priority Safety Programs		383,517
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		57,593
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	$	30,340,630
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025	Promotion of the Arts-Partnership Agreements	$	275,705
45.310	Grants to States		171,386
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	$	447,091
	U.S. DEPARTMENT OF VETERANS AFFAIRS		
64.203	State Cemetery Grants	$	3,276,844
	U.S. DEPARTMENT OF VETERANS AFFAIRS TOTAL	$	3,276,844

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program		Expenditures
	U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	$	3,473,972
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		67,126
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	$	3,541,098
	U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	$	335,995
81.041	ARRA State Energy Program		11,565
81.042	Weatherization Assistance for Low-Income Persons		337,947
81.042	ARRA Weatherization Assistance for Low-Income Persons		19,606
81.128	ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)		184,275
	U.S. DEPARTMENT OF ENERGY TOTAL	$	889,388
	U.S. DEPARTMENT OF EDUCATION		
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	$	1,342,393
84.403	Consolidated Grant to the Outlying Areas		611,449
	U.S. DEPARTMENT OF EDUCATION TOTAL	$	1,953,842
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Aging Cluster:		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	$	734,916
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services		1,745,804
93.053	Nutrition Services Incentive Program		313,637
	Subtotal Aging Cluster		2,794,357
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation		8,938
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services		37,594
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services		32,126
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects		131,484
93.052	National Family Caregiver Support, Title III, Part E		189,800
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		997,968
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research		147,609
	BALANCE FORWARD	$	4,339,876

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program		Expenditures
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	$	4,339,876
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		1,318,402
93.110	Maternal and Child Health Federal Consolidated Programs		13,889
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program		925,808
93.127	Emergency Medical Services for Children		54,618
93.136	Injury Prevention and Control Research and State and Community Based Program		11,060
93.150	Projects for Assistance in Transition from Homelessness (PATH)		45,000
93.217	Family Planning - Services		236,469
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)		1,403,943
93.235	Affordable Care Act (ACA) Abstinence Education Program		33,812
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		1,460,313
93.268	Immunization Cooperative Agreements		1,152,382
93.283	The Affordable Care Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance		1,324,488
93.292	National Public Health Improvement Initiative		102,302
93.324	State Health Insurance Assistance Program		6,184
93.505	Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program		642,227
93.507	PPHF 2012 National Public Health Improvement Initiative		8,907
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Rvw		40,647
93.521	The Affortable Care Act: Building Epidemiology, Laboratory, and Health Information System Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infections Program		27,842
93.544	The Patient Protection and Affordable Care Act of 2010 Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program		98,072
93.558	Temporary Assistance for Needy Families		3,640,953
93.560	Family Support Payments to States Assistance Payments		909,443
93.563	Child Support Enforcement		4,685,884
93.575	Child Care and Development Block Grant		3,103,495
93.597	Grants to States for Access and Visitation Programs		97,698
93.617	Voting Access for Individual with Disabilities Grants to States		93,820
93.630	Developmental Disabilities Basic Support and Advocacy Grants		229,993
93.667	Social Services Block Grant		2,524,656
93.719	ARRA State Grants to Promote Health Information Technology		602,245
93.735	State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF)		48,980
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		72,436
	BALANCE FORWARD	$	29,255,844

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

CFDA#	Agency/Program		Expenditures
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	$	29,255,844
93.767	Children Health Insurance Program		5,539,767
93.778	Medical Assistance Program		43,497,628
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		32,398
93.917	HIV Care Formula Grants		202,385
93.945	Assistance Program for Chronic Disease Prevention and Control		163,222
93.958	Block Grants for Community Mental Health Services		195,903
93.959	Block Grants for Prevention and Treatment of Substance Abuse		912,740
93.988	Cooperative Agreements for State-Based Diabetes Control Program and Evaluation of Surveillance System		29,551
93.991	Preventive Health and Health Services Block Grant		128,849
93.994	Maternal and Child Health Services Block Grant to the States		643,461
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	$	80,601,748
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003	State Commissions	$	222,850
94.006	AmeriCorps		758,183
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	$	981,033
	U.S. DEPARTMENT OF HOMELAND SECURITY		
97.012	Boating Safety Financial Assistance	$	566,561
97.042	Emergency Management Performance Grants		799,166
97.044	Assistance to Firefighters Grant		202,415
97.047	Pre-Disaster Mitigation		906,287
97.052	Emergency Operations Centers		32,697
97.067	Homeland Security Grant Program		1,225,646
97.089	Driver's License Security Grant Program		671,874
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	$	4,404,646
	TOTAL FEDERAL AWARDS	$	292,695,361

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

1. Scope of Audit

The Government of Guam (GovGuam) is a governmental entity established by the 1950 Organic Act of Guam, as amended, and has the powers of a body corporate, as defined in the Act and local statutes. All significant operations of the Government of Guam are included within the scope of the audit. The U.S. Department of the Interior has been designated as the Government of Guam's cognizant agency for the Single Audit.

Programs Subject to Single Audit:

The Schedule of Expenditures of Federal Awards presents each Federal program related to the following agencies:

Corporation for National and Community Service
U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Education
U.S. Department of Energy
U.S. Department of Health and Human Services
U.S. Department of Homeland Security
U.S. Department of Housing and Urban Development
U.S. Department of the Interior
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of Transportation
U.S. Department of Veterans Affairs
U.S. Environmental Protection Agency
National Foundation on the Arts and the Humanities

2. Summary of Significant Accounting Policies

a. Basis of Accounting:

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures are recognized on the modified accrual basis of accounting, consistent with the manner in which the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the Federal Grants Assistance Fund of the Government of Guam and includes Supplemental Nutrition Assistance Program (SNAP) electronic benefits transfer (EBT) during the period.

2. Summary of Significant Accounting Policies, Continued

b. Reporting Entity:

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam's reporting entity is defined in Note 1A to its September 30, 2014 basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2014.

The federal award totals for the excluded departments and component units as of September 30, 2014, are as follows:

Department or Component Unit	Federal Award Total
Antonio B. Won Pat International Airport Authority	$ 13,607,186
GovGuam Retirement Fund	$ -
Guam Community College	$ 16,771,234
Guam Department of Education	$ 62,524,515
Guam Economic Development Authority	$ 82,598
Guam Educational Telecommunications Corporation	$ -
Guam Housing and Urban Renewal Authority	$ 43,051,360
Guam Housing Corporation	Undetermined
Guam Memorial Hospital Authority	$ 6,522,560
Guam Power Authority	$ 1,951,147
Guam Preservation Trust	$ -
Guam Visitors Bureau	$ -
Guam Waterworks Authority	$ 3,559,505
Port Authority of Guam	$ 18,112,818
University of Guam	$ 33,153,777

The Government of Guam administers certain federal awards programs through subrecipients. Those subrecipients are also not considered part of the Government of Guam reporting entity.

c. Cost Allocation:

The Government of Guam has a plan for allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2014 grant programs are based on 2014 actual expenditures and caseloads.

d. Matching Costs:

The non-Federal shares of certain programs are not included in the accompanying Schedule of Expenditures of Federal Awards.

3. Amounts Passed-Through to Subrecipients

Expenditures include amounts passed through to subrecipients during the fiscal year.

4. Noncash Awards

Certain federal awards programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP), and loans. For the year ended September 30, 2014, the Government of Guam had the following noncash award:

U.S. Department of Agriculture Food Stamps CFDA #10.551	
SNAP EBT payments	$ 108,434,050
Total SNAP EBT payments reported on the Schedule of Expenditures of Federal Awards	$ 108,434,050

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 7.79 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2013.

5. American Recovery and Reinvestment Act of 2009 (ARRA)

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2014, GovGuam's expenditures during the fiscal year and related grant award notifications are as follows:

CFDA		FY 2014 Expenditures
16.710	$	244,167
20.205		417,650
81.041		11,565
81.042		19,606
81.128		184,275
93.719		602,245
	$	1,479,508

5. American Recovery and Reinvestment Act of 2009 (ARRA), Continued

GovGuam received federal funding from certain programs under ARRA, which are not subject to continuing compliance requirements, and therefore, are not included in the Schedule. For the year ended September 30, 2014, $20.4 million of federal funds not subject to continuing compliance requirements were received, as follows:

Additional Child Tax Credit	$ 20,402,211
American Opportunity Tax Credit	-
Total ARRA receipts not included in the Schedule	$ 20,402,211

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2014

		2014 Expenditures
Federal contributions, as reported in the 2014 financial statements:		
Federal Grants Assistance Fund, expenditures		$ 326,570,623
Less local match and contributions		(44,202,453)
Plus transfers out		7,100,000
Federal expenditures, transfers, and other uses		289,468,170
CFDA #		
10.551	Supplemental Nutrition Assistance Program	271,146
	Superior Court of Guam:	
15.875	Economic, Social, and Political Development of the Territories	210,304
16.013	Violence Against Women Act Court Training and Improvement Grants	51,615
16.554	National Criminal History Improvement Program (NCHIP)	70,391
16.585	Drug Court Discretionary Grant Program	43,538
16.750	Support For Adam Walsh Act Implementation Grant Program	219,788
84.403	Consolidated Grant to the Outlying Areas	611,449
	Fund 105:	
93.224	Consolidated Health Centers	1,403,943
	Variance	345,017
	Total Federal Expenditures Subject to Audit	$ 292,695,361

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2014

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

1.	Type of auditors' report issued:	Unmodified
	Internal control over financial reporting:	
2.	Material weakness(es) identified?	Yes
3.	Significant deficiency(ies) identified?	Yes
4.	Noncompliance material to the financial statements noted?	No

Federal Awards

	Internal control over major programs:	
5.	Material weakness(es) identified?	Yes
6.	Significant deficiency(ies) identified?	Yes
7.	Type of auditors' report issued on compliance for major programs:	
	CFDA # 15.875	Qualified
	CFDA # 20.205	Qualified
	CFDA # 20.616	Qualified
	CFDA # 64.203	Qualified
	CFDA # 93.150	Qualified
	CFDA # 93.558	Qualified
	CFDA # 93.778	Qualified
	All other major programs	Unmodified
8.	Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	Yes

9. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.551	SNAP Cluster: Supplemental Nutrition Assistance Program (SNAP)
10.561	SNAP Cluster: State Administrative Matching Grants for the SNAP
11.419	Coastal Zone Management Administration Awards
11.482	Coral Reef Conservation Program
15.875	Economic, Social and Political Development of the Territories
16.738	Edward Byrne Memorial Justice Assistance Grant Program
17.258	WIA Cluster: WIA Adult Program
17.259	WIA Cluster: WIA Youth Activities
17.278	WIA Cluster: WIA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction
20.616	National Priority Safety Programs
64.203	State Cemetery Grants
93.150	Projects for Assistance in Transition from Homelessness (PATH)
93.224	Consolidated Health Centers
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program

Section I - Summary of Auditors' Results, Continued

10. Dollar threshold used to distinguish between Type A and Type B Programs:	$3,000,000
11. Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Reference Number	Finding		Questioned Costs
2014-001	Capital Assets	$	-
2014-008	Schedule of Expenditures of Federal Awards	$	-
2014-009	Revenues	$	-
2014-010	Tiyan Properties Acquired	$	-

Section III - Federal Award Findings and Questioned Costs

Reference Number	CFDA Number	Finding		Questioned Costs
2014-001	15.875	Equipment and Real Property Management	$	-
2014-002	17.258/259/278	Reporting		-
2014-001	20.205	Equipment and Real Property Management		-
2014-003	20.616	Procurement and Suspension and Debarment		-
2014-001	64.203	Equipment and Real Property Management		-
2014-004	64.203	Allowable Costs/Cost Principles		-
2014-004	64.203	Procurement and Suspension and Debarment		-
2014-005	93.150	Eligibility		45,000
2014-006	93.150	Procurement and Suspension and Debarment		-
2014-007	93.558	Eligibility		-
2014-007	93.778	Eligibility		1,293
		Total Federal Questioned Costs	$	46,293

Finding No.: 2014-001
CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program: 20.205 DOT Highway Planning and Construction
CFDA Program: 64.203 DVA State Cemetery Grants
Area: Equipment and Real Property Management
Area: Capital Assets
Questioned Costs: $0

Criteria:

1. In accordance with the applicable equipment management requirements, grantees that acquire equipment with Federal funds are required to perform a physical inventory of the property and reconcile results with property records at least once every two years. Such property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property, the location use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property. In addition, adequate maintenance procedures must be established to keep the property in good condition.

2. Asset acquisitions and, or applicable related financing agreements and construction projects in progress are recorded to the general ledger in a timely manner.

Condition:

1. The Government of Guam has not performed the required comprehensive physical inventories of its property in FY 2014 or in the two prior years. We are unable to assess the overall cumulative monetary value of this deficiency. However, a summary of total capital outlays over the past five years for the Government of Guam's FY 2014 major programs is as follows:

	Program CFDA #s		2014 Purchases	2013 Purchases	2012 Purchases	2011 Purchases	2010 Purchases	Total
1.	10.551/10.561	$	0	0	14,995	14,500	0	29,495
2.	11.419	$	0	9,998	0	0	0	9,998
3.	11.482	$	0	0	0	0	0	0
4.	15.875	$	2,420,836	2,853,009	573,017	564,249	1,201,607	7,612,718
5.	16.738	$	0	0	0	0	0	0
6.	17.258/17.259/17.278	$	70,403	22,490	0	0	0	92,893
7.	20.205	$	625,334	5,557,352	538,071	6,064,230	11,506,775	24,291,762
8.	20.616	$	0	0	0	0	0	0
9.	64.203	$	3,276,844	0	0	0	0	3,276,844
10.	93.150	$	0	0	0	0	0	0
11.	93.224	$	0	0	0	0	0	0
12.	93.558	$	0	0	0	0	0	0
13.	93.778	$	0	0	0	12,550	0	12,550

Finding No.:	2014-001, Continued
CFDA Program:	15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program:	20.205 DOT Highway Planning and Construction
CFDA Program:	64.203 DVA State Cemetery Grants
Area:	Equipment and Real Property Management
Area:	Fixed Assets
Questioned Costs:	$0

Condition, Continued:

2. GovGuam acquired capital assets under financing agreements as of 09/30/14, but did not record the acquisitions and debt service obligations until eight months after the fiscal year end. Total assets under capital leases aggregate $78,024,200 for the Tiyan lease and the Okkodu expansion project.

3. GovGuam did not report $9M in construction in progress until eight months after fiscal year end.

4. GovGuam did not record $3.2M in capital assets acquired through CFDA 64.203 State Cemetery Grants.

Cause:

1. Noncompliance with applicable equipment management requirements has been a continuing finding from prior audits, and Government of Guam management is still in the process of effecting corrective action and of developing an equipment management system that complies with applicable equipment management standards. Efforts are being made to tag all equipment with bar code property identification labels. Until the Government completes tagging of all equipment, it will not be able to conduct a comprehensive physical inventory.

2. Processes over inventory and reconciliation of the fixed assets register are not routine.

Effect:

The Government is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs as corrective action is in progress. This noncompliance applies to the following major programs, for which cumulative capital outlays over the past five years exceed FY 2014 materiality levels: CFDA numbers 15.875, 20.205, and 64.203. Furthermore, capital assets within the financial statements or related disclosures could be misstated and the valuations of such may not reflect existing business circumstances and economic conditions in accordance with accounting policies being used.

A potential misstatement of capital assets within the financial statement or related disclosure could exist.

Finding No.:	2014-001, Continued
CFDA Program:	15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program:	20.205 DOT Highway Planning and Construction
CFDA Program:	64.203 DVA State Cemetery Grants
Area:	Equipment and Real Property Management
Area:	Fixed Assets
Questioned Costs:	$0

Prior Year Status:

The lack of properly recording capital assets was reported as finding 2013-001.

Recommendation:

The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter.

Routine inventory and reconciliation against the fixed assets register should occur. The fixed assets register should be descriptive to assist in distinguishing assets and allow for their monitoring. Furthermore, periodic communication should occur with other agencies or departments in order to determine the percentage of completion of capital assets that are being constructed.

The Division of Accounts should investigate whether additional personnel well-versed in accounting reconciliations and processes may be required to allow for timely review and recordation of capital assets, especially given the substantial capital asset construction that is currently being undertaken by the Government of Guam. Furthermore, coordination with DPW and other engineering firms must occur at project commencement so that accounts are established to track capital costs and to allow for the preparation of periodic reports documenting a project's percentage of completion.

Auditee Response and Corrective Action Plan:

As of to date, Government of Guam has tagged and inventoried 98% of equipment from 2014 and prior years as noted on previous audits as well as simultaneously working on tagging equipment acquired for the current fiscal year to ensure that tagging and physical inventory requirements do not fall behind. Physical inventory of assets for line agencies will continue hence forth. The remaining 2% that have not been tagged are equipment that has been disposed and waiting documentation to confirm disposition. Communication with line agencies is an on-going process to ensure that agency operations are interrupted at the very minimum and to ensure good communication with those concerned.

Training to ensure compliance with applicable equipment management requirements is currently on going for equipment/property custodians and those responsible for the accountability of such equipment such as the heads of the respective agencies as well as their certifying officers. Training agenda includes familiarity of compliance of federal requirements to include all procedures for accountability in order for equipment can be located accordingly during physical inventory.

Those in charge of acquiring such assets are informed during the training to ensure that adequate maintenance procedures must be included to ensure good working conditions for purchased equipment and to keep proper documentation when such maintenance occurs and by ensuring that funds are budgeted so that equipment does not stay on standstill due to lack of funding requirements for necessary repairs.

Finding No.:	2014-001, Continued
CFDA Program:	15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program:	20.205 DOT Highway Planning and Construction
CFDA Program:	64.203 DVA State Cemetery Grants
Area:	Equipment and Real Property Management
Area:	Fixed Assets
Questioned Costs:	$0

Auditee Response and Corrective Action Plan, Continued:

The fixed assets team is developing the standard operating procedure for fixed assets that the line agencies will have to mirror to fit the needs of their agency requirements. This document will serve as the guideline that all agencies will follow to comply with federal regulations and to meet all the requirements with regards to physical inventory, tagging, maintenance processes, etc. It will also dictate all appointed custodians and all stakeholders are aware of their duties and responsibilities and consequences if policies and procedures are not adhered to.

Currently, there are two limited term employees that have assisted in the improvement efforts to ensure that the program does not fall back to its previous condition. Continuity of current procedures will ensure that physical inventory and tagging of equipment will continue hence the necessity for Government of Guam to have permanent personnel for fixed assets who are well versed and have the knowledge in reconciliation and processes that are required to ensure compliance of all requirements. In addition, Government of Guam is working on funding requirements to retain current personnel to include training for current module and Fixed Assets Software to ensure reconciliation of register is conducted routinely.

Fixed assets staff will work with management to ensure coordination with DPW upon project commencement so that Capital Improvement Projects are monitored and recorded accordingly. In addition, the fixed assets team will work with management and all stakeholders to establish in indexing processes for accountability of said projects.

Finding No.: 2014-002
Federal Agency: U.S. Department of Labor
CFDA Program: 17.258/17.259/17.278 WIA Cluster
Area: Reporting
Questioned Costs: $0

Criteria:

In accordance with applicable reporting requirements, administrative expenditures should be correctly reported on ETA-9130, Financial Report.

Condition:

Administrative costs were incorrectly reported on ETA-9130 as follows, and no reconciliation was provided:

		Administrative Costs		
Year	Federal Award - Program	Reported per ETA-9130	Recorded per AS400	(Under) Over Reported
FY 2014	AA24132QR0 - Dislocated Worker	$ 22,487	$ 90,059	$ (67,572)
PY 2013	AA24132ON0 - Adult	$ -	$ 1,338	(1,338)
PY 2013	AA24132OP0 - Dislocated Worker	$ -	$ 11,554	(11,554)
FY 2013	AA22975LY0 - Adult	$ 78,012	$ 84,061	(6,049)
FY 2013	AA22975MA0 - Dislocated Worker	$ 120,510	$ 124,108	(3,598)
	Totals			$ (90,111)

Cause:

Government of Guam management did not consistently monitor reporting of administrative costs.

Effect:

The Government of Guam is in noncompliance with applicable reporting requirements. No questioned costs exist as total actual administrative costs did not exceed the allowable limits.

Recommendation:

Government of Guam management should strengthen monitoring controls over compliance with applicable reporting requirements. The responsible personnel should not approve reports for submission unless amounts are substantiated by underlying accounting records.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-003
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.616 National Priority Safety Programs
Federal Award No.: 18X92045BGU14
Area: Procurement and Suspension and Debarment
Questioned Costs: $0

Criteria:

In accordance with applicable procurement requirements, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds, the purpose of which is to foster effective broad-based competition within the free enterprise system. Although the Territorial Procurement section of the Guam Procurement Law excepts contracts between one Government of Guam agency or instrumentality and another Government of Guam agency or instrumentality, Guam Procurement Law also states that for Federally funded procurements, the Government of Guam shall comply with applicable Federal law and regulations, which do require full and open competition for all procurement transactions.

Condition:

For one (or 11%) of nine transactions tested, the Territorial Procurement section was applied to contract services for driver and passenger evaluation and survey methodology from a Guam college (Government of Guam instrumentality). However, there is more than one Government of Guam instrumentality that is an institute of higher education, and there is no written rationale to justify the selection of one institution over the other, as follows:

Tran#	Vendor#	Prior Ref#	Amount
0558206	U0226001	P146A01235	$ 8,000

Cause:

Government of Guam management did not seek to foster effective broad-based competition, or full and open competition, for all procurement transactions.

Effect:

The Government of Guam is in potential noncompliance with applicable procurement requirements, the intent of which is full and open competition. Since the Program technically complied with the Territorial Procurement section of the Guam Procurement Law, no questioned cost results.

Recommendation:

Government of Guam management should seek to foster effective broad-based competition for all procurements and should afford qualified entities the opportunity to participate in Federally-funded activities in accordance with applicable procurement requirements.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	2014-004
Federal Agency:	U.S. Department of Veterans Affairs
CFDA Program:	64.203 State Cemetery Grants
Federal Award No.:	GU-11-03
Area:	Allowable Costs/Cost Principles
Questioned Costs:	$0
Area:	Procurement and Suspension and Debarment
Questioned Costs:	$0

Criteria:

In accordance with applicable allowable costs/cost principles requirements, costs must be adequately documented to be allowable under Federal awards.

Furthermore, in accordance with applicable procurement requirements, grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

A total of $3,280,292 in Federal funds was received from the grantor; however, the Government of Guam could not provide documentation, such as payment requests, purchase orders, contracts, vendor invoices, and receiving reports, to substantiate program costs.

Furthermore, the Government of Guam did not provide documentation, such as requests for bid/proposal, bids/proposals received, rationales for selection or rejection, and bases for contract price to substantiate full and open competition in the selection of vendors.

Cause:

Program transactions were not centrally processed at the Government of Guam's Division of Accounts, and the Program Administrator represented that the program office was burgled prior to audit fieldwork. Therefore, documentation is not available.

Effect:

The Government of Guam is in noncompliance with applicable allowable costs/cost principles requirements and with applicable procurement requirements. No questioned cost is presented as the Government of Guam was able to correspond with the grantor to obtain evidence of approved costs.

Recommendation:

Government of Guam management should coordinate further with the grantor agency, contractors and the financial institution to obtain copies of such supporting documentation as payment requests, purchase orders, contracts, invoices, receiving reports, and procurement records to substantiate costs in accordance with applicable allowable costs/cost principles requirements and with applicable procurement requirements.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	2014-005
Federal Agency:	U.S. Department of Health and Human Services
CFDA Program:	93.150 Projects for Assistance in Transition from Homelessness (PATH)
Federal Award No.:	2X06SM016052-13
Area:	Eligibility
Questioned Costs:	$45,000

Criteria:

In accordance with applicable eligibility requirements, beneficiaries of the program are those individuals who have serious mental illness and substance abuse; and are homeless or are at imminent risk of becoming homeless.

Condition:

No case files or other eligibility documentation was provided to substantiate beneficiaries of program services that totaled $45,000 during fiscal year 2014.

Cause:

Government of Guam management did not monitor compliance with applicable eligibility requirements.

Effect:

The Government of Guam is in noncompliance with applicable eligibility requirements. A questioned cost of $45,000 exists.

Recommendation:

Government of Guam management should implement monitoring controls over compliance with eligibility requirements and should maintain documentation to substantiate the eligibility of program participants.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-006
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.150 Projects for Assistance in Transition from Homelessness (PATH)
Federal Award No.: 2X06SM016052-13
Area: Procurement and Suspension and Debarment
Questioned Costs: $0

Criteria:

In accordance with applicable procurement requirements, grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For four (or 100%) of transactions tested, no procurement records were provided. The vendor contract to operate a drop-in enrichment center for persons with mental illness and at-risk homelessness expired on September 30, 2013, and the vendor continued to provide services without a contract based on good faith communications from Guam Behavioral Health and Wellness Center (GBHWC), as follows:

Account	Tran No	Vendor No	Prior Ref	Service Period	Amount
5101H132310SE103230	0552555	W0011055	D142300034	10/2013	$ 11,250
5101H132310SE103230	0562106	W0011151	D142300213	11/2013	11,250
5101H132310SE103230	0562106	W0011151	D142300213	12/2013	11,250
5101H132310SE103230	0562106	W0011151	D142300213	01/2014	11,250
					$ 45,000

Cause:

Government of Guam management did not monitor contracts for compliance with applicable procurement requirements.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. However, no questioned cost is presented as the Guam Office of the Attorney General determined that the required program services were provided in good faith, and a subsequent contract with a different vendor for the same program services resulted in approximately the same monthly cost.

Recommendation:

Government of Guam management should strengthen monitoring controls over contracts and should commence procurement procedures in sufficient time to select a vendor to continue program services after the expiration of existing contracts.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-007
Federal Agency: U.S. Department of Health and Human Services

CFDA Program: 93.558 Temporary Assistance for Needy Families
Grant Number: 1401GUTANF
Questioned Costs: $0

CFDA Program: 93.778 Medical Assistance Program
Grant Number: 1405-GQ5MAP
Questioned Costs: $1,293

Area: Eligibility

Criteria:

In accordance with applicable eligibility requirements, such documents as application worksheets, social security cards, proof of citizenship, proof of residency, notice of action, verification of employment forms, and recertification forms should be maintained on file to substantiate eligibility determinations. Furthermore, the income and eligibility verification system (IEVS) shall be used to verify eligibility using wage information available from such sources as the agencies administering State unemployment compensation laws, Social Security Administration (SSA), the Internal Revenue Service, or other alternative sources approved by the grantor to verify income eligibility and the amount of eligible benefits.

Condition:

Of 75 case files tested, we noted deficiencies, as follows:

CFDAs 93.558 and 93.778

1. For 75 (or 100%), we noted no documentation to demonstrate that the income and eligibility verification system (IEVS) was used to verify eligibility. We did note that the new automated data processing (ADP) system has IEVS capabilities. However, no evidence was provided to show that the eligibility specialist used the available IEVS features during the eligibility determination process. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

CFDA 93.778

2. For 1 (or 1%), the social security card is not documented for all household members for the following case number: 300076351-6.

3. For 3 (or 4%), the following case files were not provided.

	Case #	Service Date	Amount	FY 2014 Medicaid Claim Paid and Questioned Cost
a.	201301603-1	10/1/2013 – 9/30/2014	$ 159	$ 465
b.	330092731-1	6/18/2013	6	6
c.	901300928-1	10/1/2013 – 9/30/2014	857	1,880
			$ 1,022	$ 2,351

Finding No.: 2014-007, Continued
Federal Agency: U.S. Department of Health and Human Services

CFDA Program: 93.558 Temporary Assistance for Needy Families
Grant Number: 1401GUTANF
Questioned Costs: $0

CFDA Program: 93.778 Medical Assistance Program
Grant Number: 1405-GQ5MAP
Questioned Costs: $1,293

Area: Eligibility

Cause:

The Government of Guam did not require eligibility specialists to use the available IEVS features of the ADP system. Furthermore, the Government of Guam did not properly manage files containing participant personal data. There is no system in place to track usage and location of participant files.

Effect:

The Government of Guam is in noncompliance with applicable eligibility requirements. Questioned costs are yet to be determined, but at a minimum, the following exist:

	CFDA 93.558	CFDA 93.778
Costs Questioned Above	$ -	$ 2,351
X Federal Share	100%	55%
Total Questioned Cost	$ -	$ 1,293

Recommendation:

The Program Administrator should implement an IEVS in accordance with applicable eligibility requirements. If GovGuam is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtaining a written waiver or approved alternative. Furthermore, the Program Administrator should implement monitoring and recordkeeping controls over maintaining compliance with applicable eligibility requirements.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-008
Area: Schedule of Expenditures of Federal Awards

Criteria:

In accordance with OMB Circular A-133, the Schedule of Expenditures of Federal Awards shall provide total Federal awards expended for each individual Federal program.

Condition:

During fiscal year 2014, the Government of Guam incurred expenditures and received federal funding for the expansion and improvement of the Guam Veterans Cemetery under CFDA Program 64.203 State Cemetery Grants. During the performance of the audit, we noted the Schedule of Expenditures of Federal Awards had not included approximately $3.2M in Federal expenditures. The Government of Guam recorded a post-closing adjustment to record the program revenues, expenditures, and accruals for FY 2014.

Cause:

The Government of Guam has a centralized process for federal award applications. GovGuam's Division of Accounts (DOA) relies on this process so that all of GovGuam's federal awards are accounted for in the financial management system and reported in the Schedule of Expenditures of Federal Awards for each fiscal year. The department which applied for Federal funding under CFDA 64.203 acted independently and did not communicate with other departments involved in the centralized process for federal award applications. Controls over financial reporting did not operate effectively.

Effect:

The Schedule of Expenditures of Federal Awards was initially incomplete and in noncompliance with requirements of OMB Circular A-133, and the financial statements were misstated. There is a potential for future federally funded activities to occur outside the centralized process for federal award applications and to continue undetected and unrecorded by DOA.

Recommendation:

The Government of Guam should strengthen controls over the centralized process for federal award applications. The responsible official should communicate the formalized process to all GovGuam departments and enforce the process so that all federal award activities are timely accounted for in the financial management system and timely reported in the Schedule of Expenditures of Federal Awards.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-009
Area: Revenues

Criteria:

1. The Government of Guam should enforce collection of import and use taxes and customs and quarantine services fees.
2. Tax revenues should be supported with a tax form and be appropriately classified and input.

Condition:

1. The Guam Customs and Quarantine Agency received in excess of $6.6M of annual revenues in fiscal year 2014. Compared to prior year, recorded receivables increased by approximately $1.044M. At September 30, 2014, the recorded receivable approximated $5.9M and $2.4M in the General Fund and Other Non-Major Funds, respectively. In March 2015, a post-closing adjustment was recorded to write off $4.9M and $1.8M of the respective receivables.
2. Approximately 3% of the redacted tax and registration forms requested were not available.

Cause:

1. A standard method of enforced collection was not implemented during the fiscal year.
2. Tax files are organized by the date the tax form is filed which creates difficulty in locating requested files. Additionally, due diligence should be exercised during the input and classification of tax revenues.

Effect:

1. In fiscal year 2014, related receivables approximated $8.3M of which $6.7M was written off.
2. A misstatement may exist between tax revenue classifications.

Recommendation:

1. We understand a formulated plan is being developed to centralize a collection site for import and use taxes and we recommend that such commence at the earliest.
2. We recommend the Government of Guam invest in a filing system that will produce tax records more efficiently. Additionally, classification and input of tax information should be verified for accuracy.

Prior Year Status:

Collection of import and use tax was reported as finding 2013-007.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 2014-010
Area: Tiyan Properties Acquired

Criteria:

Fixed assets should reflect existing business circumstances and economic conditions.

Condition:

No appraisal or equivalent valuation was provided to support the valuation of the acquired Tiyan property.

Cause:

The Government of Guam did not have available supporting evidence such as an appraisal or equivalent valuation to support the Tiyan property value.

Effect:

Capital assets within the financial statements or related disclosures could be misstated and the valuations of such may not reflect existing business circumstances and economic conditions in accordance with accounting policies being used.

Recommendation:

The Government of Guam should establish a valuation process to assist in the acquisition of government properties.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

GOVERNMENT OF GUAM

Summary of Unresolved and Resolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2014

	Prior Year Listed Unresolved Questioned Costs	Questioned Costs Resolved During the Year	End of Year
Unresolved Questioned Costs FY 12	$ 35,293	-	$ 35,293
Unresolved Questioned Costs FY 13	18,178	-	18,178
	$ 53,471	$ -	53,471
Add Questioned Costs for FY 2014			46,293
Total Unresolved Questioned Costs at September 30, 2014			$ 99,764

Unresolved Questioned Costs by CFDA Program:

CFDA #	Program Name	2014	2013	2012	Total
93.150	PATH	$ 45,000	$ -	$ -	$ 45,000
93.558	TANF	-	80	971	1,051
93.778	Medicaid	1,293	3,648	34,322	39,263
97.078	Buffer Zone Protection Program	-	14,450	-	14,450
	Totals	$ 46,293	$ 18,178	$ 35,293	$ 99,764

BUREAU OF BUDGET & MANAGEMENT RESEARCH

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DEPUTY DIRECTOR

MAY 27 2015

Ms. Mizpah Wiegand
Deloitte and Touche LLP
361 South Marine Corps Drive 96913-3911

Dear Ms. Wiegand,

In connection with the Single Audit of the Government of Guam for the year ended September 30, 2014, transmitted herewith is the Fiscal Year 2014 Summary Schedule of Prior Audit Findings in accordance with OMB Circular A-133, Section .315 Audit findings follow up. The schedule provides the status of single audit findings for fiscal years 2011 through 2013.

The Bureau of Budget and Management Research (BBMR) had requested line departments to make the required follow-up with their federal grantor agencies for determination/resolution letters. BBMR also advised the departments to review their outstanding audit findings and cite to OMB Circular A-133, Section .315(b)(4) as a means to close their audit findings when applicable to their respective grants.

The Department of Administration and the Department of Public Health and Social Services provided comments in reference to several of their findings. However, these responses have not been accepted by the grantor agencies in order to deem the audit findings resolved. BBMR will continue to work with the departments to ensure an audit resolution is received for the findings listed in the Summary Schedule of Prior Audit Findings.

If you should have any questions, please contact me.

Sincerely,

JOSE S. CALVO
DIRECTOR

Attachments

Government of Guam
FY 2014 Schedule of Prior Years Findings
Unresolved Audit Findings and Questioned Costs
Fiscal Years 2011 through FY2013

Finding No	CFDA	Page	Area	Questioned Cost	Resolved Questioned Cost	Unresolved	Grantor Agency	Government of Guam Department (Grantee)
FY2011								
2011-05		35-36	Fixed Assets	0.00	0.00	0.00	U.S. Dept of the Interior	Dept of Administration (DOA)
2011-06		37	Post Closing Adj	0.00	0.00	0.00	U.S. Dept of the Interior	Dept of Administration
2011-07		38-39	Adj. to Fund Balance	0.00	0.00	0.00	U.S. Dept of the Interior	Dept of Administration
2011-08		40	Unfunded Expenditures	0.00	0.00	0.00	U.S. Dept of the Interior	Dept of Administration
2011-09		41	Revenues	0.00	0.00	0.00	U.S. Dept of the Interior	Dept of Administration
2011-10		42	Income Tax Fund Liability Account	0.00	0.00	0.00	U.S. Dept of the Interior	DOA & Dept of Revenue and Taxation (DRT)
				0.00	**0.00**	**0.00**		
FY2012								
2012-01	15.875	20-21	Equipment and Real Property Management	0.00	0.00	0.00	U.S. Dept. of the Interior	Dept of Administration
2012-01	20.205	20-21	Equipment and Real Property Management	0.00	0.00	0.00	U.S. Dept. of Transportation	DOA & Dept of Public Works (DPW)
2012-01	84.397	20-21	Equipment and Real Property Management	0.00	0.00	0.00	U.S Dept. of Education	Dept of Administration
2012-02	93.558	22-27	Eligibility	971.00	0.00	971.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2012-02	93.778	22-27	Eligibility	34,322.00	0.00	34,322.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2012-03	93.558	28	Reporting	0.00	0.00	0.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2012-04		29	Fixed Assets	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	Dept of Administration
2012-05		30	Post Closing Adjustments	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	Dept of Administration
2012-06		31	Revenues	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	DOA, DRT, Customs & Quarantine (C&Q)
2012-07		32-33	Income Tax Liablity Account	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	DOA & DRT
				35,293.00	**0.00**	**35,293.00**		
FY2013								
2013-01	15.875	22-24	Fixed Assets	0.00	0.00	0.00	U.S. Dept. of the Interior	Dept of Administration
2013-01	20.205	22-24	Fixed Assets	0.00	0.00	0.00	U.S. Dept. of Transportation	DOA & DPW
2013-02	15.875	25	Period of Availabilty of Federal Funds	0.00	0.00	0.00	U.S Dept. of the Interior	Dept of Administration
2013-03	93.558	26-28	Eligibility	80.00	0.00	80.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2013-03	93.778	26-28	Eligibility	3,648.00	0.00	3,648.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2013-04	93.558	29	Procurement and Suspension and Debarment	0.00	0.00	0.00	U.S. Dept. of Health and Human Services	Dept. of Public Health
2013-05	93.078	30	Period of Availability of Funds	14,450.00	0.00	14,450.00	U.S. Dept of Home Security/ U.S. DOI	DOA & Guam Homeland
2013-06		31	Post Closing Adjustments	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	Dept of Administration
2013-07		32	Revenues	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	DOA, DRT & C&Q
2013-08		33-34	Tax Related Interface and Reconciliation	0.00	0.00	0.00	ALL (U.S. Dept of the Interior)	DOA & DRT
				18,178.00	**0.00**	**18,178.00**		
GRAND TOTAL				**53,471.00**	**0.00**	**53,471.00**		

GOVERNMENT OF GUAM

Summary of Unresolved and Resolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2013

	Prior Year Listed Unresolved Questioned Costs	Questioned Costs Resolved During the Year	End of Year
Unresolved Questioned Costs FY 08	$ 10,077	$ 10,077	$ -
Unresolved Questioned Costs FY 12	35,293	-	35,293
	$ 45,370	$ 10,077	35,293
Add Questioned Costs for FY 2013			18,178
Total Unresolved Questioned Costs at September 30, 2013			$ 53,471

Resolved Questioned Costs as Represented by the Government of Guam:

Finding #	CFDA #	Questioned Costs Resolved in 2013	Responding Office
2008-13	93.778	$ 10,077	DPHSS correspondence with HHS
Total Questioned Costs Resolved		$ 10,077	

Unresolved Questioned Costs by CFDA Program:

CFDA #	Program Name	2013	2012	Total
93.558	TANF	$ 80	$ 971	$ 1,051
93.778	Medicaid	3,648	34,322	37,970
97.078	Buffer Zone Protection Program	14,450	-	14,450
	Totals	$ 18,178	$ 35,293	$ 53,471

Audit Finding Number	Description of Recommendation	Status
2011-05 CFDA# Pages 35-36 **Questioned Cost:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Dept of the Interior**	*The lack of properly recording capital assets was reported as a finding in the audit of GovGuam for fiscal year 2010.* We recommend that account balances be timely reviewed and capitalizable transactions be recorded as fixed assets. Additionally, the Division of Accounts should investigate whether additional trained accountants may be required to allow for the timely investigation and recordation of capital assets, especially given the substantial capital asset construction that is currently being undertaken by the Government of Guam. Furthermore, coordination with DPW and other engineering firms must occur at project commencement so that accounts are established to track capital costs and that periodic reports be prepared documenting a project's percentage of completion **Area: Fixed Assets**	**DOA's Response** We agree with the findings and with the recommendations provided. DOA (Department of Administration) will work with DPW's (Department of Public Works') federal highway Division to determine the total outstanding capital improvement projections and to obtain a list of items that need to be transferred from the CIP to the infrastructure account. DOA is in the process of hiring the program coordinator who will primarily be responsible for the reconciliation and investigation of capital asset accounts. Further efforts will be made to seek funding to hire additional staff to perform the fixed assets physical inventory on a more regular basis. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved. Please note this finding is also noted in FY2013's Finding Number 2013-001.**

Audit Finding Number	Description of Recommendation	Status
2011-06 CFDA# Page 37 **Questioned Cost:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Dept of the Interior**	*The lack of timely recognition of accounting transactions resulting in post-closing adjustments was reported as a finding in the audit of GovGuam for fiscal year 2010.* It appears that additional manager level personnel may be required to allow for timely reconciliation of all required accounts. **Program:** **Area: Post Closing Adjustments**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affaris, Department of the Interior will be submitted. **(Attachment A)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-006 for which a response was made.**

Audit Finding Number	Description of Recommendation	Status
2011-07 CFDA# Pages 38-39 **Questioned Cost:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Dept of the Interior**	We recommend that adjustments to fund balance be limited to those allowed under GAAP. **Program:** **Area: Adjustment to Fund Balance**	**DOA's Response :** DOA is working with the various departments to verify if determination letters for audit findings from their respective grantor agencies have been received. DOA will request for an update of determination letters from the grantors once the various agencies have forwarded any correspondences they may have received directly from the granting agency. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Description of Recommendation	Status
2011-08 CFDA# Page 40 **Questioned Cost:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Dept of the Interior**	We recommend that budgetary controls be adhered to through established appropriation accounts prior to the incurrence of expenditures. **Program:** **Area: Unbudgeted Expenditures**	**DOA's Response:** DOA is working closely with the Bureau of Budget and Management Research (BBMR) to monitor the release of allotments to expedite the posting of expenditures to the proper accounts in an effective and efficient manner. Additionally, the Governor's fiscal team has been made aware of scenarios which require approval on their part and has pledged their support to address these situations expeditiously so that both the DOA and BBMR complete their respective tasks. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Description of Recommendation	Status
2011-09 CFDA# Page 41 **Questioned Cost:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Dept of the Interior**	We recommend that the Guam Customs and Quarantine Agency work with the Guam Department of Revenue and Taxation to collect unpaid import and use taxes. **Program:** **Area: Revenues**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affaris, Department of the Interior will be submitted. **(Attachment A page 3)** **BBMR's Comment: Please note that this finding is also noted in FY2013's Finding number: 2013-007.**

Audit Finding Number	Description of Recommendation	Status
2011-10 CFDA# Page 42 **Questioned Cost:** $0 **Responding Dept(s): Department of Revenue & Taxation, Dept. of Administration** **Grantor Agency: U.S. Dept of the Interior**	DRT should request sufficient funds to automate the tax return process. **Program:** **Area: Income Tax Fund Liability Account**	**No Response.**

Audit Finding Number	Description of Recommendation	Status
2012-01 CFDA# 15.875 Pages:20-21 **Questioned Costs:** $0 **Responding Dept(s): Dept of Administration** **Grantor Agency: U.S. Department of Interior**	The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter. **Program: DOI- Economic, Social, and Political Development of the Territories** **Area: Equipment and Real Property Management**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 1)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-001.**

Audit Finding Number	Description of Recommendation	Status
2012-01 CFDA# 20.205 Pages:20-21 **Questioned Costs:** $0 **Responding Dept(s): Dept of Admin and DPW** **Grantor Agency: U.S. Transportation**	The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter. **Program: DOT- Highway Planning and Construction** **Area: Equipment and Real Property Management**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 1)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-001.**

Audit Finding Number	Description of Recommendation	Status
2012-01 CFDA# 84.397 Pages:20-21 **Questioned Costs:** $0 **Responding Dept(s): Dept of Admin and DPW** **Grantor Agency: U.S. Department of Education**	The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter. **Program: ED State Fiscal Stabilization Fund - Govt Services, Recovery Act** **Area: Equipment and Real Property Management**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 1)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-001.**

Audit Finding Number	Description of Recommendation	Status
2012-02 CFDA# 93.558 Pages:22-27 **Questioned Costs:** $971 **Responding Dept(s): Department of Public Health** **Grantor: U.S. Dept of Health and Human Services**	The Program Administrator should implement IEVS in accordance with applicable eligibility requirements. If GovGuam is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtain written waiver or approved alternative. Furthermore, the Program Administrator should implement monitoring and recordkeeping controls over maintaining compliance with applicable eligibility requirements. **Program(s): Temporary Assistance for Needy Families** **Area: Eligibility**	**DPHSS's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment B for DPHSS' response to this finding. **(Attachment B)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-003. DPHSS provided a letter to the U.S. Dept. of Health and Human Services dated Sept. 26, 2014. Finding has not been resolved.**

Audit Finding Number	Description of Recommendation	Status
2012-02 CFDA# 93.778 Pages:22-27 **Questioned Costs:** $34,322 **Responding Dept(s): Department of Public Health** **Grantor: U.S. Dept of Health and Human Services**	The Program Administrator should implement IEVS in accordance with applicable eligibility requirements. If GovGuam is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtain written waiver or approved alternative. Furthermore, the Program Administrator should implement monitoring and recordkeeping controls over maintaining compliance with applicable eligibility requirements. **Program(s): Temporary Assistance for Needy Families** **Area: Eligibility**	**DPHSS's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment B for DPHSS' response to this finding. **(Attachment B)** **BBMR's Comments: Please note that this finding is also noted in FY2013's Finding number: 2013-003. DPHSS provided a letter to the U.S. Dept. of Health and Human Services dated Sept. 26, 2014. Finding has not been resolved.**

Audit Finding Number	Description of Recommendation	Status
2012-03 CFDA# 93.558 Page 28 **Questioned Costs:** **$0** **Responding Dept(s): Dept of PHSS** **Grantor: U.S. Dept of Health and Human Services**	Government of Guam management should strengthen monitoring controls over compliance with reporting requirements. Required reports should be accurately prepared, submitted and maintained. **Program: Temporary Assistance for Needy Families** **Area: Reporting**	**DPHSS's Response:** The submission of the report has been more timely and accurate since the deployment of the new system PH Pro. Staff who are responsible for transmitting reports have immedicate access to communicate with the system vendor programmers when issues arise. Currently, the report is downloaded into a server to transmit reports on her own rather than to wait for the vendor to transmit to her. **BBMR's Comments: DPHSS provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Description of Recommendation	Status
2012-04 CFDA#: All Page 29 **Questioned Costs:** **Responding Dept(s): Dept of Administration** **Grantor Agency: U.S. Dept of the Interior**	Account balances should be timely reviewed and capitalizable transactions be recorded as fixed assets. Additionally, the Division of Accounts should investigate whether additional trained accountants may be required to allow for timely investigation and recordation of captial assets, especially given the substantial capital asset construction that is currently being undertaken by the Government of Guam. Furthermore, coordination with DPW and other engineering firms must occur at project commencement so that accounts are established to track capital costs and that periodic reports be prepared documenting a project's percentage of completion. **Program:** **Area: Fixed Assets**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affaris, Department of the Interior will be submitted. **(Attachment A)**

Audit Finding Number	Description of Recommendation	Status
2012-05 CFDA#: All Page 30 **Questioned Cost:** $0 **Responding Dept(s): Dept. of Administration** **Grantor Agency: U.S. Dept of the Interior**	It appears that additional experienced accountant level personnel may be required to allow for timely reconciliation of all required accounts. **Program:** **Area: Post Closing Adjustments**	**DOA's Response:** DOA is working with the various departments to verify if determination letters for audit findings from their respective grantor agencies have been received. DOA will request for an update of determination letters from the grantors once the various agencies have forwarded any correspondences they may have received directly from the granting agency. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Description of Recommendation	Status
2012-06 CFDA# All Pages 31 **Questioned Cost:** $0 **Responding Dept(s): Dept of Administration, Dept of Rev and Tax, Guam Custom and Quarantine** **Grantor Agency: U.S. Dept of the Interior**	We recommend the Guam Custom and Quarantine Agency work with the Guam Department of Revenue and Taxation to collect unpaid import and use taxes. **Program:** **Area: Revenues**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A)** **BBMR's Comment: Please note that this finding is also noted in FY2013's Finding number: 2013-007.**

Audit Finding Number	Description of Recommendation	Status
2012-07 CFDA# ALL Pages 32-33 **Questioned Cost:** $0 **Responding Dept(s): Dept. of Administration and Dept. of Revenue and Taxation** **Grantor Agency: U.S. Dept of the Interior**	1. We recommend that collections from the POS system and Non POS system interface with TOG Payment System Records and DRT system and DOA AS400 to minimize reconciliation complications. 2. DRT should request sufficient funds to automate the tax return process. **Program:** **Area: Interface of Point of Sale (POS) and Non POS system** **Area: Income Tax Liability Account**	**Dept. of Revenue & Taxation (DRT) Response:** A new point of sale system, now called the Transaction Processing System (TPS) has been created to address the needs of the Department of Revenue and Taxation and the Department of Administration in relation to payments received by the Treasurer of Guam on behalf of the Department of Revenue and Taxation. This system was started on October 14, 2013. This new system will post all payments received to the respective accounts receivable accounts and track the different types of revenues generated by the Department of Revenue and Taxation with summary reports interfaced into the Department of Administration's financial management system on a nightly basis. This system is a work in progress, it is currently being monitored to ensure postings are interfaced at night and revenue reports are generated accurately. **BBMR's Comments: DRT provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DRT did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Recommendation	Status
2013-001 **CFDA Program:** **15.875** *DOI - Economic, Social and Political Development of the Territories* **20.205** *DOT- Highway Planning and Construction* Page(s):22-24 **Questioned Costs:** $0 **Responding Dept(s): Dept of Administration & Dept of Public Works** **Grantor Agency: U.S. Dept of Interior & U.S. Dept of Transportation**	1. The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter. 2. The Division of Accounts should investigate whether additional personnel well-versed in accounting reconciliations and processes may be required to allow for timely review and recordation of capital assets, especially given the substantial capital asset construction that is currently being undertaken by the Government of Guam. Furthermore, coordination with DPW and other engineering firms must occur at project commencement that accounts are established to track capital costs and to allow for the preparation of periodic reports tracking a project's percentage of completion. 3. Routine inventory and reconciliation against the fixed assets register should occur. The fixed assets register should be descriptive to assist in distinguishing assets and allow for their monitoring. Furthermore, periodic communication should occur with other agencies or departments in order to determine the percentage of completion of capital assets that are being constructed **Program: Economic, Social & Political Development of the Territories/Highway Planning & Construction** **Area: Fixed Assets**	**DOA's Response in Audit Report:** We agree with the findings and with the recommendations provided. DOA (Department of Administration) will work with DPW's (Department of Public Works') federal highway Division to determine the total outstanding capital improvement projections and to obtain a list of items that need to be transferred from the CIP to the infrastructure account. DOA is in the process of hiring the program coordinator who will primarily be responsible for the reconciliation and investigation of capital asset accounts. Further efforts will be made to seek funding to hire additional staff to perform the fixed assets physical inventory on a more regular basis. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Recommendation	Status
2013-002 **CFDA Program:** **15.875** *DOI - Economic, Social and Political Development of the Territories* Page(s): 25 **Questioned Costs:** $0 **Responding Dept(s): Dept of Administration** **Grantor Agency: U.S. Department of Interior**	Government of Guam management should strengthen monitoring controls over compliance with applicable period of availability of federal funds requirements' so that obligations are liquidated not later than 90 days after the end of the funding period. If the period of availability of a of a fund is approaching and the inability to meet the deadline is identified, the responsible person should seek grantor approval to extend the period of availability. **Program: Economic, Social and Political Development of the Territories** **Area: Period of Availability of Federal Funds**	**DOA's Response in Audit Report:** With the preparation for the relocation to the new office around this time last year, this was overlooked. We have since improved the processing of federal payments to avoid this from happening again. **BBMR's Comments: DOA provided the above response for the FY2013 Schedule of Prior Years Audit Findings. DOA did not provide any management or audit resolution letters to indicate the finding has been resolved.**

Audit Finding Number	Recommendation	Status
2013-003 **CFDA Program:** **93.558** *DHSS- Temporary Assistance for Needy Families* *Grant Number: A31301GUTANF* Page(s): 26-28 **Questioned Costs:** $80 **Responding Dept(s): Department of Public Health and Social Services** **Grantor Agency: U.S. Department of Health and Human Services**	The Program Administrator should establish and implement procedures for eligibility specialist to effectively use IEVS features of the ADP system in accordance with applicable eligibility requirements. If GovGuam is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtaining a written waiver or approved alternative. Furthermore, the Program Administrator should implement monitoring and and recordkeeping controls over maintaining compliance with applicable eligibility requirements. **Program: Temporary Assistance for Needy Families** **Area: Eligibility**	**DPHSS's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment B for DPHSS' response to this finding. **(Attachment B)** **BBMR's Comments: DPHSS provided a letter to the Department of Health and Human Services dated Sept. 26, 2014. Finding has not been resolved.**

Audit Finding Number	Recommendation	Status
2013-003 **CFDA Program:** **93.778** *DHSS- Medical Assistance Program* *Grant Number: A31301GUTANF* Page(s): 26-28 **Questioned Costs:** $3,648 **Responding Dept(s): Department of Public Health and Social Services** **Grantor Agency: U.S. Department of Health and Human Services**	The Program Administrator should establish and implement procedures for eligibility specialist to effectively use IEVS features of the ADP system in accordance with applicable eligibility requirements. If GovGuam is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtaining a written waiver or approved alternative. Furthermore, the Program Administrator should implement monitoring and and recordkeeping controls over maintaining compliance with applicable eligibility requirements. **Program: Medical Assistance Program** **Area: Eligibility**	**DPHSS's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment B for DPHSS' response to this finding. **(Attachment B)** **BBMR's Comments: DPHSS provided a letter to the Department of Health and Human Services dated Sept. 26, 2014. Finding has not been resolved.**

Audit Finding Number	Recommendation	Status
2013-004 **CFDA Program:** **93.558** *DHSS- Temporary Assistance for Needy Families* *Grant Number: 1301GUTANF* Page(s): 29 **Questioned Costs:** $0 **Responding Dept(s): Department of Public Health and Social Services** **Grantor Agency: U.S. Department of Health and Human Services**	Government of Guam is in noncompliance with applicable procurement requirements. No questioned cost is presented for reference number C110601710 because the training services were vocational in nature, and we are aware the selected college entity is more vocational oriented then the other institute of higher education on Guam. **Program: Temporary Assistance for Needy Families** **Area: Procurement and Suspension and Debarment**	**Response in Audit Report:** The Government of Guam has not provided a response. **BBMR's Comments: DPHSS has not provided a response to this finding.**

Audit Finding Number	Recommendation	Status
2013-005 **CFDA Program:** **93.078** *DHS-Buffer Zone Protection Program (BZPP)* *Grant Number: 2008-BZ-T8-0014-S01* Page(s): 30 **Questioned Costs:** $14,450 **Responding Dept(s): Guam Homeland Security and/or Dept. of Admin** **Grantor Agency: U.S. Department of Homeland Security and Interior**	Government of Guam management should strengthen monitoring controls over compliance with applicable period of availability of federal funds requirements so that obligations are liquidated not later than 90 days after the end of the funding period. If the period of availability of a fund is approaching and the inability to meet the deadline is identified, the responsible person should seek grantor approval to extend the period of availability. **Program: Buffer Zone Protection Program** **Area: Period of Availability of Funds**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 3)**

Audit Finding Number	Recommendation	Status
2013-006 **CFDA Program:** Page(s): 31 **Questioned Costs:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: U.S. Department of Interior and All Others**	It appears that additional experienced accountant level personnel may be required to allow for timely reconciliation of all required accounts. **Program:** **Area: Post- Closing Adjustments**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 3)**

Audit Finding Number	Recommendation	Status
2013-007 **CFDA Program:** Page(s): 32 **Questioned Costs:** $0 **Responding Dept(s): Department of Administration** **Grantor Agency: Department of Interior and others**	We understand that in fiscal year 2014, a formulated plan to implement a centralized collection site for import and use taxes will occur. Effective date of implementation will be on October 1, 2014. **Program:** **Area: Revenues**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 3)**

Audit Finding Number	Recommendation	Status
2013-008 **CFDA Program:** Page(s): 33-34 **Questioned Costs:** $0 **Responding Dept(s): Dept of Admin, Dept of Revenue and Taxation** **Grantor Agency: U.S. Department of Interior and All Others**	1. DRT implemented a revised POS tax system in October 2013. It appears that a corrective action plan had already taken place. However, it is recommended that the manner in which the data will interface with DOA be formalized. 2. We recommend that collections from the POS system and Non-POS system interface with TOG Payment System Records and the DRT system and the DOA AS400 to minimize reconciliation complications. 3. Timely reconciliation of cash short/over should be performed. **Program:** **Area: Tax-Related Interface and Reconciliation**	**DOA's Response for the FY2014 Schedule of Prior Audit Findings** Please see Attachment A for the Department of Administration's response to this finding. Per DOA, a formal response to the Office of Insular Affairs, Department of the Interior will be submitted. **(Attachment A, page 3)**