

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 2008

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2008, which collectively comprise GovGuam's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 90%, 93% and 51%, respectively, of the assets, net assets/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 36%, 51% and 19%, respectively, of the assets, net assets and operating revenues of GovGuam's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors.

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

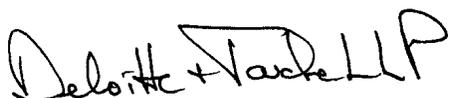
In our opinion, based on our audit and the reports of other auditors, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1W to the financial statements, the beginning net assets of the governmental activities has been restated to correct a misstatement.

The Management's Discussion and Analysis, on pages 3 through 13, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, as set forth in Section III of the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of GovGuam. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on GovGuam's respective financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section IV of the foregoing table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of GovGuam. This supplementary information is the responsibility of the management of GovGuam. Such additional information has been subjected to the auditing procedures applied by us, and the other auditors, in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009, on our consideration of the Government of Guam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

June 12, 2009

GOVERNMENT OF GUAM

Management's Discussion and Analysis Year Ended September 30, 2008

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, 2008. Please read it in conjunction with GovGuam's basic financial statements, which follow this section. Fiscal year 2007 comparative information has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2008, GovGuam's total net assets decreased by \$78.2 million (or 59.4%) from a net assets deficiency of \$131.5 million in the prior year to a net deficiency of \$209.7 million.
- During fiscal year 2008, GovGuam's expenses for governmental activities were \$910.9 million, including expenses recorded or payments made or due to the autonomous agencies, and were funded in part by \$302.9 million in program revenues and \$517.6 million in taxes and other general revenues, excluding net special items of \$12.2 million. Expenses were up from fiscal year 2007 by \$100.5 million (or 12.4%) as well as general revenues, which were up from fiscal year 2007 by \$16.6 million (or 3.3%), whereas program revenues were down from fiscal year 2007 by \$3.1 million (or 1%). The increase in general revenues was due to an increase in income taxes and gross receipts taxes of \$3.3 million (or 1.3%) and \$13 million (or 7.6%), respectively, whereas the decrease in program revenues was due to an increase in charges for services of \$7.4 million (or 16.3%) offset by a decrease in operating grants and contributions of \$10.5 million (or 4%).
- For the fiscal year ended September 30, 2008, the General Fund reported general fund appropriations (including transfers out) of \$555.6 million, \$13.3 million in excess of revenues (including transfers in) of \$542.3 million and up by \$19.5 million (or 3.6%) from fiscal year 2007.
- At September 30, 2008, the General Fund reported a total fund balance deficit of \$415.5 million, which is a decrease of \$86.4 million from the prior year deficit of \$501.9 million. This change in the total fund balance deficit is primarily attributable to a decrease in the deficit of the unreserved general fund balance of \$10.4 million (or 1.9%), offset by an increase in the reserve for encumbrances, continuing appropriations and debt service of \$2 million (or 17.9%), \$25.2 million (or 1,368%), and \$48.4 million (or 233%), respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2008

Government-Wide Financial Statements

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

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

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

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

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

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.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2008

Fund Financial Statements, Continued

- Fiduciary funds - GovGuam is the trustee, or fiduciary, for other assets that because of trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of change in fiduciary net assets. We exclude these activities from GovGuam's government-wide financial statements because GovGuam cannot use these assets to finance its operations.

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. At the end of fiscal year 2008, GovGuam's liabilities exceeded assets by \$209.7 million. However, all these net assets are either restricted as to the purpose they can be used for or are invested in capital assets. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The summary of Net Assets (condensed) presented below, with comparable balances for fiscal year 2007 discloses this relationship:

	GovGuam's Net Assets	
	As of September 30	
	2008	2007 (As Restated)
Current and other assets	\$ 263,396,580	\$ 233,078,642
Capital assets	722,089,901	678,606,894
Total assets	985,486,481	911,685,536
Long-term liabilities	606,851,473	403,010,060
Other liabilities	588,299,532	640,175,132
Total liabilities	1,195,151,005	1,043,185,192
Net assets:		
Invested in capital assets, net of related debt	379,055,927	447,810,171
Restricted net assets	162,661,074	83,113,647
Unrestricted net assets	(751,381,525)	(662,423,474)
Total net assets	\$ (209,664,524)	\$ (131,499,656)

At the end of fiscal year 2008, GovGuam's unrestricted net assets showed a deficiency of \$751.4 million, an increase of \$89 million (or 13.4%) from the prior year unrestricted net asset deficiency. This deficiency is the result of having long-term commitments that are greater than currently available resources. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable and other loans as well as to pay for unfunded pension liabilities, closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam will include these amounts in future years' budgets as they become due.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2008

Changes in Net Assets

For the year ended September 30, 2008, the net asset deficiency of the primary government increased by \$78.2 million (or 59.4%) from the prior year's net assets deficiency of \$131.5 million. This result indicates that GovGuam's financial condition, as a whole, deteriorated from the prior year. For the year ended September 30, 2008, net assets of the primary government changed as follows, with comparable amounts for fiscal year 2007:

	GovGuam's Changes in Net Assets For the Years Ended September 30	
	2008	2007 (As Restated)
Revenues:		
Program revenues:		
Charges for services	\$ 52,885,843	\$ 45,484,876
Operating grants and contributions	249,964,162	260,472,543
General revenues:		
Taxes	506,957,332	490,302,786
Investment earnings	5,773,199	4,994,123
Other	4,880,942	5,677,369
Total revenues	820,461,478	806,931,697
Expenses:		
General government	126,344,832	102,392,328
Protection of life and property	105,545,958	95,089,895
Public health	80,798,662	77,710,571
Community services	36,860,096	42,346,780
Recreation	5,538,532	5,395,129
Individual and collective rights	55,643,738	50,182,594
Transportation	30,108,498	34,872,113
Public education	277,875,464	245,297,076
Environmental protection	12,768,164	11,142,294
Economic development	11,161,780	15,161,777
Interest expense (unallocated)	17,396,681	12,659,269
Payments to autonomous agencies	94,259,967	88,513,504
Interest on tax refunds	8,617,847	4,824,487
Capital projects	19,279,013	13,968,768
Other	28,650,903	10,765,229
Total expenses	910,850,135	810,321,814
Special items	12,223,789	17,154,697
Change in net assets	\$ (78,164,868)	\$ 13,764,580

GovGuam's revenues from governmental activities, including local revenues, totaled \$820.5 million in fiscal year 2008. The cost of governmental activities totaled \$910.9 million; the deficiency of \$95.4 million plus special items of \$12.2 million result in an overall net decrease in net assets of \$78.2 million.

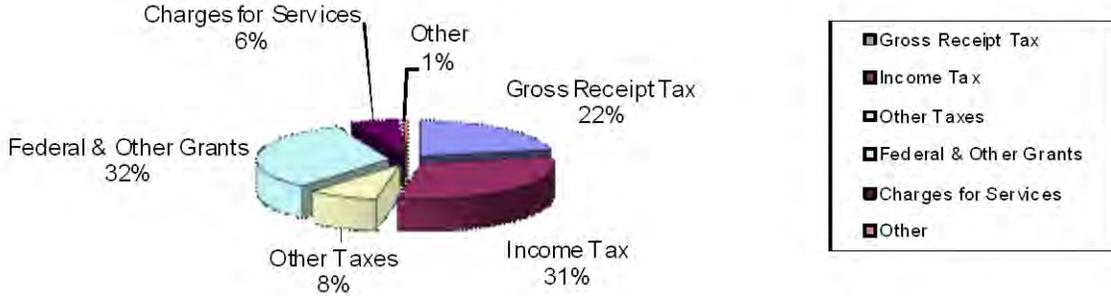
GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2008

Changes in Net Assets, Continued

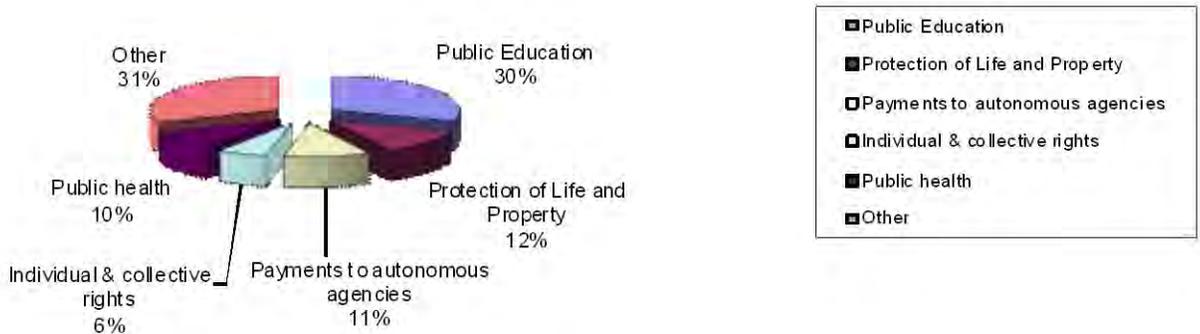
Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1
GovGuam's Revenue Sources
For the Year Ended September 30, 2008



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 32%, respectively, of the total revenues for fiscal year 2007.

Graph 2
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2008



Other expenses that make up a portion of the costs of governmental activities include general government expenses (\$126.3 million), community services (\$36.9 million), environmental protection (\$12.8 million), economic development expenses (\$11.2 million), unallocated interest expense (\$17.4 million), transportation expenses (\$30.2 million), recreation (\$5.6 million), capital-related expenses (\$19.3 million), interest payments on tax refunds (\$8.6 million), and miscellaneous payments (\$28.7 million).

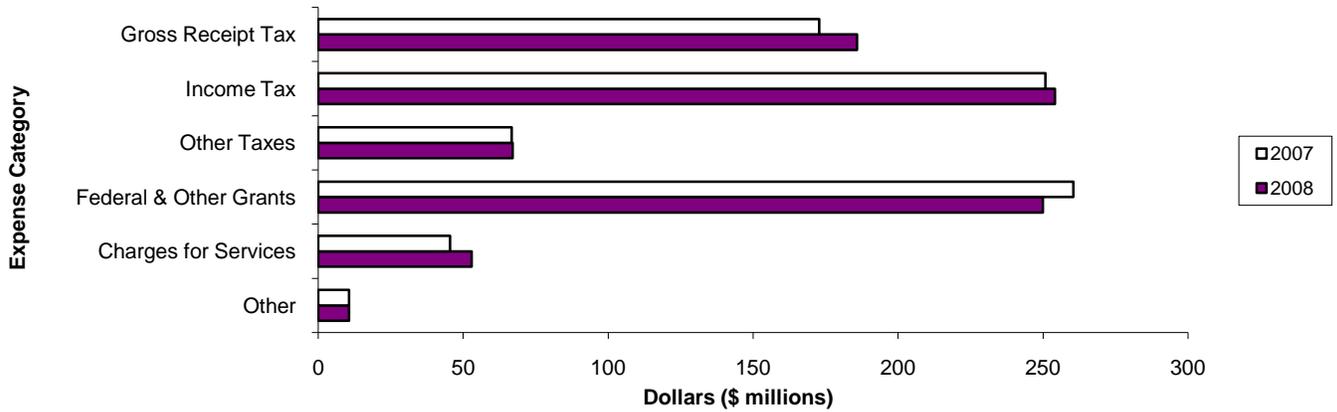
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Management's Discussion and Analysis, Continued Year Ended September 30, 2008

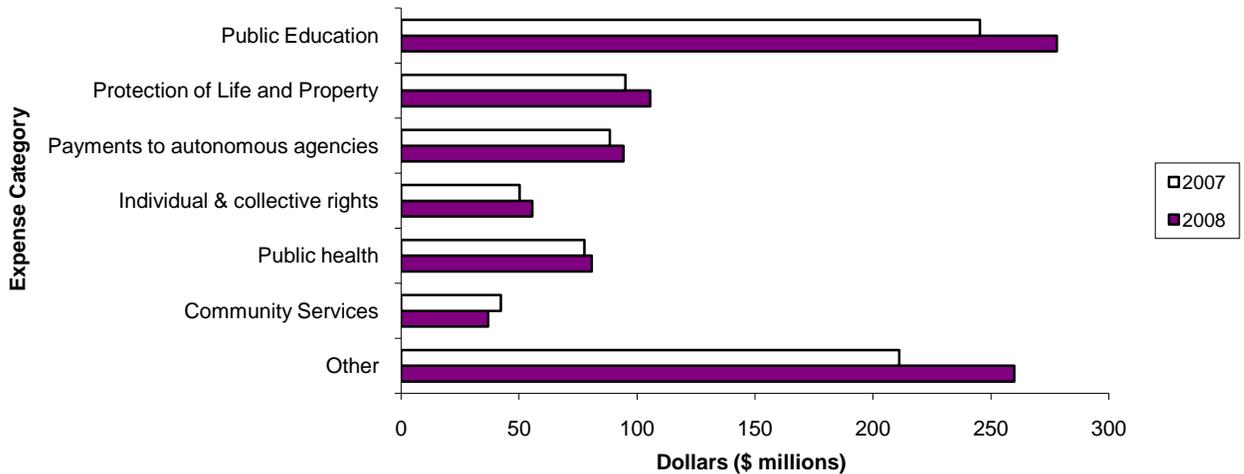
Changes in Net Assets, Continued

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2007 and 2008.

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 2008 included general government expenses of \$126.3 million, up from \$102.4 million (or 23.4%) in fiscal year 2007, transportation expenses of \$30.1 million, down from \$34.9 million (or 13.7%) in fiscal year 2007, environmental protection expenses of \$12.8 million, up from \$11.1 million (or 14.6%) in fiscal year 2007, economic development expenses of \$11.2 million, down from \$15.2 million (or 26.4%) in fiscal year 2007, and unallocated interest expense of \$17.4 million, up from \$12.7 million (or 37.4%) in fiscal year 2007.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2008

The above financial analysis incorporates the restatement wherein management subsequently determined that certain account balances of the primary government's governmental activities associated with a municipal school lease agreement were understated by \$18.3 million. As a result of this determination, the affected account balance has been restated from the amount previously reported. Additional information on this restatement can be found in note 1W to the basic financial statements.

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 2008, GovGuam's governmental funds reported a combined fund balance deficit of \$313.3 million, which represents a decrease of \$91.5 million (or 22.6%) in comparison with the fiscal year 2007 combined fund balance deficit of \$404.8 million. This is primarily attributable to the decrease in the fund balance deficit of the general fund of \$86.4 million, an increase in fund balance of the special revenue funds and debt service funds of \$3.3 million and \$3.3 million, respectively, and a decrease in capital projects funds of \$1.5 million. Of this total combined fund balance deficit, \$190.5 million is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$68.2 million); 2) to fund debt service-related activities (\$90 million); 3) to liquidate continuing appropriation commitments (\$29.7 million); or 4) for a variety of other restricted purposes. The combined unreserved fund balance deficit of GovGuam's governmental funds is \$503.8 million, a decrease of \$33.4 million (or 6.2%) from fiscal year 2007. This deficit will be funded through future budgetary surpluses.

The General Fund is the chief operating fund of GovGuam. At the end of the current fiscal year, the unreserved fund deficit of the General Fund was \$526 million as compared with the prior year ending unreserved fund deficit of \$536.4 million, an improvement of \$10.4 million (or 1.9%), while total fund deficit was \$415.5 million compared with a total fund deficit of \$501.9 million at the end of the prior fiscal year, an improvement of \$86.4 million. The decrease in the overall fund deficit of the General Fund was primarily the result of the refunding of existing bonds that resulted in additional bond proceeds.

The Federal Grants Assistance Fund has a total fund balance of \$0.2 million, which primarily represents accumulated interest income received not yet expended at year end. Fund balance of the Federal Grants Assistance Fund essentially remained unchanged from prior year with total revenues and transfers in of \$168.3 million supporting expenditures and transfers out of the same amount.

The Guam Public School System (GPSS) Federal Grants Fund has a total fund balance of \$1.4 million, which primarily represents education-related federal grant revenues received not yet expended at year end. Fund balance of the GPSS Federal Grants Fund essentially remained unchanged from prior year with total revenues and transfers in of \$55 million supporting expenditures and transfers out of the same amount. In addition, the GPSS Federal Grants Fund reported capital leases of \$55.2 million pertaining to the completion of three new schools that was offset by a corresponding capital lease expenditure of the same amount.

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Management's Discussion and Analysis, Continued Year Ended September 30, 2008

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2008, there was a \$40 million increase in appropriations between the original and final amended budget for Executive Branch operations, including the Department of Revenue and Taxation to fund computer system upgrade and real property tax assessment system; the Department of Public Works to fund payments under the Consent Decree for the Ordot Dump and school bus operations; the Guam Police Department to fund additional personnel costs; the Department of Corrections to fund additional personnel costs; the Department of Education to fund certain capital improvement projects; and additional retiree postemployment healthcare benefits.

This increase was possible because of additional anticipated revenues primarily from increases in property tax collections and tax collections due to general improvements in local economic conditions, and the issuance of new debt.

Actual revenues collected (including proceeds from issuance of debt and transfers in) of \$628.8 million were higher than budgeted amounts of \$583.3 million due primarily to the receipt of proceeds from the issuance of new debt of \$13.8 million, the receipt of proceeds from the sale of the GTA note receivable of \$9 million, and the transfer of property tax revenue to the General Fund of \$12.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2008 amounted to \$1,031.2 million, net of accumulated depreciation of \$309.1 million, leaving a net book value of \$722.1 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below). This represents an increase of \$43.5 million (or 6.4%) from fiscal year 2007.

GovGuam's Capital Assets
September 30, 2008 and 2007

	2008	2007
Non-depreciable:		
Land	\$ 11,454,623	\$ 11,454,623
Construction in progress	6,676,671	24,785,798
	<u>18,131,294</u>	<u>36,240,421</u>
Depreciable:		
Infrastructure	583,311,439	557,957,554
Buildings	377,063,207	308,194,904
Machinery and equipment	52,666,615	50,625,658
	<u>1,013,041,261</u>	<u>916,778,116</u>
Accumulated depreciation	<u>(309,082,654)</u>	<u>(274,411,643)</u>
	<u>703,958,607</u>	<u>642,366,473</u>
Total capital assets, net	<u>\$ 722,089,901</u>	<u>\$ 678,606,894</u>

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2008

Capital Assets, Continued

Major capital asset additions for fiscal year 2008 were as follows:

- Completion of three schools acquired by GPSS through a municipal school lease agreement in the aggregate amount of \$68.8 million.
- Completion of Federal Highway Administration funded projects, including the rehabilitation and widening of Route 4 at a cost of \$2.6 million.
- Commencement of construction of a forensic science laboratory, totaling \$2.3 million, funded by the Unified Courts of Guam Judicial Building Fund with a completed cost of approximately \$7.3 million.
- Additional work carried out under Highway bond funded projects, including GovGuam's island-wide village street restoration and pot hole repairs at a cost of \$1.4 million.
- Acquisition of machinery and equipment by the United States District Court of Guam appointed receiver, totaling \$1.1 million, associated with the operation of the Ordot Dump.

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 Legislature. GovGuam has entered into eight separate long-term debt obligations, as indicated below, aggregating to \$313.2 million at September 30, 2008. This represents a net increase of \$76.5 million (or 32.3%) from fiscal year 2007.

GovGuam's Outstanding Debt September 30, 2008 and 2007

	2008	2007
Limited Obligation (Section 30) Bonds, 2001A	\$ 35,365,000	\$ 43,110,000
General Obligation Bonds, 1993 Series A	37,280,000	110,975,000
General Obligation Bonds, 2007 Series A	151,935,000	-
Limited Obligation Highway Refunding Bonds, 2001 Series A	21,560,000	26,410,000
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A	41,595,000	46,585,000
Judicial Building Fund	6,669,296	3,716,723
General Fund - \$10 M Note Payable	5,023,537	6,682,479
General Fund - \$13.8 M Note Payable	13,800,000	-
	<u>\$ 313,227,833</u>	<u>\$ 236,739,335</u>

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Management's Discussion and Analysis, Continued Year Ended September 30, 2008

Long-Term Debt, Continued

Major additions to long-term debt for fiscal year 2008 were as follows:

- Issuance of bonds in the amount of \$151.9 million that were used to partially refund \$73.7 million of the 1993 Series A bonds, and to provide additional proceeds to fund certain capital improvement projects, Cost of Living Allowance payments, tax refund payments, and other court mandated payments.
- Proceeds from a note payable to a bank of \$13.8 million that was used to retire certain delinquent utility billings owed to the Guam Power Authority.
- Proceeds from a note payable to a bank of \$3 million that were used to fund the construction of a forensic science laboratory by the Unified Courts of Guam.

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

ECONOMIC FACTORS AND NEXT YEAR BUDGET AND RATES

Guam's overall economic performance has been stable through fiscal year 2008. The inflation rate remained steady at 6.2 % for 2008 compared with 6.8% in 2007. Job growth rose by 2.4% in 2008 as compared with 2.3% in 2007, which primarily occurred in the private sector. As in 2007, the fastest growing jobs category was construction. Much of the construction activity currently underway is in some way directly or indirectly related to the military buildup, which serves as evidence that expanded economic growth is imminent even though the Marine transfer from Okinawa to Guam is not actually scheduled to commence until late 2010. The increase in construction activity is reflected in the fiscal year 2009 budget passed by the Guam Legislature on September 30, 2008. Anticipated budgeted revenues for fiscal year 2009 associated with income taxes and gross receipts taxes amount to \$267.3 million and \$196.1 million, respectively, which is an increase of \$14.1 million (or 5.6%) and \$17.3 million (or 9.6%), respectively, compared with budgeted revenues for fiscal year 2008, and an increase of \$13.1 million (or 5.2%) and \$10.3 million (or 5.6%), respectively, compared with corresponding actual revenues for fiscal year 2008.

As the military buildup continues and the Marine transfer actually gets underway, economic growth is expected to increase further. On the opposite side of the economic scale, Guam's total visitor arrivals decreased by over 7% for 2008 after two years of stable visitor arrivals. This decrease in visitor arrival numbers was primarily attributable to higher energy costs, which raised the price of air travel to Guam, along with fluctuating exchange rates. These effects are expected to continue through most of 2009. The fiscal year 2009 budget reflects this trend with anticipated budgeted revenues associated with hotel occupancy taxes amounting to \$21.5 million, which is a moderate increase of \$0.8 million (or 3.9%) compared with budgeted hotel occupancy taxes for fiscal year 2008, but a decrease of \$0.6 million (or 2.8%) compared with actual hotel occupancy taxes for fiscal year 2008.

The real estate market on Guam was not as severely affected by global credit market and liquidity problems, however, there was a softening in terms of the number of transactions that occurred in 2008 compared with 2007. It is expected that this trend will continue through 2009 with some recovery expected driven by continued low interest rates and the anticipated military buildup.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2008

On November 21, 2008, the Guam Legislature enacted Public Law 29-116, as amended by Public Law 30-7, authorizing the issuance of Deficit Financing Bonds for the purpose of financing certain General Fund liabilities and other past due expenditures of GovGuam. Furthermore, on February 26, 2009, the Guam Legislature enacted Public Law 30-1, as amended by Public Law 30-7, authorizing the issuance of Solid Waste Management System Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam. As a result of these authorizations to borrow, GovGuam subsequently issued bonds on June 4, 2009 in the aggregate amount of \$473.5 million to fund the approved purposes. Of this amount, \$271.1 will be used to pay delinquent tax refunds, liabilities associated with the court awarded Cost of Living Allowance settlement, and other debts of the General Fund, with the remaining \$202.4 million to be used to comply with the Consent Decree, including closure of the Ordot Dump and opening of a new landfill. Accordingly, GovGuam will no longer be required to make the \$1 million weekly payments as stipulated under the Court Order issued by the United States District Court of Guam on February 13, 2009.

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: Katherine B. Kakigi, Deputy 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/da/.

GOVERNMENT OF GUAM

Statement of Net Assets September 30, 2008

	Primary Government	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 54,146,034	\$ 83,557,178
Time certificates of deposit	15,292,656	944,059
Investments	8,554,000	3,031,320
Receivables, net	58,180,097	125,554,065
Due from primary government	-	10,249,614
Due from private purpose trusts	2,142,182	-
Due from component units	1,476,496	3,067,326
Inventories	252,510	61,797,214
Other current assets	3,250,129	1,742,531
Restricted assets:		
Cash and cash equivalents	103,486,218	53,255,199
Investments	7,315,468	24,390,833
Total current assets	254,095,790	367,589,339
Noncurrent assets:		
Investments	-	36,463,560
Receivables, net	-	20,130,472
Due from primary government	-	8,934,149
Due from component units	-	2,141,959
Capital assets, net of accumulated depreciation	722,089,901	1,406,717,509
Land held for development	-	19,891,515
Deferred charges	8,300,064	13,131,292
Other noncurrent assets	-	13,042,106
Restricted assets:		
Cash and cash equivalents	-	35,329,226
Time certificates of deposit	1,000,726	-
Investments	-	75,989,206
Total noncurrent assets	731,390,691	1,631,770,994
Total assets	\$ 985,486,481	\$ 1,999,360,333
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	\$ -	\$ 20,000,000
Current portion of compensated absences payable	12,357,590	5,052,090
Current portion of capital lease obligations	1,857,250	7,113,678
Current portion of long-term obligations	22,582,014	21,291,564
Accounts payable and other current liabilities	56,207,353	40,097,006
Contracts payable	-	11,912,059
Accrued interest payable	6,721,004	16,167,276
Accrued payroll and other	17,251,355	10,617,097
Payable to federal agencies	16,053,851	113,522
Provision for tax refunds	283,135,000	-
COLA liability	96,327,556	-
Due to pension trust fund	17,057,793	17,106,679
Due to primary government	-	1,476,496
Due to component units	16,802,961	3,067,326
Deferred revenues	30,405,801	13,688,053
Deposits and other liabilities	11,540,004	11,475,579
Total current liabilities	588,299,532	179,178,425

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued September 30, 2008

	Primary Government	Component Units
Noncurrent liabilities:		
Compensated absences payable, net of current portion	9,352,306	6,385,898
Capital lease obligations, net of current portion	49,725,000	125,157,381
Long-term obligations, net of current portion	286,705,175	713,397,242
Unfunded pension liability	192,712,647	50,099,684
DCRS sick leave liability	13,947,833	6,075,828
Due to component units	8,355,012	2,141,959
Other noncurrent liabilities	46,053,500	31,492,443
Total noncurrent liabilities	606,851,473	934,750,435
Total liabilities	1,195,151,005	1,113,928,860
Commitments and contingencies		
	<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	379,055,927	640,337,866
Restricted for:		
Expendable:		
Capital projects	42,330,298	-
Retirement of indebtedness	83,273,740	-
Other purposes	37,057,036	140,747,001
Nonexpendable:		
Other purposes	-	6,175,532
Unrestricted	(751,381,525)	98,171,074
Total net assets	(209,664,524)	885,431,473
Total liabilities and net assets	\$ 985,486,481	\$ 1,999,360,333

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental Activities:						
General government	\$ 126,344,832	\$ 12,999,036	\$ 66,330,020	\$ -	\$ (47,015,776)	\$ -
Protection of life and property	105,545,958	11,287,091	5,854,689	-	(88,404,178)	-
Public health	80,798,662	1,805,595	32,655,451	-	(46,337,616)	-
Community services	36,860,096	617,831	18,493,104	-	(17,749,161)	-
Recreation	5,538,532	1,186,328	682,505	-	(3,669,699)	-
Individual and collective rights	55,643,738	1,098,675	9,749,902	-	(44,795,161)	-
Transportation	30,108,498	12,331,854	5,653,650	-	(12,122,994)	-
Public education	277,875,464	809,208	60,166,142	-	(216,900,114)	-
Environmental protection	12,768,164	8,262,312	4,250,941	-	(254,911)	-
Economic development	11,161,780	170,978	5,854,025	-	(5,136,777)	-
Interest (unallocated)	17,396,681	-	2,027,302	-	(15,369,379)	-
Payments to:						
GovGuam Retirement Fund	1,329,712	-	-	-	(1,329,712)	-
Antonio B. Won Pat International Airport Authority	3,089,215	-	3,089,215	-	-	-
Guam Memorial Hospital Authority	21,063,138	-	9,247,308	-	(11,815,830)	-
Guam Power Authority	4,538,565	-	4,538,565	-	-	-
University of Guam	33,412,388	-	612,639	-	(32,799,749)	-
Guam Visitors Bureau	13,428,692	-	-	-	(13,428,692)	-
Guam Community College	15,758,357	1,799,785	1,302,400	-	(12,656,172)	-
Other component units	1,639,900	517,150	565,235	-	(557,515)	-
Capital	19,279,013	-	18,891,069	-	(387,944)	-
Miscellaneous	37,268,750	-	-	-	(37,268,750)	-
Total primary government	\$ 910,850,135	\$ 52,885,843	\$ 249,964,162	\$ -	(608,000,130)	-
Component Units:						
Antonio B. Won Pat International Airport Authority	\$ 55,114,438	\$ 41,825,149	\$ 390,389	\$ 29,538,152	-	16,639,252
Guam Memorial Hospital Authority	87,229,410	88,477,621	-	1,920,307	-	3,168,518
Guam Power Authority	369,390,587	368,037,452	-	4,926,028	-	3,572,893
Guam Waterworks Authority	57,232,552	49,847,016	-	3,358,462	-	(4,027,074)
Port Authority of Guam	30,281,958	30,080,575	-	337,463	-	136,080
University of Guam	75,842,128	12,320,255	28,965,168	-	-	(34,556,705)
Nonmajor component units	99,814,579	9,202,558	47,593,362	1,416,416	-	(41,602,243)
	\$ 774,905,652	\$ 599,790,626	\$ 76,948,919	\$ 41,496,828	-	(56,669,279)
General revenues:						
Taxes:						
Income					254,137,767	-
Gross receipts					185,795,875	-
Property					21,031,708	-
Hotel					22,111,688	-
Liquid fuel					9,766,312	-
Other taxes					14,113,982	-
Investment earnings					5,773,199	5,952,293
Contributions from primary government					-	62,335,541
Other					4,880,942	11,199,316
Special items:						
Adjustment to medical bill accrual					13,223,789	-
Loss on sale of GTA note receivable					(1,000,000)	-
Total general revenues and special items					529,835,262	79,487,150
Change in net assets					(78,164,868)	22,817,871
Net assets at beginning of year, as restated					(131,499,656)	862,613,602
Net assets at end of year					\$ (209,664,524)	\$ 885,431,473

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet Governmental Funds September 30, 2008

	General	Special Revenue		Other Governmental Funds	Total
		Federal Grants Assistance	GPSS Federal Grants		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 23,929,274	\$ 3,032,067	\$ 1,407,788	\$ 25,776,905	\$ 54,146,034
Time certificates of deposit	15,292,656	-	-	-	15,292,656
Investments	900,000	-	-	7,654,000	8,554,000
Receivables, net:					
Taxes	25,132,990	-	-	3,953,436	29,086,426
Federal agencies	147,071	20,810,467	3,735,564	274,394	24,967,496
Other	239,968	345,976	-	3,540,231	4,126,175
Due from other funds	14,533,290	-	568,417	50,891,255	65,992,962
Due from private purpose trust funds	-	-	-	2,142,182	2,142,182
Due from component units	-	-	-	1,476,496	1,476,496
Inventories	-	-	-	252,510	252,510
Prepayments	330,603	-	-	-	330,603
Deposits and other assets	-	-	-	233,421	233,421
Restricted assets:					
Cash and cash equivalents	77,660,593	-	-	25,825,625	103,486,218
Time certificates of deposit	-	-	-	1,000,726	1,000,726
Investments	-	-	-	7,315,468	7,315,468
Total assets	<u>\$ 158,166,445</u>	<u>\$ 24,188,510</u>	<u>\$ 5,711,769</u>	<u>\$ 130,336,649</u>	<u>\$ 318,403,373</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>(DEFICITS)</u>					
Accounts payable	\$ 46,062,214	\$ 142,535	\$ 1,111,327	\$ 8,891,277	\$ 56,207,353
Accrued payroll and other	12,631,694	1,506,620	759,856	2,353,185	17,251,355
Due to other funds	50,047,701	6,277,970	-	9,667,291	65,992,962
Due to pension trust funds	17,057,793	-	-	-	17,057,793
Due to component units	24,182,107	-	-	975,866	25,157,973
Payable to federal agencies	-	16,053,332	-	519	16,053,851
Deferred revenues	38,869,372	-	2,478,477	1,644,645	42,992,494
Provision for tax refunds	277,942,736	-	-	5,192,264	283,135,000
COLA liability	96,327,556	-	-	-	96,327,556
Deposits and other liabilities	10,560,207	-	-	979,797	11,540,004
Total liabilities	<u>573,681,380</u>	<u>23,980,457</u>	<u>4,349,660</u>	<u>29,704,844</u>	<u>631,716,341</u>
Fund balances (deficits):					
Reserved:					
Encumbrances	13,426,761	48,949,769	2,579,387	3,232,522	68,188,439
Continuing appropriations	27,058,659	-	-	2,658,094	29,716,753
Related assets	900,000	-	-	1,712,891	2,612,891
Debt service	69,119,151	-	-	20,875,593	89,994,744
Unreserved (deficits), reported in:					
General fund	(526,019,506)	-	-	-	(526,019,506)
Special revenue funds	-	(48,741,716)	(1,217,278)	58,759,564	8,800,570
Capital projects funds	-	-	-	8,676,039	8,676,039
Debt service funds	-	-	-	4,717,102	4,717,102
Total fund balances (deficits)	<u>(415,514,935)</u>	<u>208,053</u>	<u>1,362,109</u>	<u>100,631,805</u>	<u>(313,312,968)</u>
Total liabilities and fund balances	<u>\$ 158,166,445</u>	<u>\$ 24,188,510</u>	<u>\$ 5,711,769</u>	<u>\$ 130,336,649</u>	<u>\$ 318,403,373</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets September 30, 2008

Total deficit - governmental funds	\$	(313,312,968)
Amounts reported for governmental activities in the statement of net assets are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		2,686,105
Borrowing costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,992,634
Maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		5,208,333
Bonds issued by GovGuam have associated costs that are paid from current available resources in the funds. However, these costs are deferred on the statement of net assets		1,099,097
Certain revenues are earned but not available and therefore are deferred in the governmental funds:		
Adjustment of deferred revenue		12,586,693
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$	11,454,623
Construction in progress		6,676,671
Depreciable capital assets and infrastructure		1,013,041,261
Accumulated depreciation		<u>(309,082,654)</u>
Capital assets, net of accumulated depreciation		722,089,901
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The liabilities include:		
Bonds payable		(309,287,189)
Capital lease obligations		(51,582,250)
Accrued interest payable		(6,721,004)
Compensated absences payable		(21,709,896)
Unfunded pension liability		(192,712,647)
DCRS sick leave liability		(13,947,833)
Landfill closure and postclosure costs		<u>(46,053,500)</u>
Long-term liabilities		<u>(642,014,319)</u>
Net assets of governmental activities	\$	<u><u>(209,664,524)</u></u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Governmental Funds Year Ended September 30, 2008

	General	Special Revenue		Other Governmental Funds	Total
		Federal Grants Assistance	GPSS Federal Grants		
Revenues:					
Taxes	\$ 443,042,946	\$ -	\$ -	\$ 63,232,570	\$ 506,275,516
Licenses, fees and permits	5,593,716	-	-	46,329,298	51,923,014
Use of money and property	2,472,737	-	-	3,300,462	5,773,199
Federal contributions	45,329,450	140,240,979	44,708,831	4,002,636	234,281,896
Guam Public School System	2,831,209	-	-	-	2,831,209
Contributions from component units	10,372,580	-	-	-	10,372,580
Other	3,547,691	-	-	1,333,251	4,880,942
Total revenues	513,190,329	140,240,979	44,708,831	118,198,217	816,338,356
Expenditures:					
Current:					
General government	44,997,050	19,397,357	-	30,540,198	94,934,605
Protection of life and property	72,957,261	7,427,419	-	12,872,333	93,257,013
Public health	10,008,749	56,089,200	-	10,293,921	76,391,870
Community services	6,417,038	19,472,449	-	9,618,752	35,508,239
Recreation	3,320,910	682,700	-	877,465	4,881,075
Individual and collective rights	12,483,687	8,993,874	-	29,901,502	51,379,063
Transportation	-	5,653,650	-	10,079,190	15,732,840
Public education	193,085,436	-	49,379,556	-	242,464,992
Environmental protection	-	4,250,941	-	7,769,560	12,020,501
Economic development	3,611,857	6,130,460	-	152,086	9,894,403
Payments to:					
GovGuam Retirement Fund	1,329,712	-	-	-	1,329,712
Antonio B. Won Pat International Airport Authority	-	3,089,215	-	-	3,089,215
Chamorro Land Trust Commission	-	-	-	481,541	481,541
Guam Community College	13,615,957	1,302,400	-	840,000	15,758,357
Guam Educational Telecommunications Corporation	593,124	-	-	-	593,124
Guam Memorial Hospital Authority	-	9,247,308	-	11,815,830	21,063,138
Guam Power Authority	-	4,538,565	-	-	4,538,565
Guam Visitors Bureau	-	-	-	13,428,692	13,428,692
Guam Waterworks Authority	-	420,161	-	-	420,161
Port Authority of Guam	-	145,074	-	-	145,074
University of Guam	31,799,749	612,639	-	1,000,000	33,412,388
Miscellaneous appropriations	19,941,432	-	-	17,679	19,959,111
Interest and other charges	17,309,639	-	-	-	17,309,639
Capital projects	-	10,545,791	55,160,750	5,481,441	71,187,982
Debt service	22,702,010	-	5,100,000	13,581,066	41,383,076
Total expenditures	454,173,611	157,999,203	109,640,306	158,751,256	880,564,376
Excess (deficiency) of revenues over (under) expenditures	59,016,718	(17,758,224)	(64,931,475)	(40,553,039)	(64,226,020)
Other financing sources (uses):					
Proceeds from refunded bonds issued	151,935,000	-	-	-	151,935,000
Proceeds from issuance of long-term debt	13,800,000	-	-	2,952,573	16,752,573
Capital leases	-	-	55,160,750	-	55,160,750
Discount on refunded bonds issued	(5,639,246)	-	-	-	(5,639,246)
Payment to refunded bond escrow agent	(73,664,587)	-	-	-	(73,664,587)
Transfers in from other funds	29,149,020	28,096,067	10,295,835	95,446,052	162,986,974
Transfers out to other funds	(101,440,906)	(10,295,835)	-	(52,261,517)	(163,998,258)
Total other financing sources (uses), net	14,139,281	17,800,232	65,456,585	46,137,108	143,533,206
Special items:					
Adjustment of medical bill accrual	13,223,789	-	-	-	13,223,789
Loss on sale of GTA note receivable	-	-	-	(1,000,000)	(1,000,000)
Total special items	13,223,789	-	-	(1,000,000)	12,223,789
Net change in fund balances (deficits)	86,379,788	42,008	525,110	4,584,069	91,530,975
Fund balances (deficits) at beginning of year	(501,894,723)	166,045	836,999	96,047,736	(404,843,943)
Fund balances (deficits) at end of year	\$ (415,514,935)	\$ 208,053	\$ 1,362,109	\$ 100,631,805	\$ (313,312,968)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities September 30, 2008

Total net change in fund balances (deficits) - governmental funds	\$	91,530,975
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Adjustment of deferred revenues		4,123,122
Maintenance costs associated with the construction of capital leases are deferred and amortized in the Statement of Activities over the life of the lease as maintenance expense upon completion of construction		
		1,000,000
Interest costs associated with the construction of capital leases are capitalized and amortized in the Statement of Activities over the estimated useful lives as depreciation expense upon completion of construction		
		1,521,500
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 outlay	\$	64,446,465
Depreciation expense		<u>(34,671,011)</u>
		29,775,454
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. For the current year, these amounts consist of:		
Refunding bond proceeds		(146,295,754)
Long-term debt proceeds		(16,752,573)
Capital leases		(55,160,750)
Payment to refunded bond escrow agent		73,664,587
Repayment of bonds		18,504,075
Repayment of capital leases		3,578,500
Amortization of bond premium		137,180
Amortization of deferred amount on refunding		<u>(157,562)</u>
		(122,482,297)
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:		
Decrease in accrued interest payable		402,702
Increase in compensated absences payable		(561,461)
Increase in unfunded pension costs liability		(58,163,331)
Increase in DCRS sick leave liability		(1,656,957)
Increase in landfill closure and postclosure costs liability		<u>(23,654,575)</u>
		(83,633,622)
Change in net assets of governmental activities	\$	<u><u>(78,164,868)</u></u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2008

	Pension Trust	Private Purpose Trust	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,407,845	\$ 9,975,433	\$ -
Time certificates of deposit	-	1,542,775	-
Investments at fair value:			
Common stocks	531,049,327	-	-
U.S. Government securities	257,225,870	-	-
Corporate bonds and notes	206,308,433	-	-
Money market funds	36,492,500	-	-
Mutual funds	251,232,211	-	-
DC plan forfeitures	5,722,743	-	-
Total investments	1,288,031,084	-	-
Accounts receivable:			
Employer contributions	13,987,630	-	-
Member contributions	6,478,791	-	-
Interest and penalties on contributions	10,077,564	-	-
Accrued investment income	5,249,384	-	-
Due from brokers for unsettled trades	850,640	-	-
Notes receivable - service credits	2,909,255	-	-
Notes receivable - ERIP	7,056,299	-	-
Receivable - ERIP employer's share	2,168,379	-	-
Supplemental/COLA benefits	78,085,596	-	-
Supplemental/Insurance benefits advanced	4,328,570	-	-
Other	3,676,298	-	-
Total receivables	134,868,406	-	-
Deposits and other assets	-	-	13,621,520
Capital assets	1,036,025	-	-
Total assets	1,430,343,360	11,518,208	\$ 13,621,520
<u>LIABILITIES</u>			
Deferred revenue	12,517,759	-	\$ -
Accounts payable and accrued expenses	1,546,590	-	-
Accrued payroll and other	529,347	-	-
Due to other funds	-	2,142,182	-
Deposits and other liabilities	-	9,344,732	13,621,520
Due to brokers for unsettled trades	2,135,989	-	-
Total liabilities	16,729,685	11,486,914	\$ 13,621,520
<u>NET ASSETS</u>			
Held in trust for retirement benefits	1,413,613,675	-	
Held in trust for other purposes	-	31,294	
Total net assets	\$ 1,413,613,675	\$ 31,294	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended September 30, 2008

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	\$ 94,675,571	\$ -
Member contributions	29,941,143	-
Use of money and property	-	518,057
Transfers in from other funds	-	1,011,284
Total contributions and revenues	124,616,714	1,529,341
Net investment income (loss):		
Net depreciation in fair value of investments	(273,562,210)	-
Interest	46,190,334	-
Dividends	11,313,550	-
Other	2,784,957	-
Total investment loss	(213,273,369)	-
Less: investment expenses	3,541,598	-
Net investment loss	(216,814,967)	-
Other:		
Recovery of bad debts - GMHA	109,726	-
Total additions	(92,088,527)	1,529,341
Deductions:		
Benefits	168,708,858	-
Refunds	15,274,372	-
Administrative and general expense	4,838,147	-
Individual and collective rights	-	1,596,096
Total deductions	188,821,377	1,596,096
Change in net assets	(280,909,904)	(66,755)
Net assets at beginning of year	1,694,523,579	98,049
Net assets at end of year	\$ 1,413,613,675	\$ 31,294

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets Component Units September 30, 2008

	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								
Current assets:								
Cash and cash equivalents	\$ 2,501,024	\$ 1,881,442	\$ 27,550,464	\$ 5,064,363	\$ 13,971,221	\$ 5,151,059	\$ 27,437,605	\$ 83,557,178
Time certificates of deposit	-	-	-	-	-	118,414	825,645	944,059
Investments	-	-	-	-	-	-	3,031,320	3,031,320
Receivables, net	15,471,498	34,909,149	45,102,705	7,835,564	3,941,770	7,971,808	10,321,571	125,554,065
Due from primary government	-	-	1,744,636	-	-	4,703,296	3,801,682	10,249,614
Due from component units	-	-	3,067,326	-	-	-	-	3,067,326
Inventories	46,584	4,567,232	53,623,243	2,416,446	145,187	570,940	427,582	61,797,214
Prepayments	-	274,294	729,962	-	-	-	181,154	1,185,410
Deposits and other assets	-	-	-	-	-	557,121	-	557,121
Restricted assets:								
Cash and cash equivalents	-	-	38,738,497	576,243	-	-	13,940,459	53,255,199
Investments	-	-	-	-	-	9,053,784	15,337,049	24,390,833
Total current assets	18,019,106	41,632,117	170,556,833	15,892,616	18,058,178	28,126,422	75,304,067	367,589,339
Noncurrent assets:								
Investments	28,980,811	-	-	-	-	5,807,749	1,675,000	36,463,560
Receivables, net	-	-	-	-	-	-	20,130,472	20,130,472
Due from primary government	-	-	8,934,149	-	-	-	-	8,934,149
Due from component units	-	-	2,141,959	-	-	-	-	2,141,959
Capital assets, net of accumulated depreciation	395,819,817	41,003,267	522,421,728	267,744,474	48,738,344	72,060,755	58,929,124	1,406,717,509
Land held for development	-	-	-	-	-	-	19,891,515	19,891,515
Deferred bond issuance costs	8,061,495	-	4,288,877	-	-	-	780,920	13,131,292
Other assets	-	298,884	8,314,415	2,833,461	-	-	1,595,346	13,042,106
Restricted assets:								
Cash and cash equivalents	451,392	-	-	30,896,722	-	3,981,112	-	35,329,226
Investments	31,067,875	-	27,485,087	9,600,888	-	7,835,356	-	75,989,206
Total noncurrent assets	464,381,390	41,302,151	573,586,215	311,075,545	48,738,344	89,684,972	103,002,377	1,631,770,994
Total assets	\$ 482,400,496	\$ 82,934,268	\$ 744,143,048	\$ 326,968,161	\$ 66,796,522	\$ 117,811,394	\$ 178,306,444	\$ 1,999,360,333

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued Component Units September 30, 2008

	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 AND NET ASSETS								
Current liabilities:								
Short-term debt	\$ -	\$ -	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000
Current portion of long-term debt	7,335,000	-	7,080,000	3,463,753	-	163,000	3,249,811	21,291,564
Current obligations under capital leases	-	-	7,113,678	-	-	-	-	7,113,678
Accounts payable	2,295,354	7,369,572	13,679,335	6,349,300	2,641,805	3,512,431	4,249,209	40,097,006
Contracts payable	8,990,563	-	-	2,921,496	-	-	-	11,912,059
Accrued interest payable	4,618,034	-	10,902,571	-	-	-	646,671	16,167,276
Accrued payroll and other	838,566	2,689,693	1,034,601	1,376,059	4,569,845	-	108,333	10,617,097
Payable to federal agencies	-	-	-	-	-	-	113,522	113,522
Due to pension trust funds	-	17,106,679	-	-	-	-	-	17,106,679
Due to primary government	1,476,496	-	-	-	-	-	-	1,476,496
Due to component units	-	-	-	3,067,326	-	-	-	3,067,326
Deferred revenue	2,149,842	-	-	1,214,976	176,774	5,290,130	4,856,331	13,688,053
Compensated absences	205,990	1,389,968	1,116,800	409,193	670,131	920,750	339,258	5,052,090
Deposits and other liabilities	-	1,890,500	4,560,829	2,204,627	162,552	24,340	2,632,731	11,475,579
Total current liabilities	27,909,845	30,446,412	65,487,814	21,006,730	8,221,107	9,910,651	16,195,866	179,178,425
Noncurrent liabilities:								
Compensated absences	562,538	1,893,513	1,224,717	743,047	369,995	723,359	868,729	6,385,898
Capital lease obligations	-	-	125,157,381	-	-	-	-	125,157,381
Noncurrent portion of long-term debt	182,140,551	-	368,932,816	105,749,443	-	12,956,885	43,617,547	713,397,242
Due to component units	-	-	-	2,141,959	-	-	-	2,141,959
Other noncurrent liabilities	-	-	19,662,391	167,767	-	133,958	11,528,327	31,492,443
DCRS sick leave liability	-	1,709,882	1,292,473	642,987	605,278	1,083,747	741,461	6,075,828
Accrued unfunded retirement liability	5,297,378	19,088,198	10,720,832	7,076,388	6,944,611	-	972,277	50,099,684
Total noncurrent liabilities	188,000,467	22,691,593	526,990,610	116,521,591	7,919,884	14,897,949	57,728,341	934,750,435
Total liabilities	215,910,312	53,138,005	592,478,424	137,528,321	16,140,991	24,808,600	73,924,207	1,113,928,860
Net Assets:								
Invested in capital assets, net of related debt	214,405,762	41,003,267	14,762,209	205,990,597	48,738,344	58,940,870	56,496,817	640,337,866
Restricted:								
Expendable	36,592,365	-	56,679,642	576,243	-	13,776,823	33,121,928	140,747,001
Nonexpendable	-	-	-	-	-	5,855,949	319,583	6,175,532
Unrestricted (deficit)	15,492,057	(11,207,004)	80,222,773	(17,127,000)	1,917,187	14,429,152	14,443,909	98,171,074
Total net assets	266,490,184	29,796,263	151,664,624	189,439,840	50,655,531	93,002,794	104,382,237	885,431,473
Total liabilities and net assets	\$ 482,400,496	\$ 82,934,268	\$ 744,143,048	\$ 326,968,161	\$ 66,796,522	\$ 117,811,394	\$ 178,306,444	\$ 1,999,360,333

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Assets Component Units Year Ended September 30, 2008

	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	\$ 41,825,149	\$ 88,477,621	\$ 368,037,452	\$ 49,847,016	\$ 30,080,575	\$ 12,320,255	\$ 9,202,558	\$ 599,790,626
Grants and contracts	390,389	-	-	-	-	28,965,168	47,593,362	76,948,919
Other	75,840	700,893	2,586,523	990,752	108,499	2,316,552	4,420,257	11,199,316
Total operating revenues	<u>42,291,378</u>	<u>89,178,514</u>	<u>370,623,975</u>	<u>50,837,768</u>	<u>30,189,074</u>	<u>43,601,975</u>	<u>61,216,177</u>	<u>687,938,861</u>
Operating expenses:								
Cost of services	30,325,787	85,681,123	289,291,715	39,055,990	20,124,702	61,143,000	68,775,529	594,397,846
Depreciation and amortization	21,440,046	4,177,908	27,169,664	10,677,756	2,640,375	2,569,330	4,959,685	73,634,764
General and administrative	-	3,587,582	23,852,732	4,184,736	6,270,153	9,533,736	19,144,919	66,573,858
Total operating expenses	<u>51,765,833</u>	<u>93,446,613</u>	<u>340,314,111</u>	<u>53,918,482</u>	<u>29,035,230</u>	<u>73,246,066</u>	<u>92,880,133</u>	<u>734,606,468</u>
Operating income (loss)	<u>(9,474,455)</u>	<u>(4,268,099)</u>	<u>30,309,864</u>	<u>(3,080,714)</u>	<u>1,153,844</u>	<u>(29,644,091)</u>	<u>(31,663,956)</u>	<u>(46,667,607)</u>
Nonoperating revenues (expenses):								
Contributions from the primary government	-	743,437	-	-	-	31,776,447	29,815,657	62,335,541
Contributions to the primary government	-	-	-	-	-	(2,027,443)	(8,345,278)	(10,372,721)
Investment income	1,978,585	-	3,500,762	1,763,570	492,075	(1,592,898)	(189,801)	5,952,293
Interest expense	(8,580,584)	(1,469,840)	(39,470,978)	(6,213,246)	-	(568,619)	(2,431,813)	(58,735,080)
Other income (expenses), net	5,231,979	7,687,043	10,394,502	2,899,176	(1,246,728)	-	3,842,645	28,808,617
Total nonoperating revenues (expenses), net	<u>(1,370,020)</u>	<u>6,960,640</u>	<u>(25,575,714)</u>	<u>(1,550,500)</u>	<u>(754,653)</u>	<u>27,587,487</u>	<u>22,691,410</u>	<u>27,988,650</u>
Net income (loss) before capital contributions	<u>(10,844,475)</u>	<u>2,692,541</u>	<u>4,734,150</u>	<u>(4,631,214)</u>	<u>399,191</u>	<u>(2,056,604)</u>	<u>(8,972,546)</u>	<u>(18,678,957)</u>
Capital contributions	<u>29,538,152</u>	<u>1,920,307</u>	<u>4,926,028</u>	<u>3,358,462</u>	<u>337,463</u>	<u>-</u>	<u>1,416,416</u>	<u>41,496,828</u>
Increase (decrease) in net assets	<u>18,693,677</u>	<u>4,612,848</u>	<u>9,660,178</u>	<u>(1,272,752)</u>	<u>736,654</u>	<u>(2,056,604)</u>	<u>(7,556,130)</u>	<u>22,817,871</u>
Total net assets at beginning of year	<u>247,796,507</u>	<u>25,183,415</u>	<u>142,004,446</u>	<u>190,712,592</u>	<u>49,918,877</u>	<u>95,059,398</u>	<u>111,938,367</u>	<u>862,613,602</u>
Total net assets at end of year	<u>\$ 266,490,184</u>	<u>\$ 29,796,263</u>	<u>\$ 151,664,624</u>	<u>\$ 189,439,840</u>	<u>\$ 50,655,531</u>	<u>\$ 93,002,794</u>	<u>\$ 104,382,237</u>	<u>\$ 885,431,473</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

Guam is an unincorporated territory of the United States of America with policy relations between Guam and the United States under the jurisdiction of the Office of Insular Affairs, U.S. Department of the Interior. In 1950, the U.S. Congress provided Guam with an Organic Act that organized GovGuam as a constitutional government comprised of locally elected executive and legislative branches and an appointed judicial branch. In addition, Guam has an elected representative to the U.S. Congress who possesses the same powers and privileges as representatives from the various States, with the exception of voting on the House floor. The Executive Branch consists of a popularly elected Governor and Lieutenant Governor, each serving a four-year term, with executive department heads appointed by the Governor with the consent of the Guam legislature. The Legislative Branch is a unicameral parliament consisting of 15 members elected for a term of two years. The Judicial Branch is comprised of the Supreme Court of Guam and a Territorial Superior Court with judges appointed for eight-year terms by the Governor. Under the Organic Act, GovGuam is required to submit to the U.S. Congress and the Secretary of the Interior a comprehensive annual financial report in conformance with the standards of the National Council on Governmental Accounting within 120 days after the close of the fiscal year; however, GovGuam has not complied with this requirement.

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

1. Blended Component Units

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

1. Blended Component Units, Continued

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

2. Discretely Presented Component Units

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

Major Component Units:

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Major Component Units, Continued:

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

Nonmajor Component Units:

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

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 the Public Auditor - www.guamopa.com.

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

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

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

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

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

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

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

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

3. Related Organizations

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

B. Government-Wide Financial Statements

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(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, 2008. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

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

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

The government-wide Statement of Net Assets reports \$162,661,074 of restricted net assets, of which \$37,057,036 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(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

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.

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

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

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

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

GovGuam reports the following fund types:

1. Governmental Fund Types

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

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

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

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

2. Fiduciary Fund Types

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

GovGuam reports the following major funds:

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

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

H. Inventories

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

I. Interfund Receivables/Payables

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

J. Capital Assets

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

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During the year ended September 30, 2008, interest expense in the amount of \$7,156,292 was included as part of the cost of capital assets under construction associated with the municipal school lease agreement.

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.

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

K. Deferred Revenues

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted from federal funds received in advance of eligible expenditures.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

L. Provision for Tax Refunds

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

M. Long-term Debt

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

N. Accounting for Pension Costs

For the purpose of applying the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, the amount reported as the unfunded pension liability of \$192,712,647 represents the cumulative amount owed by GovGuam for the unfunded prior years' actuarially required pension contributions to the GovGuam Retirement Fund. The unfunded pension liability has been recorded as a liability in the governmental activity in the accompanying government-wide statement of net assets.

For the purpose of the basic financial statements, GovGuam's annual pension cost, measured on the accrual basis of accounting, for the year ended September 30, 2008 amounted to \$121,992,945, which includes pension cost for the University of Guam and the Guam Community College of \$7,307,394 and \$2,855,498, respectively, in accordance with Public Law 21-03. However, the amount recognized as pension expenditure in the governmental funds was recorded under the modified accrual basis, and amounted to \$63,829,614.

O. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay the following debt: (i) \$76,895,000 in general obligation bonds issued in December 2001; (ii) a \$10,000,000 note payable to a bank executed in September 2002; and (iii) a \$13,800,000 note payable to a bank executed in July 2008. 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 \$60,593,185 payable through October 2012. For the year ended September 30, 2008, principal and interest paid and total Section 30 revenues were \$11,177,873 and \$40,225,229, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

O. Dedicated Revenues and Pledges, Continued

GovGuam has also pledged a portion of future hotel occupancy tax revenues, liquid fuel tax revenues and vehicle registration/license fees, and certain judicial fees, fines and building rental receipts to repay the following debt: (i) \$41,595,000 in limited obligation infrastructure improvement bonds issued in December 1997; (ii) \$21,560,000 in limited obligation highway refunding bonds issued in April 2001; and (iii) a \$11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain tax revenues, vehicle registration/license fees, judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately \$51,945,221 payable through November 2017. For the year ended September 30, 2008, principal and interest paid and total hotel occupancy tax revenues were \$7,243,351 and \$22,111,688, respectively. Total principal and interest remaining on the limited obligation highway refunding bonds is approximately \$24,107,825 payable through May 2012. For the year ended September 30, 2008, principal and interest paid, total liquid fuel tax revenues and total vehicle registration/license fees were \$6,030,463, \$9,766,312 and \$8,841,292, respectively. Total principal and interest remaining on the note payable is approximately \$11,857,316 payable through September 2018. For the year ended September 30, 2008, principal and interest paid and total judicial fees, fines and building rental receipt revenues were \$273,949 and \$2,319,170, 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 \$109,800,000 payable through December 2025. For the year ended September 30, 2008, lease payments made and total Compact Impact grant revenues received were \$6,100,000 and \$14,242,322, respectively.

P. Bond Premiums, Discounts and Issuance Costs

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

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

Q. Fund Equity/Net Assets

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

Q. Fund Equity/Net Assets, Continued

Net Assets have been restricted as follows:

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

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

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

R. 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.

S. Compensated Absences

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

S. Compensated Absences, Continued

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 \$13,947,833 at September 30, 2008 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.

T. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with GovGuam's financial statements for the year ended September 30, 2007 from which summarized information was derived.

U. Reclassifications

Due to the provisions of GASB Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, major funds presented in a previous year may not be major funds presented in the current year. Concurrently, major funds presented in the current year may not be major funds presented in the previous year. Accordingly, GovGuam has presented the GPSS Federal Grants Fund as a major fund in the current year whereas such was presented as a nonmajor governmental fund in the previous year.

V. New Accounting Standards

During fiscal year 2008, GovGuam implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. GovGuam has determined that implementation of GASB Statement No 45 does not have a material effect on the accompanying financial statements.

Furthermore, GovGuam implemented the following pronouncements during fiscal year 2008:

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

V. New Accounting Standards, Continued

- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

During fiscal year 2009, GovGuam will be implementing the following pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.

W. Restatement

Subsequent to the issuance of GovGuam's 2007 financial statements, GovGuam management determined that certain account balances of the primary government's governmental activities associated with a municipal school lease agreement were understated by \$18,300,000. As a result of this determination, these account balances have been restated from the amounts previously reported as follows:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(1) Summary of Significant Accounting Policies, Continued

W. Restatement, Continued

	<u>As Previously Reported</u>	<u>As Restated</u>
At September 30:		
Current assets:		
Other current assets	\$ <u>677,711</u>	\$ <u>13,485,077</u>
Noncurrent assets:		
Deferred charges	\$ <u>1,465,461</u>	\$ <u>6,958,095</u>
Net assets:		
Unrestricted	\$ <u>(680,723,474)</u>	\$ <u>(662,423,474)</u>
Total net assets	\$ <u>(149,799,656)</u>	\$ <u>(131,499,656)</u>
For the year ended September 30:		
Public education:		
Operating grants and contributions	\$ <u>254,372,543</u>	\$ <u>260,472,543</u>
Net expense	\$ <u>193,582,926</u>	\$ <u>187,482,926</u>
Change in net assets	\$ <u>7,664,580</u>	\$ <u>13,764,580</u>
Net assets at beginning of year	\$ <u>(157,464,236)</u>	\$ <u>(145,264,236)</u>

(2) Deposits and Investments

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

A. Deposits

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

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

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, GovGuam's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, collateralized with securities held by the pledging financial institution, or held by the pledging financial institution but not in the depositor-government's name. GovGuam does not have a deposit policy for custodial credit risk.

As of September 30, 2008, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$173,925,634 and the corresponding bank balances were \$199,716,839. Of the bank balances, \$82,462,542 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amount of \$117,254,297 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, 2008. As of September 30, 2008, bank deposits in the amount of \$600,000 were FDIC 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, 2008, cash and cash equivalents and time certificates of deposit in the amount of \$21,807,668 are restricted for capital projects. Additionally, cash and cash equivalents in the amount of \$82,679,276 are restricted for future debt service requirements.

As of September 30, 2008, the carrying amount of the fiduciary fund's total cash and cash equivalents and time certificates of deposit was \$17,926,053 and the corresponding bank balances were \$19,503,024, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2008, bank deposits in the amount of \$895,211 were FDIC 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

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

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

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

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

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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2008.

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

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

As of September 30, 2008, GovGuam's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Fair Value
			1 to 5	6 to 10	Greater Than 10	
U.S. Government agencies:						
Federal National Mortgage Association	Aaa/P-1	\$ 4,573,802	\$ -	\$ -	\$ -	\$ 4,573,802
Federal Home Loan Mortgage Corporation	Aaa/P-1	729,934	-	-	-	729,934
Municipal bonds:						
Gwinett County (Georgia) Development Authority	Aaa/P-1	-	-	-	7,654,000	7,654,000
Commercial paper	Aaa/P-1	1,602,094	-	-	-	1,602,094
Commercial paper	A1/P-1	<u>409,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,638</u>
		<u>\$ 7,315,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,654,000</u>	<u>\$ 14,969,468</u>

As of September 30, 2008, investments in debt securities in the amount of \$7,315,468 are restricted for future debt service requirements.

Additionally, as of September 30, 2008, the General Fund holds 15% of the shares of the Pacific Islands Development Bank in the amount of \$900,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

Investments of the Government of Guam Retirement Fund (GGRF) include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, 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 advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

First Hawaiian Bank 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:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

- 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.

- 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

- 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, 2008 are classified as follows:

Common stocks	\$ 531,049,327
Fixed income	463,534,303
Money market funds	36,492,500
Mutual funds	<u>256,954,954</u>
	<u>\$ 1,288,031,084</u>

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

As of September 30, 2008, GGRF's investments in debt securities were as follows:

	<u>Investment Maturities (In Years)</u>				<u>Fair Value</u>
	<u>Less Than 1</u>	<u>1 to 2</u>	<u>2 to 5</u>	<u>Greater Than 5</u>	
U.S. Treasury notes	\$ 10,356,521	\$ 11,372,668	\$ 17,691,961	\$ 46,375,934	\$ 85,797,084
U.S. government agencies	-	-	730,022	170,698,764	171,428,786
U.S. Municipal obligations	-	-	4,277,339	3,672,416	7,949,755
Commercial paper	<u>4,283,565</u>	<u>10,016,100</u>	<u>39,525,376</u>	<u>144,533,637</u>	<u>198,358,678</u>
	<u>\$ 14,640,086</u>	<u>\$ 21,388,768</u>	<u>\$ 62,224,698</u>	<u>\$ 365,280,751</u>	<u>\$ 463,534,303</u>

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

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, 2008, GGRF held mortgage-backed securities valued at approximately \$242,000,000.

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, 2008:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating as of Year End</u>
U.S. Treasury notes	N/A	\$ 85,797,084	Exempt from disclosure
Federal agency securities	N/A	171,428,786	Exempt from disclosure
Corporate medium term notes	BBB	52,413,749	Aaa
and U.S. municipal obligations		4,536,154	Aa
		32,261,915	A
		39,323,264	Baa
		<u>77,773,351</u>	Not rated
		<u>\$ 463,534,303</u>	

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2008, 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, 2008, GGRF held approximately \$9,000,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$2,900,000 was issued by British companies, \$2,300,000 by Canadian companies, \$1,400,000 by Australian companies, \$1,000,000 by Swiss companies, \$500,000 by Chilean companies, \$500,000 by Venezuelan companies, and \$400,000 by Italian companies.

At September 30, 2008, 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, 2008 was approximately \$111,000,000. Of this total, approximately \$55,000,000 relates to companies whose functional currency is the Euro, \$23,000,000 relates to companies whose functional currency is the Japanese yen, \$6,000,000 relates to companies whose functional currency is the Australian dollar, and the remaining \$27,000,000 relates to companies representing sixteen separate functional currencies.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(2) Deposits and Investments, Continued

B. Investments, Continued

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

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

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

(3) Receivables

Receivables as of September 30, 2008, 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:

	<u>General</u>	Federal Grants <u>Assistance</u>	GPSS Federal <u>Grants</u>	Nonmajor Governmental <u>Funds</u>	Fiduciary <u>Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 25,132,990	\$ -	\$ -	\$ 3,953,436	\$ -	\$ 29,086,426
Federal grants	147,071	20,810,467	3,735,564	274,394	-	24,967,496
Contributions	-	-	-	-	30,543,985	30,543,985
Notes	-	-	-	-	11,152,192	11,152,192
Interest	-	-	-	-	5,249,384	5,249,384
Other	<u>5,964,308</u>	<u>345,976</u>	<u>-</u>	<u>13,153,421</u>	<u>92,018,738</u>	<u>111,482,443</u>
	31,244,369	21,156,443	3,735,564	17,381,251	138,964,299	212,481,926
Allowance for uncollectible accounts	<u>(5,724,340)</u>	<u>-</u>	<u>-</u>	<u>(9,613,190)</u>	<u>(4,095,893)</u>	<u>(19,433,423)</u>
Net receivables	<u>\$ 25,520,029</u>	<u>\$ 21,156,443</u>	<u>\$ 3,735,564</u>	<u>\$ 7,768,061</u>	<u>\$ 134,868,406</u>	<u>\$ 193,048,503</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(3) Receivables, Continued

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies for various pay periods during the fiscal years ended September 30, 1988 through 2006. As of September 30, 2008, employer contributions receivable totaled \$13,987,630; member contributions receivable totaled \$6,478,791; and interest and penalties receivable totaled \$10,077,564. A significant portion of the employer and member contributions receivables represent contributions from the Guam Public School System (GPSS), a line agency of the primary government, and the Guam Memorial Hospital Authority (GMHA). As of September 30, 2008, receivables from GPSS, including interest and penalties, totaled \$17,843,652. As of September 30, 2008, receivables from GMHA, including interest and penalties, totaled \$9,302,430.

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

Public Law 28-38, as amended by Public Law 29-19, requires GovGuam's General Fund to remit interest only payments monthly to GGRF for the aforementioned receivables from GPSS and GMHA. The law indicates that monthly payments, totaling \$192,955 and \$190,501, for GPSS and GMHA, respectively, will continue until the outstanding balances for these agencies are fully paid from a general obligation bond or other means. However, if the obligations are not paid within ten years, payments for GPSS and GMHA will resume per 4 GCA Section 8137. During the fiscal year ended September 30, 2008, GGRF received payments totaling \$2,315,460 and \$2,286,012 for GPSS and GMHA, respectively.

In March 1998, GGRF accepted a promissory note from GMHA in the amount of \$9,385,720 for the outstanding balance of contributions owed with related penalties and interest to GGRF. The note bears interest at the bank's prime rate plus 1%, with a floor amount of 8%. At September 30, 2008, the balance on the note was \$4,095,893 with related interest and penalties on the note totaling \$1,921,826. Management of GGRF has fully provided for this note in the allowance for uncollectible accounts, thus these interest and penalties have not been recorded. As payments are made against this note, GGRF decreases the allowance for uncollectible accounts with a corresponding offset included in bad debt recoveries.

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

Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly \$15,000,000. At September 30, 2008, the amount owed under these notes was \$7,199,549. There is a corresponding deferred revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from retirees. GovGuam's share of these contributions has been recognized in the amount of \$2,025,129 at September 30, 2008. This receivable has also been offset by deferred revenue in the same amount.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(3) Receivables, Continued

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, 2008 was 1.2016% of covered payroll. As of September 30, 2008, the receivable recorded by GGRF amounted to \$78,085,596.

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2008, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Federal Grants Assistance	\$ 6,277,970
GPSS Federal Grants	General	568,417
Nonmajor governmental funds	General	49,479,284
General	Nonmajor governmental funds	8,255,320
Nonmajor governmental funds	Nonmajor governmental funds	<u>1,411,971</u>
		<u>\$ 65,992,962</u>

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

Balances reflected as due to component units of the primary government in the statement of net assets/balance sheet at September 30, 2008, are summarized as follows:

General Fund:		
Guam Memorial Hospital Authority		\$ 3,721,275
Guam Power Authority		11,320,624
University of Guam		4,656,076
Nonmajor component units		<u>4,484,132</u>
		<u>24,182,107</u>
Nonmajor governmental funds:		
Nonmajor component units		<u>975,866</u>
		<u>\$ 25,157,973</u>

The amount recorded as due to component units of the primary government of \$25,157,973 does not equal the corresponding due from primary government of the discretely presented component units of \$19,183,763 due to revenue recognition deferral by the nonmajor component units of \$5,974,210 for General Fund appropriations.

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2008

(4) Interfund Receivables/Payables, Continued

Balances reflected as due from component units of the primary government in the statement of net assets/balance sheet at September 30, 2008, are summarized as follows:

Nonmajor governmental funds:
Antonio B. Won Pat International Airport Authority \$ 1,476,496

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2008, are as follows:

	Estimated Useful Lives	Balance October 1, 2007	Additions	Retirements	Balance September 30, 2008
Governmental activities:					
Nondepreciable capital assets:					
Land		\$ 11,454,623	\$ -	\$ -	\$ 11,454,623
Construction in progress		<u>24,785,798</u>	<u>3,045,136</u>	<u>(21,154,263)</u>	<u>6,676,671</u>
		<u>36,240,421</u>	<u>3,045,136</u>	<u>(21,154,263)</u>	<u>18,131,294</u>
Depreciable capital assets:					
Buildings	40 - 60 yrs	308,194,904	68,868,303	-	377,063,207
Machinery, equipment and furniture	5 - 20 yrs	50,625,658	2,040,957	-	52,666,615
Infrastructure	25 yrs	<u>557,957,554</u>	<u>25,353,885</u>	-	<u>583,311,439</u>
		916,778,116	96,263,145	-	1,013,041,261
Less accumulated depreciation:					
Buildings		(99,662,306)	(8,992,251)	-	(108,654,557)
Machinery, equipment and furniture		(40,104,742)	(3,332,916)	-	(43,437,658)
Infrastructure		<u>(134,644,595)</u>	<u>(22,345,844)</u>	-	<u>(156,990,439)</u>
		<u>(274,411,643)</u>	<u>(34,671,011)</u>	-	<u>(309,082,654)</u>
Depreciable capital assets, net		<u>642,366,473</u>	<u>61,592,134</u>	-	<u>703,958,607</u>
		<u>\$ 678,606,894</u>	<u>\$ 64,637,270</u>	<u>\$ (21,154,263)</u>	<u>\$ 722,089,901</u>

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

General government	\$ 1,794,554
Protection of life and property	681,884
Public health	77,579
Community services	7,467
Recreation	77,526
Individual and collective rights	649,963
Transportation	17,110,418
Public education	8,274,625
Environmental protection	561,330
Economic development	<u>5,435,665</u>
	<u>\$ 34,671,011</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations

As of September 30, 2008, the primary government had the following long-term debt outstanding:

General Obligation Bonds, 1993 Series A (original issue of \$175,000,000), varying interest rates at 3% - 5.4% per annum, payable semiannually in May and November, partially refunded in 2008 with principal fund payments due in varying annual installments commencing with a payment of \$2,910,000 in November 2009 and increasing to \$4,670,000 in November 2018. The bonds have been issued for the purpose of implementing capital projects. \$ 37,280,000

Limited Obligation (Section 30) Bonds, 2001 Series A (original issue of \$76,895,000), varying interest rates at 3.25% - 5.5% per annum, payable semiannually in June and December, principal fund payments due in varying annual installments commencing with a payment of \$6,220,000 in December 2002 and increasing to \$9,565,000 in December 2011. The bonds have been issued for the purpose of providing money to repay the outstanding amounts of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority and the voluntary service debt. The bonds are collateralized by the pledge and assignment of Section 30 revenues. 35,365,000

Add net unamortized premium on bonds 1,510,627
36,875,627

Limited Obligation Infrastructure Improvement Bonds, 1997 Series A (original issue of \$76,275,000), varying interest rates at 4.75% - 5.5% per annum, payable annually in November, principal fund payments due in varying annual installments commencing with a payment of \$900,000 in November 1999 and increasing to \$4,625,000 in November 2017. The 1997 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or multiples thereof. 41,595,000

Limited Obligation Highway Refunding Bonds, 2001 Series A (original issue of \$51,705,000), varying interest rates at 3.13% - 4.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$3,830,000 in May 2002 and increasing to \$5,765,000 in May 2012. The 2001 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, and are subject to redemption prior to their stated maturity, at the option of GovGuam, from any source of available funds, on any date on or after May 1, 2011. 21,560,000

Note payable to a local bank in the amount of \$10,000,000, interest rate is based on the bank's index rate and varies from 4.75% - 8% per annum, principal and interest payable commencing October 2003 in annual installments of \$1,281,818. This loan was used to fund public assistance programs and for the payment of the GovGuam Department of Education's monthly allotment backlog. The note is collateralized by the pledge and assignment of Section 30 revenues. 5,023,537

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

Note payable to a local bank in the amount of \$11,000,000, interest at 6.49% per annum, payable quarterly commencing December 2006, with principal and interest payable commencing December 2008 in quarterly installments of \$248,251. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.	6,669,296
Note payable to a local bank in the amount of \$13,800,000, interest at 7% per annum, payable monthly commencing August 2008, with principal and interest payable commencing October 2008 in monthly installments of \$350,184. This loan was used to retire certain delinquent utility billings owed to the Guam Power Authority. The note is collateralized by the pledge and assignment of Section 30 revenues.	13,800,000
General Obligation Bonds, 2007 Series A (original issue of \$151,935,000), varying interest rates at 5% - 5.25% per annum, payable semiannually commencing May 2008, principal fund payments due in varying semiannual installments commencing with a payment of \$4,920,000 in November 2019 and increasing to \$12,155,000 in November 2037. The 2007 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.	151,935,000
Less net unamortized discount on bonds	<u>(5,451,271)</u>
	<u>146,483,729</u>
	<u>\$ 309,287,189</u>

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 22,582,014	\$ 15,665,335	\$ 38,247,349
2010	26,623,991	15,073,843	41,697,835
2011	26,284,712	13,537,688	39,822,400
2012	27,450,093	12,063,559	39,513,652
2013	7,480,132	10,981,700	18,461,831
2014 – 2018	43,762,655	48,393,724	92,156,379
2019 – 2023	28,319,237	37,770,295	66,089,532
2024 – 2028	33,105,000	30,031,444	63,136,444
2029 – 2033	42,605,000	20,261,981	62,866,981
2034 – 2038	55,015,000	7,515,769	62,530,769
	<u>\$ 313,227,833</u>	<u>\$ 211,295,338</u>	<u>\$ 524,523,171</u>

On November 1, 2007, GovGuam issued \$151,935,000 in General Obligation Bonds 2007 Series A with an average interest rate of 5.12% to advance refund \$73,695,000 of outstanding 1993 Series A bonds with an average interest rate of 4.2%. Of the net proceeds of \$146,295,794 (after payment of \$2,020,476 in underwriting fees, insurance, and other issuance costs), \$73,664,587 were placed in escrow, of which \$66,819,577 were used to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

generating resources for all future debt service payments of the 1993 Series A general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements of GovGuam. This advance refunding was undertaken to extend the maturity date of outstanding debt and to provide additional proceeds to fund certain capital improvement projects, Cost of Living Allowance payments, tax refund payments, and other court mandated payments and resulted in an economic loss of \$2,564,997.

As of September 30, 2008, \$89,994,744 has been accumulated to service the General Obligation and Limited Obligation Revenue Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

General Obligation Bonds:

General Obligation Bonds 1993 Series A - This bond series was issued on September 15, 1993 for the purpose of implementing certain capital projects comprised of new or renovated educational facilities. In accordance with the bond indenture, the Depository created a Construction Fund, the amounts therein to be used solely for (1) the purpose of implementing capital projects pursuant to the Act, (2) the payment of costs of issuance, and (3) the payment of principal and interest on the bonds. On or before the fifth day of each calendar month, GovGuam deposits into a 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 is required to be transferred to the Bond Fund.

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

Public Law 23-14 was created to authorize the Governor to issue general bonds for the purposes of constructing and refurbishing territorial educational facilities, paying certain General Fund expenses, and creating a funding source for repayment of such bonds.

Indentures to the 1997 Series A Bond:

The 1997 Series A bonds are limited obligations of GovGuam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of hotel occupancy taxes. GovGuam has pledged to maintain these revenues at a level sufficient to equal the sum of 1.25 times the aggregate debt service becoming due within the next fiscal year; plus amounts required to be deposited pursuant to the tax certificate for the bonds and amounts required to meet the bond reserve fund requirement.

In accordance with the bond indenture, the depository has created a trust account known as the "Construction Fund." Amounts deposited therein are used to (1) implement capital improvement projects prescribed in Public Law 29-137, adopted on January 2, 1997, (2) pay the cost of bond issuance and letter of credit fees and (3) pay the principal and interest on the bonds should other sources be insufficient. The "Construction Fund" account is accounted for within the Limited Obligation Infrastructure Improvement Bonds Capital Projects Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bond, Continued:

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

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all bonds then outstanding, plus (2) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such principal payment date, plus (3) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of the mandatory sinking fund payments required to be paid for the outstanding term bonds on such principal payment date.
- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 1997 Series A Bond.
- Bond Reserve Fund - an amount, if any, needed to equal to the lesser of (1) the maximum annual debt service, (2) 10% of the proceeds received from the sale of the bonds and (3) 125% of average annual debt service on the bonds or an amount as may be specified by supplemental indentures providing for the issuance of a series of bonds. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.
- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

The Limited Obligation Bonds constitute the valid and legally binding general obligation of GovGuam, and GovGuam pledges its full faith and credit for the punctual payment of principal and interest on the bonds. Additionally, certain revenues are specifically pledged to secure the payment of said principal and interest.

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

Indentures to the Limited Obligation (Section 30) Bonds, Series 2001A (Special Revenue Bonds):

The 2001 Series A bonds are limited obligations of GovGuam payable entirely from a first lien and pledge of Section 30 revenues. Section 30 revenues are amounts received by or on behalf of GovGuam or the Trustee from the United States as proceeds of custom duties, federal income taxes and any other taxes derived from Guam.

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

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

- Bond Fund – an amount necessary to (1) pay interest on the bonds as it becomes due and payable, (2) pay principal of bonds when due and payable and (3) purchase or redeem or pay maturity term bonds as provided in the indenture. Funds in this account are accounted for within the General Fund.
- Reserve Fund – an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the General Fund.
- Construction Fund – an amount of the proceeds are to be used to pay GovGuam water system and wastewater system capital projects. Funds in this account are accounted for within the General Fund.
- Bond Expense Fund – an amount, if any, needed to pay fees and expenditures for (1) water system and wastewater system capital projects, (2) any bond insurance policy. Funds in this account are accounted for within the General Fund.
- Surplus Fund – this is the balance that remains in the "Section 30 Revenue Fund" after all of the foregoing deposits. Amounts in the "Section 30 Revenue Fund" are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Funds in this account are accounted for within the General Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

Indentures to the 2001 Series A Bond (Highway Refunding Bonds):

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

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

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

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all then outstanding bonds, plus (2) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such May 1, plus (3) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of the mandatory sinking fund payments required to be paid for outstanding term bonds on such May 1. Amounts in the Bond Fund are to be used to pay bond interest and the principal of the serial and term bonds. Funds in this account are accounted for within the Limited Obligation Highway Improvement Bonds Debt Service Fund.
- Maintenance and Operation Fund - the amount of maintenance and operation expenses budgeted by GovGuam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying GovGuam highway maintenance and operation costs. This account is a component of the Limited Obligation Highway Improvement Bonds Debt Service Fund.
- Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1.5% of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay GovGuam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Limited Obligation Highway Improvement Bonds Debt Service Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(6) Long-Term Obligations, Continued

Indentures to the 2001 Series A Bond (Highway Refunding Bonds), Continued:

- Bond Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the Limited Obligation Highway Improvement Bonds Debt Service Fund.
- Surplus Fund - the balance remaining in the revenue fund after all of the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Transactions to and from the Surplus Fund are accounted for in the Limited Obligation Highway Improvement Bonds Debt Service Fund.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2008.

(7) Changes in Long-Term Liabilities

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2008, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net assets:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Bonds payable:					
Limited obligation bonds	\$ 43,110,000	\$ -	\$ (7,745,000)	\$ 35,365,000	\$ 8,155,000
General obligation bonds	110,975,000	151,935,000	(73,695,000)	189,215,000	-
Special revenue bonds	<u>72,995,000</u>	<u>-</u>	<u>(9,840,000)</u>	<u>63,155,000</u>	<u>10,300,000</u>
	227,080,000	151,935,000	(91,280,000)	287,735,000	18,455,000
Unamortized premium on bonds issued	2,014,171	-	(503,544)	1,510,627	-
Unamortized discount on refunding	<u>-</u>	<u>(5,639,246)</u>	<u>187,975</u>	<u>(5,451,271)</u>	<u>-</u>
	229,094,171	146,295,754	(91,595,569)	283,794,356	18,455,000
Loans payable	<u>9,659,335</u>	<u>16,752,573</u>	<u>(919,075)</u>	<u>25,492,833</u>	<u>4,127,014</u>
	<u>238,753,506</u>	<u>163,048,327</u>	<u>(92,514,644)</u>	<u>309,287,189</u>	<u>22,582,014</u>
Other liabilities:					
Compensated absences	21,148,435	12,570,865	(12,009,404)	21,709,896	12,357,590
Capital lease obligations	-	55,160,750	(3,578,500)	51,582,250	1,857,250
Unfunded pension liability	134,549,316	58,163,331	-	192,712,647	-
DCRS sick leave liability	12,290,876	1,656,957	-	13,947,833	-
Due to component units	41,914,460	-	(16,756,487)	25,157,973	16,802,961
Landfill closure	<u>22,398,925</u>	<u>23,654,575</u>	<u>-</u>	<u>46,053,500</u>	<u>-</u>
	<u>232,302,012</u>	<u>151,206,478</u>	<u>(32,344,391)</u>	<u>351,164,099</u>	<u>31,017,801</u>
	<u>\$ 471,041,347</u>	<u>\$ 314,254,805</u>	<u>\$ (124,859,035)</u>	<u>\$ 660,451,288</u>	<u>\$ 53,599,815</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(8) Provision for Tax Refunds

As of September 30, 2008, GovGuam recorded a provision for unpaid tax refunds in the amount of \$283,135,000, which includes \$49,543,340 in unpaid Earned Income Tax Credit (EITC) refunds and \$7,245,495 relating to interest payable to taxpayers for unpaid prior year tax refunds.

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

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

On April 10, 2008, the U.S. District Court approved the settlement agreement reducing the EITC tax liability from \$90,000,000 to \$72,845,303. The decrease in the EITC tax liability of \$17,154,697 was recorded as a special item in the 2007 financial statements of GovGuam.

During the year ended September 30, 2008, the following changes occurred in the provision for tax refund liability relating to EITC refunds:

EITC liability at October 1, 2007	\$ 62,524,039
Payments made during the year	<u>(12,980,699)</u>
EITC liability at September 30, 2008	\$ <u>49,543,340</u>

(9) Cost of Living Adjustment (COLA) Liability

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

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

During the year ended September 30, 2008, the following changes occurred in the COLA liability:

COLA liability at October 1, 2007	\$ 118,442,446
Payments made during the year	<u>(22,114,890)</u>
COLA liability at September 30, 2008	\$ <u>96,327,556</u>

On September 6, 2007, the Guam Legislature enacted Public Law 29-04 authorizing the assignment of the \$10,000,000 note receivable relating to the privatization of the Guam Telephone Authority (GTA). This assignment allowed the COLA class recipients, on behalf of GovGuam, to sell the promissory note to interested parties for the purpose of distributing cash payments, and thus credited and paid over towards partial satisfaction of the abovementioned judgment. On September 23, 2007, the Guam Legislature enacted Public Law 29-18 authorizing the issuance of certificates of claim to COLA class recipients, including the assessment of interest of 7% calculated from the date of settlement; however, no funding source was provided by the Guam Legislature for interest. In the event that the Guam Legislature designates a funding source for these interest payments other than the General Fund, the governmental fund designated to fund such payments would be liable for such. However, no liability which may arise from the ultimate outcome of this matter, has been provided for in the accompanying financial statements. On March 4, 2008, GovGuam sold the \$10,000,000 promissory note receivable from GTA to a bank in return for proceeds of \$9,000,000 for distribution to eligible COLA class recipients. The sale was contingent upon a GovGuam guarantee in the event that GTA defaults on payment. On May 12, 2008, the Governor signed a guarantee allowing the payment of the proceeds to eligible COLA class recipients.

(10) Fund Equity

The unreserved fund balances for the governmental funds represent the amount available for budgeting future operations. The reserves for related assets for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate as of September 30, 2008, are as follows:

	<u>General</u>	<u>Federal Grants Assistance</u>	<u>GPSS Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Investments	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000
Receivables:					
Other	-	-	-	459,655	459,655
Inventories	-	-	-	252,510	252,510
Restricted assets:					
Time certificates of deposit	-	-	-	1,000,726	1,000,726
	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,712,891</u>	<u>\$ 2,612,891</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(10) Fund Equity, Continued

As of September 30, 2008, GovGuam recorded continuing appropriations, representing amounts legally segregated for a specific future use from unspent bond proceeds, as follows:

General Fund:

Tobacco Settlement Asset-Backed Bonds, Series 2007:	
Southern Regional Health Center Capital Improvement Projects	\$ 6,258,958
Guam Memorial Hospital Radiation Therapy Machine	<u>2,086,320</u>

8,345,278

General Obligation Bonds, Series 2007:

Guam Public School System Capital Improvement Projects	8,467,644
Department of Mental Health and Substance Abuse Permanent Injunction	3,230,309
Guam Memorial Hospital Capital Improvement Projects	2,315,091
Department of Integrated Services for Individuals with Disabilities Permanent Injunction	1,753,857
Office of the Attorney General APASI System	1,753,857
Department of Revenue and Taxation Real Property Assessment	876,929
University of Guam Nursing/Health Science Building Renovations	<u>315,694</u>

18,713,381

27,058,659

Nonmajor Governmental Funds:

Limited Obligation Highway Refunding Bonds, Series 2001:	
Territorial Highway Fund	2,607,993
Limited Obligation Infrastructure Improvement Bonds, Series 1997:	
Tourist Attraction Fund	<u>50,101</u>

2,658,094

\$ 29,716,753

(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, 2008, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Assistance Fund	\$ 27,277,241	\$ -
Nonmajor governmental funds	<u>74,163,665</u>	<u>29,149,020</u>
	<u>101,440,906</u>	<u>29,149,020</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(11) Interfund/Intrafund Transactions, Continued

	<u>Transfers Out</u>	<u>Transfers In</u>
Federal Grants Assistance Fund:		
General Fund	-	27,277,241
GPSS Federal Grants Fund	10,295,835	-
Nonmajor governmental funds	<u>-</u>	<u>818,826</u>
	<u>10,295,835</u>	<u>28,096,067</u>
GPSS Federal Grants Fund:		
Federal Grants Assistance Fund	<u>-</u>	<u>10,295,835</u>
Nonmajor Governmental Funds:		
General Fund	29,149,020	74,163,665
Federal Grants Assistance Fund	818,826	-
Nonmajor governmental funds	21,282,387	21,282,387
Fiduciary funds	<u>1,011,284</u>	<u>-</u>
	<u>52,261,517</u>	<u>95,446,052</u>
Fiduciary Funds:		
Nonmajor governmental funds	<u>-</u>	<u>1,011,284</u>
	<u>\$ 163,998,258</u>	<u>\$ 163,998,258</u>

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

During the year ended September 30, 2008, GovGuam made a one-time transfer in the amount of \$11,708,689 from the nonmajor governmental funds to the General Fund representing: (i) the transfer of proceeds, totaling \$9,000,000, from the sale of the Guam Telephone Authority note receivable; and (ii) the transfer of residual fund equity, totaling \$2,708,689, from the closure of the Interim Transition Coordinating Committee Fund. Furthermore, GovGuam made a one-time transfer in the amount of \$4,170,216 from the General Fund to the nonmajor governmental funds representing: (i) the elimination of certain operating fund deficits in the amount of \$1,099,824; and (ii) the transfer of certain liabilities to the General Fund in the amount of \$3,070,392 associated with the retirement of certain delinquent utility billings owed to the Guam Power Authority.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(12) Retirement Plans

Defined Benefit Plan

Plan Description:

The GovGuam Defined Benefit (DB) Plan is single-employer defined benefit contributory pension plan administered by the GovGuam Retirement Fund (GGRF) to which all funds and agencies, including component units, as well as employees who are members of the DB Plan, contribute a fixed percentage of the payroll. The DB Plan provides retirement, disability, and survivor benefits to members and beneficiaries 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. All new employees 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. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service. 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, 2006, 2005, and 2004, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2008, 2007 and 2006, respectively, have been determined by the Guam Legislature as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Normal costs (% of DB Plan payroll)	17.94%	18.21%	17.83%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>8.44%</u>	<u>8.71%</u>	<u>8.33%</u>
Employer portion of normal costs (% of total payroll)	3.99%	4.26%	4.64%
Unfunded liability cost (% of total payroll)	<u>20.75%</u>	<u>20.66%</u>	<u>21.36%</u>
Government contribution as a % of total payroll	<u>24.74%</u>	<u>24.92%</u>	<u>26.00%</u>
Statutory contribution rates as a % of DB Plan payroll			
Employer	<u>24.07%</u>	<u>22.94%</u>	<u>21.81%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

Statutory contribution rates for the DB Plan are established annually by the Guam Legislature. GovGuam's required contributions for the years ended September 30, 2008, 2007 and 2006 were \$121,992,945, \$81,735,163 and \$78,622,784, respectively, whereas the actual contributions were \$63,829,614, \$69,434,153 and \$56,319,392, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(12) Retirement Plans, Continued

Defined Benefit Plan, Continued

Annual Pension Cost and Net Pension Obligation:

GovGuam's (primary government only) annual pension cost and net pension obligation to the DB Plan for the years ended September 30, 2008, 2007 and 2006 were as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual Required Contribution	\$ 87,407,134	\$ 83,029,333	\$ 76,701,523
Interest on Net Pension Obligation	11,966,137	8,557,381	6,336,557
Adjustment to Annual Required Contribution	<u>22,619,674</u>	<u>(9,851,551)</u>	<u>(4,415,296)</u>
Annual pension cost	121,992,945	81,735,163	78,622,784
Contributions made	<u>(63,829,614)</u>	<u>(69,434,153)</u>	<u>(56,319,392)</u>
Increase in Net Pension Obligation	58,163,331	12,301,010	22,303,392
Net Pension Obligation beginning of year	<u>134,549,316</u>	<u>122,248,306</u>	<u>99,944,914</u>
Net Pension Obligation end of year	\$ <u>192,712,647</u>	\$ <u>134,549,316</u>	\$ <u>122,248,306</u>

GovGuam has adopted the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*. As the result of Public Law 21-03, the unfunded pension liability for the University of Guam and the Guam Community College is included within the governmental activities in the accompanying statement of net assets, which amounts to \$8,978,463 and \$6,538,424, respectively, as of September 30, 2008.

The Annual Required Contribution for the years ended September 30, 2008, 2007 and 2006 were determined as part of the September 30, 2006, 2005 and 2004 actuarial valuations using the entry age normal actuarial cost method. The actuarial assumptions included the following:

Interest rate and rate of return	7.0%
Payroll growth	3.5%
Salary increases	4.0% - 8.5%

The assumptions did not include cost-of-living adjustments, which are funded by the Guam Legislature when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of total payroll through May 1, 2031. The remaining amortization period at September 30, 2008 was 22.58 years.

The actuarial valuations performed as of September 30, 2006, 2005, and 2004, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation were performed for GovGuam, as a separate sponsor, the accrued unfunded liability for September 30, 2008, may be materially different than that recorded in the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(12) Retirement Plans, Continued

Defined Benefit Plan, Continued

The actuarial valuations and contribution rates are based on estimates and assumptions. Changes in estimates and actuarial assumptions may result in revisions in actuarial valuations and contribution rates. The effects of such revisions are recognized in the period in which the revisions are determined.

Defined Contribution Retirement System (DCRS)

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

Statutory employer contributions into the DCRS plan for the year ended September 30, 2008, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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.

(13) Commitments and Contingencies

A. Ordot Dump

On February 11, 2004, the U.S. Environmental Protection Agency and the U.S. Department of Justice filed a Consent Decree in the United States District Court of Guam. The consent decree includes 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 fails to meet any of the stipulated deadlines under the consent decree, GovGuam will be liable for civil penalties. Although closure and post closure care costs will be paid only near or after the date that Ordot Dump stops accepting waste, GovGuam's governmental activities reports a portion of these closure and post closure care costs as an expense in each period based on landfill capacity used as of each balance sheet date. The \$46,053,500 reported as landfill closure and post closure care liability at September 30, 2008 within the accompanying financial statements, represents the cumulative amount reported based on 100 percent capacity. This amount is based on what it would cost to perform all closure and post closure care in 2008. Actual cost may be higher due to inflation, changes in technology or changes in regulations. During the year ended September 30, 2008, the United States District Court of Guam imposed a charge of \$2,855,000 for the failure of GovGuam to abide by the mandates of the Consent Decree. Additional charges may be imposed by the United States District Court of Guam as a result of continued noncompliance with the Consent Decree. However, no provision for any amount has been recorded in the accompanying financial statements, as it is not possible to predict a reasonable estimation of these penalties.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(13) Commitments and Contingencies, Continued

B. 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, 2008. The estimated accumulated amount of unused sick leave at September 30, 2008, is \$89,525,739, of which \$13,947,833 may be convertible by the GovGuam Retirement Fund Defined Contribution Retirement System (DCRS) employees upon retirement.

C. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2008 and prior year audits aggregate to a material amount. If the questioned costs were ultimately disallowed, the General Fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements. Audits of federal program funds are also performed by various federal agencies. If the audit results in cost disallowances, the general fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements.

Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

D. Municipal School Lease Agreement

On May 25, 2005, GovGuam entered into a financing lease agreement with a third party for the design, construction and maintenance of four new schools on Guam, with lease payments funded by a pledge of U.S. Compact Impact grant revenues. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of inception date, being the date of completion of the new schools. As of September 30, 2008, three of the four schools have been completed.

The assets acquired through capital leases are as follows:

Asset:	
Buildings	\$ 68,868,303
Less accumulated depreciation	<u>(1,377,366)</u>
	\$ <u>67,490,937</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(13) Commitments and Contingencies, Continued

D. Municipal School Lease Agreement, Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 4,257,083
2010	4,253,542
2011	4,250,000
2012	4,246,458
2013	4,260,625
2014 - 2018	21,150,833
2019 - 2023	20,991,458
2024	<u>12,555,208</u>
Total minimum lease payments	75,965,208
Less amount representing interest	<u>(24,382,958)</u>
Total	\$ <u>51,582,250</u>

E. 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, 2008. 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 13F below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

F. Self-Insurance

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(13) Commitments and Contingencies, Continued

G. 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, 2008, \$13,621,520 was held by GovGuam in bonds as security against possible claims.

H. 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.

I. Post Employment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, became effective October 1, 2007. In anticipation of implementing GASB Statement No. 45, an actuarial valuation was performed as of October 1, 2007 indicating an actuarial accrued liability of \$1,635,223,000 for GovGuam and its component units. Management subsequently received a legal opinion from the Office of the Attorney General concerning the applicability of this Statement and subsequently determined that implementation of GASB Statement No 45 was not applicable and, as a result, does not have a material effect on the accompanying financial statements.

J. Receivership

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(13) Commitments and Contingencies, Continued

K. Other Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2008. Specifically, GovGuam has entered into various construction contracts as follows:

Island wide Village Street Restoration (Design-Build)	\$ 17,823,299
Island wide Pothole Repairs - Southern Region	1,743,910
Island wide Pothole Repairs - Northern Region	<u>3,605,291</u>
	\$ <u>23,172,500</u>

Capital-related expenditures of \$1,360,820 were incurred under these contracts during the year ended September 30, 2008. At September 30, 2008, outstanding commitments under these contracts amounted to \$2,607,993.

L. General Fund Financial Position

GovGuam's General Fund has previously sustained recurring operating deficits and has an unreserved fund deficit of \$526,019,506 at September 30, 2008. Management has prepared a deficit reduction plan as part of the fiscal year 2009 budget submission to the Guam Legislature. The commitment to deficit reduction includes:

- Inclusion of expenditure limits with greater Executive Branch expenditure control, including the increase in expenditure control from 44% of total budget in prior year to 81% in fiscal year 2009;
- Reinstatement of allotment control over the Guam Public School System, which represents 33% of the fiscal year 2009 General Fund budget;
- Commencing fiscal year 2010, the Legislature shall not appropriate more than 98% of projected General Fund revenues together with an Executive Branch initiative to cap spending at 95% of approved levels, which will result in an annual reduction in the deficit of approximately \$12 million;
- The allocation of \$1 million to the Department of Revenue and Taxation (DRT) to implement aggressive tax collections;
- Authorized General Obligation bonds to pay deficit items and provide immediate cash stimulus to the economy;
- Implement approved revenue enhancement measures through: (a) consolidation of DRT functions, (b) enhanced training of DRT collection agents, (c) proactive efforts to foreclose on delinquent property tax payers together with upgrading of the real property tax appraisal system, (d) greater online access for tax filings, payments, licenses, registrations, and renewals, including acceptance of credit card payments and (e) implementation of a point of sale system to streamline data collection; and

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(13) Commitments and Contingencies, Continued

L. General Fund Financial Position, Continued

- Systematic approach to long-term military and tourism industry expansion;

Management believes that actions presently being taken to revise GovGuam operating requirements, as outlined above, provide the opportunity for GovGuam to commence the process of reducing the abovementioned General Fund deficit position.

(14) Subsequent Events

On November 21, 2008, the Guam Legislature enacted Public Law 29-116, as amended by Public Law 29-124, authorizing a loan and GovGuam subsequently executed a promissory note in the amount of \$20,000,000 for the purpose of funding certain landfill costs associated with the DPW Solid Waste Division Receivership.

On November 21, 2008, the Guam Legislature enacted Public Law 29-116, as amended by Public Law 30-7, authorizing the issuance of Deficit Financing Bonds for the purpose of financing certain General Fund liabilities and other past due expenditures of GovGuam in the amount of \$236,820,856. On June 4, 2009, GovGuam issued bonds in the amount of \$271,100,000 for the intended purpose as authorized by the Guam Legislature.

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 make weekly payments of approximately \$993,700 beginning on March 1, 2009 to provide for costs of the new landfill. On April 14, 2009, the Court issued an Order suspending such payments provided that GovGuam obtains funding to support Consent Decree projects no later than June 30, 2009. Prior to suspension of the weekly payments, the General Fund remitted \$6,955,900 to the Court under the initial Court Order. In the event that funding is not obtained, the General Fund will be required to recommence the weekly payments, including an initial deposit of \$10,930,700 representing the full amount of cash that would have been deposited had the weekly payments not been suspended.

On February 26, 2009, the Guam Legislature enacted Public Law 30-1, as amended by Public Law 30-7, authorizing the issuance of Solid Waste Management System Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam in the amount of \$202,425,000. On June 4, 2009, GovGuam issued bonds in the amount of \$202,400,000 for the intended purpose as authorized by the Guam Legislature.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit

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

The bond indenture agreement for AWPIAA's 2003 series revenue bond requires the establishment of special funds and accounts to be held and administered by AWPIAA's trustees. At September 30, 2008, restricted cash and cash equivalents held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Cash with trustee	\$ <u>451,392</u>
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Guam Power Authority (GPA):

The bond indenture agreements for GPA's 1993 and 1999 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2008, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 16,324,057
Interest and Principal Funds	17,592,267
Bond Funds	4,818,992
Other	<u>3,181</u>
	\$ <u>38,738,497</u>

Guam Waterworks Authority (GWA):

Public Law 19-47 authorized GWA to establish a water and sewer development charge schedule, which assesses a charge on each user who connects for the first time from any property onto the island's water or wastewater system, or to each builder if the density of development connected to the system is increased. These funds shall be expended only for expanding, upgrading or repairing water and wastewater systems on Guam. At September 30, 2008, restricted cash and cash equivalents held for this purpose amounted to \$171,096.

Furthermore, GWA maintained restricted cash and cash equivalents for bond indenture related accounts. At September 30, 2008, these consisted of the following:

Construction Fund	\$ 29,327,982
Operations, Maintenance, Renewal and Replacement Fund	1,574,711
Sewer Hook-up Revolving Fund	75,026
Navy Surcharge Fund	133,551
PUC Surcharge Fund	56,620
Meter Reserve Fund	<u>133,979</u>
	\$ <u>31,301,869</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit, Continued

University of Guam (UOG):

At September 30, 2008, UOG maintained restricted cash and cash equivalents for debt service related accounts in the amount of \$1,837,207. In addition, pursuant to Public Law 25-187, UOG 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 UOG to be expended exclusively for enhancement of learning resources and technology. At September 30, 2008, restricted cash and cash equivalents held for this purpose amounted to \$2,143,905.

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2008, restricted cash and cash equivalents held for this purpose amounted to \$283,528.

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents and time certificate of deposit balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2008, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Low Income Housing Fund	\$ 170,069
Housing Assistance Payments Fund	7,015,871
Guam Elderly Housing Project Fund	405,474
Other	<u>99,995</u>
	\$ <u>7,700,409</u>

Guam Housing Corporation (GHC):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2008, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	\$ 857,251
Community Affordable Housing Action Trust	650,753
Trust fund and borrower's deposit	662,708
Tenant security deposits	<u>63,612</u>
	\$ <u>2,234,324</u>

Furthermore, GHC self-insures for all risks relating to Lada Gardens and Guma As-Atdas. A separate cash account was established to fund any damages that may arise in the future. At September 30, 2008, restricted cash set aside to fund these damages amounted to \$1,171,632.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit, 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, 2008, restricted short-term money market fund investments held for this purpose amounted to \$1,062,111.

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, 2008, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Tourist Attraction Fund Projects	\$ <u>207,990</u>
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Guam Educational Telecommunications Corporation (GETC):

Cash and cash equivalent balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2008, cash and cash equivalents held by GETC for this purpose amounted to \$1,280,465.

B. Deposits and Investments

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

AWPIAA maintains cash deposits in banks, which at times may exceed federal depository insurance limits. At September 30, 2008, \$250,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized. Additionally, AWPIAA maintains short-term investments in the amount of \$451,392 held and administered by AWPIAA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by AWPIAA's trustees in AWPIAA's name in accordance with various trust agreements and bond indentures.

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, 2008, investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Unrestricted:

Federal Grants Fund	\$ 11,222,341
Operations and Maintenance Reserve Fund	7,263,155
Operations and Maintenance Fund	461,371
General Revenue Fund	3,941,600
Self-Insurance Fund	5,736,197
Capital Improvement Fund	<u>356,147</u>
	<u>28,980,811</u>

Restricted:

Bond Reserve Funds	18,063,954
Debt Service Funds	12,003,921
Renewal and Replacement Fund	<u>1,000,000</u>
	<u>31,067,875</u>
	<u>\$ 60,048,686</u>

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

Money market funds	\$ 34,809,781
Fixed income securities	25,151,706
Other	<u>87,199</u>
	<u>\$ 60,048,686</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2008

(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, 2008, AWPIAA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 469,724	\$ 759,631	\$ -	\$ -	\$ 1,229,355
U.S. government agencies:						
Federal Home Loan Bank	Aaa	1,131,293	1,289,422	-	-	2,420,715
Federal Home Loan Mortgage Corporation	Aaa	-	931,216	-	-	931,216
Federal National Mortgage Association	Aaa	705,691	396,188	25,570	-	1,127,449
Corporate notes:						
CDC Funding Corporation	A	-	-	-	18,045,950	18,045,950
Other	Aaa	-	198,706	-	-	198,706
Other	Aa	100,794	175,702	-	-	276,496
Other	A	153,875	320,316	-	-	474,191
Other	Baa1	<u>21,234</u>	<u>426,394</u>	<u>-</u>	<u>-</u>	<u>447,628</u>
		<u>\$ 2,582,611</u>	<u>\$ 4,497,575</u>	<u>\$ 25,570</u>	<u>\$ 18,045,950</u>	<u>\$ 25,151,706</u>

At September 30, 2008, 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, 2008.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2008, the carrying amount of GMHA's total cash and cash equivalents was \$1,881,442 and the corresponding bank balances were \$2,637,378, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$100,000 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA):

As of September 30, 2008, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was \$66,285,780 and the corresponding bank balances were \$64,799,789. Of the bank balance amount, \$10,089,550 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, 2008, bank deposits in the amount of \$2,629,162 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, 2008, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds \$ 27,485,057

As of September 30, 2008, GPA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
Commercial paper:						
Crown Point Capital Corporation	Aaa	\$ 13,742,000	\$ -	\$ -	\$ -	\$ 13,742,000
Crimson Corporation	Ba	<u>13,743,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,743,057</u>
		<u>\$ 27,485,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,485,057</u>

Guam Waterworks Authority (GWA):

As of September 30, 2008, the carrying amount of GWA's total cash and cash equivalents was \$36,537,328 and the corresponding bank balances were \$36,421,716. Of the bank balance amount, \$1,672,866 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GWA's trustees and cash on hand. 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, 2008, bank deposits in the amount of \$388,325 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA), Continued:

The bond indentures for GWA require the establishment of special funds and accounts to be held and administered by GWA's trustees for the accounting of the monies. At September 30, 2008, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds	\$ 7,645,814
Debt Service Funds	<u>1,955,074</u>
	<u>\$ 9,600,888</u>

As of September 30, 2008, GWA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	<u>\$ 9,600,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,600,888</u>

Port Authority of Guam (PAG):

As of September 30, 2008, the carrying amount of PAG's total cash and cash equivalents was \$13,971,221 and the corresponding bank balances were \$14,273,618, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$600,000 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

University of Guam (UOG):

As of September 30, 2008, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$9,167,143 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$10,362,509. Of the bank balance amount, \$8,405,547 is maintained in financial institutions subject to FDIC insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

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

Unrestricted:		
Money market funds	\$	842,510
Fixed income securities		1,815,663
Domestic equities		<u>3,149,576</u>
		<u>5,807,749</u>
Restricted for endowments:		
Money market funds		346,009
Fixed income securities		2,484,817
Domestic equities		<u>5,004,530</u>
		<u>7,835,356</u>
		<u>\$ 13,643,105</u>

As of September 30, 2008, UOG's investments in debt securities were as follows:

	Investment Maturities (In Years)				Total
	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury notes	\$ 245,683	\$ 488,633	\$ 296,072	\$ 256,276	\$ 1,286,664
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	864,827	5,093	-	869,920
Federal National Mortgage Association	-	620,370	97,741	-	718,111
Mortgage and asset-backed securities	-	-	196,338	494,337	690,675
Corporate notes and bonds	-	<u>423,017</u>	<u>214,373</u>	<u>97,719</u>	<u>735,109</u>
	<u>\$ 245,683</u>	<u>\$ 2,396,847</u>	<u>\$ 809,617</u>	<u>\$ 848,332</u>	<u>\$ 4,300,480</u>

UOG's exposure to credit risk at September 30, 2008, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
AAA	\$ 3,637,030	\$ 3,637,030	\$ -
AA	174,629	174,629	-
A	268,296	268,296	-
BAA	<u>220,525</u>	<u>205,666</u>	<u>14,859</u>
Total credit risk debt securities	<u>\$ 4,300,480</u>	<u>\$ 4,285,621</u>	<u>\$ 14,859</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(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	\$ 1,188,113
U.S. Government notes and bonds	2,063,477
Domestic equities	<u>5,802,194</u>
	\$ <u>9,053,784</u>

Guam Community College (GCC):

As of September 30, 2008, the carrying amount of GCC's cash and cash equivalents was \$2,055,616 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$3,191,904. Of the bank balance amount, \$2,891,904 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2008, bank deposits in the amount of \$300,000 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2008, GCC had one fixed income corporate note in the amount of \$1,675,000, which matures on May 15, 2041, and is rated Baa by Moody's Investor Services.

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	\$ 512,511
U.S. Government notes and bonds	1,205,288
Common stocks	<u>5,254,795</u>
	\$ <u>6,972,594</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2008, the carrying amount of GHURA's total cash and cash equivalents was \$13,931,724 and the corresponding bank balances were \$13,929,281, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$100,000 were FDIC insured. 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 Preservation Trust (GPT):

As of September 30, 2008, the carrying amount of GPT's total cash and cash equivalents and time certificates of deposit was \$1,886,883, of which \$954,465 is maintained in a financial institution subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$428,820 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are exposed to custodial credit risk.

Investments of GPT as of September 30, 2008 are classified as follows:

Common stock	\$ <u>186,690</u>
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Guam Housing Corporation (GHC):

As of September 30, 2008, the carrying amount of GHC's total cash and cash equivalents was \$16,187,070, of which \$11,979,458 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GHC's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GHC's trustees in GHC's name in accordance with various trust agreements and bond indentures. As of September 30, 2008, 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, 2008, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Foreclosure Protection Fund	\$ 375,921
Escrow Fund	17,891
Capitalized Interest Fund	257
Revenue Fund	<u>5,162,500</u>
	\$ <u>5,556,569</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

Investments of GHC as of September 30, 2008, are classified as follows:

Restricted:

Fixed income \$ 5,556,569

As of September 30, 2008, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 1,443,556	\$ -	\$ -	\$ -	\$ 1,443,556
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	-	-	-	4,113,013	4,113,013
		<u>\$ 1,443,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,113,013</u>	<u>\$ 5,556,569</u>

Chamorro Land Trust Commission (CLTC):

As of September 30, 2008, the carrying amount of CLTC's total cash and cash equivalents was \$647,730, which approximated bank balances that were maintained in financial institutions subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$100,000 were FDIC insured. CLTC 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 Economic Development Authority (GEDA):

At September 30, 2008, the carrying amount of GEDA's cash and cash equivalents was \$1,120,809 and the corresponding bank balance was \$1,182,325. Of the bank balance amount, \$120,214 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$1,062,111 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, 2008. As of September 30, 2008, bank deposits in the amount of \$120,214 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA), Continued:

As of September 30, 2008, GEDA's investments are as follows:

Unrestricted:

Mutual funds	\$ 1,730,136
U.S. Government obligations	<u>1,114,494</u>
	<u>\$ 2,844,630</u>

Restricted:

Commercial paper	<u>\$ 2,807,886</u>
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GEDA's investment in commercial paper of \$2,807,886 is held and registered in the name of U.S. Bank as Co-Trustee for the 2001 Series A and B Tobacco Settlement Bond.

As of September 30, 2008, GEDA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. government agencies:						
Federal Home Loan Bank	Aaa	\$ 1,114,494	\$ -	\$ -	\$ -	\$ 1,114,494
Commercial paper:						
General Electric Capital Services	P-1	<u>2,807,886</u>	-	-	-	<u>2,807,886</u>
		<u>\$ 3,922,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,922,380</u>

Guam Visitors Bureau (GVB):

At September 30, 2008, the carrying amount of GVB's cash and cash equivalents was \$4,687,614 and the corresponding bank balance was \$5,072,166. Of the bank balance amount, \$5,002,231 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2008, bank deposits in the amount of \$144,776 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2008, the carrying amount of GETC's cash and cash equivalents was \$1,657,542 and the corresponding bank balance was \$1,732,320, 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, 2008, bank deposits in the amount of \$100,000 were FDIC insured and bank deposits in the amount of \$200,000 were NCUA insured. GETC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC or NCUA insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables

Receivables as of September 30, 2008, 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	\$ 6,630,566	\$ 152,133,911	\$ 42,232,294	\$ 23,585,912	\$ 4,733,190	\$ 9,464,070	\$ 4,260,626	\$ 243,040,569
Federal grants	8,999,557	-	2,931,846	832,863	-	1,883,829	2,305,083	16,953,178
Notes	-	-	-	-	-	-	25,911,491	25,911,491
Interest	-	-	542,452	-	-	-	198,320	740,772
Other	<u>1,957,256</u>	<u>2,083,771</u>	<u>4,057,569</u>	<u>212,918</u>	<u>-</u>	<u>2,355,727</u>	<u>8,336,407</u>	<u>19,003,648</u>
	17,587,379	154,217,682	49,764,161	24,631,693	4,733,190	13,703,626	41,011,927	305,649,658
Allowance for uncollectible accounts	<u>(2,115,881)</u>	<u>(119,308,533)</u>	<u>(4,661,456)</u>	<u>(16,796,129)</u>	<u>(791,420)</u>	<u>(5,731,818)</u>	<u>(10,559,884)</u>	<u>(159,965,121)</u>
Net receivables	<u>\$ 15,471,498</u>	<u>\$ 34,909,149</u>	<u>\$ 45,102,705</u>	<u>\$ 7,835,564</u>	<u>\$ 3,941,770</u>	<u>\$ 7,971,808</u>	<u>\$ 30,452,043</u>	<u>\$ 145,684,537</u>

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, with maturities to 2026, collateralized by second mortgages on real estate.

\$ 1,081,863

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.

23,068,598

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.

1,761,030

\$ 25,911,491

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2008, 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	\$ _____	\$ _____	\$ <u>10,678,785</u>	\$ _____	\$ _____	\$ <u>4,703,296</u>	\$ <u>3,801,682</u>	\$ <u>19,183,763</u>
Due to Primary Government:								
Nonmajor governmental funds	\$ <u>1,476,496</u>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>1,476,496</u>

Guam Power Authority has entered into payment agreements with the primary government. Details of these payment agreements are as follows:

Receivable from the Guam Public School System, a line agency of the primary government, due in 109 monthly installments, inclusive of interest at 4.47% per annum (\$500,000 per month for the first three months, then \$100,000 per month escalating at intervals to \$200,000 per month), beginning July 20, 2004, with the final installment payment due in July 2013, uncollateralized. \$ 10,288,409

Receivable from the Department of Public Works, a line agency of the primary government, due in 60 monthly installments of \$75,000, beginning May 2002, including interest at 4.35% per annum, with the final installment payment due in April 2007, uncollateralized. 390,376

\$ 10,678,785

Future repayments under these payment agreements are scheduled as follows:

<u>Year Ending September 30,</u>	
2009	\$ 2,323,773
2010	2,068,569
2011	2,162,953
2012	2,261,642
2013	<u>1,861,848</u>
	\$ <u>10,678,785</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

E. Due from/due to Component Units

Receivables and payables reflected as due to/due from component units at September 30, 2008, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Guam Power Authority:		
Guam Waterworks Authority	\$ 5,209,285	\$ -
Guam Waterworks Authority:		
Guam Power Authority	<u>-</u>	<u>5,209,285</u>
	<u>\$ 5,209,285</u>	<u>\$ 5,209,285</u>

Guam Power Authority has entered into a payment agreement with Guam Waterworks Authority. Details of this payment agreement are as follows:

Receivable from Guam Waterworks Authority, due in monthly installments from an 11.5% water rate surcharge, interest at 4.3% per annum, uncollateralized. \$ 5,209,285

Future repayments under this payment agreement are estimated as follows:

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 3,067,326
2010	<u>2,141,959</u>
	<u>\$ 5,209,285</u>

F. Payable to Federal Agencies

Under the Housing Choice Voucher Program funded by the U.S. Department of Housing Urban Development (HUD), Guam Housing and Urban Rural Authority (GHURA) was cited for applying incorrect payment standards. As a result, HUD issued a final determination resulting in total overpayments of \$1,255,432. On December 31, 2007, GHURA received official notification of a repayment agreement, which required GHURA to make an initial payment of \$1,000,000, with the balance to be repaid in monthly installments of \$14,190. As of September 30, 2008, the balance payable under this agreement amounted to \$113,522.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

G. Short-Term Debt

As of September 30, 2008, the discretely presented component units had the following short-term debt outstanding:

Guam Power Authority (GPA):

Note payable to a bank, interest at 7% per annum, collateralized by a pledge of revenues subordinate to bondholders under GPA's bond issue. \$ 20,000,000

Short term debt activity of the discretely presented component units for the year ended September 30, 2008, was as follows:

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2008</u>
Commercial paper:				
Guam Power Authority	\$ 20,000,000	\$ -	\$ 20,000,000	\$ -
Note payable:				
Guam Power Authority	<u>-</u>	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>
	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

H. Long-Term Debt

As of September 30, 2008, the discretely presented component units had the following long-term debt outstanding:

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

General Revenue Bonds, Series 2003 (original issue of \$216,250,000), varying interest rates at 1.45% - 5.375% per annum, payable semiannually in October and April, principal payments due in varying annual installments, commencing in October 2004 of \$5,600,000 and increasing to \$17,175,000 in October 2023. \$ 188,295,000

Add net unamortized premium on bonds 6,063,900

Less deferred difference on refunding of 1993 bonds (4,883,349)

\$ 189,475,551

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

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

Indentures to the AWPIAA 2003 Series A Bond:

The General Revenue Bonds, Series 2003, including interest, are payable solely from and are secured by a pledge of revenues under the indenture. The bonds are collateralized by a lien upon and pledge of revenues to be received by AWPIAA, the trustees and the depository. Neither the payment of the principal of the bonds, nor any interest thereon, is a debt, liability or obligation of GovGuam.

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

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

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,335,000	\$ 9,066,000	\$ 16,401,000
2010	8,235,000	8,720,000	16,955,000
2011	8,625,000	8,333,000	16,958,000
2012	9,095,000	7,901,000	16,996,000
2013	9,590,000	7,482,000	17,072,000
2014 – 2018	55,505,000	30,376,000	85,881,000
2019 – 2023	72,735,000	14,344,000	87,079,000
2024	17,175,000	435,000	17,610,000
	<u>\$ 188,295,000</u>	<u>\$ 86,657,000</u>	<u>\$ 274,952,000</u>

Guam Power Authority (GPA):

General Revenue Bonds, Series 1999 (original issue of \$349,178,601), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$2,950,000 in October 2000, and increasing to \$26,110,000 in October 2034. The bonds have been issued to finance new projects as specified in the bond indenture and to retire certain outstanding bonds and the commercial paper issued for the purpose of financing certain commercial paper projects.

\$ 321,933,601

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

General Revenue Bonds, Series 1993 (original issue of \$100,000,000), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,725,000 in October 1996, and increasing to \$6,535,000 in October 2023. The bonds have been issued to finance acquisitions of additional generating capacity, to construct additional transmission facilities, and to upgrade and refurbish existing equipment.

73,205,000

395,138,601

Less discount on bonds

(4,905,617)

Less deferred loss on defeasance

(14,220,168)

\$ 376,012,816

Indentures to the GPA 1993 and 1999 Series Bonds:

All gross revenues of GPA have been pledged to repay the 1993 and 1999 series bond principal and interest. Discounts associated with 1993 and 1999 bond series are being amortized using the effective interest method over the lives of the bonds. On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the U.S. Bank Trust National Association and Bank of America. In connection with the agreement, GPA received cash totaling \$13,500,000 in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

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 will be deferred and amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,080,000	\$ 20,071,601	\$ 27,151,601
2010	7,373,601	19,687,813	27,061,414
2011	7,795,000	19,278,575	27,073,575
2012	8,205,000	18,847,813	27,052,813
2013	8,635,000	18,394,475	27,029,475
2014 – 2018	50,455,000	84,340,488	134,795,488
2019 – 2023	64,820,000	69,278,413	134,098,413
2024 – 2028	83,115,000	50,060,763	133,175,763
2029 – 2033	106,740,000	25,115,113	131,855,113
2034 – 2035	50,920,000	1,370,775	52,290,775
	<u>\$ 395,138,601</u>	<u>\$ 326,445,826</u>	<u>\$ 721,584,427</u>

Guam Waterworks Authority (GWA):

General Revenue Bonds, Series 2005 (original issue of \$101,175,000), varying interest rates at 5% to 5.875% per annum, payable semiannually in January and July, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,865,000 in July 2008, and increasing to \$6,810,000 in July 2035. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems, refinancing certain outstanding obligations, and financing new water meters. \$ 99,310,000

Note payable to the U.S. Navy, with interest at 1.25% per annum, payable in monthly installments of \$45,833, including interest, through March 2009, \$132,545 through March 2011, and \$264,853 through June 2012, collateralized by real property of GWA. 6,639,101

105,949,101

Add net unamortized premium on bonds 3,264,095

\$ 109,213,196

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Waterworks Authority (GWA), Continued:

Indentures to the GWA 2005 Series Bond:

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

Based on the terms of the agreement, gross proceeds totaled \$104,779,522, including a bond premium of \$3,604,522 while GWA incurred closing costs totaling \$3,128,108. The gross proceeds and closing costs will be deferred and amortized on a straight line basis over the average remaining life of the 2005 bonds.

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

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 3,463,753	\$ 5,802,309	\$ 9,266,062
2010	3,608,597	5,686,049	9,294,646
2011	4,529,966	5,560,716	10,090,682
2012	4,076,785	5,417,200	9,493,985
2013	2,410,000	5,294,544	7,704,544
2014 – 2018	12,437,500	24,469,245	36,906,745
2019 – 2023	15,498,750	20,275,775	35,774,525
2024 – 2028	20,712,500	15,320,727	36,033,227
2029 – 2033	27,578,750	8,462,644	36,041,394
2034 – 2035	11,632,500	983,475	12,615,975
	<u>\$ 105,949,101</u>	<u>\$ 97,272,684</u>	<u>\$ 203,221,785</u>

University of Guam (UOG):

Promissory note payable to the U.S. Department of Agriculture in the amount of \$13,500,000, interest at 4.5% per annum, principal and interest payable commencing July 2006 in monthly installments of \$62,505. The note is collateralized by real property.

\$ 13,119,885

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

University of Guam (UOG), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 163,000	\$ 587,060	\$ 750,060
2010	170,488	579,572	750,060
2011	178,320	571,740	750,060
2012 – 2016	1,022,272	2,728,028	3,750,300
2017 – 2021	1,279,675	2,470,625	3,750,300
2022 – 2026	1,601,892	2,148,408	3,750,300
2027 – 2031	2,005,242	1,745,058	3,750,300
2032 – 2036	2,510,154	1,240,146	3,750,300
2037 – 2041	3,142,200	608,100	3,750,300
2042 – 2043	1,046,642	36,280	1,082,922
	<u>\$ 13,119,885</u>	<u>\$ 12,715,017</u>	<u>\$ 25,834,902</u>

Guam Community College (GCC):

Due to U.S. Department of Education, with interest at 5.5% per annum, payable in semi-annual installments of \$342,620, including interest, through December 2010. \$ 1,580,362

Due to U.S. Department of Agriculture, with interest at 4.375% per annum, payable in monthly installments of \$2,755, including interest, through April 2024, collateralized by certain revenues and fixed assets of GCC. 336,671

\$ 1,917,033

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 835,809	\$ 110,903	\$ 946,702
2010	671,644	46,656	718,300
2011	131,560	15,706	147,266
2012	21,322	11,738	33,060
2013	22,273	10,787	33,060
2014 – 2018	127,198	38,102	165,300
2019 – 2023	107,227	8,622	115,849
	<u>\$ 1,917,033</u>	<u>\$ 242,514</u>	<u>\$ 2,159,547</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

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. \$ 1,483,089

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 38,000	\$ 88,480	\$ 126,480
2010	41,000	85,480	126,480
2011	44,000	82,480	126,480
2012	46,000	80,480	126,480
2013	49,000	77,480	126,480
2014 – 2018	294,000	338,400	632,400
2019 – 2023	397,000	235,400	632,400
2024 – 2028	535,000	97,400	632,400
2029 – 2030	<u>39,089</u>	<u>277</u>	<u>39,366</u>
	<u>\$ 1,483,089</u>	<u>\$ 1,086,877</u>	<u>\$ 2,568,966</u>

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of \$50,000,000), varying interest rates at 4.45% to 5.75% per annum, payable semiannually in March and September, principal payments due in varying semiannual installments of \$45,000 due in March 2004, and increasing to \$75,000 in September 2013; \$74,931 due in March 2014, and increasing to \$95,420 in September 2018; \$108,434 due in March 2019, and increasing to \$119,511 in September 2021; and \$114,064 due in March 2022, and increasing to \$194,200 in September 2031. \$ 5,215,000

Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in 2014, collateralized by proceeds received from mortgage loans made by GHC. As of September 30, 2008, GHC has pledged as security for this loan approximately \$14,766,085 of related outstanding mortgage loans. 6,182,868

\$ 11,397,868

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Housing Corporation (GHC), Continued:

Indentures to the GHC Series 1998 Bond:

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 2008 but before September 2021 are subject to redemption on any date on or after September 2008, 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.

GHC had expended bond proceeds and originated loans totaling \$6,249,012 as of September 30, 2008, for which the Trustee had fully disbursed such moneys from the Program Fund for the acquisition of Mortgage-Backed Securities.

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, 2008.

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 996,002	\$ 658,833	\$ 1,654,835
2010	1,070,245	594,292	1,664,537
2011	1,138,451	524,673	1,663,124
2012	1,215,881	451,008	1,666,889
2013	1,292,820	371,255	1,664,075
2014 – 2018	1,969,469	1,199,028	3,168,497
2019 – 2023	1,161,143	908,342	2,069,485
2024 – 2028	1,457,091	555,552	2,012,643
2029 – 2031	1,096,766	112,876	1,209,642
	<u>\$ 11,397,868</u>	<u>\$ 5,375,859</u>	<u>\$ 16,773,727</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Economic Development Authority (GEDA):

Tobacco settlement bonds, 2007 Series A current interest turbo term bonds, original principal amounts of \$17,505,000 and \$16,070,000, with interest rates at 5.25% and 5.625% per annum, respectively, payable semiannually on June 1 and December 1 ("Distribution Date"), principal payments due in varying annual installments commencing with a payment of \$1,025,000 on June 1, 2008 and increasing to \$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.

\$ 32,550,000

Tobacco settlement bonds, 2007 Series B capital appreciation turbo term bonds, original principal amount of \$3,407,077. Interest on the Series B bonds is not paid currently, but is compounded based on an imputed interest rate of 7.25% on each Distribution Date 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 payments are due in varying annual installments commencing with a payment of \$917,533 on June 1, 2008 and increasing to \$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 Series 2007A Bonds.

16,773,618

Less discount on Series B capital appreciation turbo term bonds
Less discount on issuance
Less deferred difference on defeasance of 2001 bonds

49,323,618
(13,187,586)
(1,696,492)
(2,370,172)

\$ 32,069,368

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Economic Development Authority (GEDA), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,380,000	\$ 1,738,622	\$ 3,118,622
2010	1,485,000	1,681,725	3,166,725
2011	1,600,000	1,603,566	3,203,566
2012	1,720,000	1,519,435	3,239,435
2013	1,850,000	1,429,004	3,279,004
2014 – 2018	9,915,000	5,558,180	15,473,180
2019 – 2023	6,935,000	3,299,625	10,234,625
2024 – 2028	12,642,014	975,865	13,617,879
2029 – 2033	10,605,117	-	10,605,117
2034	1,191,487	-	1,191,487
	<u>\$ 49,323,618</u>	<u>\$ 17,806,022</u>	<u>\$ 67,129,640</u>

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Economic Development Authority (GEDA), Continued:

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. Due to a number of factors, including actual shipment of cigarettes in the United States and the actual level of payments received by the settling states under the Master Settlement Agreement, the amount available to pay the principal or accreted value of and interest on the Series 2007 bonds may fluctuate from year to year.

I. Changes in Long-Term Liabilities

During the year ended September 30, 2008, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net assets:

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2008	Due Within <u>One Year</u>
Bonds and notes payable:					
Antonio B. Won Pat International					
Airport Authority	\$ 196,325,000	\$ -	\$ (8,030,000)	\$ 188,295,000	\$ 7,335,000
Guam Power Authority	401,908,601	-	(6,770,000)	395,138,601	7,080,000
Guam Waterworks Authority	108,278,582	-	(2,329,481)	105,949,101	3,463,753
University of Guam	13,397,445	-	(277,560)	13,119,885	163,000
Guam Community College	2,226,686	-	(309,653)	1,917,033	835,809
Guam Housing and Urban Renewal Authority	1,517,799	-	(34,710)	1,483,089	38,000
Guam Housing Corporation	12,333,341	-	(935,473)	11,397,868	996,002
Guam Economic Development Authority	<u>25,580,000</u>	<u>50,348,618</u>	<u>(26,605,000)</u>	<u>49,323,618</u>	<u>1,380,000</u>
	761,567,454	50,348,618	(45,291,877)	766,624,195	21,291,564
Deferred amounts:					
Unamortized premiums	10,151,300	-	(823,305)	9,327,995	-
Unamortized discounts	(5,677,698)	(15,162,709)	1,050,712	(19,789,695)	-
Unamortized difference on bond defeasance	<u>(20,549,387)</u>	<u>(2,628,344)</u>	<u>1,704,042</u>	<u>(21,473,689)</u>	<u>-</u>
	<u>745,491,669</u>	<u>32,557,565</u>	<u>(43,360,428)</u>	<u>734,688,806</u>	<u>21,291,564</u>
Other:					
Compensated absences	11,013,493	3,573,880	(3,149,385)	11,437,988	5,052,090
Capital lease obligations	138,702,390	-	(6,431,331)	132,271,059	7,113,678
Deferred payment agreements	1,101,681	-	(1,101,681)	-	-
Due to component units	7,504,734	-	(2,295,449)	5,209,285	3,067,326
DCRS sick leave	5,570,537	698,676	(193,385)	6,075,828	-
Accrued unfunded retirement	29,386,539	20,779,910	(66,765)	50,099,684	-
Other noncurrent liabilities	<u>26,779,365</u>	<u>4,896,207</u>	<u>(183,129)</u>	<u>31,492,443</u>	<u>-</u>
	<u>220,058,739</u>	<u>29,948,673</u>	<u>(13,421,125)</u>	<u>236,586,287</u>	<u>15,233,094</u>
	<u>\$ 965,550,408</u>	<u>\$ 62,506,238</u>	<u>\$ (56,781,553)</u>	<u>\$ 971,275,093</u>	<u>\$ 36,524,658</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

J. Capital Lease Financing

Guam Power Authority (GPA):

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

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

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

<u>Year ending September 30,</u>	<u>Amount</u>
2009	\$ 23,084,304
2010	23,084,304
2011	23,084,304
2012	23,084,304
2013	23,084,304
2014 - 2018	111,222,057
2019	<u>6,077,645</u>
	232,721,222
Less amounts representing interest	<u>100,450,163</u>
	132,271,059
Less current portion	<u>7,113,678</u>
	\$ <u>125,157,381</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

K. Commitments and Contingencies

Letters of Credit

Guam Power Authority has a \$20,000,000 uncollateralized revolving documentary letter of credit for purchases of fuel.

Performance Management Contracts (PMCs)

On January 1, 2003 and 2005, Guam Power Authority entered into five year PMCs with two companies for the operation and maintenance of certain power generators.

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

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 1,374,298
2010	<u>346,095</u>
	\$ <u>1,720,393</u>

On December 5, 2006, Guam Waterworks Authority entered into a three year PMC with a company for the operation and maintenance of its Wastewater Treatment Plants, Collection System, and Lift Stations.

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

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 1,019,370
2010	<u>256,590</u>
	\$ <u>1,275,960</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

K. Commitments and Contingencies, Continued

Leases

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, 2008, GPA renewed the lease agreement for an additional term of two years with a monthly rental of \$45,000.

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

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

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 2,061,756
2010	1,716,756
2011	1,565,637
2012	1,447,261
2013	<u>698,105</u>
	<u>\$ 7,489,515</u>

On February 2003, Guam Housing Corporation (GHC) entered into a Memorandum of Understanding (MOU) with Guam Economic Development Authority (GEDA) to provide support services to GHC. Such services were for network and computer administration for a fee of \$21,696 per annum. GHC also sub-leases office space from GEDA under its operating lease which expires February 28, 2011.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

K. Commitments and Contingencies, Continued

Leases, Continued

The future minimum annual lease payments for this rental commitment under this operating lease are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2009	\$ 72,198
2010	72,198
2011	<u>30,082</u>
	\$ <u><u>174,478</u></u>

Environmental Monitoring

In September 2000, 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. Under this cooperative agreement, the United States Navy may terminate or suspend the agreement if AWPIAA and GovGuam fail to complete such monitoring work. The future cost of the environmental monitoring work is presently not determinable. Accordingly, no loss, if any, that may result from the matter, has been recorded in the accompanying financial statements for this transaction.

Construction Contracts

Antonio B. Won Pat International Airport Authority has commitments of \$44,439,377 under several construction contracts as of September 30, 2008 and \$14,610,331 under other various contracts as of September 30, 2008.

Guam Waterworks Authority has commitments of \$11,997,949 under several capital projects as of September 30, 2008.

Guam Community College has commitments of \$3,778,550 under several capital projects as of September 30, 2008.

Loans

Guam Housing Corporation has commitments of \$629,239 in loan commitments as of September 30, 2008.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2008

(15) Discretely Presented Component Unit Disclosures, Continued

K. Commitments and Contingencies, Continued

Land Held for Development

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

GOVERNMENT OF GUAM

**REQUIRED SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2008

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual General Fund Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Income	\$ 253,155,210	\$ 253,155,210	\$ 254,137,767	\$ 982,557
Gross receipts	178,875,492	178,875,492	185,795,875	6,920,383
Other	2,453,981	2,453,981	3,109,304	655,323
Federal contributions	41,886,802	41,886,802	45,329,450	3,442,648
Guam Public School System	-	-	2,831,209	2,831,209
Contributions from component units	10,027,377	10,027,377	10,372,580	345,203
Other	13,481,005	13,481,005	11,614,144	(1,866,861)
Total revenues	499,879,867	499,879,867	513,190,329	13,310,462
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahren Guahan	6,368,372	6,637,856	6,351,665	286,191
Office of I Segundu Na Maga'lahren Guahan	315,000	1,351,031	1,312,645	38,386
Bureau of Budget and Management Research	1,349,668	1,298,217	1,295,330	2,887
Civil Service Commission	674,712	759,612	758,283	1,329
Department of Administration	17,109,393	16,760,649	17,312,739	(552,090)
Guam Election Commission	1,039,536	973,618	742,755	230,863
Department of Revenue and Taxation	9,396,640	13,209,706	10,511,501	2,698,205
Bureau of Statistics and Plans	1,107,622	1,081,111	1,038,428	42,683
Department of Public Works	8,702,545	17,200,543	17,188,614	11,929
Office of the Attorney General	10,364,342	6,895,942	6,483,161	412,781
Guam Police Department	21,617,256	25,452,095	22,418,051	3,034,044
Department of Corrections	14,995,984	17,815,206	16,482,059	1,333,147
Department of Agriculture	2,240,808	2,642,689	2,593,804	48,885
Department of Public Health and Social Services	9,668,835	10,071,179	6,982,148	3,089,031
Department of Education	196,818,638	208,997,095	196,821,029	12,176,066
Department of Youth Affairs	3,908,540	3,750,007	3,605,658	144,349
Department of Mental Health and Substance Abuse	10,359,984	10,057,160	6,224,463	3,832,697
Department of Labor	1,705,185	1,294,345	1,247,705	46,640
Department of Parks and Recreation	3,325,263	3,352,966	3,325,525	27,441
Department of Integrated Services for Individuals with Disabilities	3,754,007	4,461,377	2,453,691	2,007,686
Mayors' Council of Guam	9,585,309	10,019,517	9,516,927	502,590
Department of Land Management	-	84,593	84,590	3
Chief Medical Examiner	377,393	409,880	396,933	12,947
Department of Chamorro Affairs	879,991	888,704	888,697	7
Department of Military Affairs	445,520	264,421	109,716	154,705
Guam Fire Department	24,724,372	25,034,567	24,028,680	1,005,887
Payments to Component Units	52,801,174	52,293,051	46,010,047	6,283,004
GovGuam Retirement Fund appropriations	1,329,712	1,329,712	1,329,712	-
Miscellaneous appropriations	9,206,849	20,333,612	19,965,182	368,430
Interest and other charges	-	-	17,399,844	(17,399,844)
Debt service	22,023,939	22,023,939	22,702,010	(678,071)
Total expenditures	446,196,589	486,744,400	467,581,592	19,162,808
Excess of revenues over expenditures	53,683,278	13,135,467	45,608,737	32,473,270
Other financing sources (uses):				
Proceeds from refunded bonds issued	151,935,000	151,935,000	151,935,000	-
Proceeds from issuance of long-term debt	-	-	13,800,000	13,800,000
Discount on refunded bonds issued	-	-	(5,639,246)	(5,639,246)
Payment to refunded bond escrow agent	(72,935,000)	(68,493,810)	(73,664,587)	(5,170,777)
Transfers in from other funds	-	-	29,149,020	29,149,020
Transfers out to other funds	(89,189,227)	(116,922,865)	(101,459,686)	15,463,179
Total other financing sources (uses), net	(10,189,227)	(33,481,675)	14,120,501	47,602,176
Special item:				
Adjustment of medical bill accrual	-	-	13,223,789	13,223,789
	-	-	13,223,789	13,223,789
Other changes to unreserved fund deficit:				
Increase in continuing appropriations	-	-	(25,215,002)	(25,215,002)
Increase in reserve for related assets	-	-	(400,000)	(400,000)
Increase in reserve for debt service	-	-	(48,352,375)	(48,352,375)
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	-	-	11,383,599	11,383,599
	-	-	(62,583,778)	(62,583,778)
Net change in unreserved fund deficit	43,494,051	(20,346,208)	10,369,249	30,715,457
Unreserved fund deficit at beginning of year	(536,388,755)	(536,388,755)	(536,388,755)	-
Unreserved fund deficit at end of year	\$ (492,894,704)	\$ (556,734,963)	\$ (526,019,506)	\$ 30,715,457

See accompanying notes to required supplementary information - budgetary reporting.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2008

(1) Budgetary Process

Legislation requires the Governor to present a proposed budget to the Legislature at the beginning of each annual session. The Legislature enacts the budget through passage of specific departmental appropriations. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the Territorial financial plan for the ensuing fiscal year. Supplemental appropriations for specific purposes are made throughout the year.

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

The Budget Act for fiscal year 2008, Public Law Nos. 28-149 and 28-150, were approved for the Executive branch and the Legislative branch. A supplemental budget was subsequently approved through Public Law 29-02. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds.

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.

(2) Reconciliation - GAAP and Budgetary Bases of Accounting

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.

Accounting principles used in developing data on a budgetary basis differ from those used in preparing the financial statements in conformity with GAAP. Amounts included on the Statement of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund (which are presented on a non-GAAP budgetary basis) are reconciled to unreserved deficit of the Governmental Fund Balance Sheet within the other changes in unreserved deficit section of that statement. Furthermore, the net change in fund balance (deficit) to the net change in unreserved fund deficit for the General Fund is as follows:

Net change in fund balance (deficit)	\$ <u>86,379,788</u>
Increase in fund balance reservations:	
Encumbrances	(2,043,162)
Continuing appropriations	(25,215,002)
Related assets	(400,000)
Debt service	(48,352,375)
	<u>(76,010,539)</u>
Net change in unreserved fund deficit	\$ <u>10,369,249</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

**OTHER SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2008

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2008

	Special Revenue				Total
	General	Federal Grants Assistance	GPSS Federal Grants	Other Governmental Funds	
Expenditures by Object:					
Salaries and wages:					
Regular	\$ 200,667,682	\$ 24,682,994	\$ 22,507,156	\$ 42,440,372	\$ 290,298,204
Overtime	6,563,157	335,280	29,778	731,378	7,659,593
Fringe benefits	60,834,284	7,192,654	8,805,022	11,847,414	88,679,374
Travel	1,088,435	2,759,725	590,859	654,405	5,093,424
Contractual services	23,189,456	45,903,816	11,964,798	13,608,806	94,666,876
Building rent	3,759,967	1,379,927	-	3,263,836	8,403,730
Supplies	9,365,566	2,510,522	3,413,389	3,306,042	18,595,519
Equipment	1,364,521	1,377,188	484,275	1,026,765	4,252,749
Utilities - power and water	19,295,554	1,232,217	-	5,852,765	26,380,536
Communications	2,493,363	371,909	4,450	789,441	3,659,163
Capital outlays	4,512,368	5,171,421	579,829	6,352,741	16,616,359
Capital lease	-	-	55,160,750	-	55,160,750
Grants and subsidies	47,338,542	20,617,884	-	26,839,136	94,795,562
Supplemental annuity benefits	-	-	-	11,362,287	11,362,287
Retiree healthcare benefits	18,626,406	-	-	-	18,626,406
Principal retirement	7,745,000	-	2,080,000	9,840,000	19,665,000
Interest and fiscal charges	23,321,347	-	3,020,000	3,741,066	30,082,413
Miscellaneous	24,007,963	44,463,666	1,000,000	17,094,802	86,566,431
	<u>\$ 454,173,611</u>	<u>\$ 157,999,203</u>	<u>\$ 109,640,306</u>	<u>\$ 158,751,256</u>	<u>\$ 880,564,376</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund
Year Ended September 30, 2008
(With comparatives for the year ended September 30, 2007)

	2008	2007
Revenues:		
Taxes:		
Income	\$ 254,137,767	\$ 250,847,607
Gross receipts	185,795,875	172,745,349
Other	3,109,304	2,680,301
Licenses, fees and permits	5,593,716	4,266,783
Use of money and property	2,472,737	727,883
Federal contributions	45,329,450	74,723,572
Guam Public School System	2,831,209	1,431,526
Contributions from component units	10,372,580	2,196,244
Other	3,547,691	5,153,679
Total revenues	513,190,329	514,772,944
Expenditures by Department:		
General Government:		
Office of I Maga'lahaen Guahan:		
Office of the Governor	4,024,704	4,390,912
Ancestral Land Trust Commission	227,480	209,468
Government House	600,488	513,135
Bureau of Information Technology	57,131	43,953
Medical Referral Offices	696,903	533,015
Bureau of Women's Affairs	64,196	38,119
Office of Civil Defense	11,379	35,622
Office of Veteran's Affairs	274,207	262,615
	5,956,488	6,026,839
Office of I Segundu Na Maga'lahaen Guahan:		
Office of the Lieutenant Governor	1,005,016	1,191,704
Guam State Clearinghouse	288,333	267,615
	1,293,349	1,459,319
Bureau of Budget and Management Research:		
Office of the Director	294,800	372,057
Internal Audit Division	951,510	959,141
	1,246,310	1,331,198
Civil Service Commission:		
Office of the Director	204,140	216,931
Board of Commissioners	57,500	56,826
Legal Office	152,584	141,608
Personnel Management	333,679	226,958
	747,903	642,323

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2008
(With comparatives for the year ended September 30, 2007)

	<u>2008</u>	<u>2007</u>
Expenditures by Department, continued:		
General Government, continued		
Department of Administration:		
Office of the Director	3,562,715	2,370,908
Office of the Director - COLA	7,636,090	7,585,600
Office of the Director - Streetlights	-	2,730,000
Office of the Director - Child Support	-	693,596
Personnel Management	1,638,662	1,699,976
Financial Management	632,612	674,705
Data Processing	548,021	567,898
General Services Agency	796,790	811,693
Division of Accounts	2,284,467	2,404,856
	<u>17,099,357</u>	<u>19,539,232</u>
Department of Land Management:		
Office of the Director	-	498,114
Land Administration Division	-	118,053
Land Planning Division	41,501	461,453
Land Records Division	17,947	397,279
Land Survey Division	-	3,542
Geographic Information System Division	25,142	112,803
	<u>84,590</u>	<u>1,591,244</u>
Department of Public Works:		
Office of the Director	3,713,600	3,853,114
Office of the Director - Consent Decree	3,679,400	-
Transportation Maintenance Division	747,330	980,587
Building Maintenance Division	-	2,624
	<u>8,140,330</u>	<u>4,836,325</u>
Department of Revenue and Taxation:		
Office of the Director	3,081,664	3,125,434
Office of the Director - Computer System Upgrade	1,256,753	-
Office of the Director - Stimulus Tax Rebates	711,794	-
Tax Enforcement Division	1,919,264	1,942,137
Real Property Tax Division	421,156	402,441
Taxpayer Services Division	1,660,726	1,641,634
Regulatory Division	798,480	869,106
Motor Vehicle Division	578,886	620,902
	<u>10,428,723</u>	<u>8,601,654</u>
Total General Government	<u>44,997,050</u>	<u>44,028,134</u>
Protection of Life and Property:		
Department of Corrections:		
Office of the Director	4,386,014	5,183,464
Adult Correctional Facility	8,354,667	8,604,746

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Expenditures by Department, continued:		
Protection of Life and Property, Continued:		
Department of Corrections, Continued:		
Rosario Detention Center	2,369,632	2,428,718
Off-island Detention	17,194	-
Casework and Counseling Service Division	345,150	287,377
Forensic Division	352,026	414,332
Parole Service Division	517,974	496,832
	16,342,657	17,415,469
Department of Youth Affairs:		
Office of the Director	114,061	127,640
Division of Youth Development	618,704	740,381
Division of Youth Corrections	2,021,319	2,076,157
Division of Vocational Rehabilitation and Support Services	834,690	732,246
	3,588,774	3,676,424
Guam Fire Department:		
Office of the Fire Chief	1,741,122	833,541
Administrative and Logistical Support	1,545,758	1,184,188
Emergency Medical Service/Rescue Operations Bureau	6,864,110	7,598,320
Fire Suppression Bureau	13,816,647	14,898,513
	23,967,637	24,514,562
Guam Police Department:		
Office of the Chief	5,293,950	5,080,710
Office of the Chief - Overtime	2,003,195	-
Office of the Chief - Rent	880,050	-
Office of the Chief - Fuel	530,655	-
Criminal Investigation Division	1,455,539	1,419,756
Neighborhood Patrol Division	8,707,155	11,046,352
Support Division	1,628,927	1,819,409
Forensic Science Division	992,861	1,004,684
Highway Patrol Division	828,467	822,690
	22,320,799	21,193,601
Office of the Attorney-General:		
Attorney-General's Office	6,353,742	5,688,425
Medical Examiner's Office	383,652	347,349
Total Protection of Life and Property	72,957,261	72,835,830

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Expenditures by Department, continued:		
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	2,292,901	2,716,589
Clinical Services Division	864,871	909,172
Child and Adolescent Services Division	762,362	225,667
Nursing Services Division	2,099,493	2,095,492
	6,019,627	5,946,920
Department of Public Health and Social Services:		
Office of the Director	1,553,188	613,811
Chief Public Health Office	77,346	83,885
Community Health Services	243,233	252,904
Communicable Disease Control	61,254	112,825
Professional Social Services	161,327	43,423
Primary Care Services	44,541	20,412
Catastrophic Illness Assistance Program	100,000	97,844
PHPRO Testing	92,176	-
Division of Environmental Health	554,842	386,462
Financial Management Services	177,903	210,180
Supply Section	103,810	106,547
Management Support Services	114,322	133,805
Facilities and Maintenance	353,802	1,571,631
Systems Group	351,378	468,228
	3,989,122	4,101,957
Total Public Health	10,008,749	10,048,877
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	417,325	100,038
Foster Care	1,651,129	1,490,291
Division of Senior Citizens	162,142	125,263
Adult Protective Services	387,892	392,359
	2,618,488	2,107,951
Department of Integrated Services for Individuals with Disabilities:		
Service Contracts	1,676,218	1,464,164
Office of the Director	721,221	825,231
Basic Support 110	51,024	17,860
	2,448,463	2,307,255
Other:		
Guam Public Library	1,326,337	1,145,071
Guam Territorial Band	23,750	-
	1,350,087	1,145,071
Total Community Services	6,417,038	5,560,277

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Expenditures by Department, continued:		
Recreation:		
Department of Parks and Recreation:		
Office of the Director	477,362	595,433
Mermorial Services	114,010	106,633
Community Programs	339,222	94,267
Pool and Beach Programs	380,169	418,955
Paseo Stadium	166,894	114,028
Youth Center	(4,264)	306,573
Parks Administration and Planning	111,701	115,131
Historic Preservation Division	149,580	216,309
Parks Maintenance	1,430,694	1,536,981
Territorial Park Protection	155,542	123,044
Total Recreation	3,320,910	3,627,354
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	175,963	147,983
Department of Chamorro Affairs:		
Office of the Director	467,715	532,493
Language and Culture Division	48,358	47,110
Guam Museum	372,624	198,652
	888,697	778,255
Department of Labor:		
Office of the Director	497,403	475,711
Wage and Hour Division	198,480	162,555
Bureau of Labor Statistics	294,513	280,873
Fair Employment Practice Office	14,813	66,514
Worker's Compensation Commission	119,172	137,739
Alien Labor Processing and Certification	-	95,147
Fiscal and Support Office	122,849	248,510
	1,247,230	1,467,049
Department of Military Affairs:		
Office of the Adjutant General	109,716	128,682
Office of Veterans Affairs	-	3,075
	109,716	131,757
Other:		
Guam Election Commission	629,988	564,804
Mayor's Council of Guam	9,432,093	8,731,828
	10,062,081	9,296,632
Total Individual and Collective Rights	12,483,687	11,821,676

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Expenditures by Department, continued:		
Public Education:		
Department of Education:		
Guam Public School System	186,160,966	176,609,083
Department of Public Works:		
Bus Operations	6,924,470	6,785,894
Total Public Education	193,085,436	183,394,977
Economic Development:		
Bureau of Statistics and Plans:		
Administration	330,582	374,670
Chief Economist's Office	5,503	36,987
Planning Information	237,208	228,394
Socio-Economic Planning	129,885	125,634
Business and Economic Statistics Division	335,134	334,524
	1,038,312	1,100,209
Department of Agriculture:		
Office of the Director	1,136,756	1,048,970
Aquatic and Wildlife Resources Division	120,292	99,037
Coconut Rhinoceros Beetle Eradication	99,250	-
Animal and Plant Industry Division	900,135	897,737
Animal Health Section	317,112	327,409
	2,573,545	2,373,153
Total Economic Development	3,611,857	3,473,362
Payments to Component Units:		
Government of Guam Retirement Fund:		
Retiree Medicare Premiums	-	387,895
Medicare Reimbursement	684,000	221,550
Governor and Lieutenant Governor Pension Contributions	145,000	134,375
Pay increase retirement rate	-	15,999
Judge and Justice Retirement Annuities	500,712	500,224
	1,329,712	1,260,043
Guam Community College	13,615,957	7,577,509
Guam Educational Telecommunications Corporation	593,124	538,162
Guam Memorial Hospital Authority	-	4,826,689
University of Guam	31,799,749	28,601,908
Total Payments to Component Units	47,338,542	42,804,311

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Expenditures by Department, continued:		
Miscellaneous Appropriations:		
Guam Board of Accountancy	-	(292)
Small Business Financing Assistance (PIDB)	100,000	-
Guam Commission for Educator Certification	15,421	-
Guam Legal Services Corporation	-	49,336
Supplemental Benefits/Retiree Healthcare Premiums	19,769,458	7,257,679
Hagatna Restoration and Redevelopment	56,553	91,259
Other	-	52,954
Total Miscellaneous Appropriations	19,941,432	7,450,936
Interest and other charges:		
Interest on tax refunds	8,617,847	4,824,487
Public Law 28-38 Special Retirement payments	4,601,475	4,601,475
Credit card charge fees and other bank fees	3,999,927	3,100,023
Other	90,390	243,411
Total Non-appropriated Expenditures	17,309,639	12,769,396
Debt service:		
Principal retirement	7,745,000	14,629,867
Bond issuance costs	2,020,476	-
Interest and fiscal charges	12,936,534	9,100,774
Total Debt Service	22,702,010	23,730,641
Total expenditures	454,173,611	421,545,771
Excess of revenues over expenditures	59,016,718	93,227,173
Other financing sources (uses):		
Proceeds from refunded bonds issued	151,935,000	-
Proceeds from issuance of long-term debt	13,800,000	-
Discount on refunded bonds issued	(5,639,246)	-
Payment to refunded bond escrow agent	(73,664,587)	-
	86,431,167	-
Transfers in from other funds:		
GSA Inventory Revolving Fund	1,424,786	-
Guam Board of Accountancy Fund	-	1,539,322
Guam Telephone Authority Privatization Proceeds Fund	9,000,000	-
Healthy Futures Fund	833,662	833,662
Interim Transition Coordinating Committee Fund	2,708,689	-
Public Library System Fund	941,609	38,402
Territorial Education Facilities Fund	12,848,744	13,050,053
Typhoon Chataan and Halong Fund	1,391,530	-
Workman's Compensation Fund	-	52,772
	29,149,020	15,514,211

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	2008	2007
Other financing sources (uses), continued:		
Transfers out to other funds:		
1999 SPG Revolving Fund	-	3,549
Agana Fractional Lots Program Fund	-	217,180
Autonomous Agency Infrastructure Collections Fund	-	460
Better Public Service Fund	537,104	-
CAHA, OET and CEF Fund	-	266
Consumer Protection Fund	-	135
Controlled Substance Diversion Fund	-	74,676
Customs, Agriculture and Quarantine Inspection Services Fund	783,195	325,256
Dededo Buffer Strip Revolving Fund	-	27,784
Drivers' Education Fund	-	318,426
Federal Grants Fund	27,277,241	27,129,470
General Services Agency Fund	-	1,070
GMHA Pharmaceuticals Fund	11,072,393	9,996,884
Government Claims Fund	95,000	201,196
Group Life Insurance Fund	-	73,203
Guam Housing Corporation Revolving Fund	-	88,777
Guam Legislature Fund	7,520,420	6,805,844
Guam Plant Inspection and Permit Fund	-	37,304
Human Resources Services Revolving Fund	-	45,353
Individual With Disabilities Disaster Recovery Fund	-	100,000
Livestock Fund	-	4,361
MIP Payment Revolving Fund	8,962,034	17,165,993
Office of the Public Auditor	1,037,780	1,223,707
Off-island Sports Travel Fund	-	20,560
Off-island Treatment Fund	1,659,689	1,295,384
Plant Nursery Revolving Fund	-	8,811
Plant Protection and Quarantine Revolving Fund	-	1,898
Professional Engineers', Architects, and Surveyors' Fund	-	36,575
Program Development Fund	-	(43)
Public Defender Service Corporation Fund	2,920,866	2,995,149
Public Transit Fund	-	92,634
Rabies Prevention Fund	-	71,439
Safe Streets Fund	-	209,277
Solid Waste Management Plan Fund	-	8,556
State Agency for Surplus Property Fund	-	209,236
Streetlight Fund	316,629	778,546
Supplemental Annuity Benefits Fund	10,757,085	11,732,561

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2008 (With comparatives for the year ended September 30, 2007)

	<u>2008</u>	<u>2007</u>
Other financing sources (uses), continued:		
Transfers out to other funds, continued:		
Territorial Highway Fund	3,070,392	11,064,775
Unified Courts of Guam Operations Fund	24,589,003	21,176,739
Wildlife Conservation Fund	-	217,476
Worker's Compensation Fund	842,075	820,544
	<u>101,440,906</u>	<u>114,581,011</u>
Total other financing sources (uses), net	<u>14,139,281</u>	<u>(99,066,800)</u>
Special items:		
Adjustment of medical bill accrual	13,223,789	-
Earned Income Tax Credit judgment	-	17,154,697
Total special items	<u>13,223,789</u>	<u>17,154,697</u>
Net change in fund deficit	86,379,788	11,315,070
Deficit at the beginning of the year	<u>(501,894,723)</u>	<u>(513,209,793)</u>
Deficit at the end of the year	<u>\$ (415,514,935)</u>	<u>\$ (501,894,723)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 253,155,210	\$ 253,155,210	\$ 254,137,767	\$ 982,557
Gross receipts	178,875,492	178,875,492	185,795,875	6,920,383
Other	2,453,981	2,453,981	3,109,304	655,323
Federal contributions	41,886,802	41,886,802	45,329,450	3,442,648
Guam Public School System	-	-	2,831,209	2,831,209
Contributions from component units	10,027,377	10,027,377	10,372,580	345,203
Other	13,481,005	13,481,005	11,614,144	(1,866,861)
Total revenues	<u>499,879,867</u>	<u>499,879,867</u>	<u>513,190,329</u>	<u>13,310,462</u>
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan:				
Office of the Governor	4,919,231	4,263,920	4,149,132	114,788
Commission on Decolonization	111,107	175,963	175,963	-
Ancestral Land Trust Commission	229,823	239,104	229,063	10,041
Government House	-	791,446	645,890	145,556
Bureau of Information Technology	-	57,144	57,131	13
Medical Referral Offices	710,748	726,150	721,984	4,166
Bureau of Women's Affairs	-	64,293	64,196	97
Office of Civil Defense	-	23,204	11,379	11,825
Office of Veteran's Affairs	397,463	296,632	296,927	(295)
	<u>6,368,372</u>	<u>6,637,856</u>	<u>6,351,665</u>	<u>286,191</u>
Office of I Segundu Na Maga'lahaen Guahan:				
Office of the Lieutenant Governor	-	1,060,150	1,022,864	37,286
Guam State Clearinghouse	315,000	290,881	289,781	1,100
	<u>315,000</u>	<u>1,351,031</u>	<u>1,312,645</u>	<u>38,386</u>
Bureau of Budget and Management Research:				
Office of the Director	1,349,668	346,706	343,820	2,886
Internal Audit Division	-	951,511	951,510	1
	<u>1,349,668</u>	<u>1,298,217</u>	<u>1,295,330</u>	<u>2,887</u>
Civil Service Commission:				
Office of the Director	674,712	215,846	214,520	1,326
Board of Commissioners	-	57,500	57,500	-
Legal Office	-	152,584	152,584	-
Personnel Management	-	333,682	333,679	3
	<u>674,712</u>	<u>759,612</u>	<u>758,283</u>	<u>1,329</u>
Department of Administration:				
Office of the Director	10,515,993	4,266,503	3,776,097	490,406
Office of the Director - COLA	6,593,400	6,593,400	7,636,090	(1,042,690)
Personnel Management	-	1,638,662	1,638,662	-
Financial Management	-	632,808	632,612	196
Data Processing	-	548,021	548,021	-
General Services Agency	-	796,792	796,790	2
Division of Accounts	-	2,284,463	2,284,467	(4)
	<u>17,109,393</u>	<u>16,760,649</u>	<u>17,312,739</u>	<u>(552,090)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Guam Election Commission	1,039,536	973,618	742,755	230,863
Department of Revenue and Taxation:				
Office of the Director	9,396,640	5,770,173	3,126,790	2,643,383
Office of the Director - Computer System Upgrade	-	1,261,000	1,260,953	47
Office of the Director - Stimulus Tax Rebate	-	800,000	745,246	54,754
Tax Enforcement Division	-	1,919,265	1,919,264	1
Real Property Tax Division	-	421,158	421,156	2
Taxpayer Services Division	-	1,660,732	1,660,726	6
Regulatory Division	-	798,484	798,480	4
Motor Vehicle Division	-	578,894	578,886	8
	<u>9,396,640</u>	<u>13,209,706</u>	<u>10,511,501</u>	<u>2,698,205</u>
Bureau of Statistics and Plans:				
Administration	1,107,622	330,868	330,582	286
Chief Economist's Office	-	48,013	5,619	42,394
Planning Information	-	237,209	237,208	1
Socio-Economic Planning	-	129,886	129,885	1
Business and Economic Statistics Division	-	335,135	335,134	1
	<u>1,107,622</u>	<u>1,081,111</u>	<u>1,038,428</u>	<u>42,683</u>
Department of Public Works:				
Office of the Director	8,702,545	3,820,312	3,808,784	11,528
Office of the Director - Consent Decree	-	5,677,118	5,677,118	-
Transportation Maintenance Division	-	748,110	747,744	366
Bus Operations Division	-	6,955,003	6,954,968	35
	<u>8,702,545</u>	<u>17,200,543</u>	<u>17,188,614</u>	<u>11,929</u>
Office of the Attorney-General:				
Attorney-General's Office	10,364,342	6,895,942	6,483,161	412,781
Guam Police Department:				
Office of the Chief	21,617,256	8,367,085	5,367,647	2,999,438
Office of the Chief - Overtime	-	2,008,308	2,003,195	5,113
Office of the Chief - Rent	-	880,050	880,050	-
Office of the Chief - Fuel	-	530,655	530,655	-
Criminal Investigation Division	-	1,455,540	1,455,539	1
Neighborhood Patrol Division	-	8,716,658	8,707,155	9,503
Support Division	-	1,639,071	1,634,104	4,967
Forensic Science Division	-	1,026,260	1,011,239	15,021
Highway Patrol Division	-	828,468	828,467	1
	<u>21,617,256</u>	<u>25,452,095</u>	<u>22,418,051</u>	<u>3,034,044</u>
Department of Corrections:				
Office of the Director	14,995,984	5,858,556	4,525,416	1,333,140
Adult Correctional Facility	-	8,354,669	8,354,667	2
Rosario Detention Center	-	2,369,633	2,369,632	1
Off-island Detention	-	17,194	17,194	-
Casework and Counseling Service Division	-	345,151	345,150	1
Forensic Division	-	352,028	352,026	2
Parole Service Division	-	517,975	517,974	1
	<u>14,995,984</u>	<u>17,815,206</u>	<u>16,482,059</u>	<u>1,333,147</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Agriculture:				
Office of the Director	2,240,808	1,202,640	1,155,585	47,055
Aquatic and Wildlife Resources Division	-	120,292	120,292	-
Coconut Rhinoceros Beetle Eradication	-	100,000	99,250	750
Animal and Plant Industry Division	-	900,200	900,135	65
Animal Health Section	-	319,557	318,542	1,015
	<u>2,240,808</u>	<u>2,642,689</u>	<u>2,593,804</u>	<u>48,885</u>
Department of Public Health and Social Services:				
Office of the Director	9,103,460	3,439,537	1,643,462	1,796,075
Chief Public Health Office	-	191,203	87,671	103,532
Community Health Services	300,000	300,000	273,686	26,314
Communicable Disease Control	-	100,155	65,203	34,952
Professional Social Services	-	334,084	162,245	171,839
Primary Care Services	-	56,307	46,236	10,071
Catastrophic Illness Assistance Program	100,000	100,000	100,000	-
Medically Indigent Program	-	559,023	422,510	136,513
Foster Care	165,375	2,136,554	1,722,530	414,024
PHPRO Testing	-	225,022	92,176	132,846
Division of Senior Citizens	-	181,714	167,617	14,097
Adult Protective Services	-	456,095	444,208	11,887
Division of Environmental Health	-	615,652	557,325	58,327
Financial Management Services	-	220,522	177,903	42,619
Supply Section	-	122,171	107,531	14,640
Management Support Services	-	140,753	114,658	26,095
Facilities and Maintenance	-	387,872	371,323	16,549
Systems Group	-	504,515	425,864	78,651
	<u>9,668,835</u>	<u>10,071,179</u>	<u>6,982,148</u>	<u>3,089,031</u>
Department of Education:				
Guam Public School System	195,022,120	207,416,751	195,266,940	12,149,811
Guam Public Library	1,796,518	1,580,344	1,554,089	26,255
	<u>196,818,638</u>	<u>208,997,095</u>	<u>196,821,029</u>	<u>12,176,066</u>
Department of Youth Affairs:				
Office of the Director	3,908,540	257,401	114,061	143,340
Division of Youth Development	-	618,706	618,704	2
Division of Youth Corrections	-	2,021,729	2,021,319	410
Division of Vocational Rehabilitation and Support Services	-	852,171	851,574	597
	<u>3,908,540</u>	<u>3,750,007</u>	<u>3,605,658</u>	<u>144,349</u>
Department of Mental Health and Substance Abuse:				
Office of the Director	10,359,984	6,125,637	2,395,400	3,730,237
Clinical Services Division	-	864,872	864,871	1
Child and Adolescent Services Division	-	762,363	762,362	1
Nursing Services Division	-	2,304,288	2,201,830	102,458
	<u>10,359,984</u>	<u>10,057,160</u>	<u>6,224,463</u>	<u>3,832,697</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Labor:				
Office of the Director	1,705,185	544,518	497,878	46,640
Wage and Hour Division	-	198,480	198,480	-
Bureau of Labor Statistics	-	294,513	294,513	-
Fair Employment Practice Office	-	14,813	14,813	-
Worker's Compensation Commission	-	119,172	119,172	-
Fiscal and Support Office	-	122,849	122,849	-
	<u>1,705,185</u>	<u>1,294,345</u>	<u>1,247,705</u>	<u>46,640</u>
Department of Parks and Recreation:				
Office of the Director	3,325,263	502,126	479,707	22,419
Memorial Services	-	114,011	114,010	1
Community Programs	-	339,972	339,222	750
Pool and Beach Programs	-	380,170	380,169	1
Paseo Stadium	-	166,895	166,894	1
Youth Center	-	-	(4,264)	4,264
Parks Administration and Planning	-	111,701	111,701	-
Historic Preservation Division	-	149,581	149,580	1
Parks Maintenance	-	1,432,967	1,432,964	3
Territorial Park Protection	-	155,543	155,542	1
	<u>3,325,263</u>	<u>3,352,966</u>	<u>3,325,525</u>	<u>27,441</u>
Department of Integrated Services for Individuals with Disabilities:				
Service Contracts	-	3,680,230	1,676,218	2,004,012
Office of the Director	3,754,007	730,122	726,449	3,673
Basic Support 110	-	51,025	51,024	1
	<u>3,754,007</u>	<u>4,461,377</u>	<u>2,453,691</u>	<u>2,007,686</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	9,585,309	10,019,517	9,516,927	502,590
Department of Land Management:				
Land Planning Division	-	41,502	41,501	1
Land Records Division	-	17,948	17,947	1
Geographic Information System Division	-	25,143	25,142	1
	<u>-</u>	<u>84,593</u>	<u>84,590</u>	<u>3</u>
Chief Medical Examiner:				
Medical Examiner's Office	377,393	409,880	396,933	12,947
Department of Chamorro Affairs:				
Office of the Director	879,991	467,720	467,715	5
Language and Culture Division	-	48,360	48,358	2
Guam Museum	-	372,624	372,624	-
	<u>879,991</u>	<u>888,704</u>	<u>888,697</u>	<u>7</u>
Department of Military Affairs:				
Office of the Adjutant General	445,520	112,338	109,716	2,622
Office of Civil Defense	-	152,083	-	152,083
	<u>445,520</u>	<u>264,421</u>	<u>109,716</u>	<u>154,705</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Guam Fire Department:				
Office of the Fire Chief	24,724,372	445,811	1,745,227	(1,299,416)
Administrative and Logistical Support	-	1,643,023	1,602,696	40,327
Emergency Medical Service/Rescue Operations Bureau	-	7,666,787	6,864,110	802,677
Fire Suppression Bureau	-	15,278,946	13,816,647	1,462,299
	<u>24,724,372</u>	<u>25,034,567</u>	<u>24,028,680</u>	<u>1,005,887</u>
Payments to Component Units:				
Guam Educational Telecommunications Corporation	559,643	598,137	594,341	3,796
Guam Memorial Hospital Authority	4,640,000	4,640,000	-	4,640,000
University of Guam	33,142,632	33,005,652	31,799,749	1,205,903
Guam Community College	14,458,899	14,049,262	13,615,957	433,305
	<u>52,801,174</u>	<u>52,293,051</u>	<u>46,010,047</u>	<u>6,283,004</u>
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	684,000	684,000	684,000	-
Governor and Lieutenant Governor Pension Contributions	145,000	145,000	145,000	-
Judge and Justice Retirement Annuities	500,712	500,712	500,712	-
	<u>1,329,712</u>	<u>1,329,712</u>	<u>1,329,712</u>	<u>-</u>
Total Executive Branch	<u>414,965,801</u>	<u>444,386,849</u>	<u>407,514,556</u>	<u>36,872,293</u>
Miscellaneous Appropriations:				
Small Business Financing Assistance (PIDB)	-	300,000	100,000	200,000
Guam Commission for Educator Certification	-	15,143	15,421	(278)
Guam Territorial Band	25,000	23,750	23,750	-
COLA judgment	-	-	-	-
Supplemental Benefits/Retiree Healthcare Premiums	9,181,849	19,769,459	19,769,458	1
Guam Legal Services Corporation	-	19,521	-	19,521
Hagatna Restoration and Redevelopment	-	205,739	56,553	149,186
Total Miscellaneous Appropriations	<u>9,206,849</u>	<u>20,333,612</u>	<u>19,965,182</u>	<u>368,430</u>
Interest and other charges:				
Interest on tax refunds	-	-	8,617,847	(8,617,847)
Public Law 28-38 Special Retirement payments	-	-	4,601,475	(4,601,475)
Credit card charge fees and other bank fees	-	-	3,999,927	(3,999,927)
Other	-	-	180,595	(180,595)
Total Non-appropriated Expenditures	<u>-</u>	<u>-</u>	<u>17,399,844</u>	<u>(17,399,844)</u>
Debt Service:				
Principal retirement	7,745,000	7,745,000	7,745,000	-
Bond issuance costs	2,020,476	2,020,476	2,020,476	-
Interest and fiscal charges	12,258,463	12,258,463	12,936,534	(678,071)
	<u>22,023,939</u>	<u>22,023,939</u>	<u>22,702,010</u>	<u>(678,071)</u>
Total expenditures	<u>446,196,589</u>	<u>486,744,400</u>	<u>467,581,592</u>	<u>19,162,808</u>
Excess of revenues over expenditures	<u>53,683,278</u>	<u>13,135,467</u>	<u>45,608,737</u>	<u>32,473,270</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses):				
Proceeds from refunded bonds issued	151,935,000	151,935,000	151,935,000	-
Proceeds from issuance of long-term debt	-	-	13,800,000	13,800,000
Discount on refunded bonds issued	-	-	(5,639,246)	(5,639,246)
Payment to refunded bond escrow agent	(72,935,000)	(68,493,810)	(73,664,587)	(5,170,777)
	<u>79,000,000</u>	<u>83,441,190</u>	<u>86,431,167</u>	<u>2,989,977</u>
Transfers in from other funds:				
GSA Inventory Revolving Fund	-	-	1,424,786	1,424,786
Guam Telephone Authority Privatization Proceeds Fund	-	-	9,000,000	9,000,000
Healthy Futures Fund	-	-	833,662	833,662
Interim Transition Coordinating Committee Fund	-	-	2,708,689	2,708,689
Public Library System Fund	-	-	941,609	941,609
Territorial Education Facilities Fund	-	-	12,848,744	12,848,744
Typhoon Chataan and Halong Fund	-	-	1,391,530	1,391,530
	<u>-</u>	<u>-</u>	<u>29,149,020</u>	<u>29,149,020</u>
Transfers out to other funds:				
Better Public Service Fund	-	537,104	537,104	-
Customs, Agriculture and Quarantine Inspection Services Fund	-	-	783,195	(783,195)
Federal Grants Fund	15,632,603	33,951,387	27,296,021	6,655,366
GMHA Pharmaceuticals Fund	11,072,393	11,072,393	11,072,393	-
Government Claims Fund	100,000	95,000	95,000	-
Guam Legislature Fund	7,573,275	7,520,420	7,520,420	-
MIP Payment Revolving Fund	15,801,433	16,901,533	8,962,034	7,939,499
Office of the Public Auditor	1,350,432	1,038,088	1,037,780	308
Off-island Treatment Fund	-	1,736,008	1,659,689	76,319
Public Defender Service Corporation Fund	2,920,866	2,920,866	2,920,866	-
Streetlight Fund	-	-	316,629	(316,629)
Supplemental Annuity Benefits Fund	11,908,780	11,908,780	10,757,085	1,151,695
Territorial Education Facilities Fund	-	3,805,000	-	3,805,000
Territorial Highway Fund	-	-	3,070,392	(3,070,392)
Unified Courts of Guam Fund	21,981,465	24,589,003	24,589,003	-
Worker's Compensation Fund	847,980	847,283	842,075	5,208
	<u>89,189,227</u>	<u>116,922,865</u>	<u>101,459,686</u>	<u>15,463,179</u>
Total other financing sources (uses), net	<u>(10,189,227)</u>	<u>(33,481,675)</u>	<u>14,120,501</u>	<u>16,675,818</u>
Special items:				
Adjustment of Medical Bill Accrual	-	-	13,223,789	13,223,789
Other changes to unreserved fund deficit:				
Increase in continuing appropriations	-	-	(25,215,002)	(25,215,002)
Increase in reserve for related assets	-	-	(400,000)	(400,000)
Increase in reserve for debt service	-	-	(48,352,375)	(48,352,375)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other changes to unreserved fund deficit, Continued:				
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	-	-	11,383,599	11,383,599
	-	-	(62,583,778)	(62,583,778)
Net change in unreserved fund deficit	43,494,051	(20,346,208)	10,369,249	30,715,457
Unreserved fund deficit beginning of the year	(536,388,755)	(536,388,755)	(536,388,755)	-
Unreserved fund deficit end of the year	\$ (492,894,704)	\$ (556,734,963)	\$ (526,019,506)	\$ 30,715,457

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds Combining Balance Sheet September 30, 2008

<u>ASSETS</u>	Other <u>Special Revenue</u>	Other <u>Capital Project</u>	Other <u>Debt Service</u>	<u>Total</u>
Cash and cash equivalents	\$ 17,249,213	\$ 3,810,590	\$ 4,717,102	\$ 25,776,905
Investments	7,654,000	-	-	7,654,000
Receivables, net:				
Taxes	3,953,436	-	-	3,953,436
Federal agencies	274,394	-	-	274,394
Other	3,511,050	29,181	-	3,540,231
Due from other funds	49,168,594	1,722,661	-	50,891,255
Due from private purpose trust funds	2,142,182	-	-	2,142,182
Due from component units	1,476,496	-	-	1,476,496
Inventories	252,510	-	-	252,510
Deposits and other assets	233,421	-	-	233,421
Restricted assets:				
Cash and cash equivalents	-	12,265,500	13,560,125	25,825,625
Time certificates of deposit	-	1,000,726	-	1,000,726
Investments	-	-	7,315,468	7,315,468
Total assets	<u>\$ 85,915,296</u>	<u>\$ 18,828,658</u>	<u>\$ 25,592,695</u>	<u>\$ 130,336,649</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 6,746,229	\$ 2,145,048	\$ -	\$ 8,891,277
Accrued payroll and other	2,353,185	-	-	2,353,185
Due to other funds	8,255,320	1,411,971	-	9,667,291
Due to component units	975,866	-	-	975,866
Payable to federal agencies	519	-	-	519
Deferred revenue	1,644,645	-	-	1,644,645
Provision for tax refunds	5,192,264	-	-	5,192,264
Deposits and other liabilities	979,797	-	-	979,797
Total liabilities	<u>26,147,825</u>	<u>3,557,019</u>	<u>-</u>	<u>29,704,844</u>
Fund balances:				
Reserved:				
Related assets	712,165	1,000,726	-	1,712,891
Encumbrances	295,742	2,936,780	-	3,232,522
Continuing appropriations	-	2,658,094	-	2,658,094
Debt service	-	-	20,875,593	20,875,593
Unreserved:				
Special revenue funds	58,759,564	-	-	58,759,564
Capital projects funds	-	8,676,039	-	8,676,039
Debt service funds	-	-	4,717,102	4,717,102
Total fund balances	<u>59,767,471</u>	<u>15,271,639</u>	<u>25,592,695</u>	<u>100,631,805</u>
Total liabilities and fund balances	<u>\$ 85,915,296</u>	<u>\$ 18,828,658</u>	<u>\$ 25,592,695</u>	<u>\$ 130,336,649</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances Year Ended September 30, 2008

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 20,349,892	\$ -	\$ -	\$ 20,349,892
Hotel	22,111,688	-	-	22,111,688
Liquid fuel	9,766,312	-	-	9,766,312
Other taxes	11,004,678	-	-	11,004,678
Licenses, fees and permits	46,329,298	-	-	46,329,298
Use of money and property	645,597	2,563,362	91,503	3,300,462
Federal contributions	4,002,636	-	-	4,002,636
Other	1,333,251	-	-	1,333,251
Total revenues	115,543,352	2,563,362	91,503	118,198,217
Expenditures by Function:				
Current:				
General government	30,505,976	34,222	-	30,540,198
Protection of life and property	12,872,333	-	-	12,872,333
Public health	10,293,921	-	-	10,293,921
Community services	9,618,752	-	-	9,618,752
Recreation	877,465	-	-	877,465
Individual and collective rights	28,751,116	1,150,386	-	29,901,502
Transportation	10,079,190	-	-	10,079,190
Environmental protection	7,769,560	-	-	7,769,560
Economic development	152,086	-	-	152,086
Payments to:				
Guam Community College	840,000	-	-	840,000
Guam Memorial Hospital	11,815,830	-	-	11,815,830
Chamorro Land Trust Commission	481,541	-	-	481,541
Guam Visitors Bureau	13,428,692	-	-	13,428,692
University of Guam	1,000,000	-	-	1,000,000
Miscellaneous appropriations	17,679	-	-	17,679
Capital projects	-	5,481,441	-	5,481,441
Debt service	-	274,656	13,306,410	13,581,066
Total expenditures	138,504,141	6,940,705	13,306,410	158,751,256
Deficiency of revenues under expenditures	(22,960,789)	(4,377,343)	(13,214,907)	(40,553,039)
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	2,952,573	-	2,952,573
Transfers in from other funds	78,028,897	5,770	17,411,385	95,446,052
Transfers out to other funds	(51,307,204)	(74,527)	(879,786)	(52,261,517)
Total other financing sources (uses), net	26,721,693	2,883,816	16,531,599	46,137,108
Special item:				
Loss on sale of GTA note receivable	(1,000,000)	-	-	(1,000,000)
Net change in fund balances	2,760,904	(1,493,527)	3,316,692	4,584,069
Fund balances at beginning of year	57,006,567	16,765,166	22,276,003	96,047,736
Fund balances at end of year	\$ 59,767,471	\$ 15,271,639	\$ 25,592,695	\$ 100,631,805

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, 2008

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 20,349,892	\$ -	\$ -	\$ 20,349,892
Hotel	22,111,688	-	-	22,111,688
Liquid fuel	9,766,312	-	-	9,766,312
Other taxes	11,004,678	-	-	11,004,678
Licenses, fees and permits	46,329,298	-	-	46,329,298
Use of money and property	645,597	2,563,362	91,503	3,300,462
Federal contributions	4,002,636	-	-	4,002,636
Other	1,333,251	-	-	1,333,251
Total revenues	115,543,352	2,563,362	91,503	118,198,217
Expenditures by Object:				
Salaries and wages - regular	42,440,372	-	-	42,440,372
Salaries and wages - overtime	731,378	-	-	731,378
Salaries and wages - fringe benefits	11,847,414	-	-	11,847,414
Travel	654,405	-	-	654,405
Contractual services	13,070,635	538,171	-	13,608,806
Building rent	3,263,836	-	-	3,263,836
Supplies	3,306,042	-	-	3,306,042
Equipment	1,026,765	-	-	1,026,765
Utilities - power and water	5,852,765	-	-	5,852,765
Communications	789,441	-	-	789,441
Capital outlays	1,471,013	4,881,728	-	6,352,741
Grants and subsidies	26,839,136	-	-	26,839,136
Supplemental annuity benefits	11,362,287	-	-	11,362,287
Principal retirement	-	-	9,840,000	9,840,000
Interest and fiscal charges	-	274,656	3,466,410	3,741,066
Other	15,848,652	1,246,150	-	17,094,802
Total expenditures	138,504,141	6,940,705	13,306,410	158,751,256
Deficiency of revenues under expenditures	(22,960,789)	(4,377,343)	(13,214,907)	(40,553,039)
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	2,952,573	-	2,952,573
Transfers in from other funds	78,028,897	5,770	17,411,385	95,446,052
Transfers out to other funds	(51,307,204)	(74,527)	(879,786)	(52,261,517)
Total other financing sources (uses), net	26,721,693	2,883,816	16,531,599	46,137,108
Special item:				
Loss on sale of GTA note receivable	(1,000,000)	-	-	(1,000,000)
Net change in fund balances	2,760,904	(1,493,527)	3,316,692	4,584,069
Fund balances at beginning of year	57,006,567	16,765,166	22,276,003	96,047,736
Fund balances at end of year	\$ 59,767,471	\$ 15,271,639	\$ 25,592,695	\$ 100,631,805

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds September 30, 2008

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, 2008, follows.

1999 SPG Revolving Fund - This fund was created by Public Law 25-01 for planning, conducting and hosting the 1999 South Pacific Games.

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

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

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

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

Banking and Insurance Enforcement Fund - This fund was created by Public Law 27-88 to account for enforcement activities within the purview of the Office of Commissioner of Banking and Insurance, and the Banking and Insurance Board.

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.

CAHA, OET and CEF Fund - This fund was created by Public Law 22-060 to provide travel assistance to eligible organizations, schools and individuals participating in performing arts and humanities competitions.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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

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

Community 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 - The Consumer Protection Fund was created by Public Law 21-18 to account for civil penalties collected under the Deceptive Trade - Practices 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 Fund - The Criminal Injuries Fund was enacted under Public Law 20-155. The fund was created for the purpose of compensating victims injured through criminal mischief. Public Law 20-155 created the Criminal Injuries Commission which was created to determine, on a case by case basis, who is worthy of compensation. Sources of funding are prosecuted criminals (offenders) and Government appropriations. Per Public Law 20-155, compensation must be made within 18 months of date of injury. In addition, no claim will be awarded in excess of \$10,000.

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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.

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.

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.

Farmers' and Fishermen's Loan Revolving Fund - This fund was created by Public Law 20-105 to grant loans to farmers and fishermen not to exceed \$50,000 and not to exceed 4% interest per annum per individual. The loans shall be used for improvement of farmlands and farming and fishing operating expenditures. Payments of principal and interest on the loans shall be deposited to the Fund.

Farmers' Small Loan Revolving Fund - This fund was created by local appropriation for the purpose of making low interest loans to local farmers and fishermen.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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.

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

Group Life Insurance Fund - This fund was created by Public Law 18-33 from which claims were paid out as set forth in GovGuam's group life insurance policy between April 30, 1986, and sixty days thereafter, or until a private insurance company takes over GovGuam's group life insurance program. Funding is derived from premiums deducted from eligible subscribers. The fund was abolished and dissolved on January 1, 1997. The fund's balances and receivables were credited to the General Fund.

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 Housing Corporation Revolving Fund - This fund was created by Public Law 20-210 to provide a low interest government loan to the Guam Housing Corporation (GHC) in order for the GHC to extend low interest mortgage loans to low and moderate income families and individuals. The loans shall be used for the purpose of construction of a home under the GHC lending programs. All payments of principal and interest received by GHC as payment of the loan shall be deposited in the Fund.

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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

GPSS Federal Grants Fund - This fund was created within the Guam Public School System (GPSS) to account for all activities of special federal assistance grants utilized by GPSS.

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.

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

Individuals with Disabilities Disaster Recovery Fund – This fund was created by Public Law 24-172 to mitigate damages and losses of medical equipment, medical supplies and medications to individuals with disabilities and other patients under the care of a licensed physician. Funding is provided primarily through General Fund appropriations.

Interim Transition Coordinating Committee Fund – This fund was created by Public Law 27-109 to administer and account for the Privatization Agreement relating to the sale of the Guam Telephone Authority (GTA), and any assets and liabilities of GTA retained by GovGuam after closing of the privatization transaction.

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.

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.

Livestock Fund - This fund was created by Public Law 25-186 to administer the transfer/sale of livestock.

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

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

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

Off-Island Sports Travel Fund – This fund was created for the purpose of providing grants for transportation expenses for off-island travel by civilian sports organizations and individuals who engage in athletic competition and ROTC Drill Teams.

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.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

Plant Nursery Revolving Fund - This fund was created by Executive Order 75-39 on September 3, 1975. Legislative authority for the fund is found under Section 6112(a) of the Government Code of Guam. The fund is created for the purchase and sale of seedlings and comes under the cognizance and jurisdiction of the Director of Agriculture. Original funding was provided by the General Fund under Public Law 13-27 and 13-37.

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.

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

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

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

Program Development Fund - This fund was created by Public Law 18-20 in order to issue a Mortgage Revenue Bond. The issuance of the bond is under the responsibility of GEDA. The proceeds are used to make loans to multi-family housing developers.

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

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

Public Library System - 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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 within the Superior Court of Guam, which shall be maintained separate and apart from the other funds of the Superior Court. All fines collected for any of the acts made unlawful in §§18102, 18109, 18111, 18120, and 18121 of Title 16, Guam Code Annotated, as amended from time to time, and for which punishment is prescribed in §§18104, 18105, 18106, 18107, 18109, 18110, 18111, 18119, 18120 and 18121 of Title 16, Guam Code Annotated, as amended from time to time, shall be deposited in the Safe Streets Fund. 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 acts made unlawful in Article 1, Chapter 18 of Title 16, Guam Code Annotated. The Director of Corrections may expend not more than Eight Thousand Dollars (\$8,000) per month from the fund for the purpose outlined in Subsection (c) of this Section, which the Administrative Director of the Courts shall pay over to the Director of Corrections on a regular basis. Any funds in excess of the monthly payment to the Director of Corrections and all funds accumulated shall be disbursed in accordance with Subsection (c) of §9211 of Title 7, Guam Code Annotated.

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2008

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds September 30, 2008

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, 2008, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds September 30, 2008

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, 2008, follows:

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

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

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units September 30, 2008

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net assets, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2008, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units, Continued
September 30, 2008

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds
September 30, 2008

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

Pension Trust Fund

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

Private Purpose Trust Funds

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

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

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

Agency Fund

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	236	309	265	262	611	628	266	305
	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Better Public Service	Board of Accountancy	CAHA, OET and CEF
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	90,169	-	-	-	-	-	-
Due from other funds	324,218	229,020	595,451	460	29,545	526,217	14,506	266
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 324,218</u>	<u>\$ 319,189</u>	<u>\$ 595,451</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ 526,217</u>	<u>\$ 14,506</u>	<u>\$ 266</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	90,169	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	324,218	229,020	595,451	460	29,545	526,217	14,506	266
Total fund balances (deficit)	<u>324,218</u>	<u>319,189</u>	<u>595,451</u>	<u>460</u>	<u>29,545</u>	<u>526,217</u>	<u>14,506</u>	<u>266</u>
Total liabilities and fund balances (deficit)	<u>\$ 324,218</u>	<u>\$ 319,189</u>	<u>\$ 595,451</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ 526,217</u>	<u>\$ 14,506</u>	<u>\$ 266</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	282	411	624	105	250	213	272	325
	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	155,367	26,233	262,036	1,444,947	135	1,085,530	117,352	464,278
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 155,367</u>	<u>\$ 26,233</u>	<u>\$ 262,036</u>	<u>\$ 1,444,947</u>	<u>\$ 135</u>	<u>\$ 1,085,530</u>	<u>\$ 117,352</u>	<u>\$ 464,278</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169
Accrued payroll and other	45,415	-	21,446	49,350	-	12,144	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	128,041
Total liabilities	<u>45,415</u>	<u>-</u>	<u>21,446</u>	<u>49,350</u>	<u>-</u>	<u>12,144</u>	<u>-</u>	<u>128,210</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	109,952	26,233	240,590	1,395,597	135	1,073,386	117,352	336,068
Total fund balances (deficit)	<u>109,952</u>	<u>26,233</u>	<u>240,590</u>	<u>1,395,597</u>	<u>135</u>	<u>1,073,386</u>	<u>117,352</u>	<u>336,068</u>
Total liabilities and fund balances (deficit)	<u>\$ 155,367</u>	<u>\$ 26,233</u>	<u>\$ 262,036</u>	<u>\$ 1,444,947</u>	<u>\$ 135</u>	<u>\$ 1,085,530</u>	<u>\$ 117,352</u>	<u>\$ 464,278</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System
<u>ASSETS</u>								
Cash and cash equivalents	\$ 363,685	\$ -	\$ 1,735,436	\$ -	\$ 1,885	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	57,912	-	-	400,672	2,119,906	389,648	1,450,528
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	1,476,496	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,840,181</u>	<u>\$ 57,912</u>	<u>\$ 1,735,436</u>	<u>\$ -</u>	<u>\$ 402,557</u>	<u>\$ 2,119,906</u>	<u>\$ 389,648</u>	<u>\$ 1,450,528</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	317,621	-	-	-	-	-	-	30,896
Due to other funds	1,522,560	-	-	189,965	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	403,354	-	-	-
Total liabilities	<u>1,840,181</u>	<u>-</u>	<u>-</u>	<u>189,965</u>	<u>403,354</u>	<u>-</u>	<u>-</u>	<u>30,896</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	-	57,912	1,735,436	(189,965)	(797)	2,119,906	389,648	1,419,632
Total fund balances (deficit)	<u>-</u>	<u>57,912</u>	<u>1,735,436</u>	<u>(189,965)</u>	<u>(797)</u>	<u>2,119,906</u>	<u>389,648</u>	<u>1,419,632</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,840,181</u>	<u>\$ 57,912</u>	<u>\$ 1,735,436</u>	<u>\$ -</u>	<u>\$ 402,557</u>	<u>\$ 2,119,906</u>	<u>\$ 389,648</u>	<u>\$ 1,450,528</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	600	104	299	229	404	231	239	237
	Environmental Health	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	GFD Capital Revolving	Government Claims	Government House Revolving
ASSETS								
Cash and cash equivalents	\$ -	\$ 237,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	28,738	19,661	-	-	-	-	-
Due from other funds	1,163,879	123,021	62,964	2,480	-	19,724	124,655	10,365
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	114,908	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,163,879</u>	<u>\$ 389,044</u>	<u>\$ 82,625</u>	<u>\$ 2,480</u>	<u>\$ 114,908</u>	<u>\$ 19,724</u>	<u>\$ 124,655</u>	<u>\$ 10,365</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	13,219	21,198	-	-	-	-	-	-
Due to other funds	-	-	-	-	114,908	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>13,219</u>	<u>21,198</u>	<u>-</u>	<u>-</u>	<u>114,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	114,908	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	<u>1,150,660</u>	<u>367,846</u>	<u>82,625</u>	<u>2,480</u>	<u>(114,908)</u>	<u>19,724</u>	<u>124,655</u>	<u>10,365</u>
Total fund balances (deficit)	<u>1,150,660</u>	<u>367,846</u>	<u>82,625</u>	<u>2,480</u>	<u>-</u>	<u>19,724</u>	<u>124,655</u>	<u>10,365</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,163,879</u>	<u>\$ 389,044</u>	<u>\$ 82,625</u>	<u>\$ 2,480</u>	<u>\$ 114,908</u>	<u>\$ 19,724</u>	<u>\$ 124,655</u>	<u>\$ 10,365</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	245	234	617	608	326	616	270
	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ -	\$ 1,184	\$ -	\$ 628,076	\$ 673,713	\$ 563,842
Investments	-	-	-	-	-	-	1,035,000
Receivables, net:							
Taxes	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,108,464	-
Due from other funds	475,520	88,777	1,005	146,721	493,422	-	190,329
Due from private purpose trust funds	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 475,520</u>	<u>\$ 88,777</u>	<u>\$ 2,189</u>	<u>\$ 146,721</u>	<u>\$ 1,121,498</u>	<u>\$ 1,782,177</u>	<u>\$ 1,789,171</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>(DEFICIT)</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	131,792	-
Due to component units	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,792</u>	<u>-</u>
Fund balances (deficit):							
Reserved for:							
Related assets	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-
Unreserved (deficit)	475,520	88,777	2,189	146,721	1,121,498	1,650,385	1,789,171
Total fund balances (deficit)	<u>475,520</u>	<u>88,777</u>	<u>2,189</u>	<u>146,721</u>	<u>1,121,498</u>	<u>1,650,385</u>	<u>1,789,171</u>
Total liabilities and fund balances (deficit)	<u>\$ 475,520</u>	<u>\$ 88,777</u>	<u>\$ 2,189</u>	<u>\$ 146,721</u>	<u>\$ 1,121,498</u>	<u>\$ 1,782,177</u>	<u>\$ 1,789,171</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	602	241	311	201	298	303	321	216
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
ASSETS								
Cash and cash equivalents	\$ 321,973	\$ -	\$ 476,937	\$ -	\$ -	\$ 1,260,954	\$ 3,805,932	\$ -
Investments	-	-	5,500,000	-	-	-	-	-
Receivables, net:								
Taxes	574,900	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	-	304,988	-	-	-	-
Due from other funds	2,188,332	363,510	-	-	20,562	3,989,677	-	100,000
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,085,205</u>	<u>\$ 363,510</u>	<u>\$ 5,976,937</u>	<u>\$ 304,988</u>	<u>\$ 20,562</u>	<u>\$ 5,250,631</u>	<u>\$ 3,805,932</u>	<u>\$ 100,000</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	293,233	-	-	-	326	-	-	-
Due to other funds	-	-	100,000	1,140	-	-	3,657,270	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	5,192,264	-	-
Deposits and other liabilities	-	-	-	8,894	-	-	-	-
Total liabilities	<u>293,233</u>	<u>-</u>	<u>100,000</u>	<u>10,034</u>	<u>326</u>	<u>5,192,264</u>	<u>3,657,270</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	304,988	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	2,791,972	363,510	5,876,937	(10,034)	20,236	58,367	148,662	100,000
Total fund balances (deficit)	<u>2,791,972</u>	<u>363,510</u>	<u>5,876,937</u>	<u>294,954</u>	<u>20,236</u>	<u>58,367</u>	<u>148,662</u>	<u>100,000</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,085,205</u>	<u>\$ 363,510</u>	<u>\$ 5,976,937</u>	<u>\$ 304,988</u>	<u>\$ 20,562</u>	<u>\$ 5,250,631</u>	<u>\$ 3,805,932</u>	<u>\$ 100,000</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	626	222	287	232	293	294	278	
	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Off-Island Sports Travel
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 951,086	\$ -	\$ 1,151,498	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	9,064	-	-	-	-	-
Due from other funds	-	4,539,277	387,033	4,385	209,937	6,236,949	200,969	20,560
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	100,000	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 4,539,277</u>	<u>\$ 1,447,183</u>	<u>\$ 4,385</u>	<u>\$ 1,361,435</u>	<u>\$ 6,236,949</u>	<u>\$ 200,969</u>	<u>\$ 20,560</u>
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 30,218	\$ -	\$ -	\$ 6,236,949	\$ -	\$ -
Accrued payroll and other	-	89,606	43,329	-	6,719	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	419,494	-	-	-
Total liabilities	<u>-</u>	<u>89,606</u>	<u>73,547</u>	<u>-</u>	<u>426,213</u>	<u>6,236,949</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	-	4,449,671	1,373,636	4,385	935,222	-	200,969	20,560
Total fund balances (deficit)	<u>-</u>	<u>4,449,671</u>	<u>1,373,636</u>	<u>4,385</u>	<u>935,222</u>	<u>-</u>	<u>200,969</u>	<u>20,560</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 4,539,277</u>	<u>\$ 1,447,183</u>	<u>\$ 4,385</u>	<u>\$ 1,361,435</u>	<u>\$ 6,236,949</u>	<u>\$ 200,969</u>	<u>\$ 20,560</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	329	212/225	107	629	211	504	263	221
	Off-Island Treatment	Parks and Recreation Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	154,012	-	10	75	30,857	-	81,940	11,682
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 154,012</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 75</u>	<u>\$ 30,857</u>	<u>\$ -</u>	<u>\$ 81,940</u>	<u>\$ 11,682</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	4,808	-	-	-	1,772	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	13,213	-	-	-	-	-	-	-
Total liabilities	<u>13,213</u>	<u>4,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,772</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	140,799	(4,808)	10	75	30,857	(1,772)	81,940	11,682
Total fund balances (deficit)	<u>140,799</u>	<u>(4,808)</u>	<u>10</u>	<u>75</u>	<u>30,857</u>	<u>(1,772)</u>	<u>81,940</u>	<u>11,682</u>
Total liabilities and fund balances (deficit)	<u>\$ 154,012</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 75</u>	<u>\$ 30,857</u>	<u>\$ -</u>	<u>\$ 81,940</u>	<u>\$ 11,682</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	215		604		620		317		285		619
	Professional Engineers', Architects' and Surveyors'	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving			
<u>ASSETS</u>											
Cash and cash equivalents	\$ -	\$ 265,495	\$ 1,034,820	\$ 884,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	8,988	-	-	-	-	-	-	-	-
Other	-	50,890	-	-	-	-	-	-	-	-	-
Due from other funds	39,305	-	110,279	-	45,568	391,691	140,514	964,389			
Due from private purpose trust funds	-	-	-	-	-	-	-	-			
Due from component units	-	-	-	-	-	-	-	-			
Inventories	-	-	-	-	-	-	-	-			
Deposits and other assets	-	-	-	-	-	-	-	-			
Total assets	<u>\$ 39,305</u>	<u>\$ 316,385</u>	<u>\$ 1,154,087</u>	<u>\$ 884,001</u>	<u>\$ 45,568</u>	<u>\$ 391,691</u>	<u>\$ 140,514</u>	<u>\$ 964,389</u>			
<u>LIABILITIES AND FUND BALANCES</u>											
<u>(DEFICIT)</u>											
Liabilities:											
Accounts payable	\$ -	\$ 244	\$ 6,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	6,227	-	41,518	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	10,434	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	519	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	6,801	-	-	-	-	-	-	-	-
Total liabilities	<u>6,227</u>	<u>763</u>	<u>54,716</u>	<u>10,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):											
Reserved for:											
Related assets	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-	-
Unreserved (deficit)	33,078	315,622	1,099,371	873,567	45,568	391,691	140,514	964,389			
Total fund balances (deficit)	<u>33,078</u>	<u>315,622</u>	<u>1,099,371</u>	<u>873,567</u>	<u>45,568</u>	<u>391,691</u>	<u>140,514</u>	<u>964,389</u>			
Total liabilities and fund balances (deficit)	<u>\$ 39,305</u>	<u>\$ 316,385</u>	<u>\$ 1,154,087</u>	<u>\$ 884,001</u>	<u>\$ 45,568</u>	<u>\$ 391,691</u>	<u>\$ 140,514</u>	<u>\$ 964,389</u>			

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	601	217	284	416	605	314	202	103
	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
<u>ASSETS</u>								
Cash and cash equivalents	\$ 1,114	\$ -	\$ -	\$ 1,587,797	\$ 214,479	\$ 26	\$ -	\$ 29,558
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	-	-	-	1,827,583	-	19,515	-	44,983
Due from other funds	-	298,676	112,325	-	540,809	116,440	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	137,602	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,114</u>	<u>\$ 298,676</u>	<u>\$ 112,325</u>	<u>\$ 3,415,380</u>	<u>\$ 755,288</u>	<u>\$ 273,583</u>	<u>\$ -</u>	<u>\$ 74,541</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	168,251	-	-	-	-
Due to other funds	-	-	-	2,197,926	-	-	-	613
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	962,829	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,329,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	157,117	-	44,983
Encumbrances	-	-	-	-	-	-	-	-
Unreserved (deficit)	1,114	298,676	112,325	86,374	755,288	116,466	-	28,945
Total fund balances (deficit)	<u>1,114</u>	<u>298,676</u>	<u>112,325</u>	<u>86,374</u>	<u>755,288</u>	<u>273,583</u>	<u>-</u>	<u>73,928</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,114</u>	<u>\$ 298,676</u>	<u>\$ 112,325</u>	<u>\$ 3,415,380</u>	<u>\$ 755,288</u>	<u>\$ 273,583</u>	<u>\$ -</u>	<u>\$ 74,541</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	607	603	205	208	206	501	297	
	Supplemental Annuity Benefits	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ 448,719	\$ 2,678	\$ -	\$ -	\$ 359,151	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	1,213,607	779,244	1,385,685	-	-	-
Federal agencies	-	-	-	-	-	-	265,406	-
Other	-	-	-	-	-	-	6,995	-
Due from other funds	-	221,660	6,421,462	83,392	-	115,158	5,726,301	-
Due from private purpose trust funds	-	-	-	-	-	-	2,142,182	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	133,421	-
Total assets	<u>\$ -</u>	<u>\$ 221,660</u>	<u>\$ 8,083,788</u>	<u>\$ 865,314</u>	<u>\$ 1,385,685</u>	<u>\$ 115,158</u>	<u>\$ 8,633,456</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,252	\$ -
Accrued payroll and other	-	25,662	-	284,564	-	-	882,461	-
Due to other funds	-	-	-	-	210,778	-	-	-
Due to component units	-	-	-	-	975,866	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	681,816	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>25,662</u>	<u>681,816</u>	<u>284,564</u>	<u>1,186,644</u>	<u>-</u>	<u>1,354,713</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	278,368	17,374	-	-	-
Unreserved (deficit)	-	195,998	7,401,972	302,382	181,667	115,158	7,278,743	-
Total fund balances (deficit)	<u>-</u>	<u>195,998</u>	<u>7,401,972</u>	<u>580,750</u>	<u>199,041</u>	<u>115,158</u>	<u>7,278,743</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 221,660</u>	<u>\$ 8,083,788</u>	<u>\$ 865,314</u>	<u>\$ 1,385,685</u>	<u>\$ 115,158</u>	<u>\$ 8,633,456</u>	<u>\$ -</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Balance Sheet
 September 30, 2008

AS/400 Fund Number	621	247	283	300	203	310	276	Total
	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ 1,487	\$ -	\$ -	\$ -	\$ -	\$ 246,402	\$ 17,249,213
Investments	-	-	-	-	-	-	1,119,000	7,654,000
Receivables, net:								
Taxes	-	-	-	-	-	-	-	3,953,436
Federal agencies	-	-	-	-	-	-	-	274,394
Other	-	-	-	-	-	-	-	3,511,050
Due from other funds	366,149	770,085	302,457	271,385	222,645	771,048	-	49,168,594
Due from private purpose trust funds	-	-	-	-	-	-	-	2,142,182
Due from component units	-	-	-	-	-	-	-	1,476,496
Inventories	-	-	-	-	-	-	-	252,510
Deposits and other assets	-	-	-	-	-	-	-	233,421
Total assets	<u>\$ 366,149</u>	<u>\$ 771,572</u>	<u>\$ 302,457</u>	<u>\$ 271,385</u>	<u>\$ 222,645</u>	<u>\$ 771,048</u>	<u>\$ 1,365,402</u>	<u>\$ 85,915,296</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>(DEFICIT)</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,746,229
Accrued payroll and other	-	-	-	-	-	-	-	2,353,185
Due to other funds	-	-	-	-	-	-	111,354	8,255,320
Due to component units	-	-	-	-	-	-	-	975,866
Payable to federal agencies	-	-	-	-	-	-	-	519
Deferred revenue	-	-	-	-	-	-	-	1,644,645
Provision for tax refunds	-	-	-	-	-	-	-	5,192,264
Deposits and other liabilities	-	-	-	-	-	-	-	979,797
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,354</u>	<u>26,147,825</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	712,165
Encumbrances	-	-	-	-	-	-	-	295,742
Unreserved (deficit)	366,149	771,572	302,457	271,385	222,645	771,048	1,254,048	58,759,564
Total fund balances (deficit)	<u>366,149</u>	<u>771,572</u>	<u>302,457</u>	<u>271,385</u>	<u>222,645</u>	<u>771,048</u>	<u>1,254,048</u>	<u>59,767,471</u>
Total liabilities and fund balances (deficit)	<u>\$ 366,149</u>	<u>\$ 771,572</u>	<u>\$ 302,457</u>	<u>\$ 271,385</u>	<u>\$ 222,645</u>	<u>\$ 771,048</u>	<u>\$ 1,365,402</u>	<u>\$ 85,915,296</u>

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	236	309	265	262	611	628	266	305
	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Better Public Service	Board of Accountancy	CAHA, OET and CEF
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	115,275	-	333,551	-	-	-	15,675	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	211,845	-	-	-	-	-	-	-
Total revenues	<u>327,120</u>	<u>-</u>	<u>333,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,675</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	920,024	-	-
Protection of life and property	7,496	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	243,242	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	1,169	-
Total expenditures	<u>7,496</u>	<u>-</u>	<u>243,242</u>	<u>-</u>	<u>-</u>	<u>920,024</u>	<u>1,169</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>319,624</u>	<u>-</u>	<u>90,309</u>	<u>-</u>	<u>-</u>	<u>(920,024)</u>	<u>14,506</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	1,446,241	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,241</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>319,624</u>	<u>-</u>	<u>90,309</u>	<u>-</u>	<u>-</u>	<u>526,217</u>	<u>14,506</u>	<u>-</u>
Fund balances (deficits) at beginning of year	4,594	319,189	505,142	460	29,545	-	-	266
Fund balances (deficits) at end of year	<u>\$ 324,218</u>	<u>\$ 319,189</u>	<u>\$ 595,451</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ 526,217</u>	<u>\$ 14,506</u>	<u>\$ 266</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	282	411	624	105	250	213	272	325
	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	585,953	9,740	517,150	966,731	-	758,095	25,735	76,235
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	1,084,485	-	-	-	-
Other	-	-	-	38,904	-	-	-	-
Total revenues	<u>585,953</u>	<u>9,740</u>	<u>517,150</u>	<u>2,090,120</u>	<u>-</u>	<u>758,095</u>	<u>25,735</u>	<u>76,235</u>
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	380,478	-	-
Protection of life and property	564,790	-	-	-	-	-	-	-
Public health	-	-	-	1,903,661	-	-	10,864	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	481,541	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>564,790</u>	<u>-</u>	<u>481,541</u>	<u>1,903,661</u>	<u>-</u>	<u>380,478</u>	<u>10,864</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,163</u>	<u>9,740</u>	<u>35,609</u>	<u>186,459</u>	<u>-</u>	<u>377,617</u>	<u>14,871</u>	<u>76,235</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>21,163</u>	<u>9,740</u>	<u>35,609</u>	<u>186,459</u>	<u>-</u>	<u>377,617</u>	<u>14,871</u>	<u>76,235</u>
Fund balances (deficits) at beginning of year	88,789	16,493	204,981	1,209,138	135	695,769	102,481	259,833
Fund balances (deficits) at end of year	<u>\$ 109,952</u>	<u>\$ 26,233</u>	<u>\$ 240,590</u>	<u>\$ 1,395,597</u>	<u>\$ 135</u>	<u>\$ 1,073,386</u>	<u>\$ 117,352</u>	<u>\$ 336,068</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	7,773,636	16,151	-	1,197,883	-	601,680	37,847	1,468,364
Use of money and property	2,868	-	8,203	-	29	-	-	-
Federal contributions	-	-	1,727,233	-	-	-	-	-
Other	(2,850)	-	-	-	(2,100)	-	-	-
Total revenues	<u>7,773,654</u>	<u>16,151</u>	<u>1,735,436</u>	<u>1,197,883</u>	<u>(2,071)</u>	<u>601,680</u>	<u>37,847</u>	<u>1,468,364</u>
Expenditures by Function:								
Current:								
General government	400	-	-	-	-	-	-	-
Protection of life and property	8,556,449	-	-	1,552,384	-	-	-	1,021,922
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	10,994	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>8,556,849</u>	<u>10,994</u>	<u>-</u>	<u>1,552,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(783,195)</u>	<u>5,157</u>	<u>1,735,436</u>	<u>(354,501)</u>	<u>(2,071)</u>	<u>601,680</u>	<u>37,847</u>	<u>446,442</u>
Other financing sources (uses):								
Transfers in from other funds	783,195	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>783,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>-</u>	<u>5,157</u>	<u>1,735,436</u>	<u>(354,501)</u>	<u>(2,071)</u>	<u>601,680</u>	<u>37,847</u>	<u>446,442</u>
Fund balances (deficits) at beginning of year	-	52,755	-	164,536	1,274	1,518,226	351,801	973,190
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 57,912</u>	<u>\$ 1,735,436</u>	<u>\$ (189,965)</u>	<u>\$ (797)</u>	<u>\$ 2,119,906</u>	<u>\$ 389,648</u>	<u>\$ 1,419,632</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	600	104	299	229	404	231	239	237
	Environmental Health	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	GFD Capital Revolving	Government Claims	Government House Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	682,792	-	85,742	13	808,043	19,724	-	-
Use of money and property	-	5,126	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>682,792</u>	<u>5,126</u>	<u>85,742</u>	<u>13</u>	<u>808,043</u>	<u>19,724</u>	<u>-</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	1,177	116,489	2,357	-	-	95,000	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	636,473	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	231,325	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>636,473</u>	<u>232,502</u>	<u>116,489</u>	<u>2,357</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,319</u>	<u>(227,376)</u>	<u>(30,747)</u>	<u>(2,344)</u>	<u>808,043</u>	<u>19,724</u>	<u>(95,000)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	95,000	-
Transfers out to other funds	-	-	-	-	(1,424,786)	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,786)</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	46,319	(227,376)	(30,747)	(2,344)	(616,743)	19,724	-	-
Fund balances (deficits) at beginning of year	1,104,341	595,222	113,372	4,824	616,743	-	124,655	10,365
Fund balances (deficits) at end of year	<u>\$ 1,150,660</u>	<u>\$ 367,846</u>	<u>\$ 82,625</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 19,724</u>	<u>\$ 124,655</u>	<u>\$ 10,365</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2008

AS/400 Fund Number	245	234	617	608	326	616	270
	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	286,059	-	-	78,123	1,009,004	-	6,900
Use of money and property	-	-	122	-	5,296	10,200	67,367
Federal contributions	-	-	-	-	-	-	-
Other	-	-	-	-	776	-	-
Total revenues	<u>286,059</u>	<u>-</u>	<u>122</u>	<u>78,123</u>	<u>1,015,076</u>	<u>10,200</u>	<u>74,267</u>
Expenditures by Function:							
Current:							
General government	-	-	-	-	11,172	-	25,000
Protection of life and property	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Recreation	-	-	-	-	600,000	-	-
Individual and collective rights	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Environmental protection	249,331	-	-	-	-	-	-
Economic development	-	-	-	39,191	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	11,072,393	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-
Total expenditures	<u>249,331</u>	<u>-</u>	<u>11,072,393</u>	<u>39,191</u>	<u>611,172</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,728</u>	<u>-</u>	<u>(11,072,271)</u>	<u>38,932</u>	<u>403,904</u>	<u>10,200</u>	<u>49,267</u>
Other financing sources (uses):							
Transfers in from other funds	-	-	11,072,393	-	-	-	-
Transfers out to other funds	(28,606)	-	-	-	-	(9,000,000)	(690)
Total other financing sources (uses), net	<u>(28,606)</u>	<u>-</u>	<u>11,072,393</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>	<u>(690)</u>
Special item:							
Loss on sale of GTA note receivable	-	-	-	-	-	(1,000,000)	-
Net change in fund balances (deficits)	8,122	-	122	38,932	403,904	(9,989,800)	48,577
Fund balances (deficits) at beginning of year	467,398	88,777	2,067	107,789	717,594	11,640,185	1,740,594
Fund balances (deficits) at end of year	<u>\$ 475,520</u>	<u>\$ 88,777</u>	<u>\$ 2,189</u>	<u>\$ 146,721</u>	<u>\$ 1,121,498</u>	<u>\$ 1,650,385</u>	<u>\$ 1,789,171</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	602	241	311	201	298	303	321	216
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	11,004,678	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	122,812	-	-	8,596	-	-	-
Use of money and property	8,341	-	266,628	-	-	9,920	118,309	-
Federal contributions	-	-	-	-	-	-	-	-
Other	(443)	-	-	-	113	-	-	-
Total revenues	<u>11,012,576</u>	<u>122,812</u>	<u>266,628</u>	<u>-</u>	<u>8,709</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	350,319	-	-	-	45,539	-	-	-
Protection of life and property	259,236	-	-	-	-	-	-	-
Public health	7,684,070	55,423	-	-	-	-	-	-
Community services	731,166	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	743,437	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>9,024,791</u>	<u>55,423</u>	<u>743,437</u>	<u>-</u>	<u>45,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,987,785</u>	<u>67,389</u>	<u>(476,809)</u>	<u>-</u>	<u>(36,830)</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	1,544,626	-	-	-	-	-	-	-
Transfers out to other funds	(1,652,488)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(107,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>1,879,923</u>	<u>67,389</u>	<u>(476,809)</u>	<u>-</u>	<u>(36,830)</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Fund balances (deficits) at beginning of year	<u>912,049</u>	<u>296,121</u>	<u>6,353,746</u>	<u>294,954</u>	<u>57,066</u>	<u>48,447</u>	<u>30,353</u>	<u>100,000</u>
Fund balances (deficits) at end of year	<u>\$ 2,791,972</u>	<u>\$ 363,510</u>	<u>\$ 5,876,937</u>	<u>\$ 294,954</u>	<u>\$ 20,236</u>	<u>\$ 58,367</u>	<u>\$ 148,662</u>	<u>\$ 100,000</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	626	222	287	232	293	294	278	
	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Off-Island Sports Travel
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	4,006,254	-	2	1,799,785	-	-	-
Use of money and property	-	-	3,098	-	13,182	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	171,486	-	100,000	-	(413)	-	-	-
Total revenues	<u>171,486</u>	<u>4,006,254</u>	<u>103,098</u>	<u>2</u>	<u>1,812,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	2,555,803	7,624,686	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	3,430	-
Community services	-	-	-	-	-	8,872,614	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	231,000	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	840,000	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>2,555,803</u>	<u>7,624,686</u>	<u>-</u>	<u>1,071,000</u>	<u>8,872,614</u>	<u>3,430</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,486</u>	<u>1,450,451</u>	<u>(7,521,588)</u>	<u>2</u>	<u>741,554</u>	<u>(8,872,614)</u>	<u>(3,430)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	7,520,420	-	-	8,962,034	-	-
Transfers out to other funds	(2,708,689)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(2,708,689)</u>	<u>-</u>	<u>7,520,420</u>	<u>-</u>	<u>-</u>	<u>8,962,034</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>(2,537,203)</u>	<u>1,450,451</u>	<u>(1,168)</u>	<u>2</u>	<u>741,554</u>	<u>89,420</u>	<u>(3,430)</u>	<u>-</u>
Fund balances (deficits) at beginning of year	<u>2,537,203</u>	<u>2,999,220</u>	<u>1,374,804</u>	<u>4,383</u>	<u>193,668</u>	<u>(89,420)</u>	<u>204,399</u>	<u>20,560</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 4,449,671</u>	<u>\$ 1,373,636</u>	<u>\$ 4,385</u>	<u>\$ 935,222</u>	<u>\$ -</u>	<u>\$ 200,969</u>	<u>\$ 20,560</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	329	212/225	107	629	211	504	263	221
	Off-Island Treatment	Parks and Recreation Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	75	19,492	-	528,626	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	139,449	-	10	-	-	-	-	-
Total revenues	<u>139,449</u>	<u>-</u>	<u>10</u>	<u>75</u>	<u>19,492</u>	<u>-</u>	<u>528,626</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	1,659,689	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	1,772	746,627	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	5,267	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	16,172	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>1,659,689</u>	<u>5,267</u>	<u>-</u>	<u>-</u>	<u>16,172</u>	<u>1,772</u>	<u>746,627</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,520,240)</u>	<u>(5,267)</u>	<u>10</u>	<u>75</u>	<u>3,320</u>	<u>(1,772)</u>	<u>(218,001)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	1,659,689	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>1,659,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>139,449</u>	<u>(5,267)</u>	<u>10</u>	<u>75</u>	<u>3,320</u>	<u>(1,772)</u>	<u>(218,001)</u>	<u>-</u>
Fund balances (deficits) at beginning of year	1,350	459	-	-	27,537	-	299,941	11,682
Fund balances (deficits) at end of year	<u>\$ 140,799</u>	<u>\$ (4,808)</u>	<u>\$ 10</u>	<u>\$ 75</u>	<u>\$ 30,857</u>	<u>\$ (1,772)</u>	<u>\$ 81,940</u>	<u>\$ 11,682</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	215	604	620	317	285	619		
	Professional Engineers', Architects' and Surveyors'	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	230,686	-	-	771,361	177,324	118,974	42,756	1,266,862
Use of money and property	-	7,242	-	12,721	-	-	-	-
Federal contributions	-	44,395	47,780	-	-	-	-	-
Other	-	-	653,451	-	-	-	-	-
Total revenues	<u>230,686</u>	<u>51,637</u>	<u>701,231</u>	<u>784,082</u>	<u>177,324</u>	<u>118,974</u>	<u>42,756</u>	<u>1,266,862</u>
Expenditures by Function:								
Current:								
General government	197,608	1,011,551	-	-	-	64,225	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	257,853	-	-	-
Individual and collective rights	-	-	3,340,510	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	302,473
Economic development	-	-	-	-	-	-	60,822	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>197,608</u>	<u>1,011,551</u>	<u>3,340,510</u>	<u>-</u>	<u>257,853</u>	<u>64,225</u>	<u>60,822</u>	<u>302,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,078</u>	<u>(959,914)</u>	<u>(2,639,279)</u>	<u>784,082</u>	<u>(80,529)</u>	<u>54,749</u>	<u>(18,066)</u>	<u>964,389</u>
Other financing sources (uses):								
Transfers in from other funds	-	1,037,780	2,920,866	-	-	336,942	-	-
Transfers out to other funds	-	-	-	(941,609)	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>1,037,780</u>	<u>2,920,866</u>	<u>(941,609)</u>	<u>-</u>	<u>336,942</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>33,078</u>	<u>77,866</u>	<u>281,587</u>	<u>(157,527)</u>	<u>(80,529)</u>	<u>391,691</u>	<u>(18,066)</u>	<u>964,389</u>
Fund balances (deficits) at beginning of year	-	237,756	817,784	1,031,094	126,097	-	158,580	-
Fund balances (deficits) at end of year	<u>\$ 33,078</u>	<u>\$ 315,622</u>	<u>\$ 1,099,371</u>	<u>\$ 873,567</u>	<u>\$ 45,568</u>	<u>\$ 391,691</u>	<u>\$ 140,514</u>	<u>\$ 964,389</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	601	217	284	416	605	314	202	103
	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	80,000	27,525	5,249,437	27,348	6,330	3,490,562	-
Use of money and property	17	-	-	19,786	2,955	-	-	727
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	2,000	(225)	-	21,248	-	-
Total revenues	17	80,000	29,525	5,268,998	30,303	27,578	3,490,562	727
Expenditures by Function:								
Current:								
General government	-	-	-	27,250	-	53,112	-	750
Protection of life and property	-	78,155	-	-	82,813	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	3,807,191	-
Environmental protection	-	-	29,649	6,570,990	-	-	-	613
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	-	78,155	29,649	6,598,240	82,813	53,112	3,807,191	1,363
Excess (deficiency) of revenues over (under) expenditures	17	1,845	(124)	(1,329,242)	(52,510)	(25,534)	(316,629)	(636)
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	316,629	-
Transfers out to other funds	(1,544,626)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(1,544,626)	-	-	-	-	-	316,629	-
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(1,544,609)	1,845	(124)	(1,329,242)	(52,510)	(25,534)	-	(636)
Fund balances (deficits) at beginning of year	1,545,723	298,831	112,449	1,415,616	807,798	299,117	-	74,564
Fund balances (deficits) at end of year	\$ 1,114	\$ 298,676	\$ 112,325	\$ 86,374	\$ 755,288	\$ 273,583	\$ -	\$ 73,928

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	607	603	205	208	206	501		297
	Supplemental Annuity Benefits	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ 20,349,892	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	22,111,688	-	-	-
Liquid fuel	-	-	-	9,766,312	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	780,957	-	8,841,292	-	-	877,909	-
Use of money and property	-	-	6,455	700	-	-	-	-
Federal contributions	-	-	-	-	-	-	1,098,743	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	780,957	20,356,347	18,608,304	22,111,688	-	1,976,652	-
Expenditures by Function:								
Current:								
General government	11,362,287	811,786	274,086	2,842,542	18,000	12,896	-	-
Protection of life and property	-	-	-	-	689	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	14,972	-	-	-	-	-
Recreation	-	-	-	-	-	11,840	-	-
Individual and collective rights	-	-	-	-	8,090	1,057	24,153,626	-
Transportation	-	-	-	6,271,999	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	13,428,692	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	1,000,000
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	11,362,287	811,786	289,058	9,114,541	13,455,471	25,793	24,153,626	1,000,000
Excess (deficiency) of revenues over (under) expenditures	(11,362,287)	(30,829)	20,067,289	9,493,763	8,656,217	(25,793)	(22,176,974)	(1,000,000)
Other financing sources (uses):								
Transfers in from other funds	10,757,085	-	-	3,070,392	74,527	-	24,589,003	1,000,000
Transfers out to other funds	-	-	(12,848,744)	(9,026,002)	(9,728,095)	(1,391,530)	(1,011,284)	-
Total other financing sources (uses), net	10,757,085	-	(12,848,744)	(5,955,610)	(9,653,568)	(1,391,530)	23,577,719	1,000,000
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(605,202)	(30,829)	7,218,545	3,538,153	(997,351)	(1,417,323)	1,400,745	-
Fund balances (deficits) at beginning of year	605,202	226,827	183,427	(2,957,403)	1,196,392	1,532,481	5,877,998	-
Fund balances (deficits) at end of year	\$ -	\$ 195,998	\$ 7,401,972	\$ 580,750	\$ 199,041	\$ 115,158	\$ 7,278,743	\$ -

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	621	247	283	300	203	310	276	
	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,349,892
Hotel	-	-	-	-	-	-	-	22,111,688
Liquid fuel	-	-	-	-	-	-	-	9,766,312
Other taxes	-	-	-	-	-	-	-	11,004,678
Sales, licenses, fees and permits	-	-	70,599	65,450	30,607	211,026	550	46,329,298
Use of money and property	-	53	-	-	-	-	76,252	645,597
Federal contributions	-	-	-	-	-	-	-	4,002,636
Other	-	-	-	-	-	-	-	1,333,251
Total revenues	-	53	70,599	65,450	30,607	211,026	76,802	115,543,352
Expenditures by Function:								
Current:								
General government	-	750	-	-	-	-	41,000	30,505,976
Protection of life and property	-	-	-	-	-	-	-	12,872,333
Public health	-	-	-	-	-	-	-	10,293,921
Community services	-	-	-	-	-	-	-	9,618,752
Recreation	2,505	-	-	-	-	-	-	877,465
Individual and collective rights	5,570	-	-	-	-	1,000,269	-	28,751,116
Transportation	-	-	-	-	-	-	-	10,079,190
Environmental protection	-	-	58,557	83,380	-	-	-	7,769,560
Economic development	-	-	-	-	35,901	-	-	152,086
Payments to Guam Community College	-	-	-	-	-	-	-	840,000
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	11,815,830
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	481,541
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	13,428,692
Payments to University of Guam	-	-	-	-	-	-	-	1,000,000
Miscellaneous appropriations	-	-	-	-	-	16,510	-	17,679
Total expenditures	8,075	750	58,557	83,380	35,901	1,016,779	41,000	138,504,141
Excess (deficiency) of revenues over (under) expenditures	(8,075)	(697)	12,042	(17,930)	(5,294)	(805,753)	35,802	(22,960,789)
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	842,075	-	78,028,897
Transfers out to other funds	-	-	-	-	-	-	(55)	(51,307,204)
Total other financing sources (uses), net	-	-	-	-	-	842,075	(55)	26,721,693
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	(1,000,000)
Net change in fund balances (deficits)	(8,075)	(697)	12,042	(17,930)	(5,294)	36,322	35,747	2,760,904
Fund balances (deficits) at beginning of year	374,224	772,269	290,415	289,315	227,939	734,726	1,218,301	57,006,567
Fund balances (deficits) at end of year	\$ 366,149	\$ 771,572	\$ 302,457	\$ 271,385	\$ 222,645	\$ 771,048	\$ 1,254,048	\$ 59,767,471

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	236	309	265	262	611	628	266	305
	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Better Public Service	Board of Accountancy	CAHA, OET and CEF
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	115,275	-	333,551	-	-	-	15,675	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	211,845	-	-	-	-	-	-	-
Total revenues	<u>327,120</u>	<u>-</u>	<u>333,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,675</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	48,263	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	8,576	-	-
Contractual services	-	-	89,418	-	-	801,085	902	-
Building rent	-	-	-	-	-	-	-	-
Supplies	7,496	-	16,501	-	-	-	267	-
Equipment	-	-	7,879	-	-	62,100	-	-
Utilities - power and water	-	-	79,007	-	-	-	-	-
Communications	-	-	50,437	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	<u>7,496</u>	<u>-</u>	<u>243,242</u>	<u>-</u>	<u>-</u>	<u>920,024</u>	<u>1,169</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>319,624</u>	<u>-</u>	<u>90,309</u>	<u>-</u>	<u>-</u>	<u>(920,024)</u>	<u>14,506</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	1,446,241	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,241</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>319,624</u>	<u>-</u>	<u>90,309</u>	<u>-</u>	<u>-</u>	<u>526,217</u>	<u>14,506</u>	<u>-</u>
Fund balances (deficits) at beginning of year	4,594	319,189	505,142	460	29,545	-	-	266
Fund balances (deficits) at end of year	<u>\$ 324,218</u>	<u>\$ 319,189</u>	<u>\$ 595,451</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ 526,217</u>	<u>\$ 14,506</u>	<u>\$ 266</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	282	411	624	105	250	213	272	325
	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	585,953	9,740	517,150	966,731	-	758,095	25,735	76,235
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	1,084,485	-	-	-	-
Other	-	-	-	38,904	-	-	-	-
Total revenues	<u>585,953</u>	<u>9,740</u>	<u>517,150</u>	<u>2,090,120</u>	<u>-</u>	<u>758,095</u>	<u>25,735</u>	<u>76,235</u>
Expenditures by Object:								
Salaries and wages - regular	347,512	-	-	624,414	-	187,455	-	-
Salaries and wages - overtime	206,529	-	-	135,094	-	-	-	-
Salaries and wages - fringe benefits	10,749	-	-	188,008	-	60,104	-	-
Travel	-	-	-	65,478	-	-	-	-
Contractual services	-	-	-	379,670	-	56,753	5,700	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	452,106	-	6,154	1,662	-
Equipment	-	-	-	52,958	-	15,271	3,502	-
Utilities - power and water	-	-	-	-	-	2,264	-	-
Communications	-	-	-	-	-	7,039	-	-
Capital outlays	-	-	-	5,633	-	45,250	-	-
Payments to component units	-	-	481,541	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	300	-	188	-	-
Total expenditures	<u>564,790</u>	<u>-</u>	<u>481,541</u>	<u>1,903,661</u>	<u>-</u>	<u>380,478</u>	<u>10,864</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,163</u>	<u>9,740</u>	<u>35,609</u>	<u>186,459</u>	<u>-</u>	<u>377,617</u>	<u>14,871</u>	<u>76,235</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>21,163</u>	<u>9,740</u>	<u>35,609</u>	<u>186,459</u>	<u>-</u>	<u>377,617</u>	<u>14,871</u>	<u>76,235</u>
Fund balances (deficits) at beginning of year	88,789	16,493	204,981	1,209,138	135	695,769	102,481	259,833
Fund balances (deficits) at end of year	<u>\$ 109,952</u>	<u>\$ 26,233</u>	<u>\$ 240,590</u>	<u>\$ 1,395,597</u>	<u>\$ 135</u>	<u>\$ 1,073,386</u>	<u>\$ 117,352</u>	<u>\$ 336,068</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	7,773,636	16,151	-	1,197,883	-	601,680	37,847	1,468,364
Use of money and property	2,868	-	8,203	-	29	-	-	-
Federal contributions	-	-	1,727,233	-	-	-	-	-
Other	(2,850)	-	-	-	(2,100)	-	-	-
Total revenues	<u>7,773,654</u>	<u>16,151</u>	<u>1,735,436</u>	<u>1,197,883</u>	<u>(2,071)</u>	<u>601,680</u>	<u>37,847</u>	<u>1,468,364</u>
Expenditures by Object:								
Salaries and wages - regular	4,558,818	-	-	-	-	-	-	559,745
Salaries and wages - overtime	297,676	-	-	-	-	-	-	20,748
Salaries and wages - fringe benefits	1,394,825	-	-	-	-	-	-	167,575
Travel	-	-	-	-	-	-	-	-
Contractual services	128,184	10,994	-	1,552,384	-	-	-	154,325
Building rent	1,932,684	-	-	-	-	-	-	-
Supplies	90,883	-	-	-	-	-	-	12,639
Equipment	3,410	-	-	-	-	-	-	85
Utilities - power and water	17,483	-	-	-	-	-	-	32,274
Communications	81,151	-	-	-	-	-	-	46,725
Capital outlays	-	-	-	-	-	-	-	27,806
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	51,735	-	-	-	-	-	-	-
Total expenditures	<u>8,556,849</u>	<u>10,994</u>	<u>-</u>	<u>1,552,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(783,195)</u>	<u>5,157</u>	<u>1,735,436</u>	<u>(354,501)</u>	<u>(2,071)</u>	<u>601,680</u>	<u>37,847</u>	<u>446,442</u>
Other financing sources (uses):								
Transfers in from other funds	783,195	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>783,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	5,157	1,735,436	(354,501)	(2,071)	601,680	37,847	446,442
Fund balances (deficits) at beginning of year	-	52,755	-	164,536	1,274	1,518,226	351,801	973,190
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 57,912</u>	<u>\$ 1,735,436</u>	<u>\$ (189,965)</u>	<u>\$ (797)</u>	<u>\$ 2,119,906</u>	<u>\$ 389,648</u>	<u>\$ 1,419,632</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	600	104	299	229	404	231	239	237
	Environmental Health	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	GFD Capital Revolving	Government Claims	Government House Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	682,792	-	85,742	13	808,043	19,724	-	-
Use of money and property	-	5,126	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>682,792</u>	<u>5,126</u>	<u>85,742</u>	<u>13</u>	<u>808,043</u>	<u>19,724</u>	<u>-</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	219,287	162,706	-	466	-	-	-	-
Salaries and wages - overtime	-	-	6,712	-	-	-	-	-
Salaries and wages - fringe benefits	70,377	47,583	798	119	-	-	-	-
Travel	5,326	-	-	170	-	-	-	-
Contractual services	257,665	17,528	103,351	685	-	-	-	-
Building rent	30,800	-	-	-	-	-	-	-
Supplies	27,937	200	5,628	917	-	-	-	-
Equipment	25,081	-	-	-	-	-	-	-
Utilities - power and water	-	3,308	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	-	1,177	-	-	-	-	95,000	-
Total expenditures	<u>636,473</u>	<u>232,502</u>	<u>116,489</u>	<u>2,357</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,319</u>	<u>(227,376)</u>	<u>(30,747)</u>	<u>(2,344)</u>	<u>808,043</u>	<u>19,724</u>	<u>(95,000)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	95,000	-
Transfers out to other funds	-	-	-	-	(1,424,786)	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,424,786)</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>46,319</u>	<u>(227,376)</u>	<u>(30,747)</u>	<u>(2,344)</u>	<u>(616,743)</u>	<u>19,724</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at beginning of year	1,104,341	595,222	113,372	4,824	616,743	-	124,655	10,365
Fund balances (deficits) at end of year	<u>\$ 1,150,660</u>	<u>\$ 367,846</u>	<u>\$ 82,625</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ 19,724</u>	<u>\$ 124,655</u>	<u>\$ 10,365</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	245	234	617	608	326	616	270
	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	286,059	-	-	78,123	1,009,004	-	6,900
Use of money and property	-	-	122	-	5,296	10,200	67,367
Federal contributions	-	-	-	-	-	-	-
Other	-	-	-	-	776	-	-
Total revenues	<u>286,059</u>	<u>-</u>	<u>122</u>	<u>78,123</u>	<u>1,015,076</u>	<u>10,200</u>	<u>74,267</u>
Expenditures by Object:							
Salaries and wages - regular	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Contractual services	201,999	-	-	29,255	-	-	-
Building rent	-	-	-	-	-	-	-
Supplies	41,605	-	-	8,628	-	-	-
Equipment	5,727	-	-	1,308	-	-	-
Utilities - power and water	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Payments to component units	-	-	11,072,393	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	611,172	-	25,000
Total expenditures	<u>249,331</u>	<u>-</u>	<u>11,072,393</u>	<u>39,191</u>	<u>611,172</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36,728</u>	<u>-</u>	<u>(11,072,271)</u>	<u>38,932</u>	<u>403,904</u>	<u>10,200</u>	<u>49,267</u>
Other financing sources (uses):							
Transfers in from other funds	-	-	11,072,393	-	-	-	-
Transfers out to other funds	(28,606)	-	-	-	-	(9,000,000)	(690)
Total other financing sources (uses), net	<u>(28,606)</u>	<u>-</u>	<u>11,072,393</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>	<u>(690)</u>
Special item:							
Loss on sale of GTA note receivable	-	-	-	-	-	(1,000,000)	-
Net change in fund balances (deficits)	<u>8,122</u>	<u>-</u>	<u>122</u>	<u>38,932</u>	<u>403,904</u>	<u>(9,989,800)</u>	<u>48,577</u>
Fund balances (deficits) at beginning of year	467,398	88,777	2,067	107,789	717,594	11,640,185	1,740,594
Fund balances (deficits) at end of year	<u>\$ 475,520</u>	<u>\$ 88,777</u>	<u>\$ 2,189</u>	<u>\$ 146,721</u>	<u>\$ 1,121,498</u>	<u>\$ 1,650,385</u>	<u>\$ 1,789,171</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	602	241	311	201	298	303	321	216
	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	11,004,678	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	122,812	-	-	8,596	-	-	-
Use of money and property	8,341	-	266,628	-	-	9,920	118,309	-
Federal contributions	-	-	-	-	-	-	-	-
Other	(443)	-	-	-	113	-	-	-
Total revenues	<u>11,012,576</u>	<u>122,812</u>	<u>266,628</u>	<u>-</u>	<u>8,709</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	5,005,140	-	-	-	249	-	-	-
Salaries and wages - overtime	1,680	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	1,299,944	-	-	-	78	-	-	-
Travel	-	31,088	-	-	-	-	-	-
Contractual services	1,400,613	22,500	-	-	15,004	-	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	383,879	1,835	-	-	12,556	-	-	-
Equipment	26,608	-	-	-	14,200	-	-	-
Utilities - power and water	312,769	-	-	-	-	-	-	-
Communications	241,990	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	352,168	-	743,437	-	3,452	-	-	-
Total expenditures	<u>9,024,791</u>	<u>55,423</u>	<u>743,437</u>	<u>-</u>	<u>45,539</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,987,785</u>	<u>67,389</u>	<u>(476,809)</u>	<u>-</u>	<u>(36,830)</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	1,544,626	-	-	-	-	-	-	-
Transfers out to other funds	(1,652,488)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(107,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>1,879,923</u>	<u>67,389</u>	<u>(476,809)</u>	<u>-</u>	<u>(36,830)</u>	<u>9,920</u>	<u>118,309</u>	<u>-</u>
Fund balances (deficits) at beginning of year	912,049	296,121	6,353,746	294,954	57,066	48,447	30,353	100,000
Fund balances (deficits) at end of year	<u>\$ 2,791,972</u>	<u>\$ 363,510</u>	<u>\$ 5,876,937</u>	<u>\$ 294,954</u>	<u>\$ 20,236</u>	<u>\$ 58,367</u>	<u>\$ 148,662</u>	<u>\$ 100,000</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	626	222	287	232	293	294	278	
	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Off-Island Sports Travel
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	4,006,254	-	2	1,799,785	-	-	-
Use of money and property	-	-	3,098	-	13,182	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	171,486	-	100,000	-	(413)	-	-	-
Total revenues	<u>171,486</u>	<u>4,006,254</u>	<u>103,098</u>	<u>2</u>	<u>1,812,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	-	1,562,673	4,853,309	-	141,292	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	476,357	978,252	-	39,685	-	-	-
Travel	-	3,690	6,367	-	3,392	30,139	-	-
Contractual services	-	109,186	266,365	-	14,260	-	3,430	-
Building rent	-	305,424	629,424	-	15,000	-	-	-
Supplies	-	37,646	91,238	-	9,480	-	-	-
Equipment	-	38,667	52,501	-	7,553	-	-	-
Utilities - power and water	-	-	209,961	-	-	-	-	-
Communications	-	22,122	85,459	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	840,000	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	-	38	451,810	-	338	8,842,475	-	-
Total expenditures	<u>-</u>	<u>2,555,803</u>	<u>7,624,686</u>	<u>-</u>	<u>1,071,000</u>	<u>8,872,614</u>	<u>3,430</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,486</u>	<u>1,450,451</u>	<u>(7,521,588)</u>	<u>2</u>	<u>741,554</u>	<u>(8,872,614)</u>	<u>(3,430)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	7,520,420	-	-	8,962,034	-	-
Transfers out to other funds	(2,708,689)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(2,708,689)</u>	<u>-</u>	<u>7,520,420</u>	<u>-</u>	<u>-</u>	<u>8,962,034</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>(2,537,203)</u>	<u>1,450,451</u>	<u>(1,168)</u>	<u>2</u>	<u>741,554</u>	<u>89,420</u>	<u>(3,430)</u>	<u>-</u>
Fund balances (deficits) at beginning of year	<u>2,537,203</u>	<u>2,999,220</u>	<u>1,374,804</u>	<u>4,383</u>	<u>193,668</u>	<u>(89,420)</u>	<u>204,399</u>	<u>20,560</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 4,449,671</u>	<u>\$ 1,373,636</u>	<u>\$ 4,385</u>	<u>\$ 935,222</u>	<u>\$ -</u>	<u>\$ 200,969</u>	<u>\$ 20,560</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	329	212/225	107	629	211	504	263	221
	Off-Island Treatment	Parks and Recreation Revolving	Peace Officer Standards and Training	Pesticide Management	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	75	19,492	-	528,626	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	139,449	-	10	-	-	-	-	-
Total revenues	<u>139,449</u>	<u>-</u>	<u>10</u>	<u>75</u>	<u>19,492</u>	<u>-</u>	<u>528,626</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-
Travel	24,274	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	482,973	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	5,267	-	-	16,172	1,512	240,833	-
Equipment	-	-	-	-	-	260	22,821	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	1,635,415	-	-	-	-	-	-	-
Total expenditures	<u>1,659,689</u>	<u>5,267</u>	<u>-</u>	<u>-</u>	<u>16,172</u>	<u>1,772</u>	<u>746,627</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,520,240)</u>	<u>(5,267)</u>	<u>10</u>	<u>75</u>	<u>3,320</u>	<u>(1,772)</u>	<u>(218,001)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	1,659,689	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>1,659,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	139,449	(5,267)	10	75	3,320	(1,772)	(218,001)	-
Fund balances (deficits) at beginning of year	1,350	459	-	-	27,537	-	299,941	11,682
Fund balances (deficits) at end of year	<u>\$ 140,799</u>	<u>\$ (4,808)</u>	<u>\$ 10</u>	<u>\$ 75</u>	<u>\$ 30,857</u>	<u>\$ (1,772)</u>	<u>\$ 81,940</u>	<u>\$ 11,682</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	215		604	620	317	285	619	
	Professional Engineers', Architects' and Surveyors'	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	230,686	-	-	771,361	177,324	118,974	42,756	1,266,862
Use of money and property	-	7,242	-	12,721	-	-	-	-
Federal contributions	-	44,395	47,780	-	-	-	-	-
Other	-	-	653,451	-	-	-	-	-
Total revenues	<u>230,686</u>	<u>51,637</u>	<u>701,231</u>	<u>784,082</u>	<u>177,324</u>	<u>118,974</u>	<u>42,756</u>	<u>1,266,862</u>
Expenditures by Object:								
Salaries and wages - regular	90,378	613,441	2,272,363	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	29,078	155,221	685,047	-	-	-	-	-
Travel	3,467	10,769	29,898	-	-	768	-	-
Contractual services	51,716	114,127	52,145	-	136,230	55,593	42,386	-
Building rent	16,615	74,026	196,896	-	-	-	-	-
Supplies	1,613	8,267	18,698	-	44,079	1,906	12,391	9,808
Equipment	-	25,705	44,257	-	-	4,908	6,045	-
Utilities - power and water	2,785	6,090	-	-	66,291	-	-	-
Communications	481	-	25,550	-	-	-	-	-
Capital outlays	-	-	-	-	9,760	-	-	292,665
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	1,475	3,905	15,656	-	1,493	1,050	-	-
Total expenditures	<u>197,608</u>	<u>1,011,551</u>	<u>3,340,510</u>	<u>-</u>	<u>257,853</u>	<u>64,225</u>	<u>60,822</u>	<u>302,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,078</u>	<u>(959,914)</u>	<u>(2,639,279)</u>	<u>784,082</u>	<u>(80,529)</u>	<u>54,749</u>	<u>(18,066)</u>	<u>964,389</u>
Other financing sources (uses):								
Transfers in from other funds	-	1,037,780	2,920,866	-	-	336,942	-	-
Transfers out to other funds	-	-	-	(941,609)	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>1,037,780</u>	<u>2,920,866</u>	<u>(941,609)</u>	<u>-</u>	<u>336,942</u>	<u>-</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>33,078</u>	<u>77,866</u>	<u>281,587</u>	<u>(157,527)</u>	<u>(80,529)</u>	<u>391,691</u>	<u>(18,066)</u>	<u>964,389</u>
Fund balances (deficits) at beginning of year	-	237,756	817,784	1,031,094	126,097	-	158,580	-
Fund balances (deficits) at end of year	<u>\$ 33,078</u>	<u>\$ 315,622</u>	<u>\$ 1,099,371</u>	<u>\$ 873,567</u>	<u>\$ 45,568</u>	<u>\$ 391,691</u>	<u>\$ 140,514</u>	<u>\$ 964,389</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	601	217	284	416	605	314	202	103
	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	80,000	27,525	5,249,437	27,348	6,330	3,490,562	-
Use of money and property	17	-	-	19,786	2,955	-	-	727
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	2,000	(225)	-	21,248	-	-
Total revenues	<u>17</u>	<u>80,000</u>	<u>29,525</u>	<u>5,268,998</u>	<u>30,303</u>	<u>27,578</u>	<u>3,490,562</u>	<u>727</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	2,360,555	-	-	-	-
Salaries and wages - overtime	-	-	-	45,228	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	673,317	-	-	-	-
Travel	-	-	-	394	59,719	-	-	-
Contractual services	-	2,958	15,763	2,019,875	9,280	8,827	-	613
Building rent	-	-	-	-	-	-	-	-
Supplies	-	75,197	4,223	523,877	-	12,943	-	-
Equipment	-	-	9,663	16,939	8,814	1,302	-	-
Utilities - power and water	-	-	-	14,911	-	-	3,807,191	-
Communications	-	-	-	12,909	-	-	-	-
Capital outlays	-	-	-	901,320	-	29,890	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	28,915	5,000	150	-	750
Total expenditures	<u>-</u>	<u>78,155</u>	<u>29,649</u>	<u>6,598,240</u>	<u>82,813</u>	<u>53,112</u>	<u>3,807,191</u>	<u>1,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17</u>	<u>1,845</u>	<u>(124)</u>	<u>(1,329,242)</u>	<u>(52,510)</u>	<u>(25,534)</u>	<u>(316,629)</u>	<u>(636)</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	316,629	-
Transfers out to other funds	(1,544,626)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(1,544,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,629</u>	<u>-</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>(1,544,609)</u>	<u>1,845</u>	<u>(124)</u>	<u>(1,329,242)</u>	<u>(52,510)</u>	<u>(25,534)</u>	<u>-</u>	<u>(636)</u>
Fund balances (deficits) at beginning of year	1,545,723	296,831	112,449	1,415,616	807,798	299,117	-	74,564
Fund balances (deficits) at end of year	<u>\$ 1,114</u>	<u>\$ 298,676</u>	<u>\$ 112,325</u>	<u>\$ 86,374</u>	<u>\$ 755,288</u>	<u>\$ 273,583</u>	<u>\$ -</u>	<u>\$ 73,928</u>

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	607	603	205	208	206	501	297	
	Supplemental Annuity Benefits	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ 20,349,892	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	22,111,688	-	-	-
Liquid fuel	-	-	-	9,766,312	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	780,957	-	8,841,292	-	-	877,909	-
Use of money and property	-	-	6,455	700	-	-	-	-
Federal contributions	-	-	-	-	-	-	1,098,743	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	780,957	20,356,347	18,608,304	22,111,688	-	1,976,652	-
Expenditures by Object:								
Salaries and wages - regular	-	434,609	-	4,488,177	-	-	13,909,520	-
Salaries and wages - overtime	-	5,247	-	2,761	-	-	9,703	-
Salaries and wages - fringe benefits	-	127,436	31	1,312,939	-	-	4,129,891	-
Travel	-	40,900	-	2,971	-	-	285,496	-
Contractual services	-	165,292	-	2,548,489	18,000	-	641,453	-
Building rent	-	-	-	-	-	-	62,967	-
Supplies	-	17,350	80	373,174	125	-	708,532	-
Equipment	-	5,774	14,861	14,414	2,895	-	508,047	-
Utilities - power and water	-	-	-	360,578	564	-	937,289	-
Communications	-	-	-	-	-	-	215,578	-
Capital outlays	-	-	-	-	5,195	-	153,494	-
Payments to component units	-	-	-	-	13,428,692	-	-	1,000,000
Supplemental annuity benefits	11,362,287	-	-	-	-	-	-	-
Miscellaneous	-	15,178	274,086	11,038	-	25,793	2,591,656	-
Total expenditures	11,362,287	811,786	289,058	9,114,541	13,455,471	25,793	24,153,626	1,000,000
Excess (deficiency) of revenues over (under) expenditures	(11,362,287)	(30,829)	20,067,289	9,493,763	8,656,217	(25,793)	(22,176,974)	(1,000,000)
Other financing sources (uses):								
Transfers in from other funds	10,757,085	-	-	3,070,392	74,527	-	24,589,003	1,000,000
Transfers out to other funds	-	-	(12,848,744)	(9,026,002)	(9,728,095)	(1,391,530)	(1,011,284)	-
Total other financing sources (uses), net	10,757,085	-	(12,848,744)	(5,955,610)	(9,653,568)	(1,391,530)	23,577,719	1,000,000
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(605,202)	(30,829)	7,218,545	3,538,153	(997,351)	(1,417,323)	1,400,745	-
Fund balances (deficits) at beginning of year	605,202	226,827	183,427	(2,957,403)	1,196,392	1,532,481	5,877,998	-
Fund balances (deficits) at end of year	\$ -	\$ 195,998	\$ 7,401,972	\$ 580,750	\$ 199,041	\$ 115,158	\$ 7,278,743	\$ -

(continued)

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2008

AS/400 Fund Number	621	247	283	300	203	310	276	Total
	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,349,892
Hotel	-	-	-	-	-	-	-	22,111,688
Liquid fuel	-	-	-	-	-	-	-	9,766,312
Other taxes	-	-	-	-	-	-	-	11,004,678
Sales, licenses, fees and permits	-	-	70,599	65,450	30,607	211,026	550	46,329,298
Use of money and property	-	53	-	-	-	-	76,252	645,597
Federal contributions	-	-	-	-	-	-	-	4,002,636
Other	-	-	-	-	-	-	-	1,333,251
Total revenues	<u>-</u>	<u>53</u>	<u>70,599</u>	<u>65,450</u>	<u>30,607</u>	<u>211,026</u>	<u>76,802</u>	<u>115,543,352</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	42,440,372
Salaries and wages - overtime	-	-	-	-	-	-	-	731,378
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	11,847,414
Travel	-	-	-	-	-	41,523	-	654,405
Contractual services	5,570	-	58,434	65,176	12,785	941,694	-	13,070,635
Building rent	-	-	-	-	-	-	-	3,263,836
Supplies	2,505	-	123	7,828	10,282	-	-	3,306,042
Equipment	-	-	-	10,376	12,834	-	-	1,026,765
Utilities - power and water	-	-	-	-	-	-	-	5,852,765
Communications	-	-	-	-	-	-	-	789,441
Capital outlays	-	-	-	-	-	-	-	1,471,013
Payments to component units	-	-	-	-	-	16,510	-	26,839,136
Supplemental annuity benefits	-	-	-	-	-	-	-	11,362,287
Miscellaneous	-	750	-	-	-	17,052	41,000	15,848,652
Total expenditures	<u>8,075</u>	<u>750</u>	<u>58,557</u>	<u>83,380</u>	<u>35,901</u>	<u>1,016,779</u>	<u>41,000</u>	<u>138,504,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,075)</u>	<u>(697)</u>	<u>12,042</u>	<u>(17,930)</u>	<u>(5,294)</u>	<u>(805,753)</u>	<u>35,802</u>	<u>(22,960,789)</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	842,075	-	78,028,897
Transfers out to other funds	-	-	-	-	-	-	(55)	(51,307,204)
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>842,075</u>	<u>(55)</u>	<u>26,721,693</u>
Special item:								
Loss on sale of GTA note receivable	-	-	-	-	-	-	-	(1,000,000)
Net change in fund balances (deficits)	<u>(8,075)</u>	<u>(697)</u>	<u>12,042</u>	<u>(17,930)</u>	<u>(5,294)</u>	<u>36,322</u>	<u>35,747</u>	<u>2,760,904</u>
Fund balances (deficits) at beginning of year	374,224	772,269	290,415	289,315	227,939	734,726	1,218,301	57,006,567
Fund balances (deficits) at end of year	<u>\$ 366,149</u>	<u>\$ 771,572</u>	<u>\$ 302,457</u>	<u>\$ 271,385</u>	<u>\$ 222,645</u>	<u>\$ 771,048</u>	<u>\$ 1,254,048</u>	<u>\$ 59,767,471</u>

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2008

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water System Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
<u>ASSETS:</u>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,810,590	\$ 3,810,590
Receivables, net:							
Other	-	-	-	29,181	-	-	29,181
Due from other funds	-	-	5,000	948,459	769,202	-	1,722,661
Restricted assets:							
Cash and cash equivalents	6,241,459	4,456,945	1,567,081	-	15	-	12,265,500
Time certificates of deposit	-	-	-	-	-	1,000,726	1,000,726
Total assets	\$ <u>6,241,459</u>	\$ <u>4,456,945</u>	\$ <u>1,572,081</u>	\$ <u>977,640</u>	\$ <u>769,217</u>	\$ <u>4,811,316</u>	\$ <u>18,828,658</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 1,135,125	\$ 442,897	\$ 567,026	\$ -	\$ -	\$ -	\$ 2,145,048
Due to other funds	-	-	-	-	-	1,411,971	1,411,971
Total liabilities	<u>1,135,125</u>	<u>442,897</u>	<u>567,026</u>	<u>-</u>	<u>-</u>	<u>1,411,971</u>	<u>3,557,019</u>
Fund balances:							
Reserved for:							
Related assets	-	-	-	-	-	1,000,726	1,000,726
Encumbrances	244,693	2,121,026	-	-	-	571,061	2,936,780
Continuing appropriations	2,607,993	50,101	-	-	-	-	2,658,094
Unreserved	<u>2,253,648</u>	<u>1,842,921</u>	<u>1,005,055</u>	<u>977,640</u>	<u>769,217</u>	<u>1,827,558</u>	<u>8,676,039</u>
Total fund balances	<u>5,106,334</u>	<u>4,014,048</u>	<u>1,005,055</u>	<u>977,640</u>	<u>769,217</u>	<u>3,399,345</u>	<u>15,271,639</u>
Total liabilities and fund balances	\$ <u>6,241,459</u>	\$ <u>4,456,945</u>	\$ <u>1,572,081</u>	\$ <u>977,640</u>	\$ <u>769,217</u>	\$ <u>4,811,316</u>	\$ <u>18,828,658</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances Year Ended September 30, 2008

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 127,930	\$ 58,873	\$ 57,389	\$ -	\$ -	\$ 2,319,170	\$ 2,563,362
Total revenues	<u>127,930</u>	<u>58,873</u>	<u>57,389</u>	<u>-</u>	<u>-</u>	<u>2,319,170</u>	<u>2,563,362</u>
Expenditures by function:							
Current:							
General government	6,540	8,002	-	-	19,680	-	34,222
Individual and collective rights	-	-	-	-	-	1,150,386	1,150,386
Capital projects	1,360,820	735,608	926,620	-	-	2,458,393	5,481,441
Debt service	-	-	-	-	-	274,656	274,656
Total expenditures	<u>1,367,360</u>	<u>743,610</u>	<u>926,620</u>	<u>-</u>	<u>19,680</u>	<u>3,883,435</u>	<u>6,940,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,239,430)</u>	<u>(684,737)</u>	<u>(869,231)</u>	<u>-</u>	<u>(19,680)</u>	<u>(1,564,265)</u>	<u>(4,377,343)</u>
Other financing sources (uses):							
Proceeds from issuance of long-term debt	-	-	-	-	-	2,952,573	2,952,573
Transfers in from other funds	5,770	-	-	-	-	-	5,770
Transfers out to other funds	-	(74,527)	-	-	-	-	(74,527)
Total other financing sources (uses), net	<u>5,770</u>	<u>(74,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,952,573</u>	<u>2,883,816</u>
Net change in fund balances	(1,233,660)	(759,264)	(869,231)	-	(19,680)	1,388,308	(1,493,527)
Fund balances at beginning of year	<u>6,339,994</u>	<u>4,773,312</u>	<u>1,874,286</u>	<u>977,640</u>	<u>788,897</u>	<u>2,011,037</u>	<u>16,765,166</u>
Fund balances at end of year	<u>\$ 5,106,334</u>	<u>\$ 4,014,048</u>	<u>\$ 1,005,055</u>	<u>\$ 977,640</u>	<u>\$ 769,217</u>	<u>\$ 3,399,345</u>	<u>\$ 15,271,639</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
 Year Ended September 30, 2008

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 127,930	\$ 58,873	\$ 57,389	\$ -	\$ -	\$ 2,319,170	\$ 2,563,362
Total revenues	<u>127,930</u>	<u>58,873</u>	<u>57,389</u>	<u>-</u>	<u>-</u>	<u>2,319,170</u>	<u>2,563,362</u>
Expenditures by object:							
Contractual services	-	366,803	-	-	-	171,368	538,171
Capital outlays	1,360,820	368,763	-	-	-	3,152,145	4,881,728
Interest and fiscal charges	-	-	-	-	-	274,656	274,656
Miscellaneous	6,540	8,044	926,620	-	19,680	285,266	1,246,150
Total expenditures	<u>1,367,360</u>	<u>743,610</u>	<u>926,620</u>	<u>-</u>	<u>19,680</u>	<u>3,883,435</u>	<u>6,940,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,239,430)</u>	<u>(684,737)</u>	<u>(869,231)</u>	<u>-</u>	<u>(19,680)</u>	<u>(1,564,265)</u>	<u>(4,377,343)</u>
Other financing sources (uses):							
Proceeds from issuance of long-term debt	-	-	-	-	-	2,952,573	2,952,573
Transfers in from other funds	5,770	-	-	-	-	-	5,770
Transfers out to other funds	-	(74,527)	-	-	-	-	(74,527)
Total other financing sources (uses), net	<u>5,770</u>	<u>(74,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,952,573</u>	<u>2,883,816</u>
Net change in fund balances	(1,233,660)	(759,264)	(869,231)	-	(19,680)	1,388,308	(1,493,527)
Fund balances at beginning of year	<u>6,339,994</u>	<u>4,773,312</u>	<u>1,874,286</u>	<u>977,640</u>	<u>788,897</u>	<u>2,011,037</u>	<u>16,765,166</u>
Fund balances at end of year	<u>\$ 5,106,334</u>	<u>\$ 4,014,048</u>	<u>\$ 1,005,055</u>	<u>\$ 977,640</u>	<u>\$ 769,217</u>	<u>\$ 3,399,345</u>	<u>\$ 15,271,639</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds Combining Balance Sheet September 30, 2008

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,393,004	\$ 2,324,098	\$ 4,717,102
Restricted assets:			
Cash and cash equivalents	532,047	13,028,078	13,560,125
Investments	7,139,906	175,562	7,315,468
Total assets	\$ 10,064,957	\$ 15,527,738	\$ 25,592,695
<u>FUND BALANCES</u>			
Fund balances:			
Reserved for:			
Debt service	7,671,953	13,203,640	20,875,593
Unreserved	2,393,004	2,324,098	4,717,102
Total fund balances	\$ 10,064,957	\$ 15,527,738	\$ 25,592,695

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2008

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	Total
Revenues:			
Use of money and property	\$ 76,801	\$ 14,702	\$ 91,503
Total revenues	76,801	14,702	91,503
Expenditures:			
Debt service:			
Principal retirement	4,850,000	4,990,000	9,840,000
Interest and fiscal charges	1,180,463	2,285,947	3,466,410
Total expenditures	6,030,463	7,275,947	13,306,410
Deficiency of revenues under expenditures	(5,953,662)	(7,261,245)	(13,214,907)
Other financing sources (uses):			
Transfers in from other funds	7,683,290	9,728,095	17,411,385
Transfers out to other funds	(879,786)	-	(879,786)
Total other financing sources (uses), net	6,803,504	9,728,095	16,531,599
Net change in fund balances	849,842	2,466,850	3,316,692
Fund balances at beginning of year	9,215,115	13,060,888	22,276,003
Fund balances at end of year	\$ 10,064,957	\$ 15,527,738	\$ 25,592,695

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
September 30, 2008

	Defined Benefit	Defined Contribution	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,808,929	\$ 2,598,916	\$ 6,407,845
Investments at fair value:			
Common stocks	531,049,327	-	531,049,327
U.S. Government securities	257,225,870	-	257,225,870
Corporate bonds and notes	206,308,433	-	206,308,433
Money market funds	36,492,500	-	36,492,500
Mutual funds	95,152,521	156,079,690	251,232,211
DC plan forfeitures	-	5,722,743	5,722,743
Total investments	1,126,228,651	161,802,433	1,288,031,084
Accounts receivable:			
Employer contributions, net	13,534,195	453,435	13,987,630
Member contributions	6,027,201	451,590	6,478,791
Interest and penalties on contributions	10,077,564	-	10,077,564
Accrued investment income	5,249,384	-	5,249,384
Due from brokers for unsettled trades	850,640	-	850,640
Notes receivable - service credits	2,909,255	-	2,909,255
Notes receivable - ERIP	7,056,299	-	7,056,299
Receivable-ERIP employer's share	2,168,379	-	2,168,379
Supplemental/COLA benefits	78,085,596	-	78,085,596
Supplemental/Insurance benefits advanced	4,328,570	-	4,328,570
Other	2,687,398	459,553	3,146,951
Due from DC plan	529,347	-	529,347
Total receivables	133,503,828	1,364,578	134,868,406
Capital assets	1,036,025	-	1,036,025
Total assets	1,264,577,433	165,765,927	1,430,343,360
<u>LIABILITIES</u>			
Deferred revenue	12,517,759	-	12,517,759
Accounts payable and accrued expenses	1,292,216	254,374	1,546,590
Due to DB plan	-	529,347	529,347
Due to brokers for unsettled trades	2,135,989	-	2,135,989
Total liabilities	15,945,964	783,721	16,729,685
<u>NET ASSETS</u>			
Held in trust for retirement benefits	\$ 1,248,631,469	\$ 164,982,206	\$ 1,413,613,675

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2008

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 83,167,134	\$ 11,508,437	\$ 94,675,571
Member	18,404,779	11,536,364	29,941,143
Total contributions	<u>101,571,913</u>	<u>23,044,801</u>	<u>124,616,714</u>
Net investment income (loss):			
Net decrease in fair value of investments	(241,778,449)	(31,783,761)	(273,562,210)
Interest	40,075,777	6,114,557	46,190,334
Dividends	11,313,550	-	11,313,550
Other	2,450,074	334,883	2,784,957
Total investment loss	<u>(187,939,048)</u>	<u>(25,334,321)</u>	<u>(213,273,369)</u>
Less: investment expenses	<u>3,541,598</u>	<u>-</u>	<u>3,541,598</u>
Net investment loss	<u>(191,480,646)</u>	<u>(25,334,321)</u>	<u>(216,814,967)</u>
Other:			
Recovery of bad debt - GMHA	<u>109,726</u>	<u>-</u>	<u>109,726</u>
Total additions	<u>(89,799,007)</u>	<u>(2,289,520)</u>	<u>(92,088,527)</u>
Deductions:			
Benefits	168,708,858	-	168,708,858
Refunds	5,887,573	9,386,799	15,274,372
Balance transfer to DC plan	16,088	(16,088)	-
Administrative and general expenses	<u>3,141,597</u>	<u>1,696,550</u>	<u>4,838,147</u>
Total deductions	<u>177,754,116</u>	<u>11,067,261</u>	<u>188,821,377</u>
Change in net assets	<u>(267,553,123)</u>	<u>(13,356,781)</u>	<u>(280,909,904)</u>
Net assets at beginning of year	<u>1,516,184,592</u>	<u>178,338,987</u>	<u>1,694,523,579</u>
Net assets at end of year	<u>\$ 1,248,631,469</u>	<u>\$ 164,982,206</u>	<u>\$ 1,413,613,675</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Assets
September 30, 2008

<u>ASSETS</u>	<u>Guam Community College</u>	<u>Guam Housing and Urban Renewal Authority</u>	<u>Guam Housing Corporation</u>	<u>Chamorro Land Trust Commission</u>	<u>Guam Economic Development Authority</u>	<u>Guam Preservation Trust</u>	<u>Guam Visitors Bureau</u>	<u>Guam Educational Telecomm- unications Corporation</u>	<u>Total</u>
Current assets:									
Cash and cash equivalents	\$ 1,800,809	\$ 6,231,315	\$ 12,781,114	\$ 347,730	\$ 58,698	\$ 1,361,238	\$ 4,479,624	\$ 377,077	\$ 27,437,605
Time certificates of deposit	-	-	-	300,000	-	525,645	-	-	825,645
Investments	-	-	-	-	2,844,630	186,690	-	-	3,031,320
Receivables, net	4,418,199	1,788,383	2,508,663	-	475,279	812,388	238,917	79,742	10,321,571
Due from primary government	2,117,917	-	-	-	-	-	1,683,765	-	3,801,682
Inventories	159,282	216,110	43,836	-	8,354	-	-	-	427,582
Prepayments	-	166,868	4,334	-	2,600	900	6,452	-	181,154
Restricted assets:									
Cash and cash equivalents	283,528	7,700,409	3,405,956	-	1,062,111	-	207,990	1,280,465	13,940,459
Investments	6,972,594	-	5,556,569	-	2,807,886	-	-	-	15,337,049
Total current assets	15,752,329	16,103,085	24,300,472	647,730	7,259,558	2,886,861	6,616,748	1,737,284	75,304,067
Noncurrent assets:									
Investments	1,675,000	-	-	-	-	-	-	-	1,675,000
Receivables, net	-	1,038,299	19,092,173	-	-	-	-	-	20,130,472
Capital assets, net of accumulated depreciation	14,179,416	30,998,606	5,729,086	-	347,134	4,657	7,325,743	344,482	58,929,124
Land held for development	-	3,777,177	16,114,338	-	-	-	-	-	19,891,515
Deferred bond issuance costs	-	-	-	-	780,920	-	-	-	780,920
Other assets	-	262,992	292,379	-	906,850	-	133,125	-	1,595,346
Total noncurrent assets	15,854,416	36,077,074	41,227,976	-	2,034,904	4,657	7,458,868	344,482	103,002,377
Total assets	\$ 31,606,745	\$ 52,180,159	\$ 65,528,448	\$ 647,730	\$ 9,294,462	\$ 2,891,518	\$ 14,075,616	\$ 2,081,766	\$ 178,306,444

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Assets, Continued
September 30, 2008

<u>LIABILITIES AND NET ASSETS</u>	<u>Guam Community College</u>	<u>Guam Housing and Urban Renewal Authority</u>	<u>Guam Housing Corporation</u>	<u>Chamorro Land Trust Commission</u>	<u>Guam Economic Development Authority</u>	<u>Guam Preservation Trust</u>	<u>Guam Visitors Bureau</u>	<u>Guam Educational Telecomm- unications Corporation</u>	<u>Total</u>
Current liabilities:									
Current portion of long-term debt	\$ 835,809	\$ 38,000	\$ 996,002	\$ -	\$ 1,380,000	\$ -	\$ -	\$ -	\$ 3,249,811
Accounts payable	1,192,263	127,244	117,650	-	775,783	40,830	1,948,740	46,699	4,249,209
Accrued interest payable	-	-	56,671	-	590,000	-	-	-	646,671
Accrued payroll and other	-	10,590	-	-	81,449	-	-	16,294	108,333
Payable to federal agencies	-	113,522	-	-	-	-	-	-	113,522
Deferred revenues	1,184,943	2,216,785	136,963	-	146,287	-	-	1,171,353	4,856,331
Compensated absences	211,696	42,895	60,800	-	-	-	-	23,867	339,258
Deposits and other liabilities	-	1,983,844	610,443	-	30,444	8,000	-	-	2,632,731
Total current liabilities	3,424,711	4,532,880	1,978,529	-	3,003,963	48,830	1,948,740	1,258,213	16,195,866
Noncurrent liabilities:									
Compensated absences	256,340	455,731	18,284	-	-	-	95,524	42,850	868,729
Noncurrent portion of long-term debt	1,081,224	1,445,089	10,401,866	-	30,689,368	-	-	-	43,617,547
Other noncurrent liabilities	283,528	-	11,233,586	-	11,213	-	-	-	11,528,327
DCRS sick leave liability	503,083	-	81,250	-	57,677	-	86,478	12,973	741,461
Accrued unfunded retirement liability	-	-	93,022	-	461,665	-	393,934	23,656	972,277
Total noncurrent liabilities	2,124,175	1,900,820	21,828,008	-	31,219,923	-	575,936	79,479	57,728,341
Total liabilities	5,548,886	6,433,700	23,806,537	-	34,223,886	48,830	2,524,676	1,337,692	73,924,207
Net assets:									
Invested in capital assets, net of related debt	11,962,249	33,292,694	3,219,858	-	347,134	4,657	7,325,743	344,482	56,496,817
Restricted:									
Expendable	4,035,550	4,636,688	24,255,580	-	-	-	194,110	-	33,121,928
Nonexpendable	319,583	-	-	-	-	-	-	-	319,583
Unrestricted (deficit)	9,740,477	7,817,077	14,246,473	647,730	(25,276,558)	2,838,031	4,031,087	399,592	14,443,909
Total net assets	26,057,859	45,746,459	41,721,911	647,730	(24,929,424)	2,842,688	11,550,940	744,074	104,382,237
Total liabilities and net assets	\$ 31,606,745	\$ 52,180,159	\$ 65,528,448	\$ 647,730	\$ 9,294,462	\$ 2,891,518	\$ 14,075,616	\$ 2,081,766	\$ 178,306,444

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended September 30, 2008

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:									
Charges for services	\$ 2,776,088	\$ 1,792,473	\$ 2,763,237	\$ -	\$ 1,870,760	\$ -	\$ -	\$ -	\$ 9,202,558
Grants and contracts	7,797,436	38,468,593	-	-	-	-	324,534	1,002,799	47,593,362
Other	1,082,256	131,485	52,423	-	2,815,739	-	321,653	16,701	4,420,257
Total operating revenues	<u>11,655,780</u>	<u>40,392,551</u>	<u>2,815,660</u>	<u>-</u>	<u>4,686,499</u>	<u>-</u>	<u>646,187</u>	<u>1,019,500</u>	<u>61,216,177</u>
Operating expenses:									
Cost of services	21,200,305	29,670,456	2,549,449	-	1,805,382	585,902	12,832,705	131,330	68,775,529
Depreciation and amortization	1,349,292	2,996,818	139,052	-	207,871	2,877	89,641	174,134	4,959,685
General and administrative	1,650,359	15,407,360	-	132,406	-	444,128	-	1,510,666	19,144,919
Total operating expenses	<u>24,199,956</u>	<u>48,074,634</u>	<u>2,688,501</u>	<u>132,406</u>	<u>2,013,253</u>	<u>1,032,907</u>	<u>12,922,346</u>	<u>1,816,130</u>	<u>92,880,133</u>
Operating income (loss)	<u>(12,544,176)</u>	<u>(7,682,083)</u>	<u>127,159</u>	<u>(132,406)</u>	<u>2,673,246</u>	<u>(1,032,907)</u>	<u>(12,276,159)</u>	<u>(796,630)</u>	<u>(31,663,956)</u>
Nonoperating revenues (expenses):									
Contributions from the primary government	14,881,819	-	-	-	-	981,766	13,358,948	593,124	29,815,657
Contributions to the primary government	-	-	-	-	(8,345,278)	-	-	-	(8,345,278)
Investment income (loss)	(1,445,224)	338,837	558,544	18,155	264,524	54,229	21,134	-	(189,801)
Interest expense	(127,243)	(91,225)	-	-	(2,213,345)	-	-	-	(2,431,813)
Other income (expenses), net	-	2,866,257	99,042	-	816,230	-	61,116	-	3,842,645
Total nonoperating revenues (expenses), net	<u>13,309,352</u>	<u>3,113,869</u>	<u>657,586</u>	<u>18,155</u>	<u>(9,477,869)</u>	<u>1,035,995</u>	<u>13,441,198</u>	<u>593,124</u>	<u>22,691,410</u>
Net income (loss) before capital contributions	765,176	(4,568,214)	784,745	(114,251)	(6,804,623)	3,088	1,165,039	(203,506)	(8,972,546)
Capital grants from the United States government	-	1,416,416	-	-	-	-	-	-	1,416,416
Increase (decrease) in net assets	765,176	(3,151,798)	784,745	(114,251)	(6,804,623)	3,088	1,165,039	(203,506)	(7,556,130)
Net assets at beginning of year	<u>25,292,683</u>	<u>48,898,257</u>	<u>40,937,166</u>	<u>761,981</u>	<u>(18,124,801)</u>	<u>2,839,600</u>	<u>10,385,901</u>	<u>947,580</u>	<u>111,938,367</u>
Net assets at end of year	<u>\$ 26,057,859</u>	<u>\$ 45,746,459</u>	<u>\$ 41,721,911</u>	<u>\$ 647,730</u>	<u>\$ (24,929,424)</u>	<u>\$ 2,842,688</u>	<u>\$ 11,550,940</u>	<u>\$ 744,074</u>	<u>\$ 104,382,237</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Net Assets

Primary Government

September 30, 2008

(with comparative totals as of September 30, 2007)

	2008	2007
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 54,146,034	\$ 79,648,733
Time certificates of deposit	15,292,656	242,614
Investments	8,554,000	8,620,000
Receivables, net	58,180,097	62,567,492
Due from private purpose trusts	2,142,182	1,535,510
Due from component units	1,476,496	1,525,038
Inventories	252,510	780,933
Other current assets	3,250,129	13,485,077
Restricted assets:		
Cash and cash equivalents	103,486,218	28,249,648
Investments	7,315,468	18,563,398
Total current assets	254,095,790	215,218,443
Noncurrent assets:		
Receivables, net	-	10,000,000
Capital assets, net of accumulated depreciation	722,089,901	678,606,894
Deferred charges	8,300,064	6,958,095
Restricted assets:		
Cash and cash equivalents	-	300,704
Time certificates of deposit	1,000,726	601,400
Total noncurrent assets	731,390,691	696,467,093
Total assets	\$ 985,486,481	\$ 911,685,536
<u>LIABILITIES</u>		
Current liabilities:		
Current portion of compensated absences payable	\$ 12,357,590	\$ 12,009,404
Current portion of capital lease obligations	1,857,250	-
Current portion of long-term obligations	22,582,014	24,430,000
Accounts payable	56,207,353	89,660,345
Accrued interest payable	6,721,004	4,350,581
Accrued payroll and other	17,251,355	14,280,103
Payable to federal agencies	16,053,851	22,016,145
Tax refunds	283,135,000	258,265,707
COLA liability	96,327,556	118,442,446
Due to pension trust funds	17,057,793	18,471,728
Due to component units	16,802,961	31,606,054
Deferred revenues	30,405,801	34,990,621
Deposits and other liabilities	11,540,004	11,651,998
Total current liabilities	588,299,532	640,175,132
Noncurrent liabilities:		
Compensated absences payable, net of current portion	9,352,306	9,139,031
Capital lease obligations, net of current portion	49,725,000	-
Long-term obligations, net of current portion	286,705,175	214,323,506
Unfunded pension liability	192,712,647	134,549,316
DCRS sick leave liability	13,947,833	12,290,876
Due to component units	8,355,012	10,308,406
Other noncurrent liabilities	46,053,500	22,398,925
Total noncurrent liabilities	606,851,473	403,010,060
Total liabilities	1,195,151,005	1,043,185,192
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	379,055,927	447,810,171
Restricted for:		
Capital projects	42,330,298	16,765,166
Retirement of indebtedness	83,273,740	26,976,073
Other purposes	37,057,036	39,372,408
Unrestricted	(751,381,525)	(662,423,474)
Total net assets	(209,664,524)	(131,499,656)
Total liabilities and net assets	\$ 985,486,481	\$ 911,685,536

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Activities

Primary Government

Year Ended September 30, 2008

(with comparative totals for the year ended September 30, 2007)

	2008	2007
Revenues:		
Charges for services	\$ 52,885,843	\$ 45,484,876
Operating grants and contributions	249,964,162	260,472,543
General revenues:		
Taxes	506,957,332	490,302,786
Investment earnings	5,773,199	4,994,123
Other	4,880,942	5,677,369
Total revenues	820,461,478	806,931,697
Expenses:		
General government	126,344,832	102,392,328
Protection of life and property	105,545,958	95,089,895
Public health	80,798,662	77,710,571
Community services	36,860,096	42,346,780
Recreation	5,538,532	5,395,129
Individual and collective rights	55,643,738	50,182,594
Transportation	30,108,498	34,872,113
Public education	277,875,464	245,297,076
Environmental protection	12,768,164	11,142,294
Economic development	11,161,780	15,161,777
Interest (unallocated)	17,396,681	12,659,269
Payments to:		
GovGuam Retirement Fund	1,329,712	8,517,722
Antonio B. Won Pat International Airport Authority	3,089,215	-
Guam Memorial Hospital Authority	21,063,138	15,702,370
Guam Power Authority	4,538,565	2,710,955
University of Guam	33,412,388	31,223,600
Guam Visitors Bureau	13,428,692	14,987,727
Guam Community College	15,758,357	14,264,480
Other component units	1,639,900	1,106,650
Capital	19,279,013	13,968,768
Miscellaneous	37,268,750	15,589,716
Total expenses	910,850,135	810,321,814
Special items	12,223,789	17,154,697
Changes in net assets	(78,164,868)	13,764,580
Net assets at the beginning of the year	(131,499,656)	(145,264,236)
Net assets at the end of the year	\$ (209,664,524)	\$ (131,499,656)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Assets, Liabilities, and Fund Balances (Deficits) General Fund September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
ASSETS								
Cash and cash equivalents	\$ 12,746,551	\$ 8,176,564	\$ 3,006,159	\$ -	\$ -	\$ 23,929,274	\$ -	\$ 23,929,274
Time certificates of deposit	15,292,656	-	-	-	-	15,292,656	-	15,292,656
Investments	900,000	-	-	-	-	900,000	-	900,000
Receivables, net:								
Taxes	25,132,990	-	-	-	-	25,132,990	-	25,132,990
Federal agencies	-	147,071	-	-	-	147,071	-	147,071
Other	239,968	-	-	-	-	239,968	-	239,968
Due from primary government	-	8,849,493	-	-	-	8,849,493	(8,849,493)	-
Due from other funds	83,888,301	-	-	-	10,111,780	94,000,081	(79,466,791)	14,533,290
Prepayments	-	330,603	-	-	-	330,603	-	330,603
Restricted assets:								
Cash and cash equivalents	8,541,442	-	-	-	69,119,151	77,660,593	-	77,660,593
Total assets	\$ 146,741,908	\$ 17,503,731	\$ 3,006,159	\$ -	\$ 79,230,931	\$ 246,482,729	\$ (88,316,284)	\$ 158,166,445
LIABILITIES AND FUND BALANCES (DEFICITS)								
Accounts payable	\$ 34,484,131	\$ 11,576,083	\$ -	\$ -	2,000	\$ 46,062,214	\$ -	\$ 46,062,214
Accrued payroll and other	5,652,853	6,978,841	-	-	-	12,631,694	-	12,631,694
Due to component units	22,743,192	10,288,408	-	-	-	33,031,600	(8,849,493)	24,182,107
Due to retirement fund	-	17,057,793	-	-	-	17,057,793	-	17,057,793
Due to other funds	59,591,064	568,417	2,971,666	-	66,383,345	129,514,492	(79,466,791)	50,047,701
Deferred revenue	38,869,372	-	-	-	-	38,869,372	-	38,869,372
Provision for tax refunds	277,942,736	-	-	-	-	277,942,736	-	277,942,736
COLA liability	96,327,556	-	-	-	-	96,327,556	-	96,327,556
Deposits and other liabilities	10,560,207	-	-	-	-	10,560,207	-	10,560,207
Total liabilities	546,171,111	46,469,542	2,971,666	-	66,385,345	661,997,664	(88,316,284)	573,681,380
Fund balances (deficits):								
Reserved:								
Encumbrances	5,329,257	9,105,974	-	-	-	14,435,231	(1,008,470)	13,426,761
Continuing appropriations	18,591,015	8,467,644	-	-	-	27,058,659	-	27,058,659
Related assets	900,000	-	-	-	-	900,000	-	900,000
Debt service	-	-	-	-	69,119,151	69,119,151	-	69,119,151
Unreserved fund balance (deficit)	(424,249,475)	(46,539,429)	34,493	-	(56,273,565)	(527,027,976)	1,008,470	(526,019,506)
Total fund balances (deficits)	(399,429,203)	(28,965,811)	34,493	-	12,845,586	(415,514,935)	-	(415,514,935)
Total liabilities and fund balances	\$ 146,741,908	\$ 17,503,731	\$ 3,006,159	\$ -	\$ 79,230,931	\$ 246,482,729	\$ (88,316,284)	\$ 158,166,445

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) General Fund Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Revenues:								
Taxes:								
Income	\$ 254,137,767	\$ -	\$ -	\$ -	\$ -	\$ 254,137,767	\$ -	\$ 254,137,767
Gross receipts	185,795,875	-	-	-	-	185,795,875	-	185,795,875
Other	3,109,304	-	-	-	-	3,109,304	-	3,109,304
Licenses, fees and permits	5,593,716	-	-	-	-	5,593,716	-	5,593,716
Use of money and property	855,285	-	6,628	-	1,610,824	2,472,737	-	2,472,737
Federal contributions	45,329,450	-	-	-	-	45,329,450	-	45,329,450
Guam Public School System	-	2,831,209	-	-	-	2,831,209	-	2,831,209
Contributions from component units	10,372,580	-	-	-	-	10,372,580	-	10,372,580
Other	3,524,841	-	-	22,850	-	3,547,691	-	3,547,691
Total revenues	508,718,818	2,831,209	6,628	22,850	1,610,824	513,190,329	-	513,190,329
Expenditures by Department:								
General Government:								
Office of I Maga'lahaen Guahan:								
Office of the Governor	4,024,704	-	-	-	-	4,024,704	-	4,024,704
Ancestral Land Trust Commission	227,480	-	-	-	-	227,480	-	227,480
Government House	600,488	-	-	-	-	600,488	-	600,488
Bureau of Information Technology	57,131	-	-	-	-	57,131	-	57,131
Medical Referral Offices	696,903	-	-	-	-	696,903	-	696,903
Bureau of Women's Affairs	64,196	-	-	-	-	64,196	-	64,196
Office of Civil Defense	11,379	-	-	-	-	11,379	-	11,379
Office of Veteran's Affairs	274,207	-	-	-	-	274,207	-	274,207
	5,956,488	-	-	-	-	5,956,488	-	5,956,488
Office of I Segundu Na Maga'lahaen Guahan:								
Office of the Lieutenant Governor	1,005,016	-	-	-	-	1,005,016	-	1,005,016
Guam State Clearinghouse	288,333	-	-	-	-	288,333	-	288,333
	1,293,349	-	-	-	-	1,293,349	-	1,293,349
Bureau of Budget and Management Research:								
Office of the Director	294,800	-	-	-	-	294,800	-	294,800
Internal Audit Division	951,510	-	-	-	-	951,510	-	951,510
	1,246,310	-	-	-	-	1,246,310	-	1,246,310
Civil Service Commission:								
Office of the Director	204,140	-	-	-	-	204,140	-	204,140
Board of Commissioners	57,500	-	-	-	-	57,500	-	57,500
Legal Office	152,584	-	-	-	-	152,584	-	152,584
Personnel Management	333,679	-	-	-	-	333,679	-	333,679
	747,903	-	-	-	-	747,903	-	747,903

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
General Government, Continued:								
Department of Administration:								
Office of the Director	3,562,715	-	-	-	-	3,562,715	-	3,562,715
Office of the Director - COLA	7,636,090	-	-	-	-	7,636,090	-	7,636,090
Personnel Management	1,638,662	-	-	-	-	1,638,662	-	1,638,662
Financial Management	632,612	-	-	-	-	632,612	-	632,612
Data Processing	548,021	-	-	-	-	548,021	-	548,021
General Services Agency	796,790	-	-	-	-	796,790	-	796,790
Division of Accounts	2,284,467	-	-	-	-	2,284,467	-	2,284,467
	<u>17,099,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,099,357</u>	<u>-</u>	<u>17,099,357</u>
Department of Land Management:								
Land Planning Division	41,501	-	-	-	-	41,501	-	41,501
Land Records Division	17,947	-	-	-	-	17,947	-	17,947
Geographic Information System Division	25,142	-	-	-	-	25,142	-	25,142
	<u>84,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,590</u>	<u>-</u>	<u>84,590</u>
Department of Public Works:								
Office of the Director	3,713,600	-	-	-	-	3,713,600	-	3,713,600
Office of the Director - Consent Decree	3,679,400	-	-	-	-	3,679,400	-	3,679,400
Transportation Maintenance Division	747,330	-	-	-	-	747,330	-	747,330
	<u>8,140,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,140,330</u>	<u>-</u>	<u>8,140,330</u>
Department of Revenue and Taxation:								
Office of the Director	3,081,664	-	-	-	-	3,081,664	-	3,081,664
Office of the Director - Computer System Upgrade	1,256,753	-	-	-	-	1,256,753	-	1,256,753
Office of the Director - Stimulus Tax Rebates	711,794	-	-	-	-	711,794	-	711,794
Tax Enforcement Division	1,919,264	-	-	-	-	1,919,264	-	1,919,264
Real Property Tax Division	421,156	-	-	-	-	421,156	-	421,156
Taxpayer Services Division	1,660,726	-	-	-	-	1,660,726	-	1,660,726
Regulatory Division	798,480	-	-	-	-	798,480	-	798,480
Motor Vehicle Division	578,886	-	-	-	-	578,886	-	578,886
	<u>10,428,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,428,723</u>	<u>-</u>	<u>10,428,723</u>
Total General Government	<u>44,997,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,997,050</u>	<u>-</u>	<u>44,997,050</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Protection of Life and Property:								
Department of Corrections:								
Office of the Director	4,386,014	-	-	-	-	4,386,014	-	4,386,014
Adult Correctional Facility	8,354,667	-	-	-	-	8,354,667	-	8,354,667
Rosario Detention Center	2,369,632	-	-	-	-	2,369,632	-	2,369,632
Off-island Detention	17,194	-	-	-	-	17,194	-	17,194
Casework and Counseling Service Division	345,150	-	-	-	-	345,150	-	345,150
Forensic Division	352,026	-	-	-	-	352,026	-	352,026
Parole Service Division	517,974	-	-	-	-	517,974	-	517,974
	<u>16,342,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,342,657</u>	<u>-</u>	<u>16,342,657</u>
Department of Youth Affairs:								
Office of the Director	114,061	-	-	-	-	114,061	-	114,061
Division of Youth Development	618,704	-	-	-	-	618,704	-	618,704
Division of Youth Corrections	2,021,319	-	-	-	-	2,021,319	-	2,021,319
Division of Vocational Rehabilitation and Support Services	834,690	-	-	-	-	834,690	-	834,690
	<u>3,588,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,588,774</u>	<u>-</u>	<u>3,588,774</u>
Guam Fire Department:								
Office of the Fire Chief	1,741,122	-	-	-	-	1,741,122	-	1,741,122
Administrative and Logistical Support	1,545,758	-	-	-	-	1,545,758	-	1,545,758
Emergency Medical Service and Rescue Operations Bureau	6,864,110	-	-	-	-	6,864,110	-	6,864,110
Fire Suppression Bureau	13,816,647	-	-	-	-	13,816,647	-	13,816,647
	<u>23,967,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,967,637</u>	<u>-</u>	<u>23,967,637</u>
Guam Police Department:								
Office of the Chief	5,293,950	-	-	-	-	5,293,950	-	5,293,950
Office of the Chief - Overtime	2,003,195	-	-	-	-	2,003,195	-	2,003,195
Office of the Chief - Rent	880,050	-	-	-	-	880,050	-	880,050
Office of the Chief - Fuel	530,655	-	-	-	-	530,655	-	530,655
Criminal Investigation Division	1,455,539	-	-	-	-	1,455,539	-	1,455,539
Neighbourhood Patrol Division	8,707,155	-	-	-	-	8,707,155	-	8,707,155
Support Division	1,628,927	-	-	-	-	1,628,927	-	1,628,927
Forensic Science Division	992,861	-	-	-	-	992,861	-	992,861
Highway Patrol Division	828,467	-	-	-	-	828,467	-	828,467
	<u>22,320,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,320,799</u>	<u>-</u>	<u>22,320,799</u>
Office of the Attorney-General:								
Attorney-General's Office	6,353,742	-	-	-	-	6,353,742	-	6,353,742

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Protection of Life and Property, Continued:								
Medical Examiner's Office	383,652	-	-	-	-	383,652	-	383,652
Total Protection of Life and Property	72,957,261	-	-	-	-	72,957,261	-	72,957,261
Public Health:								
Department of Mental Health and Substance Abuse:								
Office of the Director	2,292,901	-	-	-	-	2,292,901	-	2,292,901
Clinical Services Division	864,871	-	-	-	-	864,871	-	864,871
Child and Adolescent Services Division	762,362	-	-	-	-	762,362	-	762,362
Nursing Services Division	2,099,493	-	-	-	-	2,099,493	-	2,099,493
	6,019,627	-	-	-	-	6,019,627	-	6,019,627
Department of Public Health and Social Services:								
Office of the Director	1,553,188	-	-	-	-	1,553,188	-	1,553,188
Chief Public Health Office	77,346	-	-	-	-	77,346	-	77,346
Community Health Services	243,233	-	-	-	-	243,233	-	243,233
Communicable Disease Control	61,254	-	-	-	-	61,254	-	61,254
Professional Social Services	161,327	-	-	-	-	161,327	-	161,327
Primary Care Services	44,541	-	-	-	-	44,541	-	44,541
Catastrophic Illness Assistance Program	100,000	-	-	-	-	100,000	-	100,000
PHPRO Testing	92,176	-	-	-	-	92,176	-	92,176
Division of Environmental Health	554,842	-	-	-	-	554,842	-	554,842
Financial Management Services	177,903	-	-	-	-	177,903	-	177,903
Supply Section	103,810	-	-	-	-	103,810	-	103,810
Management Support Services	114,322	-	-	-	-	114,322	-	114,322
Facilities and Maintenance	353,802	-	-	-	-	353,802	-	353,802
Systems Group	351,378	-	-	-	-	351,378	-	351,378
	3,989,122	-	-	-	-	3,989,122	-	3,989,122
Total Public Health	10,008,749	-	-	-	-	10,008,749	-	10,008,749
Community Services:								
Department of Public Health and Social Services:								
Medically Indigent Program	417,325	-	-	-	-	417,325	-	417,325
Foster Care	1,651,129	-	-	-	-	1,651,129	-	1,651,129
Division of Senior Citizens	162,142	-	-	-	-	162,142	-	162,142
Adult Protective Services	387,892	-	-	-	-	387,892	-	387,892
	2,618,488	-	-	-	-	2,618,488	-	2,618,488

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Department of Integrated Services for Individuals with Disabilities:								
Service Contracts	1,676,218	-	-	-	-	1,676,218	-	1,676,218
Office of the Director	721,221	-	-	-	-	721,221	-	721,221
Basic Support 110	51,024	-	-	-	-	51,024	-	51,024
	<u>2,448,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,448,463</u>	<u>-</u>	<u>2,448,463</u>
Other:								
Guam Public Library	1,326,337	-	-	-	-	1,326,337	-	1,326,337
Guam Territorial Band	23,750	-	-	-	-	23,750	-	23,750
	<u>1,350,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,087</u>	<u>-</u>	<u>1,350,087</u>
Total Community Services	<u>6,417,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,417,038</u>	<u>-</u>	<u>6,417,038</u>
Recreation:								
Department of Parks and Recreation:								
Office of the Director	477,362	-	-	-	-	477,362	-	477,362
Memorial Services	114,010	-	-	-	-	114,010	-	114,010
Community Programs	339,222	-	-	-	-	339,222	-	339,222
Pool and Beach Programs	380,169	-	-	-	-	380,169	-	380,169
Paseo Stadium	166,894	-	-	-	-	166,894	-	166,894
Youth Center	(4,264)	-	-	-	-	(4,264)	-	(4,264)
Parks Administration and Planning	111,701	-	-	-	-	111,701	-	111,701
Historic Preservation Division	149,580	-	-	-	-	149,580	-	149,580
Parks Maintenance	1,430,694	-	-	-	-	1,430,694	-	1,430,694
Territorial Park Protection	155,542	-	-	-	-	155,542	-	155,542
Total Recreation	<u>3,320,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320,910</u>	<u>-</u>	<u>3,320,910</u>
Individual and Collective Rights:								
Office of I Maga'laha Guahan:								
Commission on Decolonization	175,963	-	-	-	-	175,963	-	175,963
Department of Chamorro Affairs:								
Office of the Director	467,715	-	-	-	-	467,715	-	467,715
Language and Culture Division	48,358	-	-	-	-	48,358	-	48,358
Guam Museum	372,624	-	-	-	-	372,624	-	372,624
	<u>888,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>888,697</u>	<u>-</u>	<u>888,697</u>
Department of Labor:								
Office of the Director	497,403	-	-	-	-	497,403	-	497,403
Wage and Hour Division	198,480	-	-	-	-	198,480	-	198,480
Bureau of Labor Statistics	294,513	-	-	-	-	294,513	-	294,513
Fair Employment Practice Office	14,813	-	-	-	-	14,813	-	14,813

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Individual and Collective Rights, Continued:								
Department of Labor, Continued:								
Worker's Compensation Commission	119,172	-	-	-	-	119,172	-	119,172
Fiscal and Support Office	122,849	-	-	-	-	122,849	-	122,849
	<u>1,247,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247,230</u>	<u>-</u>	<u>1,247,230</u>
Department of Military Affairs:								
Office of the Adjutant General	109,716	-	-	-	-	109,716	-	109,716
Other:								
Guam Election Commission	629,988	-	-	-	-	629,988	-	629,988
Mayor's Council of Guam	9,432,093	-	-	-	-	9,432,093	-	9,432,093
	<u>10,062,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,062,081</u>	<u>-</u>	<u>10,062,081</u>
Total Individual and Collective Rights	<u>12,483,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,483,687</u>	<u>-</u>	<u>12,483,687</u>
Public Education:								
Department of Education:								
Guam Public School System	-	186,160,966	-	-	-	186,160,966	-	186,160,966
Department of Public Works:								
Bus Operations	6,924,470	-	-	-	-	6,924,470	-	6,924,470
Total Public Education	<u>6,924,470</u>	<u>186,160,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,085,436</u>	<u>-</u>	<u>193,085,436</u>
Economic Development:								
Bureau of Statistics and Plans:								
Administration	330,582	-	-	-	-	330,582	-	330,582
Chief Economist's Office	5,503	-	-	-	-	5,503	-	5,503
Planning Information	237,208	-	-	-	-	237,208	-	237,208
Socio-Economic Planning	129,885	-	-	-	-	129,885	-	129,885
Business and Economic Statistics Division	335,134	-	-	-	-	335,134	-	335,134
	<u>1,038,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,038,312</u>	<u>-</u>	<u>1,038,312</u>
Department of Agriculture:								
Office of the Director	1,136,756	-	-	-	-	1,136,756	-	1,136,756
Aquatic and Wildlife Resources Division	120,292	-	-	-	-	120,292	-	120,292
Coconut Rhinoceros Beetle Eradication	99,250	-	-	-	-	99,250	-	99,250
Animal and Plant Industry Division	900,135	-	-	-	-	900,135	-	900,135
Animal Health Section	317,112	-	-	-	-	317,112	-	317,112
	<u>2,573,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,573,545</u>	<u>-</u>	<u>2,573,545</u>
Total Economic Development	<u>3,611,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,611,857</u>	<u>-</u>	<u>3,611,857</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:								
Payments to Component Units:								
Government of Guam Retirement Fund:								
Medicare Reimbursement	684,000	-	-	-	-	684,000	-	684,000
Governor and Lt Governor Contributions	145,000	-	-	-	-	145,000	-	145,000
Judge and Justice Retirement Annuities	500,712	-	-	-	-	500,712	-	500,712
	<u>1,329,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,329,712</u>	<u>-</u>	<u>1,329,712</u>
Guam Community College	13,615,957	-	-	-	-	13,615,957	-	13,615,957
Guam Educational Telecom. Corporation	593,124	-	-	-	-	593,124	-	593,124
University of Guam	31,799,749	-	-	-	-	31,799,749	-	31,799,749
Total Payments to Component Units	<u>47,338,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,338,542</u>	<u>-</u>	<u>47,338,542</u>
Miscellaneous Appropriations:								
Small Business Financing Assistance	100,000	-	-	-	-	100,000	-	100,000
Guam Commission for Educator Certification	15,421	-	-	-	-	15,421	-	15,421
Retiree Healthcare Premiums	19,769,458	-	-	-	-	19,769,458	-	19,769,458
Hagatna Restoration and Redevelopment	56,553	-	-	-	-	56,553	-	56,553
Total Miscellaneous Appropriations	<u>19,941,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,941,432</u>	<u>-</u>	<u>19,941,432</u>
Interest and other charges:								
Interest on Tax Refunds	8,617,847	-	-	-	-	8,617,847	-	8,617,847
Public Law 28-38 Special Retirement payments	4,601,475	-	-	-	-	4,601,475	-	4,601,475
Credit card charge fees and other bank fees	3,999,927	-	-	-	-	3,999,927	-	3,999,927
Other	90,390	-	-	-	-	90,390	-	90,390
Total Non-appropriated Expenditures	<u>17,309,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,309,639</u>	<u>-</u>	<u>17,309,639</u>
Debt service:								
Principal retirement	-	-	-	-	7,745,000	7,745,000	-	7,745,000
Bond issuance costs	2,020,476	-	-	-	-	2,020,476	-	2,020,476
Interest and fiscal charges	-	-	-	-	12,936,534	12,936,534	-	12,936,534
Total Debt Service	<u>2,020,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,681,534</u>	<u>22,702,010</u>	<u>-</u>	<u>22,702,010</u>
Total expenditures	<u>247,331,111</u>	<u>186,160,966</u>	<u>-</u>	<u>-</u>	<u>20,681,534</u>	<u>454,173,611</u>	<u>-</u>	<u>454,173,611</u>
Excess of revenues over expenditures	<u>261,387,707</u>	<u>(183,329,757)</u>	<u>6,628</u>	<u>22,850</u>	<u>(19,070,710)</u>	<u>59,016,718</u>	<u>-</u>	<u>59,016,718</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Other financing sources (uses):								
Proceeds from refunded bonds issued	151,935,000	-	-	-	-	151,935,000	-	151,935,000
Proceeds from issuance of long-term debt	13,800,000	-	-	-	-	13,800,000	-	13,800,000
Discount on refunded bonds issued	(5,639,246)	-	-	-	-	(5,639,246)	-	(5,639,246)
Payment to refunded bond escrow agent	(73,664,587)	-	-	-	-	(73,664,587)	-	(73,664,587)
	<u>86,431,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,431,167</u>	<u>-</u>	<u>86,431,167</u>
Transfers in from other funds:								
Department of Administration	-	26,237,094	162,477,229	-	20,681,534	209,395,857	(209,395,857)	-
Guam Public School System Operations Fund	-	172,368,902	-	-	-	172,368,902	(172,368,902)	-
ECE Adequate Public Education Fund	-	22,850	-	-	-	22,850	(22,850)	-
GSA Inventory Revolving Fund	1,424,786	-	-	-	-	1,424,786	-	1,424,786
Guam Telephone Authority Privatization Proceeds Fund	9,000,000	-	-	-	-	9,000,000	-	9,000,000
Healthy Futures Fund	-	833,662	-	-	-	833,662	-	833,662
Interim Transition Coordinating Committee Fund	2,708,689	-	-	-	-	2,708,689	-	2,708,689
Public Library System Fund	-	941,609	-	-	-	941,609	-	941,609
Territorial Education Facilities Fund	6,278,930	-	9,891,673	-	-	16,170,603	(3,321,859)	12,848,744
Typhoon Chataan and Halong Fund	1,391,530	-	-	-	-	1,391,530	-	1,391,530
Total other financing sources	<u>20,803,935</u>	<u>200,404,117</u>	<u>172,368,902</u>	<u>-</u>	<u>20,681,534</u>	<u>414,258,488</u>	<u>(385,109,468)</u>	<u>29,149,020</u>
Transfers out to other funds:								
Guam Public School System	26,237,094	-	172,368,902	22,850	-	198,628,846	(198,628,846)	-
Guam Public School System Operations Fund	162,477,229	-	-	-	-	162,477,229	(162,477,229)	-
Better Public Service Fund	537,104	-	-	-	-	537,104	-	537,104
Customs, Agriculture and Quarantine								
Inspection Services Fund	783,195	-	-	-	-	783,195	-	783,195
Federal Grants Fund	27,277,241	-	-	-	-	27,277,241	-	27,277,241
GMHA Pharmaceuticals Fund	11,072,393	-	-	-	-	11,072,393	-	11,072,393
Government Claims Fund	95,000	-	-	-	-	95,000	-	95,000
Guam Legislature Fund	7,520,420	-	-	-	-	7,520,420	-	7,520,420
MIP Payment Revolving Fund	8,962,034	-	-	-	-	8,962,034	-	8,962,034
Office of the Public Auditor	1,037,780	-	-	-	-	1,037,780	-	1,037,780
Off-island Treatment Fund	1,659,689	-	-	-	-	1,659,689	-	1,659,689
Public Defender Service Corporation Fund	2,920,866	-	-	-	-	2,920,866	-	2,920,866
Streetlight Fund	316,629	-	-	-	-	316,629	-	316,629
Supplemental Annuity Benefits Fund	10,757,085	-	-	-	-	10,757,085	-	10,757,085

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued
 General Fund
 Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:								
Transfers out to other funds, Continued:								
Territorial Education Facilities Fund	3,321,859	-	-	-	-	3,321,859	(3,321,859)	-
Territorial Highway Fund	3,070,392	-	-	-	-	3,070,392	-	3,070,392
Unified Courts of Guam Fund	24,589,003	-	-	-	-	24,589,003	-	24,589,003
Wildlife Conservation Fund	-	-	-	-	-	-	-	-
Worker's Compensation Fund	842,075	-	-	-	-	842,075	-	842,075
General Obligation Bonds Series A 1993 Debt Service Fund	3,979,839	-	-	-	-	3,979,839	(3,979,839)	-
General Obligation Bonds Series A 2007 Debt Service Fund	5,581,004	-	-	-	-	5,581,004	(5,581,004)	-
Water System Revenue Bond Debt Service Fund	11,120,691	-	-	-	-	11,120,691	(11,120,691)	-
Total other financing uses	<u>314,158,622</u>	<u>-</u>	<u>172,368,902</u>	<u>22,850</u>	<u>-</u>	<u>486,550,374</u>	<u>(385,109,468)</u>	<u>101,440,906</u>
Total other financing sources (uses), net	<u>(206,923,520)</u>	<u>200,404,117</u>	<u>-</u>	<u>(22,850)</u>	<u>20,681,534</u>	<u>14,139,281</u>	<u>-</u>	<u>14,139,281</u>
Special items:								
Adjustment of medical bill accrual	13,223,789	-	-	-	-	13,223,789	-	13,223,789
	<u>13,223,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,223,789</u>	<u>-</u>	<u>13,223,789</u>
Net change in fund deficit	67,687,976	17,074,360	6,628	-	1,610,824	86,379,788	-	86,379,788
Deficit at the beginning of the year	(467,117,179)	(46,040,171)	27,865	-	11,234,762	(501,894,723)	-	(501,894,723)
Deficit at the end of the year	<u>\$ (399,429,203)</u>	<u>\$ (28,965,811)</u>	<u>\$ 34,493</u>	<u>\$ -</u>	<u>\$ 12,845,586</u>	<u>\$ (415,514,935)</u>	<u>\$ -</u>	<u>\$ (415,514,935)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Expenditures by Object
General Fund
Year Ended September 30, 2008

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Other Debt Service	Combined Total	Eliminating Entries	Total
Expenditures by Object:								
Salaries and wages - regular	\$ 82,739,997	\$ 117,927,685	\$ -	\$ -	\$ -	200,667,682	\$ -	200,667,682
Salaries and wages - overtime	6,201,534	361,623	-	-	-	6,563,157	-	6,563,157
Salaries and wages - fringe benefits	24,010,815	36,823,469	-	-	-	60,834,284	-	60,834,284
Travel	361,196	727,239	-	-	-	1,088,435	-	1,088,435
Contractual services	17,594,640	5,594,816	-	-	-	23,189,456	-	23,189,456
Building rent	3,759,967	-	-	-	-	3,759,967	-	3,759,967
Supplies	4,519,273	4,846,293	-	-	-	9,365,566	-	9,365,566
Equipment	559,660	804,861	-	-	-	1,364,521	-	1,364,521
Utilities - power and water	6,745,540	12,550,014	-	-	-	19,295,554	-	19,295,554
Communications	1,681,977	811,386	-	-	-	2,493,363	-	2,493,363
Capital outlays	584,664	3,927,704	-	-	-	4,512,368	-	4,512,368
Grants and subsidies	47,338,542	-	-	-	-	47,338,542	-	47,338,542
Retiree healthcare benefits	18,626,406	-	-	-	-	18,626,406	-	18,626,406
Principal retirement	-	-	-	-	7,745,000	7,745,000	-	7,745,000
Interest and fiscal charges	8,598,937	1,785,876	-	-	12,936,534	23,321,347	-	23,321,347
Miscellaneous	24,007,963	-	-	-	-	24,007,963	-	24,007,963
	<u>\$ 247,331,111</u>	<u>\$ 186,160,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,681,534</u>	<u>\$ 454,173,611</u>	<u>\$ -</u>	<u>\$ 454,173,611</u>

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GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations
by Department - General Fund
September 30, 2008

	Encumbrances	Continuing Appropriations	Total
Expenditures by Department:			
Executive Branch:			
Office of I Maga'lahaen Guahan:			
Office of the Governor	\$ 124,428	\$ -	\$ 124,428
Ancestral Land Trust Commission	1,583	-	1,583
Government House	45,402	-	45,402
Medical Referral Offices	25,081	-	25,081
Office of Veteran's Affairs	22,720	-	22,720
	<u>219,214</u>	<u>-</u>	<u>219,214</u>
Office of I Segundu Na Maga'lahaen Guahan:			
Office of the Lieutenant Governor	17,848	-	17,848
Guam Clearinghouse	1,448	-	1,448
	<u>19,296</u>	<u>-</u>	<u>19,296</u>
Bureau of Budget and Management Research:			
Office of the Director	49,020	-	49,020
Civil Service Commission:			
Office of the Director	10,380	-	10,380
Department of Administration:			
Office of the Director	213,382	-	213,382
Guam Election Commission			
	<u>112,767</u>	<u>-</u>	<u>112,767</u>
Department of Revenue and Taxation:			
Office of the Director	45,126	-	45,126
Office of the Director - Computer System Upgrade	4,200	-	4,200
Office of the Director - Stimulus Tax Rebate	33,452	-	33,452
Real Property Tax Assessment	-	876,929	876,929
	<u>82,778</u>	<u>876,929</u>	<u>959,707</u>
Bureau of Statistics and Plans:			
Chief Economist's Office	116	-	116
Department of Public Works:			
Office of the Director	95,184	-	95,184
Office of the Director - Consent Decree	1,997,718	-	1,997,718
Transportation Maintenance Division	414	-	414
Bus Operations Division	30,498	-	30,498
	<u>2,123,814</u>	<u>-</u>	<u>2,123,814</u>
Office of the Attorney-General:			
Attorney-General's Office	129,419	-	129,419
APASI System	-	1,753,857	1,753,857
	<u>129,419</u>	<u>1,753,857</u>	<u>1,883,276</u>
Guam Police Department:			
Office of the Chief	73,697	-	73,697
Support Division	5,177	-	5,177
Forensic Science Division	18,378	-	18,378
	<u>97,252</u>	<u>-</u>	<u>97,252</u>
Department of Corrections:			
Office of the Director	139,402	-	139,402

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund, Continued September 30, 2008

	<u>Encumbrances</u>	<u>Continuing Appropriations</u>	<u>Total</u>
Expenditures by Department, continued:			
Executive Branch, continued:			
Department of Agriculture:			
Office of the Director	18,829	-	18,829
Animal Health Section	1,430	-	1,430
	<u>20,259</u>	<u>-</u>	<u>20,259</u>
Department of Public Health and Social Services:			
Office of the Director	90,274	-	90,274
Chief Public Health Office	10,325	-	10,325
Community Health Services	30,453	-	30,453
Communicable Disease Control	3,949	-	3,949
Professional Social Services	918	-	918
Primary Care Services	1,695	-	1,695
Medically Indigent Program	5,185	-	5,185
Foster Care	71,401	-	71,401
Division of Senior Citizens	5,475	-	5,475
Adult Protective Services	56,316	-	56,316
Division of Environmental Health	2,483	-	2,483
Supply Section	3,721	-	3,721
Management Support Services	336	-	336
Facilities and Maintenance	17,521	-	17,521
Systems Group	74,486	-	74,486
Southern Regional Health Center	-	6,258,958	6,258,958
	<u>374,538</u>	<u>6,258,958</u>	<u>6,633,496</u>
Department of Education:			
Guam Public School System	9,105,974	8,467,644	17,573,618
Guam Public Library	227,752	-	227,752
	<u>9,333,726</u>	<u>8,467,644</u>	<u>17,801,370</u>
Department of Youth Affairs:			
Division of Vocational Rehabilitation and Support Services	16,884	-	16,884
Department of Mental Health and Substance Abuse:			
Office of the Director	102,499	-	102,499
Nursing Services Division	102,337	-	102,337
Permanent Injunction	-	3,230,309	3,230,309
	<u>204,836</u>	<u>3,230,309</u>	<u>3,435,145</u>
Department of Labor:			
Office of the Director	475	-	475
Department of Parks and Recreation:			
Office of the Director	2,345	-	2,345
Parks Maintenance	2,270	-	2,270
	<u>4,615</u>	<u>-</u>	<u>4,615</u>
Department of Integrated Services for Individuals with Disabilities:			
Office of the Director	5,228	-	5,228
Permanent Injunction	-	1,753,857	1,753,857
	<u>5,228</u>	<u>1,753,857</u>	<u>1,759,085</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund, Continued September 30, 2008

	Encumbrances	Continuing Appropriations	Total
Expenditures by Department, continued:			
Executive Branch, continued:			
Mayor's Council of Guam:			
Mayors' Council Consolidated Accounts	84,834	-	84,834
Chief Medical Examiner:			
Medical Examiner's Office	13,281	-	13,281
Guam Fire Department:			
Office of the Fire Chief	4,105	-	4,105
Administrative and Logistical Support	56,938	-	56,938
	61,043	-	61,043
Payments to Component Units:			
Guam Educational Telecommunications Corporation	1,217	-	1,217
Guam Memorial Hospital Authority	-	4,401,411	4,401,411
University of Guam	-	315,694	315,694
	1,217	4,717,105	4,718,322
Interest and other charges:			
Other	90,205	-	90,205
Other financing sources uses:			
Federal Grants Fund	18,780	-	18,780
	\$ 13,426,761	\$ 27,058,659	\$ 40,485,420

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GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Operating Transfers
Year Ended September 30, 2008

Source/Recipient	Transfers Out	Transfers In
<u>General Fund</u>		
From General Fund to:		
Better Public Service Fund	\$ 537,104	\$ -
Customs, Agriculture and Quarantine Inspection Services Fund	783,195	-
Federal Grants Assistance Fund	27,277,241	-
Government Claims Fund	95,000	-
GMHA Pharmaceuticals Fund	11,072,393	-
Legislature Fund	7,520,420	-
MIP Payment Revolving Fund	8,962,034	-
Off-island Treatment Fund	1,659,689	-
Public Auditor Fund	1,037,780	-
Public Defender Service Corporation Fund	2,920,866	-
Streetlight Fund	316,629	-
Supplemental Annuity Benefits Fund	10,757,085	-
Territorial Highway Fund	3,070,392	-
Unified Courts of Guam Fund	24,589,003	-
Worker's Compensation Fund	842,075	-
To General Fund from:		
General Services Agency Inventory Revolving Fund	-	1,424,786
Guam Telephone Authority Privatization Proceeds Fund	-	9,000,000
Healthy Futures Fund	-	833,662
Interim Transition Coordinating Committee Fund	-	2,708,689
Public Library System Fund	-	941,609
Territorial Education Facilities Fund	-	12,848,744
Typhoon Chataan and Halong Fund	-	1,391,530
	<u>\$ 101,440,906</u>	<u>\$ 29,149,020</u>
<u>Federal Grants Assistance Fund</u>		
From Federal Grants Assistance Fund to:		
GPSS Federal Grants Fund	\$ 10,295,835	\$ -
To Federal Grants Assistance Fund from:		
General Fund	-	27,277,241
Healthy Futures Fund	-	818,826
	<u>\$ 10,295,835</u>	<u>\$ 28,096,067</u>
<u>GPSS Federal Grants Fund</u>		
To GPSS Federal Grants Fund from:		
Federal Grants Assistance Fund	\$ -	\$ 10,295,835
<u>Other Governmental Funds</u>		
Special Revenue Funds:		
To General Fund from:		
General Services Agency Inventory Revolving Fund	\$ 1,424,786	\$ -
Guam Telephone Authority Privatization Proceeds Fund	9,000,000	-
Healthy Futures Fund	833,662	-
Interim Transition Coordinating Committee Fund	2,708,689	-
Public Library System Fund	941,609	-
Territorial Education Facilities Fund	12,848,744	-
Typhoon Chataan and Halong Fund	1,391,530	-
To Federal Grants Assistance Fund from:		
Healthy Futures Fund	818,826	-
To Better Public Service Fund from:		
General Fund	-	537,104
Guam Environmental Trust Fund	28,606	28,606
Health and Human Services Fund	690	690
Limited Obligation Highway Improvement Bonds Debt Service Fund	-	879,786
Youth Tobacco and Education Prevention Fund	55	55

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GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Operating Transfers, Continued
Year Ended September 30, 2008

Source/Recipient	Transfers Out	Transfers In
<u>Other Governmental Funds, Continued</u>		
<u>Special Revenue Funds, Continued:</u>		
To Health Futures Fund from:		
Safe Homes, Safe Streets Fund	1,544,626	1,544,626
To Tourist Attraction Fund from:		
Limited Obligation Infrastructure Improvement Bonds Capital Projects Fund	-	74,527
To Unified Courts of Guam Fiduciary Fund from:		
Unified Courts of Guam	1,011,284	-
From General Fund to:		
Customs, Agriculture and Quarantine Inspection Services Fund	-	783,195
Government Claims Fund	-	95,000
GMHA Pharmaceuticals Fund	-	11,072,393
Legislature Fund	-	7,520,420
MIP Payment Revolving Fund	-	8,962,034
Off-island Treatment Fund	-	1,659,689
Public Auditor Fund	-	1,037,780
Public Defender Service Corporation Fund	-	2,920,866
Streetlight Fund	-	316,629
Supplemental Annuity Benefits Fund	-	10,757,085
Territorial Highway Fund	-	3,070,392
Unified Courts of Guam Fund	-	24,589,003
Worker's Compensation Fund	-	842,075
From Territorial Highway Fund to:		
Public Transit Fund	336,942	336,942
University of Guam Capital Improvements Fund	1,000,000	1,000,000
Limited Obligation Highway Improvement Bonds Capital Projects Fund	5,770	-
Limited Obligation Highway Improvement Bonds Debt Service Fund	7,683,290	-
From Tourist Attraction Fund to:		
Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	9,728,095	-
	<u>51,307,204</u>	<u>78,028,897</u>
<u>Capital Projects Funds:</u>		
From Limited Obligation Highway Improvement Bonds Capital Projects Fund to:		
Tourist Attraction Fund	74,527	-
From Territorial Highway Fund to:		
Limited Obligation Highway Improvement Bonds Capital Projects Fund	-	5,770
	<u>74,527</u>	<u>5,770</u>
<u>Debt Service Funds:</u>		
From Territorial Highway Fund to:		
Limited Obligation Highway Improvement Bonds Debt Service Fund	-	7,683,290
From Tourist Attraction Fund to:		
Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	-	9,728,095
From Limited Obligation Infrastructure Improvement Bonds Debt Service Fund to:		
Better Public Service Fund	879,786	-
	<u>879,786</u>	<u>17,411,385</u>
	<u>\$ 52,261,517</u>	<u>\$ 95,446,052</u>
<u>Fiduciary Funds</u>		
<u>Private Purpose Trust Funds:</u>		
From Unified Courts of Guam Fund to:		
Unified Courts of Guam Fiduciary Trust Fund	-	1,011,284
	<u>\$ -</u>	<u>\$ 1,011,284</u>

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GOVERNMENT OF GUAM

Schedule of Personnel Count Years Ended September 30, 2008 and 2007

Department	2008	2007
Agency for Human Resources Development	36	28
Bureau of Budget and Management Research	18	19
Bureau of Statistics and Plans	32	33
Chamorro Land Trust Commission	13	12
Civil Service Commission	6	7
Customs and Quarantine	143	140
Department of Administration	135	141
Department of Agriculture	79	85
Department of Chamorro Affairs	14	14
Department of Corrections	221	236
Department of Education	3,643	4,048
Department of Integrated Services for Individuals with Disabilities	40	39
Department of Labor	45	45
Department of Land Management	46	44
Department of Law - Attorney General	151	129
Department of Mental Health and Substance Abuse	122	130
Department of Military Affairs	37	39
Department of Parks and Recreation	75	79
Department of Public Health and Social Services	416	411
Department of Public Works	408	433
Department of Revenue and Taxation	152	156
Department of Youth Affairs	84	85
Governor's Office	118	130
Guam Council on the Arts and Humanities Agency	7	7
Guam Educational and Telecom. Corporation - KGTF	9	9
Guam Election Commission	2	3
Guam Energy Office	4	6
Guam Environmental Protection Agency	57	56
Guam Fire Department	309	318
Guam Legislature	147	142
Guam Police Department	375	362
Guam Public Library System	32	27
Mayors' Council of Guam	188	178
Medical Examiner	3	3
Office of I Segundu Na Maga'Lahen Guahan	19	19
Office of the Public Auditor	12	12
Public Defender	41	47
Superior Court of Guam	339	329
Miscellaneous	22	12
	7,600	8,013

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GOVERNMENT OF GUAM

Balance Sheets
Governmental Funds
September 30, 2008

(With comparatives as of September 30, 2007)

	General Fund		Federal Grants Assistance Fund		GPSS Federal Grants Fund		Other Governmental Funds	
	2008	2007	2008	2007	2008	2007	2008	2007
ASSETS								
Cash and cash equivalents	\$ 23,929,274	\$ 54,743,880	\$ 3,032,067	\$ 2,938,668	\$ 1,407,788	\$ 95,341	\$ 25,776,905	\$ 21,870,844
Time certificates of deposit	15,292,656	-	-	-	-	-	-	242,614
Investments	900,000	500,000	-	-	-	-	7,654,000	8,120,000
Receivables, net:								
Taxes	25,132,990	28,165,763	-	-	-	-	3,953,436	4,701,998
Federal agencies	147,071	8,572	20,810,467	21,460,228	3,735,564	3,817,549	274,394	178,962
Note	-	-	-	-	-	-	-	10,000,000
Interest	-	-	-	-	-	-	-	1,095,883
Other	239,968	240,271	345,976	-	-	-	3,540,231	2,898,266
Due from other funds	14,533,290	13,442,444	-	-	568,417	949,142	50,891,255	59,255,194
Due from private purpose trust funds	-	-	-	-	-	-	2,142,182	1,535,510
Due from component units	-	-	-	-	-	-	1,476,496	1,525,038
Inventories	-	-	-	-	-	-	252,510	780,933
Prepayments	330,603	574,996	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	102,715	233,421	-
Restricted assets:								
Cash and cash equivalents	77,660,593	13,122,953	-	-	-	-	25,825,625	15,427,399
Time certificates of deposit	-	-	-	-	-	-	1,000,726	601,400
Investments	-	7,643,823	-	-	-	-	7,315,468	10,919,575
Total assets	<u>\$ 158,166,445</u>	<u>\$ 118,442,702</u>	<u>\$ 24,188,510</u>	<u>\$ 24,398,896</u>	<u>\$ 5,711,769</u>	<u>\$ 4,964,747</u>	<u>\$ 130,336,649</u>	<u>\$ 139,153,616</u>
LIABILITIES AND FUND BALANCES (DEFICITS)								
Accounts payable	\$ 46,062,214	\$ 73,646,786	\$ 142,535	\$ 141,935	\$ 1,111,327	\$ 494,011	\$ 8,891,277	\$ 15,377,613
Accrued payroll and other	12,631,694	9,744,721	1,506,620	1,289,459	759,856	1,024,628	2,353,185	2,221,295
Due to other funds	50,047,701	60,167,569	6,277,970	3,398,529	-	-	9,667,291	10,080,682
Due to pension trust funds	17,057,793	18,471,728	-	-	-	-	-	-
Due to component units	24,182,107	36,628,708	-	-	-	-	975,866	5,285,752
Payable to federal agencies	-	4,108	16,053,332	19,402,928	-	-	519	-
Deferred revenues	38,869,372	40,225,229	-	-	2,478,477	2,609,109	1,644,645	3,228,963
Provision for tax refunds	277,942,736	252,682,253	-	-	-	-	5,192,264	5,583,454
COLA liability	96,327,556	118,442,446	-	-	-	-	-	-
Deposits and other liabilities	10,560,207	10,323,877	-	-	-	-	979,797	1,328,121
Total liabilities	<u>573,681,380</u>	<u>620,337,425</u>	<u>23,980,457</u>	<u>24,232,851</u>	<u>4,349,660</u>	<u>4,127,748</u>	<u>29,704,844</u>	<u>43,105,880</u>
Fund balances (deficits):								
Reserved:								
Encumbrances	13,426,761	11,383,599	48,949,769	38,685,270	2,579,387	5,169,642	3,232,522	7,736,693
Continuing appropriations	27,058,659	1,843,657	-	-	-	-	2,658,094	10,377,387
Related assets	900,000	500,000	-	-	-	-	1,712,891	15,243,424
Debt service	69,119,151	20,766,776	-	-	-	-	20,875,593	20,722,548
Unreserved (deficits), reported in:								
General fund	(526,019,506)	(536,388,755)	-	-	-	-	-	-
Special revenue funds	-	-	(48,741,716)	(38,519,225)	(1,217,278)	(4,332,643)	58,759,564	33,666,771
Capital projects funds	-	-	-	-	-	-	8,676,039	6,747,458
Debt service funds	-	-	-	-	-	-	4,717,102	1,553,455
Total fund balances (deficits)	<u>(415,514,935)</u>	<u>(501,894,723)</u>	<u>208,053</u>	<u>166,045</u>	<u>1,362,109</u>	<u>836,999</u>	<u>100,631,805</u>	<u>96,047,736</u>
Total liabilities and fund balances	<u>\$ 158,166,445</u>	<u>\$ 118,442,702</u>	<u>\$ 24,188,510</u>	<u>\$ 24,398,896</u>	<u>\$ 5,711,769</u>	<u>\$ 4,964,747</u>	<u>\$ 130,336,649</u>	<u>\$ 139,153,616</u>

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GOVERNMENT OF GUAM

Statements of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
 Governmental Funds
 Year Ended September 30, 2008
 (With comparatives for the year ended September 30, 2007)

	General Fund		Federal Grants Assistance Fund		GPSS Federal Grants Fund		Other Governmental Funds	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues:								
Taxes	\$ 443,042,946	\$ 426,273,257	\$ -	\$ -	\$ -	\$ -	\$ 63,232,570	\$ 62,857,145
Licenses, fees and permits	5,593,716	4,266,783	-	-	-	-	46,329,298	40,255,264
Use of money and property	2,472,737	727,883	-	-	-	-	3,300,462	3,172,490
Federal contributions	45,329,450	74,723,572	140,240,979	124,616,896	44,708,831	49,414,170	4,002,636	1,820,537
Guam Public School System	2,831,209	1,431,526	-	-	-	-	-	-
Contributions from component units	10,372,580	2,196,244	-	-	-	-	-	-
Other	3,547,691	5,153,679	-	-	-	-	1,333,251	523,690
Total revenues	513,190,329	514,772,944	140,240,979	124,616,896	44,708,831	49,414,170	118,198,217	108,629,126
Expenditures by Object:								
Salaries and wages:								
Regular	200,667,682	199,982,594	24,682,994	25,178,699	22,507,156	25,317,460	42,440,372	42,182,937
Overtime	6,563,157	6,456,737	335,280	266,231	29,778	39,769	731,378	850,435
Fringe benefits	60,834,284	59,063,414	7,192,654	7,459,062	8,805,022	6,607,037	11,847,414	11,362,624
Travel	1,088,435	832,098	2,759,725	2,271,694	590,859	992,981	654,405	634,939
Contractual services	23,189,456	25,418,237	45,903,816	47,389,737	11,964,798	9,539,527	13,608,806	13,810,642
Building rent	3,759,967	2,756,521	1,379,927	1,440,856	-	-	3,263,836	3,287,085
Supplies	9,365,566	5,129,668	2,510,522	3,285,209	3,413,389	5,854,867	3,306,042	3,248,266
Equipment	1,364,521	1,079,836	1,377,188	1,969,608	484,275	498,713	1,026,765	838,308
Utilities - power and water	19,295,554	20,837,675	1,232,217	1,003,151	-	-	5,852,765	5,197,769
Communications	2,493,363	2,489,204	371,909	419,041	4,450	-	789,441	527,086
Capital outlays	4,512,368	908,188	5,171,421	6,598,267	579,829	548,663	6,352,741	8,964,454
Capital lease	-	-	-	-	55,160,750	-	-	-
Grants and subsidies	47,338,542	49,523,827	20,617,884	9,725,316	-	-	26,839,136	35,621,866
Supplemental annuity benefits	18,626,406	7,257,679	-	-	-	-	11,362,287	-
Principal retirement	7,745,000	14,629,867	-	-	2,080,000	-	9,840,000	9,395,000
Interest and fiscal charges	23,321,347	23,594,226	-	-	3,020,000	-	3,741,066	4,129,017
Miscellaneous	24,007,963	1,586,000	44,463,666	43,869,388	1,000,000	-	17,094,802	35,743,391
Total expenditures	454,173,611	421,545,771	157,999,203	150,876,259	109,640,306	49,399,017	158,751,256	175,793,819
Excess (deficiency) of revenues over (under) expenditures	59,016,718	93,227,173	(17,758,224)	(26,259,363)	(64,931,475)	15,153	(40,553,039)	(67,164,693)
Other financing sources (uses):								
Proceeds from refunded bonds issued	151,935,000	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	13,800,000	-	-	-	-	-	2,952,573	-
Capital leases	-	-	-	-	55,160,750	-	-	-
Discount on refunded bonds issued	(5,639,246)	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(73,664,587)	-	-	-	-	-	-	-
Transfers in from other funds	29,149,020	15,514,211	28,096,067	27,129,867	10,295,835	787,179	95,446,052	104,450,032
Transfers out to other funds	(101,440,906)	(114,581,011)	(10,295,835)	(799,092)	-	-	(52,261,517)	(32,331,588)
Total other financing sources (uses), net	14,139,281	(99,066,800)	17,800,232	26,330,775	65,456,585	787,179	46,137,108	72,118,444
Special items:								
Adjustment of medical bill accrual	13,223,789	-	-	-	-	-	-	-
Loss on sale of GTA note receivable	-	-	-	-	-	-	(1,000,000)	-
Earned Income Tax Credit judgement	-	17,154,697	-	-	-	-	-	-
Total special items	13,223,789	17,154,697	-	-	-	-	(1,000,000)	-
Net change in fund balances (deficits)	86,379,788	11,315,070	42,008	71,412	525,110	802,332	4,584,069	4,953,751
Fund balances (deficits) at beginning of year	(501,894,723)	(513,209,793)	166,045	94,633	836,999	34,667	96,047,736	91,093,985
Fund balances (deficits) at end of year	\$ (415,514,935)	\$ (501,894,723)	\$ 208,053	\$ 166,045	\$ 1,362,109	\$ 836,999	\$ 100,631,805	\$ 96,047,736

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