



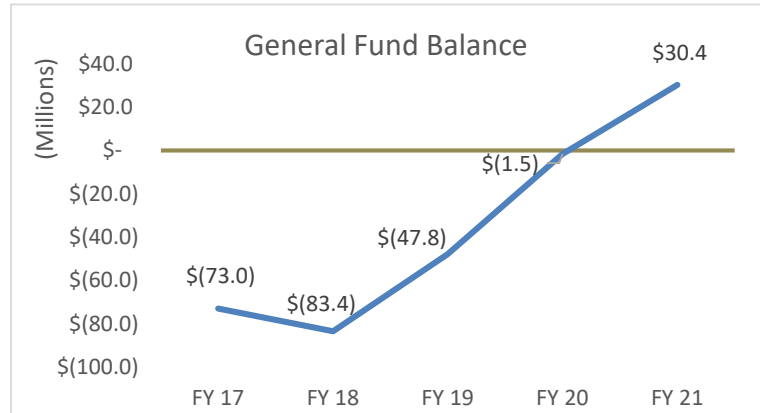
OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam 96910
 Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
 www.opaguam.org

Government of Guam – FY 2021 Financial Highlights

July 19, 2022

Hagåtña, Guam – The Office of Public Accountability (OPA) has released the Government of Guam (GovGuam) financial statements for Fiscal Year (FY) 2021, received by the OPA on Monday, July 18, 2022. The GovGuam General Fund ended FY 2021 with a \$31.9 million (M) surplus. As a result, GovGuam reported a General Fund balance of \$30.4M, the first positive balance since 2013.



In 2006, the General Fund deficit reached its largest deficit of \$524M. Since that time, the Government has achieved a steadily improving trend. This has been managed by maximizing revenues, by limiting expenditures, and by replacing unfunded current obligations with bonded long-term debt which has structured repayment requirements. This debt represents a level of confidence by outside investors in the ability of GovGuam to manage its responsibilities.

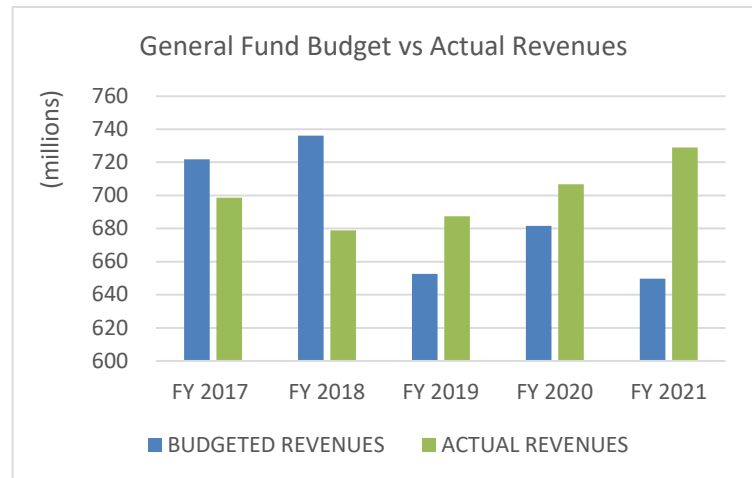
Independent Auditors, Deloitte & Touche, LLP, issued an unmodified (“clean”) opinion on GovGuam’s financial statements. A separate commentary on the Single Audit Report and Management Letter will be released.

General Fund Revenues and Expenses

For FY 2021, the General Fund reported revenues (including transfers in) of \$782.4M, a slight increase of \$100 thousand (K) from FY 2020 revenues and transfers in of \$782.3M. Correspondingly, the General Fund reported expenditures (including transfers out) of \$750.8M, an increase of \$14.8M (or 2%) from FY 2020 expenditures and transfers out of \$736M.

General Fund Revenue Budget vs. Actual

General Fund revenues of \$728.9M were higher than the budgeted estimated collections of \$649.7M. The net increase of \$79.2M is primarily attributable to income tax collections of \$89.9M above budget, offset by gross receipts tax and Section 30 federal tax collections of \$7.6M and \$3.5M, respectively, below budget. Revenues have been under-budgeted since FY 2019.



GovGuam management has omitted the Schedule of Revenues, Expenditures and Changes in Deficit - Budget and Actual - General Fund and notes thereto, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.

GovGuam's Primary Government Net Position Decreased Slightly

GovGuam's total net position decreased by \$36M (or 1.5%) from a negative \$2.4 billion (B) in the prior year to a negative \$2.5B in FY2021. This was primarily attributable to expenses for governmental activities of \$2.1B exceeding revenues for governmental activities of \$2B.

Program revenues increased by \$216.2M (or 21.8%) from the previous fiscal year. The change was primarily due to an increase, compared with prior year, in operating grants and contributions including \$96.6M in federal assistance received and expended under the American Rescue Plan Act of 2021. Conversely, general revenues decreased by \$5.2M (or 0.6%) from the previous fiscal year. The change was due to an increase, compared with prior year, in income tax collections of \$27.9M (or 8.6%) offset by a decrease in Section 30 federal tax collections of \$17.2M (or 20.9%) and other taxes of \$16.3M (or 13.8%).

For the fiscal year ended September 30, 2021, GovGuam's expenses for governmental activities were \$2.1B and were funded by \$1.2B in program revenues, including federal supplements of \$1.1B, and \$825M in taxes and other general revenues.

GovGuam's expenses cover a range of services. The largest expenses were for public health, public welfare, and public education, which comprise 23.6%, 21.3%, and 20.5%, respectively, of the total expenses for FY 2021. Other expenses that make up a portion of the costs of governmental activities include transportation (\$54.6M), community services (\$48.2M), environmental protection (\$42.6M), economic development (\$18.3M), and culture and recreation (\$10.4M).

Government-Wide Long Term Debt and Debt Ceiling

In accordance with the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which amounts to \$1.4B as of October 2020, the date that such certification was performed. Total debt outstanding as of September 30, 2021, subject to the debt ceiling limitation, was \$989.3M. The legal debt margin as of September 30, 2021 was \$364.7M. During FY 2021, GovGuam's overall total long-term debt decreased by \$54M. The decrease in long-term debt was the result of debt service associated with GovGuam's general obligation of \$1.7M and bonded debt of \$52.1M, respectively.

Compliance

A separate commentary on the Single Audit Reports and Management Letter accompany this report. Refer to the Management's Discussion and Analysis in the audit report at www.opaguam.org for a detailed discussion of GovGuam's operations.