

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 2007

GOVERNMENT OF GUAM

Table of Contents Year Ended September 30, 2007

	<u>Page</u>
I. Independent Auditors' Report	1
Management's Discussion and Analysis	3
II. Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	15
Governmental Fund Financial Statements:	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities	19
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	20
Statement of Changes in Fiduciary Net Assets	21
Discretely Presented Component Unit Financial Statements:	
Statement of Net Assets	22
Statement of Revenues, Expenses, and Changes in Net Assets	23
Notes to the Basic Financial Statements	25
III. Required Supplementary Information - Other than Management's Discussion and Analysis:	
Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund	94
Notes to the Required Supplementary Information - Budgetary Reporting	95
IV. Other Supplementary Information:	
Combining Schedule of Expenditures by Object – Governmental Funds	97
Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund	98
Statement of Revenue, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund	108
Combining Balance Sheet - Nonmajor Governmental Funds	115
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits) - Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits) - Nonmajor Governmental Funds	117

GOVERNMENT OF GUAM

Table of Contents, Continued Year Ended September 30, 2007

	<u>Page</u>
IV. Other Supplementary Information, Continued:	
Introductions:	
Nonmajor Governmental Funds - Special Revenue Funds	118
Nonmajor Governmental Funds - Capital Projects Funds	128
Nonmajor Governmental Funds - Debt Service Funds	129
Nonmajor Component Units	130
Fiduciary Funds	132
Nonmajor Governmental Funds:	
Combining Balance Sheet - Special Revenue Funds	133
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits) - Special Revenue Funds	145
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits) - Special Revenue Funds	157
Combining Balance Sheet - Capital Projects Funds	169
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits) - Capital Projects Funds	170
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits) - Capital Projects Funds	171
Combining Balance Sheet - Debt Service Funds	172
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Debt Service Funds	173
Fiduciary Funds:	
Statement of Fiduciary Net Assets - Pension Trust	174
Statement of Changes in Fiduciary Net Assets - Pension Trust	175
Statement of Fiduciary Net Assets - Private Purpose Trusts	176
Statement of Changes in Fiduciary Net Assets - Private Purpose Trusts	177
Nonmajor Component Units:	
Combining Balance Sheet	178
Combining Statement of Revenues, Expenses, and Changes in Net Assets	179
Comparative Statements of Net Assets - Primary Government	181
Combining Statement of Assets, Liabilities, and Deficiency - General Fund	182
Combining Statement of Revenues, Expenditures, and Changes in Deficit - General Fund	183
Combining Schedule of Expenditures by Object - General Fund	193
Combining Schedule of Encumbrances and Continuing Appropriations - General Fund	194
Schedule of Other Financing Sources and Uses - Transfers Out	197
Schedule of Personnel Count	200
Combining Balance Sheets - Governmental Funds	201
Combining Statements of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits) - Governmental Funds	202

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, 2007, which collectively comprise GovGuam's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 91%, 94% and 68%, 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 Guam Memorial Hospital Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 40%, 54% and 36%, respectively, of the assets, net assets and 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 Guam Memorial Hospital 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.

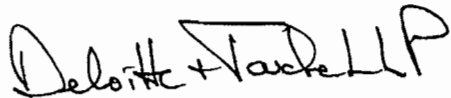
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2007, 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.

The Management's Discussion and Analysis, on pages 3 through 12, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, 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 13, 2008, 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 13, 2008

GOVERNMENT OF GUAM

Management's Discussion and Analysis Year Ended September 30, 2007

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, 2007. Please read it in conjunction with GovGuam's basic financial statements, which follow this section. Fiscal year 2006 comparative information has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2007, GovGuam's total net assets increased by \$10.7 million (or 6.8%) from a net assets deficiency of \$157.5 million in the prior year to a net deficiency of \$146.8 million.
- During fiscal year 2007, GovGuam's expenses for governmental activities were \$807.3 million, including expenses recorded or payments made or due to the autonomous agencies, and were funded in part by \$299.9 million in program revenues and \$501 million in taxes and other general revenues, excluding special items of \$17.2 million. Expenses were up from fiscal year 2006 by \$36.7 million (or 4.8%) whereas program revenues and general revenues were up from fiscal year 2006 by \$38.5 million (or 14.7%) and \$73.5 million (or 17.2%), respectively. The increase in program revenues was primarily due to an increase in operating grants and contributions (\$31.2 million) whereas the increase in general revenues was primarily due to an increase in income taxes (\$53.4 million) and gross receipts taxes (\$17.4 million).
- For the fiscal year ended September 30, 2007, the General Fund reported general fund appropriations (including transfers out) of \$544.5 million, \$14.6 million in excess of revenues (including transfers in) of \$529.9 million up by \$46.1 million from fiscal year 2006.
- At September 30, 2007, the General Fund reported a total fund balance deficit of \$510.1 million, which is a decrease of \$14 million from the prior year deficit of \$524.1 million. This change in the deficit is primarily attributable to a decrease in the deficit of the unreserved general fund balance of \$15.3 million and an increase reserve for related assets of \$100K (or 25%), offset by a decrease in encumbrances of \$1.4 million (or 1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2007

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.
- 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.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2007

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 2007, GovGuam's liabilities exceeded assets by \$146.8 million. However, all these net assets are either restricted as to the purpose they can be used for or are invested in capital assets. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The summary of Net Assets (condensed) presented below, with comparable balances for fiscal year 2006 discloses this relationship:

	GovGuam's Net Assets As of September 30	
	2007	2006
Current and other assets	\$ 214,778,642	\$ 219,412,142
Capital assets	678,606,894	698,960,489
Total assets	893,385,536	918,372,631
Long-term liabilities	403,010,060	417,071,400
Other liabilities	637,162,124	658,765,467
Total liabilities	1,040,172,184	1,075,836,867
Net assets:		
Invested in capital assets, net of related debt	447,810,171	444,878,767
Restricted net assets	83,113,647	66,601,805
Unrestricted net assets	(677,710,466)	(668,944,808)
Total net assets	\$ (146,786,648)	\$ (157,464,236)

At the end of fiscal year 2007, GovGuam's unrestricted net assets showed a deficiency of \$677.7 million, an increase of \$8.8 million (or 1.3%) 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.

Changes in Net Assets

For the year ended September 30, 2007, net assets of the primary government increased by \$10.7 million, an increase of 6.8% from the prior year's net assets deficiency of \$157.5 million. This result indicates that GovGuam's financial condition, as a whole, increased from the prior year. For the year ended September 30, 2007, net assets of the primary government changed as follows, with comparable amounts for fiscal year 2006:

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2007

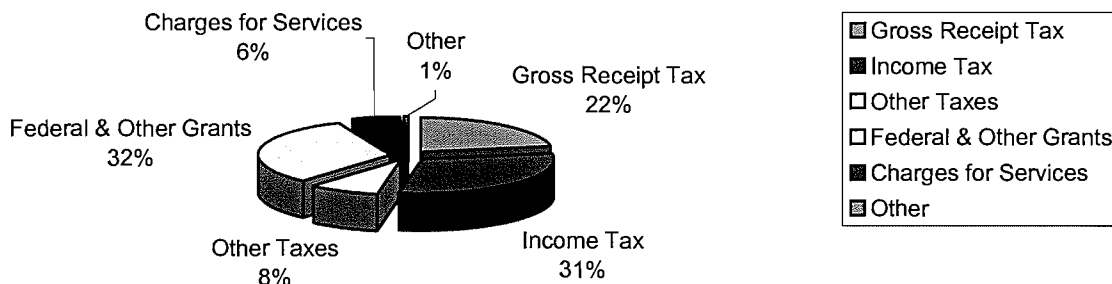
GovGuam's Changes in Net Assets For the Years Ended September 30

	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 45,484,876	\$ 38,235,392
Operating grants and contributions	254,372,543	223,160,411
General revenues:		
Taxes	490,302,786	416,815,919
Investment earnings	4,994,123	5,700,936
Other	5,677,369	4,989,865
Total revenues	<u>800,831,697</u>	<u>688,902,523</u>
Expenses:		
General government	102,392,328	96,408,217
Protection of life and property	95,089,895	94,531,452
Public health	77,710,571	86,558,390
Community services	42,346,780	32,564,953
Recreation	5,395,129	5,386,831
Individual and collective rights	50,182,594	46,878,905
Transportation	34,872,113	35,711,970
Public education	242,284,068	239,103,102
Environmental protection	11,142,294	9,090,493
Economic development	15,161,777	13,715,987
Interest expense (unallocated)	12,659,269	14,075,896
Transfers to persons	-	1,405,798
Payments to autonomous agencies	88,513,504	75,460,187
Interest on tax refunds	4,824,487	2,032,527
Capital projects	13,968,768	3,503,737
Other	10,765,229	14,227,688
Total expenses	<u>807,308,806</u>	<u>770,656,133</u>
Special items	<u>17,154,697</u>	<u>(139,800,963)</u>
Change in net assets	<u>\$ 10,677,588</u>	<u>\$ (221,554,573)</u>

GovGuam's revenues from governmental activities, including local revenues, totaled \$800.8 million in fiscal year 2007. The cost of governmental activities totaled \$807.3 million; the deficiency of \$6.5 million plus special items of \$17.2 million result in an overall increase in net assets of \$10.7 million.

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

Graph 1
GovGuam's Revenue Sources
For the Year Ended September 30, 2007

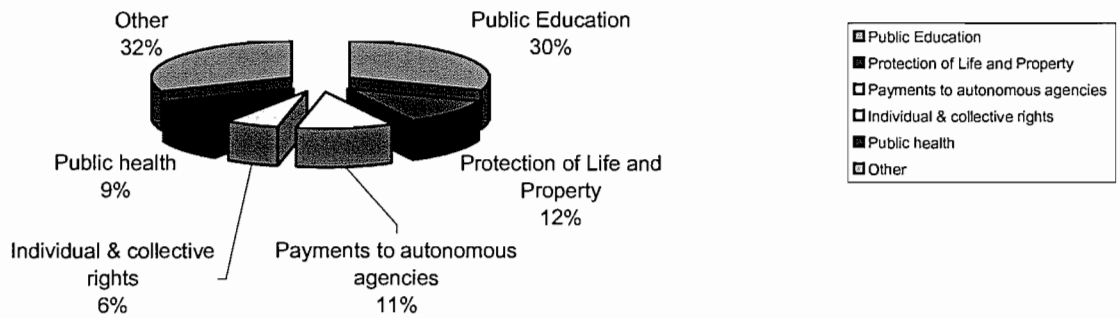


GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2007

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.

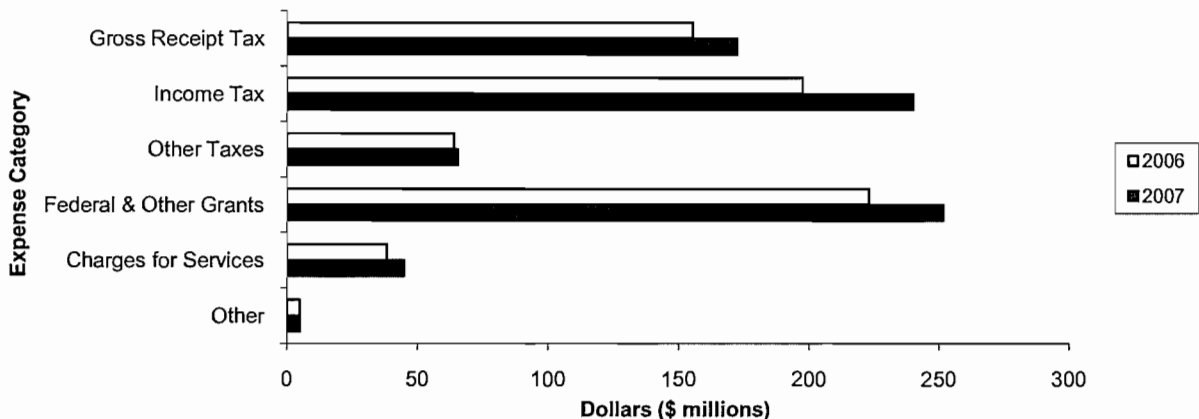
Graph 2
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2007



Other expenses that make up a portion of the costs of governmental activities include general government expenses (\$102.4 million), community services (\$42.3 million), environmental protection (\$11.1 million), economic development expenses (\$15.2 million), unallocated interest expense (\$12.7 million), transportation expenses (\$34.9 million), recreation (\$5.4 million), capital-related expenses (\$14.0 million), interest payments on tax refunds (\$4.8 million), and miscellaneous payments (\$10.8 million).

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2006 and 2007.

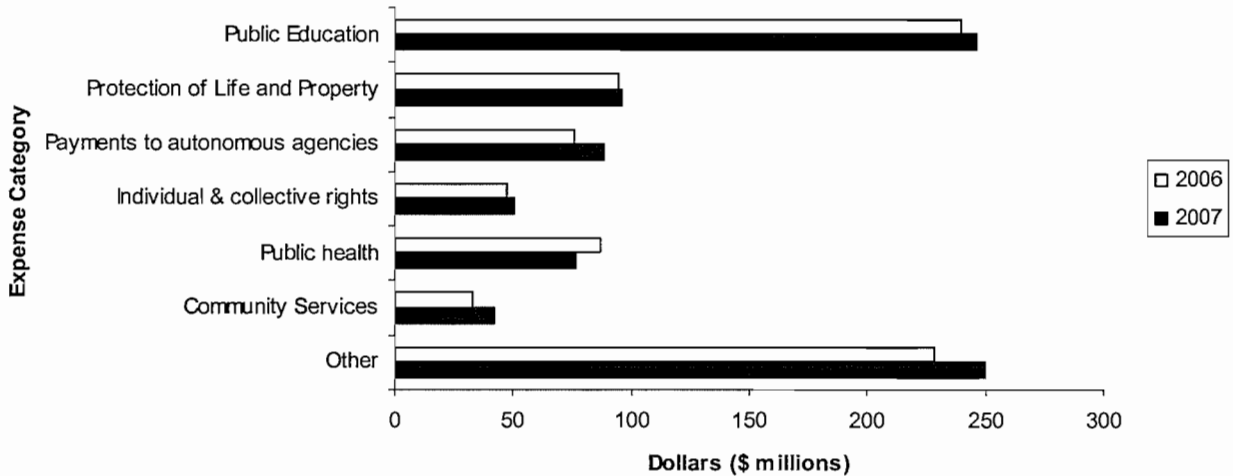
Graph 3
GovGuam's Revenue Sources
For the Years Ended September 30



GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2007

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



Other expenses in fiscal year 2007 included general government expenses of \$102.4 million, up from \$96.4 million (or 6.2%) in fiscal year 2006, transportation expenses of \$34.9 million, down from \$35.7 million (or 2.4%) in fiscal year 2006, economic development expenses of \$15.2 million, up from \$13.7 million (or 10.6%) in fiscal year 2006, and unallocated interest expense of \$12.7 million, down from \$14.1 million (or 10%) in fiscal year 2006.

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 2007, GovGuam's governmental funds reported a combined fund deficit of \$401.8 million, which represents a decrease of \$20.2 million (or 4.8%) in comparison with the fiscal year 2006 combined fund deficit of \$422 million. This is primarily attributable to the decrease in the fund deficit of the general fund of \$14 million, an increase in fund balance of the special revenue funds and debt service funds of \$14.3 million and \$0.8 million, respectively, and a decrease in capital projects funds of \$8.9 million. Of this total combined fund deficit, \$122.9 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 (\$63.0 million); 2) to fund debt service-related activities (\$31.3 million); 3) to liquidate continuing appropriation commitments (\$12 million); or 4) for a variety of other restricted purposes. The combined unreserved fund deficit of GovGuam's governmental funds is \$524.7 million, a decrease of \$56.6 million (or 9.7%) from fiscal year 2006. This deficit will be funded through future budgetary surpluses.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2007

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2007, there was a \$24.7 million increase in appropriations between the original and final amended budget for Executive Branch operations, including the Department of Administration to fund additional payments for streetlight liabilities and Cost of Living Allowances; the Department of Revenue and Taxation to fund payments for computer systems upgrade; the Department of Public Works to fund payments under the Consent Decree for Ordot Dump; the Department of Corrections to fund additional personnel costs; the Department of Parks and Recreation to fund parks maintenance; and the Guam Fire Department to fund additional personnel costs.

This increase was possible because of additional anticipated revenues primarily from increases in tax collections due to tax amnesties and amendments to the Dave Santos Act, and increases in revenues from licenses, fees and permits.

Actual revenues collected (including transfers in) of \$529.9 million were lower than budgeted amounts of \$544.5 million due primarily to non-appropriated expenditures of \$12.8 million for interest on tax refunds (\$4.8 million), interest payments to the GovGuam Retirement Fund for the Guam Public School System and the Guam Memorial Hospital Authority (\$4.6 million), and bank fees (\$3.1 million).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2007 amounted to \$953.0 million, net of accumulated depreciation of \$274.4 million, leaving a net book value of \$678.6 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below). This represents a decrease of \$20.4 million (or 2.9%) from fiscal year 2006.

Major capital asset additions for fiscal year 2007 were as follows:

	GovGuam's Capital Assets September 30, 2007 and 2006	
	2007	2006
Non-depreciable:		
Land	\$ 11,454,623	\$ 11,454,623
Construction in progress	24,785,798	16,941,413
	<u>36,240,421</u>	<u>28,396,036</u>
Depreciable:		
Infrastructure	557,957,554	556,606,560
Buildings	308,194,904	308,010,799
Machinery and equipment	50,625,658	47,474,914
	<u>916,778,116</u>	<u>912,092,273</u>
Accumulated depreciation	(274,411,643)	(241,527,820)
	<u>642,366,473</u>	<u>670,564,453</u>
Total capital assets, net	<u>\$ 678,606,894</u>	<u>\$ 698,960,489</u>

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

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2007

Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Legislature. GovGuam has entered into six separate long-term debt obligations, as indicated below. No new long-term debt obligations were incurred by GovGuam during the year ended September 30, 2007 with overall long-term debt obligations increasing by \$42.7 million (or 16.2%) in fiscal year 2007.

GovGuam's Outstanding Debt
September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Limited Obligation (Section 30) Bonds, 2001 A	\$ 43,110,000	\$ 50,490,000
General Obligation Bonds, 1993 Series A	110,975,000	117,485,000
Limited Obligation Highway Refunding Bonds, 2001 Series A	26,410,000	31,070,000
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A	46,585,000	51,320,000
Judicial Building Fund	3,716,723	3,716,723
General Fund - Note Payable	5,942,612	6,682,479
	<u>\$ 236,739,335</u>	<u>\$ 260,764,202</u>

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 represents the westernmost American community in the Pacific Ocean and is in close proximity to the heart of Asia. Guam is a strategic military location and is home to many U.S. companies, local, domestic and international corporations that serve our community, tourists and military markets and related wholesale and retail industries. Guam is an unincorporated territory of the United States, its primary language spoken is English, and is the southernmost of the Marianas Islands. The projected population of Guam in 2007 inclusive of the military is 173,456.

Guam has not experienced any significant natural disasters since 2002. In spite of that, there are lingering uncertainties about the effect the international war on terror has had on our market economy and our ability to meet our economic potential through this time period. With the continual assurances that 8,000 U.S. Marines and various Air Force and Navy military support groups and their dependents will be relocated to Guam by 2012, Guam promises to have a healthy, positive economic and financial future. Massive infrastructure improvements and direct investments in manpower and capital equipment to accommodate the influx of the military are expected incrementally this decade and well into the next. Guam will generate increased tax revenues as a direct consequence of this military buildup, but will have to cope with the strain on its infrastructure, resources, population density and environment. There are many other private sector housing and hotel developments planned alongside this military buildup.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued Year Ended September 30, 2007

The advent of housing immigrant workers and anticipated air and seaport traffic bottlenecks will bring many socioeconomic and financial challenges to Guam within the next 10 years. This will be a huge debt burden to the government of Guam, if not otherwise financed responsibly.

Employees on payroll across all industries totaled 59,550, in September 2007, 1590 more as compared to the same period in 2006. Although, the private sector saw a net increase of 1,440 paid employees, their average weekly earnings increased by only \$13.59 over this same time period. The unemployment rate for Guam was 6.9% as of March 2006, a decrease of 1.4%, when compared to 7.0% for December 2005. In September 2007, there were 5,540 construction, 1,610 manufacturing, 4,830 transportation and utilities, 11,570 retail trade and 16,180 service workers employed. The federal government employed 3,540, whereas the Guam government employed 11,360 workers in September 2007.

Guam's consumer price index, which measures the average change in prices of goods and services consumed by households, is reported at 144.46 for the 3rd quarter of 2007, a 5.6% increase over the same period in 2006. The market basket costing \$100.00 in 1996 (the base year), now cost \$144.46. The purchasing power of the dollar in the 3rd quarter 2007 is \$0.69 from 1996 (base year).

Visitor arrivals totaled 332,597 in the 4th quarter FY2007, a 6.5% increase over the same period in FY2006. Hotel occupancy taxes collected in the 4th quarter FY2007 were \$5.8 million, a 5% increase over the same period in FY2006. Japan, Korea, Taiwan and CNMI/Micronesia make up 81%, 9%, 2% and 3% of the visitors coming to Guam. Visitors, on average, spend 2.7 days on Guam and contribute \$18.60 in Hotel Occupancy Taxes and another \$28.00 in Gross Receipts Taxes.

The number and aggregate value of building and construction permits issued on Guam for FY2007 are 1,314 permits valued at \$323.3 billion, an increase of 9.8% permits and 65% in aggregate construction value since FY2006. On average, the construction value per permit was \$246,065 in FY2007, whereas in FY2006 it was \$163,267. Only upon acquiring an occupancy permit are newly constructed or added facilities occupied for its intended use.

Guam imports have remained relatively stable since 2004, averaging \$170,627,000 (for months January, April, July & October) over three years through 2006. In 2007, imports have increased to \$178,177,000 (for months February, May, August and November). In 2007, Guam exports have spiked to \$91,354,000 from annual averages of \$52,270,000 annually for the same time period since 2004. Guam trade counts imports and exports intended for sale or trade cleared through Guam Customs Agency, and excludes local and federal government, recreational or personal items.

On September 19, 2006, the Governor signed the budget bill into law through Public Law 28-149 for Education and September 29, 2006 for the remainder of the agencies for fiscal year 2007. The authorized budget included General fund revenues and expenditures of \$456,347,999. The budget law was later revised and signed on May 07, 2007 through Public Law 29-02. The amended authorized budget included General fund revenues and expenditures of \$469,346,347.

GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued
Year Ended September 30, 2007

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/doa/.

GOVERNMENT OF GUAM

Statement of Net Assets September 30, 2007

	Primary Government	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 79,648,733	\$ 77,924,621
Time certificates of deposit	242,614	1,204,509
Investments	8,620,000	2,715,583
Receivables, net	62,567,492	122,647,953
Due from primary government	-	15,992,379
Due from private purpose trusts	1,535,510	-
Due from component units	1,525,038	2,380,709
Inventories	780,933	53,105,210
Other current assets	677,711	3,853,840
Restricted assets:		
Cash and cash equivalents	28,249,648	55,564,778
Investments	18,563,398	24,395,307
Total current assets	202,411,077	359,784,889
Noncurrent assets:		
Investments	-	40,196,058
Receivables, net	10,000,000	20,991,066
Due from primary government	-	10,308,406
Due from component units	-	5,124,021
Capital assets, net of accumulated depreciation	678,606,894	1,387,300,675
Land held for development	-	20,099,433
Deferred charges	1,465,461	13,885,533
Other noncurrent assets	-	16,583,797
Restricted assets:		
Cash and cash equivalents	300,704	52,385,060
Time certificates of deposit	601,400	-
Investments	-	79,069,191
Total noncurrent assets	690,974,459	1,645,943,240
Total assets	\$ 893,385,536	\$ 2,005,728,129
<u>LIABILITIES</u>		
Current liabilities:		
Short-term debt	\$ -	\$ 20,000,000
Current portion of long-term obligations	24,430,000	21,106,863
Current obligations under capital leases	-	6,431,628
Current portion of deferred payment agreement	-	1,101,681
Accounts payable and other current liabilities	86,647,337	58,005,093
Contracts payable	-	5,923,843
Accrued interest payable	4,350,581	16,448,483
Accrued payroll and other	14,280,103	11,500,203
Payable to federal agencies	22,016,145	1,113,520
Provision for tax refunds	258,265,707	-
COLA liability	118,442,446	-
Due to pension trust fund	18,471,728	16,025,158
Due to primary government	-	1,525,038
Due to component units	31,606,054	2,274,623
Deferred revenue	34,990,621	17,302,169
Compensated absences payable	12,009,404	5,966,811
Deposits and other liabilities	11,651,998	12,287,774
Total current liabilities	637,162,124	197,012,887

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued
September 30, 2007

	Primary Government	Component Units
Noncurrent liabilities:		
Compensated absences payable	9,139,031	5,046,682
Capital lease obligations, net of current portion	-	132,270,762
Unfunded pension liability	134,549,316	29,386,539
DCRS sick leave liability	12,290,876	5,570,537
Long-term obligations, net of current portion	214,323,506	724,384,806
Payable to federal agencies	-	141,912
Due to component units	10,308,406	5,230,111
Payable to federal agencies	-	-
Other noncurrent liabilities	22,398,925	26,719,365
Total noncurrent liabilities	403,010,060	928,750,714
Total liabilities	1,040,172,184	1,125,763,601
 Commitments and contingencies		
	<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	447,810,171	618,814,056
Restricted for:		
Capital projects	16,765,166	-
Retirement of indebtedness	26,976,073	-
Other purposes	39,372,408	150,615,294
Unrestricted	(677,710,466)	110,535,178
Total net assets	(146,786,648)	879,964,528
Total liabilities and net assets	\$ 893,385,536	\$ 2,005,728,129

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2007

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	\$ 102,392,328	\$ 10,133,040	\$ 97,096,818	\$ -	\$ 4,837,530	\$ -
Protection of life and property	95,089,895	11,534,528	8,091,737	-	(75,463,630)	-
Public health	77,710,571	1,717,169	33,670,076	-	(42,323,326)	-
Community services	42,346,780	586,015	17,704,633	-	(24,056,132)	-
Recreation	5,395,129	1,255,736	547,702	-	(3,591,691)	-
Individual and collective rights	50,182,594	849,500	10,922,819	-	(38,410,275)	-
Transportation	34,872,113	9,175,567	4,417,925	-	(21,278,621)	-
Public education	242,284,068	862,778	50,851,372	-	(190,569,918)	-
Environmental protection	11,142,294	8,097,229	4,089,705	-	1,044,640	-
Economic development	15,161,777	176,072	5,906,983	-	(9,078,722)	-
Interest (unallocated)	12,659,269	-	2,196,244	-	(10,463,025)	-
Payments to:						
GovGuam Retirement Fund	8,517,722	-	-	-	(8,517,722)	-
Guam Memorial Hospital Authority	15,702,370	-	878,797	-	(14,823,573)	-
Guam Power Authority	2,710,955	-	2,710,955	-	-	-
University of Guam	31,223,600	-	-	-	(31,223,600)	-
Guam Visitors Bureau	14,987,727	-	-	-	(14,987,727)	-
Guam Community College	14,264,480	471,202	127,031	-	(13,666,247)	-
Other component units	1,106,650	626,040	126,850	-	(353,760)	-
Miscellaneous	15,589,716	-	32,024	-	(15,557,692)	-
Capital	13,968,768	-	15,000,872	-	1,032,104	-
Total primary government	\$ 807,308,806	\$ 45,484,876	\$ 254,372,543	\$ -	(507,451,387)	-
Component Units:						
Guam International Airport Authority	\$ 50,419,194	\$ 39,086,172	\$ 151,000	\$ 36,706,648	-	25,524,626
Guam Memorial Hospital Authority	89,383,653	64,788,271	-	5,870,903	-	(18,724,479)
Guam Power Authority	321,919,521	304,474,307	-	2,950,280	-	(14,494,934)
Guam Waterworks Authority	53,677,721	46,209,629	-	1,656,861	-	(5,811,231)
Port Authority of Guam	28,337,644	28,824,051	-	278,747	-	765,154
University of Guam	72,459,313	11,853,074	26,695,901	-	-	(33,910,338)
Nonmajor component units	91,885,096	6,925,188	52,641,730	1,990,181	-	(30,327,997)
	\$ 708,082,142	\$ 502,160,692	\$ 79,488,631	\$ 49,453,620	-	(76,979,199)
General revenues:						
Taxes:						
Income					250,847,607	-
Gross receipts					172,745,349	-
Property					23,047,767	-
Hotel					21,233,396	-
Liquid fuel					10,022,114	-
Other taxes					12,406,553	-
Investment earnings					4,994,123	16,286,616
Contributions from primary government					-	74,219,168
Other					5,677,369	12,319,033
Special item:						
Earned income tax credit judgment					17,154,697	-
Total general revenues, and special items					518,128,975	102,824,817
Change in net assets					10,677,588	25,845,618
Net assets at beginning of year					(157,464,236)	854,118,910
Net assets at end of year					\$ (146,786,648)	\$ 879,964,528

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet Governmental Funds September 30, 2007

		Special Revenue		Debt Service Water System Revenue Bond	Other Governmental Funds	Total
	General	Federal Grants Assistance				
ASSETS						
Cash and cash equivalents	\$ 31,059,972	\$ 2,938,668	\$	23,683,908	\$ 21,966,185	\$ 79,648,733
Time certificates of deposit	-	-	-	-	242,614	242,614
Investments	500,000	-	-	-	8,120,000	8,620,000
Receivables, net:						
Taxes	28,165,763	-	-	-	4,701,998	32,867,761
Federal agencies	8,572	21,460,228	-	-	3,996,511	25,465,311
Note	-	-	-	-	10,000,000	10,000,000
Interest	-	-	-	-	1,095,883	1,095,883
Other	240,271	-	-	-	2,898,266	3,138,537
Due from other funds	47,287,022	-	-	-	60,834,992	108,122,014
Due from private purpose trust funds	-	-	-	-	1,535,510	1,535,510
Due from component units	-	-	-	-	1,525,038	1,525,038
Inventories	-	-	-	-	780,933	780,933
Prepayments	574,996	-	-	-	-	574,996
Deposits and other assets	-	-	-	-	102,715	102,715
Restricted assets:						
Cash and cash equivalents	-	-	-	10,181,075	18,369,277	28,550,352
Time certificates of deposit	-	-	-	-	601,400	601,400
Investments	-	-	-	-	18,563,398	18,563,398
Total assets	<u>\$ 107,836,596</u>	<u>\$ 24,398,896</u>	<u>\$</u>	<u>33,864,983</u>	<u>\$ 155,334,720</u>	<u>\$ 321,435,195</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
Accounts payable	\$ 70,633,778	\$ 141,935	\$	-	\$ 15,871,624	\$ 86,647,337
Accrued payroll and other	9,742,721	1,289,459	-	2,000	3,245,923	14,280,103
Due to other funds	60,798,225	3,398,529	-	33,358,603	10,566,657	108,122,014
Due to pension trust funds	18,471,728	-	-	-	-	18,471,728
Due to component units	36,628,708	-	-	-	5,285,752	41,914,460
Payable to federal agencies	4,108	19,402,928	-	-	2,609,109	22,016,145
Deferred revenue	40,225,229	-	-	-	3,228,963	43,454,192
Provision for tax refunds	252,682,253	-	-	-	5,583,454	258,265,707
COLA liability	118,442,446	-	-	-	-	118,442,446
Deposits and other liabilities	10,323,877	-	-	-	1,328,121	11,651,998
Total liabilities	<u>617,953,073</u>	<u>24,232,851</u>	<u>\$</u>	<u>33,360,603</u>	<u>47,719,603</u>	<u>723,266,130</u>
Fund balances (deficits):						
Reserved:						
Encumbrances	11,383,599	38,685,270	-	-	12,906,335	62,975,204
Continuing appropriations	1,843,657	-	-	-	10,377,387	12,221,044
Related assets	500,000	-	-	-	15,874,080	16,374,080
Debt service	-	-	-	504,380	30,822,274	31,326,654
Unreserved (deficits), reported in:						
General fund	(523,843,733)	-	-	-	-	(523,843,733)
Special revenue funds	-	(38,519,225)	-	-	29,334,128	(9,185,097)
Capital projects funds	-	-	-	-	6,747,458	6,747,458
Debt service funds	-	-	-	-	1,553,455	1,553,455
Total fund balances (deficits)	<u>(510,116,477)</u>	<u>166,045</u>	<u>\$</u>	<u>504,380</u>	<u>107,615,117</u>	<u>(401,830,935)</u>
Total liabilities and fund balances	<u>\$ 107,836,596</u>	<u>\$ 24,398,896</u>	<u>\$</u>	<u>33,864,983</u>	<u>\$ 155,334,720</u>	<u>\$ 321,435,195</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, 2007

Total deficit - governmental funds	\$	(401,830,935)
Amounts reported for governmental activities in the statement of net assets are different because:		
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		1,465,461
Certain revenues are earned but not available and therefore are deferred in the governmental funds:		
Adjustment of deferred revenue		8,463,571
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		24,785,798
Depreciable capital assets and infrastructure		916,778,116
Accumulated depreciation		<u>(274,411,643)</u>
Capital assets, net of accumulated depreciation		678,606,894
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		(238,753,506)
Accrued interest payable		(4,350,581)
Compensated absences payable		(21,148,435)
Unfunded pension liability		(134,549,316)
DCRS sick leave liability		(12,290,876)
Landfill closure and postclosure costs		<u>(22,398,925)</u>
Long-term liabilities		<u>(433,491,639)</u>
Net assets of governmental activities	\$	<u><u>(146,786,648)</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, 2007

	General	Special Revenue Federal Grants Assistance	Debt Service Water System Revenue Bond	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 426,273,257	\$ -	\$ -	\$ 62,857,145	\$ 489,130,402
Licenses, fees and permits	4,266,783	-	-	40,255,264	44,522,047
Use of money and property	347,047	-	321,568	3,231,758	3,900,373
Federal contributions	74,723,572	124,616,896	-	51,234,707	250,575,175
Guam Public School System	1,431,526	-	-	-	1,431,526
Contributions from component units	2,196,244	-	-	-	2,196,244
Other	5,153,679	-	-	523,690	5,677,369
Total revenues	<u>514,392,108</u>	<u>124,616,896</u>	<u>321,568</u>	<u>158,102,564</u>	<u>797,433,136</u>
Expenditures:					
Current:					
General government	44,013,493	21,712,679	14,641	25,966,342	91,707,155
Protection of life and property	72,835,830	9,703,387	-	12,599,528	95,138,745
Public health	10,048,877	56,580,083	-	11,126,416	77,755,376
Community services	5,560,277	18,450,591	-	18,335,912	42,346,780
Recreation	3,627,354	554,006	-	1,136,455	5,317,815
Individual and collective rights	11,821,676	10,276,129	-	27,611,195	49,709,000
Transportation	-	4,417,925	-	13,444,412	17,862,337
Public education	180,381,969	5,676	-	49,460,604	229,848,249
Environmental protection	-	4,094,927	-	6,531,020	10,625,947
Economic development	3,473,362	6,204,327	-	90,740	9,768,429
Payments to:					
GovGuam Retirement Fund	8,517,722	-	-	-	8,517,722
Chamorro Land Trust Commission	-	-	-	441,638	441,638
Guam Community College	7,577,509	127,031	-	6,559,940	14,264,480
Guam Economic Development and Commerce Authority	-	92,478	-	-	92,478
Guam Educational Telecommunications Corporation	538,162	-	-	-	538,162
Guam Memorial Hospital Authority	4,826,689	878,797	-	9,996,884	15,702,370
Guam Power Authority	-	2,710,955	-	-	2,710,955
Guam Visitors Bureau	-	-	-	14,987,727	14,987,727
Port Authority of Guam	-	34,372	-	-	34,372
University of Guam	28,601,908	-	-	2,621,692	31,223,600
Miscellaneous appropriations	193,257	32,024	-	2,595,039	2,820,320
Interest and other charges	12,769,396	-	-	-	12,769,396
Capital projects	-	15,000,872	-	8,163,275	23,164,147
Debt service	-	-	11,104,026	26,150,632	37,254,658
Total expenditures	<u>394,787,481</u>	<u>150,876,259</u>	<u>11,118,667</u>	<u>237,819,451</u>	<u>794,601,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>119,604,627</u>	<u>(26,259,363)</u>	<u>(10,797,099)</u>	<u>(79,716,887)</u>	<u>2,831,278</u>
Other financing sources (uses):					
Transfers in from other funds	15,514,211	27,129,867	11,104,026	117,863,826	171,611,930
Transfers out to other funds	(138,311,652)	(799,092)	-	(32,331,588)	(171,442,332)
Total other financing sources (uses), net	<u>(122,797,441)</u>	<u>26,330,775</u>	<u>11,104,026</u>	<u>85,532,238</u>	<u>169,598</u>
Special item:					
Earned Income Tax Credit judgment	17,154,697	-	-	-	17,154,697
Total special items	<u>17,154,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,154,697</u>
Net change in fund balances (deficits)	13,961,883	71,412	306,927	5,815,351	20,155,573
Fund balances (deficits) at beginning of year	(524,078,360)	94,633	197,453	101,799,766	(421,986,508)
Fund balances (deficits) at end of year	<u>\$ (510,116,477)</u>	<u>\$ 166,045</u>	<u>\$ 504,380</u>	<u>\$ 107,615,117</u>	<u>\$ (401,830,935)</u>

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, 2007

Total net change in fund balances (deficits) - governmental funds		\$ 20,155,573
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		3,228,963
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	\$ 12,530,228	
Depreciation expense	<u>(32,883,823)</u>	
		(20,353,595)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. For the current year these amounts consist of:		
Long-term debt retirement		24,024,867
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	433,342	
Increase in compensated absences	(3,101,114)	
Increase in unfunded pension costs	(12,301,010)	
Increase in DCRS sick leave	(1,546,618)	
Amortization of bond premiums and issuance costs	<u>137,180</u>	
		<u>(16,378,220)</u>
Change in net assets of governmental activities		<u>\$ 10,677,588</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2007

	Pension Trust	Private Purpose Trust	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,188,268	\$ 6,083,388	\$ -
Time certificates of deposit	-	1,541,165	-
Investments at fair value:			
Common stocks	708,474,204	-	-
U.S. Government securities	273,223,515	-	-
Corporate bonds and notes	215,167,213	-	-
Money market funds	40,184,479	-	-
Mutual funds	318,370,773	-	-
DC plan forfeitures	5,965,102	-	-
Total investments	1,561,385,286	-	-
Accounts receivable:			
Employer contributions, net	14,636,068	-	-
Member contributions	6,806,556	-	-
Interest and penalties on contributions	7,702,344	-	-
Accrued investment income	5,141,940	-	-
Due from brokers for unsettled trades	7,874,768	-	-
Notes receivable - service credits	3,200,847	-	-
Notes receivable - ERIP	8,267,846	-	-
Receivable - ERIP employer's share	4,472,325	-	-
Supplemental/COLA benefits	83,028,774	-	-
Supplemental/Insurance benefits advanced	4,349,391	-	-
Other	3,394,637	-	-
Total receivables	148,875,496	-	-
Deposits and other assets	-	-	14,535,149
Capital assets	1,076,538	-	-
Total assets	1,716,525,588	7,624,553	\$ 14,535,149
<u>LIABILITIES</u>			
Deferred revenue	16,126,469	-	-
Accounts payable and accrued expenses	2,002,185	-	-
Accrued payroll and other	763,421	-	-
Due to other funds	-	1,535,510	-
Deposits and other liabilities	-	5,990,994	14,535,149
Due to brokers for unsettled trades	3,109,934	-	-
Total liabilities	22,002,009	7,526,504	\$ 14,535,149
<u>NET ASSETS</u>			
Held in trust for retirement benefits	1,694,523,579	-	
Held in trust for other purposes	-	98,049	
Total net assets	\$ 1,694,523,579	\$ 98,049	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended September 30, 2007

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	\$ 88,659,998	\$ -
Member contributions	29,445,553	-
Use of money and property	-	465,392
Transfers in from other funds	-	430,340
	118,105,551	895,732
Total contribution and revenues		
Net investment income:		
Net appreciation in fair value of investments	168,779,952	-
Interest	42,960,977	-
Dividends	11,016,556	-
Other	3,456,067	-
	226,213,552	-
Total investment income		
Less: investment expenses	3,108,904	-
	223,104,648	-
Net investment income		
Other:		
Recovery of bad debts - GMHA	632,811	-
	341,843,010	895,732
Total additions		
Deductions:		
Benefits	165,247,478	-
Refunds	17,968,751	-
Administrative and general expense	4,495,769	-
Individual and collective rights	-	999,770
Transfers out to other funds	-	599,938
	187,711,998	1,599,708
Total deductions		
Change in net assets	154,131,012	(703,976)
Net assets at beginning of year	1,540,392,567	802,025
Net assets at end of year	\$ 1,694,523,579	\$ 98,049

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets Component Units September 30, 2007

	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	\$ 2,188,862	\$ 613,042	\$ 26,383,336	\$ 6,286,905	\$ 13,764,572	\$ 2,605,654	\$ 26,082,250	\$ 77,924,621
Time certificates of deposit	-	-	-	-	500,000	115,332	589,177	1,204,509
Investments	-	-	-	-	-	-	2,715,583	2,715,583
Receivables, net	12,851,208	35,789,063	46,704,368	8,013,418	3,028,543	6,418,585	9,842,768	122,647,953
Due from primary government	-	234,531	1,714,779	-	-	9,428,754	4,614,315	15,992,379
Due from component units	-	-	2,380,709	-	-	-	-	2,380,709
Inventories	55,835	3,786,197	46,004,584	2,207,701	207,938	521,466	321,489	53,105,210
Prepayments	-	212,299	791,208	-	-	-	1,821,701	2,825,208
Deposits and other assets	-	-	-	-	-	1,028,632	-	1,028,632
Restricted assets:								
Cash and cash equivalents	-	-	38,043,108	975,798	-	-	16,545,872	55,564,778
Investments	-	-	-	-	-	7,791,950	16,603,357	24,395,307
Total current assets	15,095,905	40,635,132	162,022,092	17,483,822	17,501,053	27,910,373	79,136,512	359,784,889
Noncurrent assets:								
Investments	31,472,040	-	-	-	-	6,984,018	1,740,000	40,196,058
Receivables, net	1,505,586	-	-	-	-	-	19,485,480	20,991,066
Due from primary government	-	-	10,308,406	-	-	-	-	10,308,406
Due from component units	-	-	5,124,021	-	-	-	-	5,124,021
Capital assets, net of accumulated depreciation	375,898,559	41,459,602	534,371,262	254,399,284	47,058,373	72,673,216	61,440,379	1,387,300,675
Land held for development	-	-	-	-	-	-	20,099,433	20,099,433
Deferred bond issuance costs	8,958,183	-	4,456,081	-	-	-	471,269	13,885,533
Other assets	-	-	12,347,417	2,937,774	-	-	1,298,606	16,583,797
Restricted assets:								
Cash and cash equivalents	8,606	-	-	49,132,976	-	3,243,478	-	52,385,060
Investments	32,510,926	-	27,485,057	9,618,008	-	9,455,200	-	79,069,191
Total noncurrent assets	450,353,900	41,459,602	594,092,244	316,088,042	47,058,373	92,355,912	104,535,167	1,645,943,240
Total assets	\$ 465,449,805	\$ 82,094,734	\$ 756,114,336	\$ 333,571,864	\$ 64,559,426	\$ 120,266,285	\$ 183,671,679	\$ 2,005,728,129

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued
Component Units
September 30, 2007

	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	8,030,000	-	6,770,000	2,817,559	-	243,942	3,245,362	21,106,863
Current obligations under capital leases	-	-	6,304,899	-	-	126,729	-	6,431,628
Current portion of deferred payment agreement	-	-	1,101,681	-	-	-	-	1,101,681
Accounts payable	3,079,077	6,449,237	27,975,823	7,010,368	1,891,470	3,828,140	7,770,978	58,005,093
Contracts payable	3,165,246	-	-	2,758,597	-	-	-	5,923,843
Accrued interest payable	4,803,484	-	11,272,366	-	-	-	372,633	16,448,483
Accrued payroll and other	848,368	2,069,089	1,123,992	2,290,173	4,478,392	-	690,189	11,500,203
Payable to federal agencies	-	-	-	-	-	-	1,113,520	1,113,520
Due to pension trust funds	-	16,025,158	-	-	-	-	-	16,025,158
Due to primary government	1,525,038	-	-	-	-	-	-	1,525,038
Due to component units	-	-	-	2,274,623	-	-	-	2,274,623
Deferred revenue	1,058,261	6,340,157	-	1,214,976	142,191	4,813,071	3,733,513	17,302,169
Compensated absences	260,705	1,973,243	1,138,408	333,437	696,348	973,523	591,147	5,966,811
Deposits and other liabilities	-	2,734,768	4,480,789	2,465,939	146,793	42,900	2,416,585	12,287,774
Total current liabilities	22,770,179	35,591,652	80,167,958	21,165,672	7,355,194	10,028,305	19,933,927	197,012,887
Noncurrent liabilities:								
Compensated absences	562,538	1,209,407	1,017,257	689,382	326,405	762,763	478,930	5,046,682
Capital lease obligations	-	-	132,270,762	-	-	-	-	132,270,762
Noncurrent portion of long-term debt	189,612,434	-	374,825,390	108,845,269	-	13,153,503	37,948,210	724,384,806
Payable to federal agencies	-	-	-	-	-	-	141,912	141,912
Due to component units	-	-	-	5,230,111	-	-	-	5,230,111
Other noncurrent liabilities	-	40,000	14,770,255	166,809	-	172,213	11,570,088	26,719,365
DCRS sick leave liability	-	1,581,651	1,041,974	535,641	531,608	1,090,103	789,560	5,570,537
Accrued unfunded retirement liability	4,708,147	1,137,683	10,016,294	6,226,388	6,427,342	-	870,685	29,386,539
Total noncurrent liabilities	194,883,119	3,968,741	533,941,932	121,693,600	7,285,355	15,178,582	51,799,385	928,750,714
Total liabilities	217,653,298	39,560,393	614,109,890	142,859,272	14,640,549	25,206,887	71,733,312	1,125,763,601
Net Assets:								
Invested in capital assets, net of related debt	187,214,310	41,459,602	14,946,742	210,517,277	47,058,373	58,885,680	58,732,072	618,814,056
Restricted	37,773,950	-	52,555,464	975,798	-	19,565,813	39,744,269	150,615,294
Unrestricted (deficit)	22,808,247	1,074,739	74,502,240	(20,780,483)	2,860,504	16,607,905	13,462,026	110,535,178
Total net assets	247,796,507	42,534,341	142,004,446	190,712,592	49,918,877	95,059,398	111,938,367	879,964,528
Total liabilities and net assets	\$ 465,449,805	\$ 82,094,734	\$ 756,114,336	\$ 333,571,864	\$ 64,559,426	\$ 120,266,285	\$ 183,671,679	\$ 2,005,728,129

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, 2007

	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	\$ 39,086,172	\$ 64,788,271	\$ 304,474,307	\$ 46,209,629	\$ 28,824,051	\$ 11,853,074	\$ 6,925,188	\$ 502,160,692
Grants and contracts	151,000	-	-	-	-	26,695,901	52,641,730	79,488,631
Other	986,703	748,572	2,176,746	653,098	97,427	3,667,334	3,989,153	12,319,033
Total operating revenues	<u>40,223,875</u>	<u>65,536,843</u>	<u>306,651,053</u>	<u>46,862,727</u>	<u>28,921,478</u>	<u>42,216,309</u>	<u>63,556,071</u>	<u>593,968,356</u>
Operating expenses:								
Cost of services	28,337,482	80,386,562	220,995,449	29,333,539	18,704,707	59,922,229	69,051,276	506,731,244
Depreciation and amortization	18,932,919	4,760,228	27,153,680	9,748,542	2,458,283	2,487,685	4,074,729	69,616,066
General and administrative	-	2,811,490	22,997,688	9,768,468	5,900,550	7,445,179	19,239,996	68,163,371
Total operating expenses	<u>47,270,401</u>	<u>87,958,280</u>	<u>271,146,817</u>	<u>48,850,549</u>	<u>27,063,540</u>	<u>69,855,093</u>	<u>92,366,001</u>	<u>644,510,681</u>
Operating income (loss)	<u>(7,046,526)</u>	<u>(22,421,437)</u>	<u>35,504,236</u>	<u>(1,987,822)</u>	<u>1,857,938</u>	<u>(27,638,784)</u>	<u>(28,809,930)</u>	<u>(50,542,325)</u>
Nonoperating revenues (expenses):								
Contributions from the primary government	-	13,598,544	-	-	-	32,192,076	28,428,548	74,219,168
Contributions to the primary government	-	-	-	-	-	(2,027,697)	-	(2,027,697)
Investment income	2,722,235	-	4,216,945	3,225,083	747,114	3,001,831	2,373,408	16,286,616
Interest expense	(9,208,143)	(1,090,381)	(41,236,109)	(6,266,080)	-	(576,523)	(1,491,483)	(59,868,719)
Other income (expenses), net	6,059,350	(334,992)	(9,536,595)	1,438,908	(1,274,104)	-	1,972,388	(1,675,045)
Total nonoperating revenues (expenses), net	<u>(426,558)</u>	<u>12,173,171</u>	<u>(46,555,759)</u>	<u>(1,602,089)</u>	<u>(526,990)</u>	<u>32,589,687</u>	<u>31,282,861</u>	<u>26,934,323</u>
Net income (loss) before capital contributions	<u>(7,473,084)</u>	<u>(10,248,266)</u>	<u>(11,051,523)</u>	<u>(3,589,911)</u>	<u>1,330,948</u>	<u>4,950,903</u>	<u>2,472,931</u>	<u>(23,608,002)</u>
Capital contributions	<u>36,706,648</u>	<u>5,870,903</u>	<u>2,950,280</u>	<u>1,656,861</u>	<u>278,747</u>	<u>-</u>	<u>1,990,181</u>	<u>49,453,620</u>
Increase (decrease) in net assets	<u>29,233,564</u>	<u>(4,377,363)</u>	<u>(8,101,243)</u>	<u>(1,933,050)</u>	<u>1,609,695</u>	<u>4,950,903</u>	<u>4,463,112</u>	<u>25,845,618</u>
Total net assets at beginning of year	<u>218,562,943</u>	<u>46,911,704</u>	<u>150,105,689</u>	<u>192,645,642</u>	<u>48,309,182</u>	<u>90,108,495</u>	<u>107,475,255</u>	<u>854,118,910</u>
Total net assets at end of year	<u>\$ 247,796,507</u>	<u>\$ 42,534,341</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>\$ 879,964,528</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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 Territorial and International 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, 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, 2007

(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 to residential, commercial and government customers, based on consumption, and is governed by the CCU.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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 and Commerce 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

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

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

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

University of Guam
University Station
University Drive
Mangilao, GU 96923

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

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

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

Chamorro Land Trust Commission
P.O. Box 2950
Hagatna, GU 96932

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

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

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

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

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

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

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

3. Related Organizations

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements

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

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. GovGuam did not report any business-type activities during the year ended September 30, 2007. 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 \$83,113,647 of restricted net assets, of which \$39,372,408 is restricted by enabling legislation.

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

C. Fund Financial Statements

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

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

D. Measurement Focus and Basis of Accounting

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

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.

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 revenues and expenses not meeting this definition are reported as nonoperating revenues and 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

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. 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.

Water System Revenue Bond Fund, a Governmental Fund Type - Special Revenue Fund. This fund is used to account for funds required by the Limited Obligation (Section 30) Bond Series A 2001 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

G. Receivables

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

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

H. Inventories

Inventories of the primary government and the discretely presented component units 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.

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

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.

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.

M. Long-term Debt

The liabilities reported in the government-wide financial statements include GovGuam general obligation bonds and long-term notes, 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 \$134,549,316 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, 2007 amounted to \$73,676,292, which includes pension cost for the University of Guam and the Guam Community College of \$1,147,349 and \$415,036, 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 \$61,375,282.

O. Bond Premiums and Issuance Costs

In the government-wide financial statements, bond premiums 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. Bond issue costs are reported as deferred charges.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

O. Bond Premiums and Issuance Costs, Continued

In the fund financial statements, governmental fund types recognize bond premiums 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 on debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

P. Fund Equity/Net Assets

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

Net Assets have been restricted as follows:

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

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

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

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.

Q. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

R. Compensated Absences

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

R. Compensated Absences, Continued

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

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

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

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of \$12,290,876 at September 30, 2007 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

S. 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, 2006 from which summarized information was derived.

T. 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 Water System Revenue Bond Fund as a major fund in the current year whereas such was presented as a nonmajor governmental fund in the previous year.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

U. New Accounting Standards

During fiscal year 2007, GovGuam implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes uniform financial reporting for other postemployment benefit plans by state and local governments. The implementation of this pronouncement did not have a material impact on the accompanying financial statements.

For fiscal year 2008, GovGuam will be implementing the following pronouncements:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. Refer note 13J for management's evaluation on the financial impact of implementing this statement.
- 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. The statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. Management does not believe that the implementation of this statement will have a material effect on the financial statements of GovGuam.
- 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 postemployment benefits. Management does not believe the implementation of this statement will have a material effect on the financial statements of GovGuam.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this statement are effective for periods beginning after December 15, 2007. 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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.

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

A. Deposits, Continued

As of September 30, 2007, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$109,043,099 and the corresponding bank balances were \$120,765,610. Of the bank balances, \$65,534,708 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amount of \$55,230,902 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, 2007. As of September 30, 2007, bank deposits in the amount of \$1,333,876 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, 2007, cash and cash equivalents and time certificates of deposit in the amount of \$6,225,826 are restricted for capital projects. Additionally, cash and cash equivalents in the amount of \$22,925,926 are restricted for future debt service requirements.

As of September 30, 2007, the carrying amount of the fiduciary fund's total cash and cash equivalents and time certificates of deposit was \$12,812,821 and the corresponding bank balances were \$14,812,197, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2007, bank deposits in the amount of \$593,523 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.

B. Investments

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

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, 2007.

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

As of September 30, 2007, 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	\$ 8,049,257	\$ -	\$ -	\$ -	\$ 8,049,257
Federal Home Loan Mortgage Corporation	Aaa/P-1	568,917	-	-	-	568,917
Municipal bonds:						
Gwinnett County (Georgia) Development Authority	Aaa/P-1	-	-	-	8,120,000	8,120,000
Commercial paper	Aaa/P-1	1,179,691	-	-	-	1,179,691
Commercial paper	Aa/P-1	364,401	-	-	-	364,401
Commercial paper	A/P-1	4,380,772	-	-	-	4,380,772
Commercial paper	Aaa/P-1	<u>4,020,360</u>	-	-	-	<u>4,020,360</u>
		<u>\$ 18,563,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,120,000</u>	<u>\$ 26,683,398</u>

As of September 30, 2007, investments in debt securities in the amount of \$18,563,398 are restricted for future debt service requirements.

Additionally, as of September 30, 2007, the General Fund holds 9.5% of the shares of the Pacific Islands Development Bank in the amount of \$500,000. 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

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:

- 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,

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

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.
- 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, 2007 are classified as follows:

Common stocks	\$ 708,474,204
Fixed income	488,390,728
Money market funds	40,184,479
Mutual funds	<u>324,335,875</u>
	\$ <u>1,561,385,286</u>

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

As of September 30, 2007, 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	\$ 21,860,398	\$ -	\$ 43,716,411	\$ 47,722,944	\$ 113,299,753
U.S. government agencies	-	-	-	159,923,762	159,923,762
U.S. Municipal obligations	1,855,722	-	-	7,463,870	9,319,592
Commercial paper	<u>10,931,478</u>	<u>7,890,645</u>	<u>24,681,269</u>	<u>162,344,229</u>	<u>205,847,621</u>
	<u>\$ 34,647,598</u>	<u>\$ 7,890,645</u>	<u>\$ 68,397,680</u>	<u>\$ 377,454,805</u>	<u>\$ 488,390,728</u>

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

GGRF has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. At September 30, 2007, GGRF held mortgage-backed securities valued at approximately \$235,000,000.

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, 2007:

<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	\$ 113,299,753	Exempt from disclosure
Federal agency securities	N/A	159,923,762	Exempt from disclosure
Corporate medium term notes and U.S. municipal obligations	BBB	61,495,924	Aaa
		5,177,358	Aa
		44,608,291	A
		43,015,922	Baa
		4,947,628	Ba
		<u>55,922,090</u>	Not rated
		<u>\$ 488,390,728</u>	

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2007, 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, 2007, GGRF held approximately \$5,600,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$1,200,000 was issued by Canadian companies, \$700,000 by Chilean companies, \$600,000 by Venezuelan companies, \$1,200,000 by Swiss companies, and \$1,900,000 by British companies.

At September 30, 2007, 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, 2007 was approximately \$160,000,000. Of this total, approximately \$84,000,000 relates to companies whose functional currency is the Euro, \$46,000,000 relates to companies whose functional currency is the Japanese yen, \$14,000,000 relates to companies whose functional currency is the Australian dollar, and the remaining \$16,000,000 relates to companies representing eleven separate functional currencies.

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(3) Receivables

Receivables as of September 30, 2007, for the primary government's individual major governmental funds, nonmajor governmental funds in the aggregate, and fiduciary funds, including allowances for uncollectible accounts, are as follows:

	General	Federal Grants Assistance	Water System Revenue Bond	Nonmajor Governmental Funds	Fiduciary Funds	Total
Receivables:						
Taxes	\$ 28,165,763	\$ -	\$ -	\$ 4,701,998	\$ -	\$ 32,867,761
Federal grants	8,572	21,460,228	-	3,996,511	-	25,465,311
Contributions	-	-	-	-	29,144,968	29,144,968
Notes	-	-	-	10,000,000	12,473,465	22,473,465
Interest	-	-	-	1,095,883	5,141,940	6,237,823
Other	<u>5,605,668</u>	<u>-</u>	<u>-</u>	<u>14,036,494</u>	<u>106,320,742</u>	<u>125,962,904</u>
	33,780,003	21,460,228	-	33,830,886	153,081,115	242,152,232
Allowance for uncollectible accounts	<u>(5,365,397)</u>	<u>-</u>	<u>-</u>	<u>(9,613,190)</u>	<u>(4,205,619)</u>	<u>(19,184,206)</u>
Net receivables	<u>\$ 28,414,606</u>	<u>\$ 21,460,228</u>	<u>\$ -</u>	<u>\$ 24,217,696</u>	<u>\$ 148,875,496</u>	<u>\$ 222,968,022</u>

The note receivable recorded by the nonmajor governmental funds represents a promissory note relating to the privatization of the Guam Telephone Authority that matures on January 1, 2013, bearing interest at the Wall Street Journal's prime rate as of closing date (5.25% at December 31, 2004).

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, 2007, employer contributions receivable totaled \$14,636,068; member contributions receivable totaled \$6,806,556; and interest and penalties receivable totaled \$7,702,344. 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, 2007, receivables from GPSS, including interest and penalties, totaled \$17,347,510. As of September 30, 2007, receivables from GMHA, including interest and penalties, totaled \$8,566,873.

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, 2007, GGRF received payments totaling \$2,315,460 and \$2,286,012 for GPSS and GMHA, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(3) Receivables, Continued

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, 2007, the balance on the note was \$5,865,210, including interest of \$1,659,591. Management of GGRF has fully provided for this note in the allowance for uncollectible accounts. 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, 2007, the amount owed under these notes was \$8,267,846. 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 \$4,472,325 at September 30, 2007. This receivable has also been offset by deferred revenue in the same amount.

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, 2007 was 1.2016% of covered payroll. As of September 30, 2007, the receivable recorded by GGRF amounted to \$83,028,774.

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2007, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grants	\$ 3,398,529
General	Water System Revenue Bond	33,358,603
Nonmajor governmental funds	General	60,798,225
General	Nonmajor governmental funds	10,529,890
Nonmajor governmental funds	Nonmajor governmental funds	<u>36,767</u>
		<u>\$ 108,122,014</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(4) Interfund Receivables/Payables, Continued

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.

Interfund receivables not expected to be repaid within the next twelve months are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds:		
Tourist Attraction Fund	General	\$ 1,411,733
Water System Revenue Bond Fund	General	5,000
PUAG Capital Projects Fund	General	948,460
GOB Series A 1993 Fund (CPF)	General	788,882
GOB Series A 1995 Fund (DSF)	General	<u>630,656</u>
		<u>\$ 3,784,731</u>

Balances reflected as due to component units of the primary government in the statement of net assets/balance sheet at September 30, 2007, are summarized as follows:

General Fund:		
Guam Memorial Hospital Authority		\$ 234,531
Guam Power Authority		20,347,086
University of Guam		8,928,754
Nonmajor component units		<u>7,118,337</u>
		<u>36,628,708</u>
Nonmajor governmental funds:		
Guam Power Authority		3,070,392
University of Guam		500,000
Nonmajor component units		<u>1,715,360</u>
		<u>5,285,752</u>
		<u>\$ 41,914,460</u>

The amount recorded as due to component units of the primary government of \$41,914,460 does not equal the corresponding due from primary government of the discretely presented component units of \$37,695,078 due to revenue recognition deferral by the nonmajor component units of \$4,219,382 for General Fund appropriations.

Balances reflected as due from component units of the primary government in the statement of net assets/balance sheet at September 30, 2007, are summarized as follows:

Nonmajor governmental funds:		
Antonio B. Won Pat International Airport Authority		\$ <u>1,525,038</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2007, are as follows:

	Estimated Useful Lives	Balance October 1, 2006	Additions	Retirements	Balance September 30, 2007
Governmental activities:					
Nondepreciable capital assets:					
Land		\$ 11,454,623	\$ -	\$ -	\$ 11,454,623
Construction in progress		<u>16,941,413</u>	<u>7,844,385</u>	<u>-</u>	<u>24,785,798</u>
		<u>28,396,036</u>	<u>7,844,385</u>	<u>-</u>	<u>36,240,421</u>
Depreciable capital assets:					
Buildings	40 - 60 yrs	308,010,799	184,105	-	308,194,904
Machinery, equipment and furniture	5 - 20 yrs	47,474,914	3,150,744	-	50,625,658
Infrastructure	25 yrs	<u>556,606,560</u>	<u>1,350,994</u>	<u>-</u>	<u>557,957,554</u>
		912,092,273	4,685,843	-	916,778,116
Less accumulated depreciation:					
Buildings		(92,061,537)	(7,600,769)	-	(99,662,306)
Machinery, equipment and furniture		(37,025,119)	(3,079,623)	-	(40,104,742)
Infrastructure		<u>(112,441,164)</u>	<u>(22,203,431)</u>	<u>-</u>	<u>(134,644,595)</u>
		<u>(241,527,820)</u>	<u>(32,883,823)</u>	<u>-</u>	<u>(274,411,643)</u>
Depreciable capital assets, net		<u>670,564,453</u>	<u>(28,197,980)</u>	<u>-</u>	<u>642,366,473</u>
		<u>\$ 698,960,489</u>	<u>\$ (20,353,595)</u>	<u>\$ -</u>	<u>\$ 678,606,894</u>

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

General government	\$ 1,593,358
Protection of life and property	707,034
Public health	95,657
Recreation	77,314
Individual and collective rights	546,575
Transportation	17,009,776
Public education	6,893,236
Environmental protection	567,525
Economic development	<u>5,393,348</u>
	<u>\$ 32,883,823</u>

(6) Long-Term Obligations

As of September 30, 2007, 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, principal fund payments due in varying annual installments commencing with a payment of \$2,490,000 in November 1994 and increasing to \$12,140,000 in November 2018. The bonds have been issued for the purpose of implementing capital projects.

\$ 110,975,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

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.	43,110,000
Add net unamortized premium on bonds	<u>2,014,171</u>
	<u>45,124,171</u>
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.	<u>46,585,000</u>
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.	<u>26,410,000</u>
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.	<u>5,942,612</u>
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.	<u>3,716,723</u>
	<u>\$ 238,753,506</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 24,430,000	\$ 10,698,714	\$ 35,128,714
2009	27,082,085	10,874,661	37,956,746
2010	28,200,262	9,100,308	37,300,570
2011	27,737,357	7,750,584	35,487,941
2012	29,220,847	6,237,066	35,457,913
2013 – 2017	71,788,784	17,209,338	88,998,122
2018 – 2019	28,280,000	1,409,870	29,689,870
	<u>\$ 236,739,335</u>	<u>\$ 63,280,541</u>	<u>\$ 300,019,876</u>

As of September 30, 2007, \$33,510,765 has been accumulated in the Debt Service Funds, of which \$31,326,654 is designated to service the General Obligation and Special 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bond, Continued:

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.

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 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 accounted for within the Debt Service Fund) the specified amounts in the following order of priority:

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bond, Continued:

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

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 Water Systems Revenue Bonds Capital Projects 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 Water Systems Revenue 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 Water Systems Revenue 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 Water Systems Revenue Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

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

- 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 Water Systems Revenue 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 Water Systems Revenue Fund.

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 Highway Bond Projects 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 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 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 Debt Service Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(6) Long-Term Obligations, Continued

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

- 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 Debt Service Fund.
- Bond Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the 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 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, 2007.

(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, 2007, 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, 2006	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2007	Due Within One Year
Bonds payable:					
Limited obligation bonds	\$ 50,490,000	\$ -	\$ 7,380,000	\$ 43,110,000	\$ 7,745,000
General obligation bonds	117,485,000	-	6,510,000	110,975,000	6,845,000
Special revenue bonds	82,390,000	-	9,395,000	72,995,000	9,840,000
Loans payable	<u>10,399,202</u>	-	<u>739,867</u>	<u>9,659,335</u>	-
	260,764,202	-	24,024,867	236,739,335	24,430,000
Unamortized premium on bonds issued	<u>2,517,715</u>	-	<u>503,544</u>	<u>2,014,171</u>	-
	<u>263,281,917</u>	-	<u>24,528,411</u>	<u>238,753,506</u>	<u>24,430,000</u>
Other liabilities:					
Compensated absences	18,047,321	3,101,114	-	21,148,435	12,009,404
Unfunded pension liability	122,248,306	12,301,010	-	134,549,316	-
DCRS sick leave liability	10,744,258	1,546,618	-	12,290,876	-
Due to component units	36,100,100	5,814,360	-	41,914,460	31,606,054
Landfill closure	<u>22,398,925</u>	-	-	<u>22,398,925</u>	-
	<u>209,538,910</u>	<u>22,763,102</u>	-	<u>232,302,012</u>	<u>43,615,458</u>
	<u>\$ 472,820,827</u>	<u>\$ 22,763,102</u>	<u>\$ 24,528,411</u>	<u>\$ 471,041,347</u>	<u>\$ 68,045,458</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(8) Provision for Tax Refunds

As of September 30, 2007, GovGuam recorded a provision for unpaid tax refunds in the amount of \$258,265,707, which includes \$62,524,039 in unpaid Earned Income Tax Credit (EITC) refunds and \$38,717,449 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 has been recorded as of September 30, 2007 within the accompanying financial statements as a special item of the General Fund.

(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. During the year ended September 30, 2007, the following changes occurred in the COLA liability:

COLA liability at October 1, 2006	\$ 123,580,231
Payments made during the year	<u>(5,137,785)</u>
COLA liability at September 30, 2007	\$ <u>118,442,446</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

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

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. 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.

(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, 2007, are as follows:

	<u>General</u>	<u>Federal Grants Assistance</u>	<u>Water System Revenue Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Investments	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Receivables:					
Notes	-	-	-	10,000,000	10,000,000
Other	-	-	-	406,312	406,312
Due from other funds	-	-	-	3,784,731	3,784,731
Inventories	-	-	-	780,933	780,933
Restricted assets:					
Cash and cash equivalents	-	-	-	300,704	300,704
Time certificates of deposit	-	-	-	601,400	601,400
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,874,080</u>	<u>\$ 16,374,080</u>

Specific individual funds that had significant deficit fund balances as at September 30, 2007, are as follows:

Nonmajor Governmental Funds

Territorial Highway Fund \$ 2,957,403

(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, 2007, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Assistance Fund	\$ 27,129,470	\$ -
Water System Revenue Bond Fund	11,104,026	-
Nonmajor governmental funds	<u>100,078,156</u>	<u>15,514,211</u>
	<u>138,311,652</u>	<u>15,514,211</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(11) Interfund/Intrafund Transactions, Continued

	<u>Transfers Out</u>	<u>Transfers In</u>
Federal Grants Assistance Fund:		
General Fund	-	27,129,470
Nonmajor governmental funds	<u>799,092</u>	<u>397</u>
	<u>799,092</u>	<u>27,129,867</u>
Water System Revenue Bond Fund:		
General Fund	<u>-</u>	<u>11,104,026</u>
Nonmajor Governmental Funds:		
General Fund	15,514,211	100,078,156
Federal Grants Assistance Fund	397	799,092
Nonmajor governmental funds	16,386,640	16,386,640
Fiduciary funds	<u>430,340</u>	<u>599,938</u>
	<u>32,331,588</u>	<u>117,863,826</u>
Fiduciary Funds:		
Nonmajor governmental funds	<u>599,938</u>	<u>430,340</u>
	<u>\$ 172,042,270</u>	<u>\$ 172,042,270</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, 2007, GovGuam made a one-time transfer in the amount of \$11,064,775 from the General Fund to nonmajor governmental funds to eliminate operating fund deficits and to transfer certain liabilities to the General Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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, 2005, 2004, and 2003, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2007, 2006 and 2005, respectively, have been determined by the Guam Legislature as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Normal costs (% of DB Plan payroll)	18.21%	17.83%	18.30%
Unfunded liability costs (% of total payroll)	20.67%	21.36%	19.93%
	38.88%	39.19%	38.23%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Government contribution as a % of DB Plan payroll	<u>29.38%</u>	<u>29.69%</u>	<u>28.73%</u>
Government contribution as a % of total payroll	<u>27.48%</u>	<u>26.00%</u>	<u>24.89%</u>

Statutory contribution rates for the DB Plan are established annually by the Guam Legislature. Statutory contribution rates for employer contributions were 22.94%, 21.81% and 20.81% of qualifying payroll for the years ended September 30, 2007, 2006 and 2005, respectively. The statutory employee contribution rate for the DB Plan was 9.5% of qualifying payroll for each of these respective years. GovGuam's required contributions for the years ended September 30, 2007, 2006 and 2005 were \$81,735,163, \$76,124,680 and \$76,075,384, respectively, whereas the actual contributions were \$69,434,153, \$56,319,392 and \$46,810,023, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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 year ended September 30, 2007 were as follows:

Annual Required Contribution	\$ 83,029,333
Interest on Net Pension Obligation	8,557,381
Adjustment to Annual Required Contribution	<u>(9,851,551)</u>
Annual pension cost	81,735,163
Contributions made	<u>(69,434,153)</u>
Increase in Net Pension Obligation	12,301,010
Net Pension Obligation beginning of year	<u>122,248,306</u>
Net Pension Obligation end of year	\$ <u>134,549,316</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 \$7,687,868 and \$5,795,287, respectively, as of September 30, 2007.

The Annual Required Contribution for the year ended September 30, 2007 was determined as part of the September 30, 2005 actuarial valuation 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, 2007 was 23.58 years.

The actuarial valuations performed as of September 30, 2005, 2004, and 2003, 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, 2007, may be materially different than that recorded in the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(12) Retirement Plans, Continued

Defined Contribution Retirement System (DCRS)

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

Statutory employer contributions into the DCRS plan for the year ended September 30, 2007, 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 is 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 \$22,398,925 reported as landfill closure and post closure care liability at September 30, 2007 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 2007. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

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, 2007. The estimated accumulated amount of unused sick leave at September 30, 2007, is \$42,925,282, of which \$12,290,876 may be convertible by the GovGuam Retirement Fund Defined Contribution Retirement System (DCRS) employees upon retirement. Sick leave balances are only available for the line departments of the executive branch.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(13) Commitments and Contingencies, Continued

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 2007 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 predict a reasonable estimation of 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 new schools on Guam, with lease payments funded by a pledge of U.S. Compact Impact Fund revenues. The lease agreement is effective October 1, 2006. Construction of these new schools commenced in fiscal year 2007. Accordingly, a total of \$18,300,000 has been awarded to fund the project. The lease agreement contains an automatic renewal clause, which provides for consecutive one-year terms, in order to create a lease term through September 30, 2024. GovGuam management is of the opinion that this agreement represents a capital lease and will accordingly account for the agreement in that manner when construction is completed. It is expected that the schools will be turned over to GovGuam for use in October 2008.

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

<u>Year Ending</u> <u>September 30,</u>	
2008	\$ 24,400,000
2009	6,100,000
2010	6,100,000
2011	6,100,000
2012	6,100,000
2013 - 2017	30,500,000
2018 - 2022	30,500,000
2023 - 2024	<u>12,200,000</u>
	\$ <u>122,000,000</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(13) Commitments and Contingencies, Continued

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 the year ended September 30, 2007. 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.

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, 2007, \$14,535,149 was held by GovGuam in bonds as security against possible claims.

H. Medicaid Assistance Program (MAP) and Medically Indigent Program (MIP)

Guam Memorial Hospital Authority (GMHA) has various third-party payor agreements that provide for payments to be made to the hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. GMHA is reimbursed for the cost of inpatient and outpatient services rendered under MAP and MIP administered by GovGuam's Department of Public Health and Social Services. GMHA is reimbursed on the basis of interim rates with the final settlement determined after submission of annual cost reports prepared in accordance with reimbursement agreements. Laws and regulations governing MAP and MIP are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. At September 30, 2007, GovGuam has recorded estimated amounts payable to GMHA of \$13,817,214 and \$13,149,736, respectively, under MAP and MIP.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(13) Commitments and Contingencies, Continued

I. 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.

J. Post Employment Benefits

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, becomes effective October 1, 2007. Management has requested and received a legal opinion from the Office of the Attorney General concerning the applicability of this Statement. That opinion is being reviewed by management to determine its applicability. If it is determined that this Statement is so applicable, certain healthcare benefits afforded to GovGuam employees and retirees may be considered legal entitlements and thus be considered post employment benefits as defined under GASB Statement No. 45. GovGuam will be required to account for these benefits on an accrual basis. 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. GASB Statement No. 45 is not effective until fiscal year 2008.

K. Other Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2007. Specifically, during the year ended September 30, 2007, GovGuam 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 \$7,842,275 were incurred under these contracts during the year ended September 30, 2007. At September 30, 2007, outstanding commitments under these contracts amounted to \$3,368,106.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(13) Commitments and Contingencies, Continued

L. General Fund Financial Position

GovGuam's General Fund has sustained recurring operating deficits and has an unreserved fund deficit of \$523,843,733 at September 30, 2007. In addition, at September 30, 2007, the primary government's current liabilities exceed current assets by \$434,751,047, and total liabilities exceed total assets by \$146,786,648. As a result of this condition and triggered by GovGuam's need to borrow \$6,000,000 to meet the payroll of the Guam Public School System in fiscal year 2007, Standard & Poor's Ratings Services placed Guam's General Obligation debt on Credit Watch with negative implications on March 9, 2007. Following an amended 2007 budget, which included some revenue enhancements and cost-containment measures that helped improve the cash flow and reduce the budget gap, Standard & Poor's removed Guam General Obligation debt off Credit Watch status on June 21, 2007.

Management of GovGuam has prepared a deficit reduction plan as part of the fiscal year 2008 budget submission to the Guam Legislature. The plan includes the following:

- Provide the basis for fiscal recovery;
- Provide measures to prevent growth of the long-standing structural deficit;
- Pay down the accumulated deficit through the creation of a Structural Stabilization/Deficit Recovery Fund specifically for this purpose;
- Provide a long-term plan to fund the Unfunded Actuarial Accrued Liability;
- Improve the credit rating of GovGuam;
- Provide a base for a long-term Strategic Fiscal and Economic Recovery Plan.

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 March 4, 2008, GovGuam sold the \$10,000,000 promissory note receivable from the Guam Telephone Authority (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.

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 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 Judge selected and appointed a receiver.

In October 2007, the Government of Guam issued Government of Guam General Obligation Bonds 2007 Series A totaling \$151,935,000. The proceeds were transferred to refund the Government of Guam General Obligation Bonds, 1993 Series A and Government projects.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Subsequent Events, Continued

In December 2007, the Guam Economic Development and Commerce Authority, a component unit of the Government of Guam, issued Tobacco Settlement Asset-Backed Bonds, Series 2007 totaling \$36,982,077. The proceeds were transferred to refund the 2001 Series A and B bonds and approximately \$8,300,000 was transferred to the Government of Guam General Fund.

(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, 2007, restricted cash and cash equivalents held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Cash with trustee \$ 8,606

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, 2007, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 15,908,918
Interest and Principal Funds	18,696,315
Bond Funds	3,434,680
Bond Reserve Funds	<u>3,195</u>
	\$ <u>38,043,108</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, 2007, restricted cash and cash equivalents held for this purpose amounted to \$169,557.

Furthermore, GWA maintained restricted cash and cash equivalents for bond indenture related accounts. At September 30, 2007, these consisted of the following:

Construction Fund	\$ 46,886,832
Operations, Maintenance, Renewal and Replacement Fund	1,714,824
Rate Stabilization Fund	888,441
Navy Surcharge Fund	355,306
PUC Surcharge Fund	56,401
Cost of Issuance Fund	<u>37,413</u>
	\$ <u>49,939,217</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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, 2007, UOG maintained restricted cash and cash equivalents for debt service related accounts in the amount of \$1,150,250. In addition, pursuant to Public Law 25-187, UOG 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 UOG to be expended exclusively for enhancement of learning resources and technology. At September 30, 2007, restricted cash and cash equivalents held for this purpose amounted to \$2,093,228.

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, 2007, restricted cash and cash equivalents held for this purpose amounted to \$286,499.

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, 2007, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Low Income Housing Fund	\$ 741,545
Housing Assistance Payments Fund	7,827,125
Guam Elderly Housing Project Fund	190,264
Other	<u>14,088</u>
	\$ <u>8,872,728</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, 2007, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	\$ 1,706,045
Community Affordable Housing Action Trust	587,274
Trust fund and borrower's deposit	675,964
Tenant security deposits	<u>65,454</u>
	\$ <u>3,034,737</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, 2007, restricted cash set aside to fund these damages amounted to \$1,035,552.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

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

Guam Economic Development and Commerce Authority (GEDCA):

The bond indenture for GEDCA requires the establishment of special debt service funds and accounts to be held and administered by GEDCA's trustees for the accounting of the monies. At September 30, 2007, restricted short-term money market fund investments held for this purpose amounted to \$1,998,004.

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, 2007, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Tourist Attraction Fund Projects	\$ <u>224,712</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, 2007, cash and cash equivalents held by GETC for this purpose amounted to \$517,005.

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 its 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 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, 2007

(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, 2007, \$100,000 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 \$8,606 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.

As of September 30, 2007, 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	\$38,966,398	\$ 833,215	\$ -	\$ -	\$39,799,613
U.S. government agencies:						
Federal Home Loan Bank	Aaa	1,622,873	1,484,102	-	-	3,106,975
Federal Home Loan Mortgage Corporation	Aaa	-	325,821	201,188	-	527,009
Federal National Mortgage Association	Aaa	-	1,090,218	25,024	-	1,115,242
Corporate notes:						
CDC Funding Corporation	Aaa	-	-	-	18,045,950	18,045,950
Other	Aaa	-	90,754	-	-	90,754
Other	Aa	99,399	128,318	-	-	227,717
Other	A	372,189	349,490	-	-	721,679
Other	Baa	-	348,027	-	-	348,027
		<u>\$41,060,859</u>	<u>\$ 4,649,945</u>	<u>\$ 226,212</u>	<u>\$18,045,950</u>	<u>\$63,982,966</u>

At September 30, 2007, 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, 2007.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2007, the carrying amount of GMHA's total cash and cash equivalents was \$613,042 and the corresponding bank balances were \$2,121,167, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2007, bank deposits in the amount of \$210,312 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, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA):

As of September 30, 2007, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was \$64,426,444 and the corresponding bank balances were \$60,864,022. Of the bank balance amount, \$4,668,944 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, 2007, bank deposits in the amount of \$428,557 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, 2007, 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, 2007, 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>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, 2007, the carrying amount of GWA's total cash and cash equivalents was \$56,395,679 and the corresponding bank balances were \$56,224,739. Of the bank balance amount, \$2,197,692 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, 2007, bank deposits in the amount of \$242,547 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, 2007

(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, 2007, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds	\$ 7,685,596
Debt Service Funds	<u>1,932,412</u>
	<u>\$ 9,618,008</u>

As of September 30, 2007, 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>\$ 7,087,058</u>	<u>\$ 2,530,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,618,008</u>

Port Authority of Guam (PAG):

As of September 30, 2007, the carrying amount of PAG's total cash and cash equivalents and time certificates of deposit was \$14,264,572 and the corresponding bank balances were \$14,262,972, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2007, bank deposits in the amount of \$500,000 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

University of Guam (UOG):

As of September 30, 2007, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$5,915,999 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$6,088,782. Of the bank balance amount, \$5,888,782 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, 2007

(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	\$	302,475
Fixed income securities		1,781,276
Domestic equities		<u>4,900,267</u>
		<u>6,984,018</u>
Restricted for endowments:		
Money market funds		241,169
Fixed income securities		2,455,324
Domestic equities		<u>6,758,707</u>
		<u>9,455,200</u>
		<u>\$ 16,439,218</u>

As of September 30, 2007, UOG's investments in debt securities were as follows:

	<u>Investment Maturities (In Years)</u>				<u>Total</u>
	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	
U.S. treasury notes	\$ 99,883	\$ 1,452,116	\$ 188,262	\$ 646,607	\$ 2,386,869
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	180,031	5,030	12,497	197,558
Federal National Mortgage Association	-	-	185,092	465,099	650,191
Mortgage and asset-backed securities	31,878	-	-	424,284	456,162
Corporate notes and bonds	<u>-</u>	<u>117,475</u>	<u>94,509</u>	<u>333,836</u>	<u>545,820</u>
	<u>\$ 131,761</u>	<u>\$ 1,749,622</u>	<u>\$ 472,893</u>	<u>\$ 1,882,323</u>	<u>\$ 4,236,600</u>

UOG's exposure to credit risk at September 30, 2007, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
AAA	\$ 3,757,511	\$ 3,757,511	\$ -
AA	89,953	89,953	-
A	197,707	185,465	12,242
BAA	<u>191,429</u>	<u>191,429</u>	<u>-</u>
Total credit risk debt securities	<u>\$ 4,236,600</u>	<u>\$ 4,224,358</u>	<u>\$ 12,242</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(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	\$ 697,829
U.S. Government notes and bonds	1,430,109
Domestic equities	<u>5,664,013</u>
	\$ <u>7,791,951</u>

Guam Community College (GCC):

As of September 30, 2007, the carrying amount of GCC's cash and cash equivalents was \$727,216 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$1,624,118. Of the bank balance amount, \$1,324,118 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2007, 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, 2007, GCC had one fixed income corporate note in the amount of \$1,740,000, 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	\$ 495,874
U.S. Government notes and bonds	1,177,436
Common stocks	<u>6,744,567</u>
	\$ <u>8,417,877</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2007, the carrying amount of GHURA's total cash and cash equivalents and time certificates of deposit was \$17,013,968 and the corresponding bank balances were \$17,009,741. Of the bank balance amount, \$14,119,759 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GHURA's trustees. Based on negotiated trust agreements, all of these investments were held by GHURA's trustees in GHURA's name. As of September 30, 2007, 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, 2007, the carrying amount of GPT's total cash and cash equivalents and time certificates of deposit was \$1,994,432, of which \$742,572 is maintained in a financial institution subject to FDIC insurance. As of September 30, 2007, bank deposits in the amount of \$153,395 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, 2007 are classified as follows:

Common stock	\$ <u>119,400</u>
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Guam Housing Corporation (GHC):

As of September 30, 2007, the carrying amount of GHC's total cash and cash equivalents was \$15,387,019, of which \$11,022,225 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, 2007, bank deposits in the approximate amount of \$100,000 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

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, 2007, 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		17,440
Capitalized Interest Fund		250
Revenue Fund		<u>5,235,380</u>
		<u>\$ 5,628,991</u>

Investments of GHC as of September 30, 2007, are classified as follows:

Fixed income	\$	4,800,205
Money market funds		<u>828,786</u>
		<u>\$ 5,628,991</u>

As of September 30, 2007, 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	\$ 375,921	\$ -	\$ -	\$ -	\$ 375,921
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	-	-	-	4,424,284	4,424,284
		<u>\$ 375,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,424,284</u>	<u>\$ 4,800,205</u>

Chamorro Land Trust Commission (CLTC):

As of September 30, 2007, the carrying amount of CLTC's total cash and cash equivalents was \$761,981, which approximated bank balances that were maintained in financial institutions subject to FDIC insurance. As of September 30, 2007, 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development and Commerce Authority (GEDCA):

At September 30, 2007, the carrying amount of GEDCA's cash and cash equivalents was \$2,105,679 and the corresponding bank balance was \$2,337,291. Of the bank balance amount, \$339,287 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$1,998,004 represents short-term investments held and administered by GEDCA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDCA's name by GEDCA's custodial financial institution at September 30, 2007. As of September 30, 2007, bank deposits in the amount of \$162,626 were FDIC insured. GEDCA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2007, GEDCA's investments are as follows:

Unrestricted:		
Mutual funds	\$	1,513,628
U.S. Government obligations		<u>1,082,555</u>
		<u>\$ 2,596,183</u>
Restricted:		
U.S. Government obligations		<u>\$ 2,556,489</u>

GEDCA's investment in U.S. Government obligations of \$2,556,489 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, 2007, GEDCA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	\$ 2,915,892	\$ -	\$ -	\$ -	\$ 2,915,892
Federal Home Loan Bank	Aaa	<u>723,152</u>	-	-	-	<u>723,152</u>
		<u>\$ 3,639,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,639,044</u>

Guam Visitors Bureau (GVB):

At September 30, 2007, the carrying amount of GVB's cash and cash equivalents was \$3,994,022 and the corresponding bank balance was \$4,352,015. Of the bank balance amount, \$3,919,126 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2007, bank deposits in the amount of \$200,000 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2007, the carrying amount of GETC's cash and cash equivalents was \$1,223,164 and the corresponding bank balance was \$1,237,568, 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, 2007, bank deposits in the amount of \$100,000 were FDIC insured and bank deposits in the amount of \$100,226 were NCUA insured. GETC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC or NCUA insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

C. Receivables

Receivables as of September 30, 2007, for the discretely presented component units, including allowances for uncollectible accounts, are as follows:

	Antonio B. Won Pat International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
Receivables:								
Trade	\$ 7,453,327	\$ 139,932,516	\$ 46,347,713	\$ 23,292,418	\$ 3,833,955	\$ 7,489,418	\$ 3,466,744	\$ 231,816,091
Federal grants	2,625,828	6,701,441	1,928,245	556,136	-	996,732	2,228,251	15,036,633
Notes	3,521,367	-	-	-	-	-	25,979,602	29,500,969
Interest	-	-	496,510	-	-	-	270,862	767,372
Other	<u>2,320,733</u>	<u>782,371</u>	<u>4,093,246</u>	<u>45,190</u>	<u>-</u>	<u>2,183,253</u>	<u>7,975,355</u>	<u>17,400,148</u>
	15,921,255	147,416,328	52,865,714	23,893,744	3,833,955	10,669,403	39,920,814	294,521,213
Allowance for uncollectible accounts	<u>(1,564,461)</u>	<u>(111,627,265)</u>	<u>(6,161,346)</u>	<u>(15,880,326)</u>	<u>(805,412)</u>	<u>(4,250,818)</u>	<u>(10,592,566)</u>	<u>(150,882,194)</u>
Net receivables	<u>\$ 14,356,794</u>	<u>\$ 35,789,063</u>	<u>\$ 46,704,368</u>	<u>\$ 8,013,418</u>	<u>\$ 3,028,543</u>	<u>\$ 6,418,585</u>	<u>\$ 29,328,248</u>	<u>\$ 143,639,019</u>

Antonio B. Won Pat International Airport Authority has entered into a payment agreement with a vendor as follows:

Note receivable from vendor for advancement of capital improvements, due in 18 semi-annual installments of \$342,738, inclusive of interest at 5% per annum, beginning June 30, 2005, with the final installment payment due in December 2013, uncollateralized. This note was paid in full on November 29, 2007.

\$ 3,521,367

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(15) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

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. \$ 1,124,411

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. 22,992,091

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. 1,863,100

\$ 25,979,602

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2007, 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	\$ -	\$ 234,531	\$ 20,347,086	\$ -	\$ -	\$ 8,928,754	\$ 4,614,315	\$ 34,124,686
Nonmajor governmental funds	-	-	<u>3,070,392</u>	-	-	<u>500,000</u>	-	<u>3,570,392</u>
	-	234,531	23,417,478	-	-	9,428,754	4,614,315	37,695,078
Allowance for uncollectible accounts	-	-	<u>(11,394,293)</u>	-	-	-	-	<u>(11,394,293)</u>
	<u>\$ -</u>	<u>\$ 234,531</u>	<u>\$ 12,023,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,428,754</u>	<u>\$ 4,614,315</u>	<u>\$ 26,300,785</u>
Due to Primary Government:								
Nonmajor governmental funds	<u>\$ 1,525,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,525,038</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

D. Due from/due to Primary Government, Continued

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. \$ 12,023,185

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. A corresponding allowance for uncollectible accounts has been established for this receivable. 11,394,293

\$ 23,417,478

Future repayments under these payment agreements are scheduled as follows:

Year Ending
September 30,

2008	\$ 13,109,072
2009	1,953,398
2010	2,068,569
2011	2,162,953
2012	2,261,642
2013	<u>1,861,844</u>

\$ 23,417,478

E. Due from/due to Component Units

Receivables and payables reflected as due to/due from component units at September 30, 2007, are summarized as follows:

	<u>Due From</u>	<u>Due To</u>
Guam Power Authority:		
Guam Waterworks Authority	\$ 7,504,730	\$ -
Guam Waterworks Authority:		
Guam Power Authority	<u>-</u>	<u>7,504,734</u>
	<u>\$ 7,504,730</u>	<u>\$ 7,504,734</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

E. Due from/due to Component Units, Continued

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. \$ 7,504,730

Future repayments under this payment agreement are estimated as follows:

<u>Year Ending</u> <u>September 30,</u>	
2008	\$ 2,380,709
2009	2,509,706
2010	<u>2,614,315</u>
	<u>\$ 7,504,730</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.

Future obligations under this payment agreement are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2008	\$ 1,113,520
2009	<u>141,912</u>
	<u>\$ 1,255,432</u>

G. Short-Term Debt

As of September 30, 2007, the discretely presented component units had the following short-term debt outstanding:

Guam Power Authority (GPA):

Taxable commercial paper issued November 1, 2004, interest at 5.28%, collateralized by a pledge of revenues subordinate to bondholders under GPA's bond issue. \$ 20,000,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

G. Short-Term Debt, Continued

Guam Power Authority (GPA), Continued:

Short term debt activity of the discretely presented component units for the year ended September 30, 2007, was as follows:

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007
Commercial paper:				
Guam Power Authority	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000

H. Long-Term Debt

As of September 30, 2007, 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.	\$ 196,325,000
Add net unamortized premium on bonds	6,767,054
Less deferred difference on refunding of 1993 bonds	<u>(5,449,620)</u>
	<u>\$ 197,642,434</u>

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Antonio B. Won Pat International Airport Authority (AWPIAA), 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>
2008	\$ 8,030,000	\$ 9,422,000	\$ 17,452,000
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 – 2017	52,830,000	32,885,000	85,715,000
2018 – 2022	68,770,000	18,019,000	86,789,000
2023 – 2024	33,405,000	1,732,000	35,137,000
	<u>\$ 196,325,000</u>	<u>\$ 96,078,000</u>	<u>\$ 292,403,000</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.

\$ 325,823,601

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.

76,085,000

401,908,601

Less discount on bonds

(5,213,444)

Less deferred loss on defeasance

(15,099,767)

\$ 381,595,390

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Power Authority (GPA), Continued:

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 US Bank Trust National Association and Bank of America. In connection with the agreement, GPA received cash totaling \$13.5 million 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 \$13.5 million 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.

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>
2008	\$ 6,770,000	\$ 20,400,776	\$ 27,170,776
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 – 2017	47,955,000	86,958,475	134,913,475
2018 – 2022	61,670,000	72,589,638	134,259,638
2023 – 2027	79,085,000	54,298,244	133,383,244
2028 – 2032	101,485,000	30,669,594	132,154,594
2033 – 2035	74,490,000	4,044,075	78,534,075
	<u>\$ 401,908,601</u>	<u>\$ 346,846,601</u>	<u>\$ 748,755,202</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.

\$ 101,175,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Waterworks Authority (GWA), Continued:

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

7,103,582

Add net unamortized premium on bonds

108,278,582

3,384,246

\$ 111,662,828

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>
2008	\$ 2,817,559	\$ 5,903,918	\$ 8,721,477
2009	2,973,753	5,802,309	8,776,062
2010	3,608,597	5,686,049	9,294,646
2011	4,529,966	5,560,716	10,090,682
2012	4,078,707	5,417,200	9,495,907
2013 – 2017	12,253,750	25,149,520	37,403,270
2018 – 2022	14,621,250	21,418,794	36,040,044
2023 – 2027	19,551,250	16,481,900	36,033,150
2028 – 2032	26,047,500	9,992,934	36,040,434
2033 – 2035	17,796,250	2,029,005	19,825,255
	<u>\$ 108,278,582</u>	<u>\$ 103,442,345</u>	<u>\$ 211,720,927</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

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. \$ 13,307,445

University of Guam Dormitory and Student Union Revenue Bonds of 1968, with interest at 6% per annum, payable semiannually in October and April, principal fund payments due in varying annual installments of \$30,000 to \$90,000 through October 2007. 90,000

\$ 13,397,445

Indentures to the UOG 1968 Series Bond:

Principal and interest are payable from, and are categorized by, a first charge and lien on the net revenues derived by the University Dormitory Revenue Fund, as defined in the bond resolution. The bonds are not an obligation of GovGuam, but are solely that of the University Dormitory Revenue Fund. As a requirement of the bond resolution, the University Dormitory Revenue Fund is to transfer semi-annually on March 15, and September 15, to the University Dormitory Interest and Redemption Fund, a sum equal to sixty-two and one-half percent of the aggregate amount of principal and interest becoming due on the bonds during the next succeeding twelve months until such time as the funds in the Interest Redemption Fund are sufficient to pay the interest and one-half of the principal next coming due, and to provide a reserve in an amount equal to the average annual debt service which approximates \$91,917. The bond resolution also requires that when the annual debt service reserve has been satisfied, the Fund is to deposit into an account, to the extent available, up to \$14,000 per year to the credit of the repair and replacement reserve account.

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>
2008	\$ 243,942	\$ 598,818	\$ 842,760
2009	160,923	589,137	750,060
2010	168,316	581,744	750,060
2011	176,048	574,012	750,060
2012	182,548	567,512	750,060
2013 – 2017	1,053,656	2,696,644	3,750,300
2018 – 2022	1,319,023	2,431,277	3,750,300
2023 – 2027	1,651,244	2,099,056	3,750,300
2028 – 2032	2,066,322	1,683,978	3,750,300
2033 – 2037	2,588,089	1,162,211	3,750,300
2038 – 2042	3,240,053	510,247	3,750,300
2043	547,281	23,179	570,460
	<u>\$ 13,397,445</u>	<u>\$ 13,517,815</u>	<u>\$ 26,915,260</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

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. \$ 1,871,515

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. 355,171

\$ 2,226,686

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>
2008	\$ 458,637	\$ 88,353	\$ 546,990
2009	633,590	84,710	718,300
2010	668,708	49,591	718,299
2011	187,135	17,235	204,370
2012	21,322	11,738	33,060
2013 – 2017	121,762	43,538	165,300
2018 – 2022	<u>135,532</u>	<u>13,973</u>	<u>149,505</u>
	<u>\$ 2,226,686</u>	<u>\$ 309,138</u>	<u>\$ 2,535,824</u>

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. \$ 1,517,799

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>
2008	\$ 36,252	\$ 90,228	\$ 126,480
2009	38,000	88,480	126,480
2010	41,000	85,480	126,480
2011	43,000	83,480	126,480
2012	46,000	80,480	126,480
2013 – 2017	277,000	355,400	632,400
2018 – 2022	373,000	259,400	632,400
2023 – 2027	504,000	128,400	632,400
2028 – 2030	<u>159,547</u>	<u>6,329</u>	<u>165,876</u>
	<u>\$ 1,517,799</u>	<u>\$ 1,177,677</u>	<u>\$ 2,695,476</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

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. \$ 5,320,000

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, 2007, GHC has pledged as security for this loan approximately \$14,766,085 of related outstanding mortgage loans. 7,013,341
\$ 12,333,341

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, 2007, 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, 2007.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Housing Corporation (GHC), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 935,473	\$ 721,011	\$ 1,656,484
2009	996,002	659,094	1,655,096
2010	1,070,246	594,292	1,664,538
2011	1,138,450	524,673	1,663,123
2012	1,215,881	451,008	1,666,889
2013 – 2017	3,073,790	1,359,268	4,433,058
2018 – 2022	1,105,136	964,915	2,070,051
2023 – 2027	1,069,274	540,737	1,610,011
2028 – 2031	1,729,089	285,134	2,014,223
	<u>\$ 12,333,341</u>	<u>\$ 6,100,132</u>	<u>\$ 18,433,473</u>

Guam Economic Development and Commerce Authority (GEDCA):

Tobacco Settlement Asset-Backed Bonds, 2001 Series A (original issue of \$11,982,980 with a maturity par value of \$13,270,000), varying interest rates at 5% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$580,000 in May 2002 and increasing to \$2,175,000 in May 2012. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.

\$ 10,590,000

Tobacco Settlement Asset-Backed Bonds, 2001 Series B (original issue of \$13,494,479 with a maturity par value of \$14,990,000), varying interest rates at 5.2% - 5.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$175,000 in May 2012 and increasing to \$3,615,000 in May 2017. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.

14,990,000

25,580,000

Less discount on bonds

(464,254)

\$ 25,115,746

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

H. Long-Term Debt, Continued

Guam Economic Development and Commerce Authority (GEDCA), 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>
2008	\$ 1,815,000	\$ 1,087,343	\$ 2,902,343
2009	1,895,000	1,253,590	3,148,590
2010	2,040,000	1,154,760	3,194,760
2011	2,190,000	1,047,360	3,237,360
2012	2,350,000	931,613	3,281,613
2013 – 2017	<u>15,290,000</u>	<u>2,571,185</u>	<u>17,861,185</u>
	<u>\$ 25,580,000</u>	<u>\$ 8,045,851</u>	<u>\$ 33,625,851</u>

In December 2007, GEDCA issued Tobacco Settlement Asset-Backed Bonds, Series 2007, totaling \$36,982,077 (total maturity value of \$115,455,000 through June 1, 2057). Proceeds were used to refund the 2001 Series A and B bonds and approximately \$8,300,000 was transferred to GovGuam's General Fund.

I. Changes in Long-Term Liabilities

During the year ended September 30, 2007, 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, 2006	Additions	Reductions	Balance September 30, 2007	Due Within One Year
Bonds and notes payable:					
Antonio B. Won Pat International Airport Authority	\$ 205,425,076	\$ -	\$ 7,782,642	\$ 197,642,434	\$ 8,030,000
Guam Power Authority	386,887,966	-	5,292,576	381,595,390	6,770,000
Guam Waterworks Authority	112,238,899	-	576,071	111,662,828	2,817,559
University of Guam	10,963,028	2,711,972	277,555	13,397,445	243,942
Guam Community College	2,567,020	-	340,334	2,226,686	458,637
Guam Housing and Urban Renewal Authority	1,552,356	-	34,557	1,517,799	36,252
Guam Housing Corporation	13,211,763	-	878,422	12,333,341	935,473
Guam Economic Development and Commerce Authority	<u>24,952,103</u>	<u>493,643</u>	<u>330,000</u>	<u>25,115,746</u>	<u>1,815,000</u>
	<u>757,798,211</u>	<u>3,205,615</u>	<u>15,512,257</u>	<u>745,491,669</u>	<u>21,106,863</u>
Other:					
Compensated absences	10,591,842	3,470,643	3,048,992	11,013,493	5,966,811
Capital lease obligations	144,451,722	-	5,749,332	138,702,390	6,431,628
Deferred payment agreements	4,551,272	-	3,449,591	1,101,681	1,101,681
Due to component units	9,762,654	-	2,257,920	7,504,734	2,274,623
DCRS sick leave	4,770,101	800,436	-	5,570,537	-
Accrued unfunded retirement	26,967,319	3,479,900	1,060,680	29,386,539	-
Other noncurrent liabilities	<u>29,483,351</u>	<u>122,985</u>	<u>2,826,971</u>	<u>26,779,365</u>	<u>60,000</u>
	<u>230,578,261</u>	<u>7,873,964</u>	<u>18,393,486</u>	<u>220,058,739</u>	<u>15,834,743</u>
	<u>\$ 988,376,472</u>	<u>\$ 11,079,579</u>	<u>\$ 33,905,643</u>	<u>\$ 965,550,408</u>	<u>\$ 36,941,606</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) 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>
2008	\$ 23,084,304
2009	23,084,304
2010	23,084,304
2011	23,084,304
2012	23,084,304
2013 - 2017	115,421,520
2018 - 2019	<u>24,968,161</u>
	255,811,201
Less amounts representing interest	<u>117,235,540</u>
	138,575,661
Less current portion	<u>6,304,899</u>
	\$ <u>132,270,762</u>

University of Guam (UOG):

In November 1997, UOG entered into a ten-year capital lease agreement to obtain equipment for an energy conservation project. Future obligations under the capital lease are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2008	\$ 130,151
Less amount representing interest	<u>(3,422)</u>
	\$ <u>126,729</u>

Approximately \$1 million of construction in progress related to the energy conservation project was subsequently written off.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

K. Deferred Payment Agreement

Guam Power Authority has entered into a deferred payment agreement with a vendor, payable in monthly installments totaling \$343,728, including interest at 5.5%, due in June 2008. As at September 30, 2007, the balance payable under this agreement amounted to \$1,101,681.

L. Commitments and Contingencies

Letters of Credit

Guam Power Authority has a \$10,000,000 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>	
2008	\$ 2,059,665
2009	1,374,298
2010	<u>346,095</u>
	\$ <u>3,780,058</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>	
2008	\$ 991,605
2009	1,019,370
2010	<u>256,590</u>
	\$ <u>2,267,565</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

L. 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.

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

<u>Year Ending</u> <u>September 30,</u>	
2008	\$ 1,797,683
2009	617,260
2010	269,495
2011	<u>118,376</u>
	\$ <u>2,802,814</u>

On February 2003, Guam Housing Corporation (GHC) entered into a Memorandum of Understanding (MOU) with Guam Economic Development and Commerce Authority (GEDCA) to provide support services to GHC. Such services were for network and computer administration for a fee of \$47,281 per annum. GHC also sub-leases office space from GEDCA under its operating lease which expires February 28, 2011.

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>	
2008	\$ 72,198
2009	72,198
2010	72,198
2011	<u>30,082</u>
	\$ <u>246,676</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2007

(14) Discretely Presented Component Unit Disclosures, Continued

L. Commitments and Contingencies, Continued

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 million. 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 million 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 \$25,256,860 under several construction contracts as of September 30, 2007 and \$4,461,170 under other various contracts as of September 30, 2007.

Guam Waterworks Authority has commitments of \$28,987,615 under several capital projects as of September 30, 2007.

Loans

Guam Housing Corporation has commitments of \$875,589 in loan commitments as of September 30, 2007.

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, 2007

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual General Fund Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 228,882,046	\$ 232,846,202	\$ 250,847,607	\$ 18,001,405
Gross receipts	162,565,341	163,665,487	172,745,349	9,079,862
Other	3,054,447	13,244,347	2,680,301	(10,564,046)
Federal contributions	57,961,358	73,085,290	74,723,572	1,638,282
Guam Public School System	-	-	1,431,526	1,431,526
Contributions from component units	2,027,776	2,027,776	2,196,244	168,468
Other	3,884,730	10,302,577	9,767,509	(535,068)
Total revenues	458,375,698	495,171,679	514,392,108	19,220,429
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan	5,178,788	7,328,486	6,459,373	869,113
Office of I Segundu Na Maga'lahaen Guahan	1,679,708	1,499,087	1,476,785	22,302
Bureau of Budget and Management Research	1,389,347	1,338,027	1,331,198	6,829
Civil Service Commission	479,567	645,165	642,323	2,842
Department of Administration	18,538,538	21,762,538	19,867,378	1,895,160
Guam Election Commission	326,375	585,676	584,399	1,277
Department of Revenue and Taxation	8,518,695	10,496,484	10,175,066	321,418
Bureau of Statistics and Plans	228,351	1,149,035	1,100,493	48,542
Department of Public Works	10,748,082	13,787,909	13,533,273	254,636
Office of the Attorney General	6,285,994	5,890,916	5,845,097	45,819
Guam Police Department	22,763,613	21,834,623	21,351,507	483,116
Department of Corrections	14,236,544	17,609,911	17,512,792	97,119
Department of Agriculture	1,437,002	2,857,714	2,491,628	366,086
Department of Public Health and Social Services	9,235,865	6,754,008	6,439,389	314,619
Department of Education	178,398,220	177,860,401	180,653,662	(2,793,261)
Department of Youth Affairs	3,755,585	3,685,278	3,677,021	8,257
Department of Mental Health and Substance Abuse	5,299,759	5,974,238	5,957,878	16,360
Department of Labor	440,723	1,515,958	1,515,369	589
Department of Parks and Recreation	1,046,808	3,679,567	3,668,923	10,644
Department of Integrated Services for Individuals with Disabilities	2,315,013	2,319,414	2,310,925	8,489
Mayors' Council of Guam	9,477,262	9,329,204	8,799,833	529,371
Department of Land Management	715,160	1,643,337	1,591,244	52,093
Chief Medical Examiner	436,979	407,982	383,011	24,971
Department of Chamorro Affairs	153,884	789,480	778,255	11,225
Department of Military Affairs	495,730	295,898	134,377	161,521
Guam Fire Department	22,099,473	24,908,396	24,565,238	343,158
Payments to Component Units	51,720,556	50,395,372	41,544,268	8,851,104
GovGuam Retirement Fund appropriations	9,141,094	8,517,722	8,517,722	-
Miscellaneous appropriations	1,393,286	8,865,854	493,257	8,372,597
Interest and other charges	-	-	12,769,396	(12,769,396)
Total expenditures	387,936,001	413,727,680	406,171,080	7,556,600
Excess of revenues over expenditures	70,439,697	81,443,999	108,221,028	26,777,029
Other financing sources (uses):				
Transfers in from other funds	15,045,717	11,117,532	15,514,211	4,396,679
Transfers out to other funds	(130,055,960)	(128,915,670)	(138,311,652)	(9,395,982)
Total other financing sources (uses), net	(115,010,243)	(117,798,138)	(122,797,441)	(4,999,303)
Special item:				
Earned Income Tax Credit judgment	-	-	17,154,697	17,154,697
	-	-	17,154,697	17,154,697
Other changes to unreserved fund deficit:				
Decrease in continuing appropriations	-	-	3,277	3,277
Increase in reserve for related assets	-	-	(100,000)	(100,000)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	12,794,230	12,794,230
	-	-	12,697,507	12,697,507
Net change in unreserved fund deficit	(44,570,546)	(36,354,139)	15,275,791	51,629,930
Unreserved fund deficit at beginning of year	(539,119,524)	(539,119,524)	(539,119,524)	-
Unreserved fund deficit at end of year	\$ (583,690,070)	\$ (575,473,663)	\$ (523,843,733)	\$ 51,629,930

See accompanying notes to required supplementary information - budgetary reporting.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2007

(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 2007, 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>13,961,883</u>
(Increase) decrease in fund balance reservations:	
Encumbrances	1,410,631
Continuing appropriations	3,277
Related assets	<u>(100,000)</u>
	<u>1,313,908</u>
Net change in unreserved fund deficit	\$ <u>15,275,791</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

**OTHER SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2007

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2007

	Special Revenue		Debt Service		Other Governmental Funds	Total
	General	Federal Grants	Water Systems Revenue Bond			
Expenditures by Object:						
Salaries and wages:						
Regular	\$ 199,982,594	\$ 25,178,699	\$ -	\$ 67,500,397	\$ 292,661,690	
Overtime	6,456,737	266,231	-	890,204	7,613,172	
Fringe benefits	59,063,414	7,459,062	-	17,969,661	84,492,137	
Travel	832,098	2,271,694	-	1,627,920	4,731,712	
Contractual services	22,405,229	47,389,737	-	23,350,169	93,145,135	
Building rent	2,756,521	1,440,856	-	3,287,085	7,484,462	
Supplies	5,129,668	3,285,209	-	9,103,133	17,518,010	
Equipment	1,079,836	1,969,608	-	1,337,021	4,386,465	
Utilities - power and water	20,837,675	1,003,151	-	5,197,769	27,038,595	
Communications	2,489,204	419,041	-	527,086	3,435,331	
Capital outlays	908,188	6,598,267	-	9,513,117	17,019,572	
Grants and subsidies	49,523,827	9,725,316	-	35,621,866	94,871,009	
Supplemental annuity benefits	7,257,679	-	-	-	7,257,679	
Principal retirement	-	-	8,119,867	15,905,000	24,024,867	
Interest and fiscal charges	14,493,452	-	2,984,159	10,245,632	27,723,243	
Miscellaneous	1,571,359	43,869,388	14,641	35,743,391	81,198,779	
	<u>\$ 394,787,481</u>	<u>\$ 150,876,259</u>	<u>\$ 11,118,667</u>	<u>\$ 237,819,451</u>	<u>\$ 794,601,858</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, 2007
(With comparatives for the year ended September 30, 2006)

	2007	2006
Revenues:		
Taxes:		
Income	\$ 250,847,607	\$ 197,479,113
Gross receipts	172,745,349	155,386,098
Other	2,680,301	2,796,984
Licenses, fees and permits	4,266,783	1,602,292
Use of money and property	347,047	182,353
Federal contributions	74,723,572	59,038,070
Guam Public School System	1,431,526	9,253,984
Contributions from component units	2,196,244	1,858,360
Other	5,153,679	4,928,227
Total revenues	514,392,108	432,525,481
Expenditures by Department:		
General Government:		
Office of I Maga'lahaen Guahan:		
Office of the Governor	4,390,912	4,921,040
Ancestral Land Trust Commission	209,468	195,337
Government House	513,135	638,076
Medical Referral Offices	533,015	554,706
Bureau of Women's Affairs	38,119	-
Office of Civil Defense	35,622	-
Office of Veteran's Affairs	262,615	-
Other	43,953	77,210
	6,026,839	6,386,369
Office of I Segundu Na Maga'lahaen Guahan:		
Office of the Lieutenant Governor	1,191,704	1,305,874
Guam State Clearinghouse	267,615	273,101
	1,459,319	1,578,975
Bureau of Budget and Management Research:		
Office of the Director	372,057	363,809
Internal Audit Division	959,141	975,043
	1,331,198	1,338,852
Civil Service Commission:		
Office of the Director	216,931	216,792
Board of Commissioners	56,826	48,879
Legal Office	141,608	149,655
Personnel Management	226,958	325,787
	642,323	741,113

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, 2007
(With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
General Government, continued		
Department of Administration:		
Office of the Director	2,370,908	2,160,697
Office of the Director - COLA	7,585,600	-
Office of the Director - Streetlights	2,730,000	-
Office of the Director - Child Support	693,596	-
Personnel Management	1,699,976	1,746,728
Financial Management	674,705	689,562
Data Processing	567,898	530,964
General Services Agency	811,693	770,560
Division of Accounts	2,390,215	3,189,987
	19,524,591	9,088,498
Department of Land Management:		
Office of the Director	498,114	507,895
Land Administration Division	118,053	158,593
Land Planning Division	461,453	448,984
Land Records Division	397,279	310,434
Land Survey Division	3,542	-
Geographic Information System Division	112,803	112,502
	1,591,244	1,538,408
Department of Military Affairs:		
Office of Civil Defense	-	84,499
Office of Veterans Affairs	-	240,355
	-	324,854
Department of Public Works:		
Office of the Director	3,853,114	3,314,989
Transportation Maintenance Division	980,587	-
Building Maintenance Division	2,624	1,432,699
	4,836,325	4,747,688
Department of Revenue and Taxation:		
Office of the Director	3,125,434	4,250,888
Tax Enforcement Division	1,942,137	1,913,050
Real Property Tax Division	402,441	402,312
Taxpayer Services Division	1,641,634	1,610,538
Regulatory Division	869,106	968,380
Motor Vehicle Division	620,902	599,204
	8,601,654	9,744,372
Total General Government	44,013,493	35,489,129

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, 2007
(With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
Protection of Life and Property:		
Department of Corrections:		
Office of the Director	5,183,464	3,919,487
Adult Correctional Facility	8,604,746	8,666,376
Rosario Detention Center	2,428,718	2,614,062
Off-island Detention	-	190,458
Casework and Counseling Service Division	287,377	220,501
Forensic Division	414,332	361,817
Parole Service Division	496,832	413,466
	17,415,469	16,386,167
Department of Youth Affairs:		
Office of the Director	127,640	103,186
Division of Youth Development	740,381	715,571
Division of Youth Corrections	2,076,157	1,641,741
Division of Vocational Rehabilitation and Support Services	732,246	689,897
	3,676,424	3,150,395
Guam Fire Department:		
Office of the Fire Chief	833,541	321,611
Administrative and Logistical Support	1,184,188	388,668
Emergency Medical Service/Rescue Operations Bureau	7,598,320	7,278,914
Fire Suppression Bureau	14,898,513	14,338,953
	24,514,562	22,328,146
Guam Police Department:		
Office of the Chief	5,080,710	6,860,144
Criminal Investigation Division	1,419,756	1,305,136
Neighborhood Patrol Division	11,046,352	9,045,838
Support Division	1,819,409	2,098,809
Forensic Science Division	1,004,684	956,595
Highway Patrol Division	822,690	792,994
	21,193,601	21,059,516
Office of the Attorney-General:		
Attorney-General's Office	5,688,425	4,565,770
Prosecution Division	-	6,194
	5,688,425	4,571,964
Medical Examiner's Office	347,349	335,493
Total Protection of Life and Property	72,835,830	67,831,681

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, 2007 (With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	2,716,589	2,479,210
Clinical Services Division	909,172	549,520
Child and Adolescent Services Division	225,667	208,039
Nursing Services Division	2,095,492	1,197,523
	5,946,920	4,434,292
Department of Public Health and Social Services:		
Office of the Director	613,811	441,002
Chief Public Health Office	83,885	1,032,831
Community Health Services	252,904	1,067,326
Communicable Disease Control	112,825	65,406
Professional Social Services	43,423	97,120
Primary Care Services	20,412	8,903
Family Health and Nursing Services	-	672,442
Catastrophic Illness Assistance Program	97,844	91,613
Bureau of Health Care	-	801,433
Division of Environmental Health	386,462	403,495
Financial Management Services	210,180	201,672
Supply Section	106,547	152,934
Management Support Services	133,805	155,682
Facilities and Maintenance	1,571,631	534,203
Systems Group	468,228	215,216
	4,101,957	5,941,278
Total Public Health	10,048,877	10,375,570
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	100,038	47,559
Foster Care	1,490,291	1,235,801
Division of Senior Citizens	125,263	181,671
Adult Protective Services	392,359	332,534
	2,107,951	1,797,565
Department of Integrated Services for Individuals with Disabilities:		
Service Contracts	1,464,164	1,904,200
Office of the Director	825,231	668,990
Basic Support 110	17,860	16,588
	2,307,255	2,589,778

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, 2007 (With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
Community Services, continued:		
Other:		
Guam Public Library	1,145,071	1,236,765
Total Community Services	5,560,277	5,624,108
Recreation:		
Department of Parks and Recreation:		
Office of the Director	595,433	475,011
Memorial Services	106,633	-
Community Programs	94,267	90,381
Pool and Beach Programs	418,955	388,922
Paseo Stadium	114,028	113,888
Youth Center	306,573	290,770
Parks Administration and Planning	115,131	95,834
Historic Preservation Division	216,309	194,136
Parks Maintenance	1,536,981	1,921,543
Territorial Park Protection	123,044	86,496
Total Recreation	3,627,354	3,656,981
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	147,983	112,777
Department of Chamorro Affairs:		
Office of the Director	532,493	327,893
Language and Culture Division	47,110	45,529
Guam Museum	198,652	302,075
	778,255	675,497
Department of Labor:		
Office of the Director	475,711	431,880
Division of Occupational Safety and Health	-	15,834
Wage and Hour Division	162,555	167,681
Bureau of Labor Statistics	280,873	323,945
Fair Employment Practice Office	66,514	26,437
Worker's Compensation Commission	137,739	183,252
Alien Labor Processing and Certification	95,147	122,513
Fiscal and Support Office	248,510	119,331
	1,467,049	1,390,873
Department of Military Affairs:		
Office of the Adjutant General	128,682	133,078
Office of Civil Defense	-	4,027
Office of Veterans Affairs	3,075	193,998
	131,757	331,103

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, 2007 (With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
Individual and Collective Rights, continued:		
Other:		
Guam Election Commission	564,804	470,843
Mayor's Council of Guam	8,731,828	6,767,418
	9,296,632	7,238,261
Total Individual and Collective Rights	11,821,676	9,748,511
Transportation:		
Department of Public Works:		
Transportation Maintenance Division	-	38,035
Bus Operations Division	-	212
Total Transportation	-	38,247
Public Education:		
Department of Education:		
Guam Public School System	173,596,075	168,661,169
Department of Public Works:		
Bus Operations	6,785,894	6,527,777
Total Public Education	180,381,969	175,188,946
Economic Development:		
Bureau of Statistics and Plans:		
Administration	374,670	377,982
Guam Developmental Disabilities Council	-	19,438
Chief Economist's Office	36,987	-
Planning Information	228,394	225,374
Socio-Economic Planning	125,634	121,612
Business and Economic Statistics Division	334,524	338,366
	1,100,209	1,082,772
Department of Agriculture:		
Office of the Director	1,048,970	919,432
Law Enforcement	-	103,477
Aquatic and Wildlife Resources Division	99,037	-
Animal and Plant Industry Division	897,737	853,847
Animal Health Section	327,409	265,334
	2,373,153	2,142,090
Total Economic Development	3,473,362	3,224,862
Transfer to Persons:		
Department of Administration:		
Off-island Residential Treatment	-	1,405,798
Total Transfer to Persons	-	1,405,798

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, 2007
(With comparatives for the year ended September 30, 2006)

	2007	2006
Expenditures by Department, continued:		
Payments to Component Units:		
Government of Guam Retirement Fund:		
GMHA Retirement Fund Contribution	-	1,460,000
Supplemental Benefits	7,257,679	-
Retiree Medicare Premiums	387,895	124,200
Medicare Reimbursement	221,550	-
Governor and Lieutenant Governor Pension Contributions	134,375	102,500
Pay increase retirement rate	15,999	-
Judge and Justice Retirement Annuities	500,224	503,324
	8,517,722	2,190,024
Chamorro Land Trust Commission	-	57,500
Guam Community College	7,577,509	7,494,926
Guam Educational Telecommunications Corporation	538,162	558,183
Guam Memorial Hospital Authority	4,826,689	1,057,527
University of Guam	28,601,908	27,266,417
Total Payments to Component Units	50,061,990	38,624,577
Miscellaneous Appropriations:		
Guam Board of Accountancy	(292)	-
Guam Legal Services Corporation	49,336	6,144
Retiree Healthcare Premiums	-	4,769,883
Hagatna Restoration and Redevelopment	91,259	254,830
Youth Residential Program (Sanctuary, Inc.)	-	241,944
Other	52,954	-
Total Miscellaneous Appropriations	193,257	5,272,801
Interest and other charges:		
Interest on tax refunds	4,824,487	2,032,527
Public Law 28-38 Special Retirement payments	4,601,475	4,601,475
Credit card charge fees and other bank fees	3,100,023	885,311
Other	243,411	-
Total Non-appropriated Expenditures	12,769,396	7,519,313
Total expenditures	394,787,481	364,000,524
Excess of revenues over expenditures	119,604,627	68,524,957

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, 2007 (With comparatives for the year ended September 30, 2006)

	2007	2006
Other financing sources (uses):		
Transfers in from other funds:		
Agana Fractional Lots Program Fund	-	126,426
Autonomous Agency Infrastructure Collections Fund	-	460
CAHA, OET and CEF Fund	-	266
Consumer Protection Fund	-	135
Controlled Substance Diversion Fund	-	74,676
Dededo Buffer Strip Revolving Fund	-	27,784
Drivers' Education Fund	-	318,426
Farmers' and Fishermen's Loan Revolving Fund	-	36,269
Farmers Small Loan Revolving Fund	-	7,008
General Obligation Bonds Series A 1994 Debt Service Fund	-	2,070,182
General Obligation Bonds Series A 1995 Debt Service Fund	-	3,294,914
General Services Agency Fund	-	1,070
GSA Inventory Revolving Fund	-	4,154,995
Guam Based Trust Fund	-	2,184
Guam Beautification Fund	-	50,729
Guam Board of Accountancy Fund	1,539,322	-
Guam Housing Corporation Revolving Fund	-	88,777
Guam Plant Inspection and Permit Fund	-	37,304
Healthy Futures Fund	833,662	833,662
Human Resources Services Revolving Fund	-	45,353
Income Tax Efficiency Payment Fund	-	19,364
Individuals With Disabilities Disaster Recovery Fund	-	100,000
Interim Transition Coordinating Committee Fund	-	7,003,768
Land for the Landless Fund	-	91,139
Litter Control Revolving Fund	-	19,954
Livestock Fund	-	4,361
Notary Public Revolving Fund	-	30,661
Off-Island Sports Fund	-	670
Off-Island Sports Travel Fund	-	20,560
Plant Nursery Revolving Fund	-	8,811
Public Library System Fund	38,402	899,285
Rabies Prevention Fund	-	71,439
Safe Streets Fund	-	209,277
Solid Waste Management Facilities Medical Monitoring Fund	-	127,000
State Agency for Surplus Property Fund	-	56,097
Taguag Memorial Cemetary Fund	-	71,486
Territorial Education Facilities Fund	13,050,053	12,691,291
Territorial Highway Fund	-	7,568,455
Wildlife Conservation Fund	-	217,476
Workman's Compensation Fund	52,772	-
Total other financing sources	15,514,211	40,381,714

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, 2007 (With comparatives for the year ended September 30, 2006)

	2007	2006
Other financing sources (uses), continued:		
Transfers out to other funds:		
1999 SPG Revolving Fund	3,549	81,441
Agana Fractional Lots Program Fund	217,180	-
Autonomous Agency Infrastructure Collections Fund	460	-
CAHA, OET and CEF Fund	266	-
Chamorro Commercial Loan Fund	-	177,343
Consumer Protection Fund	135	-
Controlled Substance Diversion Fund	74,676	-
Customs, Agriculture and Quarantine Inspection Services Fund	325,256	-
Dededo Buffer Strip Revolving Fund	27,784	-
Drivers' Education Fund	318,426	-
Federal Grants Fund	27,129,470	35,228,855
Firefighter Equipment Replacement Fund	-	34,100
General Obligation Bonds Series A 1993 Debt Service Fund	12,626,615	12,792,620
General Obligation Bonds Series A 1995 Debt Service Fund	-	2,025,925
General Services Agency Fund	1,070	-
GMHA Pharmaceuticals Fund	9,996,884	8,421,521
Government Claims Fund	201,196	-
Group Life Insurance Fund	73,203	-
Guam Housing Corporation Revolving Fund	88,777	-
Guam Legislature Fund	6,805,844	7,339,180
Guam Plant Inspection and Permit Fund	37,304	-
Housing Revolving Fund	-	243,645
Human Resources Services Revolving Fund	45,353	-
Individual With Disabilities Disaster Recovery Fund	100,000	-
Livestock Fund	4,361	-
MIP Payment Revolving Fund	17,165,993	11,928,383
Office of the Public Auditor	1,223,707	1,049,229
Off-island Sports Travel Fund	20,560	-
Off-island Treatment Fund	1,295,384	-
Plant Nursery Revolving Fund	8,811	-
Plant Protection and Quarantine Revolving Fund	1,898	5,735
Professional Engineers', Architects, and Surveyors' Fund	36,575	-
Program Development Fund	(43)	6,817
Public Defender Service Corporation Fund	2,995,149	2,808,831
Public Service Recovery Fund	-	382
Public Transit Fund	92,634	23,006

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, 2007
(With comparatives for the year ended September 30, 2006)

	<u>2007</u>	<u>2006</u>
Other financing sources (uses), continued:		
Transfers out to other funds, continued:		
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	778,546	1,619,584
Supplemental Annuity Benefits Fund	11,732,561	13,973,785
Territorial Highway Fund	11,064,775	-
Unified Courts of Guam Operations Fund	21,176,739	21,294,857
Water Systems Revenue Bond Debt Service Fund	11,104,026	11,108,105
Wildlife Conservation Fund	217,476	-
Worker's Compensation Fund	820,544	837,524
Total other financing uses	<u>138,311,652</u>	<u>131,000,868</u>
Total other financing sources (uses), net	<u>(122,797,441)</u>	<u>(90,619,154)</u>
Special items:		
Retiree Cost of Living Allowance judgment	-	(123,580,231)
Earned Income Tax Credit judgment	17,154,697	(30,000,000)
Total special items	<u>17,154,697</u>	<u>(153,580,231)</u>
Net change in fund deficit	13,961,883	(175,674,428)
Deficit at the beginning of the year	<u>(524,078,360)</u>	<u>(348,403,932)</u>
Deficit at the end of the year	<u>\$ (510,116,477)</u>	<u>(524,078,360)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Taxes:				
Income	\$ 228,882,046	\$ 232,846,202	\$ 250,847,607	\$ 18,001,405
Gross receipts	162,565,341	163,665,487	172,745,349	9,079,862
Other	3,054,447	13,244,347	2,680,301	(10,564,046)
Federal contributions	57,961,358	73,085,290	74,723,572	1,638,282
Guam Public School System	-	-	1,431,526	1,431,526
Contributions from component units	2,027,776	2,027,776	2,196,244	168,468
Other	3,884,730	10,302,577	9,767,509	(535,068)
Total revenues	458,375,698	495,171,679	514,392,108	19,220,429
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan:				
Office of the Governor	3,697,231	4,876,405	4,555,581	320,824
Commission on Decolonization	35,492	152,428	147,983	4,445
Ancestral Land Trust Commission	40,694	219,508	219,508	-
Government House	846,503	1,120,368	546,987	573,381
Medical Referral Offices	180,656	597,570	590,667	6,903
Bureau of Women's Affairs	-	41,712	38,119	3,593
Office of Civil Defense	274,675	48,743	47,446	1,297
Office of Veteran's Affairs	103,537	271,752	269,129	2,623
Other	-	-	43,953	(43,953)
	5,178,788	7,328,486	6,459,373	869,113
Office of I Segundu Na Maga'lahaen Guahan:				
Office of the Lieutenant Governor	1,354,708	1,229,245	1,206,943	22,302
Guam State Clearinghouse	325,000	269,842	269,842	-
	1,679,708	1,499,087	1,476,785	22,302
Bureau of Budget and Management Research:				
Office of the Director	370,789	378,886	372,057	6,829
Internal Audit Division	1,018,558	959,141	959,141	-
	1,389,347	1,338,027	1,331,198	6,829
Civil Service Commission:				
Office of the Director	140,881	219,773	216,931	2,842
Board of Commissioners	55,326	56,826	56,826	-
Legal Office	114,440	141,608	141,608	-
Personnel Management	168,920	226,958	226,958	-
	479,567	645,165	642,323	2,842
Department of Administration:				
Office of the Director	11,940,998	15,618,051	13,722,891	1,895,160
Personnel Management	1,872,000	1,699,976	1,699,976	-
Financial Management	741,000	674,705	674,705	-
Data Processing	705,200	567,898	567,898	-
General Services Agency	832,000	811,693	811,693	-
Division of Accounts	2,447,340	2,390,215	2,390,215	-
	18,538,538	21,762,538	19,867,378	1,895,160

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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Guam Election Commission	326,375	585,676	584,399	1,277
Department of Revenue and Taxation:				
Office of the Director	\$ 2,419,720	\$ 5,020,264	\$ 4,698,846	\$ 321,418
Tax Enforcement Division	2,044,847	1,942,137	1,942,137	-
Real Property Tax Division	462,852	402,441	402,441	-
Taxpayer Services Division	1,774,494	1,641,634	1,641,634	-
Regulatory Division	1,074,530	869,106	869,106	-
Motor Vehicle Division	742,252	620,902	620,902	-
	<u>8,518,695</u>	<u>10,496,484</u>	<u>10,175,066</u>	<u>321,418</u>
Bureau of Statistics and Plans:				
Administration	55,332	375,270	374,954	316
Guam Developmental Disabilities Council	213	213	-	213
Chief Economist's Office	85,000	85,000	36,987	48,013
Planning Information	28,097	228,394	228,394	-
Socio-Economic Planning	15,490	125,634	125,634	-
Business and Economic Statistics Division	44,219	334,524	334,524	-
	<u>228,351</u>	<u>1,149,035</u>	<u>1,100,493</u>	<u>48,542</u>
Department of Public Works:				
Office of the Director	3,594,421	5,837,342	5,763,118	74,224
Transportation Maintenance Division	842,234	980,949	980,949	-
Bus Operations Division	6,308,628	6,966,985	6,786,582	180,403
Building Maintenance Division	2,799	2,633	2,624	9
	<u>10,748,082</u>	<u>13,787,909</u>	<u>13,533,273</u>	<u>254,636</u>
Office of the Attorney-General:				
Attorney-General's Office	6,276,913	5,890,391	5,845,097	45,294
Prosecution Division	9,081	525	-	525
	<u>6,285,994</u>	<u>5,890,916</u>	<u>5,845,097</u>	<u>45,819</u>
Guam Police Department:				
Office of the Chief	6,012,984	5,692,030	5,229,241	462,789
Criminal Investigation Division	1,407,515	1,419,756	1,419,756	-
Neighborhood Patrol Division	11,053,591	11,059,343	11,046,353	12,990
Support Division	2,263,981	1,835,947	1,828,724	7,223
Forensic Science Division	1,021,222	1,004,857	1,004,743	114
Highway Patrol Division	1,004,320	822,690	822,690	-
	<u>22,763,613</u>	<u>21,834,623</u>	<u>21,351,507</u>	<u>483,116</u>
Department of Corrections:				
Office of the Director	4,244,708	5,374,706	5,280,787	93,919
Adult Correctional Facility	6,412,437	8,604,746	8,604,746	-
Rosario Detention Center	2,149,167	2,428,718	2,428,718	-
Off-island Detention	93,200	3,200	-	3,200
Casework and Counseling Service Division	427,836	287,377	287,377	-
Forensic Division	369,622	414,332	414,332	-
Parole Service Division	539,574	496,832	496,832	-
	<u>14,236,544</u>	<u>17,609,911</u>	<u>17,512,792</u>	<u>97,119</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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Agriculture:				
Office of the Director	\$ 1,123,590	\$ 1,366,262	\$ 1,166,433	\$ 199,829
Aquatic and Wildlife Resources Division	15,134	112,036	99,037	12,999
Animal and Plant Industry Division	171,035	972,422	897,737	74,685
Animal Health Section	127,243	406,994	328,421	78,573
	<u>1,437,002</u>	<u>2,857,714</u>	<u>2,491,628</u>	<u>366,086</u>
Department of Public Health and Social Services:				
Office of the Director	1,687,054	647,143	642,186	4,957
Chief Public Health Office	201,442	196,966	126,455	70,511
Community Health Services	348,154	256,431	252,904	3,527
Communicable Disease Control	193,917	120,062	117,768	2,294
Professional Social Services	341,802	52,980	44,408	8,572
Primary Care Services	75,706	39,811	20,412	19,399
Family Health and Nursing Services	3,317	3,318	-	3,318
Catastrophic Illness Assistance Program	100,000	97,844	97,844	-
Medically Indigent Program	250,945	105,349	100,432	4,917
Foster Care	1,653,329	1,527,672	1,527,659	13
Division of Senior Citizens	196,470	143,797	131,419	12,378
Adult Protective Services	365,973	408,335	406,650	1,685
Division of Environmental Health	784,116	459,327	401,619	57,708
Financial Management Services	247,573	210,230	210,228	2
Supply Section	159,862	111,704	111,025	679
Management Support Services	226,019	139,587	136,867	2,720
Facilities and Maintenance	1,724,995	1,649,771	1,597,631	52,140
Systems Group	675,191	583,681	513,882	69,799
	<u>9,235,865</u>	<u>6,754,008</u>	<u>6,439,389</u>	<u>314,619</u>
Department of Education:				
Guam Public School System	177,012,804	176,541,376	179,489,141	(2,947,765)
Guam Public Library	1,385,416	1,319,025	1,164,521	154,504
	<u>178,398,220</u>	<u>177,860,401</u>	<u>180,653,662</u>	<u>(2,793,261)</u>
Department of Youth Affairs:				
Office of the Director	144,998	127,640	127,640	-
Division of Youth Development	696,033	740,381	740,381	-
Division of Youth Corrections	2,221,378	2,082,456	2,076,754	5,702
Division of Vocational Rehabilitation and Support Services	693,176	734,801	732,246	2,555
	<u>3,755,585</u>	<u>3,685,278</u>	<u>3,677,021</u>	<u>8,257</u>
Department of Mental Health and Substance Abuse:				
Office of the Director	2,366,810	2,735,061	2,723,807	11,254
Clinical Services Division	699,329	908,876	909,172	(296)
Child and Adolescent Services Division	193,334	225,667	225,667	-
Nursing Services Division	2,040,286	2,104,634	2,099,232	5,402
	<u>5,299,759</u>	<u>5,974,238</u>	<u>5,957,878</u>	<u>16,360</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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Labor:				
Office of the Director	\$ 179,392	\$ 524,620	\$ 524,031	\$ 589
Division of Occupational Safety and Health	7,095	-	-	-
Wage and Hour Division	46,877	162,555	162,555	-
Bureau of Labor Statistics	84,868	280,873	280,873	-
Fair Employment Practice Office	14,392	66,514	66,514	-
Worker's Compensation Commission	42,093	137,739	137,739	-
Alien Labor Processing and Certification	10,585	95,147	95,147	-
Fiscal and Support Office	55,421	248,510	248,510	-
	<u>440,723</u>	<u>1,515,958</u>	<u>1,515,369</u>	<u>589</u>
Department of Parks and Recreation:				
Office of the Director	366,913	644,472	637,002	7,470
Memorial Services	-	106,633	106,633	-
Community Programs	-	94,267	94,267	-
Pool and Beach Programs	-	418,955	418,955	-
Paseo Stadium	-	114,028	114,028	-
Youth Center	-	306,573	306,573	-
Parks Administration and Planning	132,462	115,131	115,131	-
Historic Preservation Division	172,897	216,309	216,309	-
Parks Maintenance	159,052	1,540,152	1,536,981	3,171
Territorial Park Protection	215,484	123,047	123,044	3
	<u>1,046,808</u>	<u>3,679,567</u>	<u>3,668,923</u>	<u>10,644</u>
Department of Integrated Services for Individuals with Disabilities:				
Service Contracts	1,469,868	1,468,277	1,464,164	4,113
Office of the Director	823,448	833,277	828,901	4,376
Basic Support 110	21,697	17,860	17,860	-
	<u>2,315,013</u>	<u>2,319,414</u>	<u>2,310,925</u>	<u>8,489</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	9,477,262	9,329,204	8,799,833	529,371
Department of Land Management:				
Office of the Director	492,245	550,203	498,114	52,089
Land Administration Division	102,524	118,053	118,053	-
Land Planning Division	30,977	461,455	461,453	2
Land Records Division	-	397,279	397,279	-
Land Survey Division	-	3,542	3,542	-
Geographic Information System Division	89,414	112,805	112,803	2
	<u>715,160</u>	<u>1,643,337</u>	<u>1,591,244</u>	<u>52,093</u>
Chief Medical Examiner:				
Medical Examiner's Office	436,979	407,982	383,011	24,971
Department of Chamorro Affairs:				
Office of the Director	117,465	543,718	532,493	11,225
Language and Culture Division	3,871	47,110	47,110	-
Guam Museum	32,548	198,652	198,652	-
	<u>153,884</u>	<u>789,480</u>	<u>778,255</u>	<u>11,225</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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Military Affairs:				
Office of the Adjutant General	\$ 321,923	\$ 135,453	\$ 131,302	\$ 4,151
Office of Civil Defense	152,082	152,082	-	152,082
Office of Veterans Affairs	21,725	8,363	3,075	5,288
	<u>495,730</u>	<u>295,898</u>	<u>134,377</u>	<u>161,521</u>
Guam Fire Department:				
Office of the Fire Chief	1,141,100	1,156,093	833,541	322,552
Administrative and Logistical Support	1,393,269	1,255,470	1,234,864	20,606
Emergency Medical Service/Rescue Operations Bureau	6,707,481	7,598,320	7,598,320	-
Fire Suppression Bureau	12,857,623	14,898,513	14,898,513	-
	<u>22,099,473</u>	<u>24,908,396</u>	<u>24,565,238</u>	<u>343,158</u>
Payments to Component Units:				
Guam Educational Telecom. Corporation	514,477	538,162	538,162	-
University of Guam	29,794,667	29,781,642	28,601,908	1,179,734
Guam Community College	7,971,435	10,273,908	7,577,509	2,696,399
Guam Memorial Hospital Authority	13,439,977	9,801,660	4,826,689	4,974,971
	<u>51,720,556</u>	<u>50,395,372</u>	<u>41,544,268</u>	<u>8,851,104</u>
Government of Guam Retirement Fund Appropriations:				
Supplemental Benefits	7,897,050	7,257,679	7,257,679	-
Retiree Medicare Premiums	387,895	387,895	387,895	-
Medicare Reimbursement	221,550	221,550	221,550	-
Governor and Lieutenant Governor Pension Contributions	134,375	134,375	134,375	-
Pay increase retirement rate	-	15,999	15,999	-
Judge and Justice Retirement Annuities	500,224	500,224	500,224	-
	<u>9,141,094</u>	<u>8,517,722</u>	<u>8,517,722</u>	<u>-</u>
Total Executive Branch	<u>386,542,715</u>	<u>404,861,826</u>	<u>392,908,427</u>	<u>11,953,399</u>
Miscellaneous Appropriations:				
Guam Environmental Protection Agency	81,719	-	-	-
Guam Board of Accountancy	445,713	-	(292)	292
Small Business Financing Assistance (PIDB)	500,000	500,000	300,000	200,000
Guam Legal Services Corporation	68,856	68,856	49,336	19,520
Retiree Healthcare Premiums	-	-	-	-
COLA Judgement	-	8,000,000	-	8,000,000
Hagatna Restoration and Redevelopment	296,998	296,998	91,259	205,739
Other	-	-	52,954	(52,954)
Total Miscellaneous Appropriations	<u>1,393,286</u>	<u>8,865,854</u>	<u>493,257</u>	<u>8,372,597</u>
Interest and other charges:				
Interest on tax refunds	-	-	4,824,487	(4,824,487)
Public Law 28-38 Special Retirement payments	-	-	4,601,475	(4,601,475)
Credit card charge fees and other bank fees	-	-	3,100,023	(3,100,023)
Other	-	-	243,411	(243,411)
Total Non-appropriated Expenditures	<u>-</u>	<u>-</u>	<u>12,769,396</u>	<u>(12,769,396)</u>
Total expenditures	<u>387,936,001</u>	<u>413,727,680</u>	<u>406,171,080</u>	<u>7,556,600</u>
Excess of revenues over expenditures	<u>70,439,697</u>	<u>81,443,999</u>	<u>108,221,028</u>	<u>26,777,029</u>

See Accompanying Independent Auditors' Report 112

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses):				
Transfers in from other funds:				
Guam Board of Accountancy Fund	\$ -	\$ -	\$ 1,539,322	\$ 1,539,322
Healthy Futures Fund	-	-	833,662	833,662
Interim Transition Coordinating Committee Fund	3,335,210	1,450,995	-	(1,450,995)
Litter Control Revolving Fund	-	-	-	-
Public Library System Fund	-	-	38,402	38,402
Territorial Education Facilities Fund	8,000,000	-	13,050,053	13,050,053
Territorial Highway Fund	-	4,000,000	-	(4,000,000)
Tourist Attraction Fund	-	4,000,000	-	(4,000,000)
Unreserved Fund Balance Fund	3,710,507	1,666,537	-	(1,666,537)
Workman's Compensation Fund	-	-	52,772	52,772
Total other financing sources	15,045,717	11,117,532	15,514,211	4,396,679
Transfers out to other funds:				
1999 South Pacific Revolving Fund	-	-	3,549	(3,549)
Agana Fractional Lots Program Fund	-	-	217,180	(217,180)
Autonomous Agency Infrastructure Collections Fund	-	-	460	(460)
CAHA, OET and CEF Fund	-	-	266	(266)
Consumer Protection Fund	-	-	135	(135)
Controlled Substance Diversion Fund	-	-	74,676	(74,676)
Customs, Agriculture and Quarantine Inspection Services Fund	-	-	325,256	(325,256)
Dededo Buffer Strip Revolving Fund	-	-	27,784	(27,784)
Drivers' Education Fund	-	-	318,426	(318,426)
Federal Grants Fund	32,001,930	31,567,278	27,129,470	4,437,808
General Obligation Bonds Series A 1993 Debt Service Fund	12,626,615	12,626,615	12,626,615	-
General Services Agency Fund	-	-	1,070	(1,070)
GMHA Pharmaceuticals Fund	10,062,795	9,996,884	9,996,884	-
Government Claims Fund	100,598	100,598	201,196	(100,598)
Group Life Insurance Fund	-	-	73,203	(73,203)
Guam Housing Corporation Revolving Fund	-	-	88,777	(88,777)
Guam Legislature Fund	7,339,180	6,805,844	6,805,844	-
Guam Plant Inspection and Permit Fund	-	-	37,304	(37,304)
Human Resources Services Revolving Fund	-	-	45,353	(45,353)
Individual With Disabilities Disaster Recovery Fund	-	-	100,000	(100,000)
Livestock Fund	-	-	4,361	(4,361)
MIP Payment Revolving Fund	16,159,111	16,159,111	17,165,993	(1,006,882)
Office of the Public Auditor	1,236,745	1,223,726	1,223,707	19
Off-island Sports Travel Fund	-	-	20,560	(20,560)
Off-island Treatment Fund	-	-	1,295,384	(1,295,384)
Plant Nursery Revolving Fund	-	-	8,811	(8,811)
Plant Protection and Quarantine Revolving Fund	-	-	1,898	(1,898)
Professional Engineers', Architects', and Surveyors' Fund	-	-	36,575	(36,575)

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, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses), continued:				
Transfers out to other funds, continued:				
Program Development Fund	-	-	(43)	43
Public Defender Service Corporation Fund	2,875,418	2,995,149	2,995,149	-
Public Transit Fund	-	-	92,634	(92,634)
Rabies Prevention Fund	-	-	71,439	(71,439)
Residential Survey Revolving Fund	49,270	49,270	-	49,270
Safe Streets Fund	-	-	209,277	(209,277)
Solid Waste Management Plan Fund	30,000	29,250	8,556	20,694
State Agency for Surplus Property Fund	-	-	209,236	(209,236)
Streetlight Fund	-	-	778,546	(778,546)
Supplemental Annuity Benefits Fund	12,870,806	12,870,806	11,732,561	1,138,245
Territorial Highway Fund	-	-	11,064,775	(11,064,775)
Unified Courts of Guam Fund	22,451,990	22,239,637	21,176,739	1,062,898
Water Systems Revenue Bond Debt Service Fund	11,104,026	11,104,026	11,104,026	-
Wildlife Conservation Fund	217,476	217,476	217,476	-
Worker's Compensation Fund	930,000	930,000	820,544	109,456
Total other financing uses	130,055,960	128,915,670	138,311,652	(9,395,982)
Total other financing sources (uses), net	(115,010,243)	(117,798,138)	(122,797,441)	(4,999,303)
Special items:				
Earned Income Tax Credit judgment	-	-	17,154,697	17,154,697
Other changes to unreserved fund deficit:				
Decrease in continuing appropriations	-	-	3,277	3,277
Increase in reserve for related assets	-	-	(100,000)	(100,000)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	12,794,230	12,794,230
	-	-	12,697,507	12,697,507
Net change in unreserved fund deficit	(44,570,546)	(36,354,139)	15,275,791	51,629,930
Unreserved fund deficit beginning of the year	(539,119,524)	(539,119,524)	(539,119,524)	-
Unreserved fund deficit end of the year	\$ (583,690,070)	\$ (575,473,663)	\$ (523,843,733)	\$ 51,629,930

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds Combining Balance Sheet September 30, 2007

<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	\$ 19,365,644	\$ 1,047,086	\$ 1,553,455	\$ 21,966,185
Time certificates of deposit	144,000	98,614	-	242,614
Investments	8,120,000	-	-	8,120,000
Receivables, net:				
Taxes	4,701,998	-	-	4,701,998
Federal agencies	3,996,511	-	-	3,996,511
Note	10,000,000	-	-	10,000,000
Interest	1,095,883	-	-	1,095,883
Other	2,869,086	29,180	-	2,898,266
Due from other funds	50,461,994	9,742,342	630,656	60,834,992
Due from private purpose trust funds	1,535,510	-	-	1,535,510
Due from component units	1,525,038	-	-	1,525,038
Inventories	780,933	-	-	780,933
Deposits and other assets	102,715	-	-	102,715
Restricted assets:				
Cash and cash equivalents	-	5,624,426	12,744,851	18,369,277
Time certificates of deposit	-	601,400	-	601,400
Investments	-	-	18,563,398	18,563,398
Total assets	<u>\$ 104,699,312</u>	<u>\$ 17,143,048</u>	<u>\$ 33,492,360</u>	<u>\$ 155,334,720</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 15,530,509	\$ 341,115	\$ -	\$ 15,871,624
Accrued payroll and other	3,245,923	-	-	3,245,923
Due to other funds	10,043,915	36,767	485,975	10,566,657
Due to component units	5,285,752	-	-	5,285,752
Payable to federal agencies	2,609,109	-	-	2,609,109
Deferred revenue	3,228,963	-	-	3,228,963
Provision for tax refunds	5,583,454	-	-	5,583,454
Deposits and other liabilities	1,328,121	-	-	1,328,121
Total liabilities	<u>46,855,746</u>	<u>377,882</u>	<u>485,975</u>	<u>47,719,603</u>
Fund balances:				
Reserved:				
Related assets	12,598,978	2,644,446	630,656	15,874,080
Encumbrances	7,849,823	5,056,512	-	12,906,335
Continuing appropriations	8,060,637	2,316,750	-	10,377,387
Debt service	-	-	30,822,274	30,822,274
Unreserved:				
Special revenue funds	29,334,128	-	-	29,334,128
Capital projects funds	-	6,747,458	-	6,747,458
Debt service funds	-	-	1,553,455	1,553,455
Total fund balances	<u>57,843,566</u>	<u>16,765,166</u>	<u>33,006,385</u>	<u>107,615,117</u>
Total liabilities and fund balances	<u>\$ 104,699,312</u>	<u>\$ 17,143,048</u>	<u>\$ 33,492,360</u>	<u>\$ 155,334,720</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, 2007

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 21,875,383	\$ -	\$ -	\$ 21,875,383
Hotel	21,233,396	-	-	21,233,396
Liquid fuel	10,022,114	-	-	10,022,114
Other taxes	9,726,252	-	-	9,726,252
Licenses, fees and permits	40,255,264	-	-	40,255,264
Use of money and property	688,794	2,380,181	162,783	3,231,758
Federal contributions	51,234,707	-	-	51,234,707
Other	523,690	-	-	523,690
Total revenues	<u>155,559,600</u>	<u>2,380,181</u>	<u>162,783</u>	<u>158,102,564</u>
Expenditures by Function:				
Current:				
General government	25,936,940	29,402	-	25,966,342
Protection of life and property	12,599,528	-	-	12,599,528
Public health	11,126,416	-	-	11,126,416
Community services	18,335,912	-	-	18,335,912
Recreation	1,136,455	-	-	1,136,455
Individual and collective rights	26,538,653	1,072,542	-	27,611,195
Transportation	13,444,412	-	-	13,444,412
Public education	49,460,604	-	-	49,460,604
Environmental protection	6,531,020	-	-	6,531,020
Economic development	90,740	-	-	90,740
Payments to:				
Guam Community College	6,559,940	-	-	6,559,940
Guam Memorial Hospital	9,996,884	-	-	9,996,884
Chamorro Land Trust Commission	441,638	-	-	441,638
Guam Visitors Bureau	14,987,727	-	-	14,987,727
University of Guam	2,621,692	-	-	2,621,692
Miscellaneous appropriations	2,595,039	-	-	2,595,039
Capital projects	-	8,163,275	-	8,163,275
Debt service	-	236,365	25,914,267	26,150,632
Total expenditures	<u>202,403,600</u>	<u>9,501,584</u>	<u>25,914,267</u>	<u>237,819,451</u>
Deficiency of revenues under expenditures	<u>(46,844,000)</u>	<u>(7,121,403)</u>	<u>(25,751,484)</u>	<u>(79,716,887)</u>
Other financing sources (uses):				
Transfers in from other funds	91,352,916	-	26,510,910	117,863,826
Transfers out to other funds	<u>(30,329,243)</u>	<u>(1,709,845)</u>	<u>(292,500)</u>	<u>(32,331,588)</u>
Total other financing sources (uses), net	<u>61,023,673</u>	<u>(1,709,845)</u>	<u>26,218,410</u>	<u>85,532,238</u>
Net change in fund balances	14,179,673	(8,831,248)	466,926	5,815,351
Fund balances at beginning of year	43,663,893	25,596,414	32,539,459	101,799,766
Fund balances at end of year	<u>\$ 57,843,566</u>	<u>\$ 16,765,166</u>	<u>\$ 33,006,385</u>	<u>\$ 107,615,117</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances Year Ended September 30, 2007

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 21,875,383	\$ -	\$ -	\$ 21,875,383
Hotel	21,233,396	-	-	21,233,396
Liquid fuel	10,022,114	-	-	10,022,114
Other taxes	9,726,252	-	-	9,726,252
Licenses, fees and permits	40,255,264	-	-	40,255,264
Use of money and property	688,794	2,380,181	162,783	3,231,758
Federal contributions	51,234,707	-	-	51,234,707
Other	523,690	-	-	523,690
Total revenues	155,559,600	2,380,181	162,783	158,102,564
Expenditures by Object:				
Salaries and wages - regular	67,500,397	-	-	67,500,397
Salaries and wages - overtime	890,204	-	-	890,204
Salaries and wages - fringe benefits	17,969,661	-	-	17,969,661
Travel	1,627,920	-	-	1,627,920
Contractual services	23,029,169	321,000	-	23,350,169
Building rent	3,287,085	-	-	3,287,085
Supplies	9,103,133	-	-	9,103,133
Equipment	1,337,021	-	-	1,337,021
Utilities - power and water	5,197,769	-	-	5,197,769
Communications	527,086	-	-	527,086
Capital outlays	1,670,842	7,842,275	-	9,513,117
Grants and subsidies	35,621,866	-	-	35,621,866
Principal retirement	-	-	15,905,000	15,905,000
Interest and fiscal charges	-	236,365	10,009,267	10,245,632
Other	34,641,447	1,101,944	-	35,743,391
Total expenditures	202,403,600	9,501,584	25,914,267	237,819,451
Deficiency of revenues under expenditures	(46,844,000)	(7,121,403)	(25,751,484)	(79,716,887)
Other financing sources (uses):				
Transfers in from other funds	91,352,916	-	26,510,910	117,863,826
Transfers out to other funds	(30,329,243)	(1,709,845)	(292,500)	(32,331,588)
Total other financing sources (uses), net	61,023,673	(1,709,845)	26,218,410	85,532,238
Net change in fund balances	14,179,673	(8,831,248)	466,926	5,815,351
Fund balances at beginning of year	43,663,893	25,596,414	32,539,459	101,799,766
Fund balances at end of year	<u>\$ 57,843,566</u>	<u>\$ 16,765,166</u>	<u>\$ 33,006,385</u>	<u>\$ 107,615,117</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds September 30, 2007

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, 2007, 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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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 GEDCA. 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, 2007

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, 2007

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, 2007

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, 2007

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, 2007, 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, 2007

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, 2007, 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, 2007

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, 2007, 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 (GEDCA) - GEDCA 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 GEDCA 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, GEDCA 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. GEDCA utilizes various Trust Funds to accomplish its stated purposes.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units, Continued
September 30, 2007

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, 2007

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, 2007

AS/400 Fund Number	271	236	309	265	262	611	266	305
	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	90,169	-	-	-	-	-
Due from other funds	-	4,594	229,020	505,142	460	29,545	-	266
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 4,594</u>	<u>\$ 319,189</u>	<u>\$ 505,142</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ -</u>	<u>\$ 266</u>
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
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	-	-	-	4,461	-	270	12,952	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	<u>-</u>	<u>4,594</u>	<u>229,020</u>	<u>500,681</u>	<u>460</u>	<u>29,275</u>	<u>(12,952)</u>	<u>266</u>
Total fund balances (deficit)	<u>-</u>	<u>4,594</u>	<u>319,189</u>	<u>505,142</u>	<u>460</u>	<u>29,545</u>	<u>-</u>	<u>266</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 4,594</u>	<u>\$ 319,189</u>	<u>\$ 505,142</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ -</u>	<u>\$ 266</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

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
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	145,696	16,493	224,624	1,242,020	135	704,204	102,481	345,758
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 145,696	\$ 16,493	\$ 224,624	\$ 1,242,020	\$ 135	\$ 704,204	\$ 102,481	\$ 345,758
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169
Accrued payroll and other	56,907	-	19,643	32,882	-	8,435	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	85,756
Total liabilities	56,907	-	19,643	32,882	-	8,435	-	85,925
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	533,875	-	55,929	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	88,789	16,493	204,981	675,263	135	639,840	102,481	259,833
Total fund balances (deficit)	88,789	16,493	204,981	1,209,138	135	695,769	102,481	259,833
Total liabilities and fund balances (deficit)	\$ 145,696	\$ 16,493	\$ 224,624	\$ 1,242,020	\$ 135	\$ 704,204	\$ 102,481	\$ 345,758

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health
ASSETS								
Cash and cash equivalents	\$ 760,266	\$ -	\$ -	\$ 1,857	\$ -	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	14,976	-	-	-	-	-	-	-
Due from other funds	-	52,755	164,536	402,771	1,518,226	351,801	1,007,093	1,117,974
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	1,525,038	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,300,280</u>	<u>\$ 52,755</u>	<u>\$ 164,536</u>	<u>\$ 404,628</u>	<u>\$ 1,518,226</u>	<u>\$ 351,801</u>	<u>\$ 1,007,093</u>	<u>\$ 1,117,974</u>
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	245,896	-	-	-	-	-	33,903	13,633
Due to other funds	2,054,384	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	403,354	-	-	-	-
Total liabilities	<u>2,300,280</u>	<u>-</u>	<u>-</u>	<u>403,354</u>	<u>-</u>	<u>-</u>	<u>33,903</u>	<u>13,633</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	34,957	-	3,046	-	-	-	109,560	54,099
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	<u>(34,957)</u>	<u>52,755</u>	<u>161,490</u>	<u>1,274</u>	<u>1,518,226</u>	<u>351,801</u>	<u>863,630</u>	<u>1,050,242</u>
Total fund balances (deficit)	<u>-</u>	<u>52,755</u>	<u>164,536</u>	<u>1,274</u>	<u>1,518,226</u>	<u>351,801</u>	<u>973,190</u>	<u>1,104,341</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,300,280</u>	<u>\$ 52,755</u>	<u>\$ 164,536</u>	<u>\$ 404,628</u>	<u>\$ 1,518,226</u>	<u>\$ 351,801</u>	<u>\$ 1,007,093</u>	<u>\$ 1,117,974</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	104	243	312	299	229	404	239	237
	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving
ASSETS								
Cash and cash equivalents	\$ 233,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	28,738	-	-	19,661	-	-	-	-
Due from other funds	345,473	-	-	93,711	4,824	-	124,655	10,365
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	638,814	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 607,546	\$ -	\$ -	\$ 113,372	\$ 4,824	\$ 638,814	\$ 124,655	\$ 10,365
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	12,324	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	22,071	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	12,324	-	-	-	-	22,071	-	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	638,814	-	-
Encumbrances	-	-	-	7,946	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	595,222	-	-	105,426	4,824	(22,071)	124,655	10,365
Total fund balances (deficit)	595,222	-	-	113,372	4,824	616,743	124,655	10,365
Total liabilities and fund balances (deficit)	\$ 607,546	\$ -	\$ -	\$ 113,372	\$ 4,824	\$ 638,814	\$ 124,655	\$ 10,365

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	406	245	234	617	608	326	616	
	Group Life Insurance	GPSS Federal Grants	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privitization Proceeds
ASSETS								
Cash and cash equivalents	\$ -	\$ 95,341	\$ -	\$ -	\$ 1,063	\$ -	\$ 394,404	\$ 663,513
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	3,817,549	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	10,000,000
Interest	-	-	-	-	-	-	-	1,095,883
Other	-	-	-	-	-	-	-	-
Due from other funds	-	949,142	467,398	88,777	1,004	107,789	323,190	974,539
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	102,715	-	-	-	-	-	-
Total assets	\$ -	\$ 4,964,747	\$ 467,398	\$ 88,777	\$ 2,067	\$ 107,789	\$ 717,594	\$ 12,733,935
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ 494,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	1,024,628	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	2,609,109	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	1,093,750
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	4,127,748	-	-	-	-	-	1,093,750
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	10,000,000
Encumbrances	-	5,169,642	110,402	-	-	3,925	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	-	(4,332,643)	356,996	88,777	2,067	103,864	717,594	1,640,185
Total fund balances (deficit)	-	836,999	467,398	88,777	2,067	107,789	717,594	11,640,185
Total liabilities and fund balances (deficit)	\$ -	\$ 4,964,747	\$ 467,398	\$ 88,777	\$ 2,067	\$ 107,789	\$ 717,594	\$ 12,733,935

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	270	602	241	311	201	298	303	321
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
ASSETS								
Cash and cash equivalents	\$ 616,475	\$ 641,445	\$ -	\$ 953,746	\$ -	\$ -	\$ 1,773,459	\$ 5,779,476
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	1,160,000	-	-	5,800,000	-	-	-	-
Receivables, net:								
Taxes	-	718,357	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	251,645	-	-	-
Due from other funds	64,119	-	296,121	-	52,203	57,066	3,467,252	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,840,594</u>	<u>\$ 1,359,802</u>	<u>\$ 296,121</u>	<u>\$ 6,753,746</u>	<u>\$ 303,848</u>	<u>\$ 57,066</u>	<u>\$ 5,240,711</u>	<u>\$ 5,779,476</u>
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	249,059	-	-	-	-	-	-
Due to other funds	-	198,694	-	100,000	-	-	-	5,749,123
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	5,192,264	-
Deposits and other liabilities	100,000	-	-	300,000	8,894	-	-	-
Total liabilities	<u>100,000</u>	<u>447,753</u>	<u>-</u>	<u>400,000</u>	<u>8,894</u>	<u>-</u>	<u>5,192,264</u>	<u>5,749,123</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	251,645	-	-	-
Encumbrances	11,192	216,764	19,968	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	<u>1,729,402</u>	<u>695,285</u>	<u>276,153</u>	<u>6,353,746</u>	<u>43,309</u>	<u>57,066</u>	<u>48,447</u>	<u>30,353</u>
Total fund balances (deficit)	<u>1,740,594</u>	<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>
Total liabilities and fund balances (deficit)	<u>\$ 1,840,594</u>	<u>\$ 1,359,802</u>	<u>\$ 296,121</u>	<u>\$ 6,753,746</u>	<u>\$ 303,848</u>	<u>\$ 57,066</u>	<u>\$ 5,240,711</u>	<u>\$ 5,779,476</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	216	626	222	287	232	293	294	
	Individuals With Disabilities Disaster Recovery	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 865,133	\$ -	\$ 518,732	\$ -	-
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	8,079	-	-	-	-
Due from other funds	100,000	2,708,689	3,027,593	746,303	4,383	75,324	13,060,316	204,399
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 100,000	\$ 2,708,689	\$ 3,027,593	\$ 1,619,515	\$ 4,383	\$ 594,056	\$ 13,060,316	\$ 204,399
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ 171,486	\$ -	\$ 37,738	\$ -	\$ -	\$ 13,149,736	\$ -
Accrued payroll and other	-	-	28,373	206,973	-	774	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	399,614	-	-
Total liabilities	-	171,486	28,373	244,711	-	400,388	13,149,736	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	171,985	-	-	-	-	-
Continuing appropriations	-	-	-	1,374,804	-	-	-	-
Unreserved (deficit)	100,000	2,537,203	2,827,235	-	4,383	193,668	(89,420)	204,399
Total fund balances (deficit)	100,000	2,537,203	2,999,220	1,374,804	4,383	193,668	(89,420)	204,399
Total liabilities and fund balances (deficit)	\$ 100,000	\$ 2,708,689	\$ 3,027,593	\$ 1,619,515	\$ 4,383	\$ 594,056	\$ 13,060,316	204,399

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	278	329	212/225	211	504	263	221	215
	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers', Architects' and Surveyors'
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	20,560	154,012	459	27,537	-	299,941	11,682	5,391
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 20,560	\$ 154,012	\$ 459	\$ 27,537	\$ -	\$ 299,941	\$ 11,682	\$ 5,391
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ 139,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	5,391
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	13,213	-	-	-	-	-	-
Total liabilities	-	152,662	-	-	-	-	-	5,391
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	1,034	-	-	-	20,557	-	4,176
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	20,560	316	459	27,537	-	279,384	11,682	(4,176)
Total fund balances (deficit)	20,560	1,350	459	27,537	-	299,941	11,682	-
Total liabilities and fund balances (deficit)	\$ 20,560	\$ 154,012	\$ 459	\$ 27,537	\$ -	\$ 299,941	\$ 11,682	\$ 5,391

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	238	604	620	317	285	601		
	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Safe Homes, Safe Streets
ASSETS								
Cash and cash equivalents	\$ -	\$ 60,052	\$ 773,799	\$ 586,035	\$ -	\$ -	\$ -	\$ 1,097
Time certificates of deposit	-	144,000	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	103,332
Federal agencies	-	18,266	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	8,007	-	-	-	-	-
Due from other funds	-	22,792	171,574	445,059	126,097	-	158,580	1,441,294
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 245,110	\$ 953,380	\$ 1,031,094	\$ 126,097	\$ -	\$ 158,580	\$ 1,545,723
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ 7,354	\$ 4,260	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	114,046	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	17,290	-	-	-	-	-
Total liabilities	-	7,354	135,596	-	-	-	-	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	4,727	-	36,402	3,521	27,200	7,619
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	-	237,756	813,057	1,031,094	89,695	(3,521)	131,380	1,538,104
Total fund balances (deficit)	-	237,756	817,784	1,031,094	126,097	-	158,580	1,545,723
Total liabilities and fund balances (deficit)	\$ -	\$ 245,110	\$ 953,380	\$ 1,031,094	\$ 126,097	\$ -	\$ 158,580	\$ 1,545,723

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	217	284	416	605	314	202	103	607
	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge	Supplemental Annuity Benefits
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 1,347,833	\$ 191,204	\$ 25	\$ -	\$ 71,071	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	2,363,550	-	19,515	-	44,983	-
Due from other funds	296,831	112,449	-	616,594	155,413	171,067	-	605,202
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	124,164	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 296,831</u>	<u>\$ 112,449</u>	<u>\$ 3,711,383</u>	<u>\$ 807,798</u>	<u>\$ 299,117</u>	<u>\$ 171,067</u>	<u>\$ 116,054</u>	<u>\$ 605,202</u>
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,067	\$ -	\$ -
Accrued payroll and other	-	-	122,825	-	-	-	-	-
Due to other funds	-	-	1,210,113	-	-	-	41,490	-
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>2,295,767</u>	<u>-</u>	<u>-</u>	<u>171,067</u>	<u>41,490</u>	<u>-</u>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	143,679	-	44,983	-
Encumbrances	4,850	9,663	686,894	14,869	-	-	1,875	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved (deficit)	<u>291,981</u>	<u>102,786</u>	<u>728,722</u>	<u>792,929</u>	<u>155,438</u>	<u>-</u>	<u>27,706</u>	<u>605,202</u>
Total fund balances (deficit)	<u>296,831</u>	<u>112,449</u>	<u>1,415,616</u>	<u>807,798</u>	<u>299,117</u>	<u>-</u>	<u>74,564</u>	<u>605,202</u>
Total liabilities and fund balances (deficit)	<u>\$ 296,831</u>	<u>\$ 112,449</u>	<u>\$ 3,711,383</u>	<u>\$ 807,798</u>	<u>\$ 299,117</u>	<u>\$ 171,067</u>	<u>\$ 116,054</u>	<u>\$ 605,202</u>

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	603	205	208	206	501	297	621	
	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements	Unreserved Fund Balance
ASSETS								
Cash and cash equivalents	\$ -	\$ 335,811	\$ 3,343	\$ -	\$ -	\$ 2,524,793	\$ -	\$ -
Time certificates of deposit	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	1,582,296	779,244	1,518,769	-	-	-	-
Federal agencies	-	-	-	-	-	160,696	-	-
Note	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	19,763	-	-
Due from other funds	248,843	-	-	1,411,733	1,533,971	3,717,981	500,000	374,224
Due from private purpose trust funds	-	-	-	-	-	1,535,510	-	-
Due from component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	17,955	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 248,843	\$ 1,918,107	\$ 782,587	\$ 2,930,502	\$ 1,533,971	\$ 7,976,698	\$ 500,000	\$ 374,224
LIABILITIES AND FUND BALANCES								
(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,490	\$ 1,353,749	\$ -	\$ -
Accrued payroll and other	22,016	6,106	278,408	18,750	-	744,951	-	-
Due to other funds	-	556,190	-	-	-	-	-	-
Due to component units	-	-	3,070,392	1,715,360	-	-	500,000	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	1,172,384	-	-	-	-	-	-
Provision for tax refunds	-	-	391,190	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	22,016	1,734,680	3,739,990	1,734,110	1,490	2,098,700	500,000	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	1,411,733	-	17,955	-	-
Encumbrances	42,515	23,948	296,732	47,527	-	-	-	59,503
Continuing appropriations	-	-	500,000	325,790	-	5,860,043	-	-
Unreserved (deficit)	184,312	159,479	(3,754,135)	(588,658)	1,532,481	-	-	314,721
Total fund balances (deficit)	226,827	183,427	(2,957,403)	1,196,392	1,532,481	5,877,998	-	374,224
Total liabilities and fund balances (deficit)	\$ 248,843	\$ 1,918,107	\$ 782,587	\$ 2,930,502	\$ 1,533,971	\$ 7,976,698	\$ 500,000	\$ 374,224

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Number	247	283	300	203	310	276	Total
	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
ASSETS							
Cash and cash equivalents	\$ 2,185	\$ -	\$ -	\$ -	\$ -	\$ 170,151	\$ 19,365,644
Time certificates of deposit	-	-	-	-	-	-	144,000
Investments	-	-	-	-	-	1,160,000	8,120,000
Receivables, net:							
Taxes	-	-	-	-	-	-	4,701,998
Federal agencies	-	-	-	-	-	-	3,996,511
Note	-	-	-	-	-	-	10,000,000
Interest	-	-	-	-	-	-	1,095,883
Other	-	-	-	-	-	-	2,869,086
Due from other funds	770,084	290,415	289,315	227,939	734,726	-	50,461,994
Due from private purpose trust funds	-	-	-	-	-	-	1,535,510
Due from component units	-	-	-	-	-	-	1,525,038
Inventories	-	-	-	-	-	-	780,933
Deposits and other assets	-	-	-	-	-	-	102,715
Total assets	<u>\$ 772,269</u>	<u>\$ 290,415</u>	<u>\$ 289,315</u>	<u>\$ 227,939</u>	<u>\$ 734,726</u>	<u>\$ 1,330,151</u>	<u>\$ 104,699,312</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,530,509
Accrued payroll and other	-	-	-	-	-	-	3,245,923
Due to other funds	-	-	-	-	-	111,850	10,043,915
Due to component units	-	-	-	-	-	-	5,285,752
Payable to federal agencies	-	-	-	-	-	-	2,609,109
Deferred revenue	-	-	-	-	-	-	3,228,963
Provision for tax refunds	-	-	-	-	-	-	5,583,454
Deposits and other liabilities	-	-	-	-	-	-	1,328,121
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,850</u>	<u>46,855,746</u>
Fund balances (deficit):							
Reserved for:							
Related assets	-	-	-	-	-	-	12,598,978
Encumbrances	1,472	32,302	-	1,464	-	-	7,849,823
Continuing appropriations	-	-	-	-	-	-	8,060,637
Unreserved (deficit)	<u>770,797</u>	<u>258,113</u>	<u>289,315</u>	<u>226,475</u>	<u>734,726</u>	<u>1,218,301</u>	<u>29,334,128</u>
Total fund balances (deficit)	<u>772,269</u>	<u>290,415</u>	<u>289,315</u>	<u>227,939</u>	<u>734,726</u>	<u>1,218,301</u>	<u>57,843,566</u>
Total liabilities and fund balances (deficit)	<u>\$ 772,269</u>	<u>\$ 290,415</u>	<u>\$ 289,315</u>	<u>\$ 227,939</u>	<u>\$ 734,726</u>	<u>\$ 1,330,151</u>	<u>\$ 104,699,312</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2007

AS/400 Fund Number	271	236	309	265	262	611	266	305
	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	381,235	-	20,281	306,979	-
Use of money and property	-	-	11,255	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	(3,549)	-	-	-	-	-	-	-
Total revenues	<u>(3,549)</u>	<u>-</u>	<u>11,255</u>	<u>381,235</u>	<u>-</u>	<u>20,281</u>	<u>306,979</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	17,679	-	-
Protection of life and property	-	972	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	220,605	-	-	-	-
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	84,990	-	-	-	-	-	312,054	-
Total expenditures	<u>84,990</u>	<u>972</u>	<u>-</u>	<u>220,605</u>	<u>-</u>	<u>17,679</u>	<u>312,054</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,539)</u>	<u>(972)</u>	<u>11,255</u>	<u>160,630</u>	<u>-</u>	<u>2,602</u>	<u>(5,075)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	3,549	-	217,180	-	460	-	-	266
Transfers out to other funds	-	-	-	-	-	-	(1,539,322)	-
Total other financing sources (uses), net	<u>3,549</u>	<u>-</u>	<u>217,180</u>	<u>-</u>	<u>460</u>	<u>-</u>	<u>(1,539,322)</u>	<u>266</u>
Net change in fund balances (deficits)	<u>(84,990)</u>	<u>(972)</u>	<u>228,435</u>	<u>160,630</u>	<u>460</u>	<u>2,602</u>	<u>(1,544,397)</u>	<u>266</u>
Fund balances (deficits) at beginning of year	84,990	5,566	90,754	344,512	-	26,943	1,544,397	-
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 4,594</u>	<u>\$ 319,189</u>	<u>\$ 505,142</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ -</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, 2007

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	417,400	18,031	626,040	868,212	-	629,316	24,685	36,927
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	941,263	-	-	-	-
Other	-	-	-	5,899	-	-	-	-
Total revenues	<u>417,400</u>	<u>18,031</u>	<u>626,040</u>	<u>1,815,374</u>	<u>-</u>	<u>629,316</u>	<u>24,685</u>	<u>36,927</u>
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	275,407	-	-
Protection of life and property	424,247	-	-	-	-	-	-	-
Public health	-	-	-	1,658,468	-	-	47,465	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	1,538	440,100	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>424,247</u>	<u>1,538</u>	<u>440,100</u>	<u>1,658,468</u>	<u>-</u>	<u>275,407</u>	<u>47,465</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,847)</u>	<u>16,493</u>	<u>185,940</u>	<u>156,906</u>	<u>-</u>	<u>353,909</u>	<u>(22,780)</u>	<u>36,927</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	135	-	74,676	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>74,676</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(6,847)</u>	<u>16,493</u>	<u>185,940</u>	<u>156,906</u>	<u>135</u>	<u>353,909</u>	<u>51,896</u>	<u>36,927</u>
Fund balances (deficits) at beginning of year	95,636	-	19,041	1,052,232	-	341,860	50,585	222,906
Fund balances (deficits) at end of year	<u>\$ 88,789</u>	<u>\$ 16,493</u>	<u>\$ 204,981</u>	<u>\$ 1,209,138</u>	<u>\$ 135</u>	<u>\$ 695,769</u>	<u>\$ 102,481</u>	<u>\$ 259,833</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, 2007

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	8,332,869	24,971	1,110,901	-	561,044	33,375	1,420,516	667,779
Use of money and property	4,600	-	-	352	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	27,655	-	-	-	-	-	-	-
Total revenues	<u>8,365,124</u>	<u>24,971</u>	<u>1,110,901</u>	<u>352</u>	<u>561,044</u>	<u>33,375</u>	<u>1,420,516</u>	<u>667,779</u>
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	-	-	-
Protection of life and property	8,765,893	-	1,539,134	-	-	-	1,035,426	-
Public health	-	-	-	-	-	-	-	527,843
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
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>8,765,893</u>	<u>-</u>	<u>1,539,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,426</u>	<u>527,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(400,769)</u>	<u>24,971</u>	<u>(428,233)</u>	<u>352</u>	<u>561,044</u>	<u>33,375</u>	<u>385,090</u>	<u>139,936</u>
Other financing sources (uses):								
Transfers in from other funds	325,256	27,784	-	-	-	318,426	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>325,256</u>	<u>27,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,426</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(75,513)</u>	<u>52,755</u>	<u>(428,233)</u>	<u>352</u>	<u>561,044</u>	<u>351,801</u>	<u>385,090</u>	<u>139,936</u>
Fund balances (deficits) at beginning of year	75,513	-	592,769	922	957,182	-	588,100	964,405
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 52,755</u>	<u>\$ 164,536</u>	<u>\$ 1,274</u>	<u>\$ 1,518,226</u>	<u>\$ 351,801</u>	<u>\$ 973,190</u>	<u>\$ 1,104,341</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, 2007

AS/400 Fund Number	104	243	312	299	229	404	239	237
	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	85,342	21,749	247,479	-	-
Use of money and property	10,461	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	91	-	-	-	-	342,632	-	(1,531)
Total revenues	<u>10,552</u>	<u>-</u>	<u>-</u>	<u>85,342</u>	<u>21,749</u>	<u>590,111</u>	<u>-</u>	<u>(1,531)</u>
Expenditures by Function:								
Current:								
General government	1,138	90,211	9,653	160,140	17,995	-	201,196	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	105,465	-	-	-	-	-	-	-
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	-	-	-	-	-	590,908	-	-
Total expenditures	<u>106,603</u>	<u>90,211</u>	<u>9,653</u>	<u>160,140</u>	<u>17,995</u>	<u>590,908</u>	<u>201,196</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,051)</u>	<u>(90,211)</u>	<u>(9,653)</u>	<u>(74,798)</u>	<u>3,754</u>	<u>(797)</u>	<u>(201,196)</u>	<u>(1,531)</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	1,070	-	201,196	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070</u>	<u>-</u>	<u>201,196</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(96,051)</u>	<u>(90,211)</u>	<u>(9,653)</u>	<u>(74,798)</u>	<u>4,824</u>	<u>(797)</u>	<u>-</u>	<u>(1,531)</u>
Fund balances (deficits) at beginning of year	691,273	90,211	9,653	188,170	-	617,540	124,655	11,896
Fund balances (deficits) at end of year	<u>\$ 595,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,372</u>	<u>\$ 4,824</u>	<u>\$ 616,743</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, 2007

AS/400 Fund Number	406	245	234	617 Guam Memorial Hospital Authority Pharmaceuticals	608	326	616 Guam Telephone Authority Privitization Proceeds
	Group Life Insurance	GPSS Federal Grants	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Plant Inspection and Permit	Guam Preservation Trust	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	326,698	-	81,928	1,061,880	-
Use of money and property	-	-	-	-	476	6,413	34,495
Federal contributions	-	49,414,170	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>49,414,170</u>	<u>326,698</u>	<u>-</u>	<u>476</u>	<u>1,068,293</u>	<u>34,495</u>
Expenditures by Function:							
Current:							
General government	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	121,148
Community services	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	1,013,985	-
Individual and collective rights	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Public education	-	49,399,017	-	-	-	-	-
Environmental protection	-	-	364,993	-	-	-	-
Economic development	-	-	-	-	29,562	-	-
Payments to Guam Community College	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	9,996,884	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	1,242,087	365,000
Total expenditures	<u>-</u>	<u>49,399,017</u>	<u>364,993</u>	<u>-</u>	<u>9,996,884</u>	<u>2,256,072</u>	<u>486,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15,153</u>	<u>(38,295)</u>	<u>-</u>	<u>(9,996,408)</u>	<u>(1,187,779)</u>	<u>(451,653)</u>
Other financing sources (uses):							
Transfers in from other funds	73,203	787,179	-	88,777	9,996,884	37,304	-
Transfers out to other funds	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>73,203</u>	<u>787,179</u>	<u>-</u>	<u>88,777</u>	<u>9,996,884</u>	<u>37,304</u>	<u>-</u>
Net change in fund balances (deficits)	<u>73,203</u>	<u>802,332</u>	<u>(38,295)</u>	<u>88,777</u>	<u>476</u>	<u>(1,187,779)</u>	<u>(451,653)</u>
Fund balances (deficits) at beginning of year	<u>(73,203)</u>	<u>34,667</u>	<u>505,693</u>	<u>-</u>	<u>1,591</u>	<u>1,905,373</u>	<u>12,091,838</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 836,999</u>	<u>\$ 467,398</u>	<u>\$ 88,777</u>	<u>\$ 2,067</u>	<u>\$ 717,594</u>	<u>\$ 11,640,185</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, 2007

AS/400 Fund Number	270	602	241	311	201	298	303	321
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	8,140,559	-	-	-	-	-	-
Sales, licenses, fees and permits	10,400	-	145,053	-	-	11,372	-	-
Use of money and property	121,263	13,981	-	340,746	-	-	16,141	30,353
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>131,663</u>	<u>8,154,540</u>	<u>145,053</u>	<u>340,746</u>	<u>-</u>	<u>11,372</u>	<u>16,141</u>	<u>30,353</u>
Expenditures by Function:								
Current:								
General government	100,000	-	-	300,000	-	636	-	-
Protection of life and property	-	212,796	-	-	-	-	-	-
Public health	1,470	8,696,359	60,288	-	-	-	-	-
Community services	-	863,156	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	79,010	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
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>101,470</u>	<u>9,851,321</u>	<u>60,288</u>	<u>300,000</u>	<u>-</u>	<u>636</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,193</u>	<u>(1,696,781)</u>	<u>84,765</u>	<u>40,746</u>	<u>-</u>	<u>10,736</u>	<u>16,141</u>	<u>30,353</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	45,353	-	-
Transfers out to other funds	-	(833,662)	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>(833,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,353</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<u>30,193</u>	<u>(2,530,443)</u>	<u>84,765</u>	<u>40,746</u>	<u>-</u>	<u>56,089</u>	<u>16,141</u>	<u>30,353</u>
Fund balances (deficits) at beginning of year	1,710,401	3,442,492	211,356	6,313,000	294,954	977	32,306	-
Fund balances (deficits) at end of year	<u>\$ 1,740,594</u>	<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>

(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, 2007

AS/400 Fund Number	216	626	222	287	232	293	294	
	Individuals With Disabilities Disaster Recovery	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	3,103,932	-	22	471,202	-	-
Use of money and property	-	-	-	1,453	-	4,208	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	89,742	-	10,052	-	-	673	-
Total revenues	<u>-</u>	<u>89,742</u>	<u>3,103,932</u>	<u>11,505</u>	<u>22</u>	<u>475,410</u>	<u>673</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	300,253	1,328,654	7,033,362	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	17,165,993	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	20,468	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	327,479	-	-
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>300,253</u>	<u>1,328,654</u>	<u>7,033,362</u>	<u>-</u>	<u>347,947</u>	<u>17,165,993</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(210,511)</u>	<u>1,775,278</u>	<u>(7,021,857)</u>	<u>22</u>	<u>127,463</u>	<u>(17,165,320)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	100,000	11,913	-	6,805,844	4,361	-	17,165,993	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>100,000</u>	<u>11,913</u>	<u>-</u>	<u>6,805,844</u>	<u>4,361</u>	<u>-</u>	<u>17,165,993</u>	<u>-</u>
Net change in fund balances (deficits)	100,000	(198,598)	1,775,278	(216,013)	4,383	127,463	673	-
Fund balances (deficits) at beginning of year	-	2,735,801	1,223,942	1,590,817	-	66,205	(90,093)	204,399
Fund balances (deficits) at end of year	<u>\$ 100,000</u>	<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>

(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, 2007

AS/400 Fund Number	278	329	212/225	211	504	263	221	215
	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers', Architects' and Surveyors'
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	16,821	-	466,900	-	163,182
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,821</u>	<u>-</u>	<u>466,900</u>	<u>-</u>	<u>163,182</u>
Expenditures by Function:								
Current:								
General government	-	1,295,384	-	-	-	-	-	200,239
Protection of life and property	-	-	-	-	1,898	340,009	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	3,803	-	-	-	-
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>-</u>	<u>1,295,384</u>	<u>-</u>	<u>3,803</u>	<u>1,898</u>	<u>340,009</u>	<u>-</u>	<u>200,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,295,384)</u>	<u>-</u>	<u>13,018</u>	<u>(1,898)</u>	<u>126,891</u>	<u>-</u>	<u>(37,057)</u>
Other financing sources (uses):								
Transfers in from other funds	20,560	1,295,384	-	8,811	1,898	-	-	36,575
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>20,560</u>	<u>1,295,384</u>	<u>-</u>	<u>8,811</u>	<u>1,898</u>	<u>-</u>	<u>-</u>	<u>36,575</u>
Net change in fund balances (deficits)	<u>20,560</u>	<u>-</u>	<u>-</u>	<u>21,829</u>	<u>-</u>	<u>126,891</u>	<u>-</u>	<u>(482)</u>
Fund balances (deficits) at beginning of year	-	1,350	459	5,708	-	173,050	11,682	482
Fund balances (deficits) at end of year	<u>\$ 20,560</u>	<u>\$ 1,350</u>	<u>\$ 459</u>	<u>\$ 27,537</u>	<u>\$ -</u>	<u>\$ 299,941</u>	<u>\$ 11,682</u>	<u>\$ -</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, 2007

AS/400 Fund Number	238	604	620	317	285	601		
	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Safe Homes, Safe Streets
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	1,585,693
Sales, licenses, fees and permits	-	-	-	829,403	193,856	10,462	42,742	-
Use of money and property	43	7,065	-	5,519	-	-	-	23
Federal contributions	-	38,303	45,970	-	-	-	-	-
Other	-	2,015	879	-	-	-	-	-
Total revenues	43	47,383	46,849	834,922	193,856	10,462	42,742	1,585,716
Expenditures by Function:								
Current:								
General government	-	1,224,161	-	-	-	234,807	-	-
Protection of life and property	-	-	-	-	-	-	-	39,993
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	99,025	-	-	-
Individual and collective rights	-	-	3,320,801	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	2,526	-
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	-	1,224,161	3,320,801	-	99,025	234,807	2,526	39,993
Excess (deficiency) of revenues over (under) expenditures	43	(1,176,778)	(3,273,952)	834,922	94,831	(224,345)	40,216	1,545,723
Other financing sources (uses):								
Transfers in from other funds	(43)	1,223,707	3,595,087	-	-	92,634	71,439	-
Transfers out to other funds	-	-	-	(38,402)	-	-	-	-
Total other financing sources (uses), net	(43)	1,223,707	3,595,087	(38,402)	-	92,634	71,439	-
Net change in fund balances (deficits)	-	46,929	321,135	796,520	94,831	(131,711)	111,655	1,545,723
Fund balances (deficits) at beginning of year	-	190,827	496,649	234,574	31,266	131,711	46,925	-
Fund balances (deficits) at end of year	\$ -	\$ 237,756	\$ 817,784	\$ 1,031,094	\$ 126,097	\$ -	\$ 158,580	\$ 1,545,723

(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, 2007

AS/400 Fund Number	217	284	416	605	314	202	103	607
	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge	Supplemental Annuity Benefits
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	72,000	36,456	6,163,008	94,415	7,211	3,381,892	-	-
Use of money and property	-	-	17,023	3,107	194	-	6,471	-
Federal contributions	-	-	-	-	-	-	-	-
Other	210	-	-	-	49,275	-	-	(353)
Total revenues	72,210	36,456	6,180,031	97,522	56,680	3,381,892	6,471	(353)
Expenditures by Function:								
Current:								
General government	-	-	-	-	52,892	-	1,134	11,732,561
Protection of life and property	23,147	-	-	89,818	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	3,989,371	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	13,046	5,594,037	-	-	-	211,376	-
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	23,147	13,046	5,594,037	89,818	52,892	3,989,371	212,510	11,732,561
Excess (deficiency) of revenues over (under) expenditures	49,063	23,410	585,994	7,704	3,788	(607,479)	(206,039)	(11,732,914)
Other financing sources (uses):								
Transfers in from other funds	209,277	8,556	-	-	209,236	778,546	-	11,732,561
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	209,277	8,556	-	-	209,236	778,546	-	11,732,561
Net change in fund balances (deficits)	258,340	31,966	585,994	7,704	213,024	171,067	(206,039)	(353)
Fund balances (deficits) at beginning of year	38,491	80,483	829,622	800,094	86,093	(171,067)	280,603	605,555
Fund balances (deficits) at end of year	\$ 296,831	\$ 112,449	\$ 1,415,616	\$ 807,798	\$ 299,117	\$ -	\$ 74,564	\$ 605,202

(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, 2007

AS/400 Fund Number	603	205	208	206	501	297	621	
	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements	Unreserved Fund Balance
Revenues:								
Taxes:								
Property	\$ -	\$ 21,875,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	21,233,396	-	-	-	-
Liquid fuel	-	-	10,022,114	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	841,530	-	5,793,675	-	-	455,923	-	-
Use of money and property	-	-	3,669	-	-	-	-	-
Federal contributions	-	-	-	-	-	795,001	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>841,530</u>	<u>21,875,383</u>	<u>15,819,458</u>	<u>21,233,396</u>	<u>-</u>	<u>1,250,924</u>	<u>-</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	1,135,205	-	182,816	18,750	18,316	-	-	3,601
Protection of life and property	-	-	-	1,009	6,785	-	-	118,401
Public health	-	-	-	-	619	-	-	12,756
Community services	-	231,930	-	74,833	-	-	-	-
Recreation	-	-	-	-	1,105	-	-	22,340
Individual and collective rights	-	-	-	572,766	12,969	21,265,326	-	12,173
Transportation	-	-	9,455,041	-	-	-	-	-
Public education	-	61,587	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	30,204
Payments to Guam Community College	-	6,232,461	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	14,987,727	-	-	-	-
Payments to University of Guam	-	2,121,692	-	-	-	-	500,000	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>1,135,205</u>	<u>8,647,670</u>	<u>9,637,857</u>	<u>15,655,085</u>	<u>39,794</u>	<u>21,265,326</u>	<u>500,000</u>	<u>199,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(293,675)</u>	<u>13,227,713</u>	<u>6,181,601</u>	<u>5,578,311</u>	<u>(39,794)</u>	<u>(20,014,402)</u>	<u>(500,000)</u>	<u>(199,475)</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	11,064,775	-	1,709,845	21,176,739	500,000	-
Transfers out to other funds	-	(13,050,053)	(7,045,982)	(7,338,313)	(397)	(430,340)	-	-
Total other financing sources (uses), net	<u>-</u>	<u>(13,050,053)</u>	<u>4,018,793</u>	<u>(7,338,313)</u>	<u>1,709,448</u>	<u>20,746,399</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(293,675)</u>	<u>177,660</u>	<u>10,200,394</u>	<u>(1,760,002)</u>	<u>1,669,654</u>	<u>731,997</u>	<u>-</u>	<u>(199,475)</u>
Fund balances (deficits) at beginning of year	520,502	5,767	(13,157,797)	2,956,394	(137,173)	5,146,001	-	573,699
Fund balances (deficits) at end of year	<u>\$ 226,827</u>	<u>\$ 183,427</u>	<u>\$ (2,957,403)</u>	<u>\$ 1,196,392</u>	<u>\$ 1,532,481</u>	<u>\$ 5,877,998</u>	<u>\$ -</u>	<u>\$ 374,224</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, 2007

AS/400 Fund Number	247	283	300	203	310	276	Total
	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	21,875,383
Hotel	-	-	-	-	-	-	21,233,396
Liquid fuel	-	-	-	-	-	-	10,022,114
Other taxes	-	-	-	-	-	-	9,726,252
Sales, licenses, fees and permits	-	112,769	114,234	34,581	375,546	1,040	40,255,264
Use of money and property	605	-	-	-	-	48,878	688,794
Federal contributions	-	-	-	-	-	-	51,234,707
Other	-	-	-	-	-	-	523,690
Total revenues	605	112,769	114,234	34,581	375,546	49,918	155,559,600
Expenditures by Function:							
Current:							
General government	750	-	-	-	-	-	25,936,940
Protection of life and property	-	-	-	-	-	-	12,599,528
Public health	-	-	-	-	-	-	11,126,416
Community services	-	-	-	-	-	-	18,335,912
Recreation	-	-	-	-	-	-	1,136,455
Individual and collective rights	223,763	-	-	-	1,031,377	-	26,538,653
Transportation	-	-	-	-	-	-	13,444,412
Public education	-	-	-	-	-	-	49,460,604
Environmental protection	-	15,706	5,792	-	-	-	6,531,020
Economic development	-	-	-	24,645	-	-	90,740
Payments to Guam Community College	-	-	-	-	-	-	6,559,940
Payments to Guam Memorial Hospital	-	-	-	-	-	-	9,996,884
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	441,638
Payments to Guam Visitors Bureau	-	-	-	-	-	-	14,987,727
Payments to University of Guam	-	-	-	-	-	-	2,621,692
Miscellaneous appropriations	-	-	-	-	-	-	2,595,039
Total expenditures	224,513	15,706	5,792	24,645	1,031,377	-	202,403,600
Excess (deficiency) of revenues over (under) expenditures	(223,908)	97,063	108,442	9,936	(655,831)	49,918	(46,844,000)
Other financing sources (uses):							
Transfers in from other funds	292,500	-	-	217,476	820,544	-	91,352,916
Transfers out to other funds	-	-	-	-	(52,772)	-	(30,329,243)
Total other financing sources (uses), net	292,500	-	-	217,476	767,772	-	61,023,673
Net change in fund balances (deficits)	68,592	97,063	108,442	227,412	111,941	49,918	14,179,673
Fund balances (deficits) at beginning of year	703,677	193,352	180,873	527	622,785	1,168,383	43,663,893
Fund balances (deficits) at end of year	\$ 772,269	\$ 290,415	\$ 289,315	\$ 227,939	\$ 734,726	\$ 1,218,301	\$ 57,843,566

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
 Nonmajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2007

AS/400 Fund Number	271	236	309	265	262	611	266	305
	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	381,235	-	20,281	306,979	-
Use of money and property	-	-	11,255	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	(3,549)	-	-	-	-	-	-	-
Total revenues	<u>(3,549)</u>	<u>-</u>	<u>11,255</u>	<u>381,235</u>	<u>-</u>	<u>20,281</u>	<u>306,979</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	1,375	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	170	-	-
Travel	-	-	-	-	-	-	-	-
Contractual services	-	-	-	95,422	-	16,134	283,484	-
Building rent	-	-	-	-	-	-	23,868	-
Supplies	-	972	-	11,998	-	-	2,394	-
Equipment	-	-	-	5,817	-	-	-	-
Utilities - power and water	-	-	-	74,203	-	-	-	-
Communications	-	-	-	33,165	-	-	5	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	84,990	-	-	-	-	-	2,303	-
Total expenditures	<u>84,990</u>	<u>972</u>	<u>-</u>	<u>220,605</u>	<u>-</u>	<u>17,679</u>	<u>312,054</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,539)</u>	<u>(972)</u>	<u>11,255</u>	<u>160,630</u>	<u>-</u>	<u>2,602</u>	<u>(5,075)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	3,549	-	217,180	-	460	-	-	266
Transfers out to other funds	-	-	-	-	-	-	(1,539,322)	-
Total other financing sources (uses), net	<u>3,549</u>	<u>-</u>	<u>217,180</u>	<u>-</u>	<u>460</u>	<u>-</u>	<u>(1,539,322)</u>	<u>266</u>
Net change in fund balances (deficits)	<u>(84,990)</u>	<u>(972)</u>	<u>228,435</u>	<u>160,630</u>	<u>460</u>	<u>2,602</u>	<u>(1,544,397)</u>	<u>266</u>
Fund balances (deficits) at beginning of year	84,990	5,566	90,754	344,512	-	26,943	1,544,397	-
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 4,594</u>	<u>\$ 319,189</u>	<u>\$ 505,142</u>	<u>\$ 460</u>	<u>\$ 29,545</u>	<u>\$ -</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, 2007

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	417,400	18,031	626,040	868,212	-	629,316	24,685	36,927
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	941,263	-	-	-	-
Other	-	-	-	5,899	-	-	-	-
Total revenues	<u>417,400</u>	<u>18,031</u>	<u>626,040</u>	<u>1,815,374</u>	<u>-</u>	<u>629,316</u>	<u>24,685</u>	<u>36,927</u>
Expenditures by Object:								
Salaries and wages - regular	275,918	-	-	530,046	-	170,139	-	-
Salaries and wages - overtime	142,917	-	-	133,085	-	-	-	-
Salaries and wages - fringe benefits	5,412	-	-	164,164	-	62,407	-	-
Travel	-	-	-	68,653	-	-	8,494	-
Contractual services	-	-	-	420,239	-	17,193	6,000	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	308,237	-	7,368	1,967	-
Equipment	-	-	-	34,044	-	5,094	12,409	-
Utilities - power and water	-	-	-	-	-	2,466	-	-
Communications	-	-	-	-	-	6,715	-	-
Capital outlays	-	-	-	-	-	4,025	18,595	-
Payments to component units	-	1,538	440,100	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	<u>424,247</u>	<u>1,538</u>	<u>440,100</u>	<u>1,658,468</u>	<u>-</u>	<u>275,407</u>	<u>47,465</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,847)</u>	<u>16,493</u>	<u>185,940</u>	<u>156,906</u>	<u>-</u>	<u>353,909</u>	<u>(22,780)</u>	<u>36,927</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	135	-	74,676	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>74,676</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(6,847)</u>	<u>16,493</u>	<u>185,940</u>	<u>156,906</u>	<u>135</u>	<u>353,909</u>	<u>51,896</u>	<u>36,927</u>
Fund balances (deficits) at beginning of year	95,636	-	19,041	1,052,232	-	341,860	50,585	222,906
Fund balances (deficits) at end of year	<u>\$ 88,789</u>	<u>\$ 16,493</u>	<u>\$ 204,981</u>	<u>\$ 1,209,138</u>	<u>\$ 135</u>	<u>\$ 695,769</u>	<u>\$ 102,481</u>	<u>\$ 259,833</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, 2007

AS/400 Fund Number	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	214 DOC Inmates Revolving	106 D.O.D. Contract	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	8,332,869	24,971	1,110,901	-	561,044	33,375	1,420,516	667,779
Use of money and property	4,600	-	-	352	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	27,655	-	-	-	-	-	-	-
Total revenues	<u>8,365,124</u>	<u>24,971</u>	<u>1,110,901</u>	<u>352</u>	<u>561,044</u>	<u>33,375</u>	<u>1,420,516</u>	<u>667,779</u>
Expenditures by Object:								
Salaries and wages - regular	4,512,304	-	-	-	-	-	541,309	336,459
Salaries and wages - overtime	381,673	-	-	-	-	-	86,153	-
Salaries and wages - fringe benefits	1,420,238	-	-	-	-	-	159,862	107,059
Travel	-	-	-	-	-	-	-	20,953
Contractual services	204,854	-	1,494,134	-	-	-	124,283	51,810
Building rent	2,050,382	-	-	-	-	-	-	-
Supplies	59,512	-	45,000	-	-	-	12,364	8,844
Equipment	1,267	-	-	-	-	-	7,499	2,718
Utilities - power and water	14,939	-	-	-	-	-	49,390	-
Communications	78,584	-	-	-	-	-	46,266	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	42,140	-	-	-	-	-	8,300	-
Total expenditures	<u>8,765,893</u>	<u>-</u>	<u>1,539,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,035,426</u>	<u>527,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(400,769)</u>	<u>24,971</u>	<u>(428,233)</u>	<u>352</u>	<u>561,044</u>	<u>33,375</u>	<u>385,090</u>	<u>139,936</u>
Other financing sources (uses):								
Transfers in from other funds	325,256	27,784	-	-	-	318,426	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>325,256</u>	<u>27,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,426</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(75,513)</u>	<u>52,755</u>	<u>(428,233)</u>	<u>352</u>	<u>561,044</u>	<u>351,801</u>	<u>385,090</u>	<u>139,936</u>
Fund balances (deficits) at beginning of year	75,513	-	592,769	922	957,182	-	588,100	964,405
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 52,755</u>	<u>\$ 164,536</u>	<u>\$ 1,274</u>	<u>\$ 1,518,226</u>	<u>\$ 351,801</u>	<u>\$ 973,190</u>	<u>\$ 1,104,341</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, 2007

AS/400 Fund Number	104	243	312	299	229	404	239	237
	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	85,342	21,749	247,479	-	-
Use of money and property	10,461	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	91	-	-	-	-	342,632	-	(1,531)
Total revenues	10,552	-	-	85,342	21,749	590,111	-	(1,531)
Expenditures by Object:								
Salaries and wages - regular	76,301	-	-	50	-	-	-	-
Salaries and wages - overtime	-	-	-	7,040	-	-	-	-
Salaries and wages - fringe benefits	29,164	-	-	854	-	-	-	-
Travel	-	-	-	-	3,457	-	-	-
Contractual services	-	-	-	102,589	701	-	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	5,056	11,471	-	-	-
Equipment	-	-	-	5,223	2,366	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	39,328	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	1,138	90,211	9,653	-	-	590,908	201,196	-
Total expenditures	106,603	90,211	9,653	160,140	17,995	590,908	201,196	-
Excess (deficiency) of revenues over (under) expenditures	(96,051)	(90,211)	(9,653)	(74,798)	3,754	(797)	(201,196)	(1,531)
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	1,070	-	201,196	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	1,070	-	201,196	-
Net change in fund balances (deficits)	(96,051)	(90,211)	(9,653)	(74,798)	4,824	(797)	-	(1,531)
Fund balances (deficits) at beginning of year	691,273	90,211	9,653	188,170	-	617,540	124,655	11,896
Fund balances (deficits) at end of year	\$ 595,222	\$ -	\$ -	\$ 113,372	\$ 4,824	\$ 616,743	\$ 124,655	\$ 10,365

(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, 2007

AS/400 Fund Number	406	245	234	617 Guam Memorial Hospital Authority	608	326	616 Guam Telephone Authority Privitization Proceeds
	Group Life Insurance	GPSS Federal Grants	Guam Environmental Trust	Guam Housing Corporation Revolving	Guam Plant Inspection and Permit	Guam Preservation Trust	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	326,698	-	81,928	1,061,880	-
Use of money and property	-	-	-	476	-	6,413	34,495
Federal contributions	-	49,414,170	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>49,414,170</u>	<u>326,698</u>	<u>-</u>	<u>81,928</u>	<u>1,068,293</u>	<u>34,495</u>
Expenditures by Object:							
Salaries and wages - regular	-	25,317,460	-	-	-	-	-
Salaries and wages - overtime	-	39,769	-	-	-	-	-
Salaries and wages - fringe benefits	-	6,607,037	-	-	-	-	-
Travel	-	992,981	-	-	-	-	-
Contractual services	-	9,539,527	302,125	-	8,395	-	65,000
Building rent	-	-	-	-	-	-	-
Supplies	-	5,854,867	-	-	4,606	-	56,148
Equipment	-	498,713	11,690	-	16,561	-	-
Utilities - power and water	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-
Capital outlays	-	548,663	51,178	-	-	-	-
Payments to component units	-	-	-	9,996,884	-	1,013,985	-
Miscellaneous	-	-	-	-	-	1,242,087	365,000
Total expenditures	<u>-</u>	<u>49,399,017</u>	<u>364,993</u>	<u>-</u>	<u>29,562</u>	<u>2,256,072</u>	<u>486,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15,153</u>	<u>(38,295)</u>	<u>-</u>	<u>(9,996,408)</u>	<u>(1,187,779)</u>	<u>(451,653)</u>
Other financing sources (uses):							
Transfers in from other funds	73,203	787,179	-	88,777	9,996,884	37,304	-
Transfers out to other funds	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>73,203</u>	<u>787,179</u>	<u>-</u>	<u>88,777</u>	<u>9,996,884</u>	<u>37,304</u>	<u>-</u>
Net change in fund balances (deficits)	<u>73,203</u>	<u>802,332</u>	<u>(38,295)</u>	<u>88,777</u>	<u>476</u>	<u>(1,187,779)</u>	<u>(451,653)</u>
Fund balances (deficits) at beginning of year	<u>(73,203)</u>	<u>34,667</u>	<u>505,693</u>	<u>-</u>	<u>1,591</u>	<u>1,905,373</u>	<u>12,091,838</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 836,999</u>	<u>\$ 467,398</u>	<u>\$ 88,777</u>	<u>\$ 2,067</u>	<u>\$ 717,594</u>	<u>\$ 11,640,185</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, 2007

AS/400 Fund Number	270	602	241	311	201	298	303	321
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	8,140,559	-	-	-	-	-	-
Sales, licenses, fees and permits	10,400	-	145,053	-	-	11,372	-	-
Use of money and property	121,263	13,981	-	340,746	-	-	16,141	30,353
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>131,663</u>	<u>8,154,540</u>	<u>145,053</u>	<u>340,746</u>	<u>-</u>	<u>11,372</u>	<u>16,141</u>	<u>30,353</u>
Expenditures by Object:								
Salaries and wages - regular	-	5,046,654	-	-	-	-	-	-
Salaries and wages - overtime	-	3,590	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	1,415,422	-	-	-	-	-	-
Travel	-	-	24,052	-	-	306	-	-
Contractual services	-	2,328,768	34,730	-	-	330	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	1,470	150,147	1,506	-	-	-	-	-
Equipment	-	31,106	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	65,918	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	100,000	809,716	-	300,000	-	-	-	-
Total expenditures	<u>101,470</u>	<u>9,851,321</u>	<u>60,288</u>	<u>300,000</u>	<u>-</u>	<u>636</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,193</u>	<u>(1,696,781)</u>	<u>84,765</u>	<u>40,746</u>	<u>-</u>	<u>10,736</u>	<u>16,141</u>	<u>30,353</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	45,353	-	-
Transfers out to other funds	-	(833,662)	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>(833,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,353</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	30,193	(2,530,443)	84,765	40,746	-	56,089	16,141	30,353
Fund balances (deficits) at beginning of year	1,710,401	3,442,492	211,356	6,313,000	294,954	977	32,306	-
Fund balances (deficits) at end of year	<u>\$ 1,740,594</u>	<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>

(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, 2007

AS/400 Fund Number	216	626	222	287	232	293	294	
	Individuals With Disabilities Disaster Recovery	Interim Transition Coordinating Committee	Land Survey Revolving	Legislature Operations	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	3,103,932	-	22	471,202	-	-
Use of money and property	-	-	-	1,453	-	4,208	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	89,742	-	10,052	-	-	673	-
Total revenues	<u>-</u>	<u>89,742</u>	<u>3,103,932</u>	<u>11,505</u>	<u>22</u>	<u>475,410</u>	<u>673</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	-	121,834	499,445	4,768,900	-	12,924	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	34,640	163,877	993,519	-	3,408	-	-
Travel	-	9,673	-	21,745	-	-	78,884	-
Contractual services	-	57,203	151,423	149,123	-	-	-	-
Building rent	-	5,500	303,972	554,151	-	-	-	-
Supplies	-	1,512	17,325	72,969	-	4,136	-	-
Equipment	-	202	102,487	-	-	-	-	-
Utilities - power and water	-	-	-	270,184	-	-	-	-
Communications	-	4,998	-	38,781	-	-	-	-
Capital outlays	-	-	90,125	75,860	-	-	-	-
Payments to component units	-	-	-	-	-	327,479	-	-
Miscellaneous	-	64,691	-	88,130	-	-	17,087,109	-
Total expenditures	<u>-</u>	<u>300,253</u>	<u>1,328,654</u>	<u>7,033,362</u>	<u>-</u>	<u>347,947</u>	<u>17,165,993</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(210,511)</u>	<u>1,775,278</u>	<u>(7,021,857)</u>	<u>22</u>	<u>127,463</u>	<u>(17,165,320)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	100,000	11,913	-	6,805,844	4,361	-	17,165,993	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>100,000</u>	<u>11,913</u>	<u>-</u>	<u>6,805,844</u>	<u>4,361</u>	<u>-</u>	<u>17,165,993</u>	<u>-</u>
Net change in fund balances (deficits)	<u>100,000</u>	<u>(198,598)</u>	<u>1,775,278</u>	<u>(216,013)</u>	<u>4,383</u>	<u>127,463</u>	<u>673</u>	<u>-</u>
Fund balances (deficits) at beginning of year	-	2,735,801	1,223,942	1,590,817	-	66,205	(90,093)	204,399
Fund balances (deficits) at end of year	<u>\$ 100,000</u>	<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>

(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, 2007

AS/400 Fund Number	278	329	212/225	211	504	263	221	215
	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers', Architects' and Surveyors'
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	16,821	-	466,900	-	163,182
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,821</u>	<u>-</u>	<u>466,900</u>	<u>-</u>	<u>163,182</u>
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	79,497
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	30,136
Travel	-	24,710	-	-	-	-	-	201
Contractual services	-	-	-	-	-	338,247	-	66,549
Building rent	-	-	-	-	-	-	-	16,615
Supplies	-	-	-	3,641	1,898	1,762	-	1,801
Equipment	-	-	-	162	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	2,415
Communications	-	-	-	-	-	-	-	2,742
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	-	1,270,674	-	-	-	-	-	283
Total expenditures	<u>-</u>	<u>1,295,384</u>	<u>-</u>	<u>3,803</u>	<u>1,898</u>	<u>340,009</u>	<u>-</u>	<u>200,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,295,384)</u>	<u>-</u>	<u>13,018</u>	<u>(1,898)</u>	<u>126,891</u>	<u>-</u>	<u>(37,057)</u>
Other financing sources (uses):								
Transfers in from other funds	20,560	1,295,384	-	8,811	1,898	-	-	36,575
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>20,560</u>	<u>1,295,384</u>	<u>-</u>	<u>8,811</u>	<u>1,898</u>	<u>-</u>	<u>-</u>	<u>36,575</u>
Net change in fund balances (deficits)	20,560	-	-	21,829	-	126,891	-	(482)
Fund balances (deficits) at beginning of year	-	1,350	459	5,708	-	173,050	11,682	482
Fund balances (deficits) at end of year	<u>\$ 20,560</u>	<u>\$ 1,350</u>	<u>\$ 459</u>	<u>\$ 27,537</u>	<u>\$ -</u>	<u>\$ 299,941</u>	<u>\$ 11,682</u>	<u>\$ -</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, 2007

AS/400 Fund Number	238	604	620	317	285	601		
	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Transit	Rabies Prevention	Safe Homes, Safe Streets
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	1,585,693
Sales, licenses, fees and permits	-	-	-	829,403	193,856	10,462	42,742	-
Use of money and property	43	7,065	-	5,519	-	-	-	23
Federal contributions	-	38,303	45,970	-	-	-	-	-
Other	-	2,015	879	-	-	-	-	-
Total revenues	<u>43</u>	<u>47,383</u>	<u>46,849</u>	<u>834,922</u>	<u>193,856</u>	<u>10,462</u>	<u>42,742</u>	<u>1,585,716</u>
Expenditures by Object:								
Salaries and wages - regular	-	785,892	2,304,000	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	233,024	686,857	-	-	-	-	-
Travel	-	11,820	1,751	-	-	474	-	-
Contractual services	-	78,232	52,887	-	55,996	111,472	1,274	-
Building rent	-	81,602	196,896	-	-	-	-	-
Supplies	-	6,659	22,364	-	41,424	557	745	-
Equipment	-	15,894	24,933	-	1,605	-	507	-
Utilities - power and water	-	6,718	-	-	-	-	-	-
Communications	-	-	25,252	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	-	4,320	5,861	-	-	122,304	-	39,993
Total expenditures	<u>-</u>	<u>1,224,161</u>	<u>3,320,801</u>	<u>-</u>	<u>99,025</u>	<u>234,807</u>	<u>2,526</u>	<u>39,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43</u>	<u>(1,176,778)</u>	<u>(3,273,952)</u>	<u>834,922</u>	<u>94,831</u>	<u>(224,345)</u>	<u>40,216</u>	<u>1,545,723</u>
Other financing sources (uses):								
Transfers in from other funds	(43)	1,223,707	3,595,087	-	-	92,634	71,439	-
Transfers out to other funds	-	-	-	(38,402)	-	-	-	-
Total other financing sources (uses), net	<u>(43)</u>	<u>1,223,707</u>	<u>3,595,087</u>	<u>(38,402)</u>	<u>-</u>	<u>92,634</u>	<u>71,439</u>	<u>-</u>
Net change in fund balances (deficits)	-	46,929	321,135	796,520	94,831	(131,711)	111,655	1,545,723
Fund balances (deficits) at beginning of year	-	190,827	496,649	234,574	31,266	131,711	46,925	-
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 237,756</u>	<u>\$ 817,784</u>	<u>\$ 1,031,094</u>	<u>\$ 126,097</u>	<u>\$ -</u>	<u>\$ 158,580</u>	<u>\$ 1,545,723</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, 2007

AS/400 Fund Number	217	284	416	605	314	202	103	607
	Safe Streets	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge	Supplemental Annuity Benefits
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	72,000	36,456	6,163,008	94,415	7,211	3,381,892	-	-
Use of money and property	-	-	17,023	3,107	194	-	6,471	-
Federal contributions	-	-	-	-	-	-	-	-
Other	210	-	-	-	49,275	-	-	(353)
Total revenues	72,210	36,456	6,180,031	97,522	56,680	3,381,892	6,471	(353)
Expenditures by Object:								
Salaries and wages - regular	-	-	2,598,083	-	21	-	164,497	-
Salaries and wages - overtime	-	-	57,390	-	2,432	-	-	-
Salaries and wages - fringe benefits	-	-	770,780	-	73	-	45,659	-
Travel	-	-	5,665	57,916	-	-	-	-
Contractual services	23,147	12,207	1,441,733	5,660	45,815	76,444	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	839	648,478	476	3,667	-	1,220	-
Equipment	-	-	24,105	25,766	884	-	-	-
Utilities - power and water	-	-	27,450	-	-	3,912,927	-	-
Communications	-	-	11,410	-	-	-	-	-
Capital outlays	-	-	8,335	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Miscellaneous	-	-	608	-	-	-	1,134	11,732,561
Total expenditures	23,147	13,046	5,594,037	89,818	52,892	3,989,371	212,510	11,732,561
Excess (deficiency) of revenues over (under) expenditures	49,063	23,410	585,994	7,704	3,788	(607,479)	(206,039)	(11,732,914)
Other financing sources (uses):								
Transfers in from other funds	209,277	8,556	-	-	209,236	778,546	-	11,732,561
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	209,277	8,556	-	-	209,236	778,546	-	11,732,561
Net change in fund balances (deficits)	258,340	31,966	585,994	7,704	213,024	171,067	(206,039)	(353)
Fund balances (deficits) at beginning of year	38,491	80,483	829,622	800,094	86,093	(171,067)	280,603	605,555
Fund balances (deficits) at end of year	\$ 296,831	\$ 112,449	\$ 1,415,616	\$ 807,798	\$ 299,117	\$ -	\$ 74,564	\$ 605,202

(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, 2007

AS/400 Fund Number	603	205	208	206	501	297	621	
	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Unified Courts of Guam	University of Guam Capital Improvements	Unreserved Fund Balance
Revenues:								
Taxes:								
Property	\$ -	\$ 21,875,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	21,233,396	-	-	-	-
Liquid fuel	-	-	10,022,114	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	841,530	-	5,793,675	-	-	455,923	-	-
Use of money and property	-	-	3,669	-	-	-	-	-
Federal contributions	-	-	-	-	-	795,001	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>841,530</u>	<u>21,875,383</u>	<u>15,819,458</u>	<u>21,233,396</u>	<u>-</u>	<u>1,250,924</u>	<u>-</u>	<u>-</u>
Expenditures by Object:								
Salaries and wages - regular	428,288	130,671	4,652,891	38,326	-	14,107,113	-	-
Salaries and wages - overtime	16	-	36,139	-	-	-	-	-
Salaries and wages - fringe benefits	139,892	40,357	1,369,364	10,372	-	3,475,647	-	267
Travel	51,817	-	1,104	-	-	208,387	-	-
Contractual services	497,596	25,919	2,877,360	226,241	-	587,628	-	55,825
Building rent	-	-	-	54,099	-	-	-	-
Supplies	14,133	12,579	273,302	215,794	-	1,077,134	-	58,127
Equipment	625	41,021	15,095	58,917	-	375,724	-	7,864
Utilities - power and water	-	28,490	188,309	-	-	620,278	-	-
Communications	-	14,105	45,708	-	-	219,319	-	-
Capital outlays	-	-	47,499	18,550	-	493,598	-	77,392
Payments to component units	-	8,354,153	-	14,987,727	-	-	500,000	-
Miscellaneous	2,838	375	131,086	45,059	39,794	100,498	-	-
Total expenditures	<u>1,135,205</u>	<u>8,647,670</u>	<u>9,637,857</u>	<u>15,655,085</u>	<u>39,794</u>	<u>21,265,326</u>	<u>500,000</u>	<u>199,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(293,675)</u>	<u>13,227,713</u>	<u>6,181,601</u>	<u>5,578,311</u>	<u>(39,794)</u>	<u>(20,014,402)</u>	<u>(500,000)</u>	<u>(199,475)</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	11,064,775	-	1,709,845	21,176,739	500,000	-
Transfers out to other funds	-	(13,050,053)	(7,045,982)	(7,338,313)	(397)	(430,340)	-	-
Total other financing sources (uses), net	<u>-</u>	<u>(13,050,053)</u>	<u>4,018,793</u>	<u>(7,338,313)</u>	<u>1,709,448</u>	<u>20,746,399</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(293,675)</u>	<u>177,660</u>	<u>10,200,394</u>	<u>(1,760,002)</u>	<u>1,669,654</u>	<u>731,997</u>	<u>-</u>	<u>(199,475)</u>
Fund balances (deficits) at beginning of year	<u>520,502</u>	<u>5,767</u>	<u>(13,157,797)</u>	<u>2,956,394</u>	<u>(137,173)</u>	<u>5,146,001</u>	<u>-</u>	<u>573,699</u>
Fund balances (deficits) at end of year	<u>\$ 226,827</u>	<u>\$ 183,427</u>	<u>\$ (2,957,403)</u>	<u>\$ 1,196,392</u>	<u>\$ 1,532,481</u>	<u>\$ 5,877,998</u>	<u>\$ -</u>	<u>\$ 374,224</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, 2007

AS/400 Fund Number	247	283	300	203	310	276	Total
	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	21,875,383
Hotel	-	-	-	-	-	-	21,233,396
Liquid fuel	-	-	-	-	-	-	10,022,114
Other taxes	-	-	-	-	-	-	9,726,252
Sales, licenses, fees and permits	-	112,769	114,234	34,581	375,546	1,040	40,255,264
Use of money and property	605	-	-	-	-	48,878	688,794
Federal contributions	-	-	-	-	-	-	51,234,707
Other	-	-	-	-	-	-	523,690
Total revenues	605	112,769	114,234	34,581	375,546	49,918	155,559,600
Expenditures by Object:							
Salaries and wages - regular	-	-	-	-	-	-	67,500,397
Salaries and wages - overtime	-	-	-	-	-	-	890,204
Salaries and wages - fringe benefits	-	-	-	-	-	-	17,969,661
Travel	-	-	-	-	34,877	-	1,627,920
Contractual services	21,919	14,950	-	17,838	940,763	-	23,029,169
Building rent	-	-	-	-	-	-	3,287,085
Supplies	69,137	756	-	6,771	-	-	9,103,133
Equipment	6,723	-	-	-	-	-	1,337,021
Utilities - power and water	-	-	-	-	-	-	5,197,769
Communications	-	-	-	36	-	-	527,086
Capital outlays	125,984	-	5,792	-	-	-	1,670,842
Payments to component units	-	-	-	-	-	-	35,621,866
Miscellaneous	750	-	-	-	55,737	-	34,641,447
Total expenditures	224,513	15,706	5,792	24,645	1,031,377	-	202,403,600
Excess (deficiency) of revenues over (under) expenditures	(223,908)	97,063	108,442	9,936	(655,831)	49,918	(46,844,000)
Other financing sources (uses):							
Transfers in from other funds	292,500	-	-	217,476	820,544	-	91,352,916
Transfers out to other funds	-	-	-	-	(52,772)	-	(30,329,243)
Total other financing sources (uses), net	292,500	-	-	217,476	767,772	-	61,023,673
Net change in fund balances (deficits)	68,592	97,063	108,442	227,412	111,941	49,918	14,179,673
Fund balances (deficits) at beginning of year	703,677	193,352	180,873	527	622,785	1,168,383	43,663,893
Fund balances (deficits) at end of year	<u>\$ 772,269</u>	<u>\$ 290,415</u>	<u>\$ 289,315</u>	<u>\$ 227,939</u>	<u>\$ 734,726</u>	<u>\$ 1,218,301</u>	<u>\$ 57,843,566</u>

GOVERNMENT OF GUAM

**Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2007**

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
ASSETS:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,047,086	\$ 1,047,086
Time certificates of deposit	-	-	-	-	-	98,614	98,614
Receivables, net:							
Other	-	-	-	29,180	-	-	29,180
Due from other funds	4,000,000	4,000,000	5,000	948,460	788,882	-	9,742,342
Restricted assets:							
Cash and cash equivalents	2,681,109	773,312	1,869,286	-	15	300,704	5,624,426
Time certificates of deposit	-	-	-	-	-	601,400	601,400
Total assets	<u>\$ 6,681,109</u>	<u>\$ 4,773,312</u>	<u>\$ 1,874,286</u>	<u>\$ 977,640</u>	<u>\$ 788,897</u>	<u>\$ 2,047,804</u>	<u>\$ 16,541,648</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 341,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,115
Due to other funds	-	-	-	-	-	36,767	36,767
Total liabilities	<u>341,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,767</u>	<u>377,882</u>
Fund balances:							
Reserved for:							
Related assets	-	-	5,000	948,460	788,882	902,104	2,644,446
Encumbrances	1,968,695	2,489,723	-	-	-	598,094	5,056,512
Continuing appropriations	2,266,410	50,340	-	-	-	-	2,316,750
Unreserved	2,104,889	2,233,249	1,869,286	29,180	15	510,839	6,747,458
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 6,681,109</u>	<u>\$ 4,773,312</u>	<u>\$ 1,874,286</u>	<u>\$ 977,640</u>	<u>\$ 788,897</u>	<u>\$ 2,047,804</u>	<u>\$ 17,143,048</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, 2007

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	\$ 419,559	\$ 93,581	\$ 89,917	\$ -	\$ 21	\$ 1,777,103	\$ 2,380,181
Total revenues	<u>419,559</u>	<u>93,581</u>	<u>89,917</u>	<u>-</u>	<u>21</u>	<u>1,777,103</u>	<u>2,380,181</u>
Expenditures by function:							
Current:							
General government	2,750	8,282	-	-	18,370	-	29,402
Individual and collective rights	-	-	-	-	-	1,072,542	1,072,542
Capital projects	7,842,275	321,000	-	-	-	-	8,163,275
Debt service	-	-	-	-	-	236,365	236,365
Total expenditures	<u>7,845,025</u>	<u>329,282</u>	<u>-</u>	<u>-</u>	<u>18,370</u>	<u>1,308,907</u>	<u>9,501,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,425,466)</u>	<u>(235,701)</u>	<u>89,917</u>	<u>-</u>	<u>(18,349)</u>	<u>468,196</u>	<u>(7,121,403)</u>
Other financing uses:							
Transfers out to other funds	-	(1,709,845)	-	-	-	-	(1,709,845)
Total other financing uses	<u>-</u>	<u>(1,709,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,709,845)</u>
Net change in fund balances	(7,425,466)	(1,945,546)	89,917	-	(18,349)	468,196	(8,831,248)
Fund balances at beginning of year	<u>13,765,460</u>	<u>6,718,858</u>	<u>1,784,369</u>	<u>977,640</u>	<u>807,246</u>	<u>1,542,841</u>	<u>25,596,414</u>
Fund balances at end 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>

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, 2007

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	\$ 419,559	\$ 93,581	\$ 89,917	\$ -	\$ 21	\$ 1,777,103	\$ 2,380,181
Total revenues	<u>419,559</u>	<u>93,581</u>	<u>89,917</u>	<u>-</u>	<u>21</u>	<u>1,777,103</u>	<u>2,380,181</u>
Expenditures by object:							
Contractual services	-	321,000	-	-	-	-	321,000
Capital outlays	7,842,275	-	-	-	-	-	7,842,275
Interest and fiscal charges	-	-	-	-	-	236,365	236,365
Miscellaneous	2,750	8,282	-	-	18,370	1,072,542	1,101,944
Total expenditures	<u>7,845,025</u>	<u>329,282</u>	<u>-</u>	<u>-</u>	<u>18,370</u>	<u>1,308,907</u>	<u>9,501,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,425,466)</u>	<u>(235,701)</u>	<u>89,917</u>	<u>-</u>	<u>(18,349)</u>	<u>468,196</u>	<u>(7,121,403)</u>
Other financing uses:							
Transfers out to other funds	-	(1,709,845)	-	-	-	-	(1,709,845)
Total other financing uses	<u>-</u>	<u>(1,709,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,709,845)</u>
Net change in fund balances	(7,425,466)	(1,945,546)	89,917	-	(18,349)	468,196	(8,831,248)
Fund balances at beginning of year	<u>13,765,460</u>	<u>6,718,858</u>	<u>1,784,369</u>	<u>977,640</u>	<u>807,246</u>	<u>1,542,841</u>	<u>25,596,414</u>
Fund balances at end 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>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
Combining Balance Sheet
September 30, 2007

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	357 General Obligation Bond Series A 1993	359 General Obligation Bond Series A 1995	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,553,455	\$ -	\$ -	\$ -	\$ 1,553,455
Due from other funds	-	-	-	630,656	630,656
Restricted assets:					
Cash and cash equivalents	1,058,298	8,744,675	2,941,878	-	12,744,851
Investments	6,603,362	4,316,213	7,643,823	-	18,563,398
Total assets	<u>\$ 9,215,115</u>	<u>\$ 13,060,888</u>	<u>\$ 10,585,701</u>	<u>\$ 630,656</u>	<u>\$ 33,492,360</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 485,975	\$ -	\$ 485,975
Total liabilities	<u>-</u>	<u>-</u>	<u>485,975</u>	<u>-</u>	<u>485,975</u>
Fund balances:					
Reserved for:					
Related assets	-	-	-	630,656	630,656
Debt service	7,661,660	13,060,888	10,099,726	-	30,822,274
Unreserved	1,553,455	-	-	-	1,553,455
Total fund balances	<u>9,215,115</u>	<u>13,060,888</u>	<u>10,099,726</u>	<u>630,656</u>	<u>33,006,385</u>
Total liabilities and fund balances	<u>\$ 9,215,115</u>	<u>\$ 13,060,888</u>	<u>\$ 10,585,701</u>	<u>\$ 630,656</u>	<u>\$ 33,492,360</u>

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, 2007

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	357 General Obligation Bond Series A 1993	359 General Obligation Bond Series A 1995	Total
Revenues:					
Use of money and property	\$ 98,686	\$ 4,829	\$ 43,717	\$ 15,551	\$ 162,783
Total revenues	<u>98,686</u>	<u>4,829</u>	<u>43,717</u>	<u>15,551</u>	<u>162,783</u>
Expenditures:					
Debt service:					
Principal retirement	4,660,000	4,735,000	6,510,000	-	15,905,000
Interest and fiscal charges	<u>1,371,863</u>	<u>2,520,789</u>	<u>6,116,615</u>	<u>-</u>	<u>10,009,267</u>
Total expenditures	<u>6,031,863</u>	<u>7,255,789</u>	<u>12,626,615</u>	<u>-</u>	<u>25,914,267</u>
Deficiency of revenues under expenditures	<u>(5,933,177)</u>	<u>(7,250,960)</u>	<u>(12,582,898)</u>	<u>15,551</u>	<u>(25,751,484)</u>
Other financing sources (uses):					
Transfers in from other funds	6,545,982	7,338,313	12,626,615	-	26,510,910
Transfers out to other funds	<u>(292,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,500)</u>
Total other financing sources (uses), net	<u>6,253,482</u>	<u>7,338,313</u>	<u>12,626,615</u>	<u>-</u>	<u>26,218,410</u>
Net change in fund balances	320,305	87,353	43,717	15,551	466,926
Fund balances at beginning of year	<u>8,894,810</u>	<u>12,973,535</u>	<u>10,056,009</u>	<u>615,105</u>	<u>32,539,459</u>
Fund balances at end of year	<u>\$ 9,215,115</u>	<u>\$ 13,060,888</u>	<u>\$ 10,099,726</u>	<u>\$ 630,656</u>	<u>\$ 33,006,385</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
September 30, 2007

	Defined Benefit	Defined Contribution	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,369,152	\$ 2,819,116	\$ 5,188,268
Investments at fair value:			
Common stocks	708,474,204	-	708,474,204
U.S. Government securities	273,223,515	-	273,223,515
Corporate bonds and notes	215,167,213	-	215,167,213
Money market funds	40,184,479	-	40,184,479
Mutual funds	148,728,892	169,641,881	318,370,773
DC plan forfeitures	-	5,965,102	5,965,102
Total investments	1,385,778,303	175,606,983	1,561,385,286
Accounts receivable:			
Employer contributions, net	14,207,137	428,931	14,636,068
Member contributions	6,378,562	427,994	6,806,556
Interest and penalties on contributions	7,702,344	-	7,702,344
Accrued investment income	5,141,940	-	5,141,940
Due from brokers for unsettled trades	7,874,768	-	7,874,768
Notes receivable - service credits	3,200,847	-	3,200,847
Notes receivable - ERIP	8,267,846	-	8,267,846
Receivable-ERIP employer's share	4,472,325	-	4,472,325
Supplemental/COLA benefits	83,028,774	-	83,028,774
Supplemental/Insurance benefits advanced	4,349,391	-	4,349,391
Other	2,400,044	231,172	2,631,216
Due from DC plan	763,421	-	763,421
Total receivables	147,787,399	1,088,097	148,875,496
Capital assets	1,076,538	-	1,076,538
Total assets	1,537,011,392	179,514,196	1,716,525,588
<u>LIABILITIES</u>			
Deferred revenue	16,126,469	-	16,126,469
Accounts payable and accrued expenses	1,590,397	411,788	2,002,185
Due to DB plan	-	763,421	763,421
Due to brokers for unsettled trades	3,109,934	-	3,109,934
Total liabilities	20,826,800	1,175,209	22,002,009
<u>NET ASSETS</u>			
Held in trust for retirement benefits	\$ 1,516,184,592	\$ 178,338,987	\$ 1,694,523,579

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2007

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 78,125,268	\$ 10,534,730	\$ 88,659,998
Member	18,827,804	10,617,749	29,445,553
Total contributions	<u>96,953,072</u>	<u>21,152,479</u>	<u>118,105,551</u>
Net investment income:			
Net appreciation in fair value of investments	153,611,200	15,168,752	168,779,952
Interest	38,353,338	4,607,639	42,960,977
Dividends	11,016,556	-	11,016,556
Other	3,176,347	279,720	3,456,067
Total investment income	<u>206,157,441</u>	<u>20,056,111</u>	<u>226,213,552</u>
Less: investment expenses	<u>3,108,904</u>	-	<u>3,108,904</u>
Net investment income	<u>203,048,537</u>	<u>20,056,111</u>	<u>223,104,648</u>
Other:			
Recovery of bad debt - GMHA	<u>632,811</u>	-	<u>632,811</u>
Total additions	<u>300,634,420</u>	<u>41,208,590</u>	<u>341,843,010</u>
Deductions:			
Benefits	165,247,478	-	165,247,478
Refunds	6,682,259	11,286,492	17,968,751
Balance transfer to DC plan	658,758	(658,758)	-
Administrative and general expenses	2,805,167	1,690,602	4,495,769
Total deductions	<u>175,393,662</u>	<u>12,318,336</u>	<u>187,711,998</u>
Change in net assets	125,240,758	28,890,254	154,131,012
Net assets at beginning of year	<u>1,390,943,834</u>	<u>149,448,733</u>	<u>1,540,392,567</u>
Net assets at end of year	<u>\$ 1,516,184,592</u>	<u>\$ 178,338,987</u>	<u>\$ 1,694,523,579</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
September 30, 2007

	Unified Courts of Guam	Public Defender	Total
ASSETS			
Cash and cash equivalents	\$ 6,083,388	\$ -	\$ 6,083,388
Time certificates of deposit	<u>1,541,165</u>	<u>-</u>	<u>1,541,165</u>
Total assets	<u>7,624,553</u>	<u>-</u>	<u>7,624,553</u>
LIABILITIES			
Deposits and other liabilities	5,990,994	-	5,990,994
Due to other funds	<u>1,535,510</u>	<u>-</u>	<u>1,535,510</u>
Total liabilities	<u>7,526,504</u>	<u>-</u>	<u>7,526,504</u>
NET ASSETS			
Held in trust for other purposes	<u>\$ 98,049</u>	<u>\$ -</u>	<u>\$ 98,049</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
Year Ended September 30, 2007

	<u>Unified Courts of Guam</u>	<u>Public Defender</u>	<u>Total</u>
Additions:			
Use of money and property	\$ 465,392	\$ -	\$ 465,392
Transfers in from other funds	<u>430,340</u>	<u>-</u>	<u>430,340</u>
Total additions	<u>895,732</u>	<u>-</u>	<u>895,732</u>
Deductions:			
Individual and collective rights	999,770	-	999,770
Transfer out to other funds	<u>599,938</u>	<u>-</u>	<u>599,938</u>
Total deductions	<u>1,599,708</u>	<u>-</u>	<u>1,599,708</u>
Changes in net assets	(703,976)	-	(703,976)
Net assets at beginning of year	<u>802,025</u>	<u>-</u>	<u>802,025</u>
Net assets at end of year	<u>\$ 98,049</u>	<u>\$ -</u>	<u>\$ 98,049</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Assets
September 30, 2007

<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 and Commerce 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	\$ 450,535	\$ 7,564,605	\$ 11,316,730	\$ 761,981	\$ 107,675	\$ 1,405,255	\$ 3,769,310	\$ 706,159	\$ 26,082,250
Time certificates of deposit	-	-	-	-	-	589,177	-	-	589,177
Investments	-	-	-	-	2,596,183	119,400	-	-	2,715,583
Receivables, net	3,415,418	2,012,211	3,179,851	-	415,021	520,241	292,373	7,653	9,842,768
Due from primary government	2,382,889	-	-	-	-	248,886	1,982,540	-	4,614,315
Inventories	136,117	132,197	49,246	-	3,929	-	-	-	321,489
Prepayments	-	487,851	21,118	-	1,286,966	850	6,452	18,464	1,821,701
Restricted assets:									
Cash and cash equivalents	286,499	9,449,363	4,070,289	-	1,998,004	-	224,712	517,005	16,545,872
Investments	8,417,877	-	5,628,991	-	2,556,489	-	-	-	16,603,357
Receivables	-	-	-	-	-	-	-	-	-
Total current assets	<u>15,089,335</u>	<u>19,646,227</u>	<u>24,266,225</u>	<u>761,981</u>	<u>8,964,267</u>	<u>2,883,809</u>	<u>6,275,387</u>	<u>1,249,281</u>	<u>79,136,512</u>
Noncurrent assets:									
Investments	1,740,000	-	-	-	-	-	-	-	1,740,000
Receivables, net	-	1,063,822	18,421,658	-	-	-	-	-	19,485,480
Capital assets, net of accumulated depreciation	14,429,731	32,753,681	5,824,682	-	546,788	6,608	7,415,384	463,505	61,440,379
Land held for development	-	3,985,095	16,114,338	-	-	-	-	-	20,099,433
Deferred bond issuance costs	-	-	-	-	471,269	-	-	-	471,269
Other assets	-	37,056	1,124,925	-	3,500	-	133,125	-	1,298,606
Total noncurrent assets	<u>16,169,731</u>	<u>37,839,654</u>	<u>41,485,603</u>	<u>-</u>	<u>1,021,557</u>	<u>6,608</u>	<u>7,548,509</u>	<u>463,505</u>	<u>104,535,167</u>
Total assets	<u>\$ 31,259,066</u>	<u>\$ 57,485,881</u>	<u>\$ 65,751,828</u>	<u>\$ 761,981</u>	<u>\$ 9,985,824</u>	<u>\$ 2,890,417</u>	<u>\$ 13,823,896</u>	<u>\$ 1,712,786</u>	<u>\$ 183,671,679</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Assets, Continued
September 30, 2007

<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 and Commerce 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	\$ 458,637	\$ 36,252	\$ 935,473	\$ -	\$ 1,815,000	\$ -	\$ -	\$ -	\$ 3,245,362
Accounts payable	1,446,387	1,929,987	266,229	-	1,136,029	42,817	2,888,844	60,685	7,770,978
Accrued interest payable	-	-	61,633	-	311,000	-	-	-	372,633
Accrued payroll and other	-	138,995	-	-	537,663	-	-	13,531	690,189
Payable to federal agencies	-	1,113,520	-	-	-	-	-	-	1,113,520
Deferred revenue	1,113,076	1,858,381	1,817	-	142,516	-	-	617,723	3,733,513
Compensated absences	157,393	224,970	52,142	-	35,979	-	100,878	19,785	591,147
Deposits and other liabilities	-	1,389,162	621,990	-	372,433	8,000	25,000	-	2,416,585
Total current liabilities	3,175,493	6,691,267	1,939,284	-	4,350,620	50,817	3,014,722	711,724	19,933,927
Noncurrent liabilities:									
Compensated absences	299,688	108,483	30,906	-	-	-	-	39,853	478,930
Noncurrent portion of long-term debt	1,768,049	1,481,547	11,397,868	-	23,300,746	-	-	-	37,948,210
Payable to federal agencies	-	141,912	-	-	-	-	-	-	141,912
Other noncurrent liabilities	286,499	-	11,275,489	-	8,100	-	-	-	11,570,088
DCRS sick leave liability	436,654	129,763	94,200	-	43,753	-	75,241	9,949	789,560
Accrued unfunded retirement liability	-	34,652	76,915	-	407,406	-	348,032	3,680	870,685
Total noncurrent liabilities	2,790,890	1,896,357	22,875,378	-	23,760,005	-	423,273	53,482	51,799,385
Total liabilities	5,966,383	8,587,624	24,814,662	-	28,110,625	50,817	3,437,995	765,206	71,733,312
Net assets:									
Invested in capital assets, net of related debt	11,763,357	35,220,977	3,315,453	-	546,788	6,608	7,415,384	463,505	58,732,072
Restricted	6,953,650	8,239,653	24,182,525	-	-	-	368,441	-	39,744,269
Unrestricted (deficit)	6,575,676	5,437,627	13,439,188	761,981	(18,671,589)	2,832,992	2,602,076	484,075	13,462,026
Total net assets	25,292,683	48,898,257	40,937,166	761,981	(18,124,801)	2,839,600	10,385,901	947,580	111,938,367
Total liabilities and net assets	\$ 31,259,066	\$ 57,485,881	\$ 65,751,828	\$ 761,981	\$ 9,985,824	\$ 2,890,417	\$ 13,823,896	\$ 1,712,786	\$ 183,671,679

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, 2007

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:									
Charges for services	\$ 1,771,849	\$ 325,635	\$ 2,964,525	\$ -	\$ 1,816,943	\$ 46,236	\$ -	\$ -	\$ 6,925,188
Grants and contracts	6,858,020	43,522,598	-	-	-	-	406,322	1,854,790	52,641,730
Other	1,016,859	1,339,863	30,225	-	1,343,690	-	231,638	26,878	3,989,153
Total operating revenues	<u>9,646,728</u>	<u>45,188,096</u>	<u>2,994,750</u>	<u>-</u>	<u>3,160,633</u>	<u>46,236</u>	<u>637,960</u>	<u>1,881,668</u>	<u>63,556,071</u>
Operating expenses:									
Cost of services	23,143,900	28,352,405	2,408,001	-	1,785,391	199,903	13,022,536	139,140	69,051,276
Depreciation and amortization	998,368	2,476,546	149,977	-	202,710	2,794	94,119	150,215	4,074,729
General and administrative	1,984,739	15,274,841	-	99,924	-	360,432	-	1,520,060	19,239,996
Total operating expenses	<u>26,127,007</u>	<u>46,103,792</u>	<u>2,557,978</u>	<u>99,924</u>	<u>1,988,101</u>	<u>563,129</u>	<u>13,116,655</u>	<u>1,809,415</u>	<u>92,366,001</u>
Operating income (loss)	<u>(16,480,279)</u>	<u>(915,696)</u>	<u>436,772</u>	<u>(99,924)</u>	<u>1,172,532</u>	<u>(516,893)</u>	<u>(12,478,695)</u>	<u>72,253</u>	<u>(28,809,930)</u>
Nonoperating revenues (expenses):									
Contributions from the primary government	14,142,196	-	-	-	-	1,013,985	13,272,367	-	28,428,548
Investment income	1,127,295	281,664	516,454	2,245	341,280	75,875	28,595	-	2,373,408
Interest expense	-	(91,923)	-	-	(1,399,560)	-	-	-	(1,491,483)
Other income (expenses), net	-	1,835,607	57,186	(73,796)	133,904	(9,879)	127,578	(98,212)	1,972,388
Total nonoperating revenues (expenses), net	<u>15,269,491</u>	<u>2,025,348</u>	<u>573,640</u>	<u>(71,551)</u>	<u>(924,376)</u>	<u>1,079,981</u>	<u>13,428,540</u>	<u>(98,212)</u>	<u>31,282,861</u>
Net income (loss) before capital contributions	(1,210,788)	1,109,652	1,010,412	(171,475)	248,156	563,088	949,845	(25,959)	2,472,931
Capital grants from the United States government	-	1,990,181	-	-	-	-	-	-	1,990,181
Increase (decrease) in net assets	(1,210,788)	3,099,833	1,010,412	(171,475)	248,156	563,088	949,845	(25,959)	4,463,112
Net assets at beginning of year	<u>26,503,471</u>	<u>45,798,424</u>	<u>39,926,754</u>	<u>933,456</u>	<u>(18,372,957)</u>	<u>2,276,512</u>	<u>9,436,056</u>	<u>973,539</u>	<u>107,475,255</u>
Net assets at end 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>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Net Assets

Primary Government

September 30, 2007

(with comparative totals as of September 30, 2006)

	2007	2006
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 79,648,733	\$ 49,937,321
Time certificates of deposit	242,614	-
Investments	8,620,000	8,520,000
Receivables, net	62,567,492	57,310,839
Due from private purpose trusts	1,535,510	-
Due from component units	1,525,038	-
Inventories	780,933	769,988
Other current assets	677,711	818,412
Restricted assets:		
Cash and cash equivalents	28,249,648	72,605,653
Investments	18,563,398	16,716,000
Total current assets	202,411,077	206,678,213
Noncurrent assets:		
Receivables, net	10,000,000	10,000,000
Capital assets, net of accumulated depreciation	678,606,894	698,960,489
Deferred charges	1,465,461	1,831,825
Restricted assets:		
Cash and cash equivalents	300,704	300,704
Time certificates of deposit	601,400	601,400
Total noncurrent assets	690,974,459	711,694,418
Total assets	\$ 893,385,536	\$ 918,372,631
<u>LIABILITIES</u>		
Current liabilities:		
Current portion of long-term obligations	\$ 24,430,000	\$ 24,649,887
Accounts payable	86,647,337	85,855,399
Accrued interest payable	4,350,581	4,783,923
Accrued payroll and other	14,280,103	16,260,349
Payable to federal agencies	22,016,145	18,981,544
Tax refunds	258,265,707	272,924,885
COLA liability	118,442,446	123,580,231
Due to pension trust funds	18,471,728	17,174,884
Due to private trust funds	-	61,293
Due to component units	31,606,054	18,307,159
Deferred revenue	34,990,621	51,930,076
Compensated absences payable	12,009,404	12,792,381
Deposits and other liabilities	11,651,998	11,463,456
Total current liabilities	637,162,124	658,765,467
Noncurrent liabilities:		
Compensated absences payable	9,139,031	5,254,940
Unfunded pension liability	134,549,316	122,248,306
DCRS sick leave liability	12,290,876	10,744,258
Long-term obligations, net of current portion	214,323,506	238,632,030
Due to component units	10,308,406	17,792,941
Other noncurrent liabilities	22,398,925	22,398,925
Total noncurrent liabilities	403,010,060	417,071,400
Total liabilities	1,040,172,184	1,075,836,867
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	447,810,171	470,718,296
Restricted for:		
Capital projects	16,765,166	25,596,414
Retirement of indebtedness	26,976,073	27,952,989
Other purposes	39,372,408	38,648,816
Unrestricted	(677,710,466)	(720,380,751)
Total net assets	(146,786,648)	(157,464,236)
Total liabilities and net assets	\$ 893,385,536	\$ 918,372,631

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Assets, Liabilities, and Fund Balances (Deficits) General Fund September 30, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
ASSETS							
Cash and cash equivalents	\$ 20,977,836	\$ 10,042,602	\$ 39,534	\$ -	\$ 31,059,972	\$ -	\$ 31,059,972
Investments	500,000	-	-	-	500,000	-	500,000
Receivables, net:							
Taxes	28,165,763	-	-	-	28,165,763	-	28,165,763
Federal agencies	-	8,572	-	-	8,572	-	8,572
Other	240,271	-	-	-	240,271	-	240,271
Due from primary government	-	418,491	-	-	418,491	(418,491)	-
Due from other funds	47,298,691	-	-	-	47,298,691	(11,669)	47,287,022
Prepayments	-	574,996	-	-	574,996	-	574,996
Deposits and other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 97,182,561</u>	<u>\$ 11,044,661</u>	<u>\$ 39,534</u>	<u>\$ -</u>	<u>\$ 108,266,756</u>	<u>\$ (430,160)</u>	<u>\$ 107,836,596</u>
LIABILITIES AND FUND BALANCES (DEFICITS)							
Accounts payable	\$ 51,312,785	\$ 19,320,993	\$ -	\$ -	\$ 70,633,778	\$ -	\$ 70,633,778
Accrued payroll and other	4,518,987	5,223,734	-	-	9,742,721	-	9,742,721
Due to component units	24,605,523	12,023,185	-	-	36,628,708	-	36,628,708
Due to retirement fund	1,921,066	16,550,662	-	-	18,471,728	-	18,471,728
Due to other funds	60,267,574	949,142	11,669	-	61,228,385	(430,160)	60,798,225
Payable to federal agencies	-	4,108	-	-	4,108	-	4,108
Deferred revenue	40,225,229	-	-	-	40,225,229	-	40,225,229
Provision for tax refunds	252,682,253	-	-	-	252,682,253	-	252,682,253
COLA liability	118,442,446	-	-	-	118,442,446	-	118,442,446
Deposits and other liabilities	10,323,877	-	-	-	10,323,877	-	10,323,877
Total liabilities	<u>564,299,740</u>	<u>54,071,824</u>	<u>11,669</u>	<u>-</u>	<u>618,383,233</u>	<u>(430,160)</u>	<u>617,953,073</u>
Fund balances (deficits):							
Reserved:							
Encumbrances	5,535,669	5,847,930	-	-	11,383,599	-	11,383,599
Continuing appropriations	1,843,657	-	-	-	1,843,657	-	1,843,657
Related assets	500,000	-	-	-	500,000	-	500,000
Unreserved fund balance (deficit)	(474,996,505)	(48,875,093)	27,865	-	(523,843,733)	-	(523,843,733)
Total fund balances (deficits)	<u>(467,117,179)</u>	<u>(43,027,163)</u>	<u>27,865</u>	<u>-</u>	<u>(510,116,477)</u>	<u>-</u>	<u>(510,116,477)</u>
Total liabilities and fund balances	<u>\$ 97,182,561</u>	<u>\$ 11,044,661</u>	<u>\$ 39,534</u>	<u>\$ -</u>	<u>\$ 108,266,756</u>	<u>\$ (430,160)</u>	<u>\$ 107,836,596</u>

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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Revenues:							
Taxes:							
Income	\$ 250,847,607	\$ -	\$ -	\$ -	\$ 250,847,607	\$ -	\$ 250,847,607
Gross receipts	172,745,349	-	-	-	172,745,349	-	172,745,349
Other	2,680,301	-	-	-	2,680,301	-	2,680,301
Licenses, fees and permits	4,266,783	-	-	-	4,266,783	-	4,266,783
Use of money and property	337,550	-	9,497	-	347,047	-	347,047
Federal contributions	74,723,572	-	-	-	74,723,572	-	74,723,572
Guam Public School System	-	1,431,526	-	-	1,431,526	-	1,431,526
Contributions from component units	2,196,244	-	-	-	2,196,244	-	2,196,244
Other	5,153,679	-	-	-	5,153,679	-	5,153,679
Total revenues	<u>512,951,085</u>	<u>1,431,526</u>	<u>9,497</u>	<u>-</u>	<u>514,392,108</u>	<u>-</u>	<u>514,392,108</u>
Expenditures by Department:							
General Government:							
Office of I Maga'lahaen Guahan:							
Office of the Governor	4,390,912	-	-	-	4,390,912	-	4,390,912
Ancestral Land Trust Commission	209,468	-	-	-	209,468	-	209,468
Government House	513,135	-	-	-	513,135	-	513,135
Medical Referral Offices	533,015	-	-	-	533,015	-	533,015
Bureau of Women's Affairs	38,119	-	-	-	38,119	-	38,119
Office of Civil Defense	35,622	-	-	-	35,622	-	35,622
Office of Veteran's Affairs	262,615	-	-	-	262,615	-	262,615
Other	43,953	-	-	-	43,953	-	43,953
	<u>6,026,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,026,839</u>	<u>-</u>	<u>6,026,839</u>
Office of I Segundu Na Maga'lahaen Guahan:							
Office of the Lieutenant Governor	1,191,704	-	-	-	1,191,704	-	1,191,704
Guam State Clearinghouse	267,615	-	-	-	267,615	-	267,615
	<u>1,459,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,459,319</u>	<u>-</u>	<u>1,459,319</u>
Bureau of Budget and Management Research:							
Office of the Director	372,057	-	-	-	372,057	-	372,057
Internal Audit Division	959,141	-	-	-	959,141	-	959,141
	<u>1,331,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331,198</u>	<u>-</u>	<u>1,331,198</u>
Civil Service Commission:							
Office of the Director	216,931	-	-	-	216,931	-	216,931
Board of Commissioners	56,826	-	-	-	56,826	-	56,826
Legal Office	141,608	-	-	-	141,608	-	141,608
Personnel Management	226,958	-	-	-	226,958	-	226,958
	<u>642,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,323</u>	<u>-</u>	<u>642,323</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
General Government, Continued:							
Department of Administration:							
Office of the Director	13,380,104	-	-	-	13,380,104	-	13,380,104
Personnel Management	1,699,976	-	-	-	1,699,976	-	1,699,976
Financial Management	674,705	-	-	-	674,705	-	674,705
Data Processing	567,898	-	-	-	567,898	-	567,898
General Services Agency	811,693	-	-	-	811,693	-	811,693
Division of Accounts	2,390,215	-	-	-	2,390,215	-	2,390,215
	<u>19,524,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,524,591</u>	<u>-</u>	<u>19,524,591</u>
Department of Land Management:							
Office of the Director	498,114	-	-	-	498,114	-	498,114
Land Administration Division	118,053	-	-	-	118,053	-	118,053
Land Planning Division	461,453	-	-	-	461,453	-	461,453
Land Records Division	397,279	-	-	-	397,279	-	397,279
Land Survey Division	3,542	-	-	-	3,542	-	3,542
Geographic Information System Division	112,803	-	-	-	112,803	-	112,803
	<u>1,591,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,591,244</u>	<u>-</u>	<u>1,591,244</u>
Department of Public Works:							
Office of the Director	3,853,114	-	-	-	3,853,114	-	3,853,114
Transportation Maintenance Division	980,587	-	-	-	980,587	-	980,587
Building Maintenance Division	2,624	-	-	-	2,624	-	2,624
	<u>4,836,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,836,325</u>	<u>-</u>	<u>4,836,325</u>
Department of Revenue and Taxation:							
Office of the Director	3,125,434	-	-	-	3,125,434	-	3,125,434
Tax Enforcement Division	1,942,137	-	-	-	1,942,137	-	1,942,137
Real Property Tax Division	402,441	-	-	-	402,441	-	402,441
Taxpayer Services Division	1,641,634	-	-	-	1,641,634	-	1,641,634
Regulatory Division	869,106	-	-	-	869,106	-	869,106
Motor Vehicle Division	620,902	-	-	-	620,902	-	620,902
	<u>8,601,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,601,654</u>	<u>-</u>	<u>8,601,654</u>
Total General Government	<u>44,013,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,013,493</u>	<u>-</u>	<u>44,013,493</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Protection of Life and Property:							
Department of Corrections:							
Office of the Director	5,183,464	-	-	-	5,183,464	-	5,183,464
Adult Correctional Facility	8,604,746	-	-	-	8,604,746	-	8,604,746
Rosario Detention Center	2,428,718	-	-	-	2,428,718	-	2,428,718
Off-island Detention	-	-	-	-	-	-	-
Casework and Counseling Service Division	287,377	-	-	-	287,377	-	287,377
Forensic Division	414,332	-	-	-	414,332	-	414,332
Parole Service Division	496,832	-	-	-	496,832	-	496,832
	<u>17,415,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,415,469</u>	<u>-</u>	<u>17,415,469</u>
Department of Youth Affairs:							
Office of the Director	127,640	-	-	-	127,640	-	127,640
Division of Youth Development	740,381	-	-	-	740,381	-	740,381
Division of Youth Corrections	2,076,157	-	-	-	2,076,157	-	2,076,157
Division of Vocational Rehabilitation and Support Services	732,246	-	-	-	732,246	-	732,246
	<u>3,676,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676,424</u>	<u>-</u>	<u>3,676,424</u>
Guam Fire Department:							
Office of the Fire Chief	833,541	-	-	-	833,541	-	833,541
Administrative and Logistical Support	1,184,188	-	-	-	1,184,188	-	1,184,188
Emergency Medical Service and Rescue Operations Bureau	7,598,320	-	-	-	7,598,320	-	7,598,320
Fire Suppression Bureau	14,898,513	-	-	-	14,898,513	-	14,898,513
	<u>24,514,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,514,562</u>	<u>-</u>	<u>24,514,562</u>
Guam Police Department:							
Office of the Chief	5,080,710	-	-	-	5,080,710	-	5,080,710
Criminal Investigation Division	1,419,756	-	-	-	1,419,756	-	1,419,756
Neighbourhood Patrol Division	11,046,352	-	-	-	11,046,352	-	11,046,352
Support Division	1,819,409	-	-	-	1,819,409	-	1,819,409
Forensic Science Division	1,004,684	-	-	-	1,004,684	-	1,004,684
Highway Patrol Division	822,690	-	-	-	822,690	-	822,690
	<u>21,193,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,193,601</u>	<u>-</u>	<u>21,193,601</u>
Office of the Attorney-General:							
Attorney-General's Office	5,688,425	-	-	-	5,688,425	-	5,688,425
Prosecution Division	-	-	-	-	-	-	-
	<u>5,688,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,688,425</u>	<u>-</u>	<u>5,688,425</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Protection of Life and Property, Continued:							
Medical Examiner's Office	347,349	-	-	-	347,349	-	347,349
Total Protection of Life and Property	<u>72,835,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,835,830</u>	<u>-</u>	<u>72,835,830</u>
Public Health:							
Department of Mental Health and Substance Abuse:							
Office of the Director	2,716,589	-	-	-	2,716,589	-	2,716,589
Clinical Services Division	909,172	-	-	-	909,172	-	909,172
Child and Adolescent Services Division	225,667	-	-	-	225,667	-	225,667
Nursing Services Division	2,095,492	-	-	-	2,095,492	-	2,095,492
	<u>5,946,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,946,920</u>	<u>-</u>	<u>5,946,920</u>
Department of Public Health and Social Services:							
Office of the Director	613,811	-	-	-	613,811	-	613,811
Chief Public Health Office	83,885	-	-	-	83,885	-	83,885
Community Health Services	252,904	-	-	-	252,904	-	252,904
Communicable Disease Control	112,825	-	-	-	112,825	-	112,825
Professional Social Services	43,423	-	-	-	43,423	-	43,423
Primary Care Services	20,412	-	-	-	20,412	-	20,412
Family Health and Nursing Services	-	-	-	-	-	-	-
Catastrophic Illness Assistance Program	97,844	-	-	-	97,844	-	97,844
Division of Environmental Health	386,462	-	-	-	386,462	-	386,462
Financial Management Services	210,180	-	-	-	210,180	-	210,180
Supply Section	106,547	-	-	-	106,547	-	106,547
Management Support Services	133,805	-	-	-	133,805	-	133,805
Facilities and Maintenance	1,571,631	-	-	-	1,571,631	-	1,571,631
Systems Group	468,228	-	-	-	468,228	-	468,228
	<u>4,101,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,101,957</u>	<u>-</u>	<u>4,101,957</u>
Total Public Health	<u>10,048,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,048,877</u>	<u>-</u>	<u>10,048,877</u>
Community Services:							
Department of Public Health and Social Services:							
Medically Indigent Program	100,038	-	-	-	100,038	-	100,038
Foster Care	1,490,291	-	-	-	1,490,291	-	1,490,291
Division of Senior Citizens	125,263	-	-	-	125,263	-	125,263
Adult Protective Services	392,359	-	-	-	392,359	-	392,359
	<u>2,107,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107,951</u>	<u>-</u>	<u>2,107,951</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Department of Integrated Services for Individuals with Disabilities:							
Service Contracts	1,464,164	-	-	-	1,464,164	-	1,464,164
Office of the Director	825,231	-	-	-	825,231	-	825,231
Basic Support 110	17,860	-	-	-	17,860	-	17,860
	<u>2,307,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,307,255</u>	<u>-</u>	<u>2,307,255</u>
Other:							
Guam Public Library	1,145,071	-	-	-	1,145,071	-	1,145,071
Total Community Services	<u>5,560,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,560,277</u>	<u>-</u>	<u>5,560,277</u>
Recreation:							
Department of Parks and Recreation:							
Office of the Director	595,433	-	-	-	595,433	-	595,433
Memorial Services	106,633	-	-	-	106,633	-	106,633
Community Programs	94,267	-	-	-	94,267	-	94,267
Pool and Beach Programs	418,955	-	-	-	418,955	-	418,955
Paseo Stadium	114,028	-	-	-	114,028	-	114,028
Youth Center	306,573	-	-	-	306,573	-	306,573
Parks Administration and Planning	115,131	-	-	-	115,131	-	115,131
Historic Preservation Division	216,309	-	-	-	216,309	-	216,309
Parks Maintenance	1,536,981	-	-	-	1,536,981	-	1,536,981
Territorial Park Protection	123,044	-	-	-	123,044	-	123,044
Total Recreation	<u>3,627,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,627,354</u>	<u>-</u>	<u>3,627,354</u>
Individual and Collective Rights:							
Office of I Maga'lahaen Guahan:							
Commission on Decolonization	147,983	-	-	-	147,983	-	147,983
Department of Chamorro Affairs:							
Office of the Director	532,493	-	-	-	532,493	-	532,493
Language and Culture Division	47,110	-	-	-	47,110	-	47,110
Guam Museum	198,652	-	-	-	198,652	-	198,652
	<u>778,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,255</u>	<u>-</u>	<u>778,255</u>
Department of Labor:							
Office of the Director	475,711	-	-	-	475,711	-	475,711
Division of Occupational Safety and Health	-	-	-	-	-	-	-
Wage and Hour Division	162,555	-	-	-	162,555	-	162,555
Bureau of Labor Statistics	280,873	-	-	-	280,873	-	280,873
Fair Employment Practice Office	66,514	-	-	-	66,514	-	66,514

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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Individual and Collective Rights, Continued:							
Department of Labor, Continued:							
Worker's Compensation Commission	137,739	-	-	-	137,739	-	137,739
Alien Labor Processing and Certification	95,147	-	-	-	95,147	-	95,147
Fiscal and Support Office	248,510	-	-	-	248,510	-	248,510
	<u>1,467,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,049</u>	<u>-</u>	<u>1,467,049</u>
Department of Military Affairs:							
Office of the Adjutant General	128,682	-	-	-	128,682	-	128,682
Office of Civil Defense	-	-	-	-	-	-	-
Office of Veterans Affairs	3,075	-	-	-	3,075	-	3,075
	<u>131,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,757</u>	<u>-</u>	<u>131,757</u>
Other:							
Guam Election Commission	564,804	-	-	-	564,804	-	564,804
Mayor's Council of Guam	8,731,828	-	-	-	8,731,828	-	8,731,828
	<u>9,296,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,296,632</u>	<u>-</u>	<u>9,296,632</u>
Total Individual and Collective Rights	<u>11,821,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,821,676</u>	<u>-</u>	<u>11,821,676</u>
Public Education:							
Department of Education:							
Guam Public School System	-	173,592,798	-	3,277	173,596,075	-	173,596,075
Department of Public Works:							
Bus Operations	6,785,894	-	-	-	6,785,894	-	6,785,894
Total Public Education	<u>6,785,894</u>	<u>173,592,798</u>	<u>-</u>	<u>3,277</u>	<u>180,381,969</u>	<u>-</u>	<u>180,381,969</u>
Economic Development:							
Bureau of Statistics and Plans:							
Administration	374,670	-	-	-	374,670	-	374,670
Guam Developmental Disabilities Council	-	-	-	-	-	-	-
Chief Economist's Office	36,987	-	-	-	36,987	-	36,987
Planning Information	228,394	-	-	-	228,394	-	228,394
Socio-Economic Planning	125,634	-	-	-	125,634	-	125,634
Business and Economic Statistics Division	334,524	-	-	-	334,524	-	334,524
	<u>1,100,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,209</u>	<u>-</u>	<u>1,100,209</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Department of Agriculture:							
Office of the Director	1,048,970	-	-	-	1,048,970	-	1,048,970
Aquatic and Wildlife Resources Division	99,037	-	-	-	99,037	-	99,037
Animal and Plant Industry Division	897,737	-	-	-	897,737	-	897,737
Animal Health Section	327,409	-	-	-	327,409	-	327,409
	<u>2,373,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,373,153</u>	<u>-</u>	<u>2,373,153</u>
Total Economic Development	<u>3,473,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,473,362</u>	<u>-</u>	<u>3,473,362</u>
Payments to Component Units:							
Government of Guam Retirement Fund:							
Supplemental Benefits	7,257,679	-	-	-	7,257,679	-	7,257,679
Retiree Medicare Premiums	387,895	-	-	-	387,895	-	387,895
Medicare Reimbursement	221,550	-	-	-	221,550	-	221,550
Governor and Lt Governor Contributions	134,375	-	-	-	134,375	-	134,375
Pay increase retirement rate	15,999	-	-	-	15,999	-	15,999
Judge and Justice Retirement Annuities	500,224	-	-	-	500,224	-	500,224
	<u>8,517,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,517,722</u>	<u>-</u>	<u>8,517,722</u>
Guam Community College	<u>7,577,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,577,509</u>	<u>-</u>	<u>7,577,509</u>
Guam Educational Telecom. Corporation	<u>538,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,162</u>	<u>-</u>	<u>538,162</u>
Guam Memorial Hospital Authority	<u>4,826,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,826,689</u>	<u>-</u>	<u>4,826,689</u>
University of Guam	<u>28,601,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,601,908</u>	<u>-</u>	<u>28,601,908</u>
Total Payments to Component Units	<u>50,061,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,061,990</u>	<u>-</u>	<u>50,061,990</u>
Miscellaneous Appropriations:							
Guam Environmental Protection Agency	-	-	-	-	-	-	-
Guam Board of Accountancy	(292)	-	-	-	(292)	-	(292)
Small Business Financing Assistance (PIDB)	-	-	-	-	-	-	-
Guam Legal Services Corporation	49,336	-	-	-	49,336	-	49,336
Retiree Healthcare Premiums	-	-	-	-	-	-	-
COLA Judgement	-	-	-	-	-	-	-
Hagatna Restoration and Redevelopment	91,259	-	-	-	91,259	-	91,259
Other	52,954	-	-	-	52,954	-	52,954
Total Miscellaneous Appropriations	<u>193,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,257</u>	<u>-</u>	<u>193,257</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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Interest and other charges:							
Interest on Tax Refunds	4,824,487	-	-	-	4,824,487	-	4,824,487
Public Law 28-38 Special Retirement payments	4,601,475	-	-	-	4,601,475	-	4,601,475
Credit card charge fees and other bank fees	3,100,023	-	-	-	3,100,023	-	3,100,023
Other	243,411	-	-	-	243,411	-	243,411
Total Non-appropriated Expenditures	<u>12,769,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,769,396</u>	<u>-</u>	<u>12,769,396</u>
Total expenditures	<u>221,191,406</u>	<u>173,592,798</u>	<u>-</u>	<u>3,277</u>	<u>394,787,481</u>	<u>-</u>	<u>394,787,481</u>
Excess of revenues over expenditures	<u>291,759,679</u>	<u>(172,161,272)</u>	<u>9,497</u>	<u>(3,277)</u>	<u>119,604,627</u>	<u>-</u>	<u>119,604,627</u>
Other financing sources (uses):							
Transfers in from other funds:							
Department of Administration	-	4,347,931	172,053,445	140,000	176,541,376	(176,541,376)	-
Guam Public School System Operations Fund	-	172,053,445	-	-	172,053,445	(172,053,445)	-
ECE Adequate Public Education Fund	-	140,000	-	-	140,000	(140,000)	-
Guam Board of Accountancy Fund	1,539,322	-	-	-	1,539,322	-	1,539,322
Healthy Futures Fund	-	833,662	-	-	833,662	-	833,662
Interim Transition Coordinating Committee Fund	-	-	-	-	-	-	-
Litter Control Revolving Fund	-	-	-	-	-	-	-
Public Library System Fund	-	38,402	-	-	38,402	-	38,402
Territorial Education Facilities Fund	13,050,053	-	-	-	13,050,053	-	13,050,053
Territorial Highway Fund	-	-	-	-	-	-	-
Tourist Attraction Fund	-	-	-	-	-	-	-
Unreserved Fund Balance Fund	-	-	-	-	-	-	-
Workman's Compensation Fund	-	52,772	-	-	52,772	-	52,772
Total other financing sources	<u>14,589,375</u>	<u>177,466,212</u>	<u>172,053,445</u>	<u>140,000</u>	<u>364,249,032</u>	<u>(348,734,821)</u>	<u>15,514,211</u>
Transfers out to other funds:							
Guam Public School System	4,347,931	-	172,053,445	140,000	176,541,376	(176,541,376)	-
Guam Public School System Operations Fund	172,053,445	-	-	-	172,053,445	(172,053,445)	-
ECE Adequate Public Education Fund	140,000	-	-	-	140,000	(140,000)	-
1999 South Pacific Revolving Fund	3,549	-	-	-	3,549	-	3,549
Agana Fractional Lots Program Fund	217,180	-	-	-	217,180	-	217,180
Autonomous Agency Infrastructure Collections Fund	460	-	-	-	460	-	460
CAHA, OET and CEF Fund	266	-	-	-	266	-	266
Consumer Protection Fund	135	-	-	-	135	-	135
Controlled Substance Diversion Fund	74,676	-	-	-	74,676	-	74,676

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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:							
Transfers out to other funds, Continued:							
Customs, Agriculture and Quarantine							
Inspection Services Fund	325,256	-	-	-	325,256	-	325,256
Dededo Buffer Strip Revolving Fund	27,784	-	-	-	27,784	-	27,784
Drivers' Education Fund	318,426	-	-	-	318,426	-	318,426
Federal Grants Fund	27,129,470	-	-	-	27,129,470	-	27,129,470
General Services Agency Fund	1,070	-	-	-	1,070	-	1,070
GMHA Pharmaceuticals Fund	9,996,884	-	-	-	9,996,884	-	9,996,884
Government Claims Fund	201,196	-	-	-	201,196	-	201,196
Group Life Insurance Fund	73,203	-	-	-	73,203	-	73,203
Guam Housing Corporation Revolving Fund	88,777	-	-	-	88,777	-	88,777
Guam Legislature Fund	6,805,844	-	-	-	6,805,844	-	6,805,844
Guam Plant Inspection and Permit Fund	37,304	-	-	-	37,304	-	37,304
Human Resources Services Revolving Fund	45,353	-	-	-	45,353	-	45,353
Individual With Disabilities Disaster							
Recovery Fund	100,000	-	-	-	100,000	-	100,000
Livestock Fund	4,361	-	-	-	4,361	-	4,361
MIP Payment Revolving Fund	17,165,993	-	-	-	17,165,993	-	17,165,993
Office of the Public Auditor	1,223,707	-	-	-	1,223,707	-	1,223,707
Off-island Sports Travel Fund	20,560	-	-	-	20,560	-	20,560
Off-island Treatment Fund	1,295,384	-	-	-	1,295,384	-	1,295,384
Plant Nursery Revolving Fund	8,811	-	-	-	8,811	-	8,811
Plant Protection and Quarantine							
Revolving Fund	1,898	-	-	-	1,898	-	1,898
Professional Engineers', Architects', and							
Surveyors' Fund	36,575	-	-	-	36,575	-	36,575
Program Development Fund	(43)	-	-	-	(43)	-	(43)
Public Defender Service Corporation Fund	2,995,149	-	-	-	2,995,149	-	2,995,149
Public Transit Fund	92,634	-	-	-	92,634	-	92,634
Rabies Prevention Fund	71,439	-	-	-	71,439	-	71,439
Residential Survey Revolving Fund	-	-	-	-	-	-	-
Safe Streets Fund	209,277	-	-	-	209,277	-	209,277
Solid Waste Management Plan Fund	8,556	-	-	-	8,556	-	8,556
State Agency for Surplus Property Fund	209,236	-	-	-	209,236	-	209,236
Streetlight Fund	778,546	-	-	-	778,546	-	778,546

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, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:							
Transfers out to other funds, Continued:							
Supplemental Annuity Benefits Fund	11,732,561	-	-	-	11,732,561	-	11,732,561
Territorial Highway Fund	11,064,775	-	-	-	11,064,775	-	11,064,775
Unified Courts of Guam Fund	21,176,739	-	-	-	21,176,739	-	21,176,739
Wildlife Conservation Fund	217,476	-	-	-	217,476	-	217,476
Worker's Compensation Fund	820,544	-	-	-	820,544	-	820,544
General Obligation Bonds Series A 1993 Debt							
Service Fund	12,626,615	-	-	-	12,626,615	-	12,626,615
Water System Revenue Bond Debt Service Fund	11,104,026	-	-	-	11,104,026	-	11,104,026
Total other financing uses	<u>314,853,028</u>	<u>-</u>	<u>172,053,445</u>	<u>140,000</u>	<u>487,046,473</u>	<u>(348,734,821)</u>	<u>138,311,652</u>
Total other financing sources (uses), net	<u>(300,263,653)</u>	<u>177,466,212</u>	<u>-</u>	<u>-</u>	<u>(122,797,441)</u>	<u>-</u>	<u>(122,797,441)</u>
Special items:							
Earned Income Tax Credit judgment	17,154,697	-	-	-	17,154,697	-	17,154,697
	<u>17,154,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,154,697</u>	<u>-</u>	<u>17,154,697</u>
Net change in fund deficit	8,650,723	5,304,940	9,497	(3,277)	13,961,883	-	13,961,883
Deficit at the beginning of the year	(475,767,902)	(48,332,103)	18,368	3,277	(524,078,360)	-	(524,078,360)
Deficit at the end of the year	<u>\$ (467,117,179)</u>	<u>\$ (43,027,163)</u>	<u>\$ 27,865</u>	<u>\$ -</u>	<u>\$ (510,116,477)</u>	<u>\$ -</u>	<u>\$ (510,116,477)</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Expenditures by Object General Fund Year Ended September 30, 2007

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Object:							
Salaries and wages - regular	\$ 84,252,828	\$ 115,729,766	\$ -	\$ -	\$ 199,982,594	\$ -	\$ 199,982,594
Salaries and wages - overtime	6,452,236	4,501	-	-	6,456,737	-	6,456,737
Salaries and wages - fringe benefits	24,988,418	34,074,996	-	-	59,063,414	-	59,063,414
Travel	392,825	439,273	-	-	832,098	-	832,098
Contractual services	16,043,859	6,361,370	-	-	22,405,229	-	22,405,229
Building rent	2,756,521	-	-	-	2,756,521	-	2,756,521
Supplies	3,603,074	1,526,594	-	-	5,129,668	-	5,129,668
Equipment	409,761	670,075	-	-	1,079,836	-	1,079,836
Utilities - power and water	8,093,034	12,744,641	-	-	20,837,675	-	20,837,675
Communications	1,694,986	794,218	-	-	2,489,204	-	2,489,204
Capital outlays	599,567	308,621	-	-	908,188	-	908,188
Grants and subsidies	49,523,827	-	-	-	49,523,827	-	49,523,827
Supplemental annuity benefits	7,257,679	-	-	-	7,257,679	-	7,257,679
Medical care	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	14,246,241	247,211	-	-	14,493,452	-	14,493,452
Miscellaneous	876,550	691,532	-	3,277	1,571,359	-	1,571,359
	<u>\$ 221,191,406</u>	<u>\$ 173,592,798</u>	<u>\$ -</u>	<u>\$ 3,277</u>	<u>\$ 394,787,481</u>	<u>\$ -</u>	<u>\$ 394,787,481</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund September 30, 2006

	<u>Encumbrances</u>	<u>Continuing Appropriations</u>	<u>Total</u>
Expenditures by Department:			
Executive Branch:			
Office of I Maga'lahaen Guahan:			
Office of the Governor	\$ 344,609	\$ 80,548	\$ 425,157
Commission on Decolonization	5,076	234	5,310
Ancestral Land Trust Commission	547	42	589
Government House	101,290	135,662	236,952
Medical Referral Offices	48,855	-	48,855
Office of Veteran's Affairs	17,792	31,061	48,853
	<u>518,169</u>	<u>247,547</u>	<u>765,716</u>
Office of I Segundu Na Maga'lahaen Guahan:			
Office of the Lieutenant Governor	62,151	158,513	220,664
Bureau of Budget and Management Research:			
Office of the Director	10,878	-	10,878
Civil Service Commission:			
Office of the Director	1,916	-	1,916
Department of Administration:			
Office of the Director	427,885	48,600	476,485
Guam Election Commission	86,662	-	86,662
Department of Revenue and Taxation:			
Office of the Director	45,507	-	45,507
Bureau of Statistics and Plans:			
Administration	4,960	-	4,960
Guam Developmental Disabilities Council	213	-	213
Chief Economist's Office	-	85,000	85,000
	<u>5,173</u>	<u>85,000</u>	<u>90,173</u>
Department of Public Works:			
Office of the Director	2,616,733	-	2,616,733
Bus Operations Division	14,458	-	14,458
Building Maintenance Division	2,799	-	2,799
	<u>2,633,990</u>	<u>-</u>	<u>2,633,990</u>
Office of the Attorney-General:			
Attorney-General's Office	489,337	98,706	588,043
Prosecution Division	3,558	-	3,558
	<u>492,895</u>	<u>98,706</u>	<u>591,601</u>
Guam Police Department:			
Office of the Chief	65,831	37,238	103,069
Support Division	32,615	-	32,615
Forensic Science Division	1,822	-	1,822
	<u>100,268</u>	<u>37,238</u>	<u>137,506</u>
Department of Corrections:			
Office of the Director	292,252	-	292,252
Off-island Detention	3,200	-	3,200
Parole Service Division	1,000	-	1,000
	<u>296,452</u>	<u>-</u>	<u>296,452</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations
by Department - General Fund, Continued
September 30, 2006

	<u>Encumbrances</u>	<u>Continuing Appropriations</u>	<u>Total</u>
Expenditures by Department, continued:			
Executive Branch, continued:			
Department of Agriculture:			
Office of the Director	297,546	50,000	347,546
Animal Health Section	8,763	-	8,763
	<u>306,309</u>	<u>50,000</u>	<u>356,309</u>
Department of Public Health and Social Services:			
Office of the Director	4,951	-	4,951
Chief Public Health Office	78,392	-	78,392
Community Health Services	48,154	-	48,154
Communicable Disease Control	2,293	-	2,293
Professional Social Services	8,703	-	8,703
Primary Care Services	19,399	-	19,399
Family Health and Nursing Services	3,317	-	3,317
Medically Indigent Program	35,460	-	35,460
Foster Care	71,393	-	71,393
Division of Senior Citizens	22,741	-	22,741
Adult Protective Services	8,436	-	8,436
Division of Environmental Health	57,704	-	57,704
Supply Section	676	-	676
Management Support Services	2,717	-	2,717
Facilities and Maintenance	111,696	-	111,696
Systems Group	69,675	-	69,675
	<u>545,707</u>	<u>-</u>	<u>545,707</u>
Department of Education:			
Guam Public School System	5,583,544	-	5,583,544
Guam Public Library	200,877	-	200,877
	<u>5,784,421</u>	<u>-</u>	<u>5,784,421</u>
Department of Youth Affairs:			
Division of Vocational Rehabilitation and Support Services	6,271	-	6,271
Department of Mental Health and Substance Abuse:			
Office of the Director	147,728	-	147,728
Nursing Services Division	59,987	-	59,987
	<u>207,715</u>	<u>-</u>	<u>207,715</u>
Department of Labor:			
Office of the Director	94,956	-	94,956
Department of Parks and Recreation:			
Office of the Director	87,736	-	87,736
Parks Maintenance	10,621	-	10,621
	<u>98,357</u>	<u>-</u>	<u>98,357</u>
Department of Integrated Services for Individuals with Disabilities:			
Service Contracts	4,113	-	4,113
Office of the Director	22,652	-	22,652
	<u>26,765</u>	<u>-</u>	<u>26,765</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations
by Department - General Fund, Continued
September 30, 2006

	Encumbrances	Continuing Appropriations	Total
Expenditures by Department, continued:			
Executive Branch, continued:			
Mayor's Council of Guam:			
Mayors' Council Consolidated Accounts	58,082	63,883	121,965
Department of Land Management:			
Office of the Director	260,526	-	260,526
Chief Medical Examiner:			
Medical Examiner's Office	28,420	-	28,420
Department of Chamorro Affairs:			
Office of the Director	14,458	1,876	16,334
Department of Military Affairs:			
Office of the Adjutant General	16,837	-	16,837
Office of Veterans Affairs	14,237	-	14,237
	31,074	-	31,074
Guam Fire Department:			
Office of the Fire Chief	29,679	-	29,679
Administrative and Logistical Support	56,572	-	56,572
	86,251	-	86,251
Payments to Component Units:			
University of Guam	-	619,206	619,206
Guam Community College	-	113,308	113,308
Chamorro Land Trust Commission	49,270	-	49,270
	49,270	732,514	781,784
Miscellaneous Appropriations:			
Small Business Financing Assistance (PIDB)	500,000	-	500,000
Hagatna Restoration and Redevelopment	384	296,614	296,998
Total Miscellaneous Appropriations	500,384	296,614	796,998
Other financing sources uses:			
Federal Grants Fund	13,318	-	13,318
Office of the Public Auditor	-	23,166	23,166
	13,318	23,166	36,484
	\$ 12,794,230	\$ 1,843,657	\$ 14,637,887

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Operating Transfers
Year Ended September 30, 2007

Source/Recipient	Transfers Out	Transfers In
<u>General Fund</u>		
From General Fund to:		
1999 SPG Revolving Fund	\$ 3,549	\$ -
Agana Fractional Lots Program Fund	217,180	-
Autonomous Agency Infrastructure Collections Fund	460	-
CAHA, OET and CEF Fund	266	-
Consumer Protection Fund	135	-
Controlled Substance Diversion Fund	74,676	-
Customs, Agriculture and Quarantine Inspection Services Fund	325,256	-
Dededo Buffer Strip Revolving Fund	27,784	-
Drivers' Education Fund	318,426	-
Federal Grants Assistance Fund	27,129,470	-
General Services Agency Fund	1,070	-
Government Claims Fund	201,196	-
Group Life Insurance Fund	73,203	-
Guam Housing Corporation Revolving Fund	88,777	-
GMHA Pharmaceuticals Fund	9,996,884	-
Guam Plant Inspection and Permit Fund	37,304	-
Healthy Futures Fund	-	833,662
Human Resources Services Revolving Fund	45,353	-
Individual With Disabilities Disaster Recovery Fund	100,000	-
Legislature Fund	6,805,844	-
Livestock Fund	4,361	-
MIP Payment Revolving Fund	17,165,993	-
Off-island Sports Travel Fund	20,560	-
Off-island Treatment Fund	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 Auditor Fund	1,223,707	-
Public Defender Service Corporation Fund	2,995,149	-
Public Library System Fund	-	38,402
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	778,546	-
Supplemental Annuity Benefits Fund	11,732,561	-
Territorial Highway Fund	11,064,775	-
Unified Courts of Guam Fund	21,176,739	-
Wildlife Conservation Fund	217,476	-
Worker's Compensation Fund	820,544	52,772
General Obligation Bonds Series A 1993 Debt Service Fund	12,626,615	-
Water System Revenue Bond Debt Service Fund	11,104,026	-
Board of Accountancy Fund	-	1,539,322
Territorial Education Facilities Fund	-	13,050,053
	<u>\$ 138,311,652</u>	<u>\$ 15,514,211</u>
<u>Federal Grants Assistance Fund</u>		
From Federal Grants Assistance Fund to:		
GPSS Federal Grants Fund	\$ 787,179	\$ -
Interim Transition Coordinating Committee Fund	11,913	-
To Federal Grants Assistance Fund from:		
General Fund	-	27,129,470
Typhoon Chataan and Halong Fund	-	397
	<u>\$ 799,092</u>	<u>\$ 27,129,867</u>
<u>Water System Revenue Bond Fund</u>		
To Water System Revenue Bond Fund from:		
General Fund	\$ -	\$ 11,104,026

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Operating Transfers, Continued
Year Ended September 30, 2007

Source/Recipient	Transfers Out	Transfers In
<u>Other Governmental Funds</u>		
Special Revenue Funds:		
To General Fund from:		
Board of Accountancy Fund	\$ 1,539,322	\$ -
Healthy Futures Fund	833,662	-
Public Library System Fund	38,402	-
Territorial Education Facilities Fund	13,050,053	-
To Public Defenders Service Corporation Fund from:		
General Fund	-	2,995,149
Unified Courts of Guam Fiduciary Fund	-	599,938
From General Fund to:		
1999 SPG Revolving Fund	-	3,549
Agana Fractional Lots Program Fund	-	217,180
Autonomous Agency Infrastructure Collections Fund	-	460
CAHA, OET and CEF Fund	-	266
Consumer Protection Fund	-	135
Controlled Substance Diversion Fund	-	74,676
Customs, Agriculture and Quarantine Inspection Services Fund	-	325,256
Dededo Buffer Strip Revolving Fund	-	27,784
Drivers' Education Fund	-	318,426
General Services Agency Fund	-	1,070
Government Claims Fund	-	201,196
Group Life Insurance Fund	-	73,203
Guam Housing Corporation Revolving Fund	-	88,777
GMHA Pharmaceuticals Fund	-	9,996,884
Guam Plant Inspection and Permit Fund	-	37,304
Human Resources Services Revolving Fund	-	45,353
Individual With Disabilities Disaster Recovery Fund	-	100,000
Legislature Fund	-	6,805,844
Livestock Fund	-	4,361
MIP Payment Revolving Fund	-	17,165,993
Off-island Sports Travel Fund	-	20,560
Off-island Treatment Fund	-	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 Auditor Fund	-	1,223,707
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	-	778,546
Supplemental Annuity Benefits Fund	-	11,732,561
Territorial Highway Fund	-	11,064,775
Unified Courts of Guam Fund	-	21,176,739
Wildlife Conservation Fund	-	217,476
Worker's Compensation Fund	52,772	820,544
From Federal Grants Assistance Fund to:		
GPSS Federal Grants Fund	-	787,179
Interim Transition Coordinating Committee Fund	-	11,913
From Territorial Highway Fund to:		
University of Guam Capital Improvements Fund	500,000	500,000
Village Street Fund	-	292,500
Limited Obligation Highway Improvement Bonds Debt Service Fund	6,545,982	-
From Tourist Attraction Fund to:		
Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	7,338,313	-

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Operating Transfers, Continued
Year Ended September 30, 2007

Source/Recipient	Transfers Out	Transfers In
<u>Other Governmental Funds, Continued</u>		
<u>Special Revenue Funds, Continued:</u>		
From Typhoon Chataan and Halong Fund to:		
Federal Grants Assistance Fund	397	-
From Unified Courts of Guam Fund to:		
Unified Courts of Guam Fiduciary Trust Fund	430,340	-
From Limited Obligation Infrastructure Improvement Bonds Fund to:		
Typhoon Chataan and Halong Fund	-	1,709,845
	30,329,243	91,352,916
<u>Capital Projects Funds:</u>		
From Limited Obligation Infrastructure Improvement Bonds Fund to:		
Typhoon Chataan and Halong Fund	1,709,845	-
<u>Debt Service Funds:</u>		
From Territorial Highway Fund to:		
Limited Obligation Highway Improvement Bonds Debt Service Fund	-	6,545,982
From Tourist Attraction Fund to:		
Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	-	7,338,313
From General Fund to:		
General Obligation Bonds Series A 1993 Debt Service Fund	-	12,626,615
From Limited Obligation Infrastructure Improvement Bonds Debt Service Fund to:		
Village Streets Fund	292,500	-
	292,500	26,510,910
	\$ 32,331,588	\$ 117,863,826
<u>Fiduciary Funds</u>		
<u>Private Purpose Trust Funds:</u>		
From Unified Courts of Guam Fund to:		
Unified Courts of Guam Fiduciary Trust Fund	-	430,340
To Public Defenders Service Corporation Fund from:		
Unified Courts of Guam Fiduciary Fund	599,938	-
	599,938	430,340

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Personnel Count Years Ended September 30, 2007 and 2006

Department	2007	2006
Agency for Human Resources Development	28	37
Bureau of Budget and Management Research	19	20
Bureau of Statistics and Plans	33	36
Chamorro Land Trust Commission	12	11
Civil Service Commission	7	7
Customs and Quarantine	140	145
Department of Administration	141	144
Department of Agriculture	85	84
Department of Chamorro Affairs	14	11
Department of Corrections	236	223
Department of Education	4,048	3,861
Department of Integrated Services for Individuals with Disabilities	39	36
Department of Labor	45	43
Department of Land Management	44	43
Department of Law - Attorney General	129	132
Department of Mental Health and Substance Abuse	130	146
Department of Military Affairs	39	47
Department of Parks and Recreation	79	76
Department of Public Health and Social Services	411	430
Department of Public Works	433	438
Department of Revenue and Taxation	156	163
Department of Youth Affairs	85	87
Governor's Office	130	129
Guam Council on the Arts and Humanities Agency	7	7
Guam Educational and Telecom. Corporation - KGTF	9	11
Guam Election Commission	3	3
Guam Energy Office	6	7
Guam Environmental Protection Agency	56	62
Guam Fire Department	318	317
Guam Legislature	142	100
Guam Police Department	362	379
Guam Public Library System	27	21
Mayors' Council of Guam	178	191
Medical Examiner	3	3
Office of I Segundu Na Maga'Lahen Guahan	19	31
Office of the Public Auditor	12	18
Public Defender	47	33
Superior Court of Guam	329	370
Miscellaneous	12	12
	8,013	7,914

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Balance Sheets
Governmental Funds
September 30, 2007
(With comparatives as of September 30, 2006)

	General Fund		Federal Grants Assistance Fund		Water System Revenue Bond Fund		Other Governmental Funds	
	2007	2006	2007	2006	2007	2006	2007	2006
ASSETS								
Cash and cash equivalents	\$ 31,059,972	\$ 19,003,878	\$ 2,938,668	\$ 1,982,777	\$ 23,683,908	\$ -	\$ 21,966,185	\$ 28,950,666
Time certificates of deposit	-	-	-	-	-	-	242,614	-
Investments	500,000	400,000	-	-	-	-	8,120,000	8,120,000
Receivables, net:								
Taxes	28,165,763	27,284,006	-	-	-	-	4,701,998	4,104,015
Federal agencies	8,572	1,197,786	21,460,228	16,005,929	-	-	3,996,511	2,520,098
Note	-	-	-	-	-	-	10,000,000	10,000,000
Interest	-	-	-	-	-	-	1,095,883	-
Other	240,271	163,934	-	-	-	-	2,898,266	6,035,071
Due from other funds	47,287,022	44,574,734	-	-	-	-	60,834,992	41,261,393
Due from private purpose trust funds	-	-	-	-	-	-	1,535,510	-
Due from component units	-	-	-	-	-	-	1,525,038	-
Inventories	-	-	-	-	-	-	780,933	769,988
Prepayments	574,996	424,151	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	102,715	394,261
Restricted assets:								
Cash and cash equivalents	-	-	-	-	10,181,075	30,625,187	18,369,277	42,882,570
Time certificates of deposit	-	-	-	-	-	-	601,400	-
Investments	-	-	-	-	-	-	18,563,398	16,716,000
Total assets	\$ 107,836,596	\$ 93,048,489	\$ 24,398,896	\$ 17,988,706	\$ 33,864,983	\$ 30,625,187	\$ 155,334,720	\$ 161,754,062
LIABILITIES AND FUND BALANCES (DEFICITS)								
Accounts payable	\$ 70,633,778	\$ 68,930,143	\$ 141,935	\$ 141,935	\$ -	\$ -	\$ 15,871,624	\$ 16,783,321
Accrued payroll and other	9,742,721	11,520,743	1,289,459	1,290,001	2,000	2,000	3,245,923	3,447,605
Due to other funds	60,798,225	41,201,431	3,398,529	594,293	33,358,603	30,425,734	10,566,657	13,614,669
Due to pension trust funds	18,471,728	17,174,884	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	61,293
Due to component units	36,628,708	25,189,309	-	-	-	-	5,285,752	10,910,791
Payable to federal agencies	4,108	163,591	19,402,928	15,867,844	-	-	2,609,109	2,950,109
Deferred revenue	40,225,229	51,909,348	-	-	-	-	3,228,963	5,255,336
Provision for tax refunds	252,682,253	267,138,563	-	-	-	-	5,583,454	5,786,322
COLA liability	118,442,446	123,580,231	-	-	-	-	-	-
Deposits and other liabilities	10,323,877	10,318,606	-	-	-	-	1,328,121	1,144,850
Total liabilities	617,953,073	617,126,849	24,232,851	17,894,073	33,360,603	30,427,734	47,719,603	59,954,296
Fund balances (deficits):								
Reserved:								
Encumbrances	11,383,599	12,794,230	38,685,270	49,639,036	-	-	12,906,335	21,474,442
Continuing appropriations	1,843,657	1,846,934	-	-	-	-	10,377,387	24,629,171
Related assets	500,000	400,000	-	-	-	-	15,874,080	15,829,026
Debt service	-	-	-	-	504,380	197,453	30,822,274	32,539,459
Unreserved (deficits), reported in:								
General fund	(523,843,733)	(539,119,524)	-	-	-	-	-	-
Special revenue funds	-	-	(38,519,225)	(49,544,403)	-	-	29,334,128	4,491,635
Capital projects funds	-	-	-	-	-	-	6,747,458	2,836,033
Debt service funds	-	-	-	-	-	-	1,553,455	-
Total fund balances (deficits)	(510,116,477)	(524,078,360)	166,045	94,633	504,380	197,453	107,615,117	101,799,766
Total liabilities and fund balances	\$ 107,836,596	\$ 93,048,489	\$ 24,398,896	\$ 17,988,706	\$ 33,864,983	\$ 30,625,187	\$ 155,334,720	\$ 161,754,062

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statements of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
 Governmental Funds
 Year Ended September 30, 2007
 (With comparatives for the year ended September 30, 2006)

	General Fund		Federal Grants Assistance Fund		Water System Revenue Bond Fund		Other Governmental Funds	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenues:								
Taxes	\$ 426,273,257	\$ 355,662,195	\$ -	\$ -	\$ -	\$ -	\$ 62,857,145	\$ 60,049,305
Licenses, fees and permits	4,266,783	1,602,292	-	-	-	-	40,255,264	35,587,522
Use of money and property	347,047	182,353	-	-	321,568	213,570	3,231,758	4,211,263
Federal contributions	74,723,572	59,038,070	124,616,896	106,547,689	-	-	51,234,707	46,462,308
Guam Public School System	1,431,526	9,253,984	-	-	-	-	-	-
Contributions from component units	2,196,244	1,858,360	-	-	-	-	-	-
Other	5,153,679	4,928,227	-	-	-	-	523,690	61,638
Total revenues	514,392,108	432,525,481	124,616,896	106,547,689	321,568	213,570	158,102,564	146,372,036
Expenditures by Object:								
Salaries and wages:								
Regular	199,982,594	187,171,136	25,178,699	25,332,374	-	-	67,500,397	67,065,419
Overtime	6,456,737	8,040,820	266,231	173,130	-	-	890,204	1,445,279
Fringe benefits	59,063,414	51,223,327	7,459,062	6,958,657	-	-	17,969,661	17,273,497
Travel	832,098	602,558	2,271,694	2,097,489	-	-	1,627,920	2,264,831
Contractual services	22,405,229	27,405,542	47,389,737	30,723,537	-	-	23,350,169	21,592,077
Building rent	2,756,521	2,498,243	1,440,856	1,217,385	-	-	3,287,085	2,983,241
Supplies	5,129,668	10,354,225	3,285,209	1,735,648	-	-	9,103,133	6,396,119
Equipment	1,079,836	1,160,359	1,969,608	1,563,934	-	-	1,337,021	3,252,549
Utilities - power and water	20,837,675	15,335,366	1,003,151	979,611	-	-	5,197,769	6,907,209
Communications	2,489,204	1,963,953	419,041	345,457	-	-	527,086	880,687
Capital outlays	908,188	2,078,134	6,598,267	9,185,968	-	-	9,513,117	15,196,092
Grants and subsidies	49,523,827	38,624,577	9,725,316	13,065,649	-	-	35,621,866	30,301,509
Supplemental annuity benefits	7,257,679	-	-	-	-	-	-	21,597,785
Medical care	-	-	-	-	-	-	-	11,929,547
Principal retirement	-	-	-	-	8,119,867	7,722,155	15,905,000	21,516,545
Interest and fiscal charges	14,493,452	7,241,127	-	-	2,984,159	3,402,067	10,245,632	11,268,043
Miscellaneous	1,571,359	10,301,157	43,869,388	46,641,507	14,641	-	35,743,391	5,520,360
Total expenditures	394,787,481	364,000,524	150,876,259	140,020,346	11,118,667	11,124,222	237,819,451	247,390,789
Excess (deficiency) of revenues over (under) expenditures	119,604,627	68,524,957	(26,259,363)	(33,472,657)	(10,797,099)	(10,910,652)	(79,716,887)	(101,018,753)
Other financing sources (uses):								
Loan proceeds	-	-	-	-	-	-	-	3,716,723
Transfers in from other funds	15,514,211	40,381,714	27,129,867	35,232,994	11,104,026	11,108,105	117,863,826	106,244,244
Transfers out to other funds	(138,311,652)	(131,000,868)	(799,092)	(1,744,189)	-	-	(32,331,588)	(60,222,000)
Total other financing sources (uses), net	(122,797,441)	(90,619,154)	26,330,775	33,488,805	11,104,026	11,108,105	85,532,238	49,738,967
Special items:								
Proceeds from redemption of RTB stock	-	-	-	-	-	-	-	13,779,268
Retiree Cost of Living Allowance judgement	-	(123,580,231)	-	-	-	-	-	-
Earned Income Tax Credit judgement	17,154,697	(30,000,000)	-	-	-	-	-	-
Total special items	17,154,697	(153,580,231)	-	-	-	-	-	13,779,268
Net change in fund balances (deficits)	13,961,883	(175,674,428)	71,412	16,148	306,927	197,453	5,815,351	(37,500,518)
Fund balances (deficits) at beginning of year	(524,078,360)	(348,403,932)	94,633	78,485	197,453	-	101,799,766	139,300,284
Fund balances (deficits) at end of year	\$ (510,116,477)	\$ (524,078,360)	\$ 166,045	\$ 94,633	\$ 504,380	\$ 197,453	\$ 107,615,117	\$ 101,799,766

See Accompanying Independent Auditors' Report