

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 2016

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Eddie Baza Calvo
Governor
Government of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements as set forth in Section III of the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 93%, 96% and 65%, respectively, of the assets and deferred outflows of resources, net position/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 24%, 50% and 15%, respectively, of the assets and deferred outflows of resources, net position and operating revenues of GovGuam's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Implementation of New Accounting Standards

As discussed in Note 1 to the financial statements, GovGuam adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective October 1, 2015. Our opinion is not modified with respect to this matter.

Retirement Fund

As discussed in Note 3 to the financial statements, the GovGuam Retirement Fund has recorded as receivable due from GovGuam in the amount of \$32,557,914. No corresponding liability has been recorded within GovGuam's General Fund as it is management's determination that the liability is embodied within the governmental activities net pension obligation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 20, the Schedule of Revenues, Expenditures, and changes in Deficit - Budget and Actual - General Fund and notes thereto, on pages 123 through 125, the Schedule of Funding Progress, on page 126, the Schedule of Proportionate Share of the Net Pension Liability, on page 127, and the Schedule of Pension Contributions, on page 128, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

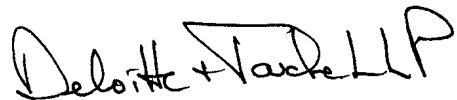
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management. The additional information on pages 130 through 144 and 153 through 211 as well as the 2016 information on pages 145 through 152 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the additional information on pages 130 through 144 and 153 through 211 as well as the 2016 information on pages 145 through 152 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2015 information on pages 145 through 152 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017, on our consideration of GovGuam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GovGuam's internal control over financial reporting and compliance.



June 6, 2017

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

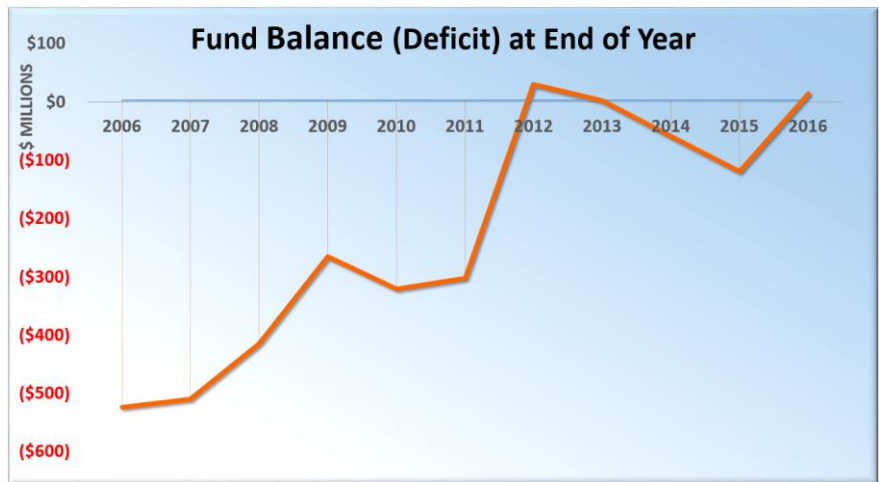
Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview on the background and history of GovGuam's financial activities; and details for the fiscal year ended September 30, 2016. Please read it in conjunction with GovGuam's financial statements, which follow this section. Fiscal year 2015 comparative information has been included, where appropriate.

GOVGUAM GENERAL FUND FINANCIAL HISTORY

The General Fund is the chief operating fund of GovGuam.

Ten years ago, in FY2006, General Fund was at the peak of its financial difficulty. The year ended with the largest deficit in government's history at \$524 million. This had grown from a FY1997 deficit of \$73.9 million. The following is the annual tracking of the Statement of Revenues, Expenditures, and Changes to Fund Balances (Deficit) of General Fund's funds over the last 10 years (Graph 1):

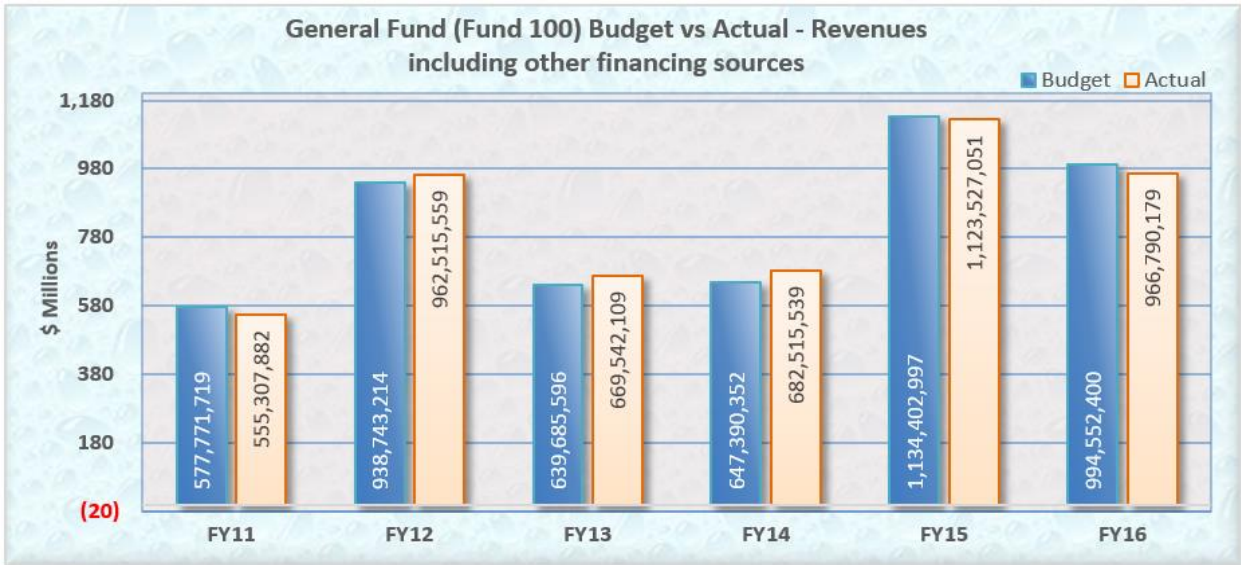
FY2006	\$(524.1)
FY2007	\$(510.1)
FY2008	\$(415.5)
FY2009	\$(265.4)
FY2010	\$(321.3)
FY2011	\$(303.1)
FY2012	\$ 30.1
FY2013	\$ 2.3
FY2014	\$(59.6)
FY2015	\$(119.1)
FY2016	\$(105.7)



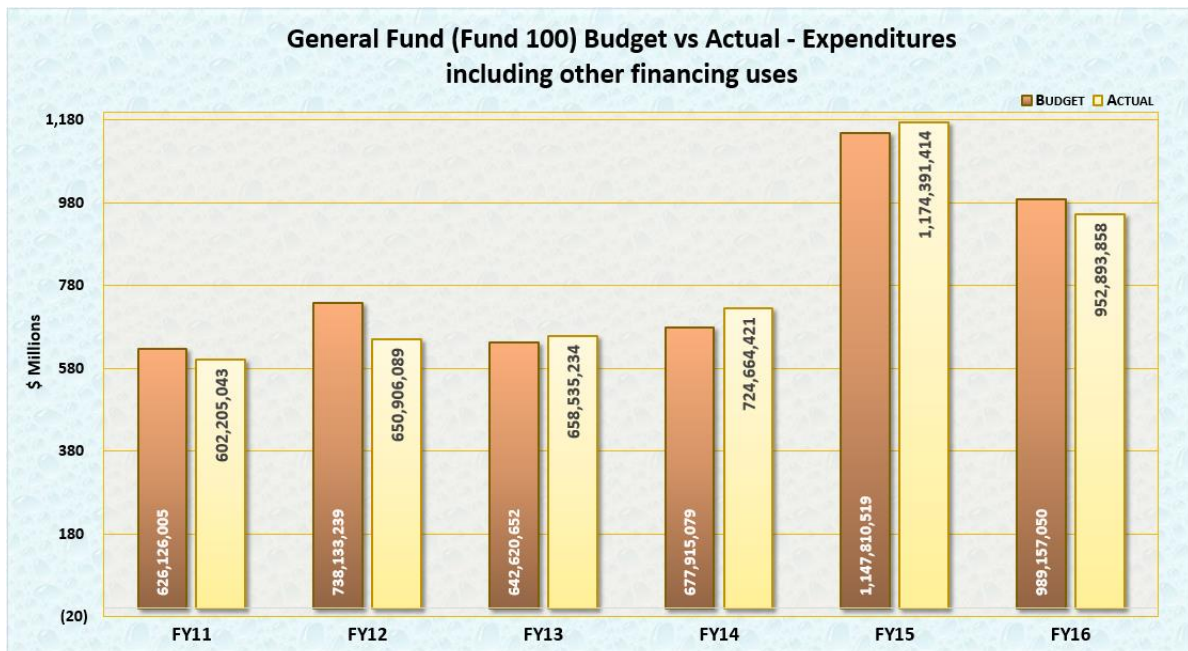
- For FY2016, General Fund achieved a surplus of \$13.4 million which reduced the cumulative deficit to \$105.7 million. The surplus is attributed to operating revenues exceeding operating expenditures and net surplus of bond activities. In the past 5 years, budget projections were more realistic which, combined with fiscal responsiveness, contributed to the decline in deficit.
- As noted in the above schedule, since FY2006, General Fund reduced its deficit and achieved years of surplus in FY2012 and FY2013. In FY2014 and FY2015, the deficit was attributed to many factors including millions that were not reimbursed from the Guam Solid Waste Authority for debt service related to the closure of the island's existing dump. The entity is under federal receivership and was allowed through court order to use income garnered from tipping fees that was supposed to reimburse the General Fund for other purposes. This expenditure was not budgeted and thus caused over-expenditures during both fiscal years. Likewise, the Department of Education had not budgeted for debt service which was borne by the General Fund. The other obligations that contributed to the deficit included unanticipated capitalized interest; law enforcement retroactive pay owed; and revenue shortfalls (Graph 2).

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016



- FY2016 demonstrated the prudent fiscal management of the government's resources to achieve a balanced budget and address the deficit. As part of measures implemented during the fiscal year, 5 GCA Div. 2 Ch22 Art 4 §22436, the deficit reduction program, placed a 2% reserve on projected revenues to be used towards reducing the prior year fund deficit. In the Executive Branch, the Bureau of Budget and Management Research (BBMR) placed a 15% reserve on appropriated amounts that required departments/agencies to manage spending. The Department of Administration (DOA) likewise implemented policies to control spending such as requiring all executive line agencies holding authorized carry-over appropriations to exhaust the current appropriations before carry-over funds can be expended. These measures are indicative of the combined efforts of both the Legislative and Executive Branch to recover from the deficit and continue strengthening the fiscal stability of the government. These measures have been likewise implemented in FY2017 (Graph 3).



GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

FY2016 FINANCIAL HIGHLIGHTS

- General revenues increased by \$37.8 million (or 5.2%) from the previous fiscal year. The increase was due to an increase, compared with prior year, in income tax collections of \$19.4 million (6%), gross receipts taxes of \$11.7 million (5.2%), hotel occupancy taxes of \$3.9 million (10.5%), Section 30 federal income taxes of \$7.0 million (9.8%) but were offset by a decrease of other revenues of \$5 million (55%) and of real property taxes of \$1.7 million (6.1%).
- During fiscal year 2016, GovGuam's expenses for governmental activities were \$1.3 billion and were funded, in part, by \$458.1 million in program revenues and \$770 million in taxes and other general revenues.
- For the fiscal year ended September 30, 2016, GovGuam's total net deficit position increased by \$56.9 million (8.5%) from net deficit position of \$670.9 million in the prior year to a net deficit position of \$727.8 million. This was attributed to increases in net pension liability and long-term debt.
- General Fund Budgetary expenditures (including operating transfers out) of \$747.7 million were lower than authorized appropriations of \$783.1 million. The net decrease is due to cost costing measures by line agencies of \$19.7 million, unexpended BPT 2016 bond proceeds of \$15.5 million, unreleased subsidies to autonomous agencies of \$10.9 million, unexpended balance of GMHA Medicaid local share of \$4.9 million, which were offset by under-budgeted retiree healthcare premiums of \$14.9 million.
- Although revenues were below the adopted budget, income taxes of \$343.8 million represent a 6% increase from the previous year, up from \$324.4 million in FY 2015. Gross receipts taxes (Business Privilege Taxes) of \$238.3 million reflect a 5.2% increase compared to the FY 2015 amount of \$226.6 million.
- For the fiscal year ended September 30, 2016, the General Fund reported expenditures (including transfers out) of \$783.2 million, an increase of \$18.3 million (or 2.4%) from fiscal year 2015 expenditures and transfers out of \$764.8 million. Correspondingly, the General Fund reported revenues (including transfers in) of \$722.7 million, an increase of \$17.7 million (or 2.5%) from fiscal year 2015 revenues and transfers in of \$705 million.
- At September 30, 2016, the General Fund reported a decrease in the cumulative fund deficiency by \$13.4 million. The deficiency of \$105.7 million was down from the prior year fund deficiency of \$119.1 million. The positive FY16 performance was primarily due to operating revenues exceeding operating expenditures and a net surplus of bond activities which resulted in the \$13.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

Government-Wide Financial

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

The two government-wide statements report GovGuam's net position and how that has been impacted in the current Fiscal Year. Net position - the difference between GovGuam's assets (and deferred outflows) and liabilities (and deferred inflows).

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

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

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

Fund Financial Statements

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

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

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Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016

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

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. At September 30, 2016, GovGuam reported positive balances in two of the categories of net position. By far, the largest portion of GovGuam's net position (\$590 million) reflects its investment in capital assets (eg., land, infrastructure, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. An additional portion of GovGuam's net position (\$567.3 million) represents resources that are subject to external restrictions or enabling legislation as to the purpose they can be used for. The summary of Net Position (condensed) presented below, with comparable balances for fiscal year 2015, discloses this relationship:

GovGuam's Net Position As of September 30

	Governmental Activities 2016	Governmental Activities 2015	Total Percentage Change 2016-2015
Current and other assets	\$ 779,830,677	\$ 749,086,473	4.1%
Capital assets	1,064,619,396	1,067,762,971	-0.3%
Total Assets	1,844,450,073	1,816,849,444	1.5%
Deferred outflows of resources	215,047,461	189,134,626	13.7%
Long-term debt outstanding	1,214,046,261	1,129,259,312	7.5%
Other liabilities	1,570,260,773	1,483,165,423	5.9%
Total Liabilities	2,784,307,034	2,612,424,735	6.6%
Deferred inflows of resources	2,947,318	64,465,363	-95.4%
Net position:			
Net investment in capital asset	590,001,912	628,117,628	-6.1%
Restricted	567,329,612	531,990,498	6.6%
Unrestricted	(1,885,088,342)	(1,831,014,154)	3.0%
Total net position	\$ (727,756,818)	\$ (670,906,028)	8.5%

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016

At the end of fiscal year 2016, GovGuam is able to report positive balances in two of the categories of net position. The negative balance of unrestricted net position is primarily attributed to GovGuam's net pension liability of \$919.6 million and having long-term liabilities that are greater than currently available assets. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable, capital lease obligations and other loans as well as to pay for closure and post closure costs of the Ordod Dump, and unused employee leave balances. GovGuam includes these amounts in future years' budgets as they become due.

Changes in Net Position

For the fiscal year ended September 30, 2016, GovGuam's total net deficit position increased by \$56.9 million (8.5%) from net deficit position of \$670.9 million in the prior year to a net deficit position of \$727.8 million. This was attributed to increases in net pension liability and long-term debt. For the year ended September 30, 2016, net position of the primary government changed as follows, with comparable amounts for fiscal year 2015:

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

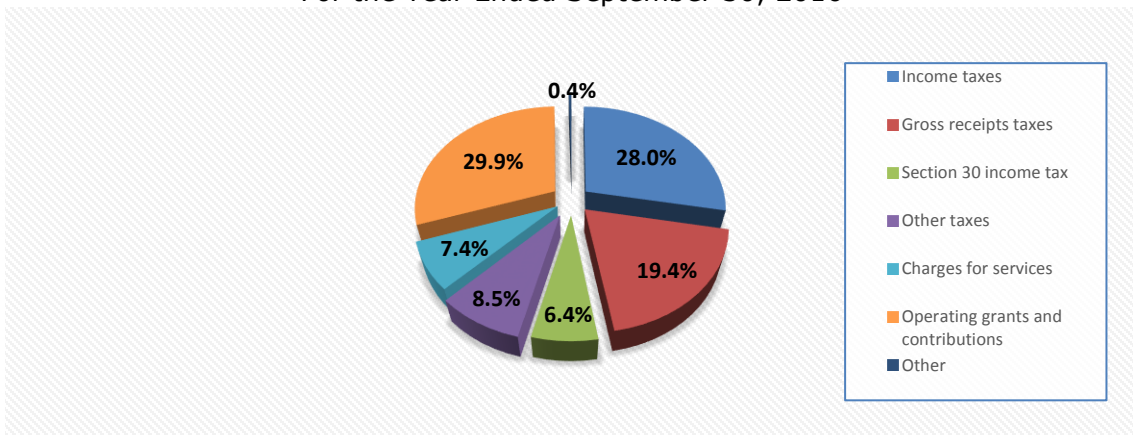
	Governmental Activities 2016	Governmental Activities 2015	Total Percentage Change 2016-2015
Revenues:			
Program revenues:			
Charges for services	\$ 90,724,699	\$ 85,491,545	6.1%
Operating grants and contributions:	367,394,893	363,750,952	1.0%
General revenues:			
Income taxes	343,836,465	324,402,392	6.0%
Gross receipts taxes	238,304,786	226,592,159	5.2%
Other taxes	183,146,385	171,590,936	6.7%
Other general revenues	4,679,348	9,587,979	-51.2%
Total revenues	1,228,086,576	1,181,415,963	4.0%
Expenses:			
General government	160,134,658	162,089,129	-1.2%
Protection of life and property	143,465,495	154,402,628	-7.1%
Public health	342,319,577	288,996,044	18.5%
Community services	38,845,041	29,777,073	30.5%
Culture and recreation	34,701,360	30,046,063	15.5%
Individual and collective rights	73,632,654	73,325,086	0.4%
Transportation	33,328,475	34,594,967	-3.7%
Public education	351,227,456	327,188,445	7.3%
Environmental protection	21,648,396	18,847,074	14.9%
Economic development	18,094,536	20,998,092	-13.8%
Interest	79,884,982	75,150,966	6.3%
Total Expenses	1,297,282,630	1,215,415,567	6.7%
	(69,196,054)	(33,999,604)	103.5%
Contributions to permanent funds	12,345,264	4,316,359	186.0%
Change in net position	(56,850,790)	(29,683,245)	91.5%
Net position, beginning of year	(670,906,028)	(641,222,783)	4.6%
Net position, end of year	\$ (727,756,818)	\$ (670,906,028)	8.5%

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Management’s Discussion and Analysis (Unaudited) Year Ended September 30, 2016

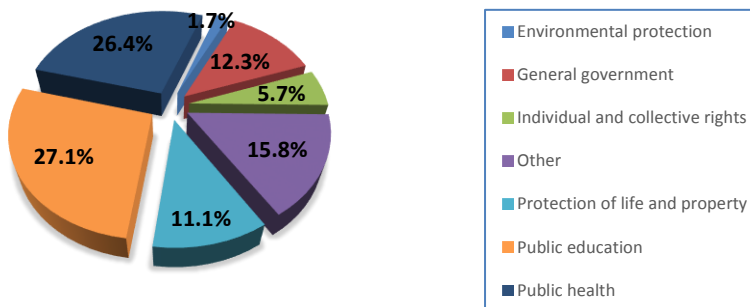
General revenues increased by \$37.8 million (or 5.2%) from the previous fiscal year. The increase was due to an increase, compared with prior year, in income tax collections of \$19.4 million (6%), gross receipts taxes of \$11.7 million (5.2%), hotel occupancy taxes of \$3.9 million (10.5%), Section 30 federal income taxes of \$7.0 million (9.8%) but were offset by a decrease of other revenues of \$5 million (55%) and of real property taxes of \$1.7 million (6.1%). GovGuam’s total revenues from governmental activities, including local revenues, totaled \$1.23 billion in fiscal year 2016. The cost of governmental activities totaled \$1.3 billion, resulting in an overall negative change in net position of \$56.9 million. This was primarily attributed to increases in net pension liability and long-term debt. Graphs 4 and 5 below show the major components of revenues and cost of governmental activities.

Graph 4
GovGuam’s Revenue Sources
For the Year Ended September 30, 2016



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises of 62% and 30%, respectively, of the total revenues for fiscal year 2016. Charges for services and other revenues provided 8% of the total revenues.

Graph 5
GovGuam’s Cost of Governmental Activities
For the Year Ended September 30, 2016



GovGuam’s expenses cover a range of services. The largest expenses were for public education and public health, which comprises of 27% and 26%, respectively, of the total expenses for fiscal year 2016. Other expenses that make up a portion of the costs of governmental activities include community services (\$38.8 million), economic development (\$18.1 million), unallocated interest expense (\$79.9 million), transportation expenses (\$33.3 million), and culture and recreation (\$34.7 million).

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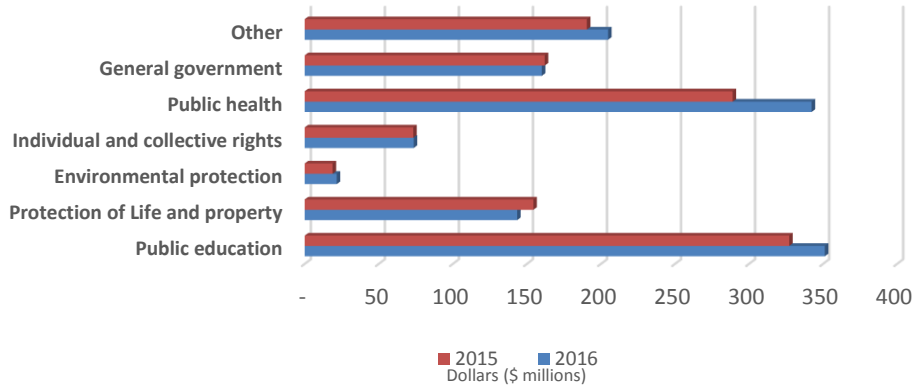
Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

Graphs 6 and 7 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2016 and 2015.

Graph 6
GovGuam’s Revenue Sources
For the Years Ended September 30



Graph 7
GovGuam’s Cost of Governmental Activities
For the Years Ended September 30



Other expenses in fiscal year 2016 included community services of \$38.8 million, up from \$29.8 million (30.5%) in fiscal year 2015; culture and recreation expense of \$34.7 million, up from \$30 million (15.5%) in fiscal year 2015; transportation expenses of \$33.3 million, down from \$34.6 million (3.7%) in fiscal year 2015; and unallocated interest expense of \$79.9 million, up from \$75.2 million (6.3%) in fiscal year 2015.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016

Analysis of Changes in Net Position

During the current fiscal year, GovGuam's total net deficit position increased by \$56.9 million compared with prior fiscal year increase of \$29.7 million. The key elements of this increase are an increase in general revenues and contributions to permanent fund of \$45.9 million (or 6.2%), respectively, in conjunction with an increase in expenses, net of program revenues, of \$62.4 million (or 8.1%). The elements of these changes are reflected below:

	Governmental Activities 2016	Governmental Activities 2015	Total Percentage Change 2016-2015
General revenues:			
Income taxes	\$ 343,836,465	\$ 324,402,392	6.0%
Gross receipts taxes	238,304,786	226,592,159	5.2%
Other taxes	183,146,385	171,590,936	6.7%
Other general revenues	4,679,348	9,587,979	-51.2%
Total General Revenues	769,966,984	732,173,466	5.2%
Expenses, net of program revenues:			
General government	132,088,131	136,225,656	-3.0%
Protection of Life and property	108,374,800	123,173,261	-12.0%
Public health	122,786,619	80,951,586	51.7%
Community services	22,957,135	14,499,998	58.3%
Culture and recreation	31,756,434	28,114,482	13.0%
Individual and collective rights	55,573,142	56,352,817	-1.4%
Transportation	8,695,947	13,917,275	-37.5%
Public education	283,646,045	257,132,675	10.3%
Environmental protection	(5,492,993)	(6,636,068)	-17.2%
Economic development	1,370,842	(10,681,532)	-112.8%
Interest	77,406,936	73,122,920	5.9%
Total Expenses	839,163,038	766,173,070	9.5%
Contributions to permanent fund	12,345,264	4,316,359	186.0%
Change in net position	\$ (56,850,790)	\$ (29,683,245)	91.5%

General revenues increased by \$37.8 million (or 5.2%) from the previous fiscal year. The increase was due to an increase compared with prior year in income tax collections of \$19.4 million (6%) and gross receipts taxes of \$11.7 million (5.2%). Section 30 federal income taxes increased by \$7.0 million (9.8%) but were offset by a decrease of other revenues of \$5 million (51.2%) and of real property taxes of \$1.8 million (6.3%). Governmental expenses, net of program revenues, increased by \$73 million (or 9.5%) primarily due to Public Health increase compared with prior year by \$41.8 million (51.7%); Community Services (58.3%); and Public education by \$26.5 million (10.3%). General Government, Protection of Life and Property, Transportation, and Environmental Protection expenses decreased as compared to the prior year.

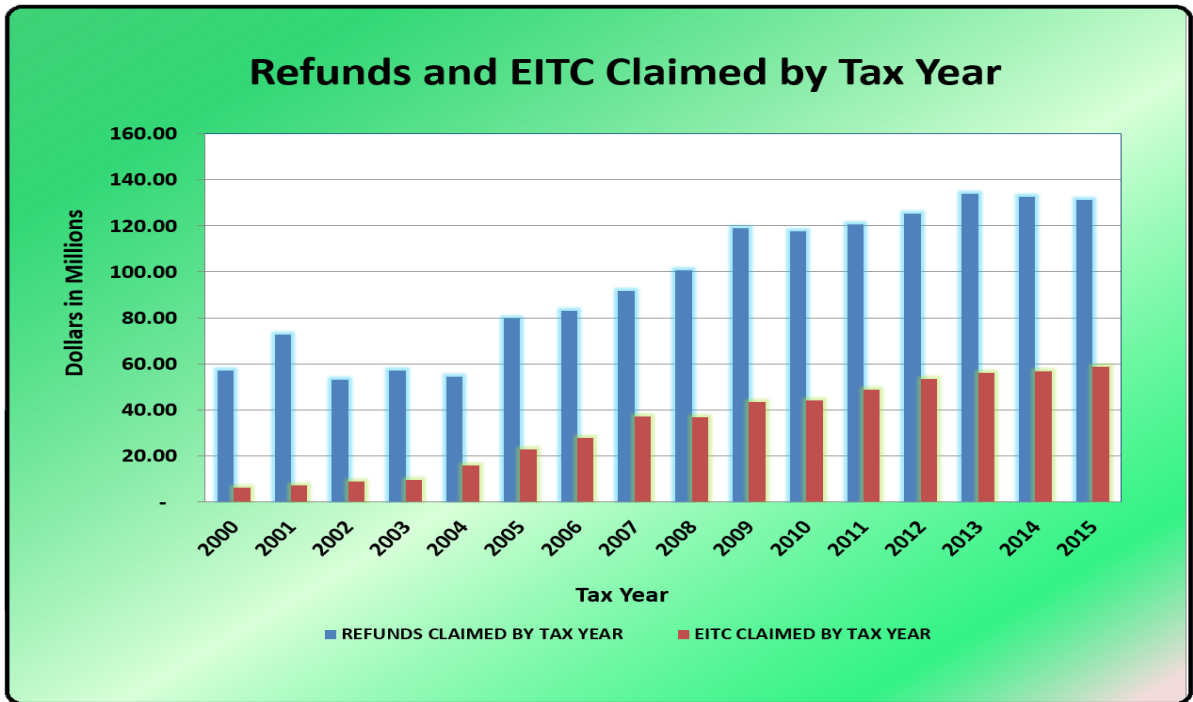
GOVERNMENT OF GUAM

Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

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 2016, GovGuam’s governmental funds reported a combined fund balance surplus of \$426.4 million, an increase of \$17.3 million compared with a combined fund surplus of \$409.1 million at the end of fiscal year 2015. This is primarily attributable to the decrease of fund deficit in the General Fund of \$13.4 million, increase in Chamorro Lands of \$12.3 million offset by capital project expenditures incurred in the Landfill CIP Fund of \$4.3 million and other miscellaneous funds of \$4.1 million.

At the end of the current fiscal year, the General Fund has a fund balance deficit of \$105.7 million as compared with the prior year fund balance deficit of \$119.1 million, an increase in performance of \$13.4 million. This current year positive change in fund balance was attributed to operating revenues exceeding operating expenditures and net surplus of bond activities. The tax liability continues to increase due to the Earned Income Tax Credit (EITC). The Guam Legislature appropriated \$125,000,000 for tax refund payments for the year ended September 30, 2016, which includes payments for EITC. EITC is an unfunded federal mandate that GovGuam is required to pay without any contribution from the taxpayer. EITC payments have grown from \$6.2 million for Tax Year 2000 to \$58.8 million for Tax Year 2015. The relationship of EITC paid compared to the tax refunds paid continues to increase from Tax Year 2000 of 11% to Tax Year 2015 of 45%, which is summarized as follows (Graph 8):



The Federal Grants Assistance Fund has a total fund balance of \$0.05 million, which primarily represents accumulated interest income received not yet expended at year end.

The GDOE Federal Grants Fund has a zero total fund balance at the end of the current fiscal year. Total revenues and transfers in for the GDOE Federal Grants Fund amounted to \$63.9 million, which funded various education-related federal grant programs and which was marginally lower than fiscal year 2015 revenues and transfers in of \$64.9 million by \$1 million (1.5%).

GOVERNMENT OF GUAM

Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

The Landfill CIP Fund was established in fiscal year 2009 to account for the proceeds of Section 30 limited obligation revenue bonds issued for the purpose of funding the construction of a new landfill and the closure of the Ordot Dump. Capital projects expenditures of \$4.3 million were incurred.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2016, there were no significant changes in appropriations between the original and final budget for Executive Branch operations. Actual revenues collected (including operating transfers in) of \$686.2 million were lower than budgeted amounts of \$714.0 million by \$27.8 million. The net decrease is due primarily to the decrease in income tax collections and gross receipts tax of \$19 million and \$9.4 million, respectively, offset by other miscellaneous revenues. Although revenues were below the adopted budget, income taxes of \$343.8 million represent a 6% increase from the previous year, up from \$324.4 million in FY 2015. Gross receipts taxes (Business Privilege Taxes) of \$238.3 million reflect a 5.2% increase compared to the FY 2015 amount of \$226.6 million.

Budgetary expenditures (including operating transfers out) of \$747.7 million were lower than authorized appropriations of \$783.1 million. Actual expenditures are 7% less than the authorized budget. The net decrease is due primarily to cost costing measures by line agencies of \$19.7 million, unexpended BPT 2016 bond proceeds of \$15.5 million, unreleased subsidies to autonomous agencies of \$10.9 million, unexpended balance of GMHA Medicaid local share of \$4.9 million offset by under budgeted retiree healthcare premiums of \$14.9 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam’s investment in capital assets for its governmental activities as of September 30, 2016 amounted to \$1.72 billion, net of accumulated depreciation of \$0.66 billion, leaving a net book value of \$1.06 billion. GovGuam’s capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below)

GovGuam's Capital Assets

(net of depreciation)
As of September 30

	Governmental Activities 2016	Governmental Activities 2015	Total Percentage Change 2016-2015
Land	\$ 47,926,963	\$ 47,870,863	0.1%
Landfill	67,837,361	68,548,296	-1.0%
Buildings	418,487,394	424,827,436	-1.5%
Machinery, equipment, and furniture	30,691,855	27,797,329	10.4%
Infrastructure	337,511,024	346,212,738	-2.5%
Construction in progress	162,164,799	152,506,309	6.3%
	<u>\$ 1,064,619,396</u>	<u>\$ 1,067,762,971</u>	-0.3%

Major capital asset additions for fiscal year 2016 were as follows:

- \$20.6 million for work carried out under Highway federally funded projects, including GovGuam’s road expansions and upgrades.
- \$6.8 million for the Guam Museum.
- \$2.9 million associated with the Fest Pac huts.
- \$5.3 million for School and GRTA buses.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016

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

Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Guam Legislature. At the end of the current fiscal year, GovGuam had total bonded debt outstanding of \$1.1 billion. Of this amount, \$19.7 million comprises debt backed by the full faith and credit of GovGuam and \$1.09 billion is revenue bonded debt that is payable from and secured solely by the specific revenue sources. In addition to this bonded debt, GovGuam had loans payable and outstanding of \$9.4 million at year end.

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

GovGuam's Outstanding Debt, Net As of September 30			
	Governmental Activities 2016	Governmental Activities 2015	Total Percentage Change 2016-2015
General Obligation Bonds:			
2009 Series A	\$ 19,265,919	\$ 23,495,416	-18.0%
Limited Obligation Bonds (revenue backed):			
2009 Series A Section 30	0	185,048,750	-100.0%
2011 Series A Hotel Occupancy Tax	79,946,776	82,628,789	-3.2%
2011 Series A Business Privilege Tax	242,150,042	242,380,987	-0.1%
2012 Series B Business Privilege Tax	113,854,327	114,019,333	-0.1%
2013 Series C Business Privilege Tax	14,490,425	18,613,169	-22.1%
2015 Series D Business Privilege Tax	454,343,583	455,135,254	-0.2%
2016 Series A Section 30	280,547,958	0	0.0%
Loans payable:			
Guam Congress Building loan	2,388,871	265,683	799.1%
Judicial Building loan	7,058,360	7,671,931	-8.0%
Total	\$ 1,214,046,261	\$ 1,129,259,312	7.5%

GovGuam's total long-term debt increased by \$84.8 million (7.5%) during the current fiscal year. In order to improve cash flow and to take advantage of lower interest rates, GovGuam refinanced \$194 million of limited obligation bonds by issuing \$236.6 million limited obligation refunding bonds to assist GMHA in paying its accounts payable. By refinancing the debt, GovGuam will reduce its debt service payments by \$77 million over the next 25 years.

In 2016, GovGuam closed the following:

- **\$236.6M Limited Obligation (Section 30) Bonds** sold at a record low All-in True Interest Cost of 3.32%. Proceeds from the issuance went to the refunding of the 2009 Section 30 Bonds, taking out the Bank of Guam loan to GMHA, refunding of the Okkodo COPs Series 2013B, and \$45M for GMHA's Vendor Payables.

GovGuam's underlying Standard and Poor's Corporation bond ratings were as follows:

- \$19.7 million General Obligation Bonds, 2009 Series A (BB-/Stable).
- \$81.7 million Hotel Occupancy Tax Bonds, 2011 Series A (A-/Stable).
- \$235 million Business Privilege Tax Bonds, 2011 Series A (A/Stable).
- \$108.7 million Business Privilege Tax Bonds, 2012 Series B (A/Stable).

GOVERNMENT OF GUAM

Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

- \$13.4 million Business Privilege Tax Bonds, 2013 Series C (A/Stable).
- \$410.5 million Business Privilege Tax Bonds, 2015 Series D (A/Stable).
- \$236.6 million Limited Obligation (Section 30) Bonds, 2016 Series A (BBB+/Stable).

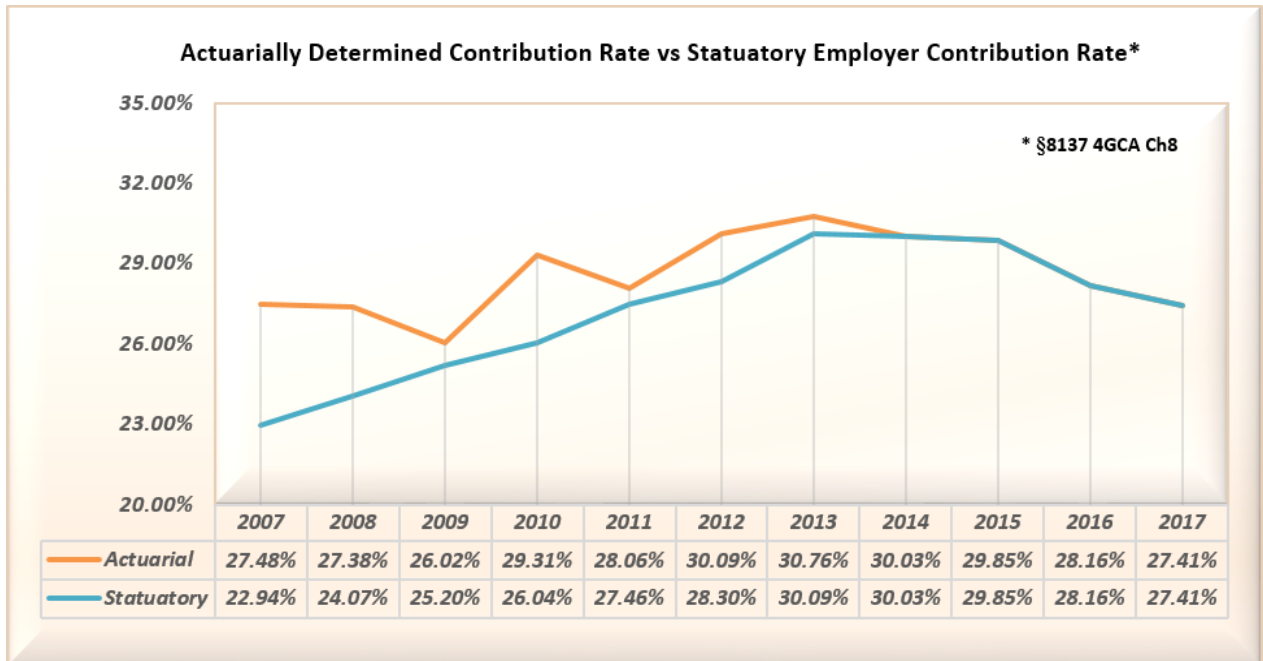
In accordance with the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is \$1.39 billion as of October 2016, the date that such certification was performed. Total debt outstanding as of September 30, 2016, subject to the debt ceiling limitation is \$1.12 billion. The legal debt margin at September 30, 2016 was \$269.2 million.

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

GOVGUAM’S PENSION

The Government of Guam closed its defined benefit (DB) plan to new members in 1995 with all new employees participating in a defined contribution (DC) plan. Under 4 GCA, Chapter 8, the Government is required to provide a contribution annually sufficient to pay off existing liabilities by 2031. The Government of Guam Retirement Fund (GGRF) Actuarial Valuation as of September 30, 2016 is available for review and may be accessed on their website www.ggrf.com. Based on this report:

- The unfunded actuarial accrued liability decreased from \$1.369 billion as of September 30, 2015 to \$1.298 billion as of September 30, 2016.
- The payment required to amortize the unfunded actuarial accrued liability under GCA Section 8137 has decreased from \$113.1 million to \$112.1 million. As a result, the required contribution rate decreased to 27.41% of payroll as compared to prior year of 28.16% (Graph 9).

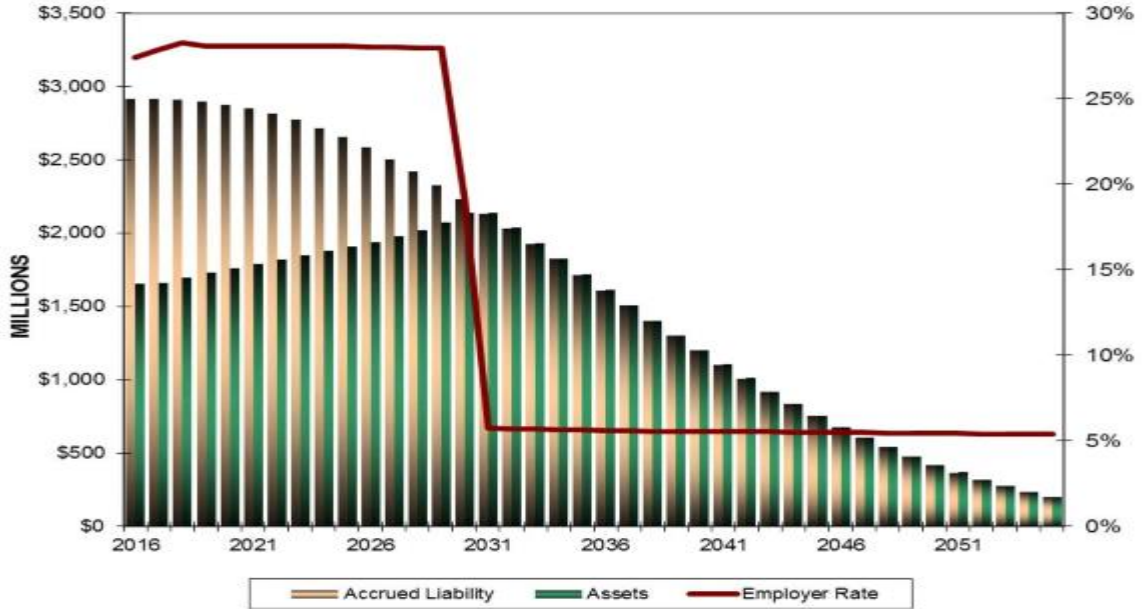


- The Government of Guam fully funds its unfunded actuarial accrued liability and amortized it over the remaining 15.58 years with sufficient annual contribution to fully pay the liability by 2031.

GOVERNMENT OF GUAM

Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

Graph 10: Per Exhibit 17, Projection of Contribution Rate found in the Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2016:



¹ The contribution rate is the combined employer rate for the DB and DC plans.

Since 2015, there was growing concern that insufficient savings by certain members in the defined contribution plan compromised their financial well-being during retirement as well as posed a threat for potential social cost to the government. Government of Guam employees do not participate in the Social Security program. Thus, all that is available to members upon retirement is the savings which have been contributed during their career.

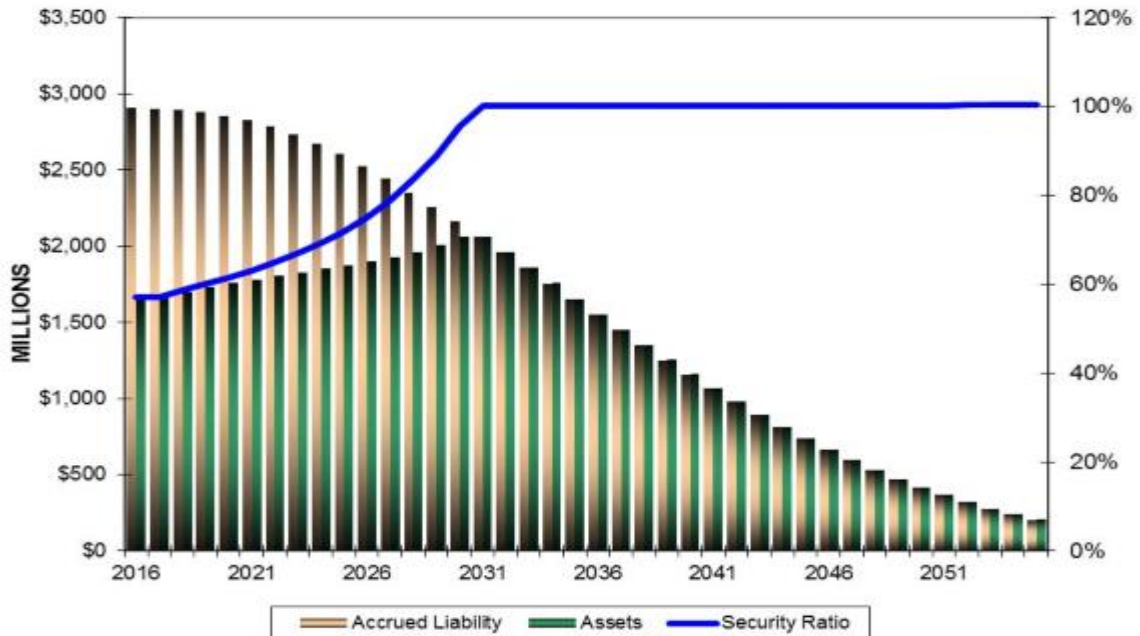
- To address insufficient savings by members in the DC Plan, the Guam Legislature reformed its pensions in 2016, creating two new retirement plans, known as the DB (Defined Benefit) 1.75 and the Guam Retirement Security Plan. The Legislature overrode the Governor’s veto to enact the law.
- Existing employees currently participating in the Defined Contribution Retirement System have a nine month window starting in April 2017 and closing in December 2017 in which they can elect to participate in the new Defined Benefit 1.75 Retirement Plan or remain in the DC plan.
- The law requires those who wish to retire to “buy” their years of service based on an actuarial determine amount from the DC account savings. Participants choosing to opt into the new DB 1.75 Plan will be required to transfer all or a portion of their existing Defined Contribution System account balances to the Retirement Fund. This allows these assets to transfer to the fund to pay out future benefits. It also required increased contributions from the employee at mandatory pre-tax employee contributions equal to 9.5% of base salary in addition to a mandatory 1% contribution to the Deferred Compensation Program.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2016

- The cost of implementing this new program will not be known until the election period is completed in December 2017. However, it is estimated that the new retirement program will add an additional \$173 million to the unfunded liability **assuming 100% of DC members transfer**. Costs are expected to continue at 27% of the Government's payroll for the next 17 years. It also extends cost to government by an additional \$112 million (in current dollars) a year for 2 years. After this time, the unfunded liability will be fully paid and the Government's contribution will be at 5% of total payroll. Therefore, even with the addition of full membership in the DB1.75 program, the unfunded liability will be fully paid with the additional 2 years of contributions.
- All new employees beginning January 2018 will participate in the Guam Retirement Security Plan which is a hybrid program with a guaranteed rate of return of 4%. To ensure that there will not be a future need to reopen the DB plan, the Governor is working with Guam's congressional representative and the Trump Administration to seek legislation which would allow GovGuam employees to participate in Social Security. The combined floor of benefits provided from participation in the Social Security Program in addition to the Guam Retirement Security Program is projected to provide sufficient retirement income to support government retirees.

Graph 11: Per Exhibit 18, Projection of Contribution Rate found in the Government of Guam Retirement Fund Actuarial Valuation as of September 30, 2016:



GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

ECONOMIC FACTORS, NEXT YEAR BUDGET AND RATES, AND CHALLENGES

Guam's overall economic performance in Fiscal Year 2016 remained strong. The economy has shown steady growth and is well-positioned in the Asia Pacific region for additional expansion. Economic Development Projects such as hotel expansions, private sector investments, and investments in the island's infrastructure demonstrate the confidence in the Guam's economy. Tourism, a key component of the island's economy, has continue to expand and diversity. In FY2016, record growth month over month was achieved with the year ending in 1.51 Million visitors. During the year, the Guam Visitors Bureau hosted the World Health Organization, Festival of the Pacific Arts, and Trans-Pacific Partnership meetings which reflects growing recognition of Guam as a destination for conferences, seminars, and meetings.

Based on the 2010 Guam Census it's civilian and military population in 2010 was 159,358. The projected population for 2016 is 162,742. The island's GDP measured \$5.7 billion in 2015 (latest available) representing the 12th consecutive year of increasing economic strength. GDP has grown over 61% since 2002. In 2016, overall prices increased 6.0 percent over 2015, principally as a result of the GMHA user fee increases adopted in December CY2015. Food prices decreased by -3.5 percent, Housing decreased by -2.5 percent, Apparel and Upkeep increased by 4.2 percent, Transportation increased by 6.0 percent, Medical Care increased by 36.3 percent, Recreation increased by 6.7 percent, Education and Communication increased by 1.2 percent and Other Goods and Services increased by 0.9 percent, from the 4th quarter 2015 to the 4th quarter 2016. Energy prices decreased by -1.2 percent, and All Items Less Food and Energy (core index) increased by 13.9 percent from the 4th quarter 2015 to the 4th quarter 2016. Over the past 2 years, Guam has been experiencing relatively stable prices (absent GMHA user fee increases) along with steady decreases in the unemployment rate.

Guam's unemployment rate decreased from 6.9 percent in March 2015 to 5.4 percent in September 2016. Job gains increased the most in the Agriculture, Manufacturing, Transportation and the Financial Services industries while Construction and Public Sector jobs decreased. Over the same time period, private average hourly earnings were \$13.51, an increase of 24 cents; and average weekly earnings were \$496.84, an increase of \$12.45.

Tourism arrivals have seen increases given favorable environmental factors along with economic stability in the region increasing from 1,372,531 in Fiscal Year 2015, to 1,510,944 in Fiscal Year 2016. The Guam's Visitors Bureau forecasts tourism arrivals to increase by 3.3 percent, to 1,560,899 in Fiscal Year 2017. This anticipated increase translates into stability in the industry's job market, while possibly increasing gross receipts and occupancy taxes for the local treasury. A new hotel is in the plans and existing hotels have been renovated. Expansion of direct flights from regional destinations is also in the works.

Construction permits continue to exceed \$225 million over the past few years. However, the inability to obtain alien temporary laborers has stymied construction activity in both the civilian and military markets. The Government's leadership continues to work with the federal government to overcome this challenge.

The military buildup and the expected economic benefit has been a source of anticipation since 2007. However, the signing of the Record of Decision by the Department of Defense in 2015 signaled the beginning of the process for military investment to support the relocation of Marines to Guam. The cost is anticipated to be \$8.7 billion under the 2016 National Defense Authorization Act. The anticipated increase in tax revenues on an annual basis once the relocation is complete is at \$40 million. The National Defense Authorization Act for FY2017 authorized \$253 million in new military projects on Guam.

GOVERNMENT OF GUAM

Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2016

The Government of Guam remains committed to instituting cost and budgeting controls to ensure prudent fiscal management of the government's resources to achieve a balanced budget and address the deficit. As part of measures implemented during FY2016, 5 GCA Div. 2 Ch22 Art 4 §22436, the deficit reduction program, placed a 2% reserve on projected revenues to be used towards reducing the prior year fund deficit. In the Executive Branch, the Bureau of Budget and Management Research (BBMR) placed a 15% reserve on appropriated amounts which required departments/agencies to manage spending. The Department of Administration (DOA) likewise implemented policies to control spending such as requiring all executive line agencies holding authorized carry-over appropriations to exhaust the current appropriations before carry-over funds can be expended. These measures are indicative of the combined efforts of both the Legislative and Executive Branch to recover from the deficit and continue strengthening the fiscal stability of the government. These measures have been likewise implemented in FY2017. For Fiscal Year 2017, projected General Fund revenues of \$681.3 million was adopted by the Guam Legislature.

Given the favorable outlook in tourist arrivals, investments that promote trade and commerce, and the stable outlook in global financial markets; the short to medium term economic outlook for Guam remains positive for Fiscal Year 2017.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

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

GOVERNMENT OF GUAM

Statement of Net Position
September 30, 2016

	Primary Government	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,667,710	\$ 111,106,268
Investments	6,860,545	45,167,193
Receivables, net	113,796,538	144,702,739
Due from primary government	-	24,826,920
Due from private purpose trusts	2,968,463	-
Inventories	4,964,806	53,020,687
Other current assets	4,773,629	11,013,257
Restricted assets:		
Cash and cash equivalents	94,048,585	290,712,471
Investments	28,402,699	72,873,635
Total current assets	341,482,975	753,423,170
Noncurrent assets:		
Investments	-	65,008,608
Land and other real estate	436,097,702	-
Receivables, net	-	27,968,074
Capital assets:		
Nondepreciable capital assets	210,091,762	271,108,222
Capital assets, net of accumulated depreciation	854,527,634	1,310,587,153
Land held for development	-	2,774,764
Unamortized bond issuance costs	-	4,646,601
Other noncurrent assets	2,250,000	11,852,826
Restricted assets:		
Cash and cash equivalents	-	295,718,520
Investments	-	136,278,072
Total noncurrent assets	1,502,967,098	2,125,942,840
Total assets	1,844,450,073	2,879,366,010
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	111,166,355	14,203,002
Deferred outflows from pensions	103,881,106	55,947,468
Deferred unrecovered fuel costs	-	1,492,055
Deferred forward delivery contract costs	-	796,717
Total deferred outflows of resources	215,047,461	72,439,242
	\$ 2,059,497,534	\$ 2,951,805,252

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued
September 30, 2016

	Primary Government	Component Units
LIABILITIES		
Current liabilities:		
Current portion of bonds payable	\$ 19,210,000	\$ 18,655,000
Current portion of notes payable	735,608	6,133,290
Current portion of capital lease obligations	7,335,098	16,737,242
Accounts payable and other current liabilities	104,836,971	48,173,355
Current portion of tax credits payable	6,091,085	-
Contracts payable	-	9,136,005
Accrued interest payable	16,768,277	28,864,435
Accrued payroll and other	26,899,551	35,243,251
Current portion of compensated absences payable	10,043,055	7,597,737
Payable to federal agencies	15,945,517	-
Provision for tax refunds	110,794,337	-
Current portion of IRS payable	5,500,000	-
COLA liability	4,631,302	-
Due to primary government	-	3,036,241
Unearned revenues	79,685,567	26,959,376
Deposits and other liabilities	8,895,612	38,816,603
Total current liabilities	417,371,980	239,352,535
Noncurrent liabilities:		
Compensated absences payable, net of current portion	16,627,114	7,225,393
Capital lease obligations, net of current portion	173,870,805	22,872,720
Bonds payable, net of current portion	1,185,389,030	1,371,651,526
Notes payable, net of current portion	8,711,623	51,572,631
Due to IRS, net of current portion	14,437,926	-
Net pension liability	919,637,114	446,082,752
DCRS sick leave liability	31,298,096	16,767,882
Other noncurrent liabilities	16,963,346	783,866
Total noncurrent liabilities	2,366,935,054	1,916,956,770
Total liabilities	2,784,307,034	2,156,309,305
DEFERRED INFLOWS OF RESOURCES		
Deferred forward delivery contract revenues	-	2,920,088
Deferred inflows from pensions	2,947,318	1,113,427
Deferred gain on refunding	-	312,187
Total deferred inflows of resources	2,947,318	4,345,702
NET POSITION		
Net investment in capital assets	590,001,912	599,912,338
Restricted for:		
Capital projects	1,914,504	85,082,017
Retirement of indebtedness	65,295,831	40,832,227
Endowment - nonexpendable	436,097,702	5,672,789
Public health	12,780,050	-
Environmental protection	25,476,419	-
Other purposes	25,765,106	52,677,042
Unrestricted	(1,885,088,342)	6,973,832
Total net position	(727,756,818)	791,150,245
	\$ 2,059,497,534	\$ 2,951,805,252

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental Activities:						
General government	\$ 160,134,658	\$ 16,218,646	\$ 11,827,881	\$ -	\$ (132,088,131)	\$ -
Protection of life and property	143,465,495	20,530,729	14,559,966	-	(108,374,800)	-
Public health	342,319,577	7,086,970	212,445,988	-	(122,786,619)	-
Community services	38,845,041	1,351,458	14,536,448	-	(22,957,135)	-
Culture and recreation	34,701,360	883,849	2,061,077	-	(31,756,434)	-
Individual and collective rights	73,632,654	3,100,272	14,959,240	-	(55,573,142)	-
Transportation	33,328,475	13,791,157	10,841,371	-	(8,695,947)	-
Public education	351,227,456	3,925,298	63,656,113	-	(283,646,045)	-
Environmental protection	21,648,396	23,387,156	3,754,233	-	5,492,993	-
Economic development	18,094,536	449,164	16,274,530	-	(1,370,842)	-
Interest (unallocated)	79,884,982	-	2,478,046	-	(77,406,936)	-
Total primary government	\$ 1,297,282,630	\$ 90,724,699	\$ 367,394,893	\$ -	(839,163,038)	-
Component Units:						
Antonio B. Won Pat International						
Airport Authority	\$ 78,597,581	\$ 64,664,512	\$ -	\$ 14,217,549	-	284,480
Guam Community College	36,736,207	5,309,478	13,897,471	295,153	-	(17,234,105)
Guam Housing and Urban Renewal Authority	46,269,443	1,428,715	43,834,809	1,090,939	-	85,020
Guam Memorial Hospital Authority	131,635,280	98,883,247	-	1,258,956	-	(31,493,077)
Guam Power Authority	301,580,501	308,200,859	-	1,353,972	-	7,974,330
Guam Waterworks Authority	92,115,421	105,380,739	-	5,488,862	-	18,754,180
Port Authority of Guam	44,985,222	52,548,776	-	1,379,189	-	8,942,743
University of Guam	93,376,987	22,082,528	32,127,706	-	-	(39,166,753)
Nonmajor component units	35,538,446	9,393,194	981,871	-	-	(25,163,381)
	\$ 860,835,088	\$ 667,892,048	\$ 90,841,857	\$ 25,084,620	-	(77,016,563)
General revenues:						
Taxes:						
Income					343,836,465	-
Gross receipts					238,304,786	-
Section 30 Federal income tax collections					78,467,450	-
Hotel occupancy					40,864,063	-
Property					26,320,474	-
Tobacco					20,104,227	-
Liquid fuel					10,051,209	-
Alcoholic beverages					2,895,727	-
Excise					2,937,715	-
Limited gaming					1,505,520	-
Investment earnings					565,467	3,765,493
Contributions from primary government					-	149,503,931
Other					4,113,881	(3,294,920)
Total general revenues					769,966,984	149,974,504
Contributions to permanent fund					12,345,264	-
Total general revenues and contributions to permanent fund					782,312,248	149,974,504
Change in net position					(56,850,790)	72,957,941
Net position at beginning of year					(670,906,028)	718,192,304
Net position at end of year					\$ (727,756,818)	\$ 791,150,245

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2016

	General	Special Revenue		Capital	Permanent	Other Governmental Funds	Total
		Federal Grants Assistance	GDOE Federal Grants	Projects Landfill CIP	Chamorro Lands		
ASSETS							
Cash and cash equivalents	\$ 39,692,475	\$ 1,262,561	\$ 6,506,889	\$ -	\$ -	\$ 38,205,785	\$ 85,667,710
Investments	208,769	-	-	-	-	6,651,776	6,860,545
Land and other real estate	-	-	-	-	436,097,702	-	436,097,702
Receivables, net:							
Taxes	53,431,706	-	-	-	-	8,213,722	61,645,428
Federal agencies	2,802,575	25,192,462	8,334,728	-	-	-	36,329,765
Other	8,957,851	-	-	-	-	6,863,494	15,821,345
Due from other funds	27,845,665	-	-	-	-	23,691,325	51,536,990
Due from private purpose trust funds	2,968,463	-	-	-	-	-	2,968,463
Inventories	4,964,806	-	-	-	-	-	4,964,806
Prepayments	4,100,972	-	33,088	-	-	85,350	4,219,410
Deposits and other assets	1,017,213	-	-	-	-	1,172	1,018,385
Restricted assets:							
Cash and cash equivalents	86,514,251	-	-	1,689,914	-	5,844,420	94,048,585
Investments	-	-	-	-	-	28,402,699	28,402,699
Total assets	<u>\$ 232,504,746</u>	<u>\$ 26,455,023</u>	<u>\$ 14,874,705</u>	<u>\$ 1,689,914</u>	<u>\$ 436,097,702</u>	<u>\$ 117,959,743</u>	<u>\$ 829,581,833</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Accounts payable	\$ 95,042,614	\$ 1,317,504	\$ 2,962,745	\$ 718,481	\$ -	\$ 4,795,627	\$ 104,836,971
Accrued payroll and other	17,098,455	1,526,550	6,044,230	-	-	2,230,316	26,899,551
Due to other funds	23,691,325	11,335,484	2,148,530	427,754	-	13,933,897	51,536,990
Payable to federal agencies	-	12,226,317	3,719,200	-	-	-	15,945,517
Unearned revenues	79,238,441	-	-	-	-	447,126	79,685,567
Provision for tax refunds	110,794,337	-	-	-	-	-	110,794,337
COLA liability	4,631,302	-	-	-	-	-	4,631,302
Deposits and other liabilities	7,741,771	-	-	-	-	1,153,841	8,895,612
Total liabilities	<u>338,238,245</u>	<u>26,405,855</u>	<u>14,874,705</u>	<u>1,146,235</u>	<u>-</u>	<u>22,560,807</u>	<u>403,225,847</u>
Fund balances (deficit):							
Non-spendable	3,157,671	-	-	-	436,097,702	-	439,255,373
Restricted	92,872,191	-	-	543,679	-	37,267,552	130,683,422
Committed	13,370,044	-	-	-	-	59,206,117	72,576,161
Assigned	-	49,168	-	-	-	-	49,168
Unassigned:							
General fund	(215,133,405)	-	-	-	-	-	(215,133,405)
Special revenues funds	-	-	-	-	-	(1,074,733)	(1,074,733)
Total fund balances (deficit)	<u>(105,733,499)</u>	<u>49,168</u>	<u>-</u>	<u>543,679</u>	<u>436,097,702</u>	<u>95,398,936</u>	<u>426,355,986</u>
Total liabilities and fund balances (deficit)	<u>\$ 232,504,746</u>	<u>\$ 26,455,023</u>	<u>\$ 14,874,705</u>	<u>\$ 1,689,914</u>	<u>\$ 436,097,702</u>	<u>\$ 117,959,743</u>	<u>\$ 829,581,833</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2016

Total fund balance - governmental funds	\$	426,355,986
Amounts reported for governmental activities in the statement of net position are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		535,834
Maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,250,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$	47,926,963
Construction in progress		162,164,799
Depreciable capital assets and infrastructure		1,509,406,951
Accumulated depreciation		<u>(654,879,317)</u>
Capital assets, net of accumulated depreciation		1,064,619,396
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Bonds payable		(1,204,599,030)
Notes payable		(9,447,231)
Capital lease obligations		(181,205,903)
Due to IRS		(19,937,926)
Tax credits payable		(6,091,085)
Accrued interest payable		(16,768,277)
Net pension liability		(919,637,114)
Compensated absences payable		(26,670,169)
DCRS sick leave liability		(31,298,096)
Landfill closure and postclosure costs		<u>(16,963,346)</u>
Long-term liabilities		(2,432,618,177)
Deferred outflows of resources are charged to future periods and are not reported in the funds. Those deferred outflows consist of:		
Deferred loss on refunding		111,166,355
Deferred outflows on net pension liability		<u>103,881,106</u>
		215,047,461
Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of deferred inflows on the net pension liability		
		<u>(2,947,318)</u>
Net position of governmental activities	\$	<u><u>(727,756,818)</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, 2016

	General	Special Revenue		Capital Projects	Permanent	Other Governmental Funds	Total
		Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Chamorro Lands		
Revenues:							
Taxes	\$ 663,546,416	\$ -	\$ -	\$ -	\$ -	\$ 101,741,220	\$ 765,287,636
Intergovernmental	4,065,459	301,686,135	55,065,113	-	-	4,051,665	364,868,372
Licenses and permits	5,916,066	-	-	-	-	58,030,315	63,946,381
Charges for services	5,288,057	-	275,380	-	-	20,157,431	25,720,868
Fines and forfeits	1,057,450	-	-	-	-	-	1,057,450
Interest and investment earnings	191,859	-	-	5,920	12,345,264	367,688	12,910,731
Indirect cost reimbursement	48,475	-	-	-	-	-	48,475
Contributions from component units	2,478,046	-	-	-	-	-	2,478,046
Other	3,150,719	-	-	-	-	963,162	4,113,881
Total revenues	685,742,547	301,686,135	55,340,493	5,920	12,345,264	185,311,481	1,240,431,840
Expenditures:							
Current:							
General government	82,630,926	8,995,886	-	843,834	-	14,673,987	107,144,633
Protection of life and property	109,012,247	14,559,966	-	-	-	20,131,811	143,704,024
Public health	17,175,741	233,432,150	-	-	-	15,671,771	266,279,662
Community services	24,374,862	14,536,448	-	-	-	5,000	38,916,310
Recreation	253,889	1,989,644	-	-	-	4,352,352	6,595,885
Individual and collective rights	47,304,587	12,793,859	-	-	-	9,236,846	69,335,292
Transportation	-	10,841,371	-	-	-	9,678,855	20,520,226
Public education	227,213,025	-	56,831,493	-	-	5,271,759	289,316,277
Environmental protection	120,622	3,754,233	-	-	-	16,603,168	20,478,023
Economic development	4,131,787	5,424,718	-	-	-	4,561,293	14,117,798
Payments to:							
GovGuam Retirement Fund	2,655,300	-	-	-	-	-	2,655,300
Guam Community College	13,814,950	-	-	-	-	1,382,982	15,197,932
Guam Memorial Hospital Authority	62,620,088	2,813,664	-	-	-	10,523,569	75,957,321
Guam Power Authority	-	415,294	-	-	-	-	415,294
Guam Preservation Trust	-	-	-	-	-	615,000	615,000
Guam Visitors Bureau	-	71,433	-	-	-	30,550,346	30,621,779
Guam Waterworks Authority	-	273,937	-	-	-	-	273,937
Port Authority of Guam	-	50,219	-	-	-	-	50,219
University of Guam	29,917,515	-	-	-	-	2,480,151	32,397,666
Miscellaneous appropriations	30,151,235	-	-	-	-	15,243,673	45,394,908
Capital projects	4,947,008	9,040,137	-	3,446,594	-	8,090,569	25,524,308
Debt service:							
Principal retirement	16,944,055	-	3,695,000	-	-	2,533,571	23,172,626
Interest and fiscal charges	61,155,125	-	3,405,000	-	-	5,458,059	70,018,184
Total expenditures	734,422,962	318,992,959	63,931,493	4,290,428	-	177,064,762	1,298,702,604
Excess (deficiency) of revenues over (under) expenditures	(48,680,415)	(17,306,824)	(8,591,000)	(4,284,508)	12,345,264	8,246,719	(58,270,764)
Other financing sources (uses):							
Capital leases	4,947,008	-	-	-	-	-	4,947,008
Proceeds from refunded bonds issued	236,605,000	-	-	-	-	-	236,605,000
Premium on refunded bonds issued	43,942,958	-	-	-	-	-	43,942,958
Payment to refunding bond escrow agent	(211,658,081)	-	-	-	-	-	(211,658,081)
Proceeds from issuance of long-term debt	-	-	-	-	-	2,123,188	2,123,188
Transfers in from other funds	36,939,566	25,867,768	8,591,000	-	-	36,161,219	107,559,553
Transfers out to other funds	(48,729,408)	(8,591,000)	-	-	-	(50,624,599)	(107,945,007)
Total other financing sources (uses), net	62,047,043	17,276,768	8,591,000	-	-	(12,340,192)	75,574,619
Net change in fund balances (deficit)	13,366,628	(30,056)	-	(4,284,508)	12,345,264	(4,093,473)	17,303,855
Fund balances (deficit) at beginning of year	(119,100,127)	79,224	-	4,828,187	423,752,438	99,492,409	409,052,131
Fund balances (deficit) at end of year	\$ (105,733,499)	\$ 49,168	\$ -	\$ 543,679	\$ 436,097,702	\$ 95,398,936	\$ 426,355,986

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended September 30, 2016

Net change in fund balances - total governmental funds		\$ 17,303,855
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:</p>		
Guam Department of Education capital lease		(156,666)
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:</p>		
Capital outlays, net of disposals	49,988,760	
Depreciation expense	<u>(53,132,335)</u>	
		(3,143,575)
<p>The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. For the current year, these amounts consist of:</p>		
Proceeds from refunding bonds issued	(236,605,000)	
Premium on refunding bonds issued	(43,942,958)	
Proceeds from loans	(2,123,188)	
Capital lease acquisition	(4,947,008)	
Payments to the bond refunding agent	211,658,081	
Repayment of Limited Obligation bonds	11,310,000	
Repayment of General Obligation bonds	4,255,000	
Repayment of loans	613,571	
Repayment of capital leases	6,994,055	
Reduction in tax credits payable	738,216	
Amortization of loss on defeasance	(3,574,617)	
Amortization of bond premiums	1,250,366	
Amortization of bond discounts	<u>736,510</u>	
		(53,636,972)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year, these activities consist of:</p>		
Change in accrued interest payable	(3,824,577)	
Change in compensated absences payable	(137,163)	
Change in landfill closure and postclosure care costs	1,886,928	
Change in DCRS sick leave liability	(722,352)	
Net pension activity	<u>(14,420,268)</u>	
		(17,217,432)
Change in net position of governmental activities		\$ <u>(56,850,790)</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2016

	Pension Trust	Private Purpose Trust	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,629,405	\$ 23,326,199	\$ -
Time certificates of deposit	-	1,000,000	-
Investments at fair value:			
Common stocks	956,950,473	-	-
U.S. Government securities	246,567,269	-	-
Corporate bonds and notes	295,367,509	-	-
Money market funds	40,801,515	-	-
Mutual funds	549,196,221	-	-
DC plan forfeitures	7,351,220	-	-
Total investments	<u>2,096,234,207</u>	<u>-</u>	<u>-</u>
Accounts receivable:			
Employer contributions	2,489,564	-	-
Member contributions	367,797	-	-
Interest and penalties on contributions	372,402	-	-
Accrued investment income	5,008,642	-	-
Due from brokers for unsettled trades	32,067,172	-	-
Service credits	537,788	-	-
Notes receivable - ERIP	3,118	-	-
Supplemental/COLA benefits	32,557,914	-	-
Supplemental/Insurance benefits advanced	3,511,215	-	-
Other	1,171,581	-	-
Total receivables	<u>78,087,193</u>	<u>-</u>	<u>-</u>
Deposits and other assets	-	-	17,517,256
Capital assets	816,691	-	-
Total assets	<u>2,181,767,496</u>	<u>24,326,199</u>	<u>\$ 17,517,256</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources from pensions	538,866	-	
<u>LIABILITIES</u>			
Unearned revenue	705,023	-	\$ -
Accounts payable and accrued expenses	2,772,336	-	-
Accrued payroll and other	615,612	-	-
Due to other funds	-	2,968,462	-
Deposits and other liabilities	-	19,041,283	17,517,256
Due to brokers for unsettled trades	41,367,829	-	-
Net pension liability	4,454,068	-	-
Total liabilities	<u>49,914,868</u>	<u>22,009,745</u>	<u>\$ 17,517,256</u>
Restricted for:			
Employees' pension benefits	2,132,391,494	-	
Individuals, organizations and other governments	-	2,316,454	
Total net position	<u>\$ 2,132,391,494</u>	<u>\$ 2,316,454</u>	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2016

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	\$ 136,984,956	\$ -
Member contributions	32,348,878	-
Use of money and property	-	1,898,921
Transfers in from other funds	-	385,454
Total contributions and revenues	169,333,834	2,284,375
Net investment income:		
Net increase in fair value of investments	124,423,027	-
Interest	49,330,351	-
Dividends	13,459,859	-
Other	3,692,281	-
Total investment income	190,905,518	-
Less: investment expenses	4,910,253	-
Net investment income	185,995,265	-
Total additions	355,329,099	2,284,375
Deductions:		
Benefits	207,497,350	-
Refunds	21,882,480	-
Interest on refunded contributions	1,284,833	-
Administrative and general expense	5,218,806	-
Individual and collective rights	-	1,540,322
Total deductions	235,883,469	1,540,322
Change in net position held in trust for:		
Employees' pension benefits	119,445,630	-
Individuals, organizations, and other governments	-	744,053
	119,445,630	744,053
Net position at beginning of year	2,012,945,864	1,572,401
Net position at end of year	\$ 2,132,391,494	\$ 2,316,454

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position
Component Units
September 30, 2016

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
Current assets:										
Cash and cash equivalents	\$ 2,377,528	\$ 8,294,776	\$ 10,458,096	\$ 1,883,960	\$ 15,332,510	\$ 9,777,260	\$ 30,241,527	\$ 5,733,669	\$ 27,006,942	\$ 111,106,268
Investments	-	2,034,779	-	-	18,501,460	-	-	14,313,093	10,317,861	45,167,193
Receivables, net	15,788,192	5,909,716	1,101,003	22,265,866	62,635,768	16,709,227	5,073,006	11,986,687	3,233,274	144,702,739
Due from primary government	-	5,425,532	-	7,849,854	-	-	-	7,722,534	3,829,000	24,826,920
Inventories	360,484	551,066	260,913	3,486,628	44,882,087	2,269,775	282,884	782,505	144,345	53,020,687
Prepayments	-	-	85,937	136,033	754,023	652,000	62,315	-	84,738	1,775,046
Deposits and other assets	-	386,228	-	-	-	-	-	8,851,983	-	9,238,211
Restricted assets:										
Cash and cash equivalents	-	235,632	2,666,641	-	188,768,078	87,845,979	-	-	11,196,141	290,712,471
Investments	-	10,319,595	-	-	50,119,705	-	-	9,328,891	3,105,444	72,873,635
Total current assets	<u>18,526,204</u>	<u>33,157,324</u>	<u>14,572,590</u>	<u>35,622,341</u>	<u>380,993,631</u>	<u>117,254,241</u>	<u>35,659,732</u>	<u>58,719,362</u>	<u>58,917,745</u>	<u>753,423,170</u>
Noncurrent assets:										
Investments	53,827,597	1,932,464	-	-	-	-	-	9,248,547	-	65,008,608
Receivables, net	-	-	686,901	-	-	-	-	-	27,281,173	27,968,074
Capital assets:										
Nondepreciable capital assets	120,235,064	3,381,569	3,675,882	1,163,347	18,278,666	82,131,849	18,514,993	4,558,462	19,168,390	271,108,222
Capital assets, net of accumulated depreciation	295,564,692	31,628,665	19,462,416	34,293,912	449,259,789	305,412,149	104,433,310	63,932,902	6,599,318	1,310,587,153
Land held for development	-	-	2,774,764	-	-	-	-	-	-	2,774,764
Unamortized bond issuance costs	-	-	-	-	4,646,601	-	-	-	-	4,646,601
Other assets	11,673,888	-	-	57,236	-	-	-	-	121,702	11,852,826
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	285,277,784	5,530,865	4,909,871	-	295,718,520
Investments	112,769,578	-	-	-	9,801,436	-	-	13,707,058	-	136,278,072
Total noncurrent assets	<u>594,070,819</u>	<u>36,942,698</u>	<u>26,599,963</u>	<u>35,514,495</u>	<u>481,986,492</u>	<u>672,821,782</u>	<u>128,479,168</u>	<u>96,356,840</u>	<u>53,170,583</u>	<u>2,125,942,840</u>
Total assets	<u>612,597,023</u>	<u>70,100,022</u>	<u>41,172,553</u>	<u>71,136,836</u>	<u>862,980,123</u>	<u>790,076,023</u>	<u>164,138,900</u>	<u>155,076,202</u>	<u>112,088,328</u>	<u>2,879,366,010</u>
Deferred outflows of resources:										
Deferred amount on refunding	-	-	-	-	12,324,400	1,878,602	-	-	-	14,203,002
Deferred outflows from pensions	3,829,352	4,469,317	1,561,435	16,209,666	8,168,718	4,668,010	5,292,446	9,967,741	1,780,783	55,947,468
Unrecovered fuel costs	-	-	-	-	1,492,055	-	-	-	-	1,492,055
Deferred forward delivery contract costs	-	-	-	-	796,717	-	-	-	-	796,717
Total deferred outflows of resources	<u>3,829,352</u>	<u>4,469,317</u>	<u>1,561,435</u>	<u>16,209,666</u>	<u>22,781,890</u>	<u>6,546,612</u>	<u>5,292,446</u>	<u>9,967,741</u>	<u>1,780,783</u>	<u>72,439,242</u>
	<u>\$ 616,426,375</u>	<u>\$ 74,569,339</u>	<u>\$ 42,733,988</u>	<u>\$ 87,346,502</u>	<u>\$ 885,762,013</u>	<u>\$ 796,622,635</u>	<u>\$ 169,431,346</u>	<u>\$ 165,043,943</u>	<u>\$ 113,869,111</u>	<u>\$ 2,951,805,252</u>

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position, Continued
Component Units
September 30, 2016

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
Current liabilities:										
Current portion of bonds payable	\$ 10,890,000	\$ -	\$ -	\$ -	\$ 115,000	\$ 5,040,000	\$ -	\$ -	\$ 2,610,000	\$ 18,655,000
Current portion of notes payable	1,056,808	121,336	62,000	-	-	2,873,988	1,788,527	230,631	-	6,133,290
Current obligations under capital leases	-	-	-	-	16,737,242	-	-	-	-	16,737,242
Accounts payable	2,481,588	1,381,636	180,645	3,579,551	25,317,839	3,388,913	1,875,663	5,061,528	4,905,992	48,173,355
Contracts payable	5,699,097	-	-	-	-	3,436,908	-	-	-	9,136,005
Accrued interest payable	6,492,250	-	-	-	15,146,696	6,748,638	-	-	476,851	28,864,435
Accrued payroll and other	3,585,477	-	504,914	4,649,698	23,851,145	1,692,622	665,854	-	293,541	35,243,251
Due to primary government	3,036,241	-	-	-	-	-	-	-	-	3,036,241
Unearned revenue	-	1,959,417	1,762,082	893,077	-	-	495,729	8,702,608	13,146,463	26,959,376
Compensated absences	407,361	204,747	93,271	1,749,990	2,405,799	548,845	1,136,453	784,756	266,515	7,597,737
Deposits and other liabilities	1,319,791	1,269,430	776,640	2,635,000	27,932,548	3,790,594	390,189	90,162	612,249	38,816,603
Total current liabilities	34,968,613	4,936,566	3,379,552	13,507,316	111,506,269	27,520,508	6,352,415	14,869,685	22,311,611	239,352,535
Noncurrent liabilities:										
Compensated absences	819,217	307,120	743,368	2,117,722	806,762	887,084	401,958	1,065,683	76,479	7,225,393
Capital lease obligations	-	-	-	-	22,872,720	-	-	-	-	22,872,720
Noncurrent portion of bonds payable	218,449,997	-	-	-	595,057,778	526,063,722	-	-	32,080,029	1,371,651,526
Noncurrent portion of notes payable	8,304,232	4,294,053	1,033,072	-	-	8,578,203	18,044,897	11,318,174	-	51,572,631
Net pension liability	32,241,435	33,269,348	11,209,441	127,034,931	71,049,220	38,195,938	42,317,421	77,244,313	13,520,705	446,082,752
DCRS sick leave liability	325,104	1,566,120	-	4,328,404	3,436,738	1,641,497	1,649,857	3,325,268	494,894	16,767,882
Other noncurrent liabilities	-	-	-	-	319,321	-	-	69,214	395,331	783,866
Total noncurrent liabilities	260,139,985	39,436,641	12,985,881	133,481,057	693,542,539	575,366,444	62,414,133	93,022,652	46,567,438	1,916,956,770
Total liabilities	295,108,598	44,373,207	16,365,433	146,988,373	805,048,808	602,886,952	68,766,548	107,892,337	68,879,049	2,156,309,305
Deferred inflows of resources:										
Deferred forward delivery contract revenues	-	-	-	-	2,920,088	-	-	-	-	2,920,088
Deferred inflows from pensions	379,783	-	-	-	732,788	-	-	-	856	1,113,427
Deferred amount on refunding	312,187	-	-	-	-	-	-	-	-	312,187
Total deferred inflows of resources	691,970	-	-	-	3,652,876	-	-	-	856	4,345,702
Net Position:										
Net investment in capital assets	188,460,420	30,594,845	24,970,467	35,457,259	(49,190,904)	185,367,498	101,527,633	56,942,559	25,782,561	599,912,338
Restricted:										
Capital projects	76,017,225	-	-	-	-	9,064,792	-	-	-	85,082,017
Retirement of indebtedness	30,260,103	-	-	-	1,627,138	8,944,986	-	-	-	40,832,227
Endowment - nonexpendable	-	43,629	-	-	-	-	-	5,629,160	-	5,672,789
Other purposes	-	11,073,119	1,209,490	-	3,018,206	907,866	5,530,865	22,051,511	8,885,985	52,677,042
Unrestricted (deficit)	25,888,059	(11,515,461)	188,598	(95,099,130)	121,605,889	(10,549,459)	(6,393,700)	(27,471,624)	10,320,660	6,973,832
Total net position	320,625,807	30,196,132	26,368,555	(59,641,871)	77,060,329	193,735,683	100,664,798	57,151,606	44,989,206	791,150,245
	\$ 616,426,375	\$ 74,569,339	\$ 42,733,988	\$ 87,346,502	\$ 885,762,013	\$ 796,622,635	\$ 169,431,346	\$ 165,043,943	\$ 113,869,111	\$ 2,951,805,252

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2016

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal 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	\$ 61,712,444	\$ 4,469,749	1,384,015	95,065,140	\$ 305,906,991	\$ 104,860,841	\$ 52,455,825	\$ 14,898,318	\$ 4,454,312	\$ 645,207,635
Grants and contracts	-	13,897,471	43,834,809	-	-	-	-	32,127,706	981,871	90,841,857
Other	2,952,068	839,729	44,700	3,818,107	2,293,868	519,898	92,951	7,184,210	4,938,882	22,684,413
Total operating revenues	64,664,512	19,206,949	45,263,524	98,883,247	308,200,859	105,380,739	52,548,776	54,210,234	10,375,065	758,733,905
Operating expenses:										
Cost of services	38,355,154	30,790,060	40,602,481	120,414,109	194,293,403	45,116,790	28,706,502	77,585,997	30,749,808	606,614,304
Depreciation and amortization	27,848,304	2,590,158	3,274,419	5,121,496	44,240,395	15,348,101	6,144,649	3,284,524	506,883	108,358,929
General and administrative	-	3,179,801	2,325,265	4,559,584	29,057,723	7,008,883	9,149,189	10,051,970	1,905,853	67,238,268
Total operating expenses	66,203,458	36,560,019	46,202,165	130,095,189	267,591,521	67,473,774	44,000,340	90,922,491	33,162,544	782,211,501
Operating income (loss)	(1,538,946)	(17,353,070)	(938,641)	(31,211,942)	40,609,338	37,906,965	8,548,436	(36,712,257)	(22,787,479)	(23,477,596)
Nonoperating revenues (expenses):										
Contributions from the primary government	24,218	18,098,437	-	67,453,312	-	-	-	33,458,071	30,469,893	149,503,931
Contributions to the primary government	-	-	-	-	-	-	-	(2,028,046)	-	(2,028,046)
Investment income	906,469	-	12,154	-	1,100,895	63,115	-	1,475,579	207,281	3,765,493
Interest expense	(12,394,123)	(176,188)	(67,278)	(1,540,091)	(33,988,980)	(24,641,647)	(984,882)	(426,450)	(2,375,902)	(76,595,541)
Other income (expenses), net	7,351,861	684,954	130,709	2,822,732	(16,120,174)	9,730,660	(1,850,442)	(458,964)	(5,586,256)	(3,294,920)
Total nonoperating revenues (expenses), net	(4,111,575)	18,607,203	75,585	68,735,953	(49,008,259)	(14,847,872)	(2,835,324)	32,020,190	22,715,016	71,350,917
Net income (loss) before capital contributions	(5,650,521)	1,254,133	(863,056)	37,524,011	(8,398,921)	23,059,093	5,713,112	(4,692,067)	(72,463)	47,873,321
Capital contributions	14,217,549	295,153	1,090,939	1,258,956	1,353,972	5,488,862	1,379,189	-	-	25,084,620
Change in net position	8,567,028	1,549,286	227,883	38,782,967	(7,044,949)	28,547,955	7,092,301	(4,692,067)	(72,463)	72,957,941
Net position at beginning of year	312,058,779	28,646,846	26,140,672	(98,424,838)	84,105,278	165,187,728	93,572,497	61,843,673	45,061,669	718,192,304
Net position at end of year	\$ 320,625,807	\$ 30,196,132	26,368,555	(59,641,871)	\$ 77,060,329	\$ 193,735,683	\$ 100,664,798	\$ 57,151,606	\$ 44,989,206	\$ 791,150,245

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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

- (a) Antonio B. Won Pat International Airport Authority (AWPIAA), formerly known as the Guam International Airport Authority, was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. AWPIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven-member Board of Directors, all of whom are appointed by the Governor of Guam. AWPIAA is fiscally dependent upon GovGuam whereby AWPIAA cannot issue bonded debt without legislative approval.
- (b) Guam Community College (GCC) was created by Public Law 14-77, "The Community College Act of 1977". GCC is governed by a nine-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GCC through legislative appropriations.
- (c) Guam Housing and Urban Renewal Authority (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. GovGuam has the ability to impose its will on GHURA.
- (d) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GMHA through legislative appropriations.
- (e) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five-member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms. GPA is fiscally dependent upon GovGuam whereby GPA cannot issue bonded debt without legislative approval.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

- (f) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees charged to residential, commercial and government customers, based on consumption, and is governed by the CCU. GWA is fiscally dependent upon GovGuam whereby GWA cannot issue bonded debt without legislative approval.
- (g) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five-member Board of Directors, all of whom are appointed by the Governor of Guam. PAG is fiscally dependent upon GovGuam whereby PAG cannot issue bonded debt without legislative approval.
- (h) University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine-member Board of Regents, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to UOG through legislative appropriations.

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

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

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

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 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

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

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

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

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements

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

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, 2016. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

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

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

The government-wide Statement of Net Position reports \$567,329,612 of restricted net position, of which \$64,021,575 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, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenues and offset or supplant the net operating deficit or surplus from governmental operations.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

C. Governmental Fund Financial Statements

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

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

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

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

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

Governmental Funds Financial Statements:

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Governmental Funds Financial Statements, Continued:

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

Fiduciary Funds and Component Units Financial Statements:

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

Fund Accounting:

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

- General Fund - this fund is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.
- Federal Grants Assistance Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.
- GDOE Federal Grants Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance public education.
- Landfill CIP Fund - a Capital Projects Fund that accounts for bond proceeds issued by GovGuam for the purpose of financing facilities of the Solid Waste Management System of Guam.
- Chamorro Lands Fund - a Permanent Fund that accounts for developed Chamorro land and other real estate owned by GovGuam and is held in various land banks. Such are legally restricted to the extent that only earnings from lease rental payments, and not principal, may be used to support GovGuam operations.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Fund Accounting, Continued:

The nonmajor governmental funds are comprised of the following:

- Special Revenue Funds - these funds account for the financial resources obtained from specific revenue sources and used for restricted purposes.
- Capital Projects Funds - these funds account for the financial resources obtained from bond issuances for the acquisition or construction of capital assets and facilities.
- Debt Service Funds - these funds account for the financial resources obtained and used for the payment of principal and interest revenue bond obligations established in accordance with bond indentures.

In addition, GovGuam reports the following fiduciary fund types:

- Pension Trust Funds - these funds account for resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension plans.
- Private Purpose Funds - these funds account for resources held in trust under which principal and income benefit certain individuals.
- Agency Funds - these funds account for assets held on behalf of others, are custodial in nature and do not involve measurement of operations.

E. Cash and Cash Equivalents

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

F. Investments

Investments and related investment earnings of the primary government and the discretely presented component units are recorded at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie, the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

GovGuam categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. Investments not categorized under the fair value hierarchy are shown at either Net Asset Value (NAV) or amortized cost.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

G. Restricted Assets

As of September 30, 2016, certain assets of the primary government in the amount of \$122,451,284 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, \$224,667 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; \$461,785 is externally restricted for a Court issued permanent injunction as further disclosed in Note 12C; \$513,511 is externally restricted under a Chamorro Lands loan guarantee program; \$3,901,675 is externally restricted under the Limited Obligation (Section 30) Bonds, 2016 Series A, bond indenture; \$41,674,374 represents unexpended proceeds under various bond issues; and \$75,675,272 represents amounts restricted for future debt service requirements.

H. Land and Other Real Estate

Land and other real estate held as investments in permanent funds of \$436,097,702, which comprise of \$427,811,501 held by the Chamorro Land Trust Commission and \$8,286,201 held by the Guam Ancestral Lands Commission, are reported at fair value. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from lease agreements associated with these investments are reported as revenues of the Chamorro Land Trust Commission and the Guam Ancestral Lands Commission. Only developed land supported by valid lease agreements is included in the valuation whereas other undeveloped land not supported by lease agreements is reported at historical cost.

I. 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.

J. Prepaid Items and Inventories

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

K. Interfund Receivables/Payables

During the course of its operations, GovGuam records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. 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.

Receivables and payables resulting from transactions between component units and the primary government are classified as "due to/from primary government" or "due to/from component units" on the governmental fund balance sheet and the statement of net position. Interfund receivables and payables for the primary government have been eliminated from the statement of net position.

L. Capital Assets

Capital assets, including property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Construction in progress includes all associated cumulative costs of a constructed capital asset. Construction in progress is relieved at the point at which an asset is placed in service for its intended use.

Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are capitalized when the cost of the individual items exceeds \$50,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. With the exception of the Layon Landfill, capital assets of the primary government are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. Landfill cells are depreciated based on capacity used/available at year end.

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

M. Unearned Revenues

In the government-wide financial statements, unearned revenues are recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenues represent monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Unearned revenues in the governmental fund types primarily relate to Section 30 federal income tax collections remitted to the trustee in accordance with the bond indenture associated with the 2016 Series A bond issue, and federal funds received in advance of eligible expenditures. In September 2016, GovGuam received Section 30 federal income tax collections from the United States Government in the amount of \$79,238,441, which pertains to revenues of the following fiscal year.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

N. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. At September 30, GovGuam estimates the amount owed to taxpayers for overpayments during the first nine months of the calendar year. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as provision for tax refunds and as a reduction of tax revenue. The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. This evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis. As of September 30, 2016, GovGuam recorded a provision for unpaid tax refunds in the amount of \$110,794,337, which includes amounts relating to the U.S. Federal Earned Income Tax Credit (EITC).

O. Long-term Debt

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

In accordance with Section 1423a of the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is \$1,388,663,959 as of October 31, 2016, the date that such certification was performed. Total debt outstanding as of September 30, 2016, subject to the debt ceiling limitation is \$1,119,498,833.

P. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay \$236,605,000 in limited obligation bonds issued in August 2016. This debt is payable solely from Section 30 revenues payable to GovGuam by the United States Government pursuant to Section 30 of the Organic Act, Title 48, U.S. Code, Section 41421(h). Total principal and interest remaining on this debt is approximately \$395,402,001 payable through December 2046. For the year ended September 30, 2016, principal and interest paid and total Section 30 revenues were \$15,669,956 and \$78,467,450, respectively.

GovGuam has also pledged a portion of future hotel occupancy tax revenues to repay \$90,665,000 in limited obligation infrastructure improvement bonds issued in April 2011. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately \$157,516,989 payable through November 2040. For the year ended September 30, 2016, principal and interest paid and total hotel occupancy tax revenues were \$6,998,625 and \$40,864,063, respectively.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

P. Dedicated Revenues and Pledges, Continued

GovGuam has also pledged a portion of future General Fund gross receipts tax revenues to repay the following debt: (i) \$235,000,000 in limited obligation bonds issued in December 2011; (ii) \$108,700,000 in limited obligation bonds issued in June 2012; (iii) \$22,640,000 in limited obligation bonds issued in January 2013; and (iv) \$410,485,000 in limited obligation bonds issued in September 2015. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on this debt is approximately \$1,341,510,579 payable through January 2042. For the year ended September 30, 2016, principal and interest paid and total gross receipts tax revenues were \$36,154,083 and \$238,304,786, respectively.

GovGuam has also pledged a portion of future judicial fees, fines and building rental receipts to repay an \$11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the note payable is approximately \$7,993,508 payable through September 2019. For the year ended September 30, 2016, principal and interest paid and total judicial fees, fines and building rental receipt revenues were \$993,005 and \$1,829,683, respectively.

Finally, GovGuam has entered into a municipal school lease agreement whereby GovGuam has pledged a portion of future Compact Impact grant revenues to finance annual lease payments under this agreement. This lease obligation is payable solely from Compact Impact grant revenues payable to GovGuam by the United States Government pursuant to the Compact of Free Association Act, U.S. Public Law 108-188. Total payments remaining on this municipal school lease agreement are approximately \$63,000,000 payable through December 2025. For the year ended September 30, 2016, lease payments made and total Compact Impact grant revenues received were \$7,100,000.

Q. Bond Premiums and Discounts

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

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

R. Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. On the other hand, deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

S. Fund Equity/Net Position

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

Net Position has been restricted as follows:

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

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

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

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

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

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Guam Legislature, GovGuam's highest level of decision-making authority, and does not lapse at year-end. Formal action of the Guam Legislature is required to establish, modify or remove the limitations on committed fund balances.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by either the Guam Legislature or a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - includes negative fund balances in other governmental funds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

S. Fund Equity/Net Position, Continued

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

A formal minimum fund balance policy has not been adopted.

T. Compensated Absences

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

In accordance with Public Law 27-5 and Public Law 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service: (1) One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service; (2) Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; or (3) One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

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

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of \$31,298,096 at September 30, 2016 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.

U. Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GovGuam recognizes a net pension liability for the pension plan in which it participates, which represents GovGuam's proportional share of excess total pension liability over the pension plan assets - actuarially calculated - of a single employer defined benefit plan, measured as of the fiscal year-end.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

U. Pensions, Continued

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a three-year period beginning with the period in which the difference occurred.

V. Property Taxes

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

W. Encumbrances

GovGuam utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. At September 30, 2016, GovGuam has significant encumbrances summarized as follows:

<u>General</u>	<u>Federal Grants Assistance</u>	<u>GDOE Federal Grants</u>	<u>Landfill CIP</u>	<u>Other Governmental</u>	<u>Total</u>
<u>\$ 8,162,193</u>	<u>\$41,796,666</u>	<u>\$ 9,908,834</u>	<u>\$ 1,915,599</u>	<u>\$ 9,328,830</u>	<u>\$71,112,122</u>

X. New Accounting Standards

During the year ended September 30, 2016, GovGuam implemented the following pronouncements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The implementation of this statement required additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

X. New Accounting Standards, Continued

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014. The implementation of this statement did not have a material effect on the accompanying financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements No. 67 and No. 68 with the reporting requirements in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2016. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(1) Summary of Significant Accounting Policies, Continued

X. New Accounting Standards, Continued

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Y. 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 deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the provision for tax refunds.

Z. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with GovGuam's financial statements for the year ended September 30, 2015 from which summarized information was derived.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments

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

A. Deposits

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

As of September 30, 2016, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$181,878,673 and the corresponding bank balances were \$205,068,455. Of the bank balances, \$116,852,015 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. The remaining amount of \$88,216,440 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, 2016.

As of September 30, 2016, bank deposits in the amount of \$1,161,778 were FDIC insured and bank deposits in the amount of \$500,000 were NCUA insured. GovGuam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC and NCUA insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

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, 2016.

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, 2016, GovGuam's investments are classified as follows:

	<u>General</u>	<u>Federal Grants Assistance</u>	<u>GDOE Federal Grants</u>	<u>Landfill CIP</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Investments:						
Certificates of deposit	\$ 208,769	\$ -	\$ -	\$ -	\$ 1,953,609	\$ 2,162,378
Fixed income securities	-	-	-	-	2,202,000	2,202,000
Mutual funds	-	-	-	-	30,898,866	30,898,866
	<u>\$ 208,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,054,475</u>	<u>\$ 35,263,244</u>

As of September 30, 2016, investments in debt securities were as follows:

	<u>Credit Rating</u>	<u>Less Than 1</u>	<u>Investment Maturities (In Years)</u> <u>1 to 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	<u>Total</u>
Fixed income securities:						
Federal Home Loan Bank	AA	<u>\$ 2,202,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,202,000</u>

The following table sets forth by fair value hierarchy level assets carried at fair value:

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices In Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>
Investments by fair value level:			
Federal Home Loan Bank	\$ 2,202,000	<u>\$ -</u>	<u>\$ 2,202,000</u>
Investments measured at the net asset value (NAV):			
Mutual funds	30,898,866		
Investments measured at amortized cost:			
Certificates of deposit	<u>2,162,378</u>		
	<u>\$ 35,263,244</u>		

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF):

Investments of GGRF include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, mutual funds and equity instruments. Investments are reported at fair value. Security transactions and any resulting gains or losses are accounted for on a trade date basis. Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent's determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisor, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

Northern Trust Company holds the investments as custodian in GGRF's name. In addition, GGRF has selected investment managers who are given authority to purchase and sell securities in accordance with the following guidelines:

- a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.
- b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:
 - i. Two times its average annual fixed charges over the same period, in the case of any public utility company;

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

For non-U.S. equities, common or capital stock of any institution or entity created or existing under the laws of any foreign country are permissible investments, provided that:

- i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;
- iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment; and
- iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidences of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

Consistent with the desire to maintain broad diversification, allocations to any country, industry or other economic sector should not be excessive.

- c. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.
- d. No individual security of any issuer, other than that of the United States government or GovGuam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.
- e. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.
- f. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.
- g. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

Investments of GGRF as of September 30, 2016 are classified as follows:

Common stocks	\$ 956,950,473
Fixed income securities	541,934,778
Money market funds	40,801,515
Mutual funds	<u>556,547,441</u>
	\$ <u>2,096,234,207</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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

As of September 30, 2016, 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 5</u>	<u>6 to 10</u>	<u>Greater Than 10</u>	
U.S. Treasury notes	\$ 2,868,026	\$ 498,596	\$ 934,897	\$ 58,311,681	\$ 62,613,200
U.S. government agencies	16,716,319	68,690,117	42,181,093	56,366,540	183,954,069
Corporate notes and bonds	<u>7,499,930</u>	<u>132,865,487</u>	<u>93,135,872</u>	<u>61,866,220</u>	<u>295,367,509</u>
	<u>\$ 27,084,275</u>	<u>\$ 202,054,200</u>	<u>\$ 136,251,862</u>	<u>\$ 176,544,441</u>	<u>\$ 541,934,778</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, 2016, GGRF held mortgage-backed securities valued at approximately \$150,000,000.

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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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, 2016:

<u>Investment Type</u>	<u>Minimum Rating</u>	<u>Amount</u>	<u>Rating as of Year End</u>
U.S. Treasury notes	N/A	\$ 62,613,200	Exempt from disclosure
Federal agency securities	N/A	111,482,188	Exempt from disclosure
Money market funds	A-2	40,801,515	AAAm
Corporate medium term notes	BBB	19,451,626	Aaa
and U.S. municipal obligations		29,394,582	Aa1-Aa3
		57,935,685	A1-A3
		155,092,086	BBB-BB
		16,995,467	CCC-CC
		<u>88,969,944</u>	Not rated
		<u>\$ 582,736,293</u>	

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2016, 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, 2016, GGRF held approximately \$29,000,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$7,000,000 was issued by Canadian companies, \$4,000,000 by Dutch companies, \$4,000,000 by British companies, \$2,000,000 by German companies, and \$12,000,000 by 18 other country companies.

At September 30, 2016, 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, 2016 was approximately \$115,000,000. Of this total, approximately \$46,000,000 relates to companies whose functional currency is the Euro, \$18,000,000 relates to companies whose functional currency is the British pound, \$17,000,000 relates to companies whose functional currency is the Japanese yen, \$8,000,000 relates to companies whose functional currency is the Swiss Franc, and the remaining \$26,000,000 relates to companies representing eight separate functional currencies.

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

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.

GGRF has the following recurring fair value measurements as of September 30, 2016:

		<u>Fair Value Measurements Using</u>		
		Quoted Prices In Active Markets for Identical Assets <u>Total</u> <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:				
Equity securities	\$ 956,950,473	\$ 956,950,473	\$ -	\$ -
U.S. Treasury notes	246,567,269	-	246,567,269	-
Corporate notes and bonds	277,470,025	-	277,470,025	-
Mortgage-backed securities	15,919,713	-	15,919,713	-
Bank loans	1,977,771	-	1,977,771	-
Other	<u>141,416,718</u>	<u>141,416,718</u>	<u>-</u>	<u>-</u>
	1,640,301,969	<u>\$ 1,098,367,191</u>	<u>\$ 541,934,778</u>	<u>\$ -</u>
Investments measured at NAV:				
Mutual funds	<u>455,932,238</u>			
	<u>\$ 2,096,234,207</u>			

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(3) Receivables

Receivables as of September 30, 2016, 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:

	Federal Grants	GDOE Federal Grants	Landfill CIP	Chamorro Lands	Nonmajor Governmental Funds	Fiduciary Funds	Total	
	General	Assistance	Grants	CIP	Lands	Funds	Funds	
Receivables:								
Taxes	\$ 53,431,706	\$ -	\$ -	\$ -	\$ -	\$ 8,213,722	\$ -	\$ 61,645,428
Federal agencies	2,802,575	25,192,462	8,334,728	-	-	-	-	36,329,765
Contributions	-	-	-	-	-	-	2,857,361	2,857,361
Interest	-	-	-	-	-	-	372,402	372,402
COLA benefits	-	-	-	-	-	-	32,557,914	32,557,914
Other	<u>9,740,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,632,034</u>	<u>42,299,516</u>	<u>60,672,038</u>
	65,974,769	25,192,462	8,334,728	-	-	16,845,756	78,087,193	194,434,908
Allowance for Uncollectible Accounts	<u>(782,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,768,540)</u>	<u>-</u>	<u>(2,551,177)</u>
Net receivables	<u>\$ 65,192,132</u>	<u>\$ 25,192,462</u>	<u>\$ 8,334,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,077,216</u>	<u>\$ 78,087,193</u>	<u>\$ 191,883,731</u>

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies. As of September 30, 2016, employer contributions receivable totaled \$2,489,564; member contributions receivable totaled \$367,797; and interest and penalties receivable totaled \$372,402.

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, 2016 was 1.2016% of covered payroll. As of September 30, 2016, the receivable recorded by GGRF amounted to \$32,557,914.

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2016, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Federal Grants Assistance	\$ 11,335,484
General	GDOE Federal Grants	2,148,530
General	Landfill CIP	427,754
General	Nonmajor governmental funds	13,933,897
Nonmajor governmental funds	General	<u>23,691,325</u>
		<u>\$ 51,536,990</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2016, are as follows:

	Estimated Useful Lives	Balance October 1, 2015	Additions	Transfers	Retirements	Balance September 30, 2016
Governmental activities:						
Nondepreciable capital assets:						
Land		\$ 47,870,863	\$ 56,100	\$ -	\$ -	\$ 47,926,963
Construction in progress		<u>152,506,309</u>	<u>26,067,335</u>	<u>(16,408,845)</u>	<u>-</u>	<u>162,164,799</u>
		<u>200,377,172</u>	<u>26,123,435</u>	<u>(16,408,845)</u>	<u>-</u>	<u>210,091,762</u>
Depreciable capital assets:						
Landfill cells	Capacity	71,093,441	-	-	-	71,093,441
Buildings	40 - 60 yrs	612,418,933	7,475,485	-	-	619,894,418
Machinery, equipment and furniture	5 - 20 yrs	108,753,295	13,773,445	-	-	122,526,740
Infrastructure	25 yrs	<u>676,867,112</u>	<u>2,616,395</u>	<u>16,408,845</u>	<u>-</u>	<u>695,892,352</u>
		<u>1,469,132,781</u>	<u>23,865,325</u>	<u>16,408,845</u>	<u>-</u>	<u>1,509,406,951</u>
Less accumulated depreciation:						
Buildings		(187,591,497)	(13,815,527)	-	-	(201,407,024)
Landfill cells		(2,545,145)	(710,935)	-	-	(3,256,080)
Machinery, equipment and furniture		(80,955,966)	(10,878,919)	-	-	(91,834,885)
Infrastructure		<u>(330,654,374)</u>	<u>(27,726,954)</u>	<u>-</u>	<u>-</u>	<u>(358,381,328)</u>
		<u>(601,746,982)</u>	<u>(53,132,335)</u>	<u>-</u>	<u>-</u>	<u>(654,879,317)</u>
Depreciable capital assets, net		<u>867,385,799</u>	<u>(29,267,010)</u>	<u>16,408,845</u>	<u>-</u>	<u>854,527,634</u>
		<u>\$ 1,067,762,971</u>	<u>\$ (3,143,575)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,064,619,396</u>

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

General government	\$ 9,112,601
Protection of life and property	1,534,464
Public health	362,454
Community services	37,731
Recreation	231,687
Individual and collective rights	5,025,899
Transportation	18,119,648
Public education	15,050,888
Environmental protection	180,055
Economic development	<u>3,476,908</u>
	<u>\$ 53,132,335</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations

As of September 30, 2016, the primary government had the following long-term debt outstanding:

General Obligation Bonds:

General Obligation Bonds, 2009 Series A (original issue of \$271,070,000, dated June 18, 2009), varying interest rates at 5.75% - 7% per annum, payable semiannually on May 1 and November 1, partially refunded in 2015 with principal fund payments due in varying annual installments commencing with an initial payment of \$4,255,000 on November 15, 2015 and increasing to a final payment of \$5,375,000 on November 15, 2019. The bonds were issued for the purpose of providing proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2009 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.

	\$ 19,740,000
Less net unamortized discount	<u>(474,081)</u>
	\$ <u>19,265,919</u>

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,510,000	\$ 1,049,100	\$ 5,559,100
2018	4,785,000	770,250	5,555,250
2019	5,070,000	474,600	5,544,600
2020	<u>5,375,000</u>	<u>161,250</u>	<u>5,536,250</u>
	<u>\$ 19,740,000</u>	<u>\$ 2,455,200</u>	<u>\$ 22,195,200</u>

Limited Obligation Bonds:

Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of \$90,665,000, dated April 28, 2011), varying interest rates at 2% - 6.5% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with an initial payment of \$1,670,000 on November 1, 2011 and increasing to a final payment of \$5,725,000 on November 1, 2040. The bonds were issued for the purpose of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues.

	\$ 81,705,000
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GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Business Privilege Tax Revenue Bonds, 2011 Series A (original issue of \$235,000,000, dated December 1, 2011), varying interest rates at 2.5% - 5.25% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of \$4,515,000 on January 1, 2017 and increasing to a final payment of \$15,940,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	235,000,000
Business Privilege Tax Revenue Bonds, 2012 Series B (original issue of \$108,700,000, dated June 6, 2012), varying interest rates at 2.93% - 5% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of \$2,305,000 on January 1, 2017 and increasing to a final payment of \$7,135,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, health insurance premium payments and delinquent retirement fund contributions, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	108,700,000
Business Privilege Tax Revenue Bonds, 2013 Series C (original issue of \$22,640,000, dated February 7, 2013), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of \$1,300,000 on November 15, 2013 and increasing to a final payment of \$4,675,000 on November 15, 2018. The bonds were issued for the purpose of refunding 1993 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	13,370,000
Business Privilege Tax Revenue Bonds, 2015 Series D (original issue of \$410,485,000, dated September 9, 2015), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of \$2,080,000 on November 15, 2017 and increasing to a final payment of \$19,145,000 on November 15, 2039. The bonds were issued for the purpose of refunding 2007 and 2009 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	410,485,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Limited Obligation (Section 30) Bonds, 2016 Series A (original issue of \$236,605,000, dated August 17, 2016), varying interest rates at 2% - 5% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$1,630,000 on December 1, 2016 and increasing to a final payment of \$4,435,000 on December 1, 2046. The bonds were issued for the purpose of refunding 2009 Limited Obligation (Section 30) Bonds; refinancing all of the outstanding 2013 Series B Certificates of Participation (Ukudo Expansion Project); and to provide additional proceeds to fund certain working capital costs of the Guam Memorial Hospital, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 federal income tax collections.

	<u>236,605,000</u>
	1,085,865,000
Add net unamortized premium	101,226,335
Less net unamortized discount	<u>(1,758,224)</u>
	<u>\$ 1,185,333,111</u>

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 14,700,000	\$ 52,091,657	\$ 66,791,657
2018	18,125,000	53,859,786	71,984,786
2019	21,510,000	52,946,382	74,456,382
2020	25,745,000	51,791,203	77,536,203
2021	33,030,000	50,330,461	83,360,461
2022 - 2026	187,760,000	224,215,905	411,975,905
2027 - 2031	226,855,000	172,579,753	399,434,753
2032 - 2036	276,900,000	107,260,241	384,160,241
2037 - 2041	234,610,000	39,199,913	273,809,913
2042 - 2046	42,195,000	4,181,088	46,376,088
2047	<u>4,435,000</u>	<u>110,875</u>	<u>4,545,875</u>
	<u>\$ 1,085,865,000</u>	<u>\$ 808,567,264</u>	<u>\$ 1,894,432,264</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

On August 17, 2016, GovGuam issued \$236,605,000 in Limited Obligation (Section 30) Bonds, 2016 Series, with varying interest rates of 2% - 5% per annum. The bonds were issued at a premium, which will be amortized over the life of the bonds using the effective interest rate method, to refund \$182,610,000 of outstanding Limited Obligation (Section 30) Bonds, 2009 Series A bonds and to provide additional proceeds to fund certain working capital costs of the Guam Memorial Hospital. Of the net proceeds of \$280,547,958 (including a premium of \$43,942,958), \$211,658,081 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding Limited Obligation (Section 30) Bonds, 2009 Series A. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance totaling \$31,939,331 representing the difference between the reacquisition price and the carrying amount of the 2009 bonds. This advance refunding was undertaken that increases total debt service payments over the next 30 years by \$97,652,052. The loss is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2009 bonds.

Loans Payable:

Note payable to a local bank in the amount of \$11,000,000, dated September 15, 2006, interest at 6.49% per annum, payable quarterly commencing December 1, 2006, with principal and interest payable commencing December 1, 2009 in quarterly installments of \$248,251, fully due on September 1, 2018. This loan was used to fund the construction of a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues. \$ 7,058,360

Note payable to a local bank in the amount of \$4,000,000, dated April 28, 2014, variable interest at 1.25% over bank's reference rate subject to a minimum rate of 4.5% per annum, payable monthly interest only commencing 30 days after first drawdown, with principal and interest payable monthly commencing 18 months first drawdown, fully due on September 1, 2020. This loan was used to fund the modernization, refurbishment and restoration of the Guam Congress Building. The note is collateralized by the pledge and assignment of Capitol District Fund revenues. 2,388,871

\$ 9,447,231

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 735,608	\$ 451,281	\$ 1,186,889
2018	6,503,170	692,245	7,195,415
2019	96,473	97,411	193,884
2020	<u>2,111,980</u>	<u>92,980</u>	<u>2,204,960</u>
	<u>\$ 9,447,231</u>	<u>\$ 1,333,917</u>	<u>\$ 10,781,148</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

There are a number of limitations and restrictions placed on the bonds as specified below:

General Obligation Bonds - 2009 Series A:

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

General Obligation Bonds - 2009 Series A, Continued:

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

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depository for the payment of the costs of the 2009 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.
- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

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

Limited Obligation (Section 30) Bonds, 2016 Series A:

The 2016 Series A Section 30 Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 33-183 and an Indenture dated June 1, 2009, as amended and restated by an Amended and Restated Indenture, dated August 17, 2016. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depository for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Section 30 revenues. Section 30 revenues are amounts received by or on behalf of GovGuam or the Trustee from the United States as proceeds of custom duties, federal income taxes and any other taxes derived from Guam.

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2016 Series A, Continued:

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

- Debt Service Fund - The Debt Service Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Debt Service Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable and (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture.
- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.
- Project Fund - At closing, there shall be deposited in the Series 2016A Project Account a portion of the proceeds of the 2016A Bonds. Moneys on deposit therein will be disbursed to fund the 2016 Hospital Working Capital Project, which consists of refinancing an outstanding working capital loan in the approximate principal amount of \$20.1 million, and finance approximately \$45 million of vendor accounts payable.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Trustee upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The "Section 30 Revenue Fund", "Capitalized Interest Account", "Debt Service Fund", "Bond Reserve Fund", "Project Fund" and "Bond Expense Fund" accounts are accounted for within the General Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

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

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

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

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

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depository upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.
- Construction Fund - At closing, there shall be deposited in the Series 2011A Construction Account within the Construction Fund a portion of the proceeds of the 2011A Bonds. Moneys on deposit therein will be disbursed to fund the 2011A Bonds Project, which consists of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

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

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

The "Revenue Fund", "Bond Fund", "Bond Reserve Fund", "Bond Expense Fund" and "Construction Fund" accounts are accounted for within the other governmental funds.

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D:

The 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D Business Privilege Tax Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 31-76 and an Indenture, as supplemented by a First Supplemental Indenture, each dated December 1, 2011, a Second Supplemental Indenture, dated June 1, 2012, a Third Supplemental Indenture, dated January 1, 2013, and a Fourth Supplemental Indenture, dated September 1, 2015. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depositary for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Gross Receipts Tax (GRT) revenues. GRT revenues are amounts levied by GovGuam at the rate of 4% on certain goods and services, including the sale of tangible personal property and the provision of professional services.

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

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depositary for the payment of Eligible Expenses to be funded from Bond proceeds and the costs associated with the issuance of the Bonds.
- Revenue Fund - GovGuam shall deposit or cause to be deposited all GRT upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depositary, will establish and maintain and hold in trust pursuant to the Indenture.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(6) Long-Term Obligations, Continued

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D, Continued:

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

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.
- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

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

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures and loan covenants as of September 30, 2016.

Prior-Year Defeasance of Debt:

In prior years, GovGuam defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in GovGuam's financial statements. At September 30, 2016, \$607,175,000 of bonds outstanding are considered defeased.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(7) Changes in Long-Term Liabilities

Other long-term liabilities will generally be liquidated in the future from the General Fund. During the year ended September 30, 2016, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net position:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due Within One Year
GO Bonds payable:					
General obligation bonds	\$ 23,995,000	\$ -	\$ (4,255,000)	\$ 19,740,000	\$ 4,510,000
Discount on bonds issued	<u>(499,584)</u>	<u>-</u>	<u>25,503</u>	<u>(474,081)</u>	<u>-</u>
	<u>23,495,416</u>	<u>-</u>	<u>(4,229,497)</u>	<u>19,265,919</u>	<u>4,510,000</u>
LO Bonds payable:					
Limited obligation bonds	1,043,180,000	236,605,000	(193,920,000)	1,085,865,000	14,700,000
Premium on bonds issued	58,533,743	43,942,958	(1,250,366)	101,226,335	-
Discount on bonds issued	<u>(3,887,461)</u>	<u>-</u>	<u>2,129,237</u>	<u>(1,758,224)</u>	<u>-</u>
	<u>1,097,826,282</u>	<u>280,547,958</u>	<u>(193,041,129)</u>	<u>1,185,333,111</u>	<u>14,700,000</u>
Loans payable	<u>7,937,614</u>	<u>2,123,188</u>	<u>(613,571)</u>	<u>9,447,231</u>	<u>735,608</u>
Other long-term liabilities:					
Compensated absences	26,533,006	10,128,567	(9,991,404)	26,670,169	10,043,055
Capital lease obligations	183,252,950	4,947,008	(6,994,055)	181,205,903	7,335,098
DCRS sick leave liability	30,575,744	5,028,902	(4,306,550)	31,298,096	-
Net pension liability	846,150,680	96,313,813	(22,827,379)	919,637,114	-
Tax credits payable	6,829,301	-	(738,216)	6,091,085	6,091,085
Due to IRS	19,937,926	-	-	19,937,926	5,500,000
Landfill closure	<u>18,850,274</u>	<u>1,112,117</u>	<u>(2,999,045)</u>	<u>16,963,346</u>	<u>-</u>
	<u>1,132,129,881</u>	<u>117,530,407</u>	<u>(47,856,649)</u>	<u>1,201,803,639</u>	<u>28,969,238</u>
	<u>\$2,261,389,193</u>	<u>\$ 400,201,553</u>	<u>\$ (245,740,846)</u>	<u>\$ 2,415,849,900</u>	<u>\$ 48,914,846</u>

Other long-term liabilities include an amount due to the Internal Revenue Service (IRS) for excess Make Work Pay Credit (MWPC) payments received under the American Recovery and Reinvestment Act of 2009. In accordance with an agreement between GovGuam and the IRS, the amount due was renegotiated in the amount of \$19,937,926. GovGuam has yet to finalize repayment terms and conditions with the IRS; however, GovGuam anticipates repayment to occur in three equal annual amounts of \$5,500,000 with a final payment of \$3,437,926.

In addition, other long-term liabilities include an amount due to landowners in the original amount of \$29,112,970, inclusive of interest. On October 31, 2012, a Court Order was issued for the payment of approximately \$25,115,683 for the condemnation of land which encompasses the Layon landfill. A payment of \$3,410,000 was deposited to the Court and distributed to the landowners with the remaining balance of \$21,705,683 plus interest at 6% per annum calculated from January 24, 2008 to be made. GovGuam negotiated long-term tax credit certificates with certain landowners. During the year ended September 30, 2016, tax credits in the amount of \$1,152,057 were redeemed in lieu of payments associated with this Court Order, which included \$738,216 as a reduction of long-term liabilities and \$413,841 for interest.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(8) Fund Balances

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

	<u>General</u>	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP	Chamorro Lands	Other Governmental Funds	<u>Total</u>
Nonspendable:							
Pacific Islands Development Bank	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Land Trust	-	-	-	-	436,097,702	-	436,097,702
Inventories	<u>2,157,671</u>	-	-	-	-	-	<u>2,157,671</u>
	<u>3,157,671</u>	-	-	-	<u>436,097,702</u>	-	<u>439,255,373</u>
Restricted for:							
State Fiscal Stabilization Fund	224,667	-	-	-	-	-	224,667
Debt service reserve	69,355,763	-	-	-	-	12,708,345	82,064,108
GMHA accounts payable	22,809,086	-	-	-	-	-	22,809,086
Landfill-related capital projects	-	-	-	543,679	-	-	543,679
Tourism-related capital projects	-	-	-	-	-	15,057,384	15,057,384
Tobacco Master Settlement Agreement	-	-	-	-	-	350,213	350,213
Chamorro Loan Guarantee	-	-	-	-	-	513,511	513,511
Ancestral Land Bank	-	-	-	-	-	4,560,525	4,560,525
Solid Waste operations	-	-	-	-	-	3,901,675	3,901,675
Other capital projects	-	-	-	-	-	175,899	175,899
Other purposes	<u>482,675</u>	-	-	-	-	-	<u>482,675</u>
	<u>92,872,191</u>	-	-	<u>543,679</u>	-	<u>37,267,552</u>	<u>130,683,422</u>
Committed to:							
Tourism related	-	-	-	-	-	4,037,035	4,037,035
Highway related	-	-	-	-	-	2,484,551	2,484,551
Chamorro Land Trust operations	-	-	-	-	-	2,633,208	2,633,208
Health and education programs	1,234,045	-	-	-	-	12,716,889	13,950,934
Solid Waste operations	-	-	-	-	-	19,500,922	19,500,922
Recycling program	-	-	-	-	-	802,542	802,542
DOC Inmates revolving	755,274	-	-	-	-	-	755,274
Unified Courts of Guam	5,730,043	-	-	-	-	-	5,730,043
Public Defender Service Corporation	1,822,051	-	-	-	-	-	1,822,051
Federal grants local match	-	-	-	-	-	6,581,409	6,581,409
Guam Legislature	969,819	-	-	-	-	1,734,835	2,704,654
Other purposes	<u>2,858,812</u>	-	-	-	-	<u>8,714,726</u>	<u>11,573,538</u>
	<u>13,370,044</u>	-	-	-	-	<u>59,206,117</u>	<u>72,576,161</u>
Assigned to:							
Other purposes	-	49,168	-	-	-	-	49,168
Unassigned	<u>(215,133,405)</u>	-	-	-	-	<u>(1,074,733)</u>	<u>(216,208,138)</u>
	\$ <u>(105,733,499)</u>	\$ <u>49,168</u>	\$ -	\$ <u>543,679</u>	\$ <u>436,097,702</u>	\$ <u>95,398,936</u>	\$ <u>426,355,986</u>

(9) Deficit Net Position

The following individual component units reflect a deficit net position at September 30, 2016:

Component Units:

Guam Memorial Hospital Authority \$ 59,641,871

Guam Economic Development Authority \$ 27,160,838

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(10) 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, 2016, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Assistance Fund	\$ 25,758,980	\$ -
Nonmajor governmental funds	22,584,974	36,939,566
Fiduciary funds	<u>385,454</u>	<u>-</u>
	<u>48,729,408</u>	<u>36,939,566</u>
Federal Grants Assistance Fund:		
General Fund	-	25,758,980
GDOE Federal Grants Fund	8,591,000	-
Nonmajor governmental funds	<u>-</u>	<u>108,788</u>
	<u>8,591,000</u>	<u>25,867,768</u>
GDOE Federal Grants Fund:		
Federal Grants Assistance Fund	<u>-</u>	<u>8,591,000</u>
Nonmajor governmental funds:		
General Fund	36,939,566	22,584,974
Federal Grants Assistance Fund	108,788	-
Nonmajor governmental funds	<u>13,576,245</u>	<u>13,576,245</u>
	<u>50,624,599</u>	<u>36,161,219</u>
Fiduciary funds:		
General Fund	<u>-</u>	<u>385,454</u>
	<u>\$ 107,945,007</u>	<u>\$ 107,945,007</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. Specifically, GovGuam transferred \$25,758,980 from the General Fund to the Federal Grants Assistance Fund representing local match requirements under various federal grant awards; \$14,921,655 from the General Fund to the nonmajor governmental funds to finance retiree healthcare benefits; \$5,775,000 from the General Fund to the nonmajor governmental funds to finance charter schools administered by the Guam Department of Education; \$36,939,566 from the nonmajor governmental funds to the General Fund to primarily finance public school operations and debt service requirements; and \$8,591,000 from the Federal Grants Assistance Fund to the GDOE Federal Grants Fund to finance municipal school lease payments and other programs administered by the Guam Department of Education.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans

Defined Benefit Plan

A. General Information About the Pension Plan:

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

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

Plan Membership: As of September 30, 2015, the date of the most recent valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,197
Terminated employees entitled to benefits but not yet receiving them	4,701
Current members	<u>2,460</u>
	<u>14,358</u>

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Cost-of-living adjustments and other supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 30 years of service at any age.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2014 actuarial valuation was used for determining the year ended September 30, 2016 statutory contributions. Member contributions are required at 9.54% of base pay.

As a result of actuarial valuations performed as of September 30, 2014, 2013, and 2012, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2016, 2015 and 2014, respectively, have been determined as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal costs (% of DB Plan payroll)	15.86%	15.92%	16.61%
Employee contributions (DB Plan employees)	<u>9.54%</u>	<u>9.55%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>6.32%</u>	<u>6.37%</u>	<u>7.11%</u>
Employer portion of normal costs (% of total payroll)	1.94%	2.05%	2.39%
Unfunded liability cost (% of total payroll)	<u>22.42%</u>	<u>24.09%</u>	<u>24.01%</u>
Government contribution as a % of total payroll	<u>24.36%</u>	<u>26.14%</u>	<u>26.40%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>28.16%</u>	<u>29.85%</u>	<u>30.03%</u>
Employee	<u>9.54%</u>	<u>9.55%</u>	<u>9.50%</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

GovGuam’s contributions to the DB Plan for the years ended September 30, 2016, 2015 and 2014 were \$26,039,792, \$32,053,568 and \$34,580,983, respectively, which were equal to the statutorily required contributions for each year.

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	16.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Discount Rate: The total pension liability is calculated using a discount rate of 7.0% that is a blend of the expected investment rate of return and a high quality bond index rate. There was no change in the discount rate since the previous year. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	<u>\$ 1,117,418,681</u>	<u>\$ 919,637,114</u>	<u>\$ 749,506,388</u>

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2016, GovGuam reported a liability of \$919,637,114 for its proportionate share of the net pension liability. GovGuam's proportion of the net pension liability was based on projection of GovGuam's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2016, GovGuam's proportion was 67.1183%.

Pension Expense: For the year ended September 30, 2016, GovGuam recognized pension expense of \$96,313,813.

Deferred Outflows and Inflows of Resources: At September 30, 2016, GovGuam reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,533,378	\$ -
Net difference between projected and actual earnings on pension plan investments	10,392,228	-
Contributions subsequent to the measurement date	81,955,500	-
Changes in proportion and difference between GovGuam contributions and proportionate share of contributions	<u>-</u>	<u>2,947,318</u>
	<u>\$ 103,881,106</u>	<u>\$ 2,947,318</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans, Continued

Defined Benefit Plan, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2016 will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30</u>	
2017	\$ 85,075,672
2018	\$ (5,465,888)
2019	\$ 7,605,312
2020	\$ 13,718,692

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 for the DCRS plan for the year ended September 30, 2016 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 DCRS. 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.

GovGuam's contributions to the DCRS Plan for the years ended September 30, 2016, 2015 and 2014 were \$71,313,222, \$71,510,959 and \$68,425,516, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$55,915,707, \$58,356,153 and \$55,945,367 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2016, 2015 and 2014, respectively.

Defined Benefit 1.75 Retirement System (the DB 1.75 Plan) and the Guam Retirement Security Plan (GRSP)

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the GRSP. Commencing April 1, 2017 through September 30, 2017, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the GRSP. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(11) Retirement Plans, Continued

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. For the years ended September 30, 2016, 2015 and 2014, GovGuam's contributions to this Plan amounted to \$32,395,138, \$29,440,638 and \$21,907,876, respectively, equal to the statutorily required contributions for each year.

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

(12) Commitments and Contingencies

A. Budgetary Compliance

For the year ended September 30, 2016, significant over-expenditures exceeding appropriations within the General Fund were as follows:

Landfill Tax Credits Liability	\$ 1,152,057
Interest on tax refunds	\$ 1,529,555
Court judgment for attorney fees	\$ 1,870,124
Section 2718 Fund	\$ 14,921,655

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

B. Landfill Closure and Postclosure Costs

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

B. Landfill Closure and Postclosure Costs, Continued

On March 17, 2008, the United States District Court of Guam issued a Court Order that placed the Solid Waste Division of the Department of Public Works (DPW) in Guam in Receivership. After receiving and reviewing qualifications information on firms presented by GovGuam and the U.S. Environmental Protection Agency, and conducting interviews and reference checks, the District Court Judge selected and appointed a receiver. The Receiver was given full power and authority to enforce the terms of the Consent Decree, including closure of the Ordot Dump and opening of a new landfill, and assume all of the responsibilities for the operations of DPW's Solid Waste Division. For the year ended September 30, 2016, recorded Receiver related expenditures were \$1,623,602 with accumulated Receiver related expenditures since the appointment of the Receiver on March 17, 2008 through September 30, 2016 amounting to \$17,662,600. Of this amount, \$3,848,700 was funded by the General Fund and the remaining was funded from solid waste operations. The District Court maintains a separate trust account from which Receiver fees are paid. Accordingly, timing differences occur between GovGuam records and the fees actually paid and payable to the Receiver by the District Court of Guam.

Pursuant to the Court Order, the appointment of the Receiver shall be for the period necessary to achieve compliance with the consent decree unless: (a) the Receiver recommends termination of the Court Order as no longer necessary, or modification thereof, and said termination or modification is accepted by the court, (b) the Receiver requests to be relieved and such request is approved by the court, and (c) the Court Order is otherwise modified or terminated by the court.

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

State and federal laws and regulations require GovGuam to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure and post closure care costs reported as expenditures in the accompanying financial statements represent actual closure and post closure care costs incurred during fiscal year 2016. The estimated landfill closure and post closure care liability at September 30, 2016 is not included in the accompanying fund financial statements. Instead, GovGuam has reported an amount of \$12,671,849 as landfill closure and post closure care liability at September 30, 2016 within GovGuam's government-wide financial statements based on 100% capacity for the Ordot Dump and \$4,291,497 reported based on the use of 4.48% of the estimated capacity of Layon landfill. The Layon landfill consists of up to eleven cells and has an estimated lifespan of 50 years. Currently, GovGuam has projected utilizing two cells that together have a projected life of 10 years. GovGuam will recognize the remaining estimated cost of closure and post closure care of \$91,500,845 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

C. Permanent Injunction

On June 8, 2004, the United States District Court of Guam issued a Permanent Injunction, which was subsequently amended on June 30, 2005, requiring GovGuam's Department of Mental Health and Substance Abuse (MHSA) and Department of Integrated Services for Individuals with Disabilities (DISID) to provide treatment and develop programs to mentally ill patients residing on Guam.

On March 2, 2010, the Court issued a Court Order appointing a Federal Management Team (FMT) in order to achieve compliance with the amended Permanent Injunction. The Court Order also required the payment of \$1,500,000 to be deposited with the Court for the purpose of funding the activities of the FMT. On September 8, 2010, the Court approved the FMT's Plan of Action. On November 9, 2010, the Court issued a Court Order requiring the payment of \$15,950,000 to be deposited with the Court for the purpose of funding the cost of implementation of the Amended Permanent Injunction and Plan of Action, of which GovGuam had deposited prerequisite payments of \$7,500,000.

On October 7, 2011, the Court issued a Court Order deferring the remainder of the required deposits pending the adoption of the FMT's Plan of Action.

On August 3, 2012, the Court issued a Court Order returning control of MHSA and DISID back to GovGuam for the purpose of fulfilling the requirements of the Permanent Injunction; however, the requirement to make the remaining deposits remains in the event that GovGuam fails to comply with the amended Permanent Injunction. Fines and penalties may be imposed by the Court for noncompliance with this Permanent Injunction. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

D. Guam Fire Department Equipment

On September 30, 2008, the Guam Legislature enacted Public Law 29-113 authorizing the purchase of certain firefighting equipment in the amount of \$7,850,000. The financing of this equipment purchase is to be funded by entering into a debt agreement or other financing source, with lower cost of funds, for a term not to exceed ten (10) years. As of September 30, 2016, no commitment has been entered into with respect to the purchase of this equipment.

E. Land Management Building

On December 24, 2008, the Guam Legislature enacted Public Law 29-135 authorizing the design and construction of a Land Resources Public Facility in the amount of \$15,750,000. The financing of this facility is to be funded by entering into a financing arrangement with the U.S. Department of Agriculture or other financing source, with lower cost of funds, for a term not to exceed forty (40) years. As of September 30, 2016, no commitment has been entered into with respect to the construction of this facility.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

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

On December 1, 2010, the Guam Legislature enacted Public Law 30-201 authorizing the construction of the UOG Student Services Center and the Annex Building for the School of Engineering; the extension of the GCC Crime Lab Building; and the renovation of GCC Buildings 100 and 200 in the aggregate amount of \$40,500,000. As of September 30, 2016, no commitment has been entered into with respect to the construction of these facilities.

On October 6, 2016, UOG signed a facilities lease agreement with the UOG Endowment Foundation, Inc. (the Foundation) for the lease of UOG Student Success Center College of Natural and Applied Sciences - Engineering Annex. On December 5, 2016, the Foundation entered into a \$21,700,000 loan from the U.S. Department of Agriculture (USDA) for the renovation and expansion of a Student Services Center and the construction of an Engineering Annex.

G. Tax Refunds

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

H. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. If questioned costs are ultimately disallowed, the General Fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements. Audits of federal program funds are also performed by various federal agencies. If audits result in cost disallowances, the General Fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements. Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

I. Municipal School Lease Agreements

Guam Public School Facilities Project:

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

Guam Public School Facilities Project, Continued:

On November 12, 2008, GovGuam issued, on behalf of GDOE, \$7,520,000 in 2008 Series A COPS to finance the off-site infrastructure improvements, equipment and athletic field lighting (the "Leased Facilities") for the use of the Leased Schools.

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

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

On January 20, 2016, the Guam Legislature enacted Public Law 33-118 authorizing the refinance of the 2006 Series A COPS, the 2006 Series B COPS and the 2008 Series A COPS with the obligation of GovGuam not to exceed 30 years or extend the original leaseback period.

On August 4, 2016, GovGuam issued, on behalf of GDOE, \$25,665,000 in 2016 Series A COPS and \$12,905,000 in 2016 Series B COPS. The proceeds of the COPS were remitted to a trustee, who then used the funds to provide a portion necessary to defease the lien of the Trust indenture dated September 1, 2006 and supplement dated October 1, 2008, by and between the trustee and holders of the COPS. Proceeds were also used to refund and redeem the 2006 Series A COPS and 2006 Series B COPS on October 1, 2026 and to refund the 2008 Series A COPS as they become due. Proceeds were also used to fund the reserve requirement with respect to the Certificate Debt Service Fund for the COPS and delivery costs.

The refund and issuance of the aforementioned COPS does not change the capital lease liability reported, the terms of the lease or the funding source.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

Guam Public School Facilities Project, Continued:

Future minimum lease obligations to maturity for the Guam Public School Facilities Project Lease, are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Rental</u>	<u>Total</u>
2017	\$ 4,085,000	\$ 2,007,525	\$ 1,007,475	\$ 7,100,000
2018	4,295,000	1,795,488	1,009,512	7,100,000
2019	3,500,000	1,597,675	1,002,325	6,100,000
2020	3,675,000	1,422,675	1,002,325	6,100,000
2021	3,860,000	1,238,925	1,001,075	6,100,000
2022 - 2026	<u>22,320,000</u>	<u>3,169,375</u>	<u>5,010,625</u>	<u>30,500,000</u>
	<u>\$ 41,735,000</u>	<u>\$ 11,231,663</u>	<u>\$ 10,033,337</u>	<u>\$ 63,000,000</u>

John F. Kennedy High School Project:

On September 16, 2010, GovGuam issued, on behalf of GDOE, \$65,735,000 in 2010 Series A COPS to finance the demolition, acquisition, construction, renovation and installation of facilities comprising the new John F. Kennedy (JFK) High School (the "new High School"). The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed.

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

Future minimum lease obligations to maturity for the John F. Kennedy High School Project Lease are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Rental</u>	<u>Total</u>
2017	\$ 1,025,000	\$ 4,105,600	\$ 1,568,000	\$ 6,698,600
2018	1,085,000	4,043,200	1,568,000	6,696,200
2019	1,155,000	3,976,900	1,568,000	6,699,900
2020	1,225,000	3,906,550	1,568,000	6,699,550
2021	1,315,000	3,812,050	1,568,000	6,695,050
2022 - 2026	6,990,000	16,100,047	7,840,000	30,930,047
2027 - 2031	11,870,000	15,065,550	7,840,000	34,775,550
2032 - 2036	13,500,000	10,864,219	7,840,000	32,204,219
2037 - 2041	<u>23,200,000</u>	<u>4,980,765</u>	<u>7,840,000</u>	<u>36,020,765</u>
	<u>\$ 61,365,000</u>	<u>\$ 66,854,881</u>	<u>\$ 39,200,000</u>	<u>\$ 167,419,881</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

Okkodo High School Expansion Project:

On June 3, 2011, the Guam Legislature enacted Public Law 31-74 authorizing the expansion of Okkodo (also referred as Ukudo) High School as authorized under Section 1521 of the American Recovery and Reinvestment Act of 2009 and the issuance of tax exempt bonds of lease certificates.

On March 15, 2013, GovGuam issued, on behalf of GDOE, \$21,818,000 in 2013 Series A COPS and \$1,000,000 in 2013 Series B COPS to finance the expansion. The holders of the COPS are the current owners of Okkodo High School as noted on Note 7A.

Expansion was funded by appropriations from the Guam Legislature from available Section 30 revenues, tax credits, 2013 Series A Construction Account, 2013 Series B Construction Account, the Holding Fund and the Trust Fund established pursuant to the Trust Agreement. The expansion project was completed on July 10, 2014.

Payments include base rental and additional rental. On June 1, 2014 and on June 1 and December 1 of each year through September 2030, payments of principal and interest at true rate of 2.44% per annum (calculated on a 360 day year and 30 day month) commence. Additional rental payment of \$1,217,336 commenced on October 15, 2013. On October 15, 2014, and on October 15 of each year thereafter through September 2030, additional rental will increase to \$1,867,336.

Future minimum lease obligations to maturity for the Okkodo High School Expansion Project Lease are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Rental</u>	<u>Total</u>
2017	\$ 885,000	\$ 1,469,685	\$ 1,867,336	\$ 4,222,021
2018	950,000	1,406,685	1,867,336	4,224,021
2019	1,020,000	1,338,960	1,867,336	4,226,296
2020	1,090,000	1,266,335	1,867,336	4,223,671
2021	1,170,000	1,188,635	1,867,336	4,225,971
2022 - 2026	7,960,000	4,512,725	9,336,680	21,809,405
2027 - 2031	<u>8,138,000</u>	<u>1,306,760</u>	<u>7,469,344</u>	<u>16,914,104</u>
	<u>\$ 21,213,000</u>	<u>\$ 12,489,785</u>	<u>\$ 26,142,704</u>	<u>\$ 59,845,489</u>

Tiyan Lease:

On June 23, 2009, the Guam Legislature enacted Public Law 30-37, authorizing GovGuam, on behalf of GDOE, to enter into a lease agreement with an option to purchase for certain property located in Tiyan to temporarily house the JFK High School. The facility was vacated by JFK High School in September 2011 and subsequently occupied by Untalan Middle School in January 2013. The lease, which is renewable annually, had a fixed annual rent of \$4,493,256 for the first five years payable in cash or by transferable tax credits. Rent commenced in August 2009 with a term through June 30, 2024. Other tenants include the Guahan Charter School Academy and the Guam Police Department, which represent a small portion of the total Tiyan property under lease.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

Tiyan Lease, Continued:

On December 30, 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024 with a four-month rent abatement from October 1, 2011 through January 31, 2012 due to non-occupancy of the property.

On December 30, 2013, GovGuam, on behalf of GDOE, exercised the option to purchase the leased Tiyan property. In addition to the purchase price of \$43,500,000 that comprises the Tiyan High School premises, the Guam Legislature enacted Public Law 31-229, authorizing GovGuam, on behalf of GDOE, to purchase additional property and the construction of new buildings and facilities for the Tiyan High School and the GDOE administration in the amount of \$43,648,970. Title to the Tiyan properties under the lease will transfer to GDOE upon the payment of all required rents. Tiyan 3 lot is owned by the Guam International Airport Authority under lease with the lessor and will be up for renewal in December 2041.

On October 2014, the Tiyan Lease Purchase Agreement was amended to extend the lease term through December 31, 2041 plus \$7,499,090 of collateral equipment for the buildings to be constructed. Repayment in the form of tax credits will only apply for lease amounts due through January 2015 to include the aforementioned collateral equipment. Effective February 2015, rent and additional rent (insurance and maintenance) due will be paid in the form of cash.

Annual rent includes principal, interest at 10% per annum of outstanding principal balance, insurance and maintenance costs.

Future minimum lease obligations to maturity for the Tiyan lease agreement is as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional</u> <u>Rental</u>	<u>Total</u>
2017	\$ 1,340,098	\$ 4,436,060	\$ 1,211,470	\$ 6,987,628
2018	1,411,160	4,364,998	1,211,470	6,987,628
2019	1,487,167	4,205,870	1,294,591	6,987,628
2020	1,585,639	4,079,691	1,322,298	6,987,628
2021	1,690,245	3,967,347	1,330,038	6,987,620
2022 - 2026	9,827,027	18,104,261	7,006,855	34,938,143
2027 - 2031	12,770,105	14,460,498	7,707,540	34,938,143
2032 - 2036	16,958,655	9,501,194	8,478,295	34,938,143
2037 - 2041	<u>9,822,807</u>	<u>2,759,313</u>	<u>4,293,024</u>	<u>16,875,144</u>
	<u>\$ 56,892,903</u>	<u>\$ 65,879,232</u>	<u>\$ 33,855,581</u>	<u>\$ 156,627,716</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

I. Municipal School Lease Agreements, Continued

Tiyan Lease, Continued:

As of September 30, 2016, \$60,153,208 of the Tiyan properties purchased were occupied. The remaining \$26,995,762 of properties have not been recorded as of September 30, 2016 and will be accordingly accounted for when construction is complete.

New Office	\$ 24,587,809
Warehouse II	1,360,427
Warehouse / Mezzanine	535,926
Office and Warehouse II	<u>511,600</u>
	 \$ <u>26,995,762</u>

Assets acquired through the aforementioned capital leases are as follows:

Asset:	
Buildings	\$ 237,236,074
Less accumulated depreciation	<u>(30,123,907)</u>
	 \$ <u>207,112,167</u>

These buildings are summarized as follows:

JFK High School	\$ 65,735,000
Tiyan High School	43,500,000
Okkodo High School	42,581,348
Okkodo High School Expansion	22,818,000
Astumbo Middle School	18,383,500
Adacao Elementary School	14,482,938
Liguan Elementary School	13,082,080
Tiyan 3 (lot)	8,000,000
Tiyan Gymnasium	4,947,008
Tiyan Office	2,900,000
Tiyan Warehouse	<u>806,200</u>
	 \$ <u>237,236,074</u>

During the year ended September 30, 2016, total lease payments were allocated as follows:

<u>Lease</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Rental</u>	<u>Collateral Equipment</u>	<u>Total</u>
Guam Public School Facilities Project	\$ 3,885,000	\$ 2,209,125	\$ 1,005,875	\$ -	\$ 7,100,000
Tiyan Lease	1,299,056	4,358,845	1,615,034	3,287,233	10,560,168
JFK High School	980,000	4,147,850	2,058,588	-	7,186,438
Okkodo High School Expansion	<u>830,000</u>	<u>1,454,685</u>	<u>-</u>	<u>-</u>	<u>2,284,685</u>
	 \$ <u>6,994,056</u>	 \$ <u>12,170,505</u>	 \$ <u>4,679,497</u>	 \$ <u>3,287,233</u>	 \$ <u>27,131,291</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

J. Sick Leave

It is the policy of GovGuam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2016. The estimated accumulated amount of unused sick leave at September 30, 2016, is \$134,857,295, of which an estimated \$31,298,096 has been accrued and may be convertible by members of the DCRS to pay upon retirement.

K. Litigation

GovGuam is party to several legal proceedings arising from governmental operations; however, the Attorney General of Guam is unable to assess the likelihood of potential liabilities related to claims outstanding as of September 30, 2016. 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 12L below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

L. Self-Insurance

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

M. Deposits with Treasurer

Insurance companies doing business on Guam are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2016, \$17,517,256 was held by GovGuam in bonds as security against possible claims.

N. Medicare

Prior to October 1998, 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. If GovGuam is found to be liable for prior year nonpayment an indeterminate liability could result. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(12) Commitments and Contingencies, Continued

O. Cost of Living Adjustment (COLA) Liability

In August 1988, Public Law 19-19, as codified in 4 G.C.A. § 8137.1, required GovGuam to pay an annual lump sum COLA to retirees and survivors on the first retirement payday after July 1 of each year. In October 1993, a GovGuam retiree filed a class action suit on behalf of 4,877 retirees and survivors, alleging that they were being denied the COLA benefits prescribed by 4 G.C.A. § 8137.1. The "COLA class" consisted of all GovGuam retirees and survivors that were entitled to retirement benefits during COLA years 1990 through 1994 (payout years July 1991 through July 1995). The Petitioner alleged that GovGuam did not implement 4 G.C.A. § 8137.1. The Governor and the GovGuam Retirement Fund subsequently submitted to the Court their respective calculations of the COLA owed under seal. In October 2006, the Superior Court of Guam, pursuant to 4 G.C.A. § 8137.1, ordered the GovGuam Retirement Fund to revise its initial August 2006 COLA calculation of \$96 million, which resulted in the award of \$123,580,231 to the COLA class. As of September 30, 2016, the outstanding COLA liability amounted to \$4,631,302. In accordance with Public Law 31-76, the accrual of interest on outstanding awards ceased commencing October 1, 2011.

(13) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2016, restricted cash and cash equivalents held for this purpose amounted to \$235,632.

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2016, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Supportive Housing for the Elderly	\$ 190,313
Section 8 HCV	930,162
Public Housing	1,260,365
Low Rent Housing	184,638
Revolving Fund	<u>101,163</u>
	\$ <u>2,666,641</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 2010, 2012 and 2014 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2016, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 69,821,815
Interest and Principal Funds	6,203,627
Bond Funds	510,504
Working Capital Funds	11,932,417
Bond Reserve Funds	34,808,887
Self-insurance Fund	10,754,749
Revenue Funds	1,372,165
Energy Sense Fund	1,646,041
Surplus Funds	<u>51,717,873</u>
	\$ <u>188,768,078</u>

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2010, 2013, 2014 and 2016 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. At September 30, 2016, restricted cash and cash equivalents held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Construction Funds	\$ 258,917,027
Operations, Maintenance, Renewal and Replacement Fund	17,423,213
Capitalized Interest Fund	8,937,544
Operations and Maintenance Fund	7,133,801
Revenue Fund	8,778,223
Debt Service Fund	46,983,343
Reserve Fund	4,124,348
Capital Improvement Fund	<u>10,730,729</u>
	\$ <u>363,028,228</u>

Furthermore, GWA maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2016, these consisted of the following:

Operation and Maintenance Fund	\$ 6,114
Navy Surcharge Fund	116,763
Meter Reserve Fund	845,734
Sewer Hook-up Revolving Fund	62,132
Island Water and Sewer Infrastructure Development Fund	<u>9,064,792</u>
	\$ <u>10,095,535</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

Port Authority of Guam (PAG):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2016, restricted cash and cash equivalents held by PAG are as follows:

Crane Surcharge Reserve Account	\$ <u>5,530,865</u>
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University of Guam (UOG):

At September 30, 2016, UOG maintained restricted cash and cash equivalents for the following purposes:

Enhancement of Learning Resources and Technology	\$ 439,292
Guam Cancer Trust Fund	3,503,665
Debt Service and Operations and Maintenance Reserve Funds	858,112
Other	<u>108,802</u>
	\$ <u>4,909,871</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, 2016, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	\$ 931,120
Trust fund and borrower's deposit	390,453
Foreclosure Protection Fund	500,005
First-time Homeowner Assistance Program	301,291
Community Affordable Housing Action Trust	217,566
Hazard Mitigation Program	158,618
Tenant security deposits	<u>157,538</u>
	\$ <u>2,656,591</u>

Guam Economic Development Authority (GEDA):

The bond indenture for GEDA requires the establishment of special debt service funds and accounts to be held and administered by GEDA's trustees for the accounting of the monies. At September 30, 2016, restricted short-term money market fund investments held for this purpose amounted to \$3,520,376.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents, Continued

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, 2016, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Rainy Day Fund	\$ 2,083,621
FESTPAC & Folklife Festival Trust Account	371,458
Tourist Attraction Fund Projects	<u>2,564,095</u>
	\$ <u>5,019,174</u>

B. Deposits and Investments

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

As of September 30, 2016, the carrying amount of AWPIAA's total cash and cash equivalents was \$2,377,528 maintained in banks, which at times may exceed federal depository insurance limits. At September 30, 2016, \$250,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

The bond indentures for AWPIAA require the establishment of special funds and accounts to be held and administered by AWPIAA's trustees for the accounting of the monies. At September 30, 2016, cash and cash equivalents and investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Federal Grants Fund	\$ 6,609,232
Operations and Maintenance Reserve Fund	10,990,440
Operations and Maintenance Fund	3,540,216
General Revenue Fund	7,538,082
Self-Insurance Fund	5,658,629
Capital Improvement Fund	19,490,998
Construction Fund	75,016,873
Bond Reserve Funds	19,358,184
Debt Service Funds	17,394,169
Renewal and Replacement Fund	<u>1,000,352</u>
	\$ <u>166,597,175</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

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

Money market funds	\$ 87,447,157
Fixed income securities	29,363,276
Certificate of deposit	<u>9,735,728</u>
	<u>\$ 126,546,161</u>

AWPIAA has the following recurring fair value measurements as of September 30, 2016:

	Total	Fair Value Measurements Using		
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Fixed income:				
U.S. Treasury obligations	\$ 8,792,599	\$ 8,792,599	\$ -	\$ -
U.S. Government agencies	9,220,549	-	9,220,549	-
Corporate notes	<u>1,800,934</u>	<u>-</u>	<u>1,800,934</u>	<u>-</u>
Total investments by fair value level	19,814,082	<u>\$ 8,792,599</u>	<u>\$ 11,021,483</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV):				
Money market funds	87,447,157			
Investments measured at amortized cost:				
Time certificates of deposit	9,735,728			
Interest-earning contracts	<u>9,549,194</u>			
	<u>\$ 126,546,161</u>			

As of September 30, 2016, AWPIAA's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	\$ 775,653	\$ 8,016,946	\$ -	\$ -	\$ 8,792,599
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	3,406,208	1,942,476	-	-	5,348,684
Federal National Mortgage Association	551,404	2,120,713	399,556	-	3,071,673
Federal Farm Credit Banks Funding Corporation	-	398,744	401,448	-	800,192
Corporate notes	<u>281,896</u>	<u>1,466,983</u>	<u>52,055</u>	<u>9,549,194</u>	<u>11,350,128</u>
	<u>\$ 5,015,161</u>	<u>\$ 13,945,862</u>	<u>\$ 853,059</u>	<u>\$ 9,549,194</u>	<u>\$ 29,363,276</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

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

AWPIAA's exposure to credit risk at September 30, 2016, was as follows:

S&P/Moody's Credit Rating

Aaa/AAA	\$ 8,859,191
Aa/AA	9,536,542
A/AA	65,295
A/A	15,751
A	881,630
Baa/BBB	434,929
BBB	10,214
Baa/A	10,530
Not rated	<u>9,549,194</u>
	<u>\$ 29,363,276</u>

At September 30, 2016, 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, 2016.

Guam Community College (GCC):

As of September 30, 2016, the carrying amount of GCC's cash and cash equivalents and time certificates of deposit was \$10,565,187 and the corresponding bank balance was \$13,857,455 which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2016, bank deposits in the amount of \$746,231 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.

GCC has the following recurring fair value measurements as of September 30, 2016:

	<u>Fair Value Measurements Using</u>		
	Quoted Prices In Active Markets for Identical Assets <u>Total</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:			
Mutual fund	\$ 1,932,464	<u>\$ 1,932,464</u>	<u>\$ -</u>
Investments measured at amortized cost:			
Time certificates of deposit	<u>2,034,779</u>		
	<u>\$ 3,967,243</u>		

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Community College (GCC), Continued:

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	\$ 738,592
U.S. Government notes and bonds	3,226,701
Government and government-sponsored entity bonds	923,482
Common stocks	<u>5,430,820</u>
	\$ <u>10,319,595</u>

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2016, the carrying amount of GHURA's total cash and cash equivalents was \$13,124,737 and the corresponding bank balances were \$13,122,832, which is maintained in financial institutions subject to FDIC insurance or fully collateralized by securities held by a trustee in the name of the financial institution. As of September 30, 2016, bank deposits in the amount of \$13,122,832 were FDIC insured or collateralized by U.S. securities. GHURA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2016, the carrying amount of GMHA's total cash and cash equivalents was \$1,883,960 and the corresponding bank balances were \$3,123,309, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2016, bank deposits in the amount of \$250,000 were FDIC insured. GMHA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Power Authority (GPA):

As of September 30, 2016, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was \$231,354,095 and the corresponding bank balances were \$230,764,038. Of the bank balance amount, \$53,327,876 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, 2016, bank deposits in the amount of \$763,256 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA), Continued:

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, 2016, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:	
Bond Reserve Fund	\$ 13,742,000
Self-insurance Fund	8,752,047
Bond Fund	<u>37,427,094</u>
	<u>\$ 59,921,141</u>

Investments held by GPA consist of money market funds, certificates of deposit and commercial paper. The carrying value of investments is as follows:

Money market investments	\$ 36,531,695
Certificates of deposit	27,253,507
Guaranteed investment certificate	9,801,436
Mutual fund	<u>4,835,963</u>
	<u>\$ 78,422,601</u>

GPA has the following recurring fair value measurements as of September 30, 2016:

	Total	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Mutual fund	\$ 4,835,963	<u>\$ 4,835,963</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money market investments	36,531,695			
Time certificates of deposit	27,253,507			
Guaranteed investment certificate	<u>9,801,436</u>			
	<u>\$ 78,422,601</u>			

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA):

As of September 30, 2016, the carrying amount of GWA's total cash and cash equivalents was \$382,901,023 and the corresponding bank balances were \$385,219,466. Of the bank balance amount, \$22,383,354 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$362,836,112 represents short-term investments held and administered by GWA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GWA's trustees in GWA's name in accordance with various trust agreements and bond indentures. As of September 30, 2016, bank deposits in the amount of \$620,067 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.

Port Authority of Guam (PAG):

As of September 30, 2016, the carrying amount of PAG's total cash and cash equivalents was \$35,772,392 and the corresponding bank balance was \$35,590,533, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2016, 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, 2016, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$24,956,633 and the corresponding bank balance was \$27,629,664. Of the bank balance amount, \$1,164,154 is maintained in financial institutions subject to FDIC insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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

Certificates of deposit	\$ 14,313,093
Money market funds	565,820
Mutual funds	3,191,124
Fixed income securities	6,147,748
Exchange-traded funds	2,279,456
Domestic equities	<u>10,771,457</u>
	\$ <u>37,268,698</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

As of September 30, 2016, 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	\$ -	\$ -	\$ -	\$ 1,007,963	\$ 1,007,963
U.S. government agencies	165,267	2,351,044	397,411	347,399	3,261,121
Corporate notes and bonds	<u>61,800</u>	<u>801,919</u>	<u>1,012,544</u>	<u>2,401</u>	<u>1,878,664</u>
	<u>\$ 227,067</u>	<u>\$ 3,152,963</u>	<u>\$ 1,409,955</u>	<u>\$ 1,357,763</u>	<u>\$ 6,147,748</u>

UOG's exposure to credit risk at September 30, 2016, was as follows:

<u>Moody's Rating</u>	<u>Domestic</u>
AAA	\$ 2,649,023
AA+	875,208
A	464,394
BBB+	165,892
BBB	158,818
BB-	19,700
B+	444,190
B	608,108
CCC+	17,562
Not rated	<u>744,853</u>
	<u>\$ 6,147,748</u>

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

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

Restricted for endowments:	
Money market funds	\$ 212,277
Mutual funds	453,727
U.S. Government notes and bonds	2,751,465
Domestic equities	<u>5,911,422</u>
	<u>\$ 9,328,891</u>

Guam Housing Corporation (GHC):

As of September 30, 2016, the carrying amount of GHC's cash and cash equivalents was \$7,104,177, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2016, bank deposits in the amount of \$2,853,087 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, 2016

(13) 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, 2016, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Revenue Fund	\$ <u>3,105,444</u>

Investments of GHC as of September 30, 2016, are classified as follows:

Restricted:	
Money market funds	\$ 1,623,114
Fixed income securities	<u>1,482,330</u>
	\$ <u>3,105,444</u>

GHC has the following recurring fair value measurements as of September 30, 2016:

	Total	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
U.S. government agencies:	\$ 1,482,330	\$ -	\$ 1,482,330	\$ -
Investments measured at amortized cost:				
Money market investments	<u>1,623,114</u>			
	<u>\$ 3,105,444</u>			

As of September 30, 2016, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	\$ -	\$ -	\$ -	\$ 1,482,330	\$ 1,482,330

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA):

At September 30, 2016, the carrying amount of GEDA's cash and cash equivalents was \$15,544,112 and the corresponding bank balance was \$15,623,156, of which \$12,102,780 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$3,520,376 represents short-term investments held and administered by GEDA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDA's name by GEDA's custodial financial institution at September 30, 2016. As of September 30, 2016, bank deposits in the amount of \$1,285,989 were FDIC insured. GEDA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2016, GEDA's investments are as follows:

Unrestricted:		
Mutual funds	\$	2,970,506
Fixed income securities		<u>2,242,572</u>
		<u>\$ 5,213,078</u>

GEDA has the following recurring fair value measurements as of September 30, 2016:

	Total	Fair Value Measurements Using		
		Quoted Prices		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Mutual funds	\$ 2,970,506	\$ 2,970,506	\$ -	\$ -
Municipal bonds	<u>2,242,572</u>	<u>-</u>	<u>2,242,572</u>	<u>-</u>
	<u>\$ 5,213,078</u>	<u>\$ 2,970,506</u>	<u>\$ 2,242,572</u>	<u>\$ -</u>

As of September 30, 2016, GEDA'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	
Municipal bonds	Aaa	\$ -	\$ -	\$ 141,008	\$ -	\$ 141,008
Municipal bonds	Aa1	-	149,431	125,643	148,327	423,401
Municipal bonds	Aa2	118,659	127,772	492,977	97,754	837,162
Municipal bonds	Aa3	90,178	152,025	123,275	-	365,478
Municipal bonds	A1	-	-	233,539	-	233,539
Municipal bonds	A3	-	110,042	-	-	110,042
Municipal bonds	N/A	<u>-</u>	<u>131,942</u>	<u>-</u>	<u>-</u>	<u>131,942</u>
		<u>\$ 208,837</u>	<u>\$ 671,212</u>	<u>\$ 1,116,442</u>	<u>\$ 246,081</u>	<u>\$ 2,242,572</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Preservation Trust (GPT):

As of September 30, 2016, the carrying amount of GPT's total cash and cash equivalents was \$2,537,164, which is maintained in a financial institution subject to FDIC insurance. As of September 30, 2016, bank deposits in the amount of \$1,948,033 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are not exposed to custodial credit risk.

Investments of GPT as of September 30, 2016 are classified as follows:

Certificates of deposit	\$ 1,579,932
Equities	603,155
Exchange-traded funds	225,472
Money market investments	<u>171,047</u>
	\$ <u>2,579,606</u>

GPT has the following recurring fair value measurements as of September 30, 2016:

	Total	Fair Value Measurements Using		
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
	Identical	Observable	Unobservable	
	Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Investments by fair value level:				
Equities	\$ 603,155	\$ -	\$ 603,155	\$ -
Investments measured at amortized cost:				
Time certificates of deposit	1,579,932			
Exchange-traded funds	225,472			
Money market investments	<u>171,047</u>			
	\$ <u>2,579,606</u>			

Guam Visitors Bureau (GVB):

At September 30, 2016, the carrying amount of GVB's cash and cash equivalents and time certificates of deposit was \$16,847,257 and the corresponding bank balance was \$16,904,344, which is maintained in financial institutions subject to FDIC insurance. As of September 30, 2016, bank deposits in the amount of \$2,906,368 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

At September 30, 2016, investments include time certificates of deposit in the amount of \$2,525,177 with original maturities of more than three months, which are fully FDIC insured.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2016, the carrying amount of GETC's cash and cash equivalents was \$275,542 and the corresponding bank balance was \$279,201, 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, 2016, bank deposits in the amount of \$100,922 were FDIC insured and bank deposits in the amount of \$178,279 were NCUA insured.

C. Receivables

Receivables as of September 30, 2016, for the discretely presented component units, including allowances for uncollectible accounts, are as follows:

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing And Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
Trade	\$10,817,949	\$ 4,525,028	\$ 154,451	\$88,336,846	\$27,412,450	\$25,201,993	\$ 5,444,353	\$10,001,081	\$ 76,631	\$ 171,970,782
Federal grants	5,340,503	1,849,285	776,482	-	4,344,759	967,641	180,601	3,445,338	-	16,904,609
Loans	-	-	806,351	-	-	-	-	20,190,625	29,512,781	50,509,757
Insurance	-	-	-	-	34,040,000	-	-	-	-	34,040,000
Interest	-	-	190	-	-	-	-	-	54,595	54,785
Other	<u>2,263,354</u>	<u>1,065,562</u>	<u>221,411</u>	<u>260,012</u>	<u>869,189</u>	<u>1,842,173</u>	<u>-</u>	<u>2,385,875</u>	<u>3,151,233</u>	<u>12,058,809</u>
	18,421,806	7,439,875	1,958,885	88,596,858	66,666,398	28,011,807	5,624,954	36,022,919	32,795,240	285,538,742
Allowance	<u>(2,633,614)</u>	<u>(1,530,159)</u>	<u>(170,981)</u>	<u>(66,330,992)</u>	<u>(4,030,630)</u>	<u>(11,302,580)</u>	<u>(551,948)</u>	<u>(24,036,232)</u>	<u>(2,280,793)</u>	<u>(112,867,929)</u>
	<u>\$15,788,192</u>	<u>\$ 5,909,716</u>	<u>\$ 1,787,904</u>	<u>\$22,265,866</u>	<u>\$62,635,768</u>	<u>\$16,709,227</u>	<u>\$ 5,073,006</u>	<u>\$11,986,687</u>	<u>\$30,514,447</u>	<u>\$ 172,670,813</u>

Guam Housing and Urban Renewal Authority (GHURA):

Loans receivable from first time homebuyers under GHURA's Down Payment and Closing Cost Assistance Program, due in varying monthly installments, interest free and with a maximum loan amount of \$18,000 or 18% of the purchase price, with maturities to 2026, collateralized by second mortgages on real estate.

University of Guam (UOG):

The Guam Legislature appropriates funds for the student loan program available to residents of Guam who attend institutions of higher education. UOG is responsible for awarding loans and monitoring compliance with respect to repayment. Due to the uncertainty of collection and due to recipient ability to repay the loans through work credits, student loan receivables are fully reserved for in the year granted, and payments are reflected as recoveries in the year received. As of September 30, 2016, loan receivables are reserved in the amount of \$20,190,625.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

Guam Housing Corporation (GHC):

Loans receivable from first time homebuyers under GHC's Low Cost Housing Assistance Program, due in varying monthly installments, interest free, with maturities to 2024, collateralized by first mortgages on real estate. \$ 27,510,816

Loans receivable from first time homebuyers under the Community Affordable Housing Action Trust, Hazard Mitigation, Down Payment and Closing Assistance, and the Sagan Linayan Project programs, due in varying monthly installments, interest free. 2,001,965

\$ 29,512,781

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2016, are summarized as follows:

	Antonio B. Won Pat International Airport <u>Authority</u>	Guam Community <u>College</u>	Guam Housing And Urban Renewal <u>Authority</u>	Guam Memorial Hospital <u>Authority</u>	Guam Power <u>Authority</u>	Guam Waterworks <u>Authority</u>	Port Authority <u>of Guam</u>	University of Guam	Nonmajor Component <u>Units</u>	<u>Total</u>
Due from primary government:										
General Fund	\$ -	\$ 5,425,532	\$ -	\$ 7,849,854	\$ -	\$ -	\$ -	\$ 7,722,534	\$ 3,829,000	\$ 24,826,920
Due to primary government:										
Nonmajor governmental funds	\$ 3,036,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,036,241

Amounts recorded as due from primary government are presented as accounts payable within the General Fund. Amounts recorded as due to primary government are presented as other receivables within the nonmajor governmental funds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

E. Capital Assets

Capital asset activities of the discretely presented component units for the year ended September 30, 2016, are as follows:

	Estimated Useful Lives	Balance October 1, 2015	Transfers and Additions	Transfers and Deletions	Balance September 30, 2016
Nondepreciable capital assets:					
Land		\$ 89,641,525	\$ 227,667	\$ -	\$ 89,869,192
Construction in progress		<u>163,643,837</u>	<u>103,506,052</u>	<u>(85,910,859)</u>	<u>181,239,030</u>
		<u>253,285,362</u>	<u>103,733,719</u>	<u>(85,910,859)</u>	<u>271,108,222</u>
Depreciable capital assets:					
Capital lease assets	20 - 40 yrs	155,382,727	-	-	155,382,727
Buildings and improvements	5 - 60 yrs	1,522,434,481	23,302,759	(30,225,271)	1,515,511,969
Machinery, equipment and furniture	2 - 40 yrs	227,576,396	12,151,628	(14,953,359)	224,774,665
Infrastructure	10 - 50 yrs	<u>937,760,581</u>	<u>30,205,460</u>	<u>(2,633,162)</u>	<u>965,332,879</u>
		2,843,154,185	65,659,847	(47,811,792)	2,861,002,240
Less accumulated depreciation		<u>(1,456,364,138)</u>	<u>(107,082,748)</u>	<u>13,031,799</u>	<u>(1,550,415,087)</u>
Depreciable capital assets, net		<u>1,386,790,047</u>	<u>(41,422,901)</u>	<u>(34,779,993)</u>	<u>1,310,587,153</u>
		<u>\$1,640,075,409</u>	<u>\$ 62,310,818</u>	<u>\$(120,690,852)</u>	<u>\$1,581,695,375</u>

F. Bonds Payable

As of September 30, 2016, the discretely presented component units had the following bonds payable outstanding:

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

General Revenue Bonds, Series 2013 (original issue of \$247,335,000, dated September 1, 2013), varying interest rates at 3% - 6.375% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing on October 1, 2014 of \$9,845,000 and increasing to a final payment of \$10,240,000 on October 1, 2043. The bonds were issued for the purpose of: (1) advance refunding 2003 Series bonds; (2) to finance additions, extensions, and improvements to the Airport; and (3) to provide additional proceeds to fund the Bond Reserve account.	\$ 227,025,000
Add net unamortized premium on bonds	<u>2,314,997</u>
	<u>\$ 229,339,997</u>

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

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

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,890,000	\$ 12,712,250	\$ 23,602,250
2018	11,430,000	12,154,250	23,584,250
2019	12,010,000	11,568,250	23,578,250
2020	12,605,000	10,952,875	23,557,875
2021	13,230,000	10,307,000	23,537,000
2022 - 2026	50,700,000	41,232,769	91,932,769
2027 - 2031	21,005,000	32,745,263	53,750,263
2032 - 2036	28,190,000	25,337,938	53,527,938
2037 - 2041	38,010,000	15,193,700	53,203,700
2042 - 2044	<u>28,955,000</u>	<u>2,773,100</u>	<u>31,728,100</u>
	<u>\$ 227,025,000</u>	<u>\$ 174,977,395</u>	<u>\$ 402,002,395</u>

Guam Power Authority (GPA):

General Revenue Bonds, Series 2010 (original issue of \$150,440,000, dated July 1, 2010), varying interest rates at 5.0% - 5.5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$225,000 in October 2022, increasing to \$17,215,000 in October 2040. The bonds have been issued to finance a new administration building and various generation, transmission, and distribution facilities. \$ 150,440,000

General Revenue Bonds, Series 2012 (original issue of \$340,620,000, dated October 1, 2012), varying interest rates at 2.98% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$110,000 in October 2013, increasing to \$24,485,000 in October 2034. The bonds have been issued to refund the 1993 and 1999 bonds, and to fund a deposit to the Bond Reserve Fund and satisfy the Bond Reserve Fund Requirement. 339,945,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

General Revenue Bonds, Series 2014 (original issue of \$76,470,000, dated September 17, 2014), varying interest rates at 4% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,310,000 in October 2017, increasing to \$4,855,000 in October 2044. The bonds have been issued to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, and to fund a deposit to the Senior Bond Reserve Fund.

	<u>76,470,000</u>
	566,855,000
Add net unamortized premium on 2014 and 2012 bonds	31,824,124
Less net unamortized discount on 2010 bonds	<u>(3,506,346)</u>
	\$ <u>595,172,778</u>

All gross revenues of GPA have been pledged to repay the 2010, 2012 and 2014 series bond principal and interest. The debt service for the 2010, 2012 and 2014 series bonds was \$28,870,850 or 9% of pledged gross revenues for the year ended September 30, 2016. Premium and discounts associated with the 2010, 2012 and 2014 bond series are being amortized using the effective interest method over the lives of the 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>
2017	\$ 115,000	\$ 28,754,130	\$ 28,869,130
2018	1,780,000	28,712,600	30,492,600
2019	1,495,000	28,636,625	30,131,625
2020	15,950,000	28,201,700	44,151,700
2021	20,515,000	27,290,075	47,805,075
2021 - 2026	119,755,000	119,790,825	239,545,825
2027 - 2031	153,850,000	85,562,450	239,412,450
2032 - 2036	139,280,000	46,178,000	185,458,000
2037 - 2041	95,990,000	19,782,150	115,772,150
2042 - 2045	<u>18,125,000</u>	<u>1,781,775</u>	<u>19,906,775</u>
	\$ <u>566,855,000</u>	\$ <u>414,690,330</u>	\$ <u>981,545,330</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the Lehman Brothers and Bank of America. In connection with the agreement, GPA received cash totaling \$13,500,000 in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA. Based on the terms of the agreement, gross proceeds totaled \$17,521,029 while GPA incurred termination fees and closing costs totaling \$3,530,000 and \$1,250,529, respectively. The \$13,500,000 in net proceeds received included \$759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs have been deferred and are amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

The following summarizes unamortized costs and unearned revenues at September 30, 2016 associated with this agreement:

Unearned forward delivery contract revenues	\$ 8,760,514
Accumulated amortization	<u>(5,840,426)</u>
	\$ <u>2,920,088</u>
Unamortized forward delivery contract costs	\$ 2,390,265
Accumulated amortization	<u>(1,593,548)</u>
	\$ <u>796,717</u>

Guam Waterworks Authority (GWA):

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

\$ 116,180,000

Water and Wastewater System Revenue Bonds, Series 2013 (original issue of \$172,630,000, dated December 12, 2013), varying interest rates at 5% - 5.5% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$2,695,000 on July 1, 2020, and increasing to a final payment of \$25,880,000 on July 1, 2043. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems.

172,630,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA), Continued:

Water and Wastewater System Revenue Bonds, Series 2014 (original issue of \$85,600,000, dated August 7, 2014), varying interest rates at 5% - 6% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$2,900,000 on July 1, 2015, and decreasing to a final payment of \$350,000 on July 1, 2035. The bonds have been issued to refund the 2005 bond issue. 79,380,000

Water and Wastewater System Revenue Bonds, Series 2016 (original issue of \$143,310,000, dated February 24, 2016), interest rate at 5% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$420,000 on July 1, 2020, and increasing to a final payment of \$33,225,000 on January 1, 2046. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems. 143,310,000

511,500,000

Add net unamortized premium on 2014 and 2016 bonds 22,941,777
Less net unamortized discount on 2010 and 2013 bonds (3,338,055)

\$ 531,103,722

All gross revenues of GWA, except PUC surcharge revenues, have been pledged to repay the 2010, 2013, 2014 and 2016 series bond principal and interest. The debt service for the 2010, 2013, 2014 and 2016 series bonds was \$31,727,802 or 31% of pledged gross revenues for the year ended September 30, 2016. Premiums and discounts associated with the 2010, 2013, 2014 and 2016 bond series are being amortized using the effective interest method over the respective lives of the bonds.

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>
2017	\$ 5,040,000	\$ 26,687,801	\$ 31,727,801
2018	5,200,000	26,532,297	31,732,297
2019	5,420,000	26,348,302	31,768,302
2020	8,770,000	26,114,825	34,884,825
2021	9,215,000	25,669,588	34,884,588
2022 - 2026	53,680,000	120,750,275	174,430,275
2027 - 2031	68,930,000	105,502,675	174,432,675
2032 - 2036	88,840,000	85,590,188	174,430,188
2037 - 2041	115,725,000	58,707,875	174,432,875
2042 - 2046	<u>150,680,000</u>	<u>22,918,325</u>	<u>173,598,325</u>
	\$ <u>511,500,000</u>	\$ <u>524,822,151</u>	\$ <u>1,036,322,151</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of \$50,000,000, dated April 15, 1998), varying interest rates at 4.7% - 5.75% per annum, payable semiannually on March 1 and September 1, principal fund payments due in varying semiannual installments commencing with a payment of \$25,000 on March 1, 2002, and increasing to a final payment of \$194,201 on September 1, 2031. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam. \$ 4,085,000

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>
2017	\$ 180,000	\$ 223,807	\$ 403,807
2018	190,000	214,044	404,044
2019	220,000	203,835	423,835
2020	230,000	193,378	423,378
2021	235,000	182,450	417,450
2022 - 2026	1,310,000	710,556	2,020,556
2027 - 2031	<u>1,720,000</u>	<u>283,188</u>	<u>2,003,188</u>
	<u>\$ 4,085,000</u>	<u>\$ 2,011,258</u>	<u>\$ 6,096,258</u>

Guam Economic Development Authority (GEDA):

Tobacco Settlement Asset-Backed Bonds, 2007 Series A, (original issue of \$33,575,000, dated December 1, 2007), varying interest rates at 5.25% - 5.625% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of \$1,025,000 on June 1, 2008 and increasing to a final payment of \$3,840,000 on June 1, 2026. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds. \$ 25,005,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Economic Development Authority (GEDA), Continued:

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

16,773,618

41,778,618

Less net unamortized discount on Series B capital appreciation turbo term bonds

(10,433,985)

Less net unamortized discount on issuance

(739,604)

\$ 30,605,029

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>
2017	\$ 2,430,000	\$ 996,380	\$ 3,426,380
2018	1,115,000	885,891	2,000,891
2019	1,200,000	805,219	2,005,219
2020	1,285,000	737,719	2,022,719
2021	1,380,000	665,227	2,045,227
2022 - 2026	10,435,000	2,067,328	12,502,328
2027 - 2031	11,261,709	-	11,261,709
2032 - 2034	<u>12,671,909</u>	-	<u>12,671,909</u>
	<u>\$ 41,778,618</u>	<u>\$ 6,157,764</u>	<u>\$ 47,936,382</u>

All Tobacco Settlement Revenue (TSR) of GEDA has been pledged to repay the 2007 series bond principal and interest. The debt service for the 2007 series bonds was \$2,429,869 or 97% of pledged TSR revenues for the year ended September 30, 2016.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable

As of September 30, 2016, the discretely presented component units had the following notes payable outstanding:

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

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

\$ 9,361,040

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

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

<u>Year ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,057,000	\$ 510,500	\$ 1,567,500
2018	1,119,000	448,500	1,567,500
2019	1,185,000	382,500	1,567,500
2020	1,255,000	312,500	1,567,500
2021	1,329,000	238,500	1,567,500
2022 - 2024	<u>3,416,040</u>	<u>240,871</u>	<u>3,656,911</u>
	<u>\$ 9,361,040</u>	<u>\$ 2,133,371</u>	<u>\$ 11,494,411</u>

Guam Community College (GCC):

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

\$ 1,115,454

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

3,299,935

\$ 4,415,389

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Community College (GCC), Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 121,336	\$ 148,760	\$ 270,096
2018	125,973	144,123	270,096
2019	130,791	139,305	270,096
2020	135,797	134,299	270,096
2021	140,998	129,098	270,096
2022 - 2026	790,419	560,061	1,350,480
2027 - 2031	621,178	413,890	1,035,068
2032 - 2036	429,634	338,966	768,600
2037 - 2041	502,192	266,409	768,601
2042 - 2046	587,002	181,598	768,600
2047 - 2051	686,136	82,464	768,600
2052 - 2053	<u>143,933</u>	<u>34,635</u>	<u>178,568</u>
	\$ <u>4,415,389</u>	\$ <u>2,573,608</u>	\$ <u>6,988,997</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. \$ 1,095,072

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>
2017	\$ 62,000	\$ 64,480	\$ 126,480
2018	66,000	60,480	126,480
2019	70,000	56,480	126,480
2020	75,000	51,480	126,480
2021	80,000	46,480	126,480
2022 - 2026	497,000	135,400	632,400
2027 - 2030	<u>245,072</u>	<u>39,814</u>	<u>284,886</u>
	\$ <u>1,095,072</u>	\$ <u>454,614</u>	\$ <u>1,549,686</u>

Guam Waterworks Authority (GWA):

Note payable to a local bank in the original amount of \$25,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of \$300,027 through June 15, 2015; refinanced principal balance of \$14,856,080, interest at 5.25% per annum, due in monthly installments of principal and interest of \$285,000 through June 15, 2020. \$ 11,452,191

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Waterworks Authority (GWA), Continued:

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>
2017	\$ 2,873,988	\$ 546,012	\$ 3,420,000
2018	3,042,383	377,617	3,420,000
2019	3,206,007	213,993	3,420,000
2020	<u>2,329,813</u>	<u>48,013</u>	<u>2,377,826</u>
	<u>\$ 11,452,191</u>	<u>\$ 1,185,635</u>	<u>\$ 12,637,826</u>

Port Authority of Guam (PAG):

Note payable to a bank in the initial amount of \$3,500,000, dated October 22, 2010, variable interest at 3% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (6.18% per annum at September 30, 2016), due in monthly installments of principal and interest of \$30,049 through October 2025. Loan proceeds were used to reimburse PAG for the acquisition of four top lifters and ten terminal yard contractors. The loan is secured by the abovementioned equipment. \$ 2,473,893

Note payable to a local bank in the initial amount of \$12,000,000, dated December 20, 2012, variable interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (5.94% per annum at September 30, 2016), due in monthly installments of principal and interest of \$101,427 through December 2027. Loan proceeds were used to purchase used gantry cranes. 9,925,985

Notes payable to a local bank in the aggregate amount not to exceed \$10,000,000, dated April 3, 2014, payable in ten years, for the purpose of funding the cost of service life extension repairs to the berths or wharves and for either or both of (a) funding the cost of software acquisition for the purpose of upgrading the financial management system, (b) funding the cost of acquisition of a container handling top-lifter. The funding for service life extension repairs shall have the priority. The term loan bears interest at 2.55% above the Federal Home Loan Bank of Seattle Long Term 5-year amortizing fixed rate in effect from time to time or 3.75% whichever is greater. The interest rate shall be adjusted on the fifth anniversary. 5,732,794

Note payable to a local bank, dated July 15, 2015, interest at 3.625% per annum, due in monthly installments of \$27,000 in principal and interest over seven years. Proceeds of the loan will be used to fund the acquisition of cargo handling equipment. 1,700,752

\$ 19,833,424

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Port Authority of Guam (PAG), 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>
2017	\$ 1,788,527	\$ 991,584	\$ 2,780,111
2018	2,014,395	915,608	2,930,003
2019	2,116,040	813,963	2,930,003
2020	2,221,129	708,874	2,930,003
2021	2,335,638	594,365	2,930,003
2022 - 2026	7,897,299	1,459,094	9,356,393
2027 - 2028	<u>1,460,396</u>	<u>62,961</u>	<u>1,523,357</u>
	\$ <u>19,833,424</u>	\$ <u>5,546,449</u>	\$ <u>25,379,873</u>

University of Guam (UOG):

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

\$ 11,548,805

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>
2017	\$ 230,631	\$ 519,429	\$ 750,060
2018	241,226	508,834	750,060
2019	252,308	497,752	750,060
2020	263,899	486,161	750,060
2021	276,023	474,037	750,060
2022 - 2026	1,582,380	2,167,920	3,750,300
2027 - 2031	1,980,817	1,769,483	3,750,300
2032 - 2036	2,479,578	1,270,722	3,750,300
2037 - 2041	3,103,926	646,374	3,750,300
2042 - 2043	<u>1,138,017</u>	<u>50,736</u>	<u>1,188,753</u>
	\$ <u>11,548,805</u>	\$ <u>8,391,448</u>	\$ <u>19,940,253</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

H. Capital Lease Financing

Guam Power Authority (GPA):

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

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

The assets acquired through capital leases are as follows:

Asset:		
Buildings	\$ 155,382,727	
Less accumulated depreciation	<u>(69,298,046)</u>	
	<u>\$ 86,084,681</u>	

The leases have effective interest rates ranging from 8.6% to 13.7%.

On December 29, 2014, GPA obtained regulatory approval to early terminate one of the energy conversion agreements effective January 2, 2015 for a payment of \$8,100,000. The agreement originally expires in September 2017. GPA incurred a \$2,800,000 loss due to early termination of the agreement.

Future minimum lease obligations 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>
2017	\$ 16,737,242	\$ 4,051,185	\$ 20,788,427
2018	16,950,423	1,934,418	18,884,841
2019	<u>5,922,297</u>	<u>159,673</u>	<u>6,081,970</u>
	<u>\$ 39,609,962</u>	<u>\$ 6,145,276</u>	<u>\$ 45,755,238</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

I. Changes in Long-Term Liabilities

During the year ended September 30, 2016, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net position:

Bonds Payable:

	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2016</u>	Due Within <u>One Year</u>
Antonio B. Won Pat International					
Airport Authority	\$ 237,490,000	\$ -	\$ (10,465,000)	\$ 227,025,000	\$ 10,890,000
Guam Power Authority	581,120,000	-	(14,265,000)	566,855,000	115,000
Guam Waterworks Authority	373,100,000	143,310,000	(4,910,000)	511,500,000	5,040,000
Guam Housing Corporation	4,255,000	-	(170,000)	4,085,000	180,000
Guam Economic Development Authority	<u>42,783,618</u>	<u>-</u>	<u>(1,005,000)</u>	<u>41,778,618</u>	<u>2,430,000</u>
	1,238,748,618	143,310,000	(30,815,000)	1,351,243,618	18,655,000
Unamortized amounts:					
Bond premiums:					
Antonio B. Won Pat International					
Airport Authority	2,498,749	-	(183,752)	2,314,997	-
Guam Power Authority	34,543,120	-	(2,718,996)	31,824,124	-
Guam Waterworks Authority	5,349,921	17,870,470	(278,614)	22,941,777	-
Bond discounts:					
Guam Power Authority	(3,612,954)	-	106,608	(3,506,346)	-
Guam Waterworks Authority	(3,481,836)	-	143,781	(3,338,055)	-
Guam Economic Development Authority	<u>(11,728,465)</u>	<u>-</u>	<u>554,876</u>	<u>(11,173,589)</u>	<u>-</u>
	<u>\$ 1,262,317,153</u>	<u>\$ 161,180,470</u>	<u>\$ (33,191,097)</u>	<u>\$ 1,390,306,526</u>	<u>\$ 18,655,000</u>

Notes Payable:

	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2016</u>	Due Within <u>One Year</u>
Antonio B. Won Pat International					
Airport Authority	\$ 10,358,932	\$ -	\$ (997,892)	\$ 9,361,040	\$ 1,056,808
Guam Community College	5,509,297	-	(1,093,908)	4,415,389	121,336
Guam Housing and Urban Renewal Authority	1,154,274	-	(59,000)	1,095,072	62,000
Guam Memorial Hospital Authority	21,595,731	-	(21,595,731)	-	-
Guam Waterworks Authority	14,197,776	-	(2,745,585)	11,452,191	2,873,988
Port Authority of Guam	18,385,087	2,503,530	(1,055,193)	19,833,424	1,788,527
University of Guam	<u>11,899,110</u>	<u>-</u>	<u>(350,305)</u>	<u>11,548,805</u>	<u>230,631</u>
	<u>\$ 83,100,207</u>	<u>\$ 2,503,530</u>	<u>\$ (27,897,614)</u>	<u>\$ 57,705,921</u>	<u>\$ 6,133,290</u>

Other Long-term Liabilities:

	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2016</u>	Due Within <u>One Year</u>
Compensated absences	\$ 14,557,969	\$ 7,178,392	\$ (6,913,231)	\$ 14,823,130	\$ 7,597,737
Capital lease obligations	54,429,782	-	(14,819,820)	39,609,962	16,737,242
DCRS sick leave	15,584,948	2,937,610	(1,754,676)	16,767,882	-
Net pension liability	396,406,981	71,048,252	(21,372,481)	446,082,752	-
Other noncurrent liabilities	<u>704,264</u>	<u>1,293,195</u>	<u>(1,213,593)</u>	<u>783,866</u>	<u>-</u>
	<u>\$ 481,683,944</u>	<u>\$ 82,457,449</u>	<u>\$ (46,073,801)</u>	<u>\$ 518,067,592</u>	<u>\$ 24,334,979</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies

Performance Management Contracts (PMCs):

Guam Power Authority (GPA) has entered into two new PMCs with two companies for the operation and maintenance of Cabras 1 and 2 and Cabras 3 and 4 generators, which became effective on October 1, 2010 and July 1, 2010, respectively. These PMCs are for a period of five years with an option to extend for another five-year term. Several extensions were made on both PMCs. The latest extension of the PMC for Cabras 1 and 2 expires on September 30, 2020 while the PMC for Cabras 3 and 4 expires on February 28, 2018. GPA has also entered into a new PMC for the operations and maintenance of the Dededo, Macheche and Yigo combustion turbine power plants. The PMC is for a period of five years commencing March 1, 2016 with an option to extend for one additional three-year term and one additional two-year term.

At September 30, 2016, the minimum future fixed management fees are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 3,533,299
2018	2,688,626
2019	2,449,963
2020	2,515,840
2021	<u>293,203</u>
	\$ <u>11,480,931</u>

Renewable Energy Contracts:

Guam Power Authority (GPA) has entered into three agreements to purchase 20 Megawatts (MW) of solar renewable energy, 5.65 MW of solar renewable energy, and 9.35 MW of wind renewable energy. The commercial operation date of the 20 MW and the 5.65 MW solar plants is October 30, 2015. The planned commercial operation for the wind renewable energy has not yet been established. The agreements include escalating contract prices per MW hour until 2041 with a total minimum renewable energy purchase commitment of 1.1 million MW hour.

At September 30, 2016, the minimum future renewable energy purchases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 9,135,070
2018	9,164,695
2019	9,157,338
2020	9,162,071
2021	9,171,682
2022 - 2025	46,013,014
2027 - 2030	46,055,722
2032 - 2035	46,519,297
2037 - 2041	<u>38,321,837</u>
	\$ <u>222,700,726</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor:

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

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

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 15,400,000
2018	15,400,000
2019	15,400,000
2020	15,400,000
2021	15,400,000
2022 - 2023	<u>28,233,333</u>
	\$ <u>105,233,333</u>

Antonio B. Won Pat International Airport Authority (AWPIAA) has lease agreements with scheduled air carriers, various other concessionaires and airport users. The agreements provide the lessees with the use of AWPIAA's system facilities, equipment and services. The signatory airline operating agreement and terminal building leases expired on September 30, 2016 and the lease agreements with six rent-a-car companies expired in June 2016. These agreements are currently under month-to-month extensions pending negotiated agreements. Other ground lease agreements will expire ranging from September 2015 through September 2035.

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

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 1,856,000
2018	1,976,000
2019	1,995,000
2020	1,894,000
2021	1,674,000
2022 - 2026	1,397,000
2027 - 2031	1,260,000
2032 - 2036	1,369,000
2037 - 2041	<u>572,000</u>
	\$ <u>13,993,000</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued:

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

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

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 1,122,057
2018	1,122,057
2019	1,122,057
2020	921,339
2021	314,544
Thereafter	<u>1,945,006</u>
	\$ <u>6,547,060</u>

Lease Obligations as Lessee:

On November 1, 2002, the Guam Power Authority (GPA) entered a sublease agreement for vehicle, equipment, and material storage and for a power station with annual rental of \$61,261 through October 31, 2012, and was extended for ten years. In addition, GPA entered into a commercial space lease beginning July 1, 2010, with monthly rentals of \$4,495 through June 30, 2015, and was extended for five years.

On September 1, 2013, GPA renewed a lease agreement for fuel storage tanks with fixed annual fees escalating 4% every year until August 31, 2018.

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

<u>Year Ending</u> <u>September 30,</u>	
2017	\$ 1,709,954
2018	1,630,481
2019	115,196
2020	101,712
2021	61,261
2022 - 2023	<u>66,366</u>
	\$ <u>3,684,970</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Temporary Power Services:

On December 7, 2015, the Guam Power Authority (GPA) entered into a contract for temporary power services to provide 40 Megawatts (MW) of additional generation for \$11,781,392 a year plus an energy charge of \$4.40 per MW hour. GPA reimburses the payments for the temporary power services from the insurance proceeds from the Cabras 3 and 4 explosion (see Note 13K). The contract is for one year effective January 2016 with option to extend for a period to be mutually agreed. The contract is extended for four years effective January 9, 2017 and includes payments for the acquisition of the power plant.

Fuel Purchase and Bulk Storage Facility Contracts:

In June 2012, the Guam Power Authority (GPA) entered into an agreement for the management and operations of its fuel bulk storage facility. The agreement is for three years ending May 31, 2015 with an option to extend the contract for two additional one-year terms with the mutual consent of both parties. In March 2015, GPA exercised the option and extended the contract through May 31, 2017. At September 30, 2016, the minimum future management fees for the year ending September 30, 2017 is \$456,038.

In August 2013, GPA entered into a fuel purchase contract agreement to purchase residual fuel oil and low sulfur fuel oil from a fuel supplier. The agreement is for two years with an option to extend for three additional one year terms, renewable annually. In August 2015, the agreement was mutually extended for an additional three years commencing on September 1, 2015. On January 1, 2015, GPA entered into diesel fuel supply contracts with two fuel suppliers. The agreements are for three years ending December 31, 2017 with an option to extend for two additional one-year terms, renewable annually.

U.S. Environmental Protection Agency (EPA):

On May 24, 1986, the administrator of the U.S. EPA granted a continuing exemption to the Guam Power Authority (GPA) under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption. In February 2011, EPA finalized rules under the National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine (RICE) Maximum Available Control Technology (MACT). Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of \$37,000 per unit per day. GPA applied for and received a one year extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period. As to compliance with the other units subject to RICE MACT, GPA requested EPA to enter into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In January 2015, GPA submitted its compliance plan outlining the proposed timelines for inclusion in a consent decree. GPA believes results of negotiations with EPA will defer potential fines post RICE MACT deadlines for the slow speed diesel units. If the consent decree is not reached, the maximum liability for GPA would be \$159,000,000 as of September 30, 2016. No liability that may result from potential noncompliance has been recorded in the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Environmental Monitoring:

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

The long-term obligation to operate and maintain the facilities built under the remedial construction as well as the required sampling will be handled through a water system commercial agreement. As of September 30, 2016, AWPIAA estimated that its pollution remediation obligations amounted to \$530,329.

Primary Treatment Permits:

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

Stipulated Order:

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2016

(13) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Stipulated Order, Continued:

In 2006, the Stipulated Order was amended which required GWA to perform approximately \$220 million worth of capital improvement projects and perform other actions to bring GWA's system into compliance. However, GWA was unable to meet all deadlines set out in the amended Stipulated Order. The District Court ordered the parties to stipulate as to scope of remaining projects and project completion dates; however, the parties were unable to reach an agreement on all items. As a result, on November 10, 2011, the District Court issued an order setting new deadlines for the unfinished projects and establishing new projects that were not part of the amended Stipulated Order. As of September 30, 2016, the financial impact of the order has not been fully determined and has been estimated to cost approximately \$450 million to \$500 million, including financing costs.

Guam YTK Corporation (YTK) Lawsuit:

Port Authority of Guam (PAG) is engaged in litigation with YTK, a former tenant, involving a lease agreement dated December 14, 2001. In 2016, the case was submitted to arbitration as required by the terms of the lease agreement and in April 2016, the Arbitrators issued a decision awarding YTK \$14 million. PAG filed an appeal in the Superior Court of Guam to deny the award to YTK. In December 2016, the Superior Court of Guam issued a decision denying PAG's appeal. PAG Management maintains its position that the lease is not legal and will appeal the decision to the Supreme Court of Guam. No provision has been recorded for the litigation in the accompanying financial statements.

K. Extraordinary Item

On August 31, 2015, the Guam Power Authority (GPA) suffered an explosion and fire at its Cabras 3 and 4 generator building. GPA commissioned an investigation and evaluation of the loss of Cabras 4 generator. In 2016, it was determined that Cabras 4 was a total loss and beyond repair. At the inception of the loss, GPA intended to repair the Cabras 3 generator and proceed forward at the site. For a variety of reasons, this has become an infeasible task. As a result, both the Cabras 3 and 4 generators and related facilities and equipment have been written down to zero value at September 30, 2016.

As of September 30, 2016, GPA received \$50 million of insurance recoveries. Subsequent to year-end, GPA secured an additional \$34 million recovery which GPA accrued and included in the receivables. Insurance recoveries totaling \$84 million have been recorded as an extraordinary item net of impairment loss and other costs, including temporary power services. GPA applied the insurance recoveries against incurred and estimated repair costs pending final determination of the total amount of losses and damages and related insurance recoveries by the insurance company. Ultimate actual losses and damages and related insurance recoveries may be materially different than estimated. Therefore, when the insurance claims are finalized and settled, any differences, in amounts recorded will be accounted for prospectively in the financial statements.

GOVERNMENT OF GUAM

**REQUIRED SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2016

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual (Unaudited) General Fund Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Income tax:				
Corporate	\$ 126,021,447	\$ 126,021,447	\$ 139,390,122	\$ 13,368,675
Individual	97,151,179	97,151,179	72,608,940	(24,542,239)
Withholding taxes, interest and penalties	264,617,545	264,617,545	262,516,185	(2,101,360)
	487,790,171	487,790,171	474,515,247	(13,274,924)
Provision for tax refund payments	(125,000,000)	(125,000,000)	(130,678,782)	(5,678,782)
	362,790,171	362,790,171	343,836,465	(18,953,706)
Gross receipts	247,707,347	247,707,347	238,304,786	(9,402,561)
Excise	2,140,436	2,140,436	2,937,715	797,279
Section 30 Federal income tax collections	77,951,796	77,951,796	78,467,450	515,654
Immigration fees	2,102,965	2,102,965	1,769,765	(333,200)
Indirect cost reimbursement	-	-	48,475	48,475
Contributions from component units	2,028,046	2,028,046	2,028,046	-
Other	7,305,287	7,305,287	7,778,935	473,648
Total revenues	702,026,048	702,026,048	675,171,637	(26,854,411)
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan	8,650,367	8,736,153	8,155,795	580,358
Office of I Segundu Na Maga'lahaen Guahan	11,416	1,092,140	1,094,929	(2,789)
Bureau of Budget and Management Research	1,207,742	3,922,250	1,128,985	2,793,265
Civil Service Commission	1,057,872	985,872	917,251	68,621
Department of Administration	25,840,026	25,703,023	25,886,432	(183,409)
Guam Election Commission	1,493,508	2,221,110	1,804,198	416,912
Department of Revenue and Taxation	9,353,661	11,327,054	10,674,092	652,962
Bureau of Statistics and Plans	1,229,468	1,124,471	1,050,472	73,999
Department of Public Works	6,900,643	7,451,757	6,948,774	502,983
Office of the Attorney General	17,350,990	16,632,075	13,546,420	3,085,655
Guam Police Department	33,526,051	32,018,198	32,197,958	(179,760)
Department of Corrections	23,127,409	24,189,809	23,231,196	958,613
Department of Agriculture	3,162,605	3,412,605	3,104,334	308,271
Department of Public Health and Social Services	44,686,144	25,738,405	19,455,150	6,283,255
Department of Education	223,202,346	215,494,856	214,993,424	501,432
Department of Youth Affairs	6,363,436	6,368,685	5,569,768	798,917
Guam Behavioral Health and Wellness Center	14,145,172	13,006,165	11,874,313	1,131,852
Department of Labor	1,668,005	1,622,105	1,569,546	52,559
Department of Parks and Recreation	264,085	271,035	267,873	3,162
Department of Integrated Services for Individuals with Disabilities	1,260,329	642,909	511,773	131,136
Mayors' Council of Guam	6,970,335	6,999,001	6,612,142	386,859
Department of Land Management	505,407	676,707	503,233	173,474
Chief Medical Examiner	428,950	428,950	418,580	10,370
Department of Chamorro Affairs	3,335,212	3,149,437	3,036,842	112,595
Department of Military Affairs	910,000	480,644	204,963	275,681
Guam Fire Department	33,515,271	32,481,984	33,250,704	(768,720)
Payments to Component Units	54,635,951	123,421,241	95,901,330	27,519,911
GovGuam Retirement Fund appropriations	2,709,000	2,709,000	2,655,300	53,700
Miscellaneous appropriations	28,789,834	23,389,834	24,420,698	(1,030,864)
Interest and other charges	-	2,893,259	6,945,254	(4,051,995)
Debt service	59,205,131	43,831,847	42,397,933	1,433,914
Total expenditures	615,506,366	642,422,581	600,329,662	42,092,919
Excess of revenues over expenditures	86,519,682	59,603,467	74,841,975	15,238,508
Other financing sources (uses):				
Proceeds from refunded bonds issued	-	236,605,000	236,605,000	-
Premium on refunded bonds issued	-	43,942,958	43,942,958	-
Payment to refunding bond escrow agent	-	(211,658,081)	(211,658,081)	-
Transfers in from other funds	11,978,394	11,978,394	11,070,584	(907,810)
Transfers out to other funds	(91,824,794)	(140,725,395)	(147,377,493)	(6,652,098)
Total other financing sources (uses), net	(79,846,400)	(59,857,124)	(67,417,032)	(7,559,908)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes				
	5,649,007	5,649,007	6,471,378	822,371
Net change in deficit	\$ 12,322,289	\$ 5,395,350	\$ 13,896,321	\$ 8,500,971

See accompanying notes to required supplementary information - budgetary reporting.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2016

(1) Budgetary Process

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Notes to Required Supplementary Information – Budgetary Reporting September 30, 2016

(1) Budgetary Process, Continued

The Budget Act for fiscal year 2016, Public Law No. 33-066, was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds and Capital Projects Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds and Capital Projects Funds is not required or presented. The accompanying Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund presents solely the financial activities of the General Fund administered by the Department of Administration, and does not include the financial activities of the General Fund administered by the Guam Department of Education or the impact of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

(2) Reconciliation of Budgetary Schedule

Net change in deficit - budgetary basis	\$ 13,896,321
Net change in deficit of GASB 54 Funds included within the General Fund	<u>(529,693)</u>
Net change in deficit - General Fund	\$ <u>13,366,628</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

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

The Schedule of Funding Progress presents GASB 45 results of OPEB valuations as of fiscal year ends September 30, 2015, 2011, and 2007 for GovGuam's Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	\$ -	\$ 1,635,223,000	\$ 1,635,223,000	0.0%	\$466,346,000	350.6%
October 1, 2011	\$ -	\$ 2,088,331,000	\$ 2,088,331,000	0.0%	\$466,346,000	447.8%
October 1, 2015	\$ -	\$ 1,981,159,892	\$ 1,981,159,892	0.0%	\$474,098,955	417.9%

The Schedule of Actuarial Accrued Liability presents GASB 45 agency-specific results of the OPEB valuation as of fiscal year end September 30, 2015 as a whole and assists in providing information that is helpful for understanding the scale of the information presented relative to each employer.

Primary Government:	
GovGuam Line Agencies	\$ 678,569,751
GovGuam Retirement Fund	8,973,654
Guam Legislature	13,673,130
Guam Department of Education	582,457,794
Public Defender Service Corporation	9,644,102
Unified Courts of Guam	50,093,441
Guam Telephone Authority	<u>21,640,085</u>
Total Primary Government	<u>1,365,051,957</u>
Component Units:	
Antonio B. Won Pat International Airport Authority	37,225,457
Guam Community College	39,992,714
Guam Economic Development Authority	3,029,369
Guam Housing Corporation	9,558,506
Guam Housing and Urban Renewal Authority	11,802,261
Guam Memorial Hospital Authority	143,287,530
Guam Power Authority	122,598,086
Guam Visitors Bureau	4,470,547
Guam Waterworks Authority	73,213,364
Port Authority of Guam	69,129,551
University of Guam	<u>101,800,550</u>
Total Component Units	<u>616,107,935</u>
Total Actuarial Accrued Liability	<u>\$ 1,981,159,892</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years * (Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
GovGuam's proportion of the Net Pension Liability	67.1183%	67.8926%	65.6700%
GovGuam's proportionate share of the Net Pension Liability	\$ 919,637,114	\$ 846,150,680	\$ 855,888,933
GovGuam's covered-employee payroll	\$ 110,242,303	\$ 120,225,744	\$ 114,194,065
GovGuam's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	834.1962%	703.8016%	749.5039%
Plan fiduciary net position as a percentage of total Net Pension Liability	53.50%	56.60%	53.94%

* Information for 2006 - 2013 is unavailable

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Pension Contributions
Last Ten Fiscal Years * (Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 90,608,811	\$ 91,573,598	\$ 81,245,474
Contributions in relation to the contractually required contribution	<u>90,409,720</u>	<u>90,526,350</u>	<u>79,175,360</u>
Contribution deficiency (excess)	<u>\$ 199,091</u>	<u>\$ 1,047,248</u>	<u>\$ 2,070,114</u>
GovGuam's covered-employee payroll	\$ 110,242,303	\$ 120,225,744	\$ 114,194,065
Contributions as a percentage of covered-employee payroll	82.01%	75.30%	69.33%

* Information for 2006 - 2013 is unavailable

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

**OTHER SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2016

GOVERNMENT OF GUAM

General Fund
September 30, 2016

The General Fund is the most significant of GovGuam's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund. The General Fund is divided into several accounts. A brief discussion of the accounts that comprise GovGuam's General Fund as of September 30, 2016, follows.

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund, Continued
September 30, 2016

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

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

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

Guam Memorial Hospital Authority Medicaid Matching Fund - This fund was created by Public Law 32-68 for the purpose of payment of bills for services incurred by qualified Medicaid recipients provided at Guam Memorial Hospital.

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund, Continued
September 30, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2016

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
ASSETS										
Cash and cash equivalents	\$ 26,920,196	\$ 6,434,158	\$ 5,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,931	\$ 33,128
Investments	208,769	-	-	-	-	-	-	-	-	-
Receivables, net:										
Taxes	53,431,706	-	-	-	-	-	-	-	-	-
Federal agencies	2,133,654	-	-	-	-	-	-	-	-	-
Other	2,810,948	1,904,174	-	90,169	-	-	-	1,642,875	-	-
Due from other funds	29,115,241	2,148,530	-	-	-	-	-	-	-	629,591
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepayments	3,920,417	180,555	-	-	-	-	-	-	-	-
Deposits and other assets	1,000,000	-	-	-	-	-	-	-	-	-
Restricted assets:										
Cash and cash equivalents	74,919,791	224,667	-	-	-	-	461,785	-	-	-
Total assets	<u>\$ 194,460,722</u>	<u>\$ 10,892,084</u>	<u>\$ 5,024</u>	<u>\$ 90,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,785</u>	<u>\$ 1,642,875</u>	<u>\$ 1,931</u>	<u>\$ 662,719</u>
LIABILITIES AND FUND BALANCE (DEFICIT)										
Accounts payable	\$ 77,099,717	\$ 13,833,342	\$ -	\$ -	\$ -	\$ -	\$ 525,279	\$ -	\$ -	\$ -
Accrued payroll and other	5,763,676	9,720,834	-	-	-	-	-	132,642	-	2,142
Due to other funds	39,879,053	-	6	-	435,688	89,038	100,284	754,959	-	-
Unearned revenue	79,238,441	-	-	-	-	-	-	-	-	-
Provision for tax refunds	105,602,073	-	-	-	-	-	-	-	-	-
COLA liability	4,631,302	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	6,981,464	-	-	-	-	-	-	-	748	-
Total liabilities	<u>319,195,726</u>	<u>23,554,176</u>	<u>6</u>	<u>-</u>	<u>435,688</u>	<u>89,038</u>	<u>625,563</u>	<u>887,601</u>	<u>748</u>	<u>2,142</u>
Fund balance (deficit):										
Non-spendable	1,000,000	-	-	-	-	-	-	-	-	-
Restricted	74,919,791	224,667	-	-	-	-	-	-	-	-
Committed	-	550,183	5,018	90,169	-	-	-	755,274	1,183	660,577
Unassigned	(200,654,795)	(13,436,942)	-	-	(435,688)	(89,038)	(163,778)	-	-	-
Total fund balance (deficit)	<u>(124,735,004)</u>	<u>(12,662,092)</u>	<u>5,018</u>	<u>90,169</u>	<u>(435,688)</u>	<u>(89,038)</u>	<u>(163,778)</u>	<u>755,274</u>	<u>1,183</u>	<u>660,577</u>
Total liabilities and fund balance (deficit)	<u>\$ 194,460,722</u>	<u>\$ 10,892,084</u>	<u>\$ 5,024</u>	<u>\$ 90,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,785</u>	<u>\$ 1,642,875</u>	<u>\$ 1,931</u>	<u>\$ 662,719</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2016

AS/400 Fund Number	104	299	229	404	239	659	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
ASSETS												
Cash and cash equivalents	\$ 228,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,411	\$ -	\$ -	\$ -	\$ -	\$ 285
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Other	28,738	19,661	-	-	-	-	-	600,020	301,979	-	-	-
Due from other funds	-	65,914	10,217	-	-	-	-	199,766	1,870	53,828	5,711,247	280,444
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	4,799,394	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 256,833</u>	<u>\$ 85,575</u>	<u>\$ 10,217</u>	<u>\$ 4,799,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,411</u>	<u>\$ 799,786</u>	<u>\$ 303,849</u>	<u>\$ 53,828</u>	<u>\$ 5,711,247</u>	<u>\$ 280,729</u>
LIABILITIES AND FUND BALANCE (DEFICIT)												
Accounts payable	\$ 285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	156,900	-	-	2,807,135	-	-	1,397	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	5,192,264	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	8,894	-	-	-
Total liabilities	<u>157,185</u>	<u>-</u>	<u>-</u>	<u>2,807,135</u>	<u>-</u>	<u>-</u>	<u>1,397</u>	<u>-</u>	<u>8,894</u>	<u>-</u>	<u>5,192,264</u>	<u>-</u>
Fund balance (deficit):												
Non-spendable	-	-	-	1,992,259	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Committed	99,648	85,575	10,217	-	-	-	14	799,786	294,955	53,828	518,983	280,729
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balance (deficit)	<u>99,648</u>	<u>85,575</u>	<u>10,217</u>	<u>1,992,259</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>799,786</u>	<u>294,955</u>	<u>53,828</u>	<u>518,983</u>	<u>280,729</u>
Total liabilities and fund balance (deficit)	<u>\$ 256,833</u>	<u>\$ 85,575</u>	<u>\$ 10,217</u>	<u>\$ 4,799,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,411</u>	<u>\$ 799,786</u>	<u>\$ 303,849</u>	<u>\$ 53,828</u>	<u>\$ 5,711,247</u>	<u>\$ 280,729</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2016

AS/400 Fund Number	293	329	225	504	314	103	607	645			
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
ASSETS											
Cash and cash equivalents	\$ 1,411,483	\$ -	\$ -	\$ 424,183	\$ -	\$ -	\$ 1,258,900	\$ 24,560	\$ 16,485	\$ -	\$ 244
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	21,228	-	-	-	-	-	-	-
Other	552,867	-	-	185,823	-	-	755,502	19,515	-	-	-
Due from other funds	-	2,535,942	-	-	-	-	-	44,667	-	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	165,412	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,964,350</u>	<u>\$ 2,535,942</u>	<u>\$ -</u>	<u>\$ 631,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014,402</u>	<u>\$ 254,154</u>	<u>\$ 16,485</u>	<u>\$ -</u>	<u>\$ 244</u>
LIABILITIES AND FUND BALANCE (DEFICIT)											
Accounts payable	\$ 27,326	\$ 2,517,689	\$ -	\$ 77,519	\$ -	\$ -	\$ 166,383	\$ -	\$ 188	\$ -	\$ -
Accrued payroll and other	101,722	-	-	-	-	-	2,528	35,015	-	-	-
Due to other funds	165,483	-	135,612	-	4,808	3,548	-	-	-	-	181,445
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	700,000	-	13,213	-	-	-	23,440	-	-	-	14,012
Total liabilities	<u>994,531</u>	<u>2,517,689</u>	<u>148,825</u>	<u>77,519</u>	<u>4,808</u>	<u>3,548</u>	<u>192,351</u>	<u>35,015</u>	<u>188</u>	<u>-</u>	<u>195,457</u>
Fund balance (deficit):											
Non-spendable	-	-	-	-	-	-	-	165,412	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	969,819	18,253	-	553,715	-	-	1,822,051	53,727	16,297	-	-
Unassigned	-	-	(148,825)	-	(4,808)	(3,548)	-	-	-	-	(195,213)
Total fund balance (deficit)	<u>969,819</u>	<u>18,253</u>	<u>(148,825)</u>	<u>553,715</u>	<u>(4,808)</u>	<u>(3,548)</u>	<u>1,822,051</u>	<u>219,139</u>	<u>16,297</u>	<u>-</u>	<u>(195,213)</u>
Total liabilities and fund balance (deficit)	<u>\$ 1,964,350</u>	<u>\$ 2,535,942</u>	<u>\$ -</u>	<u>\$ 631,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014,402</u>	<u>\$ 254,154</u>	<u>\$ 16,485</u>	<u>\$ -</u>	<u>\$ 244</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2016

AS/400 Fund Number	501	355	361	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 2007 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 2,874,253	\$ 58,139	\$ -	\$ -	\$ 39,692,475	\$ -	\$ 39,692,475
Investments	-	-	-	-	-	208,769	-	208,769
Receivables, net:								
Taxes	-	-	-	-	-	53,431,706	-	53,431,706
Federal agencies	-	647,693	-	-	-	2,802,575	-	2,802,575
Other	-	45,580	-	-	-	8,957,851	-	8,957,851
Due from other funds	-	1,309,623	-	-	6,819,725	48,926,605	(21,080,940)	27,845,665
Due from private purpose trust funds	-	2,968,463	-	-	-	2,968,463	-	2,968,463
Inventories	-	-	-	-	-	4,964,806	-	4,964,806
Prepayments	-	-	-	-	-	4,100,972	-	4,100,972
Deposits and other assets	-	17,213	-	-	-	1,017,213	-	1,017,213
Restricted assets:								
Cash and cash equivalents	-	-	-	-	10,908,008	86,514,251	-	86,514,251
Total assets	\$ -	\$ 7,862,825	\$ 58,139	\$ -	\$ 17,727,733	\$ 253,585,686	\$ (21,080,940)	\$ 232,504,746
LIABILITIES AND FUND BALANCE (DEFICIT)								
Accounts payable	\$ -	\$ 792,886	\$ 2,000	\$ -	\$ -	\$ 95,042,614	\$ -	\$ 95,042,614
Accrued payroll and other	-	1,339,896	-	-	-	17,098,455	-	17,098,455
Due to other funds	770	-	56,139	-	-	44,772,265	(21,080,940)	23,691,325
Unearned revenue	-	-	-	-	-	79,238,441	-	79,238,441
Provision for tax refunds	-	-	-	-	-	110,794,337	-	110,794,337
COLA liability	-	-	-	-	-	4,631,302	-	4,631,302
Deposits and other liabilities	-	-	-	-	-	7,741,771	-	7,741,771
Total liabilities	770	2,132,782	58,139	-	-	359,319,185	(21,080,940)	338,238,245
Fund balance (deficit):								
Non-spendable	-	-	-	-	-	3,157,671	-	3,157,671
Restricted	-	-	-	-	17,727,733	92,872,191	-	92,872,191
Committed	-	5,730,043	-	-	-	13,370,044	-	13,370,044
Unassigned	(770)	-	-	-	-	(215,133,405)	-	(215,133,405)
Total fund balance (deficit)	(770)	5,730,043	-	-	17,727,733	(105,733,499)	-	(105,733,499)
Total liabilities and fund balance (deficit)	\$ -	\$ 7,862,825	\$ 58,139	\$ -	\$ 17,727,733	\$ 253,585,686	\$ (21,080,940)	\$ 232,504,746

GOVERNMENT OF GUAM
 Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2016

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	\$ 343,836,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	238,304,786	-	-	-	-	-	-	-	-	-
Excise	2,937,715	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	78,467,450	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,809,675	-	-	-	-	-	-	-	-
Licenses and permits	5,468,388	-	-	-	5,735	-	-	-	-	115,851
Charges for services	1,769,765	1,340,852	-	-	-	-	-	2,177,440	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	42,871	-	6	-	-	-	11	-	3	47
Indirect cost reimbursement	48,475	-	-	-	-	-	-	-	-	-
Contributions from component units	2,028,046	450,000	-	-	-	-	-	-	-	-
Other	2,267,676	-	-	-	-	-	-	-	-	-
Total revenues	<u>675,171,637</u>	<u>3,600,527</u>	<u>6</u>	<u>-</u>	<u>5,735</u>	<u>-</u>	<u>11</u>	<u>2,177,440</u>	<u>3</u>	<u>115,898</u>
Expenditures by Function:										
Current:										
General government	52,138,717	-	-	-	2,303,961	-	-	-	-	-
Protection of life and property	105,747,581	-	-	-	-	-	-	3,264,666	-	-
Public health	17,133,120	-	-	-	-	-	-	-	-	42,621
Community services	12,893,155	-	-	-	-	-	-	-	-	-
Recreation	253,889	-	-	-	-	-	-	-	-	-
Individual and collective rights	13,042,119	-	-	-	-	-	-	-	-	-
Public education	2,776,796	224,436,229	-	-	-	-	-	-	-	-
Environmental protection	41,103	-	-	-	-	-	-	-	-	-
Economic development	4,131,787	-	-	-	-	-	-	-	-	-
Payments to:										
GovGuam Retirement Fund	2,655,300	-	-	-	-	-	-	-	-	-
Guam Community College	13,814,950	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	52,168,865	-	-	-	-	-	-	-	-	-
University of Guam	29,917,515	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	29,951,235	-	-	-	-	-	-	-	-	-
Capital projects	-	4,947,008	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	8,315,000	3,299,055	-	-	-	-	-	-	-	-
Interest and fiscal charges	34,082,933	16,732,236	-	-	-	-	-	-	-	-
Total expenditures	<u>379,064,065</u>	<u>249,414,528</u>	<u>-</u>	<u>-</u>	<u>2,303,961</u>	<u>-</u>	<u>-</u>	<u>3,264,666</u>	<u>-</u>	<u>42,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296,107,572</u>	<u>(245,814,001)</u>	<u>6</u>	<u>-</u>	<u>(2,298,226)</u>	<u>-</u>	<u>11</u>	<u>(1,087,226)</u>	<u>3</u>	<u>73,277</u>
Other financing sources (uses):										
Capital leases	-	4,947,008	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	236,605,000	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	43,942,958	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(211,658,081)	-	-	-	-	-	-	-	-	-
Transfers in from other funds	11,070,584	242,084,671	213,748,106	-	1,580,788	-	-	-	-	-
Transfers out to other funds	(362,171,712)	-	(213,748,106)	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>(282,211,251)</u>	<u>247,031,679</u>	<u>-</u>	<u>-</u>	<u>1,580,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	13,896,321	1,217,678	6	-	(717,438)	-	11	(1,087,226)	3	73,277
Fund balances (deficit) at beginning of year	<u>(138,631,325)</u>	<u>(13,879,770)</u>	<u>5,012</u>	<u>90,169</u>	<u>281,750</u>	<u>(89,038)</u>	<u>(163,789)</u>	<u>1,842,500</u>	<u>1,180</u>	<u>587,300</u>
Fund balances (deficit) at end of year	<u>\$ (124,735,004)</u>	<u>\$ (12,662,092)</u>	<u>\$ 5,018</u>	<u>\$ 90,169</u>	<u>\$ (435,688)</u>	<u>\$ (89,038)</u>	<u>\$ (163,778)</u>	<u>\$ 755,274</u>	<u>\$ 1,183</u>	<u>\$ 660,577</u>

(continued)

GOVERNMENT OF GUAM
 Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
 General Fund
 Year Ended September 30, 2016

AS/400 Fund Number	104	299	229	404	239	659	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:												
Taxes:												
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	62,428	42,270	174,775	-	-	-	-	-	45,806	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	24	-	-	-	-	-	2	-	-	-	-	52
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>24</u>	<u>62,428</u>	<u>42,270</u>	<u>174,775</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>45,806</u>	<u>-</u>	<u>52</u>
Expenditures by Function:												
Current:												
General government	1,143	64,568	40,219	-	200,000	-	-	-	-	33,570	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	79,519	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	6,617,951	3,833,272	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>80,662</u>	<u>64,568</u>	<u>40,219</u>	<u>-</u>	<u>200,000</u>	<u>6,617,951</u>	<u>3,833,272</u>	<u>-</u>	<u>-</u>	<u>33,570</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,638)</u>	<u>(2,140)</u>	<u>2,051</u>	<u>174,775</u>	<u>(200,000)</u>	<u>(6,617,951)</u>	<u>(3,833,270)</u>	<u>-</u>	<u>-</u>	<u>12,236</u>	<u>-</u>	<u>52</u>
Other financing sources (uses):												
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	200,000	6,617,951	10,451,223	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	(6,617,951)	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>6,617,951</u>	<u>3,833,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	<u>(80,638)</u>	<u>(2,140)</u>	<u>2,051</u>	<u>174,775</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>12,236</u>	<u>-</u>	<u>52</u>
Fund balances (deficit) at beginning of year	<u>180,286</u>	<u>87,715</u>	<u>8,166</u>	<u>1,817,484</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>799,786</u>	<u>294,955</u>	<u>41,592</u>	<u>518,983</u>	<u>280,677</u>
Fund balances (deficit) at end of year	<u>\$ 99,648</u>	<u>\$ 85,575</u>	<u>\$ 10,217</u>	<u>\$ 1,992,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 799,786</u>	<u>\$ 294,955</u>	<u>\$ 53,828</u>	<u>\$ 518,983</u>	<u>\$ 280,729</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	293	329	225	504	314	103	607	645			
	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
Revenues:											
Taxes:											
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	16,732	-	-	73,671	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	813	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	1,637	-	-	2,304	-	-	-	34	1	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-
Other	2,000	-	-	9,685	-	-	819,787	51,571	-	-	-
Total revenues	<u>3,637</u>	<u>-</u>	<u>-</u>	<u>28,721</u>	<u>-</u>	<u>-</u>	<u>893,458</u>	<u>52,418</u>	<u>1</u>	<u>-</u>	<u>-</u>
Expenditures by Function:											
Current:											
General government	8,625,057	-	2,314,455	1,538,902	-	-	5,160,573	104,011	750	10,105,000	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	11,481,707	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Payments to:											
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	200,000
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,625,057</u>	<u>11,481,707</u>	<u>2,314,455</u>	<u>1,538,902</u>	<u>-</u>	<u>-</u>	<u>5,160,573</u>	<u>104,011</u>	<u>750</u>	<u>10,105,000</u>	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,621,420)</u>	<u>(11,481,707)</u>	<u>(2,314,455)</u>	<u>(1,510,181)</u>	<u>-</u>	<u>-</u>	<u>(4,267,115)</u>	<u>(51,593)</u>	<u>(749)</u>	<u>(10,105,000)</u>	<u>(200,000)</u>
Other financing sources (uses):											
Capital leases	-	-	-	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	8,799,000	11,481,707	2,314,455	1,611,851	-	-	5,426,605	-	-	10,105,000	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>8,799,000</u>	<u>11,481,707</u>	<u>2,314,455</u>	<u>1,611,851</u>	<u>-</u>	<u>-</u>	<u>5,426,605</u>	<u>-</u>	<u>-</u>	<u>10,105,000</u>	<u>-</u>
Net change in fund balances (deficit)	177,580	-	-	101,670	-	-	1,159,490	(51,593)	(749)	-	(200,000)
Fund balances (deficit) at beginning of year	792,239	18,253	(148,825)	452,045	(4,808)	(3,548)	662,561	270,732	17,046	-	4,787
Fund balances (deficit) at end of year	<u>\$ 969,819</u>	<u>\$ 18,253</u>	<u>\$ (148,825)</u>	<u>\$ 553,715</u>	<u>\$ (4,808)</u>	<u>\$ (3,548)</u>	<u>\$ 1,822,051</u>	<u>\$ 219,139</u>	<u>\$ 16,297</u>	<u>\$ -</u>	<u>\$ (195,213)</u>

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	501	355	361	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 2007 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:								
Taxes:								
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,836,465	\$ -	\$ 343,836,465
Gross receipts	-	-	-	-	-	238,304,786	-	238,304,786
Excise	-	-	-	-	-	2,937,715	-	2,937,715
Section 30 Federal income tax collections	-	-	-	-	-	78,467,450	-	78,467,450
Intergovernmental	-	2,165,381	-	-	-	4,065,459	-	4,065,459
Licenses and permits	-	-	-	-	-	5,916,066	-	5,916,066
Charges for services	-	-	-	-	-	5,288,057	-	5,288,057
Fines and forfeits	-	1,057,450	-	-	-	1,057,450	-	1,057,450
Interest and investment earnings	-	-	102	340	144,425	191,859	-	191,859
Indirect cost reimbursement	-	-	-	-	-	48,475	-	48,475
Contributions from component units	-	-	-	-	-	2,478,046	-	2,478,046
Other	-	-	-	-	-	3,150,719	-	3,150,719
Total revenues	-	3,222,831	102	340	144,425	685,742,547	-	685,742,547
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	82,630,926	-	82,630,926
Protection of life and property	-	-	-	-	-	109,012,247	-	109,012,247
Public health	-	-	-	-	-	17,175,741	-	17,175,741
Community services	-	-	-	-	-	24,374,862	-	24,374,862
Recreation	-	-	-	-	-	253,889	-	253,889
Individual and collective rights	-	34,262,468	-	-	-	47,304,587	-	47,304,587
Public education	-	-	-	-	-	227,213,025	-	227,213,025
Environmental protection	-	-	-	-	-	120,622	-	120,622
Economic development	-	-	-	-	-	4,131,787	-	4,131,787
Payments to:								
GovGuam Retirement Fund	-	-	-	-	-	2,655,300	-	2,655,300
Guam Community College	-	-	-	-	-	13,814,950	-	13,814,950
Guam Memorial Hospital Authority	-	-	-	-	-	62,620,088	-	62,620,088
University of Guam	-	-	-	-	-	29,917,515	-	29,917,515
Miscellaneous appropriations	-	-	-	-	-	30,151,235	-	30,151,235
Capital projects	-	-	-	-	-	4,947,008	-	4,947,008
Debt service:								
Principal retirement	-	-	-	-	5,330,000	16,944,055	-	16,944,055
Interest and fiscal charges	-	-	-	-	-	10,339,956	-	10,339,956
Total expenditures	-	34,262,468	-	-	15,669,956	734,422,962	-	734,422,962
Excess (deficiency) of revenues over (under) expenditures	-	(31,039,637)	102	340	(15,525,531)	(48,680,415)	-	(48,680,415)
Other financing sources (uses):								
Capital leases	-	-	-	-	-	4,947,008	-	4,947,008
Proceeds from refunded bonds issued	-	-	-	-	-	236,605,000	-	236,605,000
Premium on refunded bonds issued	-	-	-	-	-	43,942,958	-	43,942,958
Payment to refunding bond escrow agent	-	-	-	-	-	(211,658,081)	-	(211,658,081)
Transfers in from other funds	-	33,043,444	-	255,918	15,669,956	574,461,259	(537,521,693)	36,939,566
Transfers out to other funds	-	(1,493,184)	(2,220,148)	-	-	(586,251,101)	537,521,693	(48,729,408)
Total other financing sources (uses), net	-	31,550,260	(2,220,148)	255,918	15,669,956	62,047,043	-	62,047,043
Net change in fund balances (deficit)	-	510,623	(2,220,046)	256,258	144,425	13,366,628	-	13,366,628
Fund balances (deficit) at beginning of year	(770)	5,219,420	2,220,046	(256,258)	17,583,308	(119,100,127)	-	(119,100,127)
Fund balances (deficit) at end of year	\$ (770)	\$ 5,730,043	\$ -	\$ -	\$ 17,727,733	\$ (105,733,499)	\$ -	\$ (105,733,499)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	100	618	309	628	319	255/643	214	106	638	
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	Community Development	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving
Revenues:										
Taxes:										
Income	\$ 343,836,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	238,304,786	-	-	-	-	-	-	-	-	-
Excise	2,937,715	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	78,467,450	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,809,675	-	-	-	-	-	-	-	-
Licenses and permits	5,468,388	-	-	-	5,735	-	-	-	-	115,851
Charges for services	1,769,765	1,340,852	-	-	-	-	-	2,177,440	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	42,871	-	6	-	-	-	11	-	3	47
Indirect cost reimbursement	48,475	-	-	-	-	-	-	-	-	-
Contributions from component units	2,028,046	450,000	-	-	-	-	-	-	-	-
Other	2,267,676	-	-	-	-	-	-	-	-	-
Total revenues	675,171,637	3,600,527	6	-	5,735	-	11	2,177,440	3	115,898
Expenditures by Object:										
Salaries and wages - regular	105,321,946	133,712,681	-	-	-	-	-	69,262	-	7,136
Salaries and wages - overtime	8,960,297	-	-	-	-	-	-	511,852	-	-
Salaries and wages - fringe benefits	36,468,965	47,315,423	-	-	-	-	-	84,615	-	3,572
Travel	322,972	452,544	-	-	-	-	-	-	-	8,106
Contractual services	19,907,832	19,737,198	-	-	2,163,132	-	-	2,450,443	-	1,114
Building rent	5,036,749	-	-	-	-	-	-	-	-	-
Supplies	1,687,756	1,840,533	-	-	136,829	-	-	103,754	-	2,984
Equipment	578,504	1,646,768	-	-	-	-	-	44,740	-	-
Utilities - power and water	5,099,399	12,652,941	-	-	-	-	-	-	-	-
Communications	1,500,538	328,486	-	-	-	-	-	-	-	-
Capital outlays	1,249,711	5,914,981	-	-	-	-	-	-	-	19,709
Grants and subsidies	102,230,599	5,775,000	-	-	-	-	-	-	-	-
Supplemental annuity benefits	13,226,000	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	23,005,981	-	-	-	-	-	-	-	-	-
Principal retirement	14,383,216	3,299,055	-	-	-	-	-	-	-	-
Interest and fiscal charges	33,845,506	16,732,236	-	-	-	-	-	-	-	-
Miscellaneous	6,238,094	6,682	-	-	4,000	-	-	-	-	-
Total expenditures	379,064,065	249,414,528	-	-	2,303,961	-	-	3,264,666	-	42,621
Excess (deficiency) of revenues over (under) expenditures	296,107,572	(245,814,001)	6	-	(2,298,226)	-	11	(1,087,226)	3	73,277
Other financing sources (uses):										
Capital leases	-	4,947,008	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	236,605,000	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	43,942,958	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(211,658,081)	-	-	-	-	-	-	-	-	-
Transfers in from other funds	11,070,584	242,084,671	213,748,106	-	1,580,788	-	-	-	-	-
Transfers out to other funds	(362,171,712)	-	(213,748,106)	-	-	-	-	-	-	-
Total other financing sources (uses), net	(282,211,251)	247,031,679	-	-	1,580,788	-	-	-	-	-
Net change in fund balances (deficit)	13,896,321	1,217,678	6	-	(717,438)	-	11	(1,087,226)	3	73,277
Fund balances (deficit) at beginning of year	(138,631,325)	(13,879,770)	5,012	90,169	281,750	(89,038)	(163,789)	1,842,500	1,180	587,300
Fund balances (deficit) at end of year	\$ (124,735,004)	\$ (12,662,092)	\$ 5,018	\$ 90,169	\$ (435,688)	\$ (89,038)	\$ (163,778)	\$ 755,274	\$ 1,183	\$ 660,577

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	104	299	229	404	239	659	617	616	201	298	303	321
	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:												
Taxes:												
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	62,428	42,270	174,775	-	-	-	-	-	45,806	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	24	-	-	-	-	-	2	-	-	-	-	52
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	24	62,428	42,270	174,775	-	-	2	-	-	45,806	-	52
Expenditures by Object:												
Salaries and wages - regular	36,823	1,561	7,139	-	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	19,042	31,444	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	14,590	1,427	1,636	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Contractual services	8,372	17,333	-	-	-	-	-	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	7,959	3,229	-	-	-	-	-	-	-	1,900	-	-
Equipment	-	495	-	-	-	-	-	-	-	-	-	-
Utilities - power and water	9,650	-	-	-	-	-	-	-	-	-	-	-
Communications	2,125	-	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	21,481	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	6,617,951	3,833,272	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,143	-	-	-	200,000	-	-	-	-	31,670	-	-
Total expenditures	80,662	64,568	40,219	-	200,000	6,617,951	3,833,272	-	-	33,570	-	-
Excess (deficiency) of revenues over (under) expenditures	(80,638)	(2,140)	2,051	174,775	(200,000)	(6,617,951)	(3,833,270)	-	-	12,236	-	52
Other financing sources (uses):												
Capital leases	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	200,000	6,617,951	10,451,223	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	(6,617,951)	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	200,000	6,617,951	3,833,272	-	-	-	-	-
Net change in fund balances (deficit)	(80,638)	(2,140)	2,051	174,775	-	-	2	-	-	12,236	-	52
Fund balances (deficit) at beginning of year	180,286	87,715	8,166	1,817,484	-	-	12	799,786	294,955	41,592	518,983	280,677
Fund balances (deficit) at end of year	\$ 99,648	\$ 85,575	\$ 10,217	\$ 1,992,259	\$ -	\$ -	\$ 14	\$ 799,786	\$ 294,955	\$ 53,828	\$ 518,983	\$ 280,729

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	293	329	225	504	314	103	607	645		
	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability	Parks and Recreation Revolving	Plant Protection and Quarantine Revolving	Public Defender Service Corporation	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue
	Legislature Operations									
Revenues:										
Taxes:										
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	16,732	-	-	73,671	-	-	-	-
Licenses and permits	-	-	-	-	-	-	813	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	1,637	-	2,304	-	-	-	34	1	-	-
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-
Other	2,000	-	9,685	-	-	819,787	51,571	-	-	-
Total revenues	3,637	-	28,721	-	-	893,458	52,418	1	-	-
Expenditures by Object:										
Salaries and wages - regular	5,958,360	-	764,529	-	-	3,315,896	21,495	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	32,796	-	-	-
Salaries and wages - fringe benefits	1,228,377	-	266,453	-	-	1,171,070	9,428	-	-	-
Travel	5,572	31,464	12,922	-	-	189	20,250	-	-	-
Contractual services	347,077	-	254,051	-	-	141,004	7,159	-	-	-
Building rent	536,280	-	117,659	-	-	337,190	-	-	-	-
Supplies	78,602	-	26,568	-	-	45,777	5,714	-	-	-
Equipment	34,048	-	63,886	-	-	19,237	7,169	-	-	-
Utilities - power and water	121,197	-	-	-	-	28,800	-	-	-	-
Communications	70,473	-	2,659	-	-	64	-	-	-	-
Capital outlays	-	-	-	-	-	26,765	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	10,105,000	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Miscellaneous	245,071	11,450,243	2,257,107	30,175	-	74,581	-	750	-	200,000
Total expenditures	8,625,057	11,481,707	2,314,455	1,538,902	-	5,160,573	104,011	750	10,105,000	200,000
Excess (deficiency) of revenues over (under) expenditures	(8,621,420)	(11,481,707)	(2,314,455)	(1,510,181)	-	(4,267,115)	(51,593)	(749)	(10,105,000)	(200,000)
Other financing sources (uses):										
Capital leases	-	-	-	-	-	-	-	-	-	-
Proceeds from refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunded bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	8,799,000	11,481,707	2,314,455	1,611,851	-	5,426,605	-	-	10,105,000	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	8,799,000	11,481,707	2,314,455	1,611,851	-	5,426,605	-	-	10,105,000	-
Net change in fund balances (deficit)	177,580	-	101,670	-	-	1,159,490	(51,593)	(749)	-	(200,000)
Fund balances (deficit) at beginning of year	792,239	18,253	(148,825)	452,045	(4,808)	(3,548)	662,561	270,732	17,046	4,787
Fund balances (deficit) at end of year	\$ 969,819	\$ 18,253	\$ (148,825)	\$ 553,715	\$ (4,808)	\$ (3,548)	\$ 1,822,051	\$ 219,139	\$ 16,297	\$ (195,213)

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2016

AS/400 Fund Number	501	355	361	363				
	Typhoon Chataan & Halong	Unified Courts of Guam	Water System Revenue Bond Debt Service	General Obligation Series A 2007 Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:								
Taxes:								
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,836,465	\$ -	\$ 343,836,465
Gross receipts	-	-	-	-	-	238,304,786	-	238,304,786
Excise	-	-	-	-	-	2,937,715	-	2,937,715
Section 30 Federal income tax collections	-	-	-	-	-	78,467,450	-	78,467,450
Intergovernmental	-	2,165,381	-	-	-	4,065,459	-	4,065,459
Licenses and permits	-	-	-	-	-	5,916,066	-	5,916,066
Charges for services	-	-	-	-	-	5,288,057	-	5,288,057
Fines and forfeits	-	1,057,450	-	-	-	1,057,450	-	1,057,450
Interest and investment earnings	-	-	102	340	144,425	191,859	-	191,859
Indirect cost reimbursement	-	-	-	-	-	48,475	-	48,475
Contributions from component units	-	-	-	-	-	2,478,046	-	2,478,046
Other	-	-	-	-	-	3,150,719	-	3,150,719
Total revenues	-	3,222,831	102	340	144,425	685,742,547	-	685,742,547
Expenditures by Object:								
Salaries and wages - regular	-	21,283,690	-	-	-	270,500,518	-	270,500,518
Salaries and wages - overtime	-	890,447	-	-	-	10,445,878	-	10,445,878
Salaries and wages - fringe benefits	-	7,379,462	-	-	-	93,945,018	-	93,945,018
Travel	-	392,137	-	-	-	1,303,504	-	1,303,504
Contractual services	-	1,770,828	-	-	-	46,805,543	-	46,805,543
Building rent	-	-	-	-	-	6,027,878	-	6,027,878
Supplies	-	548,880	-	-	-	4,490,485	-	4,490,485
Equipment	-	151,998	-	-	-	2,546,845	-	2,546,845
Utilities - power and water	-	739,973	-	-	-	18,651,960	-	18,651,960
Communications	-	106,425	-	-	-	2,010,770	-	2,010,770
Capital outlays	-	431,092	-	-	-	7,663,739	-	7,663,739
Grants and subsidies	-	-	-	-	-	118,456,822	-	118,456,822
Supplemental annuity benefits	-	-	-	-	-	23,331,000	-	23,331,000
Retiree healthcare benefits	-	-	-	-	-	23,005,981	-	23,005,981
Principal retirement	-	-	-	-	5,330,000	23,012,271	-	23,012,271
Interest and fiscal charges	-	-	-	-	-	10,339,956	-	10,339,956
Miscellaneous	-	567,536	-	-	-	21,307,052	-	21,307,052
Total expenditures	-	34,262,468	-	-	15,669,956	734,422,962	-	734,422,962
Excess (deficiency) of revenues over (under) expenditures	-	(31,039,637)	102	340	(15,525,531)	(48,680,415)	-	(48,680,415)
Other financing sources (uses):								
Capital leases	-	-	-	-	-	4,947,008	-	4,947,008
Proceeds from refunded bonds issued	-	-	-	-	-	236,605,000	-	236,605,000
Premium on refunded bonds issued	-	-	-	-	-	43,942,958	-	43,942,958
Payment to refunding bond escrow agent	-	-	-	-	-	(211,658,081)	-	(211,658,081)
Transfers in from other funds	-	33,043,444	-	255,918	15,669,956	574,461,259	(537,521,693)	36,939,566
Transfers out to other funds	-	(1,493,184)	(2,220,148)	-	-	(586,251,101)	537,521,693	(48,729,408)
Total other financing sources (uses), net	-	31,550,260	(2,220,148)	255,918	15,669,956	62,047,043	-	62,047,043
Net change in fund balances (deficit)	-	510,623	(2,220,046)	256,258	144,425	13,366,628	-	13,366,628
Fund balances (deficit) at beginning of year	(770)	5,219,420	2,220,046	(256,258)	17,583,308	(119,100,127)	-	(119,100,127)
Fund balances (deficit) at end of year	\$ (770)	\$ 5,730,043	\$ -	\$ -	\$ 17,727,733	\$ (105,733,499)	\$ -	\$ (105,733,499)

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
Revenues:		
Taxes:		
Income	\$ 343,836,465	\$ 324,402,280
Gross receipts	238,304,786	226,592,159
Income - COLA	-	112
Excise	2,937,715	2,690,851
Section 30 Federal income tax collections	78,467,450	71,446,424
Intergovernmental	4,065,459	2,839,778
Licenses and permits	5,916,066	5,636,191
Charges for services	5,288,057	3,430,433
Fines and forfeits	1,057,450	714,299
Interest and investment earnings	191,859	312,597
Indirect cost reimbursement	48,475	1,082,042
Contributions from component units	2,478,046	2,028,046
Other	3,150,719	6,573,379
	<u>685,742,547</u>	<u>647,748,591</u>
Expenditures by Department:		
General Government:		
Office of I Maga'lahaen Guahan:		
Office of the Governor	5,171,124	4,506,807
Office of the Governor - Guam Liaison Office	216,523	221,682
Government House	751,062	791,462
Medical Referral Offices	750,444	759,758
Office of Civil Defense	215,180	813,778
Office of Veteran's Affairs	710,039	612,316
	<u>7,814,372</u>	<u>7,705,803</u>
Office of I Segundu Na Maga'lahaen Guahan:		
Office of the Lieutenant Governor	1,079,324	992,965
Bureau of Budget and Management Research:		
Office of the Director	418,342	428,252
Internal Audit Division	707,802	821,342
	<u>1,126,144</u>	<u>1,249,594</u>
Civil Service Commission:		
Office of the Director	398,543	359,495
Board of Commissioners	61,274	63,510
Legal Office	131,448	96,152
Personnel Management	245,178	345,703
	<u>836,443</u>	<u>864,860</u>
Department of Administration:		
Office of the Director	4,925,757	3,928,823
Office of the Director - COLA	13,226,000	12,556,449
Office of the Director - Supplemental Annuity	10,105,000	10,465,000
Office of the Director - Child Support	857,260	684,052
Office of the Director - Upgrade Network	4,026	-
Personnel Management	1,776,182	1,886,184
Personnel Management - Hay Study adjustment	-	1,000,000
Financial Management	64,568	54,397
Data Processing	3,447,445	1,857,833
General Services Agency	1,075,598	1,160,678
Division of Accounts	2,626,058	2,565,393
	<u>38,107,894</u>	<u>36,158,809</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
Expenditures by Department, continued:		
General Government, continued:		
Department of Public Works:		
Office of the Director	1,435,259	1,530,207
Capital Improvement Projects	1,200,787	1,159,319
Bus Maintenance	100,270	-
Building Construction and Facilities Maintenance	<u>1,128,281</u>	<u>1,237,811</u>
	<u>3,864,597</u>	<u>3,927,337</u>
Department of Revenue and Taxation:		
Office of the Director	4,923,477	3,909,549
Office of the Director - Vacancies and Overtime	1,610,582	2,613,635
Tax Enforcement Division	2,166,180	2,368,223
Real Property Tax Division	715,797	813,730
Taxpayer Services Division	1,720,505	1,629,887
Regulatory Division	1,033,256	1,446,505
Motor Vehicle Division	<u>653,423</u>	<u>753,795</u>
	<u>12,823,220</u>	<u>13,535,324</u>
Department of Land Management:		
Office of the Director	411,204	334,012
Ancestral Land Trust Commission	<u>91,139</u>	<u>113,174</u>
	<u>502,343</u>	<u>447,186</u>
Legislative Branch:		
Guam Legislature	<u>8,625,057</u>	<u>9,040,525</u>
Public Auditor:		
Office of Public Accountability	<u>1,538,902</u>	<u>1,274,424</u>
Legal Services:		
Public Defender Services Corporation	<u>5,160,573</u>	<u>5,976,624</u>
Total General Government	<u>81,478,869</u>	<u>81,173,451</u>
Protection of Life and Property:		
Department of Corrections:		
Office of the Director	6,945,773	6,043,140
Office of the Director - Bureau of Prisons	480,004	485,683
Office of the Director - Food Contract	1,620,000	3,125,011
Office of the Director - Vacancy Pool	24,280	-
Office of the Director - Overtime	648,000	-
Adult Correctional Facility	12,493,202	12,151,702
Rosario Detention Center	2,865,478	2,774,930
Casework and Counseling Service Division	341,855	272,615
Forensic Division	332,056	561,643
Parole Service Division	<u>578,620</u>	<u>485,145</u>
	<u>26,329,268</u>	<u>25,899,869</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
Expenditures by Department, continued:		
Protection of Life and Property, continued:		
Department of Youth Affairs:		
Office of the Director	231,432	209,660
Office of the Director - Nursing and Medication	-	13,819
Division of Youth Development	1,056,563	1,021,181
Division of Youth Corrections	3,172,910	3,360,166
Division of Vocational Rehabilitation and Support Services	1,059,703	1,199,526
	<u>5,520,608</u>	<u>5,804,352</u>
Guam Fire Department:		
Office of the Fire Chief	180,860	182,756
Administrative and Logistical Support	1,367,793	1,455,376
Emergency Medical Service/Rescue Operations Bureau	10,934,491	10,391,131
Fire Suppression Bureau	20,575,560	21,527,203
	<u>33,058,704</u>	<u>33,556,466</u>
Guam Police Department:		
Office of the Chief	3,762,238	7,187,572
Office of the Chief - Police Commander	4,055,361	1,899,235
Office of the Chief - Administration Division	1,018,570	1,765,402
Office of the Chief - Overtime	2,079,272	4,134,620
Office of the Chief - Purchase of New Vehicles	-	247,300
Office of the Chief - Workers' Compensation Disability	11,279	11,713
Office of the Chief - Radios for Police Vehicles	-	43,075
Office of the Chief - Fuel	222,497	297,671
Criminal Investigation Division	4,169,396	3,271,302
Neighborhood Patrol Division	11,692,418	11,780,066
Support Division	1,504,451	1,344,027
Forensic Science Division	1,903,011	1,954,103
Highway Patrol Division	1,221,433	1,544,147
	<u>31,639,926</u>	<u>35,480,233</u>
Office of the Attorney-General:		
Attorney-General's Office	12,049,595	10,381,738
Chief Medical Examiner:		
Medical Examiner's Office	414,146	413,436
Total Protection of Life and Property	<u>109,012,247</u>	<u>111,536,094</u>
Public Health:		
Guam Behavioral Health and Wellness Center:		
Office of the Director	2,888,867	2,872,584
Office of the Director - Permanent Injunction	5,170,801	4,922,202
Clinical Services Division	527,097	4,234,071
Child and Adolescent Services Division	1,222,413	1,060,199
Nursing Services Division	1,653,965	1,969,581
	<u>11,463,143</u>	<u>15,058,637</u>

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	2016	2015
Expenditures by Department, continued:		
Public Health, continued:		
Department of Public Health and Social Services:		
Office of the Director	772,577	683,455
Chief Public Health Office	456,031	197,898
Nutrition Services	85,945	51,600
Communicable Disease Control	821,578	719,229
Community Health Services	10,969	16,095
Primary Care Services	-	685,596
Family Health and Nursing	608,677	547
Physical Activity Action Team	198,242	-
Division of Environmental Health	717,380	721,446
Financial Management Services	214,155	174,946
Supply Section	149,400	147,455
Management Support Services	148,544	72,745
Facilities and Maintenance	1,197,423	1,123,975
Systems Group	331,677	123,863
	5,712,598	4,718,850
Total Public Health	17,175,741	19,777,487
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	11,511,554	10,959,750
Public Assistance Program	1,607,444	-
Foster Care	2,678,868	1,947,102
Division of Senior Citizens	7,431,768	1,396,571
Adult Protective Services	635,644	422,783
	23,865,278	14,726,206
Department of Integrated Services for Individuals with Disabilities:		
Office of the Director	467,064	390,308
Fiscal Support	42,520	-
	509,584	390,308
Total Community Services	24,374,862	15,116,514
Recreation:		
Department of Parks and Recreation:		
Office of the Director	1,085	1,250,393
Memorial Services	-	44,133
Community Programs	2,085	334,761
Pool and Beach Programs	11	339,397
Paseo Stadium	-	24,512
Parks Administration and Planning	-	80,651
Historic Preservation Division	10,704	252,254
Parks Maintenance	474	870,712
Territorial Park Protection	239,530	189,113
	253,889	3,385,926
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	190,572	209,396

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, 2016
(With comparatives for the year ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
Expenditures by Department, continued:		
Individual and Collective Rights, continued:		
Department of Chamorro Affairs:		
Office of the Director	931,349	729,991
Guam Public Library	1,065,802	1,088,706
Guam Council on the Arts and Humanities	35,225	8,840
Research Publication and Training	88,342	87,782
Guam Educational Telecommunications Corporation	573,814	622,645
Guam Museum	174,050	117,396
	<u>2,868,582</u>	<u>2,655,360</u>
Department of Labor:		
Office of the Director	575,369	348,479
Wage and Hour Division	208,910	200,271
Bureau of Labor Statistics	219,078	244,596
Fair Employment Practice Office	34,098	61,922
Worker's Compensation Commission	261,862	246,191
Fiscal and Support Office	244,208	157,836
	<u>1,543,525</u>	<u>1,259,295</u>
Department of Military Affairs:		
Office of the Adjutant General	197,844	162,919
Other:		
Unified Courts of Guam	34,262,468	34,741,912
Guam Election Commission	1,776,645	1,325,431
Mayor's Council of Guam	6,464,951	6,488,764
	<u>42,504,064</u>	<u>42,556,107</u>
Total Individual and Collective Rights	<u>47,304,587</u>	<u>46,843,077</u>
Transportation:		
Department of Public Works:		
Tiyan Parkway Project	-	4,360
Total Transportation	<u>-</u>	<u>4,360</u>
Public Education:		
Guam Commission for Educator Certification	219,111	224,779
Department of Education:		
Guam Public School System	229,383,237	221,444,111
Department of Public Works:		
Bus Operations	2,557,685	2,643,565
Total Public Education	<u>232,160,033</u>	<u>224,312,455</u>
Environmental Protection:		
Guam Energy Office	120,622	69,274
Total Environmental Protection	<u>120,622</u>	<u>69,274</u>
Economic Development:		
Bureau of Statistics and Plans:		
Administration	338,007	269,253
Chief Economist's Office	-	427
Planning Information	186,045	192,113
Socio-Economic Planning	209,594	205,185
Business and Economic Statistics Division	314,609	446,003
	<u>1,048,255</u>	<u>1,112,981</u>

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	2016	2015
Expenditures by Department, continued:		
Economic Development, continued:		
Department of Agriculture:		
Office of the Director	755,505	1,189,927
Forestry and Soil Resources	787,317	630,445
Aquatic and Wildlife Resources Division	178,062	160,405
Animal and Plant Industry Division	435,213	442,482
Plant Inspection Station	139,336	316,452
Crop Damage Compensation	212,500	387,433
Animal Health Section	575,599	412,851
	3,083,532	3,539,995
Total Economic Development	4,131,787	4,652,976
Payments to Component Units:		
Government of Guam Retirement Fund:		
Medicare Reimbursement	2,100,000	1,925,000
Governor and Lieutenant Governor Pension Contributions	251,000	251,000
Judge and Justice Retirement Annuities	304,300	358,000
	2,655,300	2,534,000
Guam Community College	13,814,950	18,291,991
Guam Memorial Hospital Authority	62,620,088	19,956,848
University of Guam	29,917,515	33,994,707
Total Payments to Component Units	109,007,853	74,777,546
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	23,005,981	14,287,310
Law Enforcement Officers Retro Pay	-	30,421
Landfill Tax Credits - Principal	738,216	13,800,175
Landfill Tax Credits - Interest	413,841	132,485
Guam Football Association	200,000	-
Total Miscellaneous Appropriations	24,358,038	28,250,391
Interest and Other Charges:		
Interest on tax refunds	1,529,555	1,021,759
Court judgments for attorney's fees	1,870,124	-
Other	652,316	177,691
Total Interest and Other Charges	4,051,995	1,199,450
Debt Service:		
Principal retirement	16,944,055	16,020,851
Bond issuance costs	2,893,259	4,229,436
Interest and fiscal charges	61,155,125	68,719,991
Total Debt Service	80,992,439	88,970,278
Total expenditures	734,422,962	700,069,279
Deficiency of revenues under expenditures	(48,680,415)	(52,320,688)

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
 Changes in Deficit - General Fund, Continued
 Year Ended September 30, 2016
 (With comparatives for the year ended September 30, 2015)

	<u>2016</u>	<u>2015</u>
Other financing sources (uses):		
Capital leases	4,947,008	-
Proceeds from refunded bonds issued	236,605,000	410,485,000
Premium on refunded bonds issued	43,942,958	44,650,254
Payment to refunding bond escrow agent	<u>(211,658,081)</u>	<u>(454,758,932)</u>
	<u>73,836,885</u>	<u>376,322</u>
Transfers in from other funds:		
Air Pollution Control Fund	-	36,672
Carrier Off-duty Services Revolving Fund	-	125,986
Census 2010 Fund	-	11,094
Contractors' License Board Fund	-	209,206
Controlled Substance Diversion Fund	-	155,480
Dededo Buffer Strip Revolving Fund	-	169,260
DPW Building and Design Fund	-	569,718
Drivers' Education Fund	-	188,556
Enhanced 911 Emergency Reporting System Fund	488,779	712,501
Environmental Health Fund	-	561,883
Examiner Off-Duty Services Fund	-	29,198
GOB Series 1993 Capital Projects Fund	-	769,216
GFD Capital Revolving Fund	397,144	-
Guam Charter Schools Fund	5,775,000	4,795,548
Guam Environmental Trust Fund	31,578	309,490
Guam Geodetic Network Fund	-	10,130
Guam Plant Inspection and Permit Fund	-	149,713
Guam Unarmed Combat Commission Fund	-	9,130
Health and Human Services Fund	-	385
Health Professional Licensure Fund	-	176,780
Healthy Futures Fund	4,148,499	11,252,180
Limited Gaming Fund	-	1,834,259
Office of Vital Statistics Revolving Fund	-	413,395
Pesticide Management Fund	-	306,481
Plant Nursery Revolving Fund	-	43,559
Police and Patrol Vehicle Revolving Fund	-	124,237
Police Services Fund	-	694,485
Professional Engineers', Architects', and Surveyors' Fund	-	42,144
Public Library System Fund	871,983	1,370,112
Public Recreation Services Fund	-	138,649
Rabies Prevention Fund	-	119,698
Recycling Revolving Fund	2,224,563	2,020,624
Safe Drinking Water Fund	-	9,774
Safe Homes Safe Streets Fund	-	4,300
Safe Streets Fund	-	77,822
Solid Waste Management Plan Fund	-	58,555
Tax Collection Fund	190,269	369,795
Territorial Education Facilities Fund	19,563,869	27,104,342
Territorial Highway Fund	3,247,882	904,109
Underground Storage Tank Management Fund	-	554,734
Water Protection Fund	-	79,164
Water Research and Development Fund	-	88,969
Water System Revenue Bond Fund	-	567,255
Workman's Compensation Fund	-	40,557
	<u>36,939,566</u>	<u>57,209,145</u>

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2016
(With comparatives for the year ended September 30, 2015)

	2016	2015
Other financing sources (uses), continued:		
Transfers out to other funds:		
Air Pollution Control Fund	309,000	-
Capitol District Fund	-	1,256,556
Criminal Injuries Compensation Fund	-	1,296,564
Customs, Agriculture and Quarantine Inspection Services Fund	-	630,425
Federal Grants Assistance Fund	25,758,980	33,758,511
Guam Charter Schools Fund	5,775,000	4,090,455
Indirect Cost Fund	908,363	776,258
Land Survey Revolving Fund	-	633,079
Public Market Revolving Fund	11,966	-
Section 2718 Fund	14,921,655	19,351,074
Streetlight Fund	-	747,373
Unified Courts of Guam Trust Fund	385,454	1,621,070
Village Streets Fund	112,700	-
Worker's Compensation Fund	546,290	588,476
	48,729,408	64,749,841
Total other financing sources (uses), net	62,047,043	(7,164,374)
Net change in deficit	13,366,628	(59,485,062)
Deficit at the beginning of the year	(119,100,127)	(59,615,065)
Deficit at the end of the year	\$ (105,733,499)	\$ (119,100,127)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues:				
Taxes:				
Income tax:				
Corporate	\$ 126,021,447	\$ 126,021,447	\$ 139,390,122	\$ 13,368,675
Individual	97,151,179	97,151,179	72,608,940	(24,542,239)
Withholding taxes, interest and penalties	264,617,545	264,617,545	262,516,185	(2,101,360)
	<u>487,790,171</u>	<u>487,790,171</u>	<u>474,515,247</u>	<u>(13,274,924)</u>
Provision for tax refund payments	(125,000,000)	(125,000,000)	(130,678,782)	(5,678,782)
Total income taxes	362,790,171	362,790,171	343,836,465	(18,953,706)
Gross receipts	247,707,347	247,707,347	238,304,786	(9,402,561)
Excise	2,140,436	2,140,436	2,937,715	797,279
Section 30 Federal income tax collections	77,951,796	77,951,796	78,467,450	515,654
Immigration fees	2,102,965	2,102,965	1,769,765	(333,200)
Indirect cost reimbursement	-	-	48,475	48,475
Contributions from component units	2,028,046	2,028,046	2,028,046	-
Other	7,305,287	7,305,287	7,778,935	473,648
	<u>702,026,048</u>	<u>702,026,048</u>	<u>675,171,637</u>	<u>(26,854,411)</u>
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahaen Guahan:				
Office of the Governor	7,382,101	5,178,653	5,209,457	(30,804)
Office of the Governor - Guam Liaison Office	624	217,149	217,147	2
Commission on Decolonization	391,455	484,140	209,414	274,726
Government House	4,828	769,377	768,404	973
Medical Referral Offices	540	751,015	751,013	2
Office of Civil Defense	225,355	475,355	268,456	206,899
Office of Veteran's Affairs	645,464	860,464	731,904	128,560
	<u>8,650,367</u>	<u>8,736,153</u>	<u>8,155,795</u>	<u>580,358</u>
Office of I Segundu Na Maga'lahaen Guahan:				
Office of the Lieutenant Governor	11,416	1,092,140	1,094,929	(2,789)
Bureau of Budget and Management Research:				
Office of the Director	1,207,742	423,786	421,183	2,603
Office of the Director - Public Safety Vacancy	-	2,784,260	-	2,784,260
Internal Audit Division	-	714,204	707,802	6,402
	<u>1,207,742</u>	<u>3,922,250</u>	<u>1,128,985</u>	<u>2,793,265</u>
Civil Service Commission:				
Office of the Director	1,057,872	445,694	409,186	36,508
Board of Commissioners	-	62,552	61,274	1,278
Legal Office	-	228,012	201,613	26,399
Personnel Management	-	249,614	245,178	4,436
	<u>1,057,872</u>	<u>985,872</u>	<u>917,251</u>	<u>68,621</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Administration:				
Office of the Director	11,170,025	2,684,497	2,671,311	13,186
Office of the Director - COLA	12,977,334	12,977,334	13,226,000	(248,666)
Office of the Director - Child Support	861,068	861,068	857,260	3,808
Office of the Director - Drug Free Workplace	-	8,997	-	8,997
Office of the Director - Upgrade Network	-	4,026	4,026	-
Personnel Management	-	1,740,179	1,742,612	(2,433)
Data Processing	831,599	3,885,978	3,829,690	56,288
General Services Agency	-	901,465	931,368	(29,903)
Division of Accounts	-	2,639,479	2,624,165	15,314
	<u>25,840,026</u>	<u>25,703,023</u>	<u>25,886,432</u>	<u>(183,409)</u>
Guam Election Commission	<u>1,493,508</u>	<u>2,221,110</u>	<u>1,804,198</u>	<u>416,912</u>
Department of Revenue and Taxation:				
Office of the Director	9,347,035	2,746,368	2,745,459	909
Office of the Director - Vacancies and Overtime	-	2,159,744	1,632,846	526,898
Office of the Director - Vacancies and Tax Attorney	3,522	17,169	3,522	13,647
Office of the Director - Stimulus Tax Rebates	-	2	-	2
Office of the Director - Real Property Assessment Bond	3,104	3,104	3,104	-
Tax Enforcement Division	-	2,179,531	2,166,180	13,351
Real Property Tax Division	-	724,450	715,797	8,653
Taxpayer Services Division	-	1,753,018	1,720,505	32,513
Regulatory Division	-	1,033,257	1,033,256	1
Motor Vehicle Division	-	710,411	653,423	56,988
	<u>9,353,661</u>	<u>11,327,054</u>	<u>10,674,092</u>	<u>652,962</u>
Bureau of Statistics and Plans:				
Administration	1,229,212	351,329	339,968	11,361
Chief Economist's Office	256	259	256	3
Planning Information	-	209,252	186,045	23,207
Socio-Economic Planning	-	231,428	209,594	21,834
Business and Economic Statistics Division	-	332,203	314,609	17,594
	<u>1,229,468</u>	<u>1,124,471</u>	<u>1,050,472</u>	<u>73,999</u>
Department of Public Works:				
Office of the Director	6,806,060	1,539,856	1,463,972	75,884
Capital Improvement Projects	85,593	1,321,078	1,258,526	62,552
Bus Maintenance	-	817,049	534,434	282,615
Bus Operations Division	3,103	2,561,220	2,560,788	432
Building Construction and Facilities Maintenance	5,887	1,176,914	1,131,054	45,860
Tiyan Parkway Project	-	35,640	-	35,640
	<u>6,900,643</u>	<u>7,451,757</u>	<u>6,948,774</u>	<u>502,983</u>

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GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Office of the Attorney-General:				
Attorney-General's Office	17,350,990	16,632,075	13,546,420	3,085,655
Guam Police Department:				
Office of the Chief	33,411,817	4,564,138	3,858,566	705,572
Office of the Chief	-	-	-	-
Office of the Chief - Police Commander	-	4,055,363	4,055,361	2
Office of the Chief - Administration Division	-	1,018,345	1,018,570	(225)
Office of the Chief - Overtime	-	1,200,359	2,079,272	(878,913)
Office of the Chief - Equipment and Training	3,201	3,201	3,201	-
Office of the Chief - Workers' Compensation Disability	-	11,279	11,279	-
Office of the Chief - Portable Radios	9,060	9,060	9,060	-
Office of the Chief - Fuel	-	222,497	222,497	-
Criminal Investigation Division	-	4,168,511	4,169,396	(885)
Neighborhood Patrol Division	-	11,691,165	11,692,418	(1,253)
Support Division	101,973	1,513,110	1,516,776	(3,666)
Forensic Science Division	-	2,339,736	2,340,129	(393)
Highway Patrol Division	-	1,221,434	1,221,433	1
	<u>33,526,051</u>	<u>32,018,198</u>	<u>32,197,958</u>	<u>(179,760)</u>
Department of Corrections:				
Office of the Director	23,127,409	3,671,111	3,737,701	(66,590)
Office of the Director - Bureau of Prisons	-	480,019	480,004	15
Office of the Director - Food Service Contract	-	1,620,000	1,620,000	-
Office of the Director - Vacancy Pool	-	473,960	24,280	449,680
Office of the Director - Electronic Locking System	-	1,700,000	110,000	1,590,000
Office of the Director - Overtime	-	-	648,000	(648,000)
Adult Correctional Facility	-	12,483,973	12,493,202	(9,229)
Rosario Detention Center	-	2,508,228	2,865,478	(357,250)
Casework and Counseling Service Division	-	341,856	341,855	1
Forensic Division	-	332,057	332,056	1
Parole Service Division	-	578,605	578,620	(15)
	<u>23,127,409</u>	<u>24,189,809</u>	<u>23,231,196</u>	<u>958,613</u>
Department of Agriculture:				
Office of the Director	3,162,605	901,688	776,307	125,381
Forestry and Soil Resources	-	864,572	787,317	77,255
Aquatic and Wildlife Resources Division	-	178,063	178,062	1
Animal and Plant Industry Division	-	436,664	435,213	1,451
Plant Inspection Station	-	182,003	139,336	42,667
Crop Damage Compensation	-	250,000	212,500	37,500
Animal Health Section	-	599,615	575,599	24,016
	<u>3,162,605</u>	<u>3,412,605</u>	<u>3,104,334</u>	<u>308,271</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Public Health and Social Services:				
Office of the Director	43,614,679	1,828,889	816,863	1,012,026
Chief Public Health Office	60,325	695,605	527,556	168,049
Nutrition Services	-	796,000	107,713	688,287
Communicable Disease Control	43,934	1,056,466	892,784	163,682
Community Health Services	-	20,000	17,000	3,000
Primary Care Services	97,059	1,428,409	161,761	1,266,648
Family Health and Nursing	-	774,857	613,378	161,479
Physical Activity Action Team	221,242	300,000	241,242	58,758
Division of Environmental Health	5,450	825,577	686,669	138,908
Financial Management Services	24	252,703	215,511	37,192
Supply Section	532	196,507	150,294	46,213
Management Support Services	412	272,067	151,877	120,190
Facilities and Maintenance	140,101	1,694,981	1,393,572	301,409
Systems Group	257,749	620,670	489,974	130,696
Medically Indigent Program	-	765,131	29,847	735,284
Medicaid Assistance Program	-	-	-	-
Employment and Training Program	-	-	-	-
Foster Care	21,486	3,064,841	2,719,735	345,106
Public Assistance Program	-	1,981,773	1,607,444	374,329
Food Stamps	-	-	-	-
Division of Senior Citizens	188,512	8,396,547	7,921,826	474,721
Adult Protective Services	34,639	767,382	710,104	57,278
	<u>44,686,144</u>	<u>25,738,405</u>	<u>19,455,150</u>	<u>6,283,255</u>
Department of Education:				
Guam Public School System	<u>223,202,346</u>	<u>215,494,856</u>	<u>214,993,424</u>	<u>501,432</u>
Department of Youth Affairs:				
Office of the Director	6,239,538	231,544	231,432	112
Office of the Director - Nursing and Medication	-	5,249	-	5,249
Division of Youth Development	-	1,284,081	1,056,563	227,518
Division of Youth Corrections	1,089	3,565,788	3,173,999	391,789
Division of Vocational Rehabilitation and Support Services	122,809	1,282,023	1,107,774	174,249
	<u>6,363,436</u>	<u>6,368,685</u>	<u>5,569,768</u>	<u>798,917</u>
Guam Behavioral Health and Wellness Center:				
Office of the Director	14,091,403	3,904,486	3,288,738	615,748
Office of the Director - Permanent Injunction	11,299	5,583,427	5,182,100	401,327
Clinical Services Division	38,371	575,960	527,097	48,863
Child and Adolescent Services Division	-	1,225,348	1,222,413	2,935
Nursing Services Division	4,099	1,716,944	1,653,965	62,979
	<u>14,145,172</u>	<u>13,006,165</u>	<u>11,874,313</u>	<u>1,131,852</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Labor:				
Office of the Director	1,668,005	669,424	601,390	68,034
Wage and Hour Division	-	204,963	208,910	(3,947)
Bureau of Labor Statistics	-	218,561	219,078	(517)
Fair Employment Practice Office	-	45,844	34,098	11,746
Worker's Compensation Commission	-	257,395	261,862	(4,467)
Fiscal and Support Office	-	225,918	244,208	(18,290)
	<u>1,668,005</u>	<u>1,622,105</u>	<u>1,569,546</u>	<u>52,559</u>
Department of Parks and Recreation:				
Office of the Director	264,085	20,982	12,532	8,450
Community Programs	-	-	2,085	(2,085)
Pool and Beach Programs	-	-	11	(11)
Historic Preservation Division	-	-	10,704	(10,704)
Parks Maintenance	-	-	474	(474)
Historic Resources Division	-	250,053	242,067	7,986
	<u>264,085</u>	<u>271,035</u>	<u>267,873</u>	<u>3,162</u>
Department of Integrated Services for Individuals with Disabilities:				
Office of the Director	1,260,329	568,156	469,253	98,903
Fiscal Support	-	74,753	42,520	32,233
	<u>1,260,329</u>	<u>642,909</u>	<u>511,773</u>	<u>131,136</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	6,970,335	6,999,001	6,612,142	386,859
Department of Land Management:				
Office of the Director	413,674	584,974	411,454	173,520
Ancestral Land Trust Commission	91,733	91,733	91,779	(46)
	<u>505,407</u>	<u>676,707</u>	<u>503,233</u>	<u>173,474</u>
Chief Medical Examiner:				
Medical Examiner's Office	428,950	428,950	418,580	10,370
Department of Chamorro Affairs:				
Office of the Director	1,013,300	907,700	941,581	(33,881)
Guam Public Library	1,286,785	1,204,785	1,176,789	27,996
Guam Council on the Arts and Humanities Agency	411,064	118,564	35,225	83,339
Research Publication and Training	-	88,343	88,342	1
Guam Educational Telecommunications Corporation	624,063	624,063	588,924	35,139
Guam Museum	-	205,982	205,981	1
	<u>3,335,212</u>	<u>3,149,437</u>	<u>3,036,842</u>	<u>112,595</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Department of Military Affairs:				
Office of the Adjutant General	910,000	480,644	204,963	275,681
Guam Fire Department:				
Office of the Fire Chief	33,406,948	180,974	180,972	2
Administrative and Logistical Support	108,323	1,566,079	1,559,681	6,398
Emergency Medical Service/Rescue Operations Bureau	-	10,934,493	10,934,491	2
Fire Suppression Bureau	-	19,800,438	20,575,560	(775,122)
	<u>33,515,271</u>	<u>32,481,984</u>	<u>33,250,704</u>	<u>(768,720)</u>
Payments to Component Units:				
Guam Community College	19,413,623	19,424,134	13,814,950	5,609,184
Guam Memorial Hospital Authority	-	68,837,822	52,168,865	16,668,957
University of Guam	35,222,328	35,159,285	29,917,515	5,241,770
	<u>54,635,951</u>	<u>123,421,241</u>	<u>95,901,330</u>	<u>27,519,911</u>
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	2,100,000	2,100,000	2,100,000	-
Governor and Lieutenant Governor Pension Contributions	251,000	251,000	251,000	-
Judge and Justice Retirement Annuities	358,000	358,000	304,300	53,700
	<u>2,709,000</u>	<u>2,709,000</u>	<u>2,655,300</u>	<u>53,700</u>
Total Executive Branch	<u>527,511,401</u>	<u>572,307,641</u>	<u>526,565,777</u>	<u>45,741,864</u>
Miscellaneous Appropriations:				
Retiree Healthcare Premiums	23,005,981	23,005,981	23,005,981	-
Landfill Tax Credits - Principal	-	-	738,216	(738,216)
Landfill Tax Credits - Interest	-	-	413,841	(413,841)
Make Work Pay Tax Credit repayment	5,500,000	-	-	-
Guam Energy Office	-	100,000	41,103	58,897
Guam Commission for Educator Certification	283,853	283,853	221,557	62,296
Total Miscellaneous Appropriations	<u>28,789,834</u>	<u>23,389,834</u>	<u>24,420,698</u>	<u>(1,030,864)</u>
Interest and other charges:				
Interest on tax refunds	-	-	1,529,555	(1,529,555)
Court judgments for attorney's fees	-	-	1,870,124	(1,870,124)
Bond fees	-	2,893,259	2,893,259	-
Nonappropriated expenditures	-	-	661,751	(661,751)
Other	-	-	(9,435)	9,435
Total Interest and other charges	<u>-</u>	<u>2,893,259</u>	<u>6,945,254</u>	<u>(4,051,995)</u>

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Debt Service:				
Principal retirement	13,645,000	8,315,000	8,315,000	-
Interest and fiscal charges	45,560,131	35,516,847	34,082,933	1,433,914
	59,205,131	43,831,847	42,397,933	1,433,914
Total expenditures	615,506,366	642,422,581	600,329,662	42,092,919
Excess of revenues over expenditures	86,519,682	59,603,467	74,841,975	15,238,508
Other financing sources (uses):				
Proceeds from refunded bonds issued	-	236,605,000	236,605,000	-
Premium on refunded bonds issued	-	43,942,958	43,942,958	-
Payment to refunding bond escrow agent	-	(211,658,081)	(211,658,081)	-
	-	68,889,877	68,889,877	-
Transfers in from other funds:				
DPW Building and Design Fund	-	-	-	-
Enhanced 911 Emergency Reporting System Fund	-	-	488,779	488,779
GFD Capital Revolving Fund	-	-	397,144	397,144
Guam Highway Fund	-	-	2,292,936	2,292,936
Healthy Futures Fund	-	-	3,256,745	3,256,745
Recycling Revolving Fund	-	-	2,224,563	2,224,563
Solid Waste Operations Fund	11,978,394	11,978,394	-	(11,978,394)
Tax Collection Fund	-	-	190,269	190,269
Water System Revenue Bond Fund	-	-	2,220,148	2,220,148
	11,978,394	11,978,394	11,070,584	(907,810)
Transfers out to other funds:				
Air Pollution Control Fund	-	-	309,000	(309,000)
Better Public Service Fund	550,478	550,478	594,264	(43,786)
Federal Grants Assistance Fund	205,905	28,751,664	25,946,826	2,804,838
General Obligation Series A 2007 Debt Service Fund	-	-	255,918	(255,918)
Government Claims Fund	250,000	200,000	200,000	-
GMHA Pharmaceuticals Fund	15,333,085	15,333,085	10,451,223	4,881,862
Guam Charter Schools Fund	-	5,775,000	5,775,000	-
Guam Legislature Fund	8,799,000	8,799,000	8,799,000	-
Indirect Cost Fund	-	-	908,363	(908,363)
Limited Obligation Series A 2009 Debt Service Fund	-	15,669,958	15,669,956	2
MIP Payment Revolving Fund	16,380,671	14,418,447	11,481,707	2,936,740
Office of Public Accountability	1,389,743	1,611,851	1,611,851	-
Off-island Treatment Fund	1,600,000	2,350,000	2,314,455	35,545
Public Defender Service Corporation Fund	4,318,875	4,318,875	4,318,875	-

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses), continued:				
Transfers out to other funds, continued:				
Public Market Revolving Fund	-	-	11,966	(11,966)
Section 2718 Fund	-	-	14,921,655	(14,921,655)
Supplemental Annuity Benefits Fund	9,155,000	9,155,000	10,105,000	(950,000)
Unified Courts of Guam Fund	33,043,444	33,043,444	33,043,444	-
Village Street Fund	-	-	112,700	(112,700)
Worker's Compensation Fund	798,593	748,593	546,290	202,303
	<u>91,824,794</u>	<u>140,725,395</u>	<u>147,377,493</u>	<u>(6,652,098)</u>
Total other financing sources (uses), net	<u>(79,846,400)</u>	<u>(59,857,124)</u>	<u>(67,417,032)</u>	<u>5,744,288</u>
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	<u>5,649,007</u>	<u>5,649,007</u>	<u>6,471,378</u>	<u>822,371</u>
Net change in deficit	<u>\$ 12,322,289</u>	<u>\$ 5,395,350</u>	<u>\$ 13,896,321</u>	<u>\$ 8,500,971</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
September 30, 2016

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2016

<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	\$ 37,269,614	\$ 936,171	\$ -	\$ 38,205,785
Investments	6,651,776	-	-	6,651,776
Receivables, net:				
Taxes	8,213,722	-	-	8,213,722
Other	6,863,494	-	-	6,863,494
Due from other funds	23,515,426	175,899	-	23,691,325
Prepayments	85,350	-	-	85,350
Deposits and other assets	-	1,172	-	1,172
Restricted assets:				
Cash and cash equivalents	4,115,186	113,234	1,616,000	5,844,420
Investments	300,000	17,481,569	10,621,130	28,402,699
Total assets	<u>\$ 87,014,568</u>	<u>\$ 18,708,045</u>	<u>\$ 12,237,130</u>	<u>\$ 117,959,743</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 3,185,436	\$ 1,610,191	\$ -	\$ 4,795,627
Accrued payroll and other	2,230,316	-	-	2,230,316
Due to other funds	12,540,541	1,393,356	-	13,933,897
Unearned revenue	447,126	-	-	447,126
Deposits and other liabilities	1,153,841	-	-	1,153,841
Total liabilities	<u>19,557,260</u>	<u>3,003,547</u>	<u>-</u>	<u>22,560,807</u>
Fund balances:				
Restricted	9,325,924	15,704,498	12,237,130	37,267,552
Committed	59,206,117	-	-	59,206,117
Unassigned	(1,074,733)	-	-	(1,074,733)
Total fund balances	<u>67,457,308</u>	<u>15,704,498</u>	<u>12,237,130</u>	<u>95,398,936</u>
Total liabilities and fund balances	<u>\$ 87,014,568</u>	<u>\$ 18,708,045</u>	<u>\$ 12,237,130</u>	<u>\$ 117,959,743</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, 2016

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 26,320,474	\$ -	\$ -	\$ 26,320,474
Hotel	40,864,063	-	-	40,864,063
Liquid fuel	10,051,209	-	-	10,051,209
Tobacco	20,104,227	-	-	20,104,227
Alcoholic beverages	2,895,727	-	-	2,895,727
Limited gaming	1,505,520	-	-	1,505,520
Licenses and permits	56,200,632	1,829,683	-	58,030,315
Charges for services	20,157,431	-	-	20,157,431
Interest and investment earnings	291,628	72,866	3,194	367,688
Intergovernmental	4,051,665	-	-	4,051,665
Other	963,162	-	-	963,162
Total revenues	183,405,738	1,902,549	3,194	185,311,481
Expenditures by Function:				
Current:				
General government	14,661,035	-	12,952	14,673,987
Protection of life and property	20,131,811	-	-	20,131,811
Public health	15,671,771	-	-	15,671,771
Community services	5,000	-	-	5,000
Recreation	4,352,352	-	-	4,352,352
Individual and collective rights	8,459,044	777,802	-	9,236,846
Transportation	9,678,855	-	-	9,678,855
Public education	5,271,759	-	-	5,271,759
Environmental protection	16,603,168	-	-	16,603,168
Economic development	4,561,293	-	-	4,561,293
Payments to:				
Guam Community College	1,382,982	-	-	1,382,982
Guam Memorial Hospital Authority	10,523,569	-	-	10,523,569
Guam Preservation Trust	615,000	-	-	615,000
Guam Visitors Bureau	30,550,346	-	-	30,550,346
University of Guam	2,480,151	-	-	2,480,151
Miscellaneous appropriations	15,243,673	-	-	15,243,673
Capital projects	-	8,090,569	-	8,090,569
Debt service:				
Principal retirement	-	613,571	1,920,000	2,533,571
Interest and fiscal charges	-	379,434	5,078,625	5,458,059
Total expenditures	160,191,809	9,861,376	7,011,577	177,064,762
Excess (deficiency) of revenues over (under) expenditures	23,213,929	(7,958,827)	(7,008,383)	8,246,719
Other financing sources (uses):				
Proceeds from issuance of long-term debt	2,123,188	-	-	2,123,188
Transfers in from other funds	29,200,142	-	6,961,077	36,161,219
Transfers out to other funds	(50,624,599)	-	-	(50,624,599)
Total other financing sources (uses), net	(19,301,269)	-	6,961,077	(12,340,192)
Net change in fund balances	3,912,660	(7,958,827)	(47,306)	(4,093,473)
Fund balances at beginning of year	63,544,648	23,663,325	12,284,436	99,492,409
Fund balances at end of year	\$ 67,457,308	\$ 15,704,498	\$ 12,237,130	\$ 95,398,936

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, 2016

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 26,320,474	\$ -	\$ -	\$ 26,320,474
Hotel	40,864,063	-	-	40,864,063
Liquid fuel	10,051,209	-	-	10,051,209
Tobacco	20,104,227	-	-	20,104,227
Alcoholic beverages	2,895,727	-	-	2,895,727
Limited gaming	1,505,520	-	-	1,505,520
Licenses and permits	56,200,632	1,829,683	-	58,030,315
Charges for services	20,157,431	-	-	20,157,431
Interest and investment earnings	291,628	72,866	3,194	367,688
Intergovernmental	4,051,665	-	-	4,051,665
Other	963,162	-	-	963,162
Total revenues	183,405,738	1,902,549	3,194	185,311,481
Expenditures by Object:				
Salaries and wages - regular	31,801,027	1,295	-	31,802,322
Salaries and wages - overtime	1,624,957	384	-	1,625,341
Salaries and wages - fringe benefits	12,372,080	-	-	12,372,080
Travel	322,225	-	-	322,225
Contractual services	27,857,167	1,432,415	-	29,289,582
Building rent	3,455,394	371,541	-	3,826,935
Supplies	4,018,503	7,462	-	4,025,965
Equipment	1,313,287	198,800	-	1,512,087
Utilities - power and water	7,764,890	-	-	7,764,890
Communications	358,944	-	-	358,944
Capital outlays	6,527,758	6,771,719	-	13,299,477
Grants and subsidies	45,552,048	-	-	45,552,048
Retiree healthcare benefits	15,243,673	-	-	15,243,673
Principal retirement	-	613,571	1,920,000	2,533,571
Interest and fiscal charges	-	379,434	5,078,625	5,458,059
Other	1,979,856	84,755	12,952	2,077,563
Total expenditures	160,191,809	9,861,376	7,011,577	177,064,762
Excess (deficiency) of revenues over (under) expenditures	23,213,929	(7,958,827)	(7,008,383)	8,246,719
Other financing sources (uses):				
Proceeds from issuance of long-term debt	2,123,188	-	-	2,123,188
Transfers in from other funds	29,200,142	-	6,961,077	36,161,219
Transfers out to other funds	(50,624,599)	-	-	(50,624,599)
Total other financing sources (uses), net	(19,301,269)	-	6,961,077	(12,340,192)
Net change in fund balances	3,912,660	(7,958,827)	(47,306)	(4,093,473)
Fund balances at beginning of year	63,544,648	23,663,325	12,284,436	99,492,409
Fund balances at end of year	\$ 67,457,308	\$ 15,704,498	\$ 12,237,130	\$ 95,398,936

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds September 30, 2016

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, 2016, follows.

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

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

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

Capitol District Fund - This fund was created by Public Law 29-69 for the sole purpose of funding the repair, restoration, renovation, or refurbishment of the Guam Congress Building or other Capitol District properties. Income received pursuant to any lease of property within the Capitol District shall be deposited into this fund.

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.

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 (CLTC).

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

Chamorro Land Trust Survey and Infrastructure Fund - This fund was created for the purpose of accounting for the receipt of all proceeds from the sale of bull cart trails and land remnants and proceeds from the sale of land under the Land for the Landless program that will be used solely for the surveying of unsurveyed CLTC land and for the operational needs in support thereof.

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2016

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

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

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

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

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

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

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

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

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

First Generation Trust Fund - This fund was created for the purpose of encouraging GDOE high school students to pursue post-secondary learning.

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2016

Guam Landowner's Recovery Fund - This fund was created for the purpose of accounting for the purpose of granting loans, loan guarantees or grant-in-aid to landowners, or to defer costs or fees for professional services required by those landowners or class of landowners who have ancestral land claims.

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

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

GCC Capital Improvements Fund - This fund was created by Public Law 31-229 to account for lease rental payments payable pursuant to the lease-back agreement entered into to secure financing for the construction, expansion, renovation, and/or hardening of the Gregorio G. Perez Crime Lab Building, and GCC Building # 100 and # 200.

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

Guam Invasive Species Inspection Fee Fund - This fund was created by Public Law 31-43 to account for fees collected by the Guam Department of Agriculture for the inspection, quarantine, and eradication of invasive species contained in any freight brought into Guam.

Guam Museum Fund - This fund was created by Public Law 25-69 to account for funds received separate and apart from other funds of the Guam Museum to fund the operations of the Guam Museum Board of Advisors.

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

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

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.

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

Hotel Occupancy Tax Surplus Fund - This fund was created by Public Law 32-68 to account for hotel occupancy tax collections received by the Tourist Attraction Fund in excess of Bureau of Budget and Management Research revenue estimates.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2016

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

Land Acquisition Fund - This fund was created by Public Law 9-170 to account for all costs of acquiring private land for public purposes.

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

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

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

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

MHSA Services Fund - This fund was created by Public Law 31-233 to account for proceeds from the collection of any fees by the Department of Mental Health and Substance Abuse.

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

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

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

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

Police Patrol Vehicle and Equipment Revolving Fund - This fund was created by Public Law 32-205 to account for the collection of vehicle safety inspection fees to be used for the acquisition of vehicles and associated equipment by the Guam Police Department.

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2016

Public Market Revolving Fund – This fund was created by Public Law 28-68 to account for fees paid by producers or sellers for the use of space at public markets under the control of the Department of Chamorro Affairs.

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

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

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

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

Safe Drinking Water Fund – This fund was created to account for fees, monetary charges and other funds collected or received by the Guam Environmental Protection Agency pursuant to the Safe Drinking Water Act to be used for the administration and implementation of the Safe Drinking Water Program; for public education and similar outreach programs; and promotions aimed at increasing awareness of the dangers of using pipes, plumbing fittings or fixtures containing lead over the acceptable limit set by this Act or regulations.

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2016

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

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

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

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

Victim/Witness Travelling-Housing Fund - This fund was created by Public Law 30-60 to account for fees received by the Office of the Attorney General for requested statements issued about the disposition of a person's criminal arrest or criminal case.

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	236	265	266	NEW	282	624	669	415	646	105	250	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ 644,962	\$ 1,378,102	\$ -	\$ 1,716,450	\$ -	\$ -	\$ -	\$ 7,151,785	\$ -	\$ 35,053
Investments	-	-	751,505	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	69,790	191,250	-	467,000	-	-	-	-	-	-
Due from other funds	9,752	337,242	-	165,483	86,272	421,568	173,742	306,567	29,377	-	4,522	271,033
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	213,511	-	-	-	-
Investments	-	-	-	-	-	-	-	300,000	-	-	-	-
Total assets	\$ 9,752	\$ 337,242	\$ 1,466,257	\$ 1,734,835	\$ 86,272	\$ 2,605,018	\$ 173,742	\$ 820,078	\$ 29,377	\$ 7,151,785	\$ 4,522	\$ 306,086
LIABILITIES AND FUND BALANCES												
(DEFICIT)												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ 25,264	\$ -	\$ -	\$ -	\$ -	\$ 77,817	\$ -	\$ 106,250	\$ -	\$ -
Accrued payroll and other	-	2,830	-	-	78,616	8,321	-	-	-	98,521	-	19,053
Due to other funds	-	-	-	-	-	-	-	-	-	365,605	-	-
Unearned revenue	-	-	-	-	-	365,981	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	2,830	25,264	-	78,616	374,302	-	77,817	-	570,376	-	19,053
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	-	513,511	-	-	-	-
Committed	9,752	334,412	1,440,993	1,734,835	7,656	2,230,716	173,742	228,750	29,377	6,581,409	4,522	287,033
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	9,752	334,412	1,440,993	1,734,835	7,656	2,230,716	173,742	742,261	29,377	6,581,409	4,522	287,033
Total liabilities and fund balances (deficit)	\$ 9,752	\$ 337,242	\$ 1,466,257	\$ 1,734,835	\$ 86,272	\$ 2,605,018	\$ 173,742	\$ 820,078	\$ 29,377	\$ 7,151,785	\$ 4,522	\$ 306,086

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	272	325	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health	640 Examiner Off-Duty Services	668 First Generation Trust	231 GFD Capital Revolving	656 GMHA Healthcare Trust and Development
ASSETS													
Cash and cash equivalents	\$ -	\$ -	\$ 458,197	\$ -	\$ 2,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	73,852
Other	-	-	2,752,664	-	-	-	-	-	-	-	-	-	-
Due from other funds	73,549	1,786,454	-	10,950	599,700	917,256	7,650	199,618	716,794	-	-	133,570	104,634
Prepayments	-	-	85,350	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 73,549	\$ 1,786,454	\$ 3,296,211	\$ 10,950	\$ 602,631	\$ 917,256	\$ 7,650	\$ 199,618	\$ 716,794	\$ -	\$ -	\$ 133,570	\$ 178,486
LIABILITIES AND FUND BALANCES													
(DEFICIT)													
Liabilities:													
Accounts payable	\$ -	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	357,637	-	-	13,750	-	82,972	38,846	380	-	-	-
Due to other funds	-	-	2,963,810	-	-	-	-	-	-	5,954	450,000	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	207,543	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	207,712	3,321,447	-	-	13,750	-	82,972	38,846	6,334	450,000	-	-
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	73,549	1,578,742	-	10,950	602,631	903,506	7,650	116,646	677,948	-	-	133,570	178,486
Unassigned	-	-	(25,236)	-	-	-	-	-	-	(6,334)	(450,000)	-	-
Total fund balances (deficit)	73,549	1,578,742	(25,236)	10,950	602,631	903,506	7,650	116,646	677,948	(6,334)	(450,000)	133,570	178,486
Total liabilities and fund balances (deficit)	\$ 73,549	\$ 1,786,454	\$ 3,296,211	\$ 10,950	\$ 602,631	\$ 917,256	\$ 7,650	\$ 199,618	\$ 716,794	\$ -	\$ -	\$ 133,570	\$ 178,486

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	641	639	657	245	608	662	244	326	651			
	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum	Guam Preservation Trust	Guam Procurement Advisory Council Support
ASSETS												
Cash and cash equivalents	\$ 8	\$ 4,464,669	\$ 8,431	\$ 30	\$ 500	\$ -	\$ 3,437	\$ 37,154	\$ -	\$ -	\$ 102,512	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	257,586	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	1,000	-	147,695	21,266	528,692	929,872	390,263	1,931
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 8	\$ 4,722,255	\$ 8,431	\$ 30	\$ 1,500	\$ -	\$ 151,132	\$ 58,420	\$ 528,692	\$ 929,872	\$ 492,775	\$ 1,931
LIABILITIES AND FUND BALANCES (DEFICIT)												
Liabilities:												
Accounts payable	\$ -	\$ 13,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	2,869	-	-	-	-	-
Due to other funds	-	-	-	45	-	-	-	-	-	-	-	-
Unearned revenue	-	81,145	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	75,310	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	170,161	-	45	-	-	2,869	-	-	-	-	-
Fund balances (deficit):												
Restricted	-	4,552,094	8,431	-	-	-	-	-	-	-	-	-
Committed	8	-	-	-	1,500	-	148,263	58,420	528,692	929,872	492,775	1,931
Unassigned	-	-	-	(15)	-	-	-	-	-	-	-	-
Total fund balances (deficit)	8	4,552,094	8,431	(15)	1,500	-	148,263	58,420	528,692	929,872	492,775	1,931
Total liabilities and fund balances (deficit)	\$ 8	\$ 4,722,255	\$ 8,431	\$ 30	\$ 1,500	\$ -	\$ 151,132	\$ 58,420	\$ 528,692	\$ 929,872	\$ 492,775	\$ 1,931

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	270	602	241	311	652	658	632	351	222	655	232	294
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
ASSETS												
Cash and cash equivalents	\$ 336,063	\$ 8,939	\$ -	\$ 21,029	\$ -	\$ 31	\$ 43	\$ 181	\$ -	\$ -	\$ 332,972	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	1,879,910	-	-	-	-	-	-	-	301,534	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	4,028	2,371,399	233,041	-	53	1,285,865	56,360	70	166,323	1,580,883	582,660	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 340,091	\$ 4,260,248	\$ 233,041	\$ 21,029	\$ 53	\$ 1,285,896	\$ 56,403	\$ 251	\$ 166,323	\$ 1,882,417	\$ 915,632	\$ -
LIABILITIES AND FUND BALANCES												
(DEFICIT)												
Liabilities:												
Accounts payable	\$ -	\$ 181,957	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	204,799	1,826	-	-	-	56,474	-	107,361	-	16,431	-
Due to other funds	-	-	-	10,907	-	-	-	-	-	-	-	989
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	870,988	-
Total liabilities	-	386,756	1,826	10,907	-	-	56,483	-	107,361	-	887,419	989
Fund balances (deficit):												
Restricted	340,091	-	-	10,122	-	-	-	-	-	-	-	-
Committed	-	3,873,492	231,215	-	53	1,285,896	-	251	58,962	1,882,417	28,213	-
Unassigned	-	-	-	-	-	-	(80)	-	-	-	-	(989)
Total fund balances (deficit)	340,091	3,873,492	231,215	10,122	53	1,285,896	(80)	251	58,962	1,882,417	28,213	(989)
Total liabilities and fund balances (deficit)	\$ 340,091	\$ 4,260,248	\$ 233,041	\$ 21,029	\$ 53	\$ 1,285,896	\$ 56,403	\$ 251	\$ 166,323	\$ 1,882,417	\$ 915,632	\$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	653	261	650	629	211	663	263	644	215	604	666	620	317
	MHSA Services	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Market Revolving	Public Recreation Services	Public Transit
ASSETS													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,474	\$ -	\$ 77,482	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	3,948	120,603	129,346	78,299	6,989	318,016	-	1,569	95,931	-	2,635	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 3,948	\$ 120,603	\$ 129,346	\$ 78,299	\$ 6,989	\$ 318,016	\$ -	\$ 1,569	\$ 95,931	\$ 138,474	\$ 2,635	\$ 77,482	\$ -
LIABILITIES AND FUND BALANCES													
(DEFICIT)													
Liabilities:													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	3,515	2,646	-	-	-	-	7,192	-	2,635	-	-
Due to other funds	-	-	-	-	-	-	475,759	-	-	93,155	-	14,558	11,467
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	3,515	2,646	-	-	475,759	-	7,192	93,155	2,635	14,558	11,467
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	3,948	120,603	125,831	75,653	6,989	318,016	-	1,569	88,739	45,319	-	62,924	-
Unassigned	-	-	-	-	-	-	(475,759)	-	-	-	-	-	(11,467)
Total fund balances (deficit)	3,948	120,603	125,831	75,653	6,989	318,016	(475,759)	1,569	88,739	45,319	-	62,924	(11,467)
Total liabilities and fund balances (deficit)	\$ 3,948	\$ 120,603	\$ 129,346	\$ 78,299	\$ 6,989	\$ 318,016	\$ -	\$ 1,569	\$ 95,931	\$ 138,474	\$ 2,635	\$ 77,482	\$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	285	619	289	217	330	647	284	416	605	625	202	603
	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection
ASSETS												
Cash and cash equivalents	\$ -	\$ 60,529	\$ -	\$ 6,809	\$ -	\$ 1,526	\$ -	\$ 19,704,826	\$ 153,998	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	3,054,647	-	-	-	-
Due from other funds	51,641	744,363	9,983	-	-	-	17,718	-	577,244	1,108	100,852	107,127
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	3,901,675	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 51,641	\$ 804,892	\$ 9,983	\$ 6,809	\$ -	\$ 1,526	\$ 17,718	\$ 26,661,148	\$ 731,242	\$ 1,108	\$ 100,852	\$ 107,127
LIABILITIES AND FUND BALANCES												
(DEFICIT)												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,624,974	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	2,350	-	-	(833)	-	-	96,541	-	-	-	18,390
Due to other funds	-	-	-	15,138	833	1,526	-	537,036	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	2,350	-	15,138	-	1,526	-	3,258,551	-	-	-	18,390
Fund balances (deficit):												
Restricted	-	-	-	-	-	-	-	3,901,675	-	-	-	-
Committed	51,641	802,542	9,983	-	-	-	17,718	19,500,922	731,242	1,108	100,852	88,737
Unassigned	-	-	-	(8,329)	-	-	-	-	-	-	-	-
Total fund balances (deficit)	51,641	802,542	9,983	(8,329)	-	-	17,718	23,402,597	731,242	1,108	100,852	88,737
Total liabilities and fund balances (deficit)	\$ 51,641	\$ 804,892	\$ 9,983	\$ 6,809	\$ -	\$ 1,526	\$ 17,718	\$ 26,661,148	\$ 731,242	\$ 1,108	\$ 100,852	\$ 107,127

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	205	208	206	636	297	637	247	283	300	203	310	276	Total
	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Victim/Witness Travel-Housing	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
ASSETS													
Cash and cash equivalents	\$ 266,767	\$ 135,710	\$ -	\$ 14,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,115	\$ 37,269,614
Investments	-	-	5,900,271	-	-	-	-	-	-	-	-	-	6,651,776
Receivables, net:													
Taxes	1,496,388	874,118	3,587,920	-	-	-	-	-	-	-	-	-	8,213,722
Other	-	-	-	-	-	-	-	-	-	-	70,557	-	6,863,494
Due from other funds	3,973,782	2,396,294	-	7,424	28,476	7,105	-	18,772	19,873	39,194	-	-	23,515,426
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	85,350
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	4,115,186
Investments	-	-	-	-	-	-	-	-	-	-	-	-	300,000
Total assets	\$ 5,736,937	\$ 3,406,122	\$ 9,488,191	\$ 22,323	\$ 28,476	\$ 7,105	\$ -	\$ 18,772	\$ 19,873	\$ 39,194	\$ 70,557	\$ 5,115	\$ 87,014,568
LIABILITIES AND FUND BALANCES													
(DEFICIT)													
Liabilities:													
Accounts payable	\$ -	\$ 30,290	\$ -	\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,185,436
Accrued payroll and other	-	891,281	111,803	-	-	-	-	2,226	1,884	-	-	-	2,230,316
Due to other funds	-	-	7,555,121	-	-	-	-	-	-	-	38,638	-	12,540,541
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	447,126
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	1,153,841
Total liabilities	-	921,571	7,666,924	-	125,000	-	-	2,226	1,884	-	38,638	-	19,557,260
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	9,325,924
Committed	5,736,937	2,484,551	1,821,267	22,323	-	7,105	-	16,546	17,989	39,194	31,919	5,115	59,206,117
Unassigned	-	-	-	-	(96,524)	-	-	-	-	-	-	-	(1,074,733)
Total fund balances (deficit)	5,736,937	2,484,551	1,821,267	22,323	(96,524)	7,105	-	16,546	17,989	39,194	31,919	5,115	67,457,308
Total liabilities and fund balances (deficit)	\$ 5,736,937	\$ 3,406,122	\$ 9,488,191	\$ 22,323	\$ 28,476	\$ 7,105	\$ -	\$ 18,772	\$ 19,873	\$ 39,194	\$ 70,557	\$ 5,115	\$ 87,014,568

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	236	265	266	NEW	282	624	669	415	646	105	250	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,646	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	12,952	141,918	883,635	-	814,462	860,526	-	-	4,330	4,260,664	-	786,816
Charges for services	-	-	-	236,965	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	1,626	-	1,006	206,369	615	-	-	-	127
Intergovernmental	-	-	-	2,032,198	-	-	-	-	-	2,019,467	-	-
Other	-	-	12,301	-	-	-	-	-	-	-	-	-
Total revenues	12,952	141,918	895,936	2,270,789	814,462	861,532	206,369	92,261	4,330	6,280,131	-	786,943
Expenditures by Function:												
Current:												
General government	-	-	500,893	164,207	-	906,943	32,627	-	-	-	-	560,260
Protection of life and property	-	-	-	-	806,806	-	-	-	-	-	388	-
Public health	-	-	-	-	-	-	-	-	-	4,625,578	-	-
Community services	5,000	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	131,594	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	4,155,386	-	-	-	-	-	-	-	-
Payments to:												
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	5,000	131,594	500,893	4,319,593	806,806	906,943	32,627	-	-	4,625,578	388	560,260
Excess (deficiency) of revenues over (under) expenditures	7,952	10,324	395,043	(2,048,804)	7,656	(45,411)	173,742	92,261	4,330	1,654,553	(388)	226,683
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	2,123,188	-	-	-	-	-	-	-	-
Transfers in from other funds	-	309,000	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	309,000	-	2,123,188	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	7,952	319,324	395,043	74,384	7,656	(45,411)	173,742	92,261	4,330	1,654,553	(388)	226,683
Fund balances (deficit) at beginning of year	1,800	15,088	1,045,950	1,660,451	-	2,276,127	-	650,000	25,047	4,926,856	4,910	60,350
Fund balances (deficit) at end of year	\$ 9,752	\$ 334,412	\$ 1,440,993	\$ 1,734,835	\$ 7,656	\$ 2,230,716	\$ 173,742	\$ 742,261	\$ 29,377	\$ 6,581,409	\$ 4,522	\$ 287,033

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	272	325	209 Customs, Agriculture and Quarantine Inspection Services	267 Dededo Buffer Strip Revolving	630 DLM Building Construction	235 DPW Building and Design	246 Drivers' Education	281 Enhanced 911 Emergency Reporting System	600 Environmental Health	640 Examiner Off-Duty Services	668 First Generation Trust	231 GFD Capital Revolving	656 GMHA Healthcare Trust and Development
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	71,430	2,740	13,563,238	10,950	-	1,340,508	7,650	2,102,423	1,221,707	9,824	-	924,597	776,196
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	139	-	4	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	337,396	-	-	-	-	-	-	-	-	-	-	-
Total revenues	71,430	340,136	13,563,377	10,950	4	1,340,508	7,650	2,102,423	1,221,707	9,824	-	924,597	776,196
Expenditures by Function:													
Current:													
General government	-	-	-	-	-	448,118	-	-	-	16,158	-	-	-
Protection of life and property	-	57,958	13,588,613	-	-	-	-	1,548,495	-	-	-	960,217	-
Public health	-	-	-	-	-	-	-	-	697,400	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	200,000	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	1,066,226
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	250,000	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	57,958	13,588,613	-	-	448,118	-	1,548,495	697,400	16,158	450,000	960,217	1,066,226
Excess (deficiency) of revenues over (under) expenditures	71,430	282,178	(25,236)	10,950	4	892,390	7,650	553,928	524,307	(6,334)	(450,000)	(35,620)	(290,030)
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(488,779)	-	-	-	(397,144)	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	(488,779)	-	-	-	(397,144)	-
Net change in fund balances (deficit)	71,430	282,178	(25,236)	10,950	4	892,390	7,650	65,149	524,307	(6,334)	(450,000)	(432,764)	(290,030)
Fund balances (deficit) at beginning of year	2,119	1,296,564	-	-	602,627	11,116	-	51,497	153,641	-	-	566,334	468,516
Fund balances (deficit) at end of year	\$ 73,549	\$ 1,578,742	\$ (25,236)	\$ 10,950	\$ 602,631	\$ 903,506	\$ 7,650	\$ 116,646	\$ 677,948	\$ (6,334)	\$ (450,000)	\$ 133,570	\$ 178,486

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number			641	639	657	245	608	662	244	326	651	
	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum	Guam Preservation Trust	Guam Procurement Advisory Council Support
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	315,776	90,219	519,691	360,557	721,056	-
Charges for services	-	572,014	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	21,323	3	-	-	-	75	57	-	-	178	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	50	-	-	-	-	-	-	-	-	-	-
Total revenues	-	593,387	3	-	-	-	315,851	90,276	519,691	360,557	721,234	-
Expenditures by Function:												
Current:												
General government	207	91,341	-	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	1,905,476	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	150,821	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	43,173	-	-	-	-
Payments to:												
Guam Community College	-	-	-	-	-	278,922	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	615,000	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	207	91,341	-	-	-	278,922	150,821	43,173	-	1,905,476	615,000	-
Excess (deficiency) of revenues over (under) expenditures	(207)	502,046	3	-	-	(278,922)	165,030	47,103	519,691	(1,544,919)	106,234	-
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	5,775,000	278,922	-	-	-	2,601,987	-	-
Transfers out to other funds	-	-	-	-	(5,775,000)	-	(31,578)	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	278,922	(31,578)	-	-	2,601,987	-	-
Net change in fund balances (deficit)	(207)	502,046	3	-	-	-	133,452	47,103	519,691	1,057,068	106,234	-
Fund balances (deficit) at beginning of year	215	4,050,048	8,428	(15)	1,500	-	14,811	11,317	9,001	(127,196)	386,541	1,931
Fund balances (deficit) at end of year	\$ 8	\$ 4,552,094	\$ 8,431	\$ (15)	\$ 1,500	\$ -	\$ 148,263	\$ 58,420	\$ 528,692	\$ 929,872	\$ 492,775	\$ 1,931

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	270	602	241	311	652	658	632	351	222	655	232	294
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	20,104,227	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	2,895,727	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	1,505,520	-	-
Licenses and permits	-	-	203,229	-	-	-	-	-	3,215,706	-	1,384,231	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	709	587	-	50	-	107	-	-	-	916	152	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	668,886	39	-	-	-	-
Total revenues	709	23,000,541	203,229	50	-	107	668,886	39	3,215,706	1,506,436	1,384,383	-
Expenditures by Function:												
Current:												
General government	-	-	-	-	-	-	1,582,238	-	3,156,744	-	-	-
Protection of life and property	-	6,613	-	-	-	-	-	-	-	-	-	-
Public health	-	10,191,772	14,100	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	655,806	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	123,215	438,494	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
Guam Community College	-	-	-	-	-	-	-	-	-	-	879,906	-
Guam Memorial Hospital Authority	-	8,238,668	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	4,050,000	-	-	-	-	-	-
University of Guam	-	1,433,627	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	19,870,680	14,100	-	-	4,050,000	1,582,238	-	3,156,744	779,021	1,318,400	-
Excess (deficiency) of revenues over (under) expenditures	709	3,129,861	189,129	50	-	(4,049,893)	(913,352)	39	58,962	727,415	65,983	-
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	1,997,802	-	-	-	903,944	908,363	-	-	-	-	-
Transfers out to other funds	(1,997,802)	(4,148,499)	-	-	-	(1,520,000)	-	-	-	-	-	-
Total other financing sources (uses), net	(1,997,802)	(2,150,697)	-	-	-	(616,056)	908,363	-	-	-	-	-
Net change in fund balances (deficit)	(1,997,093)	979,164	189,129	50	-	(4,665,949)	(4,989)	39	58,962	727,415	65,983	-
Fund balances (deficit) at beginning of year	2,337,184	2,894,328	42,086	10,072	53	5,951,845	4,909	212	-	1,155,002	(37,770)	(989)
Fund balances (deficit) at end of year	\$ 340,091	\$ 3,873,492	\$ 231,215	\$ 10,122	\$ 53	\$ 1,285,896	\$ (80)	\$ 251	\$ 58,962	\$ 1,882,417	\$ 28,213	\$ (989)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	653	261	650	629	211	663	263	644	215	604	666	620	317
	MHSA Services	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Market Revolving	Public Recreation Services	Public Transit
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	837	40,525	252,231	158,332	12,192	296,786	1,207,951	-	312,491	917,185	20,000	162,793	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	38,772
Interest and investment earnings	-	-	-	-	-	-	-	-	-	117	-	73	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	837	40,525	252,231	158,332	12,192	296,786	1,207,951	-	312,491	917,302	20,000	162,866	38,772
Expenditures by Function:													
Current:													
General government	-	-	-	-	-	-	-	-	255,197	-	-	-	-
Protection of life and property	-	31,539	-	-	-	165,471	1,713,618	-	-	-	-	-	-
Public health	-	-	142,921	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	100,340	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	31,437	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	502,578
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	120,547	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	5,593	-	-	-	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	31,539	142,921	120,547	5,593	165,471	1,713,618	-	255,197	-	31,437	100,340	502,578
Excess (deficiency) of revenues over (under) expenditures	837	8,986	109,310	37,785	6,599	131,315	(505,667)	-	57,294	917,302	(11,437)	62,526	(463,806)
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	11,966	-	332,513
Transfers out to other funds	-	-	-	-	-	-	-	-	-	(871,983)	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	(871,983)	11,966	-	332,513
Net change in fund balances (deficit)	837	8,986	109,310	37,785	6,599	131,315	(505,667)	-	57,294	45,319	529	62,526	(131,293)
Fund balances (deficit) at beginning of year	3,111	111,617	16,521	37,868	390	186,701	29,908	1,569	31,445	-	(529)	398	119,826
Fund balances (deficit) at end of year	\$ 3,948	\$ 120,603	\$ 125,831	\$ 75,653	\$ 6,989	\$ 318,016	\$ (475,759)	\$ 1,569	\$ 88,739	\$ 45,319	\$ -	\$ 62,924	\$ (11,467)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	285	619	289	217	330	647	284	416	605	625	202	603
	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	54,135	2,801,597	17,162	72,000	-	-	24,100	-	153,968	-	4,209,932	925,526
Charges for services	-	-	-	-	-	-	-	19,309,680	-	-	-	-
Interest and investment earnings	-	2	-	26	-	2	-	53,524	57	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	4,239	-	-	-
Total revenues	54,135	2,801,599	17,162	72,026	-	2	24,100	19,363,204	158,264	-	4,209,932	925,526
Expenditures by Function:												
Current:												
General government	-	6,600	-	-	-	-	-	858,818	-	-	4,109,080	781,681
Protection of life and property	-	-	-	94,212	-	-	-	-	17,706	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	1,097,375	7,179	-	-	-	7,245	14,913,151	-	-	-	-
Economic development	7,567	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	15,243,673	-	-	-	-	-	-
Total expenditures	7,567	1,103,975	7,179	94,212	-	15,243,673	7,245	15,771,969	17,706	-	4,109,080	781,681
Excess (deficiency) of revenues over (under) expenditures	46,568	1,697,624	9,983	(22,186)	-	(15,243,671)	16,855	3,591,235	140,558	-	100,852	143,845
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	14,921,655	-	-	-	-	-	-
Transfers out to other funds	-	(2,224,563)	-	-	-	-	-	-	-	-	-	(190,269)
Total other financing sources (uses), net	-	(2,224,563)	-	-	-	14,921,655	-	-	-	-	-	(190,269)
Net change in fund balances (deficit)	46,568	(526,939)	9,983	(22,186)	-	(322,016)	16,855	3,591,235	140,558	-	100,852	(46,424)
Fund balances (deficit) at beginning of year	5,073	1,329,481	-	13,857	-	322,016	863	19,811,362	590,684	1,108	-	135,161
Fund balances (deficit) at end of year	\$ 51,641	\$ 802,542	\$ 9,983	\$ (8,329)	\$ -	\$ -	\$ 17,718	\$ 23,402,597	\$ 731,242	\$ 1,108	\$ 100,852	\$ 88,737

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	205	208	206	636	297	637	247	283	300	203	310	276	
	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Victim/Witness Travel-Housing	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:													
Taxes:													
Property	\$ 26,228,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,320,474
Hotel	-	-	40,864,063	-	-	-	-	-	-	-	-	-	40,864,063
Liquid fuel	-	10,051,209	-	-	-	-	-	-	-	-	-	-	10,051,209
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	20,104,227
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	2,895,727
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	1,505,520
Licenses and permits	-	9,542,453	-	80,364	-	6,810	-	35,182	68,629	22,280	193,139	5,001	56,200,632
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	20,157,431
Interest and investment earnings	110	240	3,381	42	-	-	-	-	-	-	-	11	291,628
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	4,051,665
Other	(59,749)	-	-	-	-	-	-	-	-	-	-	-	963,162
Total revenues	26,169,189	19,593,902	40,867,444	80,406	-	6,810	-	35,182	68,629	22,280	193,139	5,012	183,405,738
Expenditures by Function:													
Current:													
General government	2,095	1,177,420	10,408	-	-	-	-	-	-	-	-	-	14,661,035
Protection of life and property	-	-	1,140,175	-	-	-	-	-	-	-	-	-	20,131,811
Public health	-	-	-	-	-	-	-	-	-	-	-	-	15,671,771
Community services	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Recreation	-	-	3,596,206	-	-	-	-	-	-	-	-	-	4,352,352
Individual and collective rights	-	2,077,744	3,144,092	-	-	-	33,700	-	-	-	704,886	-	8,459,044
Transportation	-	9,176,277	-	-	-	-	-	-	-	-	-	-	9,678,855
Public education	-	4,735,749	536,010	-	-	-	-	-	-	-	-	-	5,271,759
Environmental protection	-	-	47,541	58,083	-	-	-	18,992	50,640	-	-	-	16,603,168
Economic development	-	-	341,248	-	-	-	-	-	-	8,326	-	-	4,561,293
Payments to:													
Guam Community College	-	-	24,154	-	-	-	-	-	-	-	-	-	1,382,982
Guam Memorial Hospital Authority	1,218,675	-	-	-	-	-	-	-	-	-	-	-	10,523,569
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	615,000
Guam Visitors Bureau	-	-	26,500,346	-	-	-	-	-	-	-	-	-	30,550,346
University of Guam	-	-	200,000	-	596,524	-	-	-	-	-	-	-	2,480,151
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	15,243,673
Total expenditures	1,220,770	17,167,190	35,540,180	58,083	596,524	-	33,700	18,992	50,640	8,326	704,886	-	160,191,809
Excess (deficiency) of revenues over (under) expenditures	24,948,419	2,426,712	5,327,264	22,323	(596,524)	6,810	(33,700)	16,190	17,989	13,954	(511,747)	5,012	23,213,929
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	2,123,188
Transfers in from other funds	-	-	-	-	500,000	-	112,700	-	-	-	546,290	-	29,200,142
Transfers out to other funds	(19,563,869)	(4,468,105)	(8,947,008)	-	-	-	-	-	-	-	-	-	(50,624,599)
Total other financing sources (uses), net	(19,563,869)	(4,468,105)	(8,947,008)	-	500,000	-	112,700	-	-	-	546,290	-	(19,301,269)
Net change in fund balances (deficit)	5,384,550	(2,041,393)	(3,619,744)	22,323	(96,524)	6,810	79,000	16,190	17,989	13,954	34,543	5,012	3,912,660
Fund balances (deficit) at beginning of year	352,387	4,525,944	5,441,011	-	-	295	(79,000)	356	-	25,240	(2,624)	103	63,544,648
Fund balances (deficit) at end of year	\$ 5,736,937	\$ 2,484,551	\$ 1,821,267	\$ 22,323	\$ (96,524)	\$ 7,105	\$ -	\$ 16,546	\$ 17,989	\$ 39,194	\$ 31,919	\$ 5,115	\$ 67,457,308

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	236	265	266	NEW	282	624	669	415	646	105	250	213
	Accessible Parking	Air Pollution Control	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection	Contractors' License Board
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,646	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	12,952	141,918	883,635	-	814,462	860,526	-	-	4,330	4,260,664	-	786,816
Charges for services	-	-	-	236,965	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	1,626	-	1,006	206,369	615	-	-	-	127
Intergovernmental	-	-	-	2,032,198	-	-	-	-	-	2,019,467	-	-
Other	-	-	12,301	-	-	-	-	-	-	-	-	-
Total revenues	12,952	141,918	895,936	2,270,789	814,462	861,532	206,369	92,261	4,330	6,280,131	-	786,943
Expenditures by Object:												
Salaries and wages - regular	-	51,352	-	-	495,810	414,455	-	-	-	1,988,994	-	357,250
Salaries and wages - overtime	-	-	-	-	298,844	-	-	-	-	85,531	-	-
Salaries and wages - fringe benefits	-	22,801	-	-	12,152	167,797	-	-	-	705,897	-	134,210
Travel	-	2,375	-	-	-	-	-	-	-	108,167	-	-
Contractual services	5,000	29,123	314,773	118,750	-	168,168	27,592	-	-	654,927	88	22,842
Building rent	-	8,000	23,868	-	-	124,390	-	-	-	-	-	-
Supplies	-	-	14,426	-	-	30,683	-	-	-	362,680	-	8,192
Equipment	-	-	2,384	-	-	-	-	-	-	204,570	300	22,611
Utilities - power and water	-	10,000	-	-	-	-	-	-	-	317,476	-	8,993
Communications	-	7,943	-	-	-	-	-	-	-	-	-	4,501
Capital outlays	-	-	-	4,155,386	-	-	-	-	-	74,515	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	145,442	45,457	-	1,450	5,035	-	-	122,821	-	1,661
Total expenditures	5,000	131,594	500,893	4,319,593	806,806	906,943	32,627	-	-	4,625,578	388	560,260
Excess (deficiency) of revenues over (under) expenditures	7,952	10,324	395,043	(2,048,804)	7,656	(45,411)	173,742	92,261	4,330	1,654,553	(388)	226,683
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	2,123,188	-	-	-	-	-	-	-	-
Transfers in from other funds	-	309,000	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	309,000	-	2,123,188	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	7,952	319,324	395,043	74,384	7,656	(45,411)	173,742	92,261	4,330	1,654,553	(388)	226,683
Fund balances (deficit) at beginning of year	1,800	15,088	1,045,950	1,660,451	-	2,276,127	-	650,000	25,047	4,926,856	4,910	60,350
Fund balances (deficit) at end of year	\$ 9,752	\$ 334,412	\$ 1,440,993	\$ 1,734,835	\$ 7,656	\$ 2,230,716	\$ 173,742	\$ 742,261	\$ 29,377	\$ 6,581,409	\$ 4,522	\$ 287,033

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	272	325	209	267	630	235	246	281	600	640	668	231	656
	Controlled Substance Diversion	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Examiner Off-Duty Services	First Generation Trust	GFD Capital Revolving	GMHA Healthcare Trust and Development
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	71,430	2,740	13,563,238	10,950	-	1,340,508	7,650	2,102,423	1,221,707	9,824	-	924,597	776,196
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	139	-	4	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	337,396	-	-	-	-	-	-	-	-	-	-	-
Total revenues	71,430	340,136	13,563,377	10,950	4	1,340,508	7,650	2,102,423	1,221,707	9,824	-	924,597	776,196
Expenditures by Object:													
Salaries and wages - regular	-	-	7,006,205	-	-	270,677	-	869,297	389,677	-	-	-	-
Salaries and wages - overtime	-	-	53,253	-	-	-	-	39,188	-	11,958	-	-	-
Salaries and wages - fringe benefits	-	-	3,080,812	-	-	96,120	-	342,583	151,379	4,200	-	-	-
Travel	-	-	-	-	-	-	-	-	26,087	-	-	-	-
Contractual services	-	-	319,692	-	-	20,123	-	118,304	109,872	-	-	25,838	-
Building rent	-	-	2,879,134	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	89,057	-	-	14,069	-	16,810	16,522	-	-	88,489	-
Equipment	-	-	9,991	-	-	30,938	-	12,557	2,480	-	-	653,396	-
Utilities - power and water	-	-	65,978	-	-	16,191	-	42,467	1,383	-	-	-	-
Communications	-	-	33,420	-	-	-	-	49,601	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	54,033	-	-	-	192,494	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	450,000	-	1,066,226
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	57,958	51,071	-	-	-	-	3,655	-	-	-	-	-
Total expenditures	-	57,958	13,588,613	-	-	448,118	-	1,548,495	697,400	16,158	450,000	960,217	1,066,226
Excess (deficiency) of revenues over (under) expenditures	71,430	282,178	(25,236)	10,950	4	892,390	7,650	553,928	524,307	(6,334)	(450,000)	(35,620)	(290,030)
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(488,779)	-	-	-	(397,144)	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	(488,779)	-	-	-	(397,144)	-
Net change in fund balances (deficit)	71,430	282,178	(25,236)	10,950	4	892,390	7,650	65,149	524,307	(6,334)	(450,000)	(432,764)	(290,030)
Fund balances (deficit) at beginning of year	2,119	1,296,564	-	-	602,627	11,116	-	51,497	153,641	-	-	566,334	468,516
Fund balances (deficit) at end of year	\$ 73,549	\$ 1,578,742	\$ (25,236)	\$ 10,950	\$ 602,631	\$ 903,506	\$ 7,650	\$ 116,646	\$ 677,948	\$ (6,334)	\$ (450,000)	\$ 133,570	\$ 178,486

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number				641	639	657	245	608	662	244	326	651
	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum	Guam Preservation Trust	Guam Procurement Advisory Council Support
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	315,776	90,219	519,691	360,557	721,056	-
Charges for services	-	572,014	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	21,323	3	-	-	-	75	57	-	-	178	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	50	-	-	-	-	-	-	-	-	-	-
Total revenues	-	593,387	3	-	-	-	315,851	90,276	519,691	360,557	721,234	-
Expenditures by Object:												
Salaries and wages - regular	-	-	-	-	-	-	62,581	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	21,380	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-
Contractual services	-	83,234	-	-	-	-	2,398	5,178	-	1,892,789	-	-
Building rent	-	-	-	-	-	-	-	-	-	12,687	-	-
Supplies	-	-	-	-	-	-	-	1,870	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	51,419	35,921	-	-	-	-
Communications	-	-	-	-	-	-	13,043	204	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	278,922	-	-	-	-	615,000	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	207	8,107	-	-	-	-	-	-	-	-	-	-
Total expenditures	207	91,341	-	-	-	278,922	150,821	43,173	-	1,905,476	615,000	-
Excess (deficiency) of revenues over (under) expenditures	(207)	502,046	3	-	-	(278,922)	165,030	47,103	519,691	(1,544,919)	106,234	-
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	5,775,000	278,922	-	-	-	2,601,987	-	-
Transfers out to other funds	-	-	-	-	(5,775,000)	-	(31,578)	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	278,922	(31,578)	-	-	2,601,987	-	-
Net change in fund balances (deficit)	(207)	502,046	3	-	-	-	133,452	47,103	519,691	1,057,068	106,234	-
Fund balances (deficit) at beginning of year	215	4,050,048	8,428	(15)	1,500	-	14,811	11,317	9,001	(127,196)	386,541	1,931
Fund balances (deficit) at end of year	\$ 8	\$ 4,552,094	\$ 8,431	\$ (15)	\$ 1,500	\$ -	\$ 148,263	\$ 58,420	\$ 528,692	\$ 929,872	\$ 492,775	\$ 1,931

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	270	602	241	311	652	658	632	351	222	655	232	294
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development	Mental Health and Substance Abuse
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	20,104,227	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	2,895,727	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	1,505,520	-	-
Licenses and permits	-	-	203,229	-	-	-	-	-	3,215,706	-	1,384,231	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	709	587	-	50	-	107	-	-	-	916	152	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	668,886	39	-	-	-	-
Total revenues	709	23,000,541	203,229	50	-	107	668,886	39	3,215,706	1,506,436	1,384,383	-
Expenditures by Object:												
Salaries and wages - regular	-	3,782,689	4,169	-	-	-	1,107,715	-	2,057,757	-	284,736	-
Salaries and wages - overtime	-	1,532	-	-	-	-	2,325	-	-	-	-	-
Salaries and wages - fringe benefits	-	1,456,388	1,920	-	-	-	412,169	-	756,519	-	105,232	-
Travel	-	9,838	4,991	-	-	-	7,633	-	-	-	2,220	-
Contractual services	-	4,410,308	2,640	-	-	-	33,481	-	70,271	112,289	16,747	-
Building rent	-	-	-	-	-	-	-	-	245,773	-	-	-
Supplies	-	270,069	380	-	-	-	5,799	-	5,989	-	28,280	-
Equipment	-	538	-	-	-	-	1,988	-	997	-	1,125	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	10,968	-	17,597	-	154	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	9,672,295	-	-	-	4,050,000	-	-	-	-	879,906	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	267,023	-	-	-	-	160	-	1,841	666,732	-	-
Total expenditures	-	19,870,680	14,100	-	-	4,050,000	1,582,238	-	3,156,744	779,021	1,318,400	-
Excess (deficiency) of revenues over (under) expenditures	709	3,129,861	189,129	50	-	(4,049,893)	(913,352)	39	58,962	727,415	65,983	-
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	1,997,802	-	-	-	903,944	908,363	-	-	-	-	-
Transfers out to other funds	(1,997,802)	(4,148,499)	-	-	-	(1,520,000)	-	-	-	-	-	-
Total other financing sources (uses), net	(1,997,802)	(2,150,697)	-	-	-	(616,056)	908,363	-	-	-	-	-
Net change in fund balances (deficit)	(1,997,093)	979,164	189,129	50	-	(4,665,949)	(4,989)	39	58,962	727,415	65,983	-
Fund balances (deficit) at beginning of year	2,337,184	2,894,328	42,086	10,072	53	5,951,845	4,909	212	-	1,155,002	(37,770)	(989)
Fund balances (deficit) at end of year	\$ 340,091	\$ 3,873,492	\$ 231,215	\$ 10,122	\$ 53	\$ 1,285,896	\$ (80)	\$ 251	\$ 58,962	\$ 1,882,417	\$ 28,213	\$ (989)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	653	261	650	629	211	663	263	644	215	604	666	620	317
	MHSA Services	Notary Public Revolving	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System	Public Market Revolving	Public Recreation Services	Public Transit
Revenues:													
Taxes:													
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	837	40,525	252,231	158,332	12,192	296,786	1,207,951	-	312,491	917,185	20,000	162,793	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	38,772
Interest and investment earnings	-	-	-	-	-	-	-	-	-	117	-	73	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	837	40,525	252,231	158,332	12,192	296,786	1,207,951	-	312,491	917,302	20,000	162,866	38,772
Expenditures by Object:													
Salaries and wages - regular	-	-	51,007	52,350	-	-	534,346	-	136,730	-	24,496	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	28,125	16,185	-	-	172,432	-	49,523	-	6,941	-	-
Travel	-	-	19,658	15,235	-	-	-	-	-	-	-	-	-
Contractual services	-	27,147	27,639	590	-	58,400	773,538	-	42,983	-	-	50,849	427,210
Building rent	-	-	-	-	-	-	-	-	16,508	-	-	-	-
Supplies	-	4,392	4,938	1,187	5,593	107,071	77,616	-	2,533	-	-	29,798	-
Equipment	-	-	11,514	-	-	-	99,248	-	2,260	-	-	19,693	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	2,125	-	-	-	-
Capital outlays	-	-	-	35,000	-	-	9,000	-	-	-	-	-	75,368
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	40	-	-	-	47,438	-	2,535	-	-	-	-
Total expenditures	-	31,539	142,921	120,547	5,593	165,471	1,713,618	-	255,197	-	31,437	100,340	502,578
Excess (deficiency) of revenues over (under) expenditures	837	8,986	109,310	37,785	6,599	131,315	(505,667)	-	57,294	917,302	(11,437)	62,526	(463,806)
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	11,966	-	332,513
Transfers out to other funds	-	-	-	-	-	-	-	-	-	(871,983)	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	(871,983)	11,966	-	332,513
Net change in fund balances (deficit)	837	8,986	109,310	37,785	6,599	131,315	(505,667)	-	57,294	45,319	529	62,526	(131,293)
Fund balances (deficit) at beginning of year	3,111	111,617	16,521	37,868	390	186,701	29,908	1,569	31,445	-	(529)	398	119,826
Fund balances (deficit) at end of year	\$ 3,948	\$ 120,603	\$ 125,831	\$ 75,653	\$ 6,989	\$ 318,016	\$ (475,759)	\$ 1,569	\$ 88,739	\$ 45,319	\$ -	\$ 62,924	\$ (11,467)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	285	619	289	217	330	647	284	416	605	625	202	603
	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Streets	School Operations	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light	Tax Collection
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	54,135	2,801,597	17,162	72,000	-	-	24,100	-	153,968	-	4,209,932	925,526
Charges for services	-	-	-	-	-	-	-	19,309,680	-	-	-	-
Interest and investment earnings	-	2	-	26	-	2	-	53,524	57	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	4,239	-	-	-
Total revenues	54,135	2,801,599	17,162	72,026	-	2	24,100	19,363,204	158,264	-	4,209,932	925,526
Expenditures by Object:												
Salaries and wages - regular	-	43,626	-	-	-	-	-	980,037	-	-	-	332,164
Salaries and wages - overtime	-	-	-	-	-	-	-	52,951	-	-	-	-
Salaries and wages - fringe benefits	-	15,611	-	-	-	-	-	367,740	-	-	-	131,032
Travel	-	-	-	-	-	-	3,960	-	12,576	-	-	4,068
Contractual services	6,021	1,044,738	6,845	-	-	-	2,076	11,967,216	130	-	-	220,502
Building rent	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,546	-	334	94,212	-	-	1,209	377,683	-	-	-	-
Equipment	-	-	-	-	-	-	-	11,393	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	73,355	-	-	4,109,080	-
Communications	-	-	-	-	-	-	-	-	-	-	-	93,915
Capital outlays	-	-	-	-	-	-	-	1,553,551	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	15,243,673	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	388,043	5,000	-	-	-
Total expenditures	7,567	1,103,975	7,179	94,212	-	15,243,673	7,245	15,771,969	17,706	-	4,109,080	781,681
Excess (deficiency) of revenues over (under) expenditures	46,568	1,697,624	9,983	(22,186)	-	(15,243,671)	16,855	3,591,235	140,558	-	100,852	143,845
Other financing sources (uses):												
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	14,921,655	-	-	-	-	-	-
Transfers out to other funds	-	(2,224,563)	-	-	-	-	-	-	-	-	-	(190,269)
Total other financing sources (uses), net	-	(2,224,563)	-	-	-	14,921,655	-	-	-	-	-	(190,269)
Net change in fund balances (deficit)	46,568	(526,939)	9,983	(22,186)	-	(322,016)	16,855	3,591,235	140,558	-	100,852	(46,424)
Fund balances (deficit) at beginning of year	5,073	1,329,481	-	13,857	-	322,016	863	19,811,362	590,684	1,108	-	135,161
Fund balances (deficit) at end of year	\$ 51,641	\$ 802,542	\$ 9,983	\$ (8,329)	\$ -	\$ -	\$ 17,718	\$ 23,402,597	\$ 731,242	\$ 1,108	\$ 100,852	\$ 88,737

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2016

AS/400 Fund Number	205	208	206	636	297	637	247	283	300	203	310	276	Total
	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Underground Storage Tank Management	University of Guam Capital Improvements	Victim/Witness Travel-Housing	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
Revenues:													
Taxes:													
Property	\$ 26,228,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,320,474
Hotel	-	-	40,864,063	-	-	-	-	-	-	-	-	-	40,864,063
Liquid fuel	-	10,051,209	-	-	-	-	-	-	-	-	-	-	10,051,209
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	20,104,227
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	2,895,727
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	1,505,520
Licenses and permits	-	9,542,453	-	80,364	-	6,810	-	35,182	68,629	22,280	193,139	5,001	56,200,632
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	20,157,431
Interest and investment earnings	110	240	3,381	42	-	-	-	-	-	-	-	11	291,628
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	4,051,665
Other	(59,749)	-	-	-	-	-	-	-	-	-	-	-	963,162
Total revenues	26,169,189	19,593,902	40,867,444	80,406	-	6,810	-	35,182	68,629	22,280	193,139	5,012	183,405,738
Expenditures by Object:													
Salaries and wages - regular	-	7,593,300	2,888,299	1,359	-	-	-	2,310	17,639	-	-	-	31,801,027
Salaries and wages - overtime	-	271,146	808,229	-	-	-	-	-	-	-	-	-	1,624,957
Salaries and wages - fringe benefits	-	2,947,052	1,159,244	538	-	-	-	682	5,416	-	-	-	12,372,080
Travel	-	21,599	82,814	1,004	-	-	-	-	-	-	-	-	322,225
Contractual services	-	3,048,415	793,155	54,234	-	-	33,700	-	2,585	2,745	702,022	-	27,857,167
Building rent	-	-	113,034	-	-	-	-	16,000	16,000	-	-	-	3,455,394
Supplies	-	1,595,323	755,224	948	-	-	-	-	-	5,581	-	-	4,018,503
Equipment	-	34,056	191,248	-	-	-	-	-	-	-	-	-	1,313,287
Utilities - power and water	-	1,413,685	1,609,942	-	-	-	-	-	9,000	-	-	-	7,764,890
Communications	-	17,350	108,123	-	-	-	-	-	-	-	-	-	358,944
Capital outlays	-	218,827	159,584	-	-	-	-	-	-	-	-	-	6,527,758
Payments to component units	1,218,675	-	26,724,500	-	596,524	-	-	-	-	-	-	-	45,552,048
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-	15,243,673
Miscellaneous	2,095	6,437	146,784	-	-	-	-	-	-	-	2,864	-	1,979,856
Total expenditures	1,220,770	17,167,190	35,540,180	58,083	596,524	-	33,700	18,992	50,640	8,326	704,886	-	160,191,809
Excess (deficiency) of revenues over (under) expenditures	24,948,419	2,426,712	5,327,264	22,323	(596,524)	6,810	(33,700)	16,190	17,989	13,954	(511,747)	5,012	23,213,929
Other financing sources (uses):													
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	2,123,188
Transfers in from other funds	-	-	-	-	500,000	-	112,700	-	-	-	546,290	-	29,200,142
Transfers out to other funds	(19,563,869)	(4,468,105)	(8,947,008)	-	-	-	-	-	-	-	-	-	(50,624,599)
Total other financing sources (uses), net	(19,563,869)	(4,468,105)	(8,947,008)	-	500,000	-	112,700	-	-	-	546,290	-	(19,301,269)
Net change in fund balances (deficit)	5,384,550	(2,041,393)	(3,619,744)	22,323	(96,524)	6,810	79,000	16,190	17,989	13,954	34,543	5,012	3,912,660
Fund balances (deficit) at beginning of year	352,387	4,525,944	5,441,011	-	-	295	(79,000)	356	-	25,240	(2,624)	103	63,544,648
Fund balances (deficit) at end of year	\$ 5,736,937	\$ 2,484,551	\$ 1,821,267	\$ 22,323	\$ (96,524)	\$ 7,105	\$ -	\$ 16,546	\$ 17,989	\$ 39,194	\$ 31,919	\$ 5,115	\$ 67,457,308

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds September 30, 2016

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, 2016, 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.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2016

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	Judicial Building	Total
<u>ASSETS:</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 936,171	\$ 936,171
Due from other funds	175,899	-	-	175,899
Deposits and other assets	-	-	1,172	1,172
Restricted assets:				
Cash and cash equivalents	-	113,234	-	113,234
Investments	-	16,579,465	902,104	17,481,569
Total assets	\$ <u>175,899</u>	\$ <u>16,692,699</u>	\$ <u>1,839,447</u>	\$ <u>18,708,045</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 1,551,582	\$ 58,609	\$ 1,610,191
Due to other funds	-	83,733	1,309,623	1,393,356
Total liabilities	-	1,635,315	1,368,232	3,003,547
Fund balances:				
Restricted	175,899	15,057,384	471,215	15,704,498
Total liabilities and fund balances	\$ <u>175,899</u>	\$ <u>16,692,699</u>	\$ <u>1,839,447</u>	\$ <u>18,708,045</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, 2016

AS/400 Fund Number	224	251		
	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Judicial Building	Total
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 1,829,683	\$ 1,829,683
Interest and investment earnings	-	72,866	-	72,866
Total revenues	<u>-</u>	<u>72,866</u>	<u>1,829,683</u>	<u>1,902,549</u>
Expenditures by function:				
Current:				
Individual and collective rights	-	-	777,802	777,802
Capital projects	1,679	8,088,890	-	8,090,569
Debt service:				
Principal retirement	-	-	613,571	613,571
Interest and fiscal charges	-	-	379,434	379,434
Total expenditures	<u>1,679</u>	<u>8,088,890</u>	<u>1,770,807</u>	<u>9,861,376</u>
Net change in fund balances	(1,679)	(8,016,024)	58,876	(7,958,827)
Fund balances at beginning of year	<u>177,578</u>	<u>23,073,408</u>	<u>412,339</u>	<u>23,663,325</u>
Fund balances at end of year	<u>\$ 175,899</u>	<u>\$ 15,057,384</u>	<u>\$ 471,215</u>	<u>\$ 15,704,498</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, 2016

AS/400 Fund Number	224	251		
	Limited	Limited		
	Obligation	Obligation		
	Highway	Infrastructure	Judicial	
	Improvement	Improvement	Building	Total
	Bonds	Bonds		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 1,829,683	\$ 1,829,683
Interest and investment earnings	<u>-</u>	<u>72,866</u>	<u>-</u>	<u>72,866</u>
Total revenues	<u>-</u>	<u>72,866</u>	<u>1,829,683</u>	<u>1,902,549</u>
Expenditures by object:				
Salaries and wages - regular	1,295	-	-	1,295
Salaries and wages - overtime	384	-	-	384
Contractual services	-	1,386,141	46,274	1,432,415
Building rent	-	-	371,541	371,541
Supplies	-	-	7,462	7,462
Equipment	-	-	198,800	198,800
Capital outlays	-	6,702,749	68,970	6,771,719
Principal retirement	-	-	613,571	613,571
Interest and fiscal charges	-	-	379,434	379,434
Miscellaneous	<u>-</u>	<u>-</u>	<u>84,755</u>	<u>84,755</u>
Total expenditures	<u>1,679</u>	<u>8,088,890</u>	<u>1,770,807</u>	<u>9,861,376</u>
Net change in fund balances	(1,679)	(8,016,024)	58,876	(7,958,827)
Fund balances at beginning of year	<u>177,578</u>	<u>23,073,408</u>	<u>412,339</u>	<u>23,663,325</u>
Fund balances at end of year	<u>\$ 175,899</u>	<u>\$ 15,057,384</u>	<u>\$ 471,215</u>	<u>\$ 15,704,498</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds September 30, 2016

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, 2016, follows:

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Pension Trusts September 30, 2016

Pension trusts are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and defined contribution plans. A brief discussion of GovGuam's fiduciary funds - pension trusts as of September 30, 2016, follows:

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension Trusts
September 30, 2016

	Defined Benefit	Defined Contribution	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 4,061,906	\$ 2,567,499	\$ 6,629,405
Investments at fair value:			
Common stocks	956,950,473	-	956,950,473
U.S. Government securities	246,567,269	-	246,567,269
Corporate bonds and notes	295,367,509	-	295,367,509
Money market funds	40,801,515	-	40,801,515
Mutual funds	100,615,203	448,581,018	549,196,221
DC plan forfeitures	-	7,351,220	7,351,220
Total investments	<u>1,640,301,969</u>	<u>455,932,238</u>	<u>2,096,234,207</u>
Accounts receivable:			
Employer contributions, net	2,487,352	2,212	2,489,564
Member contributions	366,991	806	367,797
Interest and penalties on contributions	372,402	-	372,402
Accrued investment income	5,008,642	-	5,008,642
Due from brokers for unsettled trades	32,067,172	-	32,067,172
Service credits	537,788	-	537,788
Notes receivable - ERIP	3,118	-	3,118
Supplemental/COLA benefits	32,557,914	-	32,557,914
Supplemental/Insurance benefits advanced	3,511,215	-	3,511,215
Other	538,764	17,205	555,969
Due from DC plan	615,612	-	615,612
Total receivables	<u>78,066,970</u>	<u>20,223</u>	<u>78,087,193</u>
Capital assets	<u>805,458</u>	<u>11,233</u>	<u>816,691</u>
Total assets	<u>1,723,236,303</u>	<u>458,531,193</u>	<u>2,181,767,496</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources from pensions	<u>538,866</u>	<u>-</u>	<u>538,866</u>
	<u>1,723,775,169</u>	<u>458,531,193</u>	<u>2,182,306,362</u>
LIABILITIES			
Unearned revenue	705,023	-	705,023
Accounts payable and accrued expenses	2,772,336	-	2,772,336
Due to DB plan	-	615,612	615,612
Due to brokers for unsettled trades	40,724,796	643,033	41,367,829
Total current liabilities	<u>44,202,155</u>	<u>1,258,645</u>	<u>45,460,800</u>
Net pension liability	4,454,068	-	4,454,068
Total liabilities	<u>48,656,223</u>	<u>1,258,645</u>	<u>49,914,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
Employees' pension benefits	\$ <u>1,675,118,946</u>	\$ <u>457,272,548</u>	\$ <u>2,132,391,494</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2016

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 118,432,015	\$ 18,552,941	\$ 136,984,956
Member	<u>13,812,825</u>	<u>18,536,053</u>	<u>32,348,878</u>
Total contributions	<u>132,244,840</u>	<u>37,088,994</u>	<u>169,333,834</u>
Net investment income:			
Net increase in fair value of investments	107,455,032	16,967,995	124,423,027
Interest	26,886,457	22,443,894	49,330,351
Dividends	13,459,859	-	13,459,859
Other	<u>3,224,611</u>	<u>467,670</u>	<u>3,692,281</u>
Total investment income	151,025,959	39,879,559	190,905,518
Less: investment expenses	<u>4,790,928</u>	<u>119,325</u>	<u>4,910,253</u>
Net investment income	<u>146,235,031</u>	<u>39,760,234</u>	<u>185,995,265</u>
Total additions	<u>278,479,871</u>	<u>76,849,228</u>	<u>355,329,099</u>
Deductions:			
Benefits	207,497,350	-	207,497,350
Refunds	2,035,400	19,847,080	21,882,480
Interest on refunded contributions	1,284,833	-	1,284,833
Administrative and general expenses	<u>3,111,254</u>	<u>2,107,552</u>	<u>5,218,806</u>
Total deductions	<u>213,928,837</u>	<u>21,954,632</u>	<u>235,883,469</u>
Change in net position held in trust for employees' pension benefits	64,551,034	54,894,596	119,445,630
Net position at beginning of year	<u>1,610,567,912</u>	<u>402,377,952</u>	<u>2,012,945,864</u>
Net position at end of year	<u>\$ 1,675,118,946</u>	<u>\$ 457,272,548</u>	<u>\$ 2,132,391,494</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts September 30, 2016

Private purpose trusts are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations, or other governments. A brief discussion of GovGuam's fiduciary funds - private purpose trusts as of September 30, 2016, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Fiduciary Net Position
September 30, 2016

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
ASSETS:									
Cash and cash equivalents	\$ 16,889,172	\$ 9,288	\$ 1,393,881	\$ 2,391,033	\$ 442,835	\$ 2,199,990	\$ 23,326,199	\$ -	\$ 23,326,199
Time certificates of deposit	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
Due from other funds	-	716	-	66	-	255,198	255,980	(255,980)	-
Total assets	<u>17,889,172</u>	<u>10,004</u>	<u>1,393,881</u>	<u>2,391,099</u>	<u>442,835</u>	<u>2,455,188</u>	<u>24,582,179</u>	<u>(255,980)</u>	<u>24,326,199</u>
LIABILITIES									
Due to other funds	2,753,402	-	56,982	-	414,058	-	3,224,442	(255,980)	2,968,462
Deposits and other liabilities	15,135,770	10,004	1,336,899	2,391,099	11,760	155,751	19,041,283	-	19,041,283
Total liabilities	<u>17,889,172</u>	<u>10,004</u>	<u>1,393,881</u>	<u>2,391,099</u>	<u>425,818</u>	<u>155,751</u>	<u>22,265,725</u>	<u>(255,980)</u>	<u>22,009,745</u>
NET POSITION									
Restricted for:									
Individuals, organizations, and other governments	\$ -	\$ -	\$ -	\$ -	\$ 17,017	\$ 2,299,437	\$ 2,316,454	\$ -	\$ 2,316,454

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
 Combining Statement of Changes in Fiduciary Net Position
 Year Ended September 30, 2016

	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Combined Total	Eliminating Entries	Total
Additions:									
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 785	\$ 1,898,136	\$ 1,898,921	\$ -	\$ 1,898,921
Transfers in from other funds	-	-	-	-	385,454	-	385,454	-	385,454
Total additions	-	-	-	-	386,239	1,898,136	2,284,375	-	2,284,375
Deductions:									
Individual and collective rights	-	-	-	-	385,349	1,154,973	1,540,322	-	1,540,322
Total deductions	-	-	-	-	385,349	1,154,973	1,540,322	-	1,540,322
Change in net position held in trust for individuals, organizations, and other governments	-	-	-	-	890	743,163	744,053	-	744,053
Net position at beginning of year	-	-	-	-	16,127	1,556,274	1,572,401	-	1,572,401
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,017</u>	<u>\$ 2,299,437</u>	<u>\$ 2,316,454</u>	<u>\$ -</u>	<u>\$ 2,316,454</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Agency
September 30, 2016

Agency funds are used to report resources held by GovGuam in a purely custodial capacity (assets equal liabilities).

GOVERNMENT OF GUAM

Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency
September 30, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>ASSETS</u>				
Deposits and other assets	\$ 17,517,256	\$ -	\$ -	\$ 17,517,256
Total assets	<u>\$ 17,517,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,517,256</u>
<u>LIABILITIES</u>				
Deposits and other liabilities	\$ 17,517,256	\$ -	\$ -	\$ 17,517,256
Total liabilities	<u>\$ 17,517,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,517,256</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units September 30, 2016

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net position, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2016, follows:

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position
September 30, 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Current assets:						
Cash and cash equivalents	\$ 4,447,526	\$ 12,023,736	\$ 957,232	\$ 9,302,906	\$ 275,542	\$ 27,006,942
Investments	-	5,213,078	2,579,606	2,525,177	-	10,317,861
Receivables, net	1,704,425	828,546	259,760	400,499	40,044	3,233,274
Due from primary government	-	-	-	3,829,000	-	3,829,000
Inventories	136,639	7,706	-	-	-	144,345
Prepayments	68,664	-	9,622	6,452	-	84,738
Restricted assets:						
Cash and cash equivalents	2,656,591	3,520,376	-	5,019,174	-	11,196,141
Investments	3,105,444	-	-	-	-	3,105,444
Total current assets	12,119,289	21,593,442	3,806,220	21,083,208	315,586	58,917,745
Noncurrent assets:						
Receivables, net	27,281,173	-	-	-	-	27,281,173
Capital assets:						
Nondepreciable capital assets	2,934,227	-	10,223,748	5,992,415	18,000	19,168,390
Capital assets, net of accumulated depreciation	3,564,818	490,378	55,467	656,977	1,831,678	6,599,318
Other assets	-	3,500	-	118,202	-	121,702
Total noncurrent assets	33,780,218	493,878	10,279,215	6,767,594	1,849,678	53,170,583
Total assets	45,899,507	22,087,320	14,085,435	27,850,802	2,165,264	112,088,328
Deferred outflows of resources:						
Deferred outflows from pensions	394,852	571,955	-	648,508	165,468	1,780,783
Total deferred outflows of resources	394,852	571,955	-	648,508	165,468	1,780,783
	\$ 46,294,359	\$ 22,659,275	\$ 14,085,435	\$ 28,499,310	\$ 2,330,732	\$ 113,869,111

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position, Continued
September 30, 2016

	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Current portion of bonds payable	\$ 180,000	\$ 2,430,000	\$ -	\$ -	\$ -	\$ 2,610,000
Accounts payable	457,691	517,836	459,734	3,445,602	25,129	4,905,992
Accrued interest payable	18,851	458,000	-	-	-	476,851
Accrued payroll and other	-	284,862	-	-	8,679	293,541
Unearned revenues	97,957	12,916,513	-	71,905	60,088	13,146,463
Compensated absences	90,600	-	-	159,693	16,222	266,515
Deposits and other liabilities	565,351	38,898	8,000	-	-	612,249
Total current liabilities	1,410,450	16,646,109	467,734	3,677,200	110,118	22,311,611
Noncurrent liabilities:						
Compensated absences	42,623	-	-	-	33,856	76,479
Noncurrent portion of bonds payable	3,905,000	28,175,029	-	-	-	32,080,029
Net pension liability	3,311,417	4,668,169	-	4,513,916	1,027,203	13,520,705
DCRS sick leave liability	150,908	162,218	-	170,108	11,660	494,894
Other noncurrent liabilities	227,599	167,732	-	-	-	395,331
Total noncurrent liabilities	7,637,547	33,173,148	-	4,684,024	1,072,719	46,567,438
Total liabilities	9,047,997	49,819,257	467,734	8,361,224	1,182,837	68,879,049
Deferred inflows of resources:						
Deferred inflows from pensions	-	856	-	-	-	856
Net position:						
Net investment in capital assets	6,499,045	490,378	10,294,068	6,649,392	1,849,678	25,782,561
Restricted:						
Other purposes	3,646,948	-	-	5,239,037	-	8,885,985
Unrestricted (deficit)	27,100,369	(27,651,216)	3,323,633	8,249,657	(701,783)	10,320,660
Total net position	37,246,362	(27,160,838)	13,617,701	20,138,086	1,147,895	44,989,206
	\$ 46,294,359	\$ 22,659,275	\$ 14,085,435	\$ 28,499,310	\$ 2,330,732	\$ 113,869,111

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units Combining Statement of Revenues, Expenses, and Changes in Net Position Year Ended September 30, 2016

	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:						
Charges for services	\$ 2,397,541	\$ 2,056,771	\$ -	\$ -	\$ -	\$ 4,454,312
Grants and contracts	-	90,662	-	195,688	695,521	981,871
Other	-	3,477,431	-	1,145,631	315,820	4,938,882
Total operating revenues	<u>2,397,541</u>	<u>5,624,864</u>	<u>-</u>	<u>1,341,319</u>	<u>1,011,341</u>	<u>10,375,065</u>
Operating expenses:						
Cost of services	2,460,958	3,336,698	3,088,071	21,687,152	176,929	30,749,808
Depreciation and amortization	180,994	44,514	12,915	87,531	180,929	506,883
General and administrative	-	-	510,540	-	1,395,313	1,905,853
Total operating expenses	<u>2,641,952</u>	<u>3,381,212</u>	<u>3,611,526</u>	<u>21,774,683</u>	<u>1,753,171</u>	<u>33,162,544</u>
Operating income (loss)	<u>(244,411)</u>	<u>2,243,652</u>	<u>(3,611,526)</u>	<u>(20,433,364)</u>	<u>(741,830)</u>	<u>(22,787,479)</u>
Nonoperating revenues (expenses):						
Contributions from the primary government	-	-	721,233	29,174,846	573,814	30,469,893
Investment income	54,219	86,639	48,026	18,397	-	207,281
Interest expense	(232,278)	(2,143,624)	-	-	-	(2,375,902)
Other income (expenses), net	60,118	81,241	200,626	(5,928,241)	-	(5,586,256)
Total nonoperating revenues (expenses), net	<u>(117,941)</u>	<u>(1,975,744)</u>	<u>969,885</u>	<u>23,265,002</u>	<u>573,814</u>	<u>22,715,016</u>
Change in net position	<u>(362,352)</u>	<u>267,908</u>	<u>(2,641,641)</u>	<u>2,831,638</u>	<u>(168,016)</u>	<u>(72,463)</u>
Net position at beginning of year	<u>37,608,714</u>	<u>(27,428,746)</u>	<u>16,259,342</u>	<u>17,306,448</u>	<u>1,315,911</u>	<u>45,061,669</u>
Net position at end of year	<u>\$ 37,246,362</u>	<u>\$ (27,160,838)</u>	<u>\$ 13,617,701</u>	<u>\$ 20,138,086</u>	<u>\$ 1,147,895</u>	<u>\$ 44,989,206</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Other Information
September 30, 2016

A brief discussion of other information presented for additional analysis as of September 30, 2016, follows:

Combining Schedule of Expenditures By Object:
All Governmental Funds

Schedule of Outstanding Debt:
Primary Government
Component Units

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2016

	Special Revenue		Capital Projects	Permanent	Other Governmental Funds	Total
	General	Federal Grants Assistance	GDOE Federal Grants	Landfill CIP		
Expenditures by Object:						
Salaries and wages:						
Regular	\$ 270,500,518	\$ 30,139,028	\$ 24,728,034	\$ -	\$ -	\$ 31,802,322
Overtime	10,445,878	450,162	-	-	-	1,625,341
Fringe benefits	93,945,018	10,265,625	8,836,059	-	-	12,372,080
Travel	1,303,504	2,530,051	747,733	-	-	322,225
Contractual services	46,805,543	39,190,490	16,418,189	3,895,606	-	29,289,582
Building rent	6,027,878	2,059,146	-	-	-	3,826,935
Supplies	4,490,485	1,585,471	2,373,644	77,034	-	4,025,965
Equipment	2,546,845	1,005,820	739,520	-	-	1,512,087
Utilities - power and water	18,651,960	1,455,171	958,475	-	-	7,764,890
Communications	2,010,770	287,970	-	-	-	358,944
Capital outlays	7,663,739	8,767,788	806,553	317,775	-	13,299,477
Grants and subsidies	118,456,822	110,411,902	-	-	-	45,552,048
Supplemental annuity benefits	23,331,000	-	-	-	-	-
Retiree healthcare benefits	23,005,981	-	-	-	-	15,243,673
Principal retirement	23,012,271	-	3,695,000	-	-	2,533,571
Interest and fiscal charges	60,917,698	-	3,405,000	-	-	5,458,059
Miscellaneous	21,307,052	110,844,335	1,223,286	13	-	2,077,563
	<u>\$ 734,422,962</u>	<u>\$ 318,992,959</u>	<u>\$ 63,931,493</u>	<u>\$ 4,290,428</u>	<u>\$ -</u>	<u>\$ 177,064,762</u>
						<u>\$ 1,298,702,604</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Outstanding Debt September 30, 2016

	Outstanding Principal Amount	Fiscal Year 2017 Debt Service			Final Maturity (Year Ending September 30)
		Principal	Interest	Total	
Primary Government:					
General Obligation Bonds:					
2009 Series A	\$ 19,740,000	\$ 4,510,000	\$ 1,049,100	\$ 5,559,100	2020
Limited Obligation Bonds:					
2011 Series A Hotel Tax Revenue Bonds	81,705,000	2,010,000	4,988,775	6,998,775	2041
2011 Series A Business Privilege Tax Revenue Bonds	235,000,000	4,515,000	11,835,513	16,350,513	2042
2012 Series B Business Privilege Tax Revenue Bonds	108,700,000	2,305,000	5,212,243	7,517,243	2042
2013 Series C Business Privilege Tax Revenue Bonds	13,370,000	4,240,000	562,500	4,802,500	2019
2015 Series D Business Privilege Tax Revenue Bonds	410,485,000	-	20,214,750	20,214,750	2040
2016 Series A Section 30 Bonds	236,605,000	1,630,000	9,277,876	10,907,876	2047
Other Loans Payable:					
2014 Bank loan	2,388,871	88,183	105,701	193,884	2020
2006 Bank loan	7,058,360	647,425	345,580	993,005	2018
	<u>1,115,052,231</u>	<u>19,945,608</u>	<u>53,592,038</u>	<u>73,537,646</u>	
Component Units:					
Antonio B. Won Pat International Airport Authority:					
2012 Bank loan	9,361,040	1,057,000	510,500	1,567,500	2024
2013 Series A, B and C Revenue Bonds	227,025,000	10,890,000	12,712,250	23,602,250	2044
Guam Power Authority:					
2010 Series A Revenue Bonds	150,440,000	-	7,999,200	7,999,200	2041
2012 Series A Revenue Bonds	339,945,000	115,000	16,981,425	17,096,425	2035
2014 Series A Revenue Bonds	76,470,000	-	5,083,500	5,083,500	2045
Guam Waterworks Authority:					
2010 Series A Revenue Bonds	116,180,000	1,655,000	8,065,600	9,720,600	2040
2010 Bank loan	11,452,191	2,873,988	546,012	3,420,000	2020
2013 Series A Revenue Bonds	172,630,000	-	9,331,687	9,331,687	2043
2014 Series A and B Revenue Bonds	79,380,000	3,385,000	3,780,014	7,165,014	2035
2016 Series A Revenue Bonds	143,310,000	-	7,165,500	7,165,500	2046
Port Authority of Guam:					
2010, 2012, 2014 and 2015 Bank loans	19,833,424	1,788,527	991,584	2,780,111	2028
University of Guam:					
Rural development loan	11,548,805	230,631	519,429	750,060	2043
Guam Community College:					
Rural development loans	4,415,389	121,336	148,760	270,096	2053
Guam Housing and Urban Renewal Authority:					
Rural development loan	1,095,072	62,000	64,480	126,480	2030
Guam Housing Corporation:					
1998 Series A Mortgage-Backed Revenue Bonds	4,085,000	180,000	223,807	403,807	2031
Guam Economic Development Authority:					
2007 Series A and B Tobacco Settlement Revenue Bonds	41,778,618	2,430,000	996,380	3,426,380	2034
	<u>1,408,949,539</u>	<u>24,788,482</u>	<u>75,120,128</u>	<u>99,908,610</u>	
	<u>\$ 2,524,001,770</u>	<u>\$ 44,734,090</u>	<u>\$ 128,712,166</u>	<u>\$ 173,446,256</u>	

See Accompanying Independent Auditors' Report.