

**GOVERNMENT OF GUAM**

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

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**YEAR ENDED SEPTEMBER 30, 2006**

# GOVERNMENT OF GUAM

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## INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho  
Governor  
Government of Guam:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2006, which collectively comprise GovGuam's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 88%, 94% and 62%, respectively, of the assets, net assets/fund balances and revenues of the aggregate remaining fund information, and the Guam International Airport Authority, the Guam Memorial Hospital Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation, which represent 38%, 52% and 38%, respectively, of the assets, net assets and revenues of GovGuam's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Guam International Airport Authority, the Guam Memorial Hospital Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation, is based solely on the reports of the other auditors.

Except as discussed in the following paragraphs, 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the aggregate discretely presented component units, other auditors were unable to form an opinion regarding the amounts at which receivables and capital assets, net of accumulated depreciation, are recorded in the financial statements of the Guam Memorial Hospital Authority (GMHA) at September 30, 2006. Additionally, the other auditors did not observe the taking of the physical inventory for GMHA at September 30, 2006, since that date was prior to the time that other auditors were initially engaged as auditors for this discretely presented component unit. The other auditors were unable to satisfy themselves about inventory quantities by means of other auditing procedures. These amounts enter into the determination of results of operations for the aggregate discretely presented component units for the year ended September 30, 2006.

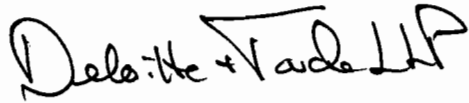
We did not audit the provision for tax refunds at September 30, 2006 (stated at \$272,924,885). Support for this amount was insufficient for us to perform procedures to satisfy ourselves as to the sufficiency of this amount recorded within GovGuam's governmental activities, the General Fund and the aggregate remaining fund information. We were unable to satisfy ourselves as to the sufficiency of the amount by means of other auditing procedures. The provision for tax refunds enters into the determination of the results of operations for the year ended September 30, 2006.

In our opinion, based on our audit and the reports of other auditors, except for the effects on the respective financial statements of such adjustments, if any, as might have been determined to be necessary had records concerning receivables and capital assets, net of accumulated depreciation, for the Guam Memorial Hospital Authority been adequate and had the other auditors been able to observe the physical inventories taken by the Guam Memorial Hospital Authority at September 30, 2006 and; had we been able to substantiate the provision for tax refunds recorded within the governmental activities, the General Fund, and the aggregate remaining fund information, as discussed in the third and fourth paragraphs above, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, on pages 4 through 12, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, as set forth in Section III of the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of GovGuam. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2007, on our consideration of the Government of Guam's (primary government only) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

May 31, 2007

(except for note 7 to the financial statements, as to which the date is June 20, 2007)

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis Year Ended September 30, 2006

Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview of GovGuam's financial activities for the fiscal year ended September 30, 2006. Please read it in conjunction with GovGuam's basic financial statements, which follow this section. Fiscal year 2005 comparative information has been included, where appropriate. The amounts included for fiscal year 2005 for the purpose of comparisons have been restated, as further detailed in the fiscal year 2006 notes to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2006, GovGuam's total net assets decreased by \$221.6 million (or 345.7%) from net assets of \$64.1 million in the prior year to a net deficiency of \$157.5 million. This decrease is primarily attributable to extraordinary items relating to the cost of living allowance (COLA) judgment of \$123.6 million and an increase in the provision for tax refunds relating to Earned Income Tax Credits (EITC) of \$30 million.
- During fiscal year 2006, GovGuam's expenses for governmental activities were \$770.7 million, including expenses recorded or payments made or due to the autonomous agencies, and were funded in part by \$261.4 million in program revenues and \$427.5 million in taxes and other general revenues excluding extraordinary items of (\$139.8 million). Expenses were up from fiscal year 2005 by \$43.3 million (or 5.6%) whereas program revenues were up from fiscal year 2005 by \$19.6 million (or 7.0%). This increase in program revenues was primarily due to an increase in operating grants and contributions (\$19.3 million).
- For the fiscal year ended September 30, 2006, the General Fund reported general fund appropriations (including transfers out) of \$495 million, \$175.7 million in excess of revenues (including transfers in) of \$472.9 million down by \$0.2 million from fiscal year 2005. The excess of reported appropriations over revenues are due to an increase in extraordinary items relating to the COLA and EITC judgment liabilities of \$153.6 million plus a decrease in revenues of \$10.9 million.
- At September 30, 2005, the General Fund reported a total fund balance deficit of \$524.0 million, which is an increase of \$180 million from the prior year deficit of \$348.4 million. This change in the deficit is primarily attributable to an increase in the deficit of the unreserved general fund balance of \$162.2 million (or 31.0%) and reserve for related assets of \$14.4 million (or 2.7%), offset by a decrease in continuing appropriations of \$5.3 million (or 1.0%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

# GOVERNMENT OF GUAM

Management's Discussion and Analysis, Continued  
Year Ended September 30, 2006

## Government-wide Financial Statements

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

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

- Over time, increases or decreases in GovGuam's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of GovGuam you need to consider 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.

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

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

## Fund Financial Statements

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

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

GovGuam has two kinds of funds:

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



# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2006

### Fund Financial Statements, Continued

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

### A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. At the end of fiscal year 2006, GovGuam's liabilities exceeded assets by \$157.5 million. However, all these net assets are either restricted as to the purpose they can be used for or are invested in capital assets. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The summary of Net Assets (condensed) presented below, with comparable balances for fiscal year 2005, as restated, discloses this relationship:

	GovGuam's Net Assets As of September 30	
	2006	2005
Current and other assets	\$ 219,412,142	\$ 218,050,110
Capital assets	<u>698,960,489</u>	<u>711,343,116</u>
Total Assets	<u>918,372,631</u>	<u>929,393,226</u>
Long-term liabilities	417,071,400	426,905,118
Other liabilities	<u>658,765,467</u>	<u>438,397,771</u>
Total Liabilities	<u>1,075,836,867</u>	<u>865,302,889</u>
Net assets:		
Invested in capital assets, net of related debt	470,718,296	474,666,531
Restricted net assets	66,601,805	83,926,153
Unrestricted net assets	<u>(694,784,337)</u>	<u>(494,502,347)</u>
Total net assets	<u>\$ (157,464,236)</u>	<u>\$ 64,090,337</u>

At the end of fiscal year 2006, GovGuam's unrestricted net assets showed a deficiency of \$694.8 million, an increase of \$200.3 million (or 40.5%) from the prior year unrestricted net asset deficiency. This deficiency is the result of having long-term commitments that are greater than currently available resources. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable and other loans as well as to pay for unfunded pension liabilities, closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam will include these amounts in future years' budgets as they become due.

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2006

#### Changes in Net Assets

For the year ended September 30, 2006, net assets of the primary government decreased by \$221.6 million, a decrease of 345.7% from the prior year's net assets, as restated, of \$64.1 million. This result indicates that GovGuam's financial condition, as a whole, decreased from the prior year. For the year ended September 30, 2006, net assets of the primary government changed as follows, with comparable amounts for fiscal year 2005:

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 38,235,392	\$ 38,062,638
Operating grants and contributions	223,160,411	203,760,325
General revenues:		
Taxes	416,815,919	440,267,503
Investment earnings	5,700,936	5,556,348
Other	<u>4,989,865</u>	<u>2,778,329</u>
Total revenues	<u>688,902,523</u>	<u>690,425,143</u>
Expenses:		
General government	96,408,217	85,600,345
Protection of life and property	94,531,452	82,818,103
Public health	86,558,390	64,134,787
Community services	32,564,953	34,362,282
Recreation	5,386,831	6,208,877
Individual and collective rights	46,878,905	44,328,485
Transportation	35,711,970	27,553,740
Public education	239,103,102	240,547,641
Environmental protection	9,090,493	10,089,734
Economic development	13,715,987	9,364,630
Interest expense (unallocated)	14,075,896	15,797,611
Transfers to persons	1,405,798	4,912,336
Payments to autonomous agencies	75,460,187	79,854,886
Payments to private purpose trusts	-	1,123,529
Interest on tax refunds	2,032,527	2,247,188
Capital projects	3,503,737	4,653,137
Other	<u>14,227,688</u>	<u>13,759,647</u>
Total expenses	<u>770,656,133</u>	<u>727,356,958</u>
Deficiency before special and extraordinary items	(81,753,610)	(36,931,815)
Special items	-	-
Extraordinary items	<u>(139,800,963)</u>	<u>28,278,927</u>
Change in net assets	<u>\$ (221,554,573)</u>	<u>\$ (8,652,888)</u>

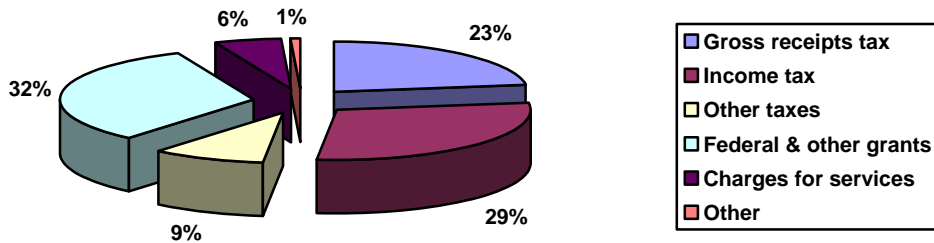
GovGuam's revenues from governmental activities, including local revenues, totaled \$688.9 million in fiscal year 2006. The cost of governmental activities totaled \$772.7 million; the deficiency of \$81.8 million plus extraordinary items of \$139.8 million representing an overall decrease in net assets of \$221.6 million.

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2006

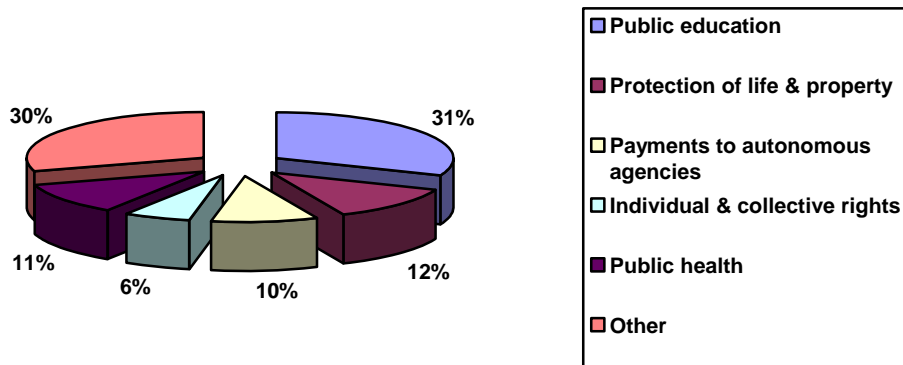
Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1  
GovGuam's Revenue Sources  
For the Year Ended September 30, 2006



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises of 61% and 32%, respectively, of the total revenues for fiscal year 2006.

Graph 2  
GovGuam's Cost of Governmental Activities  
For the Year Ended September 30, 2006



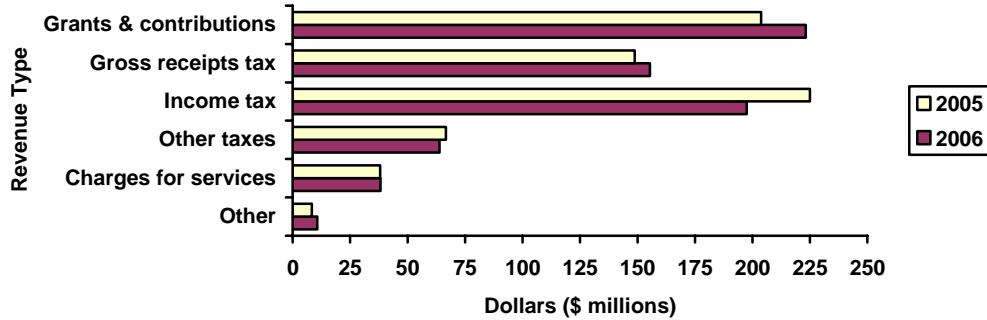
Other expenses that make up a portion of the costs of governmental activities include general government expenses (\$96.4 million), community services (\$32.6 million), environmental protection (\$9.1 million), economic development expenses (\$13.7 million), unallocated interest expense (\$14.1 million), transportation expenses (\$35.7 million), recreation (\$5.4 million), transfer to persons (\$1.4 million), capital-related expenses (\$3.5 million), interest payments on tax refunds (\$2.0 million), and miscellaneous payments (\$14.2 million).

# GOVERNMENT OF GUAM

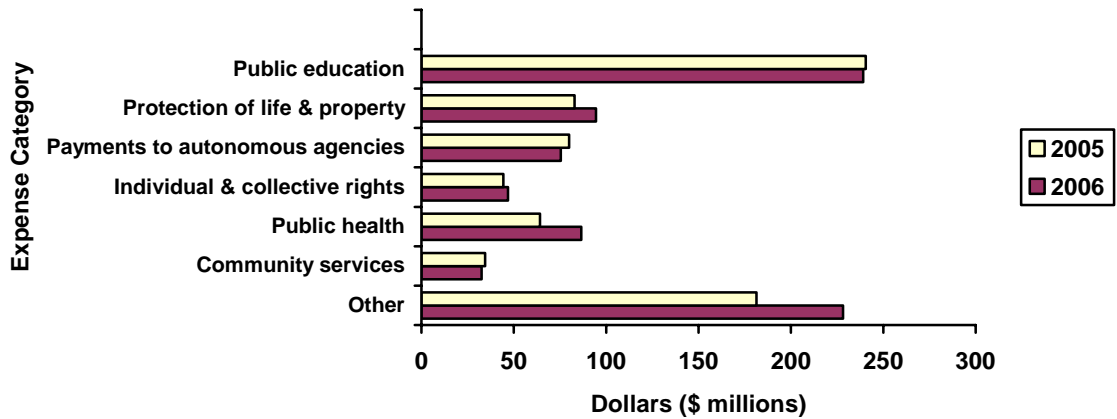
## Management's Discussion and Analysis, Continued Year Ended September 30, 2006

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2005 and 2006.

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



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



Other expenses in fiscal year 2006 included general government expenses of \$96.4 million, up from \$85.6 million (or 12.6%) in fiscal year 2005, transportation expenses of \$35.7 million, up from \$27.6 million (or 29.6%) in fiscal year 2005, economic development expenses of \$13.7 million, up from \$9.4 million (or 46.5%) in fiscal year 2005, unallocated interest expense of \$14.1 million, down from \$15.8 million (or 10.9%) in fiscal year 2005, and transfers to persons of \$1.4 million, down from \$4.9 million (or 71.4%) in fiscal year 2005.

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2006

### FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As noted earlier, GovGuam uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of fiscal year 2006, GovGuam's governmental funds reported a combined fund deficit of \$422 million, which represents an increase of \$213 million (or 101.9%) in comparison with the fiscal year 2005 combined fund deficit of \$209 million. This decrease is primarily attributable to the increase in the fund deficit of the general fund of \$175.7 million, and decreases in fund balance of the special revenue funds, capital projects funds and debt service funds of \$19.8 million, \$10.9 million and \$6.6 million, respectively. Of this total combined fund deficit, \$159.3 million is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$83.9 million); 2) to fund debt service-related activities (\$32.7 million); 3) to liquidate continuing appropriation commitments (\$26.5 million); or 4) for a variety of other restricted purposes. The combined unreserved fund deficit of GovGuam's governmental funds is \$581.3 million, an increase of \$155.1 million (or 36.4%) from fiscal year 2005. This deficit will be funded through future budgetary surpluses.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2006 amounted to \$940.5 million, net of accumulated depreciation of \$241.5 million, leaving a net book value of \$699 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below). This represents a decrease of \$12.4 million (or 10.2%) from fiscal year 2005.

#### GovGuam's Capital Assets September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Non-depreciable:		
Land	\$ 11,454,623	\$ 11,271,444
Construction in progress	<u>12,015,277</u>	<u>17,289,392</u>
	<u>23,469,900</u>	<u>28,560,836</u>
Depreciable:		
Infrastructure	561,532,696	539,506,435
Buildings	308,010,799	308,010,799
Machinery and equipment	<u>44,785,754</u>	<u>44,785,754</u>
	917,018,409	892,302,987
Accumulated depreciation	<u>(241,527,820)</u>	<u>(209,520,707)</u>
	<u>675,490,589</u>	<u>682,782,280</u>
Total capital assets, net	<u>\$ 698,960,489</u>	<u>\$ 711,343,116</u>

Major capital asset additions for fiscal year 2006 were as follows:

- \$2.1 million for the purchase of Fire Truck Rescue units
- \$12 million for ongoing road construction and restoration

Additional information on GovGuam's capital assets can be found in note 1L to the basic financial statements.

# GOVERNMENT OF GUAM

## Management's Discussion and Analysis, Continued Year Ended September 30, 2006

### Long-term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Legislature. GovGuam has entered into seven separate long-term debt obligations, as indicated below. No new long-term debt obligations were incurred by GovGuam during the year ended September 30, 2006 with overall long-term debt obligations decreasing by \$23 million (or 8.7%) in fiscal year 2006.

### GovGuam's Outstanding Debt September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Limited Obligation (Section 30) Bonds, 2001 Series A	\$ 53,007,715	\$ 57,530,000
General Obligation Bonds, 1993 Series A	117,485,000	123,685,000
General Obligation Bonds, 1995 Series A	-	2,085,000
Limited Obligation Highway Refunding Bonds, 2001 Series A	31,070,000	35,505,000
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A	51,320,000	55,825,000
Judicial Building Fund	3,716,723	4,291,545
General Fund - Note payable	<u>6,682,479</u>	<u>7,364,634</u>
	<u>\$ 263,281,917</u>	<u>\$ 286,286,179</u>

Additional information on GovGuam's long-term debt can be found in note 3 to the basic financial statements.

### ECONOMIC FACTORS AND NEXT YEAR BUDGET AND RATES

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

In 2002, Guam suffered from the effects of the Gulf/Iraq war, Asian SARS epidemic, typhoon Chata'an in July, and super-typhoon Pongsona in December. The immediate consequences of these natural events resulted in the loss of private sector jobs, fewer tourist arrivals and an increased expenditure in reconstruction efforts and FEMA subsidies. Although Guam has not experienced significant natural disasters since 2002, uncertainties about homeland security and the international war on terror have impeded a robust local economic recovery. Now, the expectation of an increased military presence on Guam promises a healthy, positive economic and financial future for Guam, with massive infrastructure improvements and direct investments in manpower and capital equipment planned well into the next decade. Guam will generate increased tax revenues as a direct consequence of this military buildup, but will have to cope with the strain on its infrastructure, population density and environment in the years to come.

## GOVERNMENT OF GUAM

### Management's Discussion and Analysis, Continued Year Ended September 30, 2006

Employees on payroll across all industries totaled 59,360, in the 4<sup>th</sup> quarter 2006, 1,960 more as compared to the same period in 2004. Although, the private sector saw a net increase of 1,680 paid employees, their average weekly earnings increased by only \$7.08 over this same time period. The unemployment rate for Guam was 6.9% as of March 2006, a decrease of 10.4%, when compared to 7.7% for March 2004. In December 2005, there were 4,740 construction, 1,640 manufacturing, 5,010 transportation and utilities, 12,050 retail trade, and 15,840 service workers employed. The federal government employed 3,460, whereas the Guam government employed 11,740 workers in December 2005.

Guam's consumer price index, which measures the average change in prices of goods and services consumed by households, is reported at 141.4 for the 4<sup>th</sup> quarter of 2006, a 29.3% increase since the same period in 2004. The market basket costing \$100.00 in 1996 (the base year), now cost \$141.40. The purchasing power of the dollar in the 4<sup>th</sup> quarter of 2006 is \$0.71. Moreover, Guam's inflation rate has risen from 2.1% in 2002 to 12.09% in 2005.

Visitor arrivals totaled 1,214,676 in 2006, a 5.1% increase since 2004. Japan, Korea, Taiwan and CNMI/Micronesia make up 81%, 9%, 2% and 3% of the visitors coming to Guam. Visitors, on average, spend 2.7 days on Guam and contribute \$18.60 in Hotel Occupancy Taxes and another \$28.00 in Gross Receipts Taxes.

The number and aggregate value of building and construction permits issued on Guam for the 2006 are 1,197 permits valued at \$195,431,000, a decrease of 11% permits and an increase of 93% in aggregate construction value since 2004. On average, the value of construction costs per permit was \$163,000 in 2006, whereas in 2004 it was \$75,000. Only upon acquiring an occupancy permit are newly constructed or added facilities occupied for its intended use.

Guam imports have remained relatively stable since 2004, averaging \$170,627,000 (for months January, April, July & October) over three years through 2006. Guam exports have remained flat as well, averaging \$52,270,000 annually for the same time period. Guam trade counts imports and exports intended for sale or trade cleared through Guam Customs Agency, and excludes local and federal government, recreational or personal items.

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

## CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

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

# GOVERNMENT OF GUAM

## Statement of Net Assets September 30, 2006

	Primary Government	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 49,937,321	\$ 69,061,859
Time certificates of deposit	-	4,452,491
Investments	8,520,000	2,442,076
Receivables, net	57,310,839	115,064,340
Due from primary government	-	18,122,937
Due from private purpose trusts	-	-
Due from component units	-	2,174,890
Inventories	769,988	50,494,431
Other current assets	818,412	4,766,109
Restricted assets:		
Cash and cash equivalents	72,605,653	56,252,739
Investments	16,716,000	22,974,196
Total current assets	206,678,213	345,806,068
Noncurrent assets:		
Investments	-	28,702,081
Receivables, net	10,000,000	28,014,198
Due from primary government	-	17,792,941
Due from component units	-	8,347,488
Capital assets, net of accumulated depreciation	698,960,489	1,361,615,726
Deferred charges	1,831,825	15,053,422
Other noncurrent assets	-	38,145,393
Restricted assets:		
Cash and cash equivalents	902,104	73,982,588
Investments	-	86,065,441
Total noncurrent assets	711,694,418	1,657,719,278
Total assets	\$ 918,372,631	\$ 2,003,525,346
<u>LIABILITIES</u>		
Current liabilities:		
Current portion of long-term obligations	\$ 24,649,887	\$ 40,658,059
Current portion of capital leases	-	5,763,371
Accounts payable and other current liabilities	256,140,979	110,189,286
Accrued interest payable	4,783,923	-
Tax refunds	272,924,885	-
Due to pension trust fund	17,174,884	17,406,873
Due to private purpose trust funds	61,293	-
Due to component units	18,307,159	2,934,613
Deferred revenue	51,930,076	14,954,947
Compensated absences payable	12,792,381	5,950,005
Total current liabilities	658,765,467	197,857,154
Noncurrent liabilities:		
Compensated absences payable	5,254,940	4,958,693
Capital leases, net of current portion	-	138,688,351
Unfunded pension liability	122,248,306	26,861,487
DCRS sick leave liability	10,744,258	4,443,979
Long-term obligations, net of current portion	238,632,030	733,635,755
Due to component units	17,792,941	7,587,764
Other noncurrent liabilities	22,398,925	35,373,253
Total noncurrent liabilities	417,071,400	951,549,282
Total liabilities	1,075,836,867	1,149,406,436
Commitments and contingencies		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	470,718,296	598,886,795
Restricted for:		
Retirement of indebtedness	27,952,989	-
Other purposes	38,648,816	154,831,002
Unrestricted	(694,784,337)	100,401,113
Total net assets	(157,464,236)	854,118,910
Total liabilities and net assets	\$ 918,372,631	\$ 2,003,525,346

See accompanying notes to basic financial statements.



# GOVERNMENT OF GUAM

## Statement of Activities Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental Activities:						
General government	\$ 96,408,217	\$ 5,502,554	\$ 68,045,647	\$ -	\$ (22,860,016)	\$ -
Protection of life and property	94,531,452	12,056,865	9,582,079	-	(72,892,508)	-
Public health	86,558,390	1,742,272	37,366,771	-	(47,449,347)	-
Community services	32,564,953	553,651	9,490,452	-	(22,520,850)	-
Recreation	5,386,831	1,048,111	984,705	-	(3,354,015)	-
Individual and collective rights	46,878,905	915,268	9,973,024	-	(35,990,613)	-
Transportation	35,711,970	7,728,013	6,450,369	-	(21,533,588)	-
Public education	239,103,102	655,826	54,909,911	-	(183,537,365)	-
Environmental protection	9,090,493	7,203,622	4,569,554	-	2,682,683	-
Economic development	13,715,987	146,401	4,897,376	-	(8,672,210)	-
Interest (unallocated)	14,075,896	-	1,858,360	-	(12,217,536)	-
Transfer to persons	1,405,798	-	-	-	(1,405,798)	-
Payments to:						
GovGuam Retirement Fund	2,218,594	-	28,570	-	(2,190,024)	-
Guam Memorial Hospital Authority	13,337,213	-	3,575,035	-	(9,762,178)	-
Guam Power Authority	2,619,382	-	2,619,382	-	-	-
University of Guam	27,771,169	-	4,752	-	(27,766,417)	-
Guam Visitors Bureau	12,144,578	-	-	-	(12,144,578)	-
Guam Community College	14,922,880	184,974	1,200,776	-	(13,537,130)	-
Other component units	2,446,371	497,835	1,351,894	-	(596,642)	-
Miscellaneous	16,260,215	-	17,919	-	(16,242,296)	-
Capital	3,503,737	-	6,233,835	-	2,730,098	-
<b>Total primary government</b>	<b>\$ 770,656,133</b>	<b>\$ 38,235,392</b>	<b>\$ 223,160,411</b>	<b>\$ -</b>	<b>(509,260,330)</b>	<b>-</b>
Component Units:						
Guam International Airport Authority	\$ 51,484,595	\$ 39,111,324	\$ 286,976	\$ 14,650,792	-	2,564,497
Guam Memorial Hospital Authority	82,002,495	66,664,787	-	7,801,384	-	(7,536,324)
Guam Power Authority	297,560,107	287,639,848	-	2,080,057	-	(7,840,202)
Guam Waterworks Authority	53,869,585	40,938,428	-	1,149,207	-	(11,781,950)
Port Authority of Guam	25,263,773	24,806,634	-	726,095	-	268,956
University of Guam	69,325,913	10,753,712	26,491,137	-	-	(32,081,064)
Nonmajor component units	81,134,725	6,702,619	48,243,163	839,227	-	(25,349,716)
	<b>\$ 660,641,193</b>	<b>\$ 476,617,352</b>	<b>\$ 75,021,276</b>	<b>\$ 27,246,762</b>	<b>-</b>	<b>(81,755,803)</b>
General revenues:						
Taxes:						
Income					197,479,113	-
Gross receipts					155,386,098	-
Property					18,918,436	-
Hotel					19,787,802	-
Liquid fuel					9,534,236	-
Other taxes					15,710,234	-
Investment earnings					5,700,936	13,565,110
Contributions from primary government					-	64,340,876
Other					4,989,865	12,086,309
Special items:						
Gain on sale of RTB stock					13,779,268	-
Cost of living allowance judgement					(123,580,231)	-
Earned income tax credit judgement					(30,000,000)	-
<b>Total general revenues, and special items</b>					<b>287,705,757</b>	<b>89,992,295</b>
Change in net assets					(221,554,573)	8,236,492
Net assets at beginning of year, as restated					64,090,337	845,882,418
Net assets at end of year					<b>\$ (157,464,236)</b>	<b>\$ 854,118,910</b>

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

## Balance Sheet Governmental Funds September 30, 2006

	Special Revenue			Total
	General	Federal Grants	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,003,878	\$ 1,982,777	\$ 28,950,666	\$ 49,937,321
Investments	400,000	-	8,120,000	8,520,000
Receivables, net:				
Taxes	27,284,006	-	4,104,015	31,388,021
Federal agencies	1,197,786	16,005,929	2,520,098	19,723,813
Note	-	-	10,000,000	10,000,000
Other	163,934	-	6,035,071	6,199,005
Due from other funds	44,574,734	-	41,261,393	85,836,127
Inventories	-	-	769,988	769,988
Prepayments	424,151	-	-	424,151
Deposits and other assets	-	-	394,261	394,261
Restricted assets:				
Cash and cash equivalents	-	-	73,507,757	73,507,757
Investments	-	-	16,716,000	16,716,000
Total assets	\$ 93,048,489	\$ 17,988,706	\$ 192,379,249	\$ 303,416,444
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Accounts payable	\$ 68,930,143	\$ 141,935	\$ 16,783,321	\$ 85,855,399
Accrued payroll and other	11,520,743	1,290,001	3,449,605	16,260,349
Due to other funds	41,201,431	594,293	44,040,403	85,836,127
Due to pension trust funds	17,174,884	-	-	17,174,884
Due to private purpose trust funds	-	-	61,293	61,293
Due to component units	25,189,309	-	10,910,791	36,100,100
Payable to federal agencies	163,591	15,867,844	2,950,109	18,981,544
Deferred revenue	51,909,348	-	5,255,336	57,164,684
Provision for tax refunds	267,138,563	-	5,786,322	272,924,885
Deposits and other liabilities	133,898,837	-	1,144,850	135,043,687
Total liabilities	617,126,849	17,894,073	90,382,030	725,402,952
Fund balances (deficits):				
Reserved:				
Encumbrances	12,794,230	49,639,036	21,474,442	83,907,708
Continuing appropriations	1,846,934	-	24,629,171	26,476,105
Related assets	400,000	-	15,829,026	16,229,026
Debt service	-	-	32,736,912	32,736,912
Unreserved (deficits), reported in:				
General fund	(539,119,524)	-	-	(539,119,524)
Special revenue funds	-	(49,544,403)	4,491,635	(45,052,768)
Capital projects funds	-	-	2,836,033	2,836,033
Total fund balances (deficits)	(524,078,360)	94,633	101,997,219	(421,986,508)
Total liabilities and fund balances	\$ 93,048,489	\$ 17,988,706	\$ 192,379,249	\$ 303,416,444

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2006

Total deficit - governmental funds \$ (421,986,508)

Amounts reported for governmental activities in the statement of net assets are different because:

Bonds issued by GovGuam have associated costs that are paid from current available resources in the funds. However, these costs are deferred on the statement of net assets 1,831,825

Certain revenues are earned but not available and therefore are deferred in the governmental funds:

Adjustment of deferred revenue 5,234,608

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	11,454,623	
Construction in progress		12,015,277	
Depreciable capital assets and infrastructure		917,018,409	
Accumulated depreciation		<u>(241,527,820)</u>	
Capital assets, net of accumulated depreciation			698,960,489

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The liabilities include:

Bonds payable		(263,281,917)	
Accrued interest payable		(4,783,923)	
Compensated absences payable		(18,047,321)	
Unfunded pension liability		(122,248,306)	
DCRS sick leave liability		(10,744,258)	
Landfill closure and postclosure costs		<u>(22,398,925)</u>	
Long-term liabilities			<u>(441,504,650)</u>

Net assets of governmental activities \$ (157,464,236)

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, 2006

	Special Revenue			Total
	General	Federal Grants	Other Governmental Funds	
<b>Revenues:</b>				
Taxes	\$ 355,662,195	\$ -	\$ 60,049,305	\$ 415,711,500
Licenses, fees and permits	1,602,292	-	35,587,522	37,189,814
Use of money and property	182,353	-	4,424,833	4,607,186
Federal contributions	59,038,070	106,547,689	46,462,308	212,048,067
Guam Public School System	9,253,984	-	-	9,253,984
Contributions from component units	1,858,360	-	-	1,858,360
Other	4,928,227	-	61,638	4,989,865
Total revenues	<u>432,525,481</u>	<u>106,547,689</u>	<u>146,585,606</u>	<u>685,658,776</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	35,489,129	8,409,178	37,829,327	81,727,634
Protection of life and property	67,831,681	11,169,230	14,997,510	93,998,421
Public health	10,375,570	63,771,365	13,610,125	87,757,060
Community services	5,624,108	14,407,871	12,578,631	32,610,610
Recreation	3,656,981	984,705	667,831	5,309,517
Individual and collective rights	9,748,511	9,522,489	26,621,074	45,892,074
Transportation	38,247	6,552,749	12,229,142	18,820,138
Public education	175,188,946	104,891	46,565,470	221,859,307
Environmental protection	-	4,569,554	5,375,610	9,945,164
Economic development	3,224,862	5,496,151	137,390	8,858,403
Transfer to persons	1,405,798	-	-	1,405,798
<b>Payments to:</b>				
GovGuam Retirement Fund	2,190,024	28,570	-	2,218,594
Chamorro Land Trust Commission	57,500	-	478,794	536,294
Guam Community College	7,494,926	1,200,776	6,227,178	14,922,880
Guam Economic Development and Commerce Authority	-	181,104	-	181,104
Guam Educational Telecommunications Corporation	558,183	-	-	558,183
Guam International Airport Authority	-	257,836	-	257,836
Guam Memorial Hospital Authority	1,057,527	3,575,035	8,704,651	13,337,213
Guam Power Authority	-	2,619,382	-	2,619,382
Guam Visitors Bureau	-	-	12,144,578	12,144,578
Guam Waterworks Authority	-	741,534	-	741,534
Port Authority of Guam	-	171,420	-	171,420
University of Guam	27,266,417	4,752	500,000	27,771,169
Miscellaneous appropriations	5,272,801	17,919	3,450,182	8,740,902
Non-appropriated expenditures	7,519,313	-	-	7,519,313
Capital projects	-	6,233,835	12,488,708	18,722,543
Debt service	-	-	43,908,810	43,908,810
Total expenditures	<u>364,000,524</u>	<u>140,020,346</u>	<u>258,515,011</u>	<u>762,535,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,524,957</u>	<u>(33,472,657)</u>	<u>(111,929,405)</u>	<u>(76,877,105)</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	-	-	3,716,723	3,716,723
Transfers in from other funds	40,381,714	35,232,994	117,352,349	192,967,057
Transfers out to other funds	(131,000,868)	(1,744,189)	(60,222,000)	(192,967,057)
Total other financing sources (uses), net	<u>(90,619,154)</u>	<u>33,488,805</u>	<u>60,847,072</u>	<u>3,716,723</u>
<b>Special items:</b>				
Proceeds from redemption of RTB stock	-	-	13,779,268	13,779,268
Retiree Cost of Living Allowance judgement	(123,580,231)	-	-	(123,580,231)
Earned Income Tax Credit judgement	(30,000,000)	-	-	(30,000,000)
Total special items	<u>(153,580,231)</u>	<u>-</u>	<u>13,779,268</u>	<u>(139,800,963)</u>
Net change in fund balances (deficits)	<u>(175,674,428)</u>	<u>16,148</u>	<u>(37,303,065)</u>	<u>(212,961,345)</u>
Fund balances (deficits) at beginning of year, as restated	(348,403,932)	78,485	139,300,284	(209,025,163)
Fund balances (deficits) at end of year	<u>\$ (524,078,360)</u>	<u>\$ 94,633</u>	<u>\$ 101,997,219</u>	<u>\$ (421,986,508)</u>

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances (Deficits) to the Statement of Activities  
September 30, 2006

Total net change in fund balances (deficits) - governmental funds \$ (212,961,345)

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 3,243,747

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:

Capital outlay	\$ 19,624,486	
Depreciation expense	<u>(32,007,113)</u>	(12,382,627)

Loan proceeds provide current financial resources to governmental funds; however, issuing debt increase long-term liabilities in the statement of net assets. In the current period, this is the amount of proceeds received from debt issued. (3,716,723)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. For the current year these amounts consist of:

Long-term debt retirement		29,238,700
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year these activities consist of:

Decrease in accrued interest	457,034	
Increase in compensated absences	(1,738,732)	
Increase in unfunded pension costs	(22,303,392)	
Increase in DCRS sick leave	(1,528,415)	
Amortization of bond premiums and issuance costs	<u>137,180</u>	<u>(24,976,325)</u>

Change in net assets of governmental activities \$ (221,554,573)

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2006

	Pension Trust	Private Purpose Trust	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,540,560	\$ 6,208,968	\$ -
Investments at fair value:			
Common stocks	610,116,012	-	-
U.S. Government securities	252,119,598	-	-
Corporate bonds and notes	240,714,473	-	-
Money market funds	44,088,400	-	-
Mutual funds	254,622,677	-	-
DC plan forfeitures	6,251,889	-	-
Total investments	1,407,913,049	-	-
Accounts receivable:			
Employer contributions, net	16,676,205	-	-
Member contributions	7,715,756	-	-
Interest and penalties on contributions	7,304,707	-	-
Accrued investment income	4,730,899	-	-
Due from brokers for unsettled trades	2,855,455	-	-
Notes receivable - service credits	8,210,286	-	-
Notes receivable - ERIP	9,126,349	-	-
Receivable - ERIP employer's share	6,670,283	-	-
Supplemental/COLA benefits	87,559,394	-	-
Supplemental/Insurance benefits advanced	4,579,317	-	-
Other	3,906,194	2,273	-
Total receivables	159,334,845	2,273	-
Deposits and other assets	-	-	14,535,149
Due to other funds	-	61,293	-
Capital assets	1,171,870	-	-
Total assets	1,572,960,324	6,272,534	\$ 14,535,149
<u>LIABILITIES</u>			
Deferred revenue	24,006,918	-	-
Accounts payable and accrued expenses	3,783,551	-	-
Accrued payroll and other	419,722	-	-
Deposits and other liabilities	-	5,470,509	14,535,149
Due to brokers for unsettled trades	4,357,566	-	-
Total liabilities	32,567,757	5,470,509	\$ 14,535,149
<u>NET ASSETS</u>			
Held in trust for retirement benefits	1,540,392,567	-	
Held in trust for other purposes	-	802,025	
Total net assets	\$ 1,540,392,567	\$ 802,025	

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended September 30, 2006

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	\$ 92,221,055	\$ -
Member contributions	31,032,237	-
Use of money and property	-	514,259
Transfers in from other funds	-	1,150,000
Total contribution and revenues	123,253,292	1,664,259
Net investment income:		
Net appreciation in fair value of investments	65,212,685	-
Interest	37,339,388	-
Dividends	12,090,214	-
Other	1,485,972	-
Total investment income	116,128,259	-
Less: investment expenses	3,172,766	-
Net investment income	112,955,493	-
Other:		
Recovery of bad debts - GMHA	664,688	-
Total additions	236,873,473	1,664,259
Deductions:		
Benefits	164,332,478	-
Refunds	12,904,682	-
Administrative and general expense	4,785,299	-
Individual and collective rights	-	1,447,148
Total deductions	182,022,459	1,447,148
Change in net assets	54,851,014	217,111
Net assets at beginning of year	1,485,541,553	584,914
Net assets at end of year	\$ 1,540,392,567	\$ 802,025

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

## Statement of Net Assets Component Units September 30, 2006

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
<b>ASSETS</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 3,445,943	\$ 498,202	\$ 19,220,350	\$ 919,488	\$ 16,289,151	\$ 4,622,446	\$ 24,066,279	\$ 69,061,859
Time certificates of deposit	-	-	-	-	1,000,000	111,643	3,340,848	4,452,491
Investments	-	-	-	-	-	-	2,442,076	2,442,076
Receivables, net	11,438,156	35,173,172	43,273,912	7,705,974	2,378,424	5,651,400	9,443,302	115,064,340
Due from primary government	-	6,061,465	6,341,199	-	-	3,350,000	2,370,273	18,122,937
Due from component units	-	-	2,174,890	-	-	-	-	2,174,890
Inventories	58,020	4,105,934	42,921,665	2,294,529	227,326	614,431	272,526	50,494,431
Prepayments	-	370,004	1,188,592	-	-	-	1,400,756	2,959,352
Deposits and other assets	-	-	1,172,177	63,030	-	571,550	-	1,806,757
<b>Restricted assets:</b>								
Cash and cash equivalents	-	-	39,751,884	3,034,766	-	-	13,466,089	56,252,739
Investments	-	-	-	-	-	6,849,463	16,124,733	22,974,196
<b>Total current assets</b>	<b>14,942,119</b>	<b>46,208,777</b>	<b>156,044,669</b>	<b>14,017,787</b>	<b>19,894,901</b>	<b>21,770,933</b>	<b>72,926,882</b>	<b>345,806,068</b>
<b>Noncurrent assets:</b>								
Investments	20,720,644	-	-	-	-	6,241,437	1,740,000	28,702,081
Receivables, net	4,445,685	-	-	-	-	-	23,568,513	28,014,198
Due from primary government	-	-	17,792,941	-	-	-	-	17,792,941
Due from component units	-	-	8,347,488	-	-	-	-	8,347,488
Capital assets, net of accumulated depreciation	349,760,252	41,863,452	551,627,707	239,602,789	42,562,936	73,404,534	62,794,056	1,361,615,726
Deferred bond issuance costs	9,893,110	-	4,623,285	-	-	-	537,027	15,053,422
Other assets	-	-	14,041,585	4,491,219	-	-	19,612,589	38,145,393
<b>Restricted assets:</b>								
Cash and cash equivalents	216,914	-	-	69,970,413	-	3,795,261	-	73,982,588
Investments	42,562,422	-	27,485,000	7,769,922	-	8,248,097	-	86,065,441
<b>Total noncurrent assets</b>	<b>427,599,027</b>	<b>41,863,452</b>	<b>623,918,006</b>	<b>321,834,343</b>	<b>42,562,936</b>	<b>91,689,329</b>	<b>108,252,185</b>	<b>1,657,719,278</b>
<b>Total assets</b>	<b>\$ 442,541,146</b>	<b>\$ 88,072,229</b>	<b>\$ 779,962,675</b>	<b>\$ 335,852,130</b>	<b>\$ 62,457,837</b>	<b>\$ 113,460,262</b>	<b>\$ 181,179,067</b>	<b>\$ 2,003,525,346</b>

See accompanying notes to basic financial statements.



# GOVERNMENT OF GUAM

## Statement of Net Assets, Continued Component Units September 30, 2006

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Current portion of long-term debt	\$ 7,640,000	\$ -	\$ 26,480,000	\$ 2,631,707	\$ -	\$ 211,470	\$ 3,694,882	\$ 40,658,059
Current obligations under capital leases	-	-	5,589,841	-	-	173,530	-	5,763,371
Accounts payable	5,347,974	8,957,387	34,297,957	5,101,254	1,796,282	3,639,543	9,963,487	69,103,884
Accrued payroll and other	4,994,484	1,631,156	1,089,336	540,257	593,474	-	1,217,264	10,065,971
Due to pension trust funds	-	17,406,873	-	-	-	-	-	17,406,873
Due to component units	-	759,723	-	2,174,890	-	-	-	2,934,613
Deferred revenue	1,191,309	3,529,240	-	1,289,050	-	4,301,124	4,644,224	14,954,947
Compensated absences	420,671	1,991,299	1,078,856	348,463	764,063	930,827	415,826	5,950,005
Deposits and other liabilities	2,385,359	2,517,284	15,133,930	4,791,631	4,704,043	-	1,487,184	31,019,431
Total current liabilities	21,979,797	36,792,962	83,669,920	16,877,252	7,857,862	9,256,494	21,422,867	197,857,154
Noncurrent liabilities:								
Compensated absences	425,457	1,049,024	1,023,134	719,844	205,203	729,310	806,721	4,958,693
Capital leases	-	-	138,575,390	-	-	112,961	-	138,688,351
Noncurrent portion of long-term debt	197,785,076	-	380,407,966	106,102,795	-	10,751,558	38,588,360	733,635,755
Due to component units	-	-	-	7,587,764	-	-	-	7,587,764
Deposits	-	-	-	165,435	-	1,583,892	-	2,022,315
Other noncurrent liabilities	-	-	16,128,969	5,821,438	-	-	11,400,531	33,350,938
DCRS sick leave liability	-	1,216,194	946,549	455,105	462,097	917,552	446,482	4,443,979
Accrued unfunded retirement liability	3,787,873	2,102,345	9,105,058	5,476,855	5,623,493	-	765,863	26,861,487
Total noncurrent liabilities	201,998,406	4,367,563	546,187,066	126,329,236	6,290,793	14,095,273	52,280,945	951,549,282
Total liabilities	223,978,203	41,160,525	629,856,986	143,206,488	14,148,655	23,351,767	73,703,812	1,149,406,436
Net Assets:								
Invested in capital assets, net of related debt	154,228,284	41,863,452	21,443,216	216,460,775	42,562,936	62,389,854	59,938,278	598,886,795
Restricted	47,893,172	-	53,270,777	3,034,766	-	19,328,783	31,303,504	154,831,002
Unrestricted (deficit)	16,441,487	5,048,252	75,391,696	(26,849,899)	5,746,246	8,389,858	16,233,473	100,401,113
Total net assets	218,562,943	46,911,704	150,105,689	192,645,642	48,309,182	90,108,495	107,475,255	854,118,910
Total liabilities and net assets	\$ 442,541,146	\$ 88,072,229	\$ 779,962,675	\$ 335,852,130	\$ 62,457,837	\$ 113,460,262	\$ 181,179,067	\$ 2,003,525,346

See accompanying notes to basic financial statements.

**GOVERNMENT OF GUAM**

**Statement of Revenues, Expenses, and Changes in Net Assets  
Component Units  
Year Ended September 30, 2006**

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Non-major Component Units	Total
Operating revenues:								
Charges for services	\$ 39,111,324	\$ 66,664,787	\$ 287,639,848	\$ 40,938,428	\$ 24,806,634	\$ 10,753,712	\$ 6,702,619	\$ 476,617,352
Contributions	-	-	-	-	-	395,794	48,243,163	48,638,957
Grants and contracts	286,976	-	-	-	-	26,095,343	-	26,382,319
Other	1,496,515	565,940	1,673,629	474,872	466,294	3,529,158	3,879,901	12,086,309
<b>Total operating revenues</b>	<b>40,894,815</b>	<b>67,230,727</b>	<b>289,313,477</b>	<b>41,413,300</b>	<b>25,272,928</b>	<b>40,774,007</b>	<b>58,825,683</b>	<b>563,724,937</b>
Operating expenses:								
Cost of services	14,640,541	66,382,199	175,766,007	15,514,502	18,992,303	57,938,168	52,160,020	401,393,740
Depreciation and amortization	19,580,556	3,897,223	24,267,638	9,370,313	2,468,866	2,241,174	3,938,612	65,764,382
General and administrative	12,818,814	9,044,053	55,452,405	23,154,298	5,800,852	6,961,879	24,453,676	137,685,977
Total operating expenses	47,039,911	79,323,475	255,486,050	48,039,113	27,262,021	67,141,221	80,552,308	604,844,099
Operating income (loss)	(6,145,096)	(12,092,748)	33,827,427	(6,625,813)	(1,989,093)	(26,367,214)	(21,726,625)	(41,119,162)
Nonoperating revenues (expenses):								
Contributions from the primary government	-	11,986,279	-	-	-	27,561,338	24,793,259	64,340,876
Contributions to the primary government	-	-	-	-	-	(2,027,302)	-	(2,027,302)
Investment income	2,492,263	-	4,421,404	3,209,683	801,170	1,306,442	1,334,148	13,565,110
Interest expense	(9,504,212)	-	(41,859,548)	(5,577,844)	-	(157,390)	(1,507,053)	(58,606,047)
Other income (expenses), net	5,059,528	(2,679,020)	(214,509)	(252,628)	1,998,248	-	924,636	4,836,255
Total nonoperating revenues (expenses), net	(1,952,421)	9,307,259	(37,652,653)	(2,620,789)	2,799,418	26,683,088	25,544,990	22,108,892
Net income (loss) before capital contributions	(8,097,517)	(2,785,489)	(3,825,226)	(9,246,602)	810,325	315,874	3,818,365	(19,010,270)
Capital contributions	14,650,792	7,801,384	2,080,057	1,149,207	726,095	-	839,227	27,246,762
Increase (decrease) in net assets	6,553,275	5,015,895	(1,745,169)	(8,097,395)	1,536,420	315,874	4,657,592	8,236,492
Total net assets at beginning of year	212,009,668	41,895,809	151,850,858	200,743,037	46,772,762	89,792,621	102,817,663	845,882,418
Total net assets at end of year	\$ 218,562,943	\$ 46,911,704	\$ 150,105,689	\$ 192,645,642	\$ 48,309,182	\$ 90,108,495	\$ 107,475,255	\$ 854,118,910

See accompanying notes to basic financial statements.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies

### A. Reporting Entity

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

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

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

#### 1. Blended Component Units

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### A. Reporting Entity, Continued

#### 1. Blended Component Units, Continued

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

#### 2. Discretely Presented Component Units

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

#### Major Component Units:

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### A. Reporting Entity, Continued

#### 2. Discretely Presented Component Units, Continued

Major Component Units, Continued:

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

Nonmajor Component Units:

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

GovGuam's component units, departments, and funds that are separately audited issue their own basic financial statements, each of which has a September 30 year-end. These statements may be obtained by directly contacting the various entities administrative offices or at the web site of the Office of the Public Auditor - [www.guamopa.com](http://www.guamopa.com).

Guam International Airport Authority  
P.O. Box 8770  
Tamuning, GU 96931

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

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

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

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

University of Guam  
University Station  
University Drive  
Mangilao, GU 96923

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

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

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

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

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

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

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

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.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### A. Reporting Entity, Continued

#### 2. Discretely Presented Component Units, Continued

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. These entity's 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 the nature and significance of them 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.

### B. Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the 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, 2006. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

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

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### B. Government-Wide Financial Statements, Continued

The government-wide Statement of Net Assets reports \$66,601,805 of restricted net assets, of which \$38,648,816 is restricted by enabling legislation.

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

### C. Fund Financial Statements

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

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

### D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the 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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements account for the general governmental activities of GovGuam and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, GovGuam considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### D. Measurement Focus and Basis of Accounting, Continued

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

GovGuam reports the following fund types:

#### 1. Governmental Fund Types

##### i. 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.

##### ii. Special Revenue Funds

These funds account for specific revenue sources that have been aggregated according to enabling legislation to support specific governmental activities.

##### iii. Capital Projects Funds

These funds account for the acquisition or construction of major GovGuam capital facilities financed primarily from loans and federal reimbursements.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

1. Governmental Fund Types, Continued

iv. Debt Service Funds

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

2. Fiduciary Fund Types

i. Pension Trust Funds

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

ii. Private Purpose Funds

These funds are used to account for resources held in trust under which principal and income benefit certain individuals.

iii. Agency Fund

This fund is used to report resources held by the primary government in a purely custodial capacity.

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 - Omnibus*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. GovGuam elected to add certain other major funds that had specific public interest. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. GovGuam reports the following major funds:

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

E. Reporting Standards

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### F. Budgetary Process

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

For budgetary purposes, encumbrance accounting is used. The encumbrances (that is, purchase orders, contracts) are considered expenditures when a commitment is made. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of budgetary appropriations and GAAP fund balances and do not constitute expenditures or liabilities on a GAAP basis because the commitments will be honored during the subsequent year. Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

### G. Cash and Cash Equivalents

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

### H. Investments

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

### I. Inventories

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

### J. 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 expenditures on federally funded reimbursement and grant programs are reported as "receivables from federal agencies."

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

J. Receivables, Continued

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.

Receivables as of September 30, 2006, for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate, including allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 27,284,006	\$ -	\$ 4,104,015	\$ 31,388,021
Federal grants	1,197,786	16,005,929	2,520,098	19,723,813
Notes	-	-	10,000,000	10,000,000
Other	<u>8,941,196</u>	<u>-</u>	<u>15,896,204</u>	<u>24,837,400</u>
	37,422,988	16,005,929	32,520,317	85,949,234
Allowance for uncollectible accounts	<u>(8,777,262)</u>	<u>-</u>	<u>(9,861,133)</u>	<u>(18,638,395)</u>
Net receivables	\$ <u>28,645,726</u>	\$ <u>16,005,929</u>	\$ <u>22,659,184</u>	\$ <u>67,310,839</u>

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

Receivables recorded by the fiduciary funds are as follows:

GovGuam Retirement Fund (GGRF):

At September 30, 2006, GGRF had employer and member contributions receivables from various GovGuam agencies. These receivables represent contributions not remitted to GGRF for various pay periods during the fiscal years ended September 30, 1988 through 2006. As of September 30, 2006, employer contributions receivable totaled \$16,676,205; member contributions receivable totaled \$7,715,756; and interest and penalties receivable totaled \$7,304,707.

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

A significant portion of the employer and member contributions receivables represent contributions from the Guam Public School System (GPSS), a line agency of the primary government, and the Guam Memorial Hospital Authority (GMHA). As of September 30, 2006, receivables from GPSS, including interest and penalties, totaled \$17,174,884. As of September 30, 2006, receivables from GMHA, including interest and penalties, totaled \$9,400,742.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### J. Receivables, Continued

GovGuam Retirement Fund (GGRF), Continued:

Public Law 28-38, passed in June 2005, requires GovGuam's General Fund to remit interest only payments monthly to GGRF for the aforementioned receivables from GPSS and GMHA. The law indicates that monthly payments, totaling \$192,955 and \$190,501, for GPSS and GMHA, respectively, will continue until the outstanding balances for these agencies are fully paid from a general obligation bond or other means. However, if the obligations are not paid within five years, payments for GPSS and GMHA will resume per 4 GCA Section 8137. During the fiscal year ended September 30, 2006, GGRF received payments totaling \$2,315,460 and \$2,286,012 for GPSS and GMHA, respectively.

In March 1998, GGRF accepted a promissory note from GMHA in the amount of \$9,385,720 for the outstanding balance of contributions owed with related penalties and interest to GGRF. The note bears interest at the bank's prime rate plus 1%, with a floor amount of 8%. At September 30, 2006, the balance on the note was \$6,207,013, including interest of \$1,368,583. Management of GGRF has fully provided for this note in the allowance for uncollectible accounts. As payments are made against this note, GGRF decreases the allowance for uncollectible accounts with a corresponding offset included in bad debt recoveries.

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

Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly \$15,000,000. At September 30, 2006, the amount owed under these notes was \$9,126,349. There is a corresponding deferred revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from retirees. GovGuam's share of these contributions has been recognized in the amount of \$6,670,283 at September 30, 2006. This receivable has also been offset by deferred revenue in the same amount.

Public Law 25-72, passed in September 1999, required the payment of supplemental annuity and cost of living allowance benefits to retirees, and specified that these payments were vested, limited-duration benefits to be provided by GGRF. Such benefits were to be actuarially funded over a twenty-year amortization period through an increase in contributions. GGRF initially recorded these benefit payments as a receivable in the amount of \$137,200,000 and has reduced this receivable by a portion of employer contributions received. The percentage used for the year ended September 30, 2006 was 1.2016% of covered payroll. As of September 30, 2006, the receivable recorded by GGRF amounted to \$87,559,394.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

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

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2006, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Federal Grants	\$ 594,293
Nonmajor governmental funds	General	41,201,431
General	Nonmajor governmental funds	43,980,441
Nonmajor governmental funds	Nonmajor governmental funds	59,962
		<u>\$ 85,836,127</u>

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

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

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds:		
Tourist Attraction Fund	General	\$ 1,700,456
Water Systems Revenue Bond Fund	General	2,500
PUAG Capital Projects Fund	General	948,460
GOB Series A 1993 Fund (CPF)	General	806,052
		<u>\$ 3,457,468</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

K. Interfund Receivables/Payables, Continued

Balances reflected as due to component units of the primary government in the statement of net assets at September 30, 2006, are summarized as follows:

General Fund:	
Guam Power Authority	\$ 13,223,349
University of Guam	7,091,664
Nonmajor component units	4,874,296
Nonmajor governmental funds:	
Guam Power Authority	<u>10,910,791</u>
	<u>\$ 36,100,100</u>

Guam Power Authority has entered into payment agreements with the primary government to be paid over five to nine years. Details of these payment agreements are as follows:

Receivable from the Guam Public School System, a line agency of the primary government, due in 109 monthly installments, inclusive of interest at 4.47% per annum (\$500,000 per month for the first three months, then \$100,000 per month escalating at intervals to \$200,000 per month), beginning July 20, 2004, with the final installment payment due in July 2013, uncollateralized. \$ 13,223,349

Receivable from the Department of Public Works, a line agency of the primary government, due in 60 monthly installments of \$75,000, beginning May 2002, including interest at 4.35% per annum, with the final installment payment due in April 2007, uncollateralized. Management is of the opinion that this balance may change and be charged to another fund or may be reversed as there is no appropriation to process payment. However, at this time, it is not possible to determine the ultimate outcome of this matter or the potential impact on the accompanying financial statements. 10,910,791

\$ 24,134,140

Future obligations under these payment agreements are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 6,341,199
2008	7,484,531
2009	1,953,398
2010	2,068,569
2011	2,162,953
2012 - 2013	<u>4,123,490</u>
	<u>\$ 24,134,140</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

L. Capital Assets

Capital assets, including property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. 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 asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date.

Capital asset activities of the primary government for the year ended September 30, 2006, are as follows:

	Estimated Useful Lives	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006
Governmental activities:					
Nondepreciable capital assets:					
Land		\$ 11,271,444	\$ 183,179	\$ -	\$ 11,454,623
Construction in progress		<u>17,289,392</u>	<u>11,962,118</u>	<u>(17,236,233)</u>	<u>12,015,277</u>
		<u>28,560,836</u>	<u>12,145,297</u>	<u>(17,236,233)</u>	<u>23,469,900</u>
Depreciable capital assets:					
Buildings	40 - 60 yrs	308,010,799	-	-	308,010,799
Machinery, equipment and furniture	5 - 20 yrs	44,785,753	2,689,161	-	47,474,914
Infrastructure	25 yrs	<u>539,506,435</u>	<u>22,026,261</u>	-	<u>561,532,696</u>
		892,302,987	24,715,422	-	917,018,409
Less accumulated depreciation		<u>(209,520,707)</u>	<u>(32,007,113)</u>	<u>-</u>	<u>(241,527,820)</u>
Depreciable capital assets, net		<u>682,782,280</u>	<u>(7,291,691)</u>	<u>-</u>	<u>675,490,589</u>
		<u>\$ 711,343,116</u>	<u>\$ 4,853,606</u>	<u>\$ (17,236,233)</u>	<u>\$ 698,960,489</u>

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

General government	\$ 1,324,440
Protection of life and property	601,393
Public health	84,660
Community services	6,610
Recreation	77,314
Individual and collective rights	498,996
Transportation	16,891,832
Public education	6,985,615
Environmental protection	678,669
Economic development	<u>4,857,584</u>
	<u>\$ 32,007,113</u>



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### M. Deferred Revenues

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

### 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. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as tax refunds payable and as a reduction of tax revenue.

As of September 30, 2006, GovGuam recorded a provision for unpaid tax refunds in the amount of \$267,138,563, which included \$90,000,000 in unpaid Earned Income Tax Credit refunds and \$28,641,363 relating to interest payable to taxpayers for unpaid prior year tax refunds.

### O. Long-term Debt

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

### P. Accounting for Pension Costs

For the purpose of applying the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, the amount reported as the unfunded pension liability of \$122,248,306 represents the cumulative amount owed by GovGuam for the unfunded prior years' actuarially required pension contributions to the GovGuam Retirement Fund. The unfunded pension liability has been recorded as a liability in the governmental activity in the accompanying government-wide statement of net assets.

For the purpose of the basic financial statements, GovGuam's annual pension cost, measured on the accrual basis of accounting, for the year ended September 30, 2006 amounted to \$76,124,680. However, the amount recognized as pension expenditure in the governmental funds was recorded under the modified accrual basis, and amounted to \$56,319,392.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

Q. Bond Premiums and Issuance Costs

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

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

R. Interfund/Intrafund Transactions

As a general rule, the effect of interfund activity has been eliminated in the government-wide financial statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2006, are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund:		
Federal Grants Fund	\$ 35,228,856	\$ -
Nonmajor governmental funds	<u>95,772,012</u>	<u>40,381,714</u>
	<u>131,000,868</u>	<u>40,381,714</u>
Federal Grants Fund:		
General Fund	-	35,228,856
Nonmajor governmental funds	<u>1,744,189</u>	<u>4,138</u>
	<u>1,744,189</u>	<u>35,232,994</u>
Nonmajor Governmental Funds:		
General Fund	40,381,714	95,772,012
Federal Grants Fund	4,138	1,744,189
Nonmajor governmental funds	<u>19,836,148</u>	<u>19,836,148</u>
	<u>60,222,000</u>	<u>117,352,349</u>
	<u>\$ 192,967,057</u>	<u>\$ 192,967,057</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.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

R. Interfund/Intrafund Transactions, Continued

During the year ended September 30, 2006, GovGuam made one-time transfers in the amount of: 1) \$572,469 from the General Fund to nonmajor governmental funds to eliminate operating fund deficits and to close certain funds; 2) \$5,739,112 from nonmajor governmental funds to the General Fund to close certain funds; 3) \$17,088,546 from nonmajor governmental funds to the General Fund due to the reduction of interfund receivables not expected to be repaid; and 3) \$4,607,828 from nonmajor governmental funds to nonmajor governmental funds to close certain funds.

S. Fund Equity/Net Assets

GovGuam reports net assets as restricted when legally segregated for a specific future use. Otherwise, these balances are considered unrestricted.

Net Assets have been restricted as follows:

“Restricted for capital projects” - identifies amounts reserved for capital projects.

“Restricted for retirement of indebtedness” - identifies amounts reserved for debt service.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The unreserved fund balances for the governmental funds represent the amount available for budgeting future operations. The reserves for related assets for the primary government’s individual major governmental funds and nonmajor governmental funds in the aggregate as of September 30, 2006, are as follows:

	<u>General</u>	<u>Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Investments	\$ 400,000	\$ -	\$ -	\$ 400,000
Receivables:				
Notes	-	-	10,000,000	10,000,000
Other	-	-	613,892	613,892
Due from other funds	-	-	3,457,468	3,457,468
Inventories	-	-	769,988	769,988
Deposits and other assets	-	-	85,574	85,574
Restricted assets:				
Cash and cash equivalents	-	-	902,104	902,104
	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 15,829,026</u>	<u>\$ 16,229,026</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

T. Capital Projects Funds

The use of the Capital Projects Funds was initiated as of September 30, 1983, and is utilized for funding derived primarily from appropriations from the U.S. Government and through issuance of bonds. Capital expenditures related to projects funded with local revenues are reported in the fund where appropriated.

U. Compensated Absences

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

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

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

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

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 \$10,744,258 at September 30, 2006 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.

V. Fund Deficits

Specific individual funds that had significant individual deficit fund balances as at September 30, 2006, are as follows:

Major Governmental Funds

General Fund \$ 524,078,360

Nonmajor Governmental Funds

Territorial Highway Fund \$ 13,157,797

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (1) Summary of Significant Accounting Policies, Continued

### W. New Accounting Standards

During fiscal year 2006, GovGuam implemented the following pronouncements:

- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment to NCGA Statement 1*, which improves the understandability and usefulness of statistical section information and adds information from the new financial reporting model for state and local governments required by GASB Statement No. 34.
- GASB Statement No. 47, *Accounting for Termination Benefits*, which establishes guidance for state and local governmental employers on accounting and financial reporting for termination benefits. These benefits include incentives for voluntary terminations (e.g., early retirement window programs) and severance payments with respect to involuntary terminations.
- GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*, which clarifies the requirements of GASB Statement Nos. 27 and 45 for recognition of pension and other postemployment benefit expenditures/expense and liabilities by cost-sharing employers.

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

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB Statement No. 43 establishes uniform financial reporting for other postemployment benefit plans by state and local governments. The provisions of this Statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

In September 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. The Statement also includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. The provisions of this Statement are effective for periods beginning after December 15, 2006. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(1) Summary of Significant Accounting Policies, Continued

X. Estimates

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

Y. Restatement of Governmental Fund Deficit/Government-Wide Net Assets

	<u>General</u>	<u>Federal Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Government Wide</u>
Fund balance (deficit)/net assets as previously reported at September 30, 2005	\$(343,985,643)	\$ 78,485	\$ 139,766,741	\$(204,140,417)	\$ 79,838,399
Overstatement of taxes receivable previously reported	(4,418,289)	-	(466,457)	(4,884,746)	(4,884,746)
Overstatement of capital assets previously reported	-	-	-	-	(5,105,391)
Understatement of municipal landfill closure and postclosure costs liability previously reported	-	-	-	-	(5,757,925)
Fund balance (deficit)/net assets as restated at October 1, 2005	<u>\$(348,403,932)</u>	<u>\$ 78,485</u>	<u>\$ 139,300,284</u>	<u>\$(209,025,163)</u>	<u>\$ 64,090,337</u>

(2) Deposits and Investments

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

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (2) Deposits and Investments, Continued

### A. Deposits

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

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

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

As of September 30, 2006, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$123,445,078 and the corresponding bank balances were \$133,894,100. Of the bank balances, \$56,978,762 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amount of \$76,915,338 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, 2006. As of September 30, 2006, bank deposits in the amount of \$1,185,588 were FDIC insured. GovGuam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2006, short-term investments in the amount of \$25,839,529 are restricted for capital projects. Additionally, cash and cash equivalents and short-term investments in the amount of \$902,104 and \$46,766,124, respectively, are restricted for future debt service requirements.

As of September 30, 2006, the carrying amount of the fiduciary fund's total cash and cash equivalents was \$10,749,528 and the corresponding bank balances were \$12,861,707, which are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2006, bank deposits in the amount of \$300,000 were FDIC insured. GovGuam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(2) Deposits and Investments, Continued

B. Investments

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

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

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

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

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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2006.

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



**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(2) Deposits and Investments, Continued

B. Investments, Continued

As of September 30, 2006, GovGuam’s investments in debt securities were as follows:

	Moody’s Credit Rating	Less Than 1	Investment Maturities (In Years)			Fair Value
			1 to 5	6 to 10	Greater Than 10	
U.S. government agencies:						
Federal National Mortgage Association	Aaa/P-1	\$ 1,607,000	\$ -	\$ -	\$ -	\$ 1,607,000
Federal Home Loan Mortgage Corporation	Aaa/P-1	4,840,000	-	-	-	4,840,000
Municipal bonds:						
Gwinett County (Georgia)						
Development Authority	Aaa/P-1	-	-	-	8,120,000	8,120,000
Commercial paper	Aaa/P-1	<u>10,269,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,269,000</u>
		<u>\$ 16,716,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,120,000</u>	<u>\$ 24,836,000</u>

As of September 30, 2006, investments in debt securities in the amount of \$16,716,000 are restricted for future debt service requirements.

Additionally, as of September 30, 2006, the General Fund holds 9.5% of the shares of the Pacific Islands Development Bank in the amount of \$400,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

Pension Trust Funds

Investments of the Government of Guam Retirement Fund (GGRF) include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, and equity instruments. Investments are reported at fair value. Security transactions and any resulting gains or losses are accounted for on a trade date basis.

Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent’s determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value.

For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment’s degree of risk.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (2) Deposits and Investments, Continued

### B. Investments, Continued

#### Pension Trust Funds, Continued

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

- a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.
- b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio.

No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:

- i. Two times its average annual fixed charges over the same period, in the case of any public utility company;
- ii. One and one-half times its average annual fixed charges over the same period, in the case of any financial company; or,
- 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.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

(2) Deposits and Investments, Continued

B. Investments, Continued

Pension Trust Funds, Continued

- 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, 2006 are classified as follows:

Common stocks	\$ 610,116,012
Fixed income	492,834,071
Money market funds	44,088,400
Mutual funds	<u>260,874,566</u>
	<u>\$ 1,407,913,049</u>

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

As of September 30, 2006, GGRF's investments in debt securities were as follows:

	<u>Investment Maturities (In Years)</u>				Fair Value
	Less Than 1	1 to 2	2 to 5	Greater Than 5	
U.S. Treasury notes	\$ 33,677,813	\$ -	\$ 29,097,254	\$ 50,131,174	\$ 112,906,241
U.S. government agencies	-	-	-	139,213,357	139,213,357
U.S. Municipal obligations	-	1,824,772	-	13,546,061	15,370,833
Commercial paper	<u>2,248,652</u>	<u>12,530,706</u>	<u>43,095,496</u>	<u>167,468,786</u>	<u>225,343,640</u>
	<u>\$ 35,926,465</u>	<u>\$ 14,355,478</u>	<u>\$ 72,192,750</u>	<u>\$ 370,359,378</u>	<u>\$ 492,834,071</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (2) Deposits and Investments, Continued

### B. Investments, Continued

#### Pension Trust Funds, Continued

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, 2006, GGRF held mortgage-backed securities valued at approximately \$116,800,000.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Guam Code Annotated and GGRF's investment policy, and the actual rating as of September 30, 2006:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating as of Year End</u>
U.S. Treasury notes	N/A	\$ 112,906,241	Exempt from disclosure
Federal agency securities	N/A	139,213,357	Exempt from disclosure
Corporate medium term notes	BBB	58,265,887	Aaa
		4,876,180	Aa1-Aa3
		40,497,250	A1-A3
		46,941,031	Baa1-Baa3
		24,627	Ba1-Ba3
		<u>90,109,498</u>	Not rated
		<u>\$ 492,834,071</u>	

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2006, 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, 2006, GGRF held approximately \$9,200,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately \$1,000,000 was issued by Canadian companies, \$700,000 by Chilean companies, \$1,300,000 by Japanese companies, \$1,800,000 by Italian companies, \$1,900,000 by United Kingdom companies, \$1,100,000 by German companies and \$1,400,000 by various European companies.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (2) Deposits and Investments, Continued

### B. Investments, Continued

#### Pension Trust Funds, Continued

At September 30, 2006, 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, 2006 was approximately \$123,000,000. Of this total, approximately \$59,000,000 relates to companies whose functional currency is the Euro, \$42,000,000 relates to companies whose functional currency is the Japanese yen, \$8,000,000 relates to companies whose functional currency is the Australian dollar, and the remaining \$14,000,000 relates to companies representing eight separate functional currencies.

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

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

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

## (3) Long-Term Obligations

As of September 30, 2006, the primary government had the following long-term debt outstanding:

General Obligation Bonds, 1993 Series A (original issue of \$175,000,000), varying interest rates at 3% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$2,490,000 in November 1994 and increasing to \$12,140,000 in November 2018. The bonds have been issued for the purpose of implementing capital projects.

\$ 117,485,000

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(3) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2001 Series A (original issue of \$76,895,000), varying interest rates at 3.25% - 5.5% per annum, payable semiannually in June and December, principal fund payments due in varying annual installments commencing with a payment of \$6,220,000 in December 2002 and increasing to \$9,565,000 in December 2011. The bonds have been issued for the purpose of providing money to repay the outstanding amounts of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority and the voluntary service debt.	50,490,000
Add net unamortized premium on bonds	<u>2,517,715</u>
	<u>53,007,715</u>
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A (original issue of \$76,275,000), varying interest rates at 4.75% - 5.5% per annum, payable annually in November, principal fund payments due in varying annual installments commencing with a payment of \$900,000 in November 1999 and increasing to \$4,625,000 in November 2017. The 1997 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or multiples thereof.	<u>51,320,000</u>
Limited Obligation Highway Refunding Bonds, 2001 Series A (original issue of \$51,705,000), varying interest rates at 3.13% - 4.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$3,830,000 in May 2002 and increasing to \$5,765,000 in May 2012. The 2001 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, and are subject to redemption prior to their stated maturity, at the option of GovGuam, from any source of available funds, on any date on or after May 1, 2011.	<u>31,070,000</u>
Note payable to a local bank in the amount of \$10,000,000, interest rate is based on the bank's index rate and varies from 4.75% - 8% per annum, principal and interest payable commencing October 2003 in annual installments of \$1,281,818. This loan was used to fund public assistance programs and for the payment of the GovGuam Department of Education's monthly allotment backlog. The note is collateralized by the pledge and assignment of Section 30 revenues.	<u>6,682,479</u>
Note payable to a local bank in the amount of \$11,000,000, interest at 6.49% per annum, principal and interest payable commencing December 2006 in quarterly installments of \$248,251. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.	<u>3,716,723</u>
	263,281,917
Less current maturities	<u>(24,649,887)</u>
	<u>\$ 238,632,030</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (3) Long-Term Obligations, Continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 24,649,887	\$ 13,395,177	\$ 38,045,064
2008	25,917,993	12,121,554	38,039,547
2009	27,257,476	10,752,200	38,009,676
2010	28,115,912	9,293,413	37,409,325
2011	27,463,471	7,786,594	35,250,065
2012 – 2016	83,749,463	21,003,231	104,752,694
2017 – 2019	43,610,000	3,549,340	47,159,340
	<u>\$ 260,764,202</u>	<u>\$ 77,901,509</u>	<u>\$ 338,665,711</u>

As of September 30, 2006, \$32,736,912 has been accumulated in the Debt Service Funds to service the General Obligation and Special Revenue Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

### General Obligation Bonds:

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

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

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

### Indentures to the 1997 Series A Bond:

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

## GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

### (3) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bond, Continued:

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

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

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

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



# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (3) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bond, Continued:

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

Indentures to the 2001 Series A Bond (Special Revenue Bonds):

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

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

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

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

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(3) Long-Term Obligations, Continued

Indentures to the 2001 Series A Bond (Special Revenue Bonds), Continued:

- Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1.5% of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay GovGuam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Debt Service Fund.
- Bond Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the Debt Service Fund.
- Surplus Fund - the balance remaining in the revenue fund after all of the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Transactions to and from the Surplus Fund are accounted for in the Debt Service Fund.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2006.

Changes in Long-Term Liabilities

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2006, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net assets:

	Balance October 1, 2005	Additions	Reductions	Balance September 30, 2006	Due Within One Year
Bonds payable:					
Limited obligation bonds	\$ 57,530,000	\$ -	\$ 7,040,000	\$ 50,490,000	\$ 7,380,000
General obligation bonds	125,770,000	-	8,285,000	117,485,000	6,510,000
Special revenue bonds	91,330,000	-	8,940,000	82,390,000	9,395,000
Loans payable	<u>11,656,179</u>	<u>3,716,723</u>	<u>4,973,700</u>	<u>10,399,202</u>	<u>1,364,887</u>
	286,286,179	3,716,723	29,238,700	260,764,202	24,649,887
Unamortized premium on bonds issued	<u>3,021,259</u>	-	<u>503,544</u>	<u>2,517,715</u>	-
	<u>289,307,438</u>	<u>3,716,723</u>	<u>29,742,244</u>	<u>263,281,917</u>	<u>24,649,887</u>
Other liabilities:					
Compensated absences	16,308,589	1,738,732	-	18,047,321	12,792,381
Unfunded pension liability	99,944,914	22,303,392	-	122,248,306	-
DCRS sick leave liability	9,215,843	1,528,415	-	10,744,258	-
Due to component units	38,959,780	-	2,859,680	36,100,100	18,307,159
Landfill closure	<u>22,398,925</u>	-	-	<u>22,398,925</u>	-
	<u>186,828,051</u>	<u>25,570,539</u>	<u>2,859,680</u>	<u>209,538,910</u>	<u>31,099,540</u>
	<u>\$ 476,135,489</u>	<u>\$ 29,287,262</u>	<u>\$ 32,601,924</u>	<u>\$ 472,820,827</u>	<u>\$ 55,749,427</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(4) Commitments and Contingencies

A. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2006 and prior year audits aggregate to a material amount. If the questioned costs were ultimately disallowed, the general fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements. Audits of federal program funds are also performed by various federal agencies. If the audit results in cost disallowances, the general fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements.

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

B. Litigation

GovGuam is party to several legal proceedings arising from governmental operations; however, the Attorney General of Guam is unable to assess the likelihood of potential liabilities related to claims outstanding as of the year ended September 30, 2006. 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 4E below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

C. Earned Income Tax Credit (EITC) Refunds

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

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

As of September 30, 2006, a tax liability of \$90,000,000 has been recorded for this settlement agreement. The increase in this tax liability of \$30,000,000 has been recorded in the accompanying financial statements as a special item within the General Fund.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (4) Commitments and Contingencies, Continued

### D. 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, 2006. The estimated accumulated amount of unused sick leave at September 30, 2006, is \$75,290,523, of which \$10,138,667 may be convertible by the GovGuam Retirement Fund Defined Contribution Retirement System (DCRS) employees upon retirement. Sick leave balances are only available for the line departments of the executive branch.

### E. 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.

### F. 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, 2006, \$14,535,149 was held by GovGuam in bonds as security against possible claims.

### G. Medicaid Assistance Program (MAP) and Medically Indigent Program (MIP)

Guam Memorial Hospital Authority (GMHA) has various third-party payor agreements that provide for payments to be made to the hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. GMHA is reimbursed for the cost of inpatient and outpatient services rendered under MAP and MIP administered by GovGuam's Department of Public Health and Social Services. GMHA is reimbursed on the basis of interim rates with the final settlement determined after submission of annual cost reports prepared in accordance with reimbursement agreements. Laws and regulations governing MAP and MIP are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. At September 30, 2006, GovGuam has recorded estimated amounts payable to GMHA of \$13,223,789 and \$11,149,736, respectively, under MAP and MIP.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (4) Commitments and Contingencies, Continued

### H. Medicare

GovGuam did not withhold or remit funds to the U.S. Social Security System for the health insurance component. GovGuam has since reevaluated this position and has commenced withholding such amount from its employees beginning in October 1998. If GovGuam is found to be liable for prior year nonpayment an indeterminate liability could result. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

### I. Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2006. Specifically, during the year ended September 30, 2006, GovGuam entered into various construction contracts as follows:

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

Capital-related expenditures of \$11,486,917 were incurred under these contracts during the year ended September 30, 2006.

### J. Tax Drawback

On September 20, 2004, a settlement was entered into in favor of a plaintiff for \$6,583,382, which resulted in a gain of \$5,893,926. GovGuam faced potential interest charges on the tax drawbacks of approximately \$1.7 million, which was not required to be paid. The settlement calls for the settlement balance to be offset against future liquid fuel taxes to be paid over thirty-six months, in monthly amounts of \$182,872, commencing in September 2004. As of September 30, 2006, the tax refund amounted to \$2,605,646, of which \$594,057 represents claims in litigation, for which the outcome is currently undeterminable, and \$2,011,589 relating to the abovementioned settlement, which has been reflected as deferred revenue within the accompanying financial statements.

### K. Cost of Living Allowance (COLA) Judgment

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. GovGuam management has elected to record this liability as of September 30, 2006 within the accompanying financial statements.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(4) Commitments and Contingencies, Continued

L. Municipal School Lease Agreement

On May 25, 2005, GovGuam entered into a financing lease agreement with a third party for the design, construction and maintenance of new schools on Guam, with lease payments funded by a pledge of U.S. Compact Impact Fund revenues. The lease agreement is effective October 1, 2006; however, certain payments were due and payable on September 1, 2005 and December 1, 2005 of \$6,100,000 and \$6,100,000, respectively, during the construction period. As of September 30, 2006, construction of these new schools has yet to commence. Accordingly, these payments have not been made to initially fund the project but are expected to occur in fiscal year 2007. The lease agreement contains an automatic renewal clause, which provides for consecutive one-year terms, in order to create a lease term through September 30, 2024. GovGuam management is of the opinion that this agreement represents a capital lease and will accordingly account for the agreement in that manner when construction commences.

At September 30, 2006, future minimum lease payments for the aforementioned lease are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 18,300,000
2008	6,100,000
2009	6,100,000
2010	6,100,000
2011	6,100,000
2012 - 2016	30,500,000
2017 - 2021	30,500,000
2022 - 2024	<u>18,300,000</u>
	\$ <u>122,000,000</u>

M. Ordot Dump

On February 11, 2004, the U.S. Environmental Protection Agency and the U.S. Department of Justice filed a Consent Decree in the United States District Court of Guam. The consent decree includes deadlines for the opening of a new landfill and implementing an Ordot Dump closure plan. Within a period of forty-five months, GovGuam is required to complete an environmental impact statement analyzing at least three potential new landfill locations; complete design, permitting, and construction for the selected landfill location; begin operations at the new landfill; and properly and permanently close the Ordot Dump. In the event that GovGuam fails to meet any of the stipulated deadlines under the consent decree, GovGuam will be liable for civil penalties. Although closure and post closure care costs will be paid only near or after the date that Ordot Dump stops accepting waste, GovGuam's governmental activities reports a portion of these closure and post closure care costs as an expense in each period based on landfill capacity used as of each balance sheet date. The \$22,398,925 reported as landfill closure and post closure care liability at September 30, 2006 within the accompanying financial statements, represents the cumulative amount reported based on 100 percent capacity. This amount is based on what it would cost to perform all closure and post closure care in 2006. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (4) Commitments and Contingencies, Continued

### N. General Fund Financial Position

GovGuam's General Fund has sustained recurring operating deficits and has an unreserved fund deficit of \$539,119,524 at September 30, 2006. In addition, at September 30, 2006, the primary government's current liabilities exceed current assets by \$451,185,150, and total liabilities exceed total assets by \$156,858,645. As a result of this condition, Standard & Poor's Ratings Services placed GovGuam's General Obligation debt on CreditWatch with negative implications. Refer to note 7 for additional discussion.

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

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

In addition to the formal deficit reduction plan, the following measures were approved through Public Law 29-02 as part of the revisions to the fiscal year 2007 budget:

- Tax amnesty, which is expected to generate additional tax revenues for fiscal year 2007;
- Amendments to the Dave Santos Small Business Enhancement Act, which is expected to generate an additional \$2.3 million in Gross Receipts Taxes for fiscal year 2007;
- New and increased licenses and fees, which are expected to generate an additional \$6.8 million in other revenues for fiscal year 2007;
- Six percent budget cut for every GovGuam agency with the exception of the Guam Police Department, the Guam Memorial Hospital Authority, the Office of the Attorney General, the Mayor's Council, the Guam Public School System, and the Judicial Branch, which is expected to generate cost savings of \$18.1 million for fiscal year 2007.

Furthermore, GovGuam has issued furlough notices to certain employees whereby work hours are to be reduced by as much as 12.5% in conjunction with a 12.5% reduction in pay for certain unclassified positions. This measure is expected to generate cost savings of \$11 million for fiscal year 2007.

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

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(5) Unfunded Retirement Fund Contributions

As of the fiscal year ended September 30, 1994, the GovGuam Retirement Plan was a defined benefit, single-employer contributory pension plan created and administered by GovGuam. Membership in the Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. The Plan is administered by the GovGuam Retirement Fund to which all funds and agencies, including component units, as well as employees who are members of the Plan, contribute a fixed percentage of the payroll. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

On September 30, 1995, the DCRS Plan, a defined contribution retirement plan, was created. All employees hired after September 30, 1995 are participants in the DCRS plan. The GovGuam Retirement Fund Defined Benefit (DB) Plan will become a closed group.

As a result of actuarial valuations performed as of September 30, 2004, 2003, and 2002, contribution rates for the years ended September 30, 2006, 2005 and 2004, respectively, have been determined as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Normal costs (% of DB Plan payroll)	17.83%	18.30%	17.66%
Unfunded liability costs (% of total payroll)	<u>21.36%</u>	<u>19.93%</u>	<u>16.23%</u>
	39.19%	38.23%	33.89%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Government contribution as a % of DB Plan payroll	<u>29.69%</u>	<u>28.73%</u>	<u>24.39%</u>
Government contribution as a % of total payroll	<u>26.00%</u>	<u>24.89%</u>	<u>20.81%</u>

Statutory contribution rates for employer and employee contributions were 21.81% and 20.81% of qualifying payroll for the years ended September 30, 2006 and 2005, respectively. The statutory employee contribution rate for the DB Plan was 9.50% of qualifying payroll for both years.

The Plan utilizes the actuarial cost method termed "entry age normal." Significant actuarial assumptions are as follows:

	<u>2004</u> <u>Actuarial Valuation</u>	<u>2003</u> <u>Actuarial Valuation</u>
Interest rate and rate of return	7.0%	7.0%
Payroll growth	3.5%	3.5%
Salary increases	4.0% - 8.5%	4.0% - 8.5%



**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(5) Unfunded Retirement Fund Contributions, Continued

The actuarial valuations performed as of September 30, 2004, 2003, and 2002, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation were performed for GovGuam, as a separate sponsor, the accrued unfunded liability for September 30, 2006, may be materially different than that recorded in the accompanying financial statements.

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

Statutory employer contributions into the DCRS plan for the year ended September 30, 2006, are determined using the same rate as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

GovGuam has adopted the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*. As the result of Public Law 21-03, the unfunded pension liability for the University of Guam and the Guam Community College is included within the governmental activities in the accompanying statement of net assets, which amounts to \$6,540,519 and \$5,380,251, respectively, as of September 30, 2006.

(6) Privatization and Sale of the Guam Telephone Authority

On August 31, 2004, the Guam Telephone Authority (GTA) entered into an Asset Purchase Agreement (APA) with TeleGuam for the privatization of GTA. Based on the terms of the APA, certain assets and liabilities of GTA, as of the closing date of December 31, 2004, were transferred to TeleGuam effective January 1, 2005 for a total purchase price of \$150,000,000. The purchase price consisted of a \$10,000,000 promissory note and \$140,000,000 cash purchase price, which was subject to adjustment pending completion of the purchase price adjustment procedure as described in Section 2.5 of the APA.

In accordance with the APA, certain assets and liabilities were retained by GovGuam, including Rural Telephone Bank (RTB) stock in the amount of \$933,800.

On August 4, 2005, the Board of Directors of RTB authorized the liquidation and dissolution of the bank. As part of the plan of liquidation, RTB was required to redeem all of its outstanding Class B and Class C stock. On January 25, 2006, GovGuam approved the Stock Redemption Agreement dated November 10, 2005.

The value of the redeemed RTB stock is as follows:

14,382,068 shares of Class B stock at \$1 par price per share	\$ 14,382,068
331 shares of Class C stock at \$1,000 par price per share	<u>331,000</u>
	\$ <u>14,713,068</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

(6) Privatization and Sale of the Guam Telephone Authority, Continued

The proceeds from the redemption, totaling \$14,713,068, were deposited to the Interim Transition Coordinating Committee Fund on April 11, 2006. This has been recorded within the accompanying financial statements as a special item, net of the carrying value of the RTB stock of \$933,800.

(7) Subsequent Events

On March 9, 2007, Standard & Poor's Ratings Services placed its "B" rating on GovGuam's General Obligation debt on CreditWatch with negative implications. The action is based on GovGuam's disclosure of the need to borrow up to \$6 million from local banks to meet its current payroll obligation for public school system employees. The CreditWatch placement indicated that the liquidity crisis is directly attributed to GovGuam's long-term structural financial imbalance, with recurring deficits, a large and growing negative General Fund balance, and significant long-term liabilities. The CreditWatch placement also reflected the possibility that these challenges will further diminish GovGuam's ability to meet operational responsibilities while addressing long-term requirements.

On June 20, 2007, Standard & Poor's Ratings Services affirmed its "B" rating on GovGuam's General Obligation debt and removed it from CreditWatch with negative implications.

(8) Discretely Presented Component Unit Disclosures

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

Guam International Airport Authority (GIAA):

The bond indenture agreement for GIAA's 2003 series revenue bond requires the establishment of special funds and accounts to be held and administered by GIAA's trustees. At September 30, 2006, restricted cash and cash equivalents held by the trustees, in trust for GIAA, in these funds and accounts are as follows:

Cash with trustee	\$ 4,718
Cost of Issuance Fund	<u>212,196</u>
	\$ <u>216,914</u>

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 1993 and 1999 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2006, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 16,672,617
Interest and Principal Funds	17,941,919
Bond Funds	5,134,096
Bond Reserve Funds	<u>3,252</u>
	\$ <u>39,751,884</u>

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (8) Discretely Presented Component Unit Disclosures, Continued

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

Guam Waterworks Authority (GWA):

Public Law 19-47 authorized GWA to establish a water and sewer development charge schedule, which assesses a charge on each user who connects for the first time from any property onto the island's water or wastewater system, or to each builder if the density of development connected to the system is increased. These funds shall be expended only for expanding, upgrading or repairing water and wastewater systems on Guam. At September 30, 2006, restricted cash and cash equivalents held for this purpose amounted to \$167,440.

Furthermore, GWA maintained restricted cash and cash equivalents for bond indenture related accounts. At September 30, 2006, these consisted of the following:

Construction Fund	\$ 67,896,170
Operations, Maintenance, Renewal and Replacement Fund	2,778,074
TCD	974,332
Rate Stabilization Fund	902,246
Navy Surcharge Fund	188,280
PUC Surcharge Fund	56,120
Cost of Issuance Fund	35,640
Meter Reserve Fund	<u>6,877</u>
	<u>\$ 72,837,739</u>

University of Guam (UOG):

At September 30, 2006, UOG maintained restricted cash and cash equivalents for debt service related accounts in the amount of \$1,860,769. In addition, pursuant to Public Law 25-187, UOG is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by UOG to be expended exclusively for enhancement of learning resources and technology. At September 30, 2006, restricted cash and cash equivalents held for this purpose amounted to \$1,934,492.

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2006, restricted cash and cash equivalents held for this purpose amounted to \$269,354.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

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

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents and time certificate of deposit balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2006, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Low Income Housing Fund	\$ 137,298
Housing Assistance Payments Fund	538,008
Guam Elderly Housing Project Fund	203,330
Other	<u>98,676</u>
	\$ <u>977,312</u>

Guam Housing Corporation (GHC):

The bond indenture agreement for GHC's mortgage revenue bonds requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of monies. At September 30, 2006, restricted cash and cash equivalents held in trust under the bond indenture amounted to \$9,269,701.

Furthermore, GHC self-insures for all risks relating to Lada Gardens and Guma As-Atdas. A separate cash account was established to fund any damages that may arise in the future. At September 30, 2006, restricted cash set aside to fund these damages amounted to \$906,118.

Guam Economic Development and Commerce Authority (GEDCA):

The bond indenture for GEDCA requires the establishment of special debt service funds and accounts to be held and administered by GEDCA's trustees for the accounting of the monies. At September 30, 2006, restricted short-term money market fund investments held for this purpose amounted to \$1,792,255.

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, 2006, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Tourist Attraction Fund Projects	\$ <u>254,599</u>
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B. Deposits and Investments

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

Category 1 Investments that are insured or registered, or securities held by the component units' or its agent in the component units' name;

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the component units' name; or

Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in component units' name.

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

Guam International Airport Authority (GIAA):

GIAA maintains cash deposits in banks, which at times may exceed federal depository insurance limits. At September 30, 2006, \$200,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized. Additionally, GIAA maintains short-term investments in the amount of \$216,914 held and administered by GIAA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GIAA's trustees in GIAA's name in accordance with various trust agreements and bond indentures.

As of September 30, 2006, GIAA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$38,608,674	\$ 796,053	\$ -	\$ -	\$39,404,727
U.S. government agencies:						
Federal Home Loan Bank	Aaa	939,849	1,726,259	-	-	2,666,108
Federal Farm Credit Bank	Aaa	537,455	-	-	-	537,455
Federal Home Loan Mortgage Corporation	Aaa	665,300	-	-	-	665,300
Federal National Mortgage Association	Aaa	-	699,125	-	-	699,125
Corporate notes:						
CDC Funding Corporation	Aaa	-	-	-	18,045,950	18,045,950
Other	Aaa	-	55,480	-	-	55,480
Other	Aa1	-	127,985	-	-	127,985
Other	Aa3	-	298,486	-	-	298,486
Other	A1	194,700	-	-	-	194,700
Other	A2	50,030	295,660	-	-	345,690
Other	A3	-	117,778	-	-	117,778
Other	Baa1	124,282	-	-	-	124,282
		<u>\$41,120,290</u>	<u>\$ 4,116,826</u>	<u>\$ -</u>	<u>\$18,045,950</u>	<u>\$63,283,066</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam International Airport Authority (GIAA), Continued:

At September 30, 2006, GIAA'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 GIAA's name by GIAA's custodial financial institutions at September 30, 2006.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2006, the carrying amount of GMHA's total cash and cash equivalents was \$498,202 and the corresponding bank balances were \$1,179,299, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2006, bank deposits in the amount of \$182,562 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, 2006, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was \$58,972,234 and the corresponding bank balances were \$59,077,822. Of the bank balance amount, \$3,789,575 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, 2006, bank deposits in the amount of \$503,774 were FDIC insured. GPA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indentures for GPA require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the monies. At September 30, 2006, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:

Bond Reserve Funds

\$ 27,485,000

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

**B. Deposits and Investments, Continued**

**Guam Power Authority (GPA), Continued:**

As of September 30, 2006, GPA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
Commercial paper:						
Crown Point Capital Corporation	Aaa	\$ 13,742,000	\$ -	\$ -	\$ -	\$ 13,742,000
Crimson Corporation	Ba1	13,743,000	-	-	-	13,743,000
		<u>\$ 27,485,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,485,000</u>

**Guam Waterworks Authority (GWA):**

As of September 30, 2006, the carrying amount of GWA's total cash and cash equivalents was \$73,924,667 and the corresponding bank balances were \$75,202,871. Of the bank balance amount, \$2,197,692 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GWA's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GWA's trustees in GWA's name in accordance with various trust agreements and bond indentures. As of September 30, 2006, bank deposits in the amount of \$437,590 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indentures for GWA require the establishment of special funds and accounts to be held and administered by GWA's trustees for the accounting of the monies. At September 30, 2006, investments held by the trustees, in trust for GWA, in these funds and accounts are as follows:

**Restricted:**

Bond Reserve Funds	\$ 7,768,966
Debt Service Funds	<u>956</u>
	<u>\$ 7,769,922</u>

As of September 30, 2006, GWA's investments in debt securities were as follows:

	Moody's Credit Rating	Less Than 1	Investment Maturities (In Years)			Total
			1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 2,532,166	\$ 5,061,552	\$ -	\$ -	\$ 7,593,718
Commercial paper:						
First America	Aaa	176,204	-	-	-	176,204
		<u>\$ 2,708,370</u>	<u>\$ 5,061,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,769,922</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Port Authority of Guam (PAG):

As of September 30, 2006, the carrying amount of PAG's total cash and cash equivalents and time certificates of deposit were \$17,289,151 and the corresponding bank balances were \$17,851,947, all of which were maintained in financial institutions subject to FDIC insurance. As of September 30, 2006, 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, 2006, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was \$8,507,776 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$10,086,503. Of the bank balance amount, \$6,291,242 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 consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Unrestricted:	
Money market funds	\$ 304,921
Fixed income securities	1,455,088
Domestic equities	<u>4,481,428</u>
	<u>6,241,437</u>
Restricted for endowments:	
Money market funds	239,165
Fixed income securities	1,963,047
Domestic equities	<u>6,045,885</u>
	<u>8,248,097</u>
	\$ <u>14,489,534</u>



**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

**B. Deposits and Investments, Continued**

University of Guam (UOG), Continued:

As of September 30, 2006, 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	\$ 525,243	\$ 391,913	\$ 195,201	\$ 314,286	\$ 1,426,643
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	-	219,973	71,110	289,610	580,693
Federal National Mortgage Association	-	9,684	418,840	-	428,524
Mortgage and asset-backed	22,194	37,277	-	725,413	784,884
Corporate notes and bonds	-	63,516	58,457	40,269	162,242
	<u>\$ 547,437</u>	<u>\$ 722,363</u>	<u>\$ 743,608</u>	<u>\$ 1,369,578</u>	<u>\$ 3,382,986</u>

UOG's exposure to credit risk at September 30, 2006, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
AAA/AAA	\$ 3,171,027	\$ 3,171,027	\$ -
AAA	49,717	49,717	-
AA3/AA-	52,693	52,693	-
AA3/A+	51,092	51,092	-
AA2/A+	<u>58,457</u>	<u>58,457</u>	<u>-</u>
Total credit risk debt securities	\$ <u>3,382,986</u>	\$ <u>3,382,986</u>	\$ <u>-</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	\$ 1,182,368
U.S. Government notes and bonds	1,327,625
Domestic equities	<u>4,339,470</u>
	<u>\$ 6,849,463</u>

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Community College (GCC):

As of September 30, 2006, the carrying amount of GCC's cash and cash equivalents was \$2,384,186 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was \$3,925,561. Of the bank balance amount, \$3,625,561 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2006, bank deposits in the amount of \$300,000 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2006, GCC had one fixed income corporate note in the amount of \$1,740,000, which matures on May 15, 2041, and is rated Baa3 by Moody's Investor Services.

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

Restricted for endowments:	
Money market funds	\$ 471,251
U.S. Government notes and bonds	1,468,182
Common stocks	<u>6,002,614</u>
	\$ <u>7,942,047</u>

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2006, the carrying amount of GHURA's total cash and cash equivalents and time certificates of deposit were \$16,007,602, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2006, bank deposits in the amount of \$100,000 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are exposed to custodial credit risk.

Guam Preservation Trust (GPT):

As of September 30, 2006, the carrying amount of GPT's total cash and cash equivalents was \$1,848,829, of which \$20,637 is maintained in a financial institution subject to FDIC insurance. As of September 30, 2006, bank deposits in the amount of \$20,637 were FDIC insured with the remaining amounts subject to collateralization. Accordingly, these deposits are exposed to custodial credit risk.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC):

As of September 30, 2006, the carrying amount of GHC's total cash and cash equivalents was \$12,953,625 and the corresponding bank balances were \$13,446,962. Of the bank balance amount, \$7,273,007 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GHC's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GHC's trustees in GHC's name in accordance with various trust agreements and bond indentures. As of September 30, 2006, bank deposits in the approximate amount of \$100,000 were FDIC insured. GHC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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, 2006, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:

Foreclosure Protection Fund	\$ 375,921
Program Fund	-
Escrow Fund	16,630
Capitalized Interest Fund	239
Revenue Fund	<u>5,349,670</u>
	<u>\$ 5,742,460</u>

As of September 30, 2006, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	<u>Investment Maturities (In Years)</u>				Total
		Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury obligations	Aaa	\$ 1,000,419	\$ -	\$ -	\$ -	\$ 1,000,419
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	-	-	-	4,742,041	4,742,041
		<u>\$ 1,000,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,742,041</u>	<u>\$ 5,742,460</u>

Chamorro Land Trust Commission (CLTC):

As of September 30, 2006, the carrying amount of CLTC's total cash and cash equivalents was \$859,661, which approximated bank balances that were maintained in financial institutions subject to FDIC insurance. As of September 30, 2006, bank deposits in the amount of \$100,000 were FDIC insured. CLTC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (8) Discretely Presented Component Unit Disclosures, Continued

### B. Deposits and Investments, Continued

Guam Economic Development and Commerce Authority (GEDCA):

At September 30, 2006, the carrying amount of GEDCA's cash and cash equivalents was \$1,895,805 and the corresponding bank balance was \$2,055,280. Of the bank balance amount, \$263,025 is maintained in financial institutions subject to FDIC insurance. The remaining amount of \$1,792,255 represents short-term investments held and administered by GEDCA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDCA's name by GEDCA's custodial financial institution at September 30, 2006. As of September 30, 2006, bank deposits in the amount of \$176,274 were FDIC insured. GEDCA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2006, GEDCA's investments are as follows:

	<u>Amount</u>	<u>Maturity</u>
Shares in mutual funds - unrestricted	\$ 2,442,076	N/A
FHLMC discount note - restricted	<u>2,440,226</u>	November 7, 2006
	<u>\$ 4,882,302</u>	

GEDCA's investment in FHLMC discount note is held and registered in the name of U.S. Bank as Co-Trustee for the 2001 Series A and B Tobacco Settlement Bond.

Guam Visitors Bureau (GVB):

At September 30, 2006, the carrying amount of GVB's cash and cash equivalents was \$3,398,450 and the corresponding bank balance was \$3,884,805. Of the bank balance amount, \$3,302,460 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2006, bank deposits in the amount of \$160,888 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2006, GETC held three time certificates of deposit with interest rates from 1.65% to 3.9%. GETC also maintains cash balances at several financial institutions located in Guam, which are subject to FDIC insurance. At September 30, 2006, GETC bank deposits in the amount of \$1,290,610 exceeded FDIC insurance coverage. GETC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (8) Discretely Presented Component Unit Disclosures, Continued

### C. Long-Term Obligations

As of September 30, 2006, the discretely presented component units had the following long-term debt outstanding:

Guam International Airport Authority (GIAA):

General Revenue Bonds, Series 2003 (original issue of \$216,250,000), varying interest rates at 1.45% - 5.375% per annum, payable semiannually in October and April, principal payments due in varying annual installments, commencing in October 2004 of \$5,600,000 and increasing to \$17,175,000 in October 2023.	\$ 203,965,000
Less current installments	<u>(7,640,000)</u>
	196,325,000
Add net unamortized premium on bonds	7,500,195
Less deferred difference on refunding of 1993 bonds	<u>(6,040,119)</u>
	\$ <u>197,785,076</u>

Indentures to the GIAA 2003 Series A Bond:

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

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

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

Guam Power Authority (GPA):

General Revenue Bonds, Series 1999 (original issue of \$349,178,601), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$2,950,000 in October 2000, and increasing to \$26,110,000 in October 2034. The bonds have been issued to finance new projects as specified in the bond indenture and to retire certain outstanding bonds and the commercial paper issued for the purpose of financing certain commercial paper projects.	\$ 329,563,601
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**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Power Authority (GPA), Continued:

General Revenue Bonds, Series 1993 (original issue of \$100,000,000), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,725,000 in October 1996, and increasing to \$6,535,000 in October 2023. The bonds have been issued to finance acquisitions of additional generating capacity, to construct additional transmission facilities, and to upgrade and refurbish existing equipment.	78,825,000
Taxable commercial paper issued November 1, 2004, interest at 5.28%, collateralized by a pledge of revenues subordinate to bondholders under GPA's bond issue.	<u>20,000,000</u>
	428,388,601
Less current installments	<u>(26,480,000)</u>
	401,908,601
Less discount on bonds	(5,521,271)
Less deferred loss on defeasance	<u>(15,979,364)</u>
	<u>\$ 380,407,966</u>

Indentures to the GPA 1993 and 1999 Series Bonds:

All gross revenues of GPA have been pledged to repay the 1993 and 1999 series bond principal and interest. Discounts associated with 1993 and 1999 bond series are being amortized using the effective interest method over the lives of the bonds. On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the US Bank Trust National Association and Bank of America. In connection with the agreement, GPA received cash totaling \$13.5 million in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

Based on the terms of the agreement, gross proceeds totaled \$17,521,029 while GPA incurred termination fees and closing costs totaling \$3,530,000 and \$1,250,529, respectively. The \$13.5 million in net proceeds received included \$759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs will be deferred and amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

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

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Waterworks Authority (GWA):

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

Note payable to the U.S. Navy, with interest at 1.25% per annum, payable in monthly installments of \$45,833, including interest, through March 2009, \$132,545 through March 2011, and \$264,853 through June 2012, collateralized by real property of GWA. 7,559,502

Less current installments 108,734,502  
(2,631,707)

\$ 106,102,795

Indentures to the GWA 2005 Series Bond:

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

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

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

University of Guam (UOG):

Promissory note payable to the U.S. Department of Agriculture in the amount of \$13,500,000, interest at 4.5% per annum, principal and interest payable commencing July 2006 in monthly installments of \$62,505. The note is collateralized by real property. \$ 10,788,028

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

University of Guam (UOG), Continued:

University of Guam Dormitory and Student Union Revenue Bonds of 1968, with interest at 6% per annum, payable semiannually in October and April, principal fund payments due in varying annual installments of \$30,000 to \$90,000 through October 2008.

175,000

Less current installments

10,963,028  
(211,470)

\$ 10,751,558

Indentures to the UOG 1968 Series Bond:

Principal and interest are payable from, and are categorized by, a first charge and lien on the net revenues derived by the University Dormitory Revenue Fund, as defined in the bond resolution. The bonds are not an obligation of GovGuam, but are solely that of the University Dormitory Revenue Fund. As a requirement of the bond resolution, the University Dormitory Revenue Fund is to transfer semi-annually on March 15, and September 15, to the University Dormitory Interest and Redemption Fund, a sum equal to sixty-two and one-half percent of the aggregate amount of principal and interest becoming due on the bonds during the next succeeding twelve months until such time as the funds in the Interest Redemption Fund are sufficient to pay the interest and one-half of the principal next coming due, and to provide a reserve in an amount equal to the average annual debt service which approximates \$92,770. The bond resolution also requires that when the annual debt service reserve has been satisfied, the Fund is to deposit into an account, to the extent available, up to \$14,000 per year to the credit of the repair and replacement reserve account.

Guam Community College (GCC):

Due to U.S. Department of Education, with interest at 5.5% per annum, payable in semi-annual installments of \$102,660, including interest, through September 2032, collateralized by revenues and non-appropriated funds of GCC.

\$ 2,194,680

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

372,340

Less current installments

2,567,020  
(103,556)

\$ 2,463,464



**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of \$10,540, including interest, through April 2030, collateralized by restricted cash balances. \$ 1,552,356

Guam Housing Corporation (GHC):

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

Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in 2014, collateralized by proceeds received from mortgage loans made by GHC. 7,791,763

Less current installments 13,211,763  
(878,422)

\$ 12,333,341

Indentures to the GHC Series 1998 Bond:

The bonds are limited obligations of GHC payable from the revenues and other assets pledged for the payment thereof and are not a lien or charge upon the funds of GHC, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bonds do not constitute indebtedness or a loan of credit of GovGuam or the United States of America, within the meaning of the Organic Act of Guam or statutory provisions. Neither the faith and credit nor the taxing power of GovGuam is pledged to the payment of the principal or interest on the bonds. GHC has no taxing authority. The bonds are not a debt, liability or obligation of GovGuam and GovGuam is not liable for the payment thereof.

The bonds maturing in September 2031 are not subject to optional redemption prior to maturity. The bonds maturing after September 2008 but before September 2021 are subject to redemption on any date on or after September 2008, at the option of GHC, in whole, or in part from such maturities as are determined by GHC, from any source of available monies, at the redemption prices set forth in the Indenture. The bonds maturing in September 2018, September 2021, and in September 2031 are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest thereon to the date fixed for redemption, from sinking fund installments which are required to be made in amounts sufficient to redeem on dates set forth in the Indenture.

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Housing Corporation (GHC), Continued:

Indentures to the GHC Series 1998 Bond, Continued:

GHC had expended bond proceeds and originated loans totaling \$6,249,012 as of September 30, 2006, for which the Trustee had fully disbursed such moneys from the Program Fund for the acquisition of Mortgage-Backed Securities.

The bond indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of GHC is of the opinion that GHC was in compliance with all significant covenants except for the full non-origination of the entire \$50,000,000 mortgage revenue bond as of September 30, 2006.

Guam Economic Development and Commerce Authority:

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

\$ 10,920,000

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

14,990,000

Less current maturities

25,910,000  
(570,000)

Less discount on bonds

25,340,000  
(957,897)

\$ 24,382,103

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

## (8) Discretely Presented Component Unit Disclosures, Continued

### D. Commitments and Contingencies

#### Leases

##### 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 retroactively implemented the accounting guidance of EITF No. 01-8, effective October 1, 2001. EITF No. 01-8 provides guidance in determining when purchase agreements may be subject to lease accounting. In applying EITF No. 01-8, GPA 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 operations and maintenance payments under the agreements continue to be reflected as operation and maintenance expenses.

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

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 23,084,304
2008	23,084,304
2009	23,084,304
2010	23,084,304
2011	23,084,304
2012 - 2016	115,421,520
2017 - 2019	<u>48,046,221</u>
	278,889,261
Less amounts representing interest	<u>(134,724,030)</u>
	144,165,231
Less current portion	<u>(5,589,841)</u>
	\$ <u>138,575,390</u>

On December 31, 2002, GPA entered into a lease agreement for its office building for an initial term of two years with a monthly rental of \$25,000, which has been extended for three additional one-year terms.

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

**GOVERNMENT OF GUAM**

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

D. Commitments and Contingencies, Continued

Leases, Continued

Guam Power Authority (GPA), Continued:

At September 30, 2006, future minimum lease payments for the aforementioned leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 1,757,683
2008	1,532,683
2009	137,260
2010	134,945
2011	<u>118,376</u>
	<u>\$ 3,680,497</u>

University of Guam (UOG):

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

<u>Year Ending</u> <u>September 30,</u>	
2007	\$ 173,530
2008	<u>130,151</u>
	303,681
Less amounts representing interest	<u>(17,190)</u>
	286,491
Less current portion	<u>(173,530)</u>
	<u>\$ 112,961</u>

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

# GOVERNMENT OF GUAM

Notes to Financial Statements  
September 30, 2006

(8) Discretely Presented Component Unit Disclosures, Continued

D. Commitments and Contingencies, Continued

Environmental Monitoring

In September 2000, the Navy transferred 1,417 acres of property to GIAA and GovGuam at no cost. In November 2000, the Navy paid GIAA \$10 million. In exchange for the payment, GIAA and GovGuam agreed to complete certain environmental monitoring work on the property even if the cost of the environmental monitoring work exceeds the \$10 million remitted by the Navy. Under this cooperative agreement, the United States Navy may terminate or suspend the agreement if GIAA and GovGuam fail to complete such monitoring work. The future cost of the environmental monitoring work is presently not determinable. Accordingly, no loss, if any, that may result from the matter, has been recorded in the accompanying financial statements for this transaction.

Construction Contracts

GIAA has commitments of \$9,274,000 under several construction contracts as of September 30, 2006.

GWA has commitments of \$7,047,685 under several capital projects as of September 30, 2006.

**GOVERNMENT OF GUAM**

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**YEAR ENDED SEPTEMBER 30, 2006**

# GOVERNMENT OF GUAM

## Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual General Fund Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget -
	Original	Final	(See Note 1)	Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Income	\$ 210,184,739	\$ 210,184,739	\$ 197,479,113	\$ (12,705,626)
Gross receipts	168,114,291	168,114,291	155,386,098	(12,728,193)
Other	2,170,590	2,170,590	2,796,984	626,394
Federal contributions	51,055,201	51,055,201	59,038,070	7,982,869
Guam Public School System	-	6,495,936	9,253,984	2,758,048
Contributions from component units	2,027,302	2,027,302	1,858,360	(168,942)
Other	3,568,077	3,568,077	6,712,872	3,144,795
Total revenues	<u>437,120,200</u>	<u>443,616,136</u>	<u>432,525,481</u>	<u>(11,090,655)</u>
<b>Expenditures by Department:</b>				
Executive Branch:				
Office of I Maga'lahaen Guahan	5,259,744	7,685,373	7,342,169	343,204
Office of I Segundu Na Maga'lahaen Guahan	1,501,244	1,799,643	1,641,126	158,517
Bureau of Budget and Management Research	928,160	1,350,084	1,349,730	354
Civil Service Commission	660,005	754,945	743,029	11,916
Department of Administration	10,447,470	11,469,326	10,922,181	547,145
Guam Election Commission	763,107	726,993	557,505	169,488
Department of Revenue and Taxation	9,249,476	9,798,896	9,789,879	9,017
Bureau of Statistics and Plans	816,807	1,178,458	1,087,945	90,513
Department of Public Works	8,873,094	14,202,342	13,947,702	254,640
Office of the Attorney General	4,714,826	5,228,626	5,064,859	163,767
Guam Police Department	21,914,657	22,356,330	21,159,784	1,196,546
Department of Corrections	13,512,064	16,699,750	16,682,619	17,131
Department of Agriculture	2,083,459	2,513,917	2,448,399	65,518
Department of Public Health and Social Services	8,607,046	8,555,350	8,284,550	270,800
Department of Education	161,402,648	169,226,045	175,682,355	(6,456,310)
Department of Youth Affairs	3,160,643	3,160,643	3,156,666	3,977
Department of Mental Health and Substance Abuse	5,360,995	4,657,423	4,642,007	15,416
Department of Labor	1,249,444	1,486,900	1,485,829	1,071
Department of Parks and Recreations	2,919,715	3,921,115	3,755,338	165,777
Department of Integrated Services for Individuals with Disabilities	2,554,642	2,931,174	2,616,543	314,631
Mayors' Council of Guam	6,942,243	6,896,321	6,825,500	70,821
Department of Land Management	1,670,110	1,988,805	1,798,934	189,871
Chief Medical Examiner	415,482	364,743	363,913	830
Department of Chamorro Affairs	519,125	786,784	689,955	96,829
Department of Military Affairs	1,075,390	933,956	362,177	571,779
Guam Fire Department	19,924,124	22,634,932	22,414,397	220,535
Payments to Component Units	47,667,399	48,466,451	36,483,823	11,982,628
GovGuam Retirement Fund appropriations	2,190,024	2,190,024	2,190,024	-
Miscellaneous appropriations	5,991,380	6,138,655	5,773,185	365,470
Interest and other charges	-	-	7,519,313	(7,519,313)
Total expenditures	<u>352,374,523</u>	<u>380,104,004</u>	<u>376,781,436</u>	<u>3,322,568</u>
Excess of revenues over expenditures	<u>84,745,677</u>	<u>63,512,132</u>	<u>55,744,045</u>	<u>(7,768,087)</u>
<b>Other financing sources (uses):</b>				
Transfers in from other funds	-	-	40,472,468	40,472,468
Transfers out to other funds	(97,855,530)	(123,743,002)	(131,014,186)	(7,271,184)
Total other financing sources (uses), net	<u>(97,855,530)</u>	<u>(123,743,002)</u>	<u>(90,541,718)</u>	<u>33,201,284</u>
<b>Special items:</b>				
Retiree cost of living allowance judgment	-	-	(123,580,231)	(123,580,231)
Earned Income Tax Credit judgment	-	-	(30,000,000)	(30,000,000)
	-	-	(153,580,231)	(153,580,231)
<b>Other changes to unreserved fund deficit:</b>				
Decrease in continuing appropriations	-	-	5,244,741	5,244,741
Decrease in reserve for related assets	-	-	14,371,831	14,371,831
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	11,024,891	11,024,891
	-	-	30,641,463	30,641,463
Net change in unreserved fund deficit	(13,109,853)	(60,230,870)	(157,736,441)	(97,505,571)
Unreserved fund deficit at beginning of year	(381,383,083)	(381,383,083)	(381,383,083)	-
Unreserved fund deficit at end of year	<u>\$ (394,492,936)</u>	<u>\$ (441,613,953)</u>	<u>\$ (539,119,524)</u>	<u>\$ (97,505,571)</u>

See accompanying notes to required supplementary information - budgetary reporting.

## GOVERNMENT OF GUAM

### Note to Required Supplementary Information – Budgetary Reporting September 30, 2006

#### Budgetary Process

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

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

The Budget Act for fiscal year 2006, Public Law 28-68 was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds.

GovGuam's annual budget has been prepared on a basis, which 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.

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

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**OTHER SUPPLEMENTARY  
INFORMATION**

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**YEAR ENDED SEPTEMBER 30, 2006**

**GOVERNMENT OF GUAM**

All Governmental Funds  
Combining Schedule of Expenditures By Object  
Year Ended September 30, 2006

	<u>Special Revenue</u>			<u>Total</u>
	<u>General</u>	<u>Federal Grants</u>	<u>Other Governmental Funds</u>	
Expenditures by Object:				
Salaries and wages:				
Regular	\$ 187,171,136	\$ 25,332,374	\$ 67,065,419	\$ 279,568,929
Overtime	8,040,820	173,130	1,445,279	9,659,229
Fringe benefits	51,223,327	6,958,657	17,273,497	75,455,481
Travel	602,558	2,097,489	2,264,831	4,964,878
Contractual services	27,405,542	30,723,537	21,592,077	79,721,156
Building rent	2,498,243	1,217,385	2,983,241	6,698,869
Supplies	10,354,225	1,735,648	6,396,119	18,485,992
Equipment	1,160,359	1,563,934	3,252,549	5,976,842
Utilities - power and water	15,335,366	979,611	6,907,209	23,222,186
Communications	1,963,953	345,457	880,687	3,190,097
Capital outlays	2,078,134	9,185,968	15,196,092	26,460,194
Grants and subsidies	38,624,577	13,065,649	30,301,509	81,991,735
Supplemental annuity benefits	-	-	21,597,785	21,597,785
Medical care	-	-	11,929,547	11,929,547
Principal retirement	-	-	29,238,700	29,238,700
Interest and fiscal charges	7,241,127	-	14,670,110	21,911,237
Miscellaneous	10,301,157	46,641,507	5,520,360	62,463,024
	<u>\$ 364,000,524</u>	<u>\$ 140,020,346</u>	<u>\$ 258,515,011</u>	<u>\$ 762,535,881</u>

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund Year Ended September 30, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Revenues:		
Taxes:		
Income	\$ 197,479,113	\$ 224,948,390
Gross receipts	155,386,098	149,081,382
Other	2,796,984	2,346,107
Licenses, fees and permits	1,602,292	1,540,974
Use of money and property	182,353	168,488
Federal contributions	59,038,070	54,564,785
Guam Public School System	9,253,984	6,371,485
Contributions from component units	1,858,360	2,027,291
Other	4,928,227	2,246,801
Total revenues	432,525,481	443,295,703
Expenditures by Department:		
General Government:		
Office of I Maga'lahaen Guahan:		
Office of the Governor	4,921,040	4,978,501
Ancestral Land Trust Commission	195,337	187,422
Government House	638,076	203,218
Medical Referral Offices	554,706	471,736
Other	77,210	-
	6,386,369	5,840,877
Office of I Segundu Na Maga'lahaen Guahan:		
Office of the Lieutenant Governor	1,305,874	1,143,987
Guam State Clearinghouse	273,101	296,657
	1,578,975	1,440,644
Bureau of Budget and Management Research:		
Office of the Director	363,809	1,194,208
Internal Audit Division	975,043	134,896
	1,338,852	1,329,104
Civil Service Commission:		
Office of the Director	216,792	274,293
Board of Commissioners	48,879	56,801
Legal Office	149,655	129,340
Personnel Management	325,787	554,944
	741,113	1,015,378
Department of Administration:		
Office of the Director	2,160,697	2,923,496
Government Claims	-	420,973
Personnel Management	1,746,728	1,220,541
Financial Management	689,562	633,641
Data Processing	530,964	475,630
General Services Agency	770,560	843,805
Division of Accounts	3,189,987	2,147,501
	9,088,498	8,665,587

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, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
General Government, continued		
Department of Land Management:		
Office of the Director	507,895	431,993
Land Administration Division	158,593	156,601
Land Planning Division	448,984	452,225
Land Records Division	310,434	353,812
Land Survey Division	-	2,101
Geographic Information System Division	112,502	106,310
	1,538,408	1,503,042
Department of Military Affairs:		
Office of Civil Defense	84,499	-
Office of Veterans Affairs	240,355	-
	324,854	-
Department of Public Works:		
Office of the Director	3,314,989	4,466,208
Building Permits and Inspection Division	-	907,906
Building Maintenance Division	1,432,699	1,354,059
	4,747,688	6,728,173
Department of Revenue and Taxation:		
Office of the Director	4,250,888	3,174,405
Tax Enforcement Division	1,913,050	1,840,229
Real Property Tax Division	402,312	449,826
Taxpayer Services Division	1,610,538	1,588,304
Regulatory Division	968,380	909,098
Motor Vehicle Division	599,204	607,396
	9,744,372	8,569,258
Office of the Attorney-General:		
Consumer Protection Division	-	219,495
Total General Government	35,489,129	35,311,558
Protection of Life and Property:		
Department of Corrections:		
Office of the Director	3,919,487	3,751,694
Adult Correctional Facility	8,666,376	7,492,883
Rosario Detention Center	2,614,062	2,356,820
Off-island Detention	190,458	7,286
Casework and Counseling Service Division	220,501	240,769
Forensic Division	361,817	309,389
Parole Service Division	413,466	422,440
	16,386,167	14,581,281

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, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
Protection of Life and Property, continued:		
Department of Youth Affairs:		
Office of the Director	103,186	80,450
Division of Youth Development	715,571	794,917
Division of Youth Corrections	1,641,741	1,478,105
Division of Vocational Rehabilitation and Support Services	689,897	602,484
	3,150,395	2,955,956
Guam Fire Department:		
Office of the Fire Chief	321,611	140,005
Administrative and Logistical Support	388,668	1,173,459
Emergency Medical Service/Rescue Operations Bureau	7,278,914	6,973,758
Fire Suppression Bureau	14,338,953	13,579,354
	22,328,146	21,866,576
Guam Police Department:		
Office of the Chief	6,860,144	5,376,070
Criminal Investigation Division	1,305,136	941,159
Neighbourhood Patrol Division	9,045,838	9,645,520
Support Division	2,098,809	2,522,583
Forensic Science Division	956,595	679,394
Highway Patrol Division	792,994	777,164
	21,059,516	19,941,890
Office of the Attorney-General:		
Attorney-General's Office	4,565,770	940,119
Solicitors' Division	-	852,714
Prosecution Division	6,194	1,550,839
Civil Division	-	248,368
Government Corruption Division	-	99,758
	4,571,964	3,691,798
Medical Examiner's Office	335,493	327,123
Total Protection of Life and Property	67,831,681	63,364,624
Public Health:		
Department of Mental Health and Substance Abuse:		
Office of the Director	2,479,210	1,820,295
Clinical Services Division	549,520	806,120
Child and Adolescent Services Division	208,039	257,784
Nursing Services Division	1,197,523	1,977,446
	4,434,292	4,861,645
Department of Public Health and Social Services:		
Office of the Director	441,002	642,863
Chief Public Health Office	1,032,831	467,072
Community Health Services	1,067,326	835,872
Communicable Disease Control	65,406	84,744
Professional Social Services	97,120	132,713

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, 2006  
(With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
Public Health, Continued:		
Department of Public Health and Social Services, Continued:		
Primary Care Services	8,903	126,075
Family Health and Nursing Services	672,442	480,772
Catastrophic Illness Assistance Program	91,613	35,750
Bureau of Health Care	801,433	-
Division of Environmental Health	403,495	526,423
Financial Management Services	201,672	190,111
Supply Section	152,934	157,800
Management Support Services	155,682	157,268
Facilities and Maintenance	534,203	1,556,453
Systems Group	215,216	433,918
	5,941,278	5,827,834
Total Public Health	10,375,570	10,689,479
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	47,559	64,301
Foster Care	1,235,801	1,165,582
Division of Senior Citizens	181,671	340,020
Adult Protective Services	332,534	416,880
	1,797,565	1,986,783
Department of Integrated Services for Individuals with Disabilities:		
Service Contracts	1,904,200	1,251,086
Office of the Director	668,990	372,750
Basic Support 1.10	16,588	14,790
	2,589,778	1,638,626
Other:		
Guam Public Library	1,236,765	945,385
Total Community Services	5,624,108	4,570,794
Recreation:		
Department of Parks and Recreation:		
Office of the Director	475,011	352,161
Community Programs	90,381	119,188
Pool and Beach Programs	388,922	390,078
Paseo Stadium	113,888	127,200
Youth Center	290,770	276,118
Parks Administration and Planning	95,834	63,853
Historic Preservation Division	194,136	175,464
Parks Maintenance	1,921,543	1,806,699
Territorial Park Protection	86,496	54,360
Total Recreation	3,656,981	3,365,121

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, 2006  
(With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
Individual and Collective Rights:		
Office of I Maga'lahaen Guahan:		
Commission on Decolonization	112,777	120,002
Department of Chamorro Affairs:		
Office of the Director	327,893	132,766
Language and Culture Division	45,529	43,316
Research Publication and Training	-	12,787
Guam Museum	302,075	182,103
	675,497	370,972
Department of Labor:		
Office of the Director	431,880	466,038
Division of Occupational Safety and Health	15,834	42,550
Wage and Hour Division	167,681	131,619
Bureau of Labor Statistics	323,945	360,052
Fair Employment Practice Office	26,437	95,618
Worker's Compensation Commission	183,252	209,076
Alien Labor Processing and Certification	122,513	125,544
Fiscal and Support Office	119,331	77,916
	1,390,873	1,508,413
Department of Military Affairs:		
Office of the Adjutant General	133,078	152,339
Office of Civil Defense	4,027	380,765
Office of Veterans Affairs	193,998	121,166
	331,103	654,270
Other:		
Guam Election Commission	470,843	408,868
Mayor's Council of Guam	6,767,418	7,428,532
	7,238,261	7,837,400
Total Individual and Collective Rights	9,748,511	10,491,057
Transportation:		
Department of Public Works:		
Transportation Maintenance Division	38,035	1,018,551
Bus Operations Division	212	164,352
Emergency Repair Southern Gym	-	249,371
Total Transportation	38,247	1,432,274
Public Education:		
Department of Education:		
Guam Public School System	168,661,169	169,066,662
Department of Public Works:		
Bus Operations	6,527,777	5,327,007
Total Public Education	175,188,946	174,393,669

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## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
Economic Development:		
Bureau of Statistics and Plans:		
Administration	377,982	361,806
Guam Developmental Disabilities Council	19,438	18,959
Planning Information	225,374	225,088
Socio-Economic Planning	121,612	119,724
Business and Economic Statistics Division	338,366	341,736
	1,082,772	1,067,313
Department of Agriculture:		
Office of the Director	919,432	364,695
Law Enforcement	103,477	581,202
Animal and Plant Industry Division	853,847	889,718
Animal Health Section	265,334	130,278
	2,142,090	1,965,893
Total Economic Development	3,224,862	3,033,206
Transfer to Persons:		
Department of Administration:		
Off-island Residential Treatment	1,405,798	1,606,061
Department of Public Health and Social Services:		
Medically Indigent Program	-	2,942,949
Total Transfer to Persons	1,405,798	4,549,010
Payments to Component Units:		
Government of Guam Retirement Fund:		
GMHA Retirement Fund Contribution	1,460,000	1,200,000
Governor and Lieutenant Governor Pension Contributions	102,500	102,500
Judge and Justice Retirement Annuities	503,324	503,324
Retiree Medicare Premiums	124,200	110,106
	2,190,024	1,915,930
Chamorro Land Trust Commission	57,500	-
Guam Community College	7,494,926	12,826,669
Guam Economic Development and Commerce Authority	-	192,107
Guam Educational Telecommunications Corporation	558,183	574,073
Guam Memorial Hospital Authority	1,057,527	-
University of Guam	27,266,417	30,251,004
Total Payments to Component Units	38,624,577	45,759,783
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	4,769,883	6,628,490
Guam Legal Services Corporation	6,144	-
Hagatna Restoration and Redevelopment	254,830	347,104
Youth Residential Program (Sanctuary, Inc.)	241,944	241,944
Small Business Financing Assistance (PIDB)	-	400,000
Total Miscellaneous Appropriations	5,272,801	7,617,538

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## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued Year Ended September 30, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Expenditures by Department, continued:		
Non-appropriated Expenditures:		
Interest on tax refunds	2,032,527	2,247,188
Public Law 28-38 Special Retirement payments	4,601,475	1,150,369
Other	885,311	609,967
Total Non-appropriated Expenditures	7,519,313	4,007,524
Total expenditures	364,000,524	368,585,637
Excess of revenues over expenditures	68,524,957	74,710,066
Other financing sources (uses):		
Transfers in from other funds:		
Territorial Education Facilities Fund	12,691,291	19,840,457
Wildlife Conservation Fund	217,476	-
Land for the Landless Fund	91,139	-
Safe Streets Fund	209,277	100,000
Plant Nursery Revolving Fund	8,811	-
Healthy Futures Fund	833,662	969,154
Public Library System Fund	899,285	630,577
Individuals With Disabilities Disaster Recovery Fund	100,000	-
Litter Control Revolving Fund	19,954	-
General Services Agency Fund	1,070	-
Guam Housing Corporation Revolving Fund	88,777	-
Farmers' and Fishermen's Loan Revolving Fund	36,269	-
Drivers' Education Fund	318,426	-
Guam Beautification Fund	50,729	-
Consumer Protection Fund	135	-
Notary Public Revolving Fund	30,661	-
Autonomous Agency Infrastructure Collections Fund	460	-
Dededo Buffer Strip Revolving Fund	27,784	-
Controlled Substance Diversion Fund	74,676	-
Solid Waste Management Facilities Medical Monitoring Fund	127,000	-
Off-Island Sports Travel Fund	20,560	-
Rabies Prevention Fund	71,439	-
Livestock Fund	4,361	-
Human Resources Services Revolving Fund	45,353	-
CAHA, OET and CEF Fund	266	-
Guam Based Trust Fund	2,184	-
Agana Fractional Lots Program Fund	126,426	-
Farmers Small Loan Revolving Fund	7,008	-
State Agency for Surplus Property Fund	56,097	-
Off-Island Sports Fund	670	-
Income Tax Efficiency Payment Fund	19,364	-
Taguag Memorial Cemetary Fund	71,486	-

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, 2006 (With comparatives for the year ended September 30, 2005)

	2006	2005
Other financing sources (uses), Continued:		
Transfers in from other funds, continued:		
Guam Plant Inspection and Permit Fund	37,304	-
GOB Series A 1994 Debt Service Fund	2,070,182	-
GOB Series A 1995 Debt Service Fund	3,294,914	-
GSA Inventory Revolving Fund	4,154,995	-
Territorial Highway Fund	7,568,455	-
Interim Transition Coordinating Committee Fund	7,003,768	-
Total other financing sources	40,381,714	21,540,188
Transfers out to other funds:		
1999 SPG Revolving Fund	81,441	-
Public Library System Fund	-	135,360
Customs, Agriculture and Quarantine Inspection Services Fund	-	753,876
Firefighter Equipment Replacement Fund	34,100	-
GMHA Pharmaceuticals Fund	8,421,521	-
Streetlight Fund	1,619,584	519,911
Chamorro Commercial Loan Fund	177,343	-
Housing Revolving Fund	243,645	-
Plant Protection and Quarantine Revolving Fund	5,735	-
Public Transit Fund	23,006	-
Worker's Compensation Fund	837,524	1,000,000
MIP Payment Revolving Fund	11,928,383	13,121,430
Program Development Fund	6,817	-
Public Service Recovery Fund	382	-
Federal Grants Fund	35,228,855	25,711,662
Unified Courts of Guam Operations Fund	21,294,857	19,281,834
Office of the Public Auditor	1,049,229	845,737
Guam Legislature Fund	7,339,180	7,265,584
Public Defender Service Corporation Fund	2,808,831	2,535,560
Water Systems Revenue Bond Debt Service Fund	11,108,105	12,225,720
General Obligation Bonds Series A 1993 Debt Service Fund	12,792,620	12,647,415
Supplemental Annuity Benefits Fund	13,973,785	12,602,928
General Obligation Bonds Series A 1995 Debt Service Fund	2,025,925	17,995,725
Total other financing uses	131,000,868	126,642,742
Total other financing sources (uses), net	(90,619,154)	(105,102,554)
Special items:		
Retiree Cost of Living Allowance judgment	(123,580,231)	-
Earned Income Tax Credit judgment	(30,000,000)	-
Total special items	(153,580,231)	-
Net change in fund deficit	(175,674,428)	(30,392,488)
Deficit at the beginning of the year	(348,403,932)	(313,593,155)
Deficit at the end of the year	\$ (524,078,360)	(343,985,643)

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Income	\$ 210,184,739	\$ 210,184,739	\$ 197,479,113	(12,705,626)
Gross receipts	168,114,291	168,114,291	155,386,098	(12,728,193)
Other	2,170,590	2,170,590	2,796,984	626,394
Federal contributions	51,055,201	51,055,201	59,038,070	7,982,869
Guam Public School System	-	6,495,936	9,253,984	2,758,048
Contributions from component units	2,027,302	2,027,302	1,858,360	(168,942)
Other	3,568,077	3,568,077	6,712,872	3,144,795
Total revenues	<u>437,120,200</u>	<u>443,616,136</u>	<u>432,525,481</u>	<u>(11,090,655)</u>
<b>Expenditures by Department:</b>				
<b>Executive Branch:</b>				
<b>Office of I Maga'lahaen Guahan:</b>				
Office of the Governor	4,036,568	5,368,520	5,265,649	102,871
Commission on Decolonization	117,668	141,708	117,853	23,855
Ancestral Land Trust Commission	203,791	219,261	195,884	23,377
Government House	272,297	901,778	739,366	162,412
Medical Referral Offices	516,603	674,642	603,561	71,081
Office of Civil Defense	-	90,255	84,499	5,756
Office of Veteran's Affairs	112,817	289,209	258,147	31,062
Other	-	-	77,210	(77,210)
	<u>5,259,744</u>	<u>7,685,373</u>	<u>7,342,169</u>	<u>343,204</u>
<b>Office of I Segundu Na Maga'lahaen Guahan:</b>				
Office of the Lieutenant Governor	1,176,244	1,526,540	1,368,025	158,515
Guam State Clearinghouse	325,000	273,103	273,101	2
	<u>1,501,244</u>	<u>1,799,643</u>	<u>1,641,126</u>	<u>158,517</u>
<b>Bureau of Budget and Management Research:</b>				
Office of the Director	337,848	375,040	374,687	353
Internal Audit Division	590,312	975,044	975,043	1
	<u>928,160</u>	<u>1,350,084</u>	<u>1,349,730</u>	<u>354</u>
<b>Civil Service Commission:</b>				
Office of the Director	273,370	223,206	218,708	4,498
Board of Commissioners	49,400	49,195	48,879	316
Legal Office	109,000	156,756	149,655	7,101
Personnel Management	228,235	325,788	325,787	1
	<u>660,005</u>	<u>754,945</u>	<u>743,029</u>	<u>11,916</u>
<b>Department of Administration:</b>				
Office of the Director	4,742,860	5,370,309	3,994,380	1,375,929
Personnel Management	1,306,830	1,746,729	1,746,728	1
Financial Management	656,098	689,563	689,562	1
Data Processing	477,584	530,965	530,964	1
General Services Agency	902,634	770,561	770,560	1
Division of Accounts	2,361,464	2,361,199	3,189,987	(828,788)
	<u>10,447,470</u>	<u>11,469,326</u>	<u>10,922,181</u>	<u>547,145</u>
Guam Election Commission	<u>763,107</u>	<u>726,993</u>	<u>557,505</u>	<u>169,488</u>

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Revenue and Taxation:				
Office of the Director	\$ 3,435,601	\$ 4,305,405	\$ 4,296,395	9,010
Tax Enforcement Division	1,926,545	1,913,050	1,913,050	-
Real Property Tax Division	489,430	402,314	402,312	2
Taxpayer Services Division	1,536,605	1,610,540	1,610,538	2
Regulatory Division	1,093,095	968,382	968,380	2
Motor Vehicle Division	768,200	599,205	599,204	1
	9,249,476	9,798,896	9,789,879	9,017
Bureau of Statistics and Plans:				
Administration	291,562	385,982	382,942	3,040
Guam Developmental Disabilities Council	20,154	20,154	19,651	503
Chief Economist's Office	6,057	85,000	-	85,000
Planning Information	158,394	225,975	225,374	601
Socio-Economic Planning	89,118	121,613	121,612	1
Business and Economic Statistics Division	251,522	339,734	338,366	1,368
	816,807	1,178,458	1,087,945	90,513
Department of Public Works:				
Office of the Director	1,888,465	6,176,536	5,931,722	244,814
Transportation Maintenance Division	-	38,500	38,035	465
Bus Operations Division	5,531,955	6,551,808	6,542,447	9,361
Building Maintenance Division	1,452,674	1,435,498	1,435,498	-
	8,873,094	14,202,342	13,947,702	254,640
Office of the Attorney-General:				
Attorney-General's Office	4,699,551	5,213,351	5,055,107	158,244
Prosecution Division	15,275	15,275	9,752	5,523
	4,714,826	5,228,626	5,064,859	163,767
Guam Police Department:				
Office of the Chief	6,491,598	7,330,173	6,925,975	404,198
Criminal Investigation Division	931,050	1,305,136	1,305,136	-
Neighbourhood Patrol Division	11,220,000	9,763,373	9,045,838	717,535
Support Division	1,905,923	2,196,086	2,131,424	64,662
Forensic Science Division	599,956	968,568	958,417	10,151
Highway Patrol Division	766,130	792,994	792,994	-
	21,914,657	22,356,330	21,159,784	1,196,546
Department of Corrections:				
Office of the Director	3,315,436	4,228,845	4,211,739	17,106
Adult Correctional Facility	6,711,695	8,666,397	8,666,376	21
Rosario Detention Center	2,190,884	2,614,064	2,614,062	2
Off-island Detention	302,014	193,658	193,658	-
Casework and Counseling Service Division	201,771	220,502	220,501	1
Forensic Division	380,807	361,818	361,817	1
Parole Service Division	409,457	414,466	414,466	-
	13,512,064	16,699,750	16,682,619	17,131

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual - General Fund, Continued  
Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Agriculture:				
Office of the Director	\$ 947,629	\$ 1,273,224	\$ 1,216,978	56,246
Law Enforcement	82,554	103,477	103,477	-
Animal and Plant Industry Division	924,552	863,119	853,847	9,272
Animal Health Section	128,724	274,097	274,097	-
	<u>2,083,459</u>	<u>2,513,917</u>	<u>2,448,399</u>	<u>65,518</u>
Department of Public Health and Social Services:				
Office of the Director	493,479	454,769	445,953	8,816
Chief Public Health Office	1,367,905	1,112,917	1,111,223	1,694
Community Health Services	1,196,202	1,137,431	1,115,480	21,951
Communicable Disease Control	68,300	68,300	67,699	601
Professional Social Services	168,707	106,022	105,823	199
Primary Care Services	29,084	29,084	28,302	782
Family Health and Nursing Services	795,789	680,543	675,759	4,784
Catastrophic Illness Assistance Program	100,000	100,000	91,613	8,387
Medically Indigent Program	127,507	87,807	83,019	4,788
Bureau of Health Care	-	801,433	801,433	-
Foster Care	1,446,313	1,426,141	1,307,194	118,947
Division of Senior Citizens	242,620	221,007	204,412	16,595
Adult Protective Services	356,305	353,140	340,970	12,170
Division of Environmental Health	692,551	475,643	461,199	14,444
Financial Management Services	222,022	201,726	201,672	54
Supply Section	176,809	153,784	153,610	174
Management Support Services	176,154	163,304	158,399	4,905
Facilities and Maintenance	659,399	694,399	645,899	48,500
Systems Group	287,900	287,900	284,891	3,009
	<u>8,607,046</u>	<u>8,555,350</u>	<u>8,284,550</u>	<u>270,800</u>
Department of Education:				
Guam Public School System	160,014,362	167,634,151	174,244,713	(6,610,562)
Guam Public Library	1,380,362	1,583,970	1,429,718	154,252
Library Services	7,924	7,924	7,924	-
	<u>161,402,648</u>	<u>169,226,045</u>	<u>175,682,355</u>	<u>(6,456,310)</u>
Department of Youth Affairs:				
Office of the Director	73,329	103,187	103,186	1
Division of Youth Development	731,604	715,573	715,571	2
Division of Youth Corrections	1,639,485	1,641,826	1,641,741	85
Division of Vocational Rehabilitation and Support Services	716,225	700,057	696,168	3,889
	<u>3,160,643</u>	<u>3,160,643</u>	<u>3,156,666</u>	<u>3,977</u>
Department of Mental Health and Substance Abuse:				
Office of the Director	2,390,880	2,640,344	2,626,938	13,406
Clinical Services Division	744,085	549,520	549,520	-
Child and Adolescent Services Division	222,092	208,039	208,039	-
Nursing Services Division	2,003,938	1,259,520	1,257,510	2,010
	<u>5,360,995</u>	<u>4,657,423</u>	<u>4,642,007</u>	<u>15,416</u>

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Labor:				
Office of the Director	\$ 477,338	\$ 527,818	\$ 526,836	982
Division of Occupational Safety and Health	23,324	15,834	15,834	-
Wage and Hour Division	122,485	167,681	167,681	-
Bureau of Labor Statistics	249,628	323,945	323,945	-
Fair Employment Practice Office	37,944	26,437	26,437	-
Worker's Compensation Commission	165,189	183,252	183,252	-
Alien Labor Processing and Certification	70,567	122,513	122,513	-
Fiscal and Support Office	102,969	119,420	119,331	89
	<u>1,249,444</u>	<u>1,486,900</u>	<u>1,485,829</u>	<u>1,071</u>
Department of Parks and Recreation:				
Office of the Director	248,958	640,661	562,747	77,914
Recreation Division	31,891	1,267	-	1,267
Community Programs	69,557	90,382	90,381	1
Pool and Beach Programs	297,481	388,924	388,922	2
Paseo Stadium	109,715	113,888	113,888	-
Youth Center	239,039	290,771	290,770	1
Parks Administration and Planning	99,446	95,835	95,834	1
Historic Preservation Division	136,770	194,137	194,136	1
Parks Maintenance	1,458,371	1,996,576	1,932,164	64,412
Territorial Park Protection	228,487	108,674	86,496	22,178
	<u>2,919,715</u>	<u>3,921,115</u>	<u>3,755,338</u>	<u>165,777</u>
Department of Integrated Services for Individuals with Disabilities:				
Service Contracts	1,952,223	2,211,456	1,908,313	303,143
Office of the Director	602,419	703,130	691,642	11,488
Basic Support 110	-	16,588	16,588	-
	<u>2,554,642</u>	<u>2,931,174</u>	<u>2,616,543</u>	<u>314,631</u>
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	6,942,243	6,896,321	6,825,500	70,821
Department of Land Management:				
Office of the Director	473,533	958,287	768,421	189,866
Land Administration Division	163,885	158,594	158,593	1
Land Planning Division	536,550	448,986	448,984	2
Land Records Division	385,172	310,435	310,434	1
Geographic Information System Division	110,970	112,503	112,502	1
	<u>1,670,110</u>	<u>1,988,805</u>	<u>1,798,934</u>	<u>189,871</u>
Chief Medical Examiner:				
Medical Examiner's Office	415,482	364,743	363,913	830
Department of Chamorro Affairs:				
Office of the Director	423,248	406,913	342,351	64,562
Language and Culture Division	49,003	49,003	45,529	3,474
Guam Museum	46,874	330,868	302,075	28,793
	<u>519,125</u>	<u>786,784</u>	<u>689,955</u>	<u>96,829</u>

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Military Affairs:				
Office of the Adjutant General	\$ 373,221	\$ 180,287	\$ 149,915	30,372
Office of Civil Defense	337,134	337,134	4,027	333,107
Office of Veterans Affairs	365,035	416,535	208,235	208,300
	<u>1,075,390</u>	<u>933,956</u>	<u>362,177</u>	<u>571,779</u>
Guam Fire Department:				
Office of the Fire Chief	1,159,562	566,166	351,290	214,876
Administrative and Logistical Support	442,722	452,476	445,240	7,236
Emergency Medical Service/Rescue Operations Bureau	6,142,569	7,278,914	7,278,914	-
Fire Suppression Bureau	12,179,271	14,337,376	14,338,953	(1,577)
	<u>19,924,124</u>	<u>22,634,932</u>	<u>22,414,397</u>	<u>220,535</u>
Payments to Component Units:				
Guam Educational Telecom. Corporation	516,017	582,555	558,183	24,372
University of Guam	30,492,159	31,111,365	27,266,417	3,844,948
Guam Community College	7,494,926	7,608,234	7,494,926	113,308
Chamorro Land Trust Commission	106,770	106,770	106,770	-
Guam Memorial Hospital Authority	9,057,527	9,057,527	1,057,527	8,000,000
	<u>47,667,399</u>	<u>48,466,451</u>	<u>36,483,823</u>	<u>11,982,628</u>
Government of Guam Retirement Fund Appropriations:				
GMH Retirement Fund Contribution	1,460,000	1,460,000	1,460,000	-
Retiree Medicare Premiums	124,200	124,200	124,200	-
Governor and Lieutenant Governor Pension Contributions	102,500	102,500	102,500	-
Judge and Justice Retirement Annuities	503,324	503,324	503,324	-
	<u>2,190,024</u>	<u>2,190,024</u>	<u>2,190,024</u>	<u>-</u>
<b>Total Executive Branch</b>	<u>346,383,143</u>	<u>373,965,349</u>	<u>363,488,938</u>	<u>10,476,411</u>
Miscellaneous Appropriations:				
Youth Residential Program (Sanctuary, Inc.)	241,944	241,944	241,944	-
Small Business Financing Assistance (PIDB)	500,000	500,000	500,000	-
Guam Legal Services Corporation	75,000	75,000	6,144	68,856
Retiree Healthcare Premiums	4,769,883	4,769,883	4,769,883	-
Hagatna Restoration and Redevelopment	404,553	551,828	255,214	296,614
<b>Total Miscellaneous Appropriations</b>	<u>5,991,380</u>	<u>6,138,655</u>	<u>5,773,185</u>	<u>365,470</u>
Interest and other charges:				
Interest on tax refunds	-	-	2,032,527	(2,032,527)
Public Law 28-38 Special Retirement payments	-	-	4,601,475	(4,601,475)
Other	-	-	885,311	(885,311)
<b>Total Non-appropriated Expenditures</b>	<u>-</u>	<u>-</u>	<u>7,519,313</u>	<u>(7,519,313)</u>
<b>Total expenditures</b>	<u>352,374,523</u>	<u>380,104,004</u>	<u>376,781,436</u>	<u>3,322,568</u>
Excess of revenues over expenditures	<u>84,745,677</u>	<u>63,512,132</u>	<u>55,744,045</u>	<u>(7,768,087)</u>

See Accompanying Independent Auditors' Report

# GOVERNMENT OF GUAM

## Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses):				
Transfers in from other funds:				
Territorial Education Facilities Fund	\$ -	\$ -	\$ 12,691,291	12,691,291
Wildlife Conservation Fund	-	-	217,476	217,476
Land for the Landless Fund	-	-	91,139	91,139
Safe Streets Fund	-	-	209,277	209,277
Plant Nursery Revolving Fund	-	-	8,811	8,811
Healthy Futures Fund	-	-	833,662	833,662
Public Library System Fund	-	-	899,285	899,285
Individuals With Disabilities Disaster Recovery Fund	-	-	100,000	100,000
Litter Control Revolving Fund	-	-	19,954	19,954
General Services Agency Fund	-	-	1,070	1,070
Guam Housing Corporation Revolving Fund	-	-	88,777	88,777
Farmers' and Fishermen's Loan Revolving Fund	-	-	36,269	36,269
Drivers' Education Fund	-	-	318,426	318,426
Guam Beautification Fund	-	-	50,729	50,729
Consumer Protection Fund	-	-	135	135
Notary Public Revolving Fund	-	-	30,661	30,661
Autonomous Agency Infrastructure Collections Fund	-	-	460	460
Dededo Buffer Strip Revolving Fund	-	-	27,784	27,784
Controlled Substance Diversion Fund	-	-	74,676	74,676
Solid Waste Management Facilities Medical Monitoring Fund	-	-	127,000	127,000
Off-Island Sports Travel Fund	-	-	20,560	20,560
Rabies Prevention Fund	-	-	71,439	71,439
Livestock Fund	-	-	4,361	4,361
Human Resources Services Revolving Fund	-	-	45,353	45,353
CAHA, OET and CEF Fund	-	-	266	266
Guam Based Trust Fund	-	-	2,184	2,184
Agana Fractional Lots Program Fund	-	-	217,180	217,180
Farmers Small Loan Revolving Fund	-	-	7,008	7,008
State Agency for Surplus Property Fund	-	-	56,097	56,097
Off-Island Sports Fund	-	-	670	670
Income Tax Efficiency Payment Fund	-	-	19,364	19,364
Taguag Memorial Cemetary Fund	-	-	71,486	71,486
Guam Plant Inspection and Permit Fund	-	-	37,304	37,304
GOB Series A 1994 Debt Service Fund	-	-	2,070,182	2,070,182
GOB Series A 1995 Debt Service Fund	-	-	3,294,914	3,294,914
GSA Inventory Revolving Fund	-	-	4,154,995	4,154,995
Territorial Highway Fund	-	-	7,568,455	7,568,455
Interim Transition Coordinating Committee Fund	-	-	7,003,768	7,003,768
	-	-	40,472,468	40,472,468

See Accompanying Independent Auditors' Report



**GOVERNMENT OF GUAM**

Statement of Revenues, Expenditures by Department, and  
Changes in Deficit - Budget and Actual - General Fund, Continued  
Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Other financing sources (uses), continued:				
Transfers out to other funds:				
1999 SPG Revolving Fund	\$ -	\$ -	\$ 81,441	(81,441)
Firefighter Equipment Replacement Fund	-	-	34,100	(34,100)
GMHA Pharmaceuticals Fund	684,705	8,429,905	8,421,521	8,384
Streetlight Fund	-	-	1,619,584	(1,619,584)
Chamorro Commercial Loan Fund	-	-	177,343	(177,343)
Housing Revolving Fund	-	-	243,645	(243,645)
Plant Protection and Quarantine Revolving Fund	-	-	5,735	(5,735)
Public Transit Fund	-	-	23,006	(23,006)
Worker's Compensation Fund	930,000	930,000	837,524	92,476
MIP Payment Revolving Fund	11,698,574	15,692,573	11,928,383	3,764,190
Government Claims Fund	100,598	100,598	-	100,598
Program Development Fund	-	6,817	6,817	-
Public Service Recovery Fund	-	382	382	-
Federal Grants Fund	26,067,624	26,392,668	35,242,173	(8,849,505)
Superior Court Operations Fund	21,294,857	21,294,857	21,294,857	-
Office of the Public Auditor	1,094,790	1,072,395	1,049,229	23,166
Guam Legislature Fund	7,524,540	7,113,540	7,339,180	(225,640)
Public Defender Service Corporation Fund	2,808,831	2,808,831	2,808,831	-
Water Systems Revenue Bond Debt Service Fund	9,826,286	11,108,105	11,108,105	-
General Obligation Bonds Series A 1993 Debt Service Fund	2,132,103	12,792,620	12,792,620	-
Supplemental Annuity Benefits Fund	13,324,272	13,973,786	13,973,785	1
General Obligation Bonds Series A 1995 Debt Service Fund	368,350	2,025,925	2,025,925	-
Total other financing uses	<u>97,855,530</u>	<u>123,743,002</u>	<u>131,014,186</u>	<u>(7,271,184)</u>
Total other financing sources (uses), net	<u>(97,855,530)</u>	<u>(123,743,002)</u>	<u>(90,541,718)</u>	<u>33,201,284</u>
Special items:				
Retiree cost of living allowance judgment	-	-	(123,580,231)	(123,580,231)
Earned Income Tax Credit judgment	-	-	(30,000,000)	(30,000,000)
	<u>-</u>	<u>-</u>	<u>(153,580,231)</u>	<u>(153,580,231)</u>
Other changes to unreserved fund deficit:				
Decrease in continuing appropriations	-	-	5,244,741	5,244,741
Decrease in reserve for related assets	-	-	14,371,831	14,371,831
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	11,024,891	11,024,891
	<u>-</u>	<u>-</u>	<u>30,641,463</u>	<u>30,641,463</u>
Net change in unreserved fund deficit	(13,109,853)	(60,230,870)	(157,736,441)	(97,505,571)
Unreserved fund deficit beginning of the year, as restated	<u>(381,383,083)</u>	<u>(381,383,083)</u>	<u>(381,383,083)</u>	<u>-</u>
Unreserved fund deficit end of the year	<u>\$ (394,492,936)</u>	<u>\$ (441,613,953)</u>	<u>(539,119,524)</u>	<u>(97,505,571)</u>

See Accompanying Independent Auditors' Report

# GOVERNMENT OF GUAM

## Nonmajor Governmental Funds Combining Balance Sheet September 30, 2006

<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	\$ 28,369,891	\$ 580,775	\$ -	\$ 28,950,666
Investments	8,120,000	-	-	8,120,000
Receivables, net:				
Taxes	4,104,015	-	-	4,104,015
Federal agencies	2,520,098	-	-	2,520,098
Note	10,000,000	-	-	10,000,000
Other	6,005,891	29,180	-	6,035,071
Due from other funds	39,444,419	1,816,974	-	41,261,393
Inventories	769,988	-	-	769,988
Deposits and other assets	394,261	-	-	394,261
Restricted assets:				
Cash and cash equivalents	-	26,741,633	46,766,124	73,507,757
Investments	-	-	16,716,000	16,716,000
Total assets	\$ 99,728,563	\$ 29,168,562	\$ 63,482,124	\$ 192,379,249
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 13,220,900	\$ 3,560,421	\$ 2,000	\$ 16,783,321
Accrued payroll and other	3,437,878	11,727	-	3,449,605
Due to other funds	13,297,191	-	30,743,212	44,040,403
Due to private purpose trust funds	61,293	-	-	61,293
Due to component units	10,910,791	-	-	10,910,791
Payable to federal agencies	2,950,109	-	-	2,950,109
Deferred revenue	5,255,336	-	-	5,255,336
Provision for tax refunds	5,786,322	-	-	5,786,322
Deposits and other liabilities	1,144,850	-	-	1,144,850
Total liabilities	56,064,670	3,572,148	30,745,212	90,382,030
Fund balances:				
Reserved:				
Related assets	13,169,910	2,659,116	-	15,829,026
Encumbrances	8,052,894	13,421,548	-	21,474,442
Continuing appropriations	17,949,454	6,679,717	-	24,629,171
Debt service	-	-	32,736,912	32,736,912
Unreserved:				
Special revenue funds	4,491,635	-	-	4,491,635
Capital projects funds	-	2,836,033	-	2,836,033
Total fund balances	43,663,893	25,596,414	32,736,912	101,997,219
Total liabilities and fund balances	\$ 99,728,563	\$ 29,168,562	\$ 63,482,124	\$ 192,379,249

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, 2006

	Other <u>Special Revenue</u>	Other <u>Capital Project</u>	Other <u>Debt Service</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 17,814,017	\$ -	\$ -	\$ 17,814,017
Hotel	19,787,802	-	-	19,787,802
Liquid fuel	9,534,236	-	-	9,534,236
Other taxes	12,913,250	-	-	12,913,250
Licenses, fees and permits	35,587,522	-	-	35,587,522
Use of money and property	749,979	3,211,663	463,191	4,424,833
Federal contributions	46,462,308	-	-	46,462,308
Other	61,638	-	-	61,638
<b>Total revenues</b>	<b>142,910,752</b>	<b>3,211,663</b>	<b>463,191</b>	<b>146,585,606</b>
<b>Expenditures by Function:</b>				
Current:				
General government	37,798,288	31,039	-	37,829,327
Protection of life and property	14,997,510	-	-	14,997,510
Public health	13,610,125	-	-	13,610,125
Community services	12,578,631	-	-	12,578,631
Recreation	667,831	-	-	667,831
Individual and collective rights	26,469,497	151,577	-	26,621,074
Transportation	12,229,142	-	-	12,229,142
Public education	46,565,470	-	-	46,565,470
Environmental protection	5,375,610	-	-	5,375,610
Economic development	137,390	-	-	137,390
Payments to:				
Guam Community College	6,227,178	-	-	6,227,178
Guam Memorial Hospital	8,704,651	-	-	8,704,651
Chamorro Land Trust Commission	478,794	-	-	478,794
Guam Visitors Bureau	12,144,578	-	-	12,144,578
University of Guam	500,000	-	-	500,000
Miscellaneous appropriations	3,450,182	-	-	3,450,182
Capital projects	-	12,488,708	-	12,488,708
Debt service	-	4,618,283	39,290,527	43,908,810
<b>Total expenditures</b>	<b>201,934,877</b>	<b>17,289,607</b>	<b>39,290,527</b>	<b>258,515,011</b>
Deficiency of revenues under expenditures	(59,024,125)	(14,077,944)	(38,827,336)	(111,929,405)
Other financing sources (uses):				
Loan proceeds	-	3,716,723	-	3,716,723
Transfers in from other funds	79,527,381	-	37,824,968	117,352,349
Transfers out to other funds	(54,072,354)	(579,550)	(5,570,096)	(60,222,000)
<b>Total other financing sources (uses), net</b>	<b>25,455,027</b>	<b>3,137,173</b>	<b>32,254,872</b>	<b>60,847,072</b>
Special item:				
Redemption of RTB stock	13,779,268	-	-	13,779,268
<b>Net change in fund balances</b>	<b>(19,789,830)</b>	<b>(10,940,771)</b>	<b>(6,572,464)</b>	<b>(37,303,065)</b>
Fund balances at beginning of year	63,453,723	36,537,185	39,309,376	139,300,284
<b>Fund balances at end of year</b>	<b>\$ 43,663,893</b>	<b>\$ 25,596,414</b>	<b>\$ 32,736,912</b>	<b>\$ 101,997,219</b>

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, 2006

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	\$ 17,814,017	\$ -	\$ -	\$ 17,814,017
Hotel	19,787,802	-	-	19,787,802
Liquid fuel	9,534,236	-	-	9,534,236
Other taxes	12,913,250	-	-	12,913,250
Licenses, fees and permits	35,587,522	-	-	35,587,522
Use of money and property	749,979	3,211,663	463,191	4,424,833
Federal contributions	46,462,308	-	-	46,462,308
Other	61,638	-	-	61,638
<b>Total revenues</b>	<b>142,910,752</b>	<b>3,211,663</b>	<b>463,191</b>	<b>146,585,606</b>
Expenditures by Object:				
Salaries and wages - regular	67,065,419	-	-	67,065,419
Salaries and wages - overtime	1,445,279	-	-	1,445,279
Salaries and wages - fringe benefits	17,273,497	-	-	17,273,497
Travel	2,264,831	-	-	2,264,831
Contractual services	21,365,488	226,589	-	21,592,077
Building rent	2,983,241	-	-	2,983,241
Supplies	6,396,119	-	-	6,396,119
Equipment	3,252,549	-	-	3,252,549
Utilities - power and water	6,907,209	-	-	6,907,209
Communications	880,687	-	-	880,687
Capital outlays	3,233,973	11,962,119	-	15,196,092
Grants and subsidies	30,301,509	-	-	30,301,509
Supplemental annuity benefits	21,597,785	-	-	21,597,785
Medical care	11,929,547	-	-	11,929,547
Principal retirement	-	4,291,545	24,947,155	29,238,700
Interest and fiscal charges	-	326,738	14,343,372	14,670,110
Other	5,037,744	482,616	-	5,520,360
<b>Total expenditures</b>	<b>201,934,877</b>	<b>17,289,607</b>	<b>39,290,527</b>	<b>258,515,011</b>
Deficiency of revenues under expenditures	(59,024,125)	(14,077,944)	(38,827,336)	(111,929,405)
Other financing sources (uses):				
Loan proceeds	-	3,716,723	-	3,716,723
Transfers in from other funds	79,527,381	-	37,824,968	117,352,349
Transfers out to other funds	(54,072,354)	(579,550)	(5,570,096)	(60,222,000)
<b>Total other financing sources (uses), net</b>	<b>25,455,027</b>	<b>3,137,173</b>	<b>32,254,872</b>	<b>60,847,072</b>
Special item:				
Redemption of RTB stock	13,779,268	-	-	13,779,268
<b>Net change in fund balances</b>	<b>(19,789,830)</b>	<b>(10,940,771)</b>	<b>(6,572,464)</b>	<b>(37,303,065)</b>
Fund balances at beginning of year	63,453,723	36,537,185	39,309,376	139,300,284
<b>Fund balances at end of year</b>	<b>\$ 43,663,893</b>	<b>\$ 25,596,414</b>	<b>\$ 32,736,912</b>	<b>\$ 101,997,219</b>

See Accompanying Independent Auditors' Report

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds September 30, 2006

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, 2006, follows.

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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

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

Chamorro Language Commission Fund - This fund was created to finance the activities of the Chamorro Language Commission. These include the study of antecedents, describing good grammar and usages for the Chamorro language and also to prepare a Chamorro-English dictionary. Funding is provided principally from local appropriations.

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

Consumer Protection Fund - The Consumer Protection Fund was created by Public Law 21-18 to account for civil penalties collected under the Deceptive Trade - Practices Consumer Protection Act.

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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.

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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

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

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

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

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

Firefighter Equipment Replacement Fund - This fund was created by Public Law 25-03 as a receiving account for all funds (local, Federal or donated) provided for the purpose of replacing essential fire fighting equipment for the Guam Fire Department.

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

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

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

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

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

See Accompanying Independent Auditors' Report.



## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

Guam Based Trust Fund - This fund was created by Public Law 25-73 to provide for the protection of the public interest and to regulate companies that engage in the Trust Company business.

Guam Beautification Fund - This fund was created whereby 50% of assessments, fines, bail forfeitures and other funds collected pursuant to §51204 of Title 10, Guam Code Annotated, shall be deposited and used for landscaping, planting of grass, shrubs, trees and flowers, and for other improvements to public recreational areas.

GPSS Federal Grants Fund - This fund was created within the Guam Department of Education to account for all activities of special federal assistance grants utilized by GDOE.

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.

GFD Lease-to-Purchase Program Fund - This fund was created by Public Law 26-35 within the Guam Fire Department to account for debt service incurred for the lease or purchase of firefighting equipment.

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

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

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

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

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.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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

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

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

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

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

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

Income Tax Rebate Fund - This fund is maintained to segregate and accumulate for disbursement, tax monies paid in by GEDA Qualifying Certificate holders. This fund also serves to measure the financial impact of the GEDA program.

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.

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

Inmates Work Release Fund - This fund was created by Public Law 21-75 for the purpose of providing gainful employment to persons who, having been sentenced after convictions of a crime, is in the custody of the Director of Corrections. The program shall encompass the manufacturing of artifacts and souvenirs, automotive repair work, farm labor, forestry and other programs that the Director sees fit to implement.

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

Land for the Landless Fund - This fund was created to maintain funds acquired from the sale of lands sold by GovGuam to individuals. The Director of Administration shall administer this fund. Expenditures from this fund shall only be authorized by the Provider of Public Works and may only be used for the installation and maintenance of infrastructure within the various subdivisions under the program.

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

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

Litter Control Revolving Fund - This fund was created by Public Law 17-87. The administrator of the Guam Environmental Protection Agency is responsible for the Fund's activities. All fines, assessments, bail forfeitures and other funds collected from violation of Territorial litter laws are deposited into this fund. Expenditures made from the fund are authorized for enforcement of the litter laws, educational programs, and clean-up of public areas.

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

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

Medicaid and Medically Indigent Program Assistance Payment Fund - This fund was created by Public Law 26-58 to be used for the purpose of covering any program shortfall in the Medically Indigent Program and Public Assistance Program of the Department of Public Health and Social Services.

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.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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

Notary Public Revolving Fund - This fund was created by Public Law 23-81 to account for all funds generated from fees for application, authentication, copying and other government fees required by the notary program. The funds shall be used by the Attorney General for the purpose of overseeing the notary program, including personnel costs for training, notary educational programs and conferences, and any administrative and equipment costs.

Off-Island Sports Fund – This fund was created by Public Law 14-33 for the purpose of providing grants for transportation expenses for off-island travel by civilian sports organizations and individuals who engage in athletic competition and ROTC Drill Teams.

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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

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

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

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

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

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

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

Public Service Recovery Fund - This fund was created by Executive Order 98-12 to expend funds for the following purposes: 1) for equipment related directly to public service; 2) for contracts directly related to public service; 3) for facilities and infrastructure repair, improvement and development that are for the public's use and benefit, whether or not a facility or infrastructure repair is subject to user fees or rates; and 4) for reimbursement to autonomous agencies for costs incurred from fiscal year 1994 and thereafter.

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.

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

Safe Streets Fund - This fund was created by Public Law 22-41 within the Superior Court of Guam, which shall be maintained separate and apart from the other funds of the Superior Court. All fines collected for any of the acts made unlawful in §§18102, 18109, 18111, 18120, and 18121 of Title 16, Guam Code Annotated, as amended from time to time, and for which punishment is prescribed in §§18104, 18105, 18106, 18107, 18109, 18110, 18111, 18119, 18120 and 18121 of Title 16, Guam Code Annotated, as amended from time to time, shall be deposited in the Safe Streets Fund. So much of the Fund as is required is appropriated to the Department of Corrections to be used to compensate staff and provide supplies or facilities to house incarcerated persons convicted of misdemeanors and persons convicted of acts made unlawful in Article 1, Chapter 18 of Title 16, Guam Code Annotated. The Director of Corrections may expend not more than Eight Thousand Dollars (\$8,000) per month from the fund for the purpose outlined in Subsection (c) of this Section, which the Administrative Director of the Courts shall pay over to the Director of Corrections on a regular basis. Any funds in excess of the monthly payment to the Director of Corrections and all funds accumulated shall be disbursed in accordance with Subsection (c) of §9211 of Title 7, Guam Code Annotated.

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

SW Medical Monitoring Fund – This fund was created by Public Law 24-181 for the purpose of monitoring people where solid waste management facilities exist, and compensating them by providing funding for community healthcare needs or community health care programs in villages as provided for the SWMF Health Monitoring and Compensation Act of 1998. A levy of one percent of all tipping fees is levied on any person operating a Solid Waste Management Facility and deposited in this fund.

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

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

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

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

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

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.

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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.

Taguag Memorial Cemetery Fund - The Taguag Memorial Cemetery Fund was created through Executive Order 85-7. Revenues in this fund are comprised exclusively of cemetery plot fees. Funds are used to pay for the cost of opening and closing graves and general maintenance of the grounds.

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

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

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

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

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.

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2006

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 - Capital Project Funds

September 30, 2006

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, 2006, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Governmental Funds - Debt Service Funds

September 30, 2006

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, 2006, follows:

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

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

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

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 1994 Fund – This fund is used to account for funds required by the General Obligation Bond Series A 1994 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

Nonmajor Component Units  
September 30, 2006

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net assets, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2006, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Nonmajor Component Units, Continued September 30, 2006

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

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

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

See Accompanying Independent Auditors' Report.

## GOVERNMENT OF GUAM

### Fiduciary Funds September 30, 2006

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

#### Pension Trust Fund

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

#### Private Purpose Trust Funds

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

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

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

#### Agency Fund

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

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	271	236	309	265	262	611	266	305
	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	90,170	-	-	-	-	-
Due from other funds	-	5,566	-	344,512	-	26,943	1,544,397	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	84,990	-	584	-	-	-	-	-
<b>Total assets</b>	<b>\$ 84,990</b>	<b>\$ 5,566</b>	<b>\$ 90,754</b>	<b>\$ 344,512</b>	<b>\$ -</b>	<b>\$ 26,943</b>	<b>\$ 1,544,397</b>	<b>\$ -</b>

**LIABILITIES AND FUND BALANCES**

<b>(DEFICIT)</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficit):								
Reserved for:								
Related assets	84,990	-	90,754	-	-	-	-	-
Encumbrances	-	972	-	18,814	-	996	25,613	-
Continuing appropriations	-	4,594	-	231,986	-	18,947	1,037,319	-
Unreserved (deficit)	-	-	-	93,712	-	7,000	481,465	-
<b>Total fund balances (deficit)</b>	<b>\$ 84,990</b>	<b>\$ 5,566</b>	<b>\$ 90,754</b>	<b>\$ 344,512</b>	<b>\$ -</b>	<b>\$ 26,943</b>	<b>\$ 1,544,397</b>	<b>\$ -</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ -</b>	<b>\$ 5,566</b>	<b>\$ 90,754</b>	<b>\$ 344,512</b>	<b>\$ -</b>	<b>\$ 26,943</b>	<b>\$ 1,544,397</b>	<b>\$ -</b>

(continued)

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	282	411	624	220	105	250	213	272
	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Division
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	126,260	-	37,388	-	1,083,975	-	350,649	50,585
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 126,260</b>	<b>\$ -</b>	<b>\$ 37,388</b>	<b>\$ -</b>	<b>\$ 1,083,975</b>	<b>\$ -</b>	<b>\$ 350,649</b>	<b>\$ 50,585</b>

**LIABILITIES AND FUND BALANCES  
 (DEFICIT)**

Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	30,624	-	18,347	-	31,743	-	8,789	-
Due to other funds	-	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 30,624</b>	<b>\$ -</b>	<b>\$ 18,347</b>	<b>\$ -</b>	<b>\$ 31,743</b>	<b>\$ -</b>	<b>\$ 8,789</b>	<b>\$ -</b>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	4,098	-	-	502,024	-	14,542	50,585
Continuing appropriations	838	32,208	13,472	-	1,107,910	-	85,280	53,116
Unreserved (deficit)	94,798	(36,306)	5,569	-	(557,702)	-	242,038	(53,116)
<b>Total fund balances (deficit)</b>	<b>\$ 95,636</b>	<b>\$ -</b>	<b>\$ 19,041</b>	<b>\$ -</b>	<b>\$ 1,052,232</b>	<b>\$ -</b>	<b>\$ 341,860</b>	<b>\$ 50,585</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 126,260</b>	<b>\$ -</b>	<b>\$ 37,388</b>	<b>\$ -</b>	<b>\$ 1,083,975</b>	<b>\$ -</b>	<b>\$ 350,649</b>	<b>\$ 50,585</b>

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	325	209	267	214	106	235	246	281
	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System
Cash and cash equivalents	\$ -	\$ 264,022	\$ -	\$ -	\$ 113,506	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	1,501,866	-	236,169	290,771	85,144	-	612,228
Due from other funds	305,734	-	-	356,600	-	872,038	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 305,734</b>	<b>\$ 1,765,888</b>	<b>\$ -</b>	<b>\$ 592,769</b>	<b>\$ 404,277</b>	<b>\$ 957,182</b>	<b>\$ -</b>	<b>\$ 612,228</b>

**LIABILITIES AND FUND BALANCES**  
**(DEFICIT)**

Liabilities:								
Accounts payable	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	247,065	-	-	-	-	-	24,128
Due to other funds	-	1,406,480	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	82,749	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	82,659	(45,919)	-	-	403,355	-	-	-
<b>Total liabilities</b>	<b>\$ 82,828</b>	<b>\$ 1,690,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 403,355</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,128</b>
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	54,319	-	3,830	-	-	-	149,931
Continuing appropriations	10,136	-	10,994	26,583	-	-	-	1,088,652
Unreserved (deficit)	212,770	21,194	(10,994)	562,356	922	957,182	-	(650,483)
<b>Total fund balances (deficit)</b>	<b>\$ 222,906</b>	<b>\$ 75,513</b>	<b>\$ -</b>	<b>\$ 592,769</b>	<b>\$ 922</b>	<b>\$ 957,182</b>	<b>\$ -</b>	<b>\$ 588,100</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 305,734</b>	<b>\$ 1,765,888</b>	<b>\$ -</b>	<b>\$ 592,769</b>	<b>\$ 404,277</b>	<b>\$ 957,182</b>	<b>\$ -</b>	<b>\$ 612,228</b>

(continued)



**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	600	104	243	312	299	277	229	404
	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving
Cash and cash equivalents	\$ -	\$ 224,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	28,625	90,211	9,873	19,660	-	-	-
Due from other funds	982,658	438,613	-	-	168,510	-	-	-
Inventories	-	-	-	-	-	-	-	617,540
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 982,658	\$ 691,273	\$ 90,211	\$ 9,873	\$ 188,170	\$ -	\$ -	\$ 617,540

**ASSETS**

**LIABILITIES AND FUND BALANCES**

(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 220	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	18,253	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	18,253	-	-	220	-	-	-	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	90,211	9,873	-	-	-	617,540
Encumbrances	22,008	1,081	-	-	28,173	-	-	572,835
Continuing appropriations	23,667	302	-	-	141,293	8,282	863	-
Unreserved (deficit)	918,730	689,890	-	(220)	18,704	(8,282)	(863)	(572,835)
Total fund balances (deficit)	964,405	691,273	90,211	9,653	188,170	-	-	617,540
Total liabilities and fund balances (deficit)	\$ 982,658	\$ 691,273	\$ 90,211	\$ 9,873	\$ 188,170	\$ -	\$ -	\$ 617,540

(continued)

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	239	306	237	406	307	248	245
	Government Claims	Government Claims	Government House Revolving	Group Life Insurance	Guam Based Trust	Guam Beautification	Guam Environmental Trust
Cash and cash equivalents	\$ -	\$ -	1,531 \$	93,403 \$	2,184 \$	- \$	688,078 \$
Investments	-	-	-	-	-	-	-
Receivables, net:							
Taxes	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	2,318,831
Note	-	-	-	-	-	-	-
Other	-	-	10,365	298,393	-	-	2,058,607
Due from other funds	124,655	-	-	-	-	-	509,671
Inventories	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	102,716
Total assets	\$ 124,655	\$ -	11,896 \$	391,796 \$	2,184 \$	- \$	5,168,232 \$

**LIABILITIES AND FUND BALANCES (DEFICIT)**

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	1,158,828
Accrued payroll and other	-	-	-	464,999	-	-	1,024,628
Due to other funds	-	-	-	-	2,184	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	2,950,109
Deferred revenue	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	-	464,999	2,184	-	5,133,565
Fund balances (deficit):							
Reserved for:							
Related assets	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	3,391,720
Continuing appropriations	100,598	-	11,783	-	-	-	230,931
Unreserved (deficit)	24,057	-	113	(73,203)	-	-	(3,357,053)
Total fund balances (deficit)	124,655	-	11,896	(73,203)	-	-	34,667
Total liabilities and fund balances (deficit)	\$ 124,655	\$ -	11,896 \$	391,796 \$	2,184 \$	- \$	5,168,232 \$

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	295	234	617	608	326	616	270	602
	GFD Lease-to-Purchase Program	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services	Healthy Futures
Cash and cash equivalents	\$ -	\$ -	\$ 587	\$ -	\$ 1,459,251	\$ 2,061,943	\$ 773,364	\$ 915,222
Investments	-	-	-	-	-	-	1,160,000	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	750,468
Federal agencies	-	-	-	-	-	10,000,000	-	-
Note	-	-	-	-	-	1,093,750	-	-
Other	-	-	1,004	18,119	361,050	29,895	-	1,914,751
Due from other funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	100,706	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 1,591	\$ 18,119	\$ 1,921,007	\$ 13,185,588	\$ 1,933,364	\$ 3,580,441

**ASSETS**

**LIABILITIES AND FUND BALANCES**

**(DEFICIT)**

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ 13,532	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	2,102	-	37,128	137,949
Accrued payroll and other	-	-	-	-	-	-	185,835	-
Due to other funds	-	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	1,093,750	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	15,634	1,093,750	222,963	137,949
Fund balances (deficit):								
Reserved for:	-	-	-	-	-	10,000,000	-	-
Related assets	-	-	-	-	-	-	-	994,084
Encumbrances	-	-	-	-	-	-	40,101	1,335,403
Continuing appropriations	-	-	8,385	22,551	109,304	156,442	1,670,300	1,113,005
Unreserved (deficit)	-	-	(6,794)	(4,432)	1,796,069	1,935,396	1,710,401	3,442,492
Total fund balances (deficit)	-	-	1,591	18,119	1,905,373	12,091,838	1,933,364	3,580,441
Total liabilities and fund balances (deficit)	\$ -	\$ -	\$ 1,591	\$ 18,119	\$ 1,921,007	\$ 13,185,588	\$ 1,933,364	\$ 3,580,441

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	241	311	201	298	301	303	321	216
	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
Cash and cash equivalents	\$ -	\$ 613,000	\$ -	\$ -	\$ -	\$ 13,060,231	\$ 1,554,147	\$ -
Investments	-	5,800,000	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	211,356	183,130	304,988	977	465,265	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 211,356	\$ 6,596,130	\$ 304,988	\$ 977	\$ 465,265	\$ 13,060,231	\$ 1,554,147	\$ -

**LIABILITIES AND FUND BALANCES**

(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	283,130	-	-	-	7,835,660	1,554,147	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	465,265	5,192,265	-	-
Deposits and other liabilities	-	-	10,034	-	-	-	-	-
Total liabilities	-	283,130	10,034	-	465,265	13,027,925	1,554,147	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	304,988	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Continuing appropriations	157,670	3,500,000	509	6,582	-	-	-	-
Unreserved (deficit)	53,686	2,813,000	(10,543)	(5,605)	-	32,306	-	-
Total fund balances (deficit)	211,356	6,313,000	294,954	977	-	32,306	-	-
Total liabilities and fund balances (deficit)	\$ 211,356	\$ 6,596,130	\$ 304,988	\$ 977	\$ 465,265	\$ 13,060,231	\$ 1,554,147	\$ -

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	313	626	210	222	223	287	232
	Inmates Work Release	Interim Transition Coordinating Committee	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Manpower Development
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 636,838	\$ -	\$ 33,685
Investments	-	-	-	-	-	-	-
Receivables, net:							
Taxes	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-
Other	-	-	-	33,118	-	-	-
Due from other funds	8,579	2,907,287	-	1,248,598	1,077,397	-	243,082
Inventories	-	-	-	-	-	-	-
Deposits and other assets	1,679	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 10,258</b>	<b>\$ 2,907,287</b>	<b>\$ -</b>	<b>\$ 1,248,598</b>	<b>\$ 1,747,353</b>	<b>\$ -</b>	<b>\$ 276,767</b>

**LIABILITIES AND FUND BALANCES (DEFICIT)**

Liabilities:							
Accounts payable	\$ 10,258	\$ 171,486	\$ -	\$ -	\$ 57,137	\$ -	\$ -
Accrued payroll and other	-	-	-	24,656	99,399	-	-
Due to other funds	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	210,562
<b>Total liabilities</b>	<b>\$ 10,258</b>	<b>\$ 171,486</b>	<b>\$ -</b>	<b>\$ 24,656</b>	<b>\$ 156,536</b>	<b>\$ -</b>	<b>\$ 210,562</b>
Fund balances (deficit):							
Reserved for:							
Related assets	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-
Continuing appropriations	-	-	-	38,929	-	-	28,080
Unreserved (deficit)	-	2,735,801	-	1,185,013	1,590,817	-	38,125
<b>Total fund balances (deficit)</b>	<b>\$ -</b>	<b>\$ 2,735,801</b>	<b>\$ -</b>	<b>\$ 1,223,942</b>	<b>\$ 1,590,817</b>	<b>\$ -</b>	<b>\$ 66,205</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 10,258</b>	<b>\$ 2,907,287</b>	<b>\$ -</b>	<b>\$ 1,248,598</b>	<b>\$ 1,747,353</b>	<b>\$ -</b>	<b>\$ 276,767</b>

(continued)

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	292	293	294	261	316	278	329	212/225
	Medicaid and MIP Assistance	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	11,059,643	204,399	-	-	-	154,011	459
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 11,059,643	\$ 204,399	\$ -	\$ -	\$ -	\$ 154,011	\$ 459

**LIABILITIES AND FUND BALANCES**

**(DEFICIT)**

Liabilities:								
Accounts payable	\$ -	\$ 11,149,736	\$ -	\$ -	\$ -	\$ -	\$ 139,449	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	13,212	-
Total liabilities	-	11,149,736	-	-	-	-	152,661	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Continuing appropriations	-	7,697	-	-	-	-	-	5,620
Unreserved (deficit)	-	(97,790)	204,399	-	-	-	1,350	(5,161)
Total fund balances (deficit)	-	(90,093)	204,399	-	-	-	1,350	459
Total liabilities and fund balances (deficit)	\$ -	\$ 11,059,643	\$ 204,399	\$ -	\$ -	\$ -	\$ 154,011	\$ 459

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	211	504	263	221	215	238		
	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers, Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,183	\$ 181,681	\$ 404,555
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	10,801	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	-	-	4,682	-	-	7,455
Due from other funds	5,708	-	173,050	11,682	-	-	736	217,626
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 5,708	\$ -	\$ 173,050	\$ 11,682	\$ 4,682	\$ 3,183	\$ 193,218	\$ 629,636

**LIABILITIES AND FUND BALANCES**  
**(DEFICIT)**

Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,391	\$ 16,078
Accrued payroll and other	-	-	-	-	4,200	-	-	111,227
Due to other funds	-	-	-	-	-	3,183	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	5,682
Total liabilities	-	-	-	-	4,200	3,183	2,391	132,987
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	313	13,920	23,515	11,682	7,915	-	-	13,274
Continuing appropriations	5,395	(13,920)	149,535	-	(7,433)	-	190,827	483,375
Unreserved (deficit)	5,708	-	173,050	11,682	482	-	190,827	496,649
Total fund balances (deficit)	\$ 5,708	\$ -	\$ 173,050	\$ 11,682	\$ 4,682	\$ 3,183	\$ 193,218	\$ 629,636
Total liabilities and fund balances (deficit)								(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	604	620	269	317	285	601	217	284
	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan
Cash and cash equivalents	\$ 126,188	\$ -	\$ -	\$ -	\$ -	\$ 1,074	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	-	54,152	-	-	-	-
Due from other funds	108,386	31,266	-	-	46,925	-	38,491	80,483
Inventories	-	-	-	77,559	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 234,574	\$ 31,266	\$ -	\$ 131,711	\$ 46,925	\$ 1,074	\$ 38,491	\$ 80,483

**LIABILITIES AND FUND BALANCES**

(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,074	-	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	1,074	-	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	131,711	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Continuing appropriations	150,468	9,615	-	80,868	45,358	497,020	76,879	43,993
Unreserved (deficit)	84,106	21,651	-	(80,868)	1,567	(497,020)	(38,388)	36,490
Total fund balances (deficit)	234,574	31,266	-	131,711	46,925	-	38,491	80,483
Total liabilities and fund balances (deficit)	\$ 234,574	\$ 31,266	\$ -	\$ 131,711	\$ 46,925	\$ 1,074	\$ 38,491	\$ 80,483

(continued)



**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

AS/400 Fund Number	275	416	605	314	202	103	Unified Courts of Guam
	Solid Waste Management Facilities Medical Monitoring	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge	
Cash and cash equivalents	\$ 27,000	\$ 840,560	\$ 133,151	\$ 71,082	\$ -	\$ 302,184	\$ 3,516,475
Investments	-	-	-	-	-	-	-
Receivables, net:							
Taxes	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	190,466
Note	-	-	-	-	-	-	-
Other	-	2,203,082	-	19,515	-	44,983	-
Due from other funds	-	-	666,943	-	-	-	2,363,741
Inventories	-	-	-	74,889	-	-	-
Deposits and other assets	-	-	-	-	-	-	103,586
Total assets	\$ 27,000	\$ 3,043,642	\$ 800,094	\$ 165,486	\$ -	\$ 347,167	\$ 6,174,268

**LIABILITIES AND FUND BALANCES**

(DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 171,067	\$ -	\$ 262,843
Accrued payroll and other	-	141,163	-	8,311	-	11,158	644,169
Due to other funds	27,000	1,110,028	-	71,082	-	55,406	59,962
Due to private purpose trust funds	-	-	-	-	-	-	61,293
Due to component units	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-
Deferred revenue	-	962,829	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-
Total liabilities	\$ 27,000	\$ 2,214,020	\$ -	\$ 79,393	\$ 171,067	\$ 66,564	\$ 1,028,267
Fund balances (deficit):							
Reserved for:							
Related assets	-	-	-	94,404	-	44,983	-
Encumbrances	-	-	-	-	-	-	1,188,963
Continuing appropriations	-	757,694	178,532	19,795	8,207	9,936	2,350,664
Unreserved (deficit)	-	71,928	621,562	(28,106)	(179,274)	225,684	1,606,374
Total fund balances (deficit)	\$ -	\$ 829,622	\$ 800,094	\$ 86,093	\$ (171,067)	\$ 280,603	\$ 5,146,001
Total liabilities and fund balances (deficit)	\$ 27,000	\$ 3,043,642	\$ 800,094	\$ 165,486	\$ -	\$ 347,167	\$ 6,174,268

(continued)

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	607	327	603	205	208	206	501	297
	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	University of Guam Capital Improvements
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 119,287	\$ 23,734	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	1,444,345	587,047	1,322,155	-	-
Federal agencies	-	-	-	-	-	-	-	-
Note	-	-	-	-	-	-	-	-
Other	-	-	540,633	-	-	1,700,456	-	-
Due from other funds	605,555	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 605,555	\$ -	\$ 540,633	\$ 1,563,632	\$ 610,781	\$ 3,022,611	\$ -	\$ -

LIABILITIES AND FUND BALANCES

(DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,217	\$ 1,489	\$ -
Accrued payroll and other	-	-	20,131	-	252,141	-	-	-
Due to other funds	-	-	-	453,446	-	-	135,684	-
Due to private purpose trust funds	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	10,910,791	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	1,104,419	2,011,589	-	-	-
Provision for tax refunds	-	-	-	-	594,057	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	20,131	1,557,865	13,768,578	66,217	137,173	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	1,700,456	-	-
Encumbrances	-	-	-	-	967,570	47,462	-	-
Continuing appropriations	-	-	471,414	652,931	555,037	-	176,403	500,000
Unreserved (deficit)	605,555	-	49,088	(647,164)	(14,680,404)	1,208,476	(313,576)	(500,000)
Total fund balances (deficit)	605,555	-	520,502	5,767	(13,157,797)	2,956,394	(137,173)	-
Total liabilities and fund balances (deficit)	\$ 605,555	\$ -	\$ 540,633	\$ 1,563,632	\$ 610,781	\$ 3,022,611	\$ -	\$ -

(continued)

**GOVERNMENT OF GUAM**  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 2006

AS/400 Fund Number	621	247	283	300	203	310	276	Total
	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	
Cash and cash equivalents	\$ -	\$ 3,437	\$ -	\$ -	\$ -	\$ -	\$ 121,273	\$ 28,369,891
Investments	-	-	-	-	-	-	1,160,000	8,120,000
Receivables, net:								
Taxes	-	-	-	-	-	-	-	4,104,015
Federal agencies	-	-	-	-	-	-	-	2,520,098
Note	-	-	-	-	-	-	-	10,000,000
Other	-	-	-	-	-	-	-	6,005,891
Due from other funds	645,289	700,240	193,352	180,873	527	622,785	-	39,444,419
Inventories	-	-	-	-	-	-	-	769,988
Deposits and other assets	-	-	-	-	-	-	-	394,261
Total assets	\$ 645,289	\$ 703,677	\$ 193,352	\$ 180,873	\$ 527	\$ 622,785	\$ 1,281,273	\$ 99,728,563

**LIABILITIES AND FUND BALANCES (DEFICIT)**

Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,220,900
Accrued payroll and other	71,590	-	-	-	-	-	-	3,437,878
Due to other funds	-	-	-	-	-	-	112,890	13,297,191
Due to private purpose trust funds	-	-	-	-	-	-	-	61,293
Due to component units	-	-	-	-	-	-	-	10,910,791
Payable to federal agencies	-	-	-	-	-	-	-	2,950,109
Deferred revenue	-	-	-	-	-	-	-	5,255,336
Provision for tax refunds	-	-	-	-	-	-	-	5,786,322
Deposits and other liabilities	-	-	-	-	-	-	-	1,144,850
Total liabilities	71,590	-	-	-	-	-	112,890	56,064,670
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	13,169,910
Encumbrances	-	-	-	-	-	-	-	8,052,894
Continuing appropriations	318,433	497,409	62,581	64,365	147,891	534,994	20,934	17,949,454
Unreserved (deficit)	255,266	206,268	130,771	116,508	(147,364)	87,791	1,147,449	4,491,635
Total fund balances (deficit)	573,699	703,677	193,352	180,873	527	622,785	1,168,383	43,663,893
Total liabilities and fund balances (deficit)	\$ 645,289	\$ 703,677	\$ 193,352	\$ 180,873	\$ 527	\$ 622,785	\$ 1,281,273	\$ 99,728,563

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
Revenues:								
Taxes:	\$	\$	\$	\$	\$	\$	\$	\$
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	180,951	-	40,340	618,210	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	180,951	-	40,340	618,210	-
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	18,897	253,047	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	161,921	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	27,564	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	161,921	-	18,897	280,611	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	19,030	-	21,443	337,599	-
Other financing sources (uses):	81,441	-	-	-	-	-	-	-
Transfers in from other funds	-	-	(126,426)	-	(460)	-	-	(266)
Transfers out to other funds	81,441	-	(126,426)	-	(460)	-	-	(266)
Total other financing sources (uses), net Special item:	-	-	-	-	-	-	-	-
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	81,441	-	(126,426)	19,030	(460)	21,443	337,599	(266)
Fund balances (deficits) at beginning of year	3,549	5,566	217,180	325,482	460	5,500	1,206,798	266
Fund balances (deficits) at end of year	\$ 84,990	\$ 5,566	\$ 90,754	\$ 344,512	\$ -	\$ 26,943	\$ 1,544,397	\$ -

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	350,047	4,790	497,835	-	938,848	-	357,761	20,051
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	1,236,656	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	350,047	4,790	497,835	-	2,175,504	-	357,761	20,051
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	-	251,721	-
Protection of life and property	326,164	-	-	-	-	-	-	-
Public health	-	-	-	-	1,651,789	-	-	9,629
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	478,794	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	26,310	-	-	-	-	-	-
Total expenditures	326,164	26,310	478,794	-	1,651,789	-	251,721	9,629
Excess (deficiency) of revenues over (under) expenditures	23,883	(21,520)	19,041	-	523,715	-	106,040	10,422
Other financing sources (uses):								
Transfers in from other funds	-	177,343	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(135)	-	(74,676)
Total other financing sources (uses), net	-	177,343	-	-	-	(135)	-	(74,676)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	23,883	155,823	19,041	-	523,715	(135)	106,040	(64,254)
Fund balances (deficits) at beginning of year	71,753	(155,823)	-	-	528,517	135	235,820	114,839
Fund balances (deficits) at end of year	\$ 95,636	\$ -	\$ 19,041	\$ -	\$ 1,052,232	\$ -	\$ 341,860	\$ 50,585

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2006**

	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	50,899	8,621,903	-	1,461,850	-	520,097	24,908	1,251,151
Use of money and property	-	3,885	-	-	915	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>50,899</b>	<b>8,625,788</b>	<b>-</b>	<b>1,461,850</b>	<b>915</b>	<b>520,097</b>	<b>24,908</b>	<b>1,251,151</b>
Expenditures by Function:								
Current:								
General government	-	255	-	-	-	-	-	-
Protection of life and property	-	8,550,020	-	1,299,249	-	-	-	931,191
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	25,866	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>8,550,275</b>	<b>25,866</b>	<b>1,299,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>931,191</b>
Excess (deficiency) of revenues over (under) expenditures	50,899	75,513	(25,866)	162,601	915	520,097	24,908	319,960
Other financing sources (uses):								
Transfers in from other funds	-	-	(129,051)	(125,176)	-	(1,149,336)	(318,426)	(1,574,228)
Transfers out to other funds	-	-	(129,051)	(125,176)	-	(1,149,336)	(318,426)	(1,574,228)
<b>Total other financing sources (uses), net</b>	<b>-</b>	<b>-</b>	<b>(258,102)</b>	<b>(250,352)</b>	<b>-</b>	<b>(2,298,672)</b>	<b>(636,852)</b>	<b>(3,148,456)</b>
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	50,899	75,513	(154,917)	37,425	915	(629,239)	(293,518)	(1,254,268)
Fund balances (deficits) at beginning of year	172,007	-	154,917	555,344	7	1,586,421	293,518	1,842,368
<b>Fund balances (deficits) at end of year</b>	<b>\$ 222,906</b>	<b>\$ 75,513</b>	<b>\$ -</b>	<b>\$ 592,769</b>	<b>\$ 922</b>	<b>\$ 957,182</b>	<b>\$ -</b>	<b>\$ 588,100</b>

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Environmental Health	Exxon Fuel Overcharge	Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	144	408,523
Sales, licenses, fees and permits	662,140	-	-	-	75,316	-	-	-
Use of money and property	-	9,007	49	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	662,140	9,007	49	-	75,316	-	144	408,523
Expenditures by Function:								
Current:								
General government	-	1,094	-	-	141,682	-	-	-
Protection of life and property	-	-	-	-	-	6,561	-	-
Public health	513,887	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	513,887	1,094	-	-	141,682	6,561	-	-
Excess (deficiency) of revenues over (under) expenditures	148,253	7,913	49	-	(66,366)	(6,561)	144	408,523
Other financing sources (uses):								
Transfers in from other funds	-	-	-	(7,008)	-	34,100	(1,070)	(4,154,995)
Transfers out to other funds	-	-	(36,269)	(7,008)	-	-	(1,070)	(4,154,995)
Total other financing sources (uses), net	-	-	(36,269)	(7,008)	-	34,100	(1,070)	(4,154,995)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	148,253	7,913	(36,220)	(7,008)	(66,366)	27,539	(926)	(3,746,472)
Fund balances (deficits) at beginning of year	816,152	683,360	126,431	16,661	254,536	(27,539)	926	4,364,012
Fund balances (deficits) at end of year	\$ 964,405	\$ 691,273	\$ 90,211	\$ 9,653	\$ 188,170	\$ -	\$ -	\$ 617,540

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Government Claims	Government Claims	Government House Revolving	Group Life Insurance	Guam Based Trust	Guam Beautification	GPSS Federal Grants	Guam Environmental Trust
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	248,335
Sales, licenses, fees and permits	-	-	-	797	21	-	44,246,696	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	184	-	-	-
Other	-	-	-	797	205	-	44,246,696	248,335
Total revenues	-	-	-	797	205	-	44,246,696	248,335
Expenditures by Function:								
Current:								
General government	-	4	-	75,000	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	46,564,564	157,726
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	-	4	-	75,000	-	-	46,564,564	157,726
Excess (deficiency) of revenues over (under) expenditures	-	(4)	-	(74,203)	205	-	(2,317,868)	90,609
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	(2,184)	(50,729)	1,304,250	-
Transfers out to other funds	-	-	-	-	(2,184)	(50,729)	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	1,304,250	-
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(4)	-	(74,203)	(1,979)	(50,729)	(1,013,618)	90,609
Fund balances (deficits) at beginning of year	124,655	4	11,896	1,000	1,979	50,729	1,048,285	415,084
Fund balances (deficits) at end of year	\$ 124,655	\$ -	\$ 11,896	\$ (73,203)	\$ -	\$ -	\$ 34,667	\$ 505,693

(continued)



GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	GFD	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services	Healthy Futures
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	12,913,250
Sales, licenses, fees and permits	-	-	-	50,232	924,188	-	9,677	-
Use of money and property	-	-	1,591	-	1,934	112,415	77,793	10
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1,988
Total revenues	-	-	1,591	50,232	926,122	112,415	87,470	12,915,248
Expenditures by Function:								
Current:								
General government	-	-	-	-	4,581	8,092,750	-	121,957
Protection of life and property	600,000	-	-	-	-	-	-	481,021
Public health	-	-	-	-	-	2,409,153	1,016,276	7,461,953
Community services	-	-	-	-	461,022	-	-	591,156
Recreation	-	-	-	-	-	-	-	381,406
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	25,797	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	8,421,521	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	2,246,308	-	-
Total expenditures	600,000	-	8,421,521	25,797	465,603	12,748,211	1,016,276	9,037,493
Excess (deficiency) of revenues over (under) expenditures	(600,000)	-	(8,419,930)	24,435	460,519	(12,635,796)	(928,806)	3,877,755
Other financing sources (uses):								
Transfers in from other funds	-	(88,777)	8,421,521	-	-	-	-	545,451
Transfers out to other funds	-	(88,777)	(8,421,521)	(86,304)	-	-	-	(1,261,631)
Total other financing sources (uses), net	-	-	8,421,521	(86,304)	-	-	-	(716,180)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(600,000)	(88,777)	1,591	(61,869)	460,519	(12,635,796)	(928,806)	3,161,575
Fund balances (deficits) at beginning of year	600,000	88,777	-	79,988	1,444,854	24,727,634	2,639,207	280,917
Fund balances (deficits) at end of year	\$ -	\$ -	\$ 1,591	\$ 18,119	\$ 1,905,373	\$ 12,091,838	\$ 1,710,401	\$ 3,442,492

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	109,593	-	-	9,200	-	32,306	12,326	-
Use of money and property	-	399,445	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	7,038	-
Total revenues	<u>109,593</u>	<u>399,445</u>	<u>-</u>	<u>9,200</u>	<u>-</u>	<u>32,306</u>	<u>19,364</u>	<u>-</u>
Expenditures by Function:								
Current:								
General government	-	-	5,637	45,057	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	38,691	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	283,130	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	<u>38,691</u>	<u>283,130</u>	<u>5,637</u>	<u>45,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,902</u>	<u>116,315</u>	<u>(5,637)</u>	<u>(35,857)</u>	<u>-</u>	<u>32,306</u>	<u>19,364</u>	<u>-</u>
Other financing sources (uses):								
Transfers in from other funds	-	-	243,645	-	-	-	-	-
Transfers out to other funds	-	-	(1,043,467)	(45,353)	-	-	(19,364)	(100,000)
Total other financing sources (uses), net	-	-	<u>(799,822)</u>	<u>(45,353)</u>	<u>-</u>	<u>-</u>	<u>(19,364)</u>	<u>(100,000)</u>
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	<u>70,902</u>	<u>116,315</u>	<u>(805,459)</u>	<u>(81,210)</u>	<u>-</u>	<u>32,306</u>	<u>-</u>	<u>(100,000)</u>
Fund balances (deficits) at beginning of year	140,454	6,196,685	1,100,413	82,187	-	-	-	100,000
Fund balances (deficits) at end of year	<u>\$ 211,356</u>	<u>\$ 6,313,000</u>	<u>\$ 294,954</u>	<u>\$ 977</u>	<u>\$ -</u>	<u>\$ 32,306</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Inmates Work Release	Interim Transition Coordinating Committee	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	10,954	1,085,562	2,647	10,139	10	184,974
Use of money and property	-	-	-	-	-	-	-	625
Federal contributions	-	144,797	-	-	-	-	-	-
Other	-	46,943	-	-	-	-	-	-
Total revenues	-	191,740	10,954	1,085,562	2,647	10,139	10	185,599
Expenditures by Function:								
Current:								
General government	-	1,028,040	-	899,629	7,208,220	-	-	207
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	77,517
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	246,394
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	-	1,028,040	-	899,629	7,208,220	-	-	324,118
Excess (deficiency) of revenues over (under) expenditures	-	(836,300)	10,954	185,933	(7,205,573)	10,139	10	(138,519)
Other financing sources (uses):								
Transfers in from other funds	-	439,939	-	-	7,339,180	-	-	-
Transfers out to other funds	-	(7,003,768)	(91,139)	-	-	(19,954)	(4,361)	-
Total other financing sources (uses), net	-	(6,563,829)	(91,139)	-	7,339,180	(19,954)	(4,361)	-
Special item:								
Redemption of RTB stock	-	13,779,268	-	-	-	-	-	-
Net change in fund balances (deficits)	-	6,379,139	(80,185)	185,933	133,607	(9,815)	(4,351)	(138,519)
Fund balances (deficits) at beginning of year	-	(3,643,338)	80,185	1,038,009	1,457,210	9,815	4,351	204,724
Fund balances (deficits) at end of year	\$ -	\$ 2,735,801	\$ -	\$ 1,223,942	\$ 1,590,817	\$ -	\$ -	\$ 66,205

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Medicaid and MIP Assistance	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	7,675	50	-	-	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	7,675	50	-	-	-
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	56,001	157,879	-	-	-	-	-
Community services	-	11,962,475	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	-	12,018,476	157,879	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(12,018,476)	(157,879)	7,675	50	-	-	-
Other financing sources (uses):								
Transfers in from other funds	-	11,928,383	-	-	(670)	(20,560)	-	(70,169)
Transfers out to other funds	-	-	-	(30,661)	(670)	(20,560)	-	(70,169)
Total other financing sources (uses), net	-	11,928,383	-	(30,661)	(670)	(20,560)	-	(70,169)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(90,093)	(157,879)	(22,986)	(620)	(20,560)	-	(70,169)
Fund balances (deficits) at beginning of year	-	-	362,278	22,986	620	20,560	1,350	70,628
Fund balances (deficits) at end of year	\$ -	\$ (90,093)	\$ 204,399	\$ -	\$ -	\$ -	\$ 1,350	\$ 459

See Accompanying Independent Auditors' Report.

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers, Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	16,978	-	396,474	-	211,159	-	8,183	3,819
Use of money and property	-	-	-	-	-	503	51,744	46,666
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	16,978	-	396,474	-	211,159	503	59,927	50,485
Expenditures by Function:								
Current:								
General government	-	-	-	-	195,036	3,000	1,152,838	-
Protection of life and property	-	292	406,252	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	3,353,120
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	5,295	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	5,295	292	406,252	-	195,036	3,000	1,152,838	3,353,120
Excess (deficiency) of revenues over (under) expenditures	11,683	(292)	(9,778)	-	16,123	(2,497)	(1,092,911)	(3,302,635)
Other financing sources (uses):								
Transfers in from other funds	-	5,735	-	-	-	6,817	1,049,229	3,388,381
Transfers out to other funds	(8,811)	-	(67,216)	-	-	-	-	-
Total other financing sources (uses), net	(8,811)	5,735	(67,216)	-	-	6,817	1,049,229	3,388,381
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	2,872	5,443	(76,994)	-	16,123	4,320	(43,682)	85,746
Fund balances (deficits) at beginning of year	2,836	(5,443)	250,044	11,682	(15,641)	(4,320)	234,509	410,903
Fund balances (deficits) at end of year	\$ 5,708	\$ -	\$ 173,050	\$ 11,682	\$ 482	\$ -	\$ 190,827	\$ 496,649

See Accompanying Independent Auditors' Report.

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	92,531	-	-	55,998	39,729
Sales, licenses, fees and permits	630,918	123,923	-	-	48,685	-	-	-
Use of money and property	356	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	631,274	123,923	-	92,531	48,685	-	55,998	39,729
Expenditures by Function:								
Current:								
General government	207	-	-	567,518	-	-	-	-
Protection of life and property	-	-	-	-	-	-	94,869	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	168,483	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	27,762
Economic development	-	-	-	-	69,272	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	207	168,483	-	567,518	69,272	-	94,869	27,762
Excess (deficiency) of revenues over (under) expenditures	631,067	(44,560)	-	(474,987)	(20,587)	-	(38,871)	11,967
Other financing sources (uses):								
Transfers in from other funds	(899,285)	-	382	23,006	-	-	-	-
Transfers out to other funds	(899,285)	-	-	-	(71,439)	(545,451)	(209,277)	-
Total other financing sources (uses), net	-	-	382	23,006	(71,439)	(545,451)	(209,277)	-
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(268,218)	(44,560)	382	(451,981)	(92,026)	(545,451)	(248,148)	11,967
Fund balances (deficits) at beginning of year	502,792	75,826	(382)	583,692	138,951	545,451	286,639	68,516
Fund balances (deficits) at end of year	234,574	31,266	-	131,711	46,925	-	38,491	80,483

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2006**

	Solid Waste Management Facilities Medical Monitoring	Solid Waste Operations	Special Assets Forfeiture	State Agency for Property Surplus	Street Light	Stripper Well Overcharge	Unified Courts of Guam
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	5,680,648	118,027	5,312	3,124,087	-	417,812
Use of money and property	1,265	3,361	1,265	1,925	-	19,512	-
Federal contributions	-	-	-	-	-	-	735,749
Other	734	-	-	60	-	4,691	-
<b>Total revenues</b>	<b>1,999</b>	<b>5,684,009</b>	<b>119,292</b>	<b>7,297</b>	<b>3,124,087</b>	<b>24,203</b>	<b>1,153,561</b>
Expenditures by Function:							
Current:							
General government	-	5,289	-	100,020	-	2,624	-
Protection of life and property	-	-	162,618	-	-	-	-
Public health	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	4,914,738	-	19,940,875
Transportation	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-
Environmental protection	-	4,685,206	-	-	-	322,465	-
Economic development	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	1,150,000
Total expenditures	-	4,690,495	162,618	100,020	4,914,738	325,089	21,090,875
Excess (deficiency) of revenues over (under) expenditures	1,999	993,514	(43,326)	(92,723)	(1,790,651)	(300,886)	(19,937,314)
Other financing sources (uses):							
Transfers in from other funds	(127,000)	-	-	(56,097)	-	-	21,294,857
Transfers out to other funds	(127,000)	-	-	(56,097)	-	-	-
Total other financing sources (uses), net	-	-	-	-	1,619,584	-	-
Special item:							
Redemption of RTB stock	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(125,001)	993,514	(43,326)	(148,820)	(171,067)	(300,886)	1,357,543
Fund balances (deficits) at beginning of year	125,001	(163,892)	843,420	234,913	-	581,489	3,788,458
Fund balances (deficits) at end of year	\$ -	\$ 829,622	\$ 800,094	\$ 86,093	\$ (171,067)	\$ 280,603	\$ 5,146,001

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	University of Guam Capital Improvements
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 17,814,017	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	19,787,802	-	-
Liquid fuel	-	-	-	-	9,534,236	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	22,600	646,097	-	4,603,926	-	-	-
Use of money and property	-	-	-	4,843	2,228	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	22,600	646,097	17,818,860	14,140,390	19,787,802	-	-
Expenditures by Function:								
Current:								
General government	13,973,785	-	764,096	50,520	486,661	47,734	107,221	-
Protection of life and property	-	-	-	-	-	636,058	5,545	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	25,000	-	-
Recreation	-	-	-	-	-	-	8,851	-
Individual and collective rights	-	-	-	-	-	552,786	9,022	-
Transportation	-	-	-	-	7,314,404	-	-	-
Public education	-	-	-	-	-	-	906	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	5,923,617	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	12,144,578	-	-
Payments to University of Guam	-	-	-	-	-	-	-	500,000
Miscellaneous appropriations	-	-	-	-	-	-	-	-
Total expenditures	13,973,785	-	764,096	5,974,137	7,801,065	13,406,156	131,545	500,000
Excess (deficiency) of revenues over (under) expenditures	(13,973,785)	22,600	(117,999)	11,844,723	6,339,325	6,381,646	(131,545)	(500,000)
Other financing sources (uses):								
Transfers in from other funds	13,973,785	-	-	-	-	-	-	500,000
Transfers out to other funds	-	(71,486)	-	(12,691,291)	(15,096,091)	(6,370,682)	(4,139)	-
Total other financing sources (uses), net	13,973,785	(71,486)	-	(12,691,291)	(15,096,091)	(6,370,682)	(4,139)	500,000
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(48,886)	(117,999)	(846,568)	(8,756,766)	10,964	(135,684)	-
Fund balances (deficits) at beginning of year	605,555	48,886	638,501	852,335	(4,401,031)	2,945,430	(1,489)	-
Fund balances (deficits) at end of year	\$ 605,555	\$ -	\$ 520,502	\$ 5,767	\$ (13,157,797)	\$ 2,956,394	\$ (137,173)	\$ -

(continued)



GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	17,814,017
Hotel	-	-	-	-	-	-	-	19,787,802
Liquid fuel	-	-	-	-	-	-	-	9,534,236
Other taxes	-	-	-	-	-	-	-	12,913,250
Sales, licenses, fees and permits	-	-	63,130	28,000	30,506	492,666	1,963	35,587,522
Use of money and property	-	378	-	-	-	-	46,575	749,979
Federal contributions	-	-	-	-	-	-	-	46,462,308
Other	-	-	-	-	-	-	-	61,638
Total revenues	-	378	63,130	28,000	30,506	492,666	48,538	142,910,752
Expenditures by Function:								
Current:								
General government	2,193,211	750	-	-	-	-	-	37,798,288
Protection of life and property	1,497,670	-	-	-	-	-	-	14,997,510
Public health	294,867	-	-	-	-	-	-	13,610,125
Community services	-	-	-	-	-	-	-	12,578,631
Recreation	29,475	-	-	-	-	984,516	-	667,831
Individual and collective rights	16,192	1,128,197	-	-	-	-	-	26,469,497
Transportation	-	-	-	-	-	-	-	12,229,142
Public education	-	-	-	-	-	-	-	46,565,470
Environmental protection	-	-	20,530	-	34,312	-	-	5,375,610
Economic development	2,714	-	-	-	-	-	-	137,390
Payments to Guam Community College	-	-	-	-	-	-	57,167	6,227,178
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	8,704,651
Payments to Chamorro Land Trust Commission	-	-	-	-	-	-	-	478,794
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	12,144,578
Payments to University of Guam	-	-	-	-	-	-	-	500,000
Miscellaneous appropriations	-	-	-	-	-	-	-	3,450,182
Total expenditures	4,034,129	1,128,947	20,530	-	34,312	984,516	57,167	201,934,877
Excess (deficiency) of revenues over (under) expenditures	(4,034,129)	(1,128,569)	42,600	28,000	(3,806)	(491,850)	(8,629)	(59,024,125)
Other financing sources (uses):								
Transfers in from other funds	4,607,828	1,705,000	-	-	(217,476)	837,524	-	79,527,381
Transfers out to other funds	-	-	-	-	(217,476)	-	-	(54,072,354)
Total other financing sources (uses), net	4,607,828	1,705,000	-	-	(217,476)	837,524	-	25,455,027
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	13,779,268
Net change in fund balances (deficits)	573,699	576,431	42,600	28,000	(221,282)	345,674	(8,629)	(19,789,830)
Fund balances (deficits) at beginning of year	-	127,246	150,752	152,873	221,809	277,111	1,177,012	63,453,723
Fund balances (deficits) at end of year	\$ 573,699	\$ 703,677	\$ 193,352	\$ 180,873	\$ 527	\$ 622,785	\$ 1,168,383	\$ 43,663,893

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
Taxes:								
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	180,951	-	-	40,340	618,210	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	180,951	-	-	40,340	618,210	-
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-
Travel	-	-	-	124,463	-	-	261,886	-
Contractual services	-	-	-	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	5,594	-
Equipment	-	-	-	3,454	-	-	657	-
Utilities - power and water	-	-	-	10,911	-	-	-	-
Communications	-	-	-	23,093	-	-	215	-
Capital outlays	-	-	-	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	18,897	12,259	-
Total expenditures	-	-	-	161,921	-	18,897	280,611	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	19,030	-	21,443	337,599	-
Other financing sources (uses):	81,441	-	-	-	-	-	-	-
Transfers in from other funds	-	-	(126,426)	-	(460)	-	-	(266)
Transfers out to other funds	81,441	-	(126,426)	-	(460)	-	-	(266)
Total other financing sources (uses), net	-	-	-	-	-	-	-	-
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	81,441	-	(126,426)	19,030	(460)	21,443	337,599	(266)
Fund balances (deficits) at beginning of year	3,549	5,566	217,180	325,482	460	5,500	1,206,798	266
Fund balances (deficits) at end of year	\$ 84,990	\$ 5,566	\$ 90,754	\$ 344,512	\$ -	\$ 26,943	\$ 1,544,397	\$ -

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Carrier Off-duty Services Revolving	Chamorro Commercial Loan	Chamorro Land Trust Operations	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	350,047	4,790	497,835	-	938,848	-	357,761	20,051
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	1,236,656	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	350,047	4,790	497,835	-	2,175,504	-	357,761	20,051
Expenditures by Object:								
Salaries and wages - regular	215,844	-	-	-	447,892	-	158,870	-
Salaries and wages - overtime	100,994	-	-	-	131,169	-	-	-
Salaries and wages - fringe benefits	9,326	-	-	-	132,654	-	54,966	-
Travel	-	22,647	-	-	26,920	-	-	5,046
Contractual services	-	3,099	-	-	486,888	-	19,782	43
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	241,677	-	8,863	2,845
Equipment	-	-	-	-	104,286	-	1,923	1,695
Utilities - power and water	-	564	-	-	-	-	1,422	-
Communications	-	-	-	-	-	-	5,820	-
Capital outlays	-	-	-	-	79,454	-	-	-
Payments to component units	-	-	478,794	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	849	-	75	-
Total expenditures	326,164	26,310	478,794	-	1,651,789	-	251,721	9,629
Excess (deficiency) of revenues over (under) expenditures	23,883	(21,520)	19,041	-	523,715	-	106,040	10,422
Other financing sources (uses):								
Transfers in from other funds	-	177,343	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	(135)	-	(74,676)
Total other financing sources (uses), net	-	177,343	-	-	-	(135)	-	(74,676)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	23,883	155,823	19,041	-	523,715	(135)	106,040	(64,254)
Fund balances (deficits) at beginning of year	71,753	(155,823)	-	-	528,517	135	235,820	114,839
Fund balances (deficits) at end of year	95,636	-	19,041	\$ -	1,052,232	\$ -	341,860	\$ 50,585

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	8,621,903	-	1,461,850	-	520,097	24,908	1,251,151
Use of money and property	3,885	-	-	915	-	-	-
Federal contributions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>8,625,788</b>	<b>-</b>	<b>1,461,850</b>	<b>915</b>	<b>520,097</b>	<b>24,908</b>	<b>1,251,151</b>
Expenditures by Object:							
Salaries and wages - regular	4,380,478	-	-	-	-	-	328,104
Salaries and wages - overtime	494,757	-	-	-	-	-	40,513
Salaries and wages - fringe benefits	1,324,919	-	-	-	-	-	95,996
Travel	-	-	-	-	-	-	-
Contractual services	218,665	25,778	1,281,861	-	-	-	121,135
Building rent	1,932,684	-	-	-	-	-	-
Supplies	53,157	88	17,388	-	-	-	21,534
Equipment	2,517	-	-	-	-	-	6,720
Utilities - power and water	14,291	-	-	-	-	-	44,919
Communications	84,639	-	-	-	-	-	44,782
Capital outlays	-	-	-	-	-	-	224,838
Payments to component units	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-
Miscellaneous	44,168	-	-	-	-	-	2,650
<b>Total expenditures</b>	<b>8,550,275</b>	<b>25,866</b>	<b>1,299,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>931,191</b>
Excess (deficiency) of revenues over (under) expenditures	75,513	(25,866)	162,601	915	520,097	24,908	319,960
Other financing sources (uses):							
Transfers in from other funds	-	-	-	-	-	-	-
Transfers out to other funds	-	(129,051)	(125,176)	-	(1,149,336)	(318,426)	(1,574,228)
Total other financing sources (uses), net	-	(129,051)	(125,176)	-	(1,149,336)	(318,426)	(1,574,228)
Special item:							
Redemption of RTB stock	-	-	-	-	-	-	-
Net change in fund balances (deficits)	50,899	(154,917)	37,425	915	(629,239)	(293,518)	(1,254,268)
Fund balances (deficits) at beginning of year	172,007	154,917	555,344	7	1,586,421	293,518	1,842,368
Fund balances (deficits) at end of year	\$ 222,906	\$ -	\$ 592,769	\$ 922	\$ 957,182	\$ -	\$ 588,100

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	662,140	-	-	-	75,316	-	144	408,523
Use of money and property	-	9,007	49	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	662,140	9,007	49	-	75,316	-	144	408,523
Expenditures by Object:								
Salaries and wages - regular	324,927	-	-	-	-	-	-	-
Salaries and wages - overtime	101,071	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	39,189	-	-	-	-	-	-	-
Travel	40,326	-	-	-	103,092	-	-	-
Contractual services	-	-	-	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	6,654	-	-	-	11,333	-	-	-
Equipment	1,720	-	-	-	17,474	6,561	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	9,783	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	1,094	-	-	-	-	-	-
Total expenditures	513,887	1,094	-	-	141,682	6,561	-	-
Excess (deficiency) of revenues over (under) expenditures	148,253	7,913	49	-	(66,366)	(6,561)	144	408,523
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	34,100	-	-
Transfers out to other funds	-	-	(36,269)	(7,008)	-	-	(1,070)	(4,154,995)
Total other financing sources (uses), net	-	-	(36,269)	(7,008)	-	34,100	(1,070)	(4,154,995)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	148,253	7,913	(36,220)	(7,008)	(66,366)	27,539	(926)	(3,746,472)
Fund balances (deficits) at beginning of year	816,152	683,360	126,431	16,661	254,536	(27,539)	926	4,364,012
Fund balances (deficits) at end of year	\$ 964,405	\$ 691,273	\$ 90,211	\$ 9,653	\$ 188,170	\$ -	\$ -	\$ 617,540

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Government Claims	Government Claims	Government House Revolving	Group Life Insurance	Guam Based Trust	Guam Beautification	GPSS Federal Grants	Guam Environmental Trust
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
Taxes:								
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	797	21	-	44,246,696	248,335
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	184	-	-	-
Other	-	-	-	797	205	-	44,246,696	248,335
Total revenues	-	-	-	797	205	-	44,246,696	248,335
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	26,692,408	65,946
Salaries and wages - overtime	-	-	-	-	-	-	40,824	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	6,152,295	22,222
Travel	-	-	-	-	-	-	1,745,948	-
Contractual services	-	-	-	-	-	-	5,637,036	65,075
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	2,830,310	-
Equipment	-	-	-	-	-	-	2,447,045	4,483
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	5,199	-
Capital outlays	-	-	-	-	-	-	1,013,499	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	4	-	75,000	-	-	-	-
Total expenditures	-	4	-	75,000	-	-	46,564,564	157,726
Excess (deficiency) of revenues over (under) expenditures	-	(4)	-	(74,203)	205	-	(2,317,868)	90,609
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	(2,184)	(50,729)	1,304,250	-
Transfers out to other funds	-	-	-	-	(2,184)	(50,729)	1,304,250	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(4)	-	(74,203)	(1,979)	(50,729)	(1,013,618)	90,609
Fund balances (deficits) at beginning of year	124,655	4	11,896	1,000	1,979	50,729	1,048,285	415,084
Fund balances (deficits) at end of year	\$ 124,655	\$ -	\$ 11,896	\$ (73,203)	\$ -	\$ -	\$ 34,667	\$ 505,693

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	GFD Lease-to- Purchase Program	Guam Housing Corporation Revolving	Guam Memorial Hospital Authority Pharmaceuticals	Guam Plant Inspection and Permit	Guam Preservation Trust	Guam Telephone Authority Privatization Proceeds	Health and Human Services	Healthy Futures
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes:	-	-	-	-	-	-	-	-
Property Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	50,232	924,188	-	9,677	12,913,250
Sales, licenses, fees and permits	-	-	1,591	-	1,934	112,415	77,793	10
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1,988
Total revenues	-	-	1,591	50,232	926,122	112,415	87,470	12,915,248
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	770,210	650,524	2,875,200
Salaries and wages - overtime	-	-	-	-	-	5,000	-	17,097
Salaries and wages - fringe benefits	-	-	-	-	-	198,283	219,389	678,946
Travel	-	-	-	2,329	-	-	-	3,827
Contractual services	-	-	-	12,838	-	1,101,881	99,160	3,174,323
Building rent	-	-	-	-	-	-	-	57,000
Supplies	41,687	-	-	9,466	-	333,779	47,203	501,068
Equipment	-	-	-	1,164	-	-	-	95,187
Utilities - power and water	-	-	-	-	-	-	-	476,913
Communications	-	-	-	-	-	-	-	370,303
Capital outlays	558,313	-	-	-	-	-	-	19,215
Payments to component units	-	-	8,421,521	-	-	2,246,308	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	7,624,000	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	465,603	468,750	-	768,414
Total expenditures	600,000	-	8,421,521	25,797	465,603	12,748,211	1,016,276	9,037,493
Excess (deficiency) of revenues over (under) expenditures	(600,000)	-	(8,419,930)	24,435	460,519	(12,635,796)	(928,806)	3,877,755
Other financing sources (uses):								
Transfers in from other funds	-	(88,777)	8,421,521	-	-	-	-	545,451
Transfers out to other funds	-	(88,777)	(86,304)	(86,304)	-	-	-	(1,261,631)
Total other financing sources (uses), net	-	-	8,421,521	(86,304)	-	-	-	(716,180)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(600,000)	(88,777)	1,591	(61,869)	460,519	(12,635,796)	(928,806)	3,161,575
Fund balances (deficits) at beginning of year	600,000	88,777	-	79,988	1,444,854	24,727,634	2,639,207	280,917
Fund balances (deficits) at end of year	\$ -	\$ -	\$ 1,591	\$ 18,119	\$ 1,905,373	\$ 12,091,838	\$ 1,710,401	\$ 3,442,492

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment	Individuals With Disabilities Disaster Recovery
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	109,593	399,445	-	9,200	-	32,306	12,326	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	7,038	-
Total revenues	109,593	399,445	-	9,200	-	32,306	19,364	-
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-
Travel	23,950	-	-	4,231	-	-	-	-
Contractual services	2,120	-	-	40,668	-	-	-	-
Building rent	-	-	-	-	-	-	-	-
Supplies	666	-	5,637	158	-	-	-	-
Equipment	1,800	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	10,155	-	-	-	-	-	-	-
Payments to component units	-	283,130	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	38,691	283,130	5,637	45,057	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	70,902	116,315	(5,637)	(35,857)	-	32,306	19,364	-
Other financing sources (uses):								
Transfers in from other funds	-	-	243,645	-	-	-	-	-
Transfers out to other funds	-	-	(1,043,467)	(45,353)	-	-	(19,364)	(100,000)
Total other financing sources (uses), net	-	-	(799,822)	(45,353)	-	-	(19,364)	(100,000)
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	70,902	116,315	(805,459)	(81,210)	-	32,306	-	(100,000)
Fund balances (deficits) at beginning of year	140,454	6,196,685	1,100,413	82,187	-	-	-	100,000
Fund balances (deficits) at end of year	\$ 211,356	\$ 6,313,000	\$ 294,954	\$ 977	\$ -	\$ 32,306	\$ -	\$ -

(continued)



GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Inmates Work Release	Interim Transition Coordinating Committee	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes:								
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	10,954	1,085,562	-	10,139	10	184,974
Sales, licenses, fees and permits	-	-	-	-	2,647	-	-	625
Use of money and property	-	144,797	-	-	-	-	-	-
Federal contributions	-	46,943	-	-	-	-	-	-
Other	-	191,740	10,954	1,085,562	2,647	10,139	10	185,599
Total revenues	-	383,480	21,908	2,171,124	5,294	20,278	20	370,119
Expenditures by Object:								
Salaries and wages - regular	-	165,442	-	551,706	4,780,762	-	-	-
Salaries and wages - overtime	-	41,295	-	161,318	961,105	-	-	-
Salaries and wages - fringe benefits	-	6,040	-	-	19,595	-	-	-
Travel	-	557,516	-	78,748	209,464	-	-	77,517
Contractual services	-	-	-	-	656,439	-	-	-
Building rent	-	1,419	-	10,577	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	268,163	-	-	-
Utilities - power and water	-	-	-	-	28,884	-	-	-
Communications	-	3,623	-	-	-	-	-	-
Capital outlays	-	23,405	-	94,826	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	246,394
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	229,300	-	2,454	283,808	-	-	207
Total expenditures	-	1,028,040	-	899,629	7,208,220	-	-	324,118
Excess (deficiency) of revenues over (under) expenditures	-	(836,300)	10,954	185,933	(7,205,573)	10,139	10	(138,519)
Other financing sources (uses):								
Transfers in from other funds	-	439,939	-	-	7,339,180	-	-	-
Transfers out to other funds	-	(7,003,768)	(91,139)	-	-	(19,954)	(4,361)	-
Total other financing sources (uses), net	-	(6,563,829)	(91,139)	-	7,339,180	(19,954)	(4,361)	-
Special item:								
Redemption of RTB stock	-	13,779,268	-	-	-	-	-	-
Net change in fund balances (deficits)	-	6,379,139	(80,185)	185,933	133,607	(9,815)	(4,351)	(138,519)
Fund balances (deficits) at beginning of year	-	(3,643,338)	80,185	1,038,009	1,457,210	9,815	4,351	204,724
Fund balances (deficits) at end of year	\$ -	\$ 2,735,801	\$ -	\$ 1,223,942	\$ 1,590,817	\$ -	\$ -	\$ 66,205

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GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Medicaid and MIP Assistance	Medically Indigent Program Payment Revolving	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes:	-	-	-	-	-	-	-	-
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	7,675	50	-	-	-
Sales, licenses, fees and permits	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	7,675	50	-	-	-
Total revenues	-	-	-	7,675	50	-	-	-
Expenditures by Object:	-	-	-	-	-	-	-	-
Salaries and wages - regular	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	88,929	9,319	-	-	-	-	-
Travel	-	-	139,905	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-	-
Building rent	-	-	2,337	-	-	-	-	-
Supplies	-	-	4,869	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	-	1,449	-	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	11,929,547	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total expenditures	-	12,018,476	157,879	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(12,018,476)	(157,879)	7,675	50	-	-	-
Other financing sources (uses):	-	-	-	-	-	-	-	-
Transfers in from other funds	-	11,928,383	-	(30,661)	(670)	(20,560)	-	(70,169)
Transfers out to other funds	-	-	-	(30,661)	(670)	(20,560)	-	(70,169)
Total other financing sources (uses), net	-	11,928,383	-	(60,322)	(1,340)	(40,120)	-	(140,329)
Special item:	-	-	-	-	-	-	-	-
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(90,093)	(157,879)	(22,986)	(620)	(20,560)	-	(70,169)
Fund balances (deficits) at beginning of year	-	-	362,278	22,986	620	20,560	1,350	70,628
Fund balances (deficits) at end of year	\$ -	\$ (90,093)	\$ 204,399	\$ -	\$ -	\$ -	\$ 1,350	\$ 459

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GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers, Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	16,978	-	396,474	-	211,159	503	8,183	3,819
Use of money and property	-	-	-	-	-	-	51,744	46,666
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	16,978	-	396,474	-	211,159	503	59,927	50,485
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	74,617	-	691,135	2,313,891
Salaries and wages - overtime	-	-	-	-	21,878	-	190,350	652,667
Salaries and wages - fringe benefits	-	-	-	-	2,323	-	10,313	4,693
Travel	-	-	-	-	73,782	-	80,833	50,533
Contractual services	-	292	321,836	-	16,615	-	76,426	196,896
Building rent	-	-	-	-	1,755	-	10,461	23,754
Supplies	5,295	-	84,416	-	439	-	-	30,577
Equipment	-	-	-	-	2,356	-	6,285	-
Utilities - power and water	-	-	-	-	832	-	-	25,304
Communications	-	-	-	-	-	-	-	41,952
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	3,000	87,035	12,853
Total expenditures	5,295	292	406,252	-	195,036	3,000	1,152,838	3,353,120
Excess (deficiency) of revenues over (under) expenditures	11,683	(292)	(9,778)	-	16,123	(2,497)	(1,092,911)	(3,302,635)
Other financing sources (uses):								
Transfers in from other funds	-	5,735	-	-	-	6,817	1,049,229	3,388,381
Transfers out to other funds	(8,811)	-	(67,216)	-	-	-	-	-
Total other financing sources (uses), net	(8,811)	5,735	(67,216)	-	-	6,817	1,049,229	3,388,381
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	2,872	5,443	(76,994)	-	16,123	4,320	(43,682)	85,746
Fund balances (deficits) at beginning of year	2,836	(5,443)	250,044	11,682	(15,641)	(4,320)	234,509	410,903
Fund balances (deficits) at end of year	\$ 5,708	\$ -	\$ 173,050	\$ 11,682	\$ 482	\$ -	\$ 190,827	\$ 496,649

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	630,918	123,923	-	92,531	48,685	-	55,998	39,729
Use of money and property	356	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	631,274	123,923	-	92,531	48,685	-	55,998	39,729
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Contractual services	-	50,855	-	-	2,265	-	86,982	25,016
Building rent	-	-	-	-	-	-	-	-
Supplies	-	85,415	-	-	12,788	-	7,887	2,746
Equipment	-	26,786	-	-	2,095	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-
Capital outlays	-	5,023	-	-	52,124	-	-	-
Payments to component units	-	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	207	404	-	567,518	-	-	-	-
Total expenditures	207	168,483	-	567,518	69,272	-	94,869	27,762
Excess (deficiency) of revenues over (under) expenditures	631,067	(44,560)	-	(474,987)	(20,587)	-	(38,871)	11,967
Other financing sources (uses):								
Transfers in from other funds	-	-	382	23,006	-	-	-	-
Transfers out to other funds	(899,285)	-	-	-	(71,439)	(545,451)	(209,277)	-
Total other financing sources (uses), net	(899,285)	-	382	23,006	(71,439)	(545,451)	(209,277)	-
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(268,218)	(44,560)	382	(451,981)	(92,026)	(545,451)	(248,148)	11,967
Fund balances (deficits) at beginning of year	502,792	75,826	(382)	583,692	138,951	545,451	286,639	68,516
Fund balances (deficits) at end of year	234,574	31,266	-	131,711	46,925	-	38,491	80,483

(continued)

**GOVERNMENT OF GUAM**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)**  
**Year Ended September 30, 2006**

	Solid Waste Management Facilities Medical Monitoring	Solid Waste Operations	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge	Unified Courts of Guam
Revenues:							
Taxes:							
Property	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	5,680,648	118,027	5,312	3,124,087	-	417,812
Use of money and property	1,265	3,361	1,265	1,925	-	19,512	-
Federal contributions	-	-	-	-	-	-	735,749
Other	734	-	-	60	-	4,691	-
<b>Total revenues</b>	<b>1,999</b>	<b>5,684,009</b>	<b>119,292</b>	<b>7,297</b>	<b>3,124,087</b>	<b>24,203</b>	<b>1,153,561</b>
Expenditures by Object:							
Salaries and wages - regular	-	2,741,777	-	1,085	-	223,152	12,806,200
Salaries and wages - overtime	-	96,579	-	21,454	-	-	295,590
Salaries and wages - fringe benefits	-	782,023	-	524	-	64,107	3,752,697
Travel	-	23,686	68,943	-	-	-	136,985
Contractual services	-	622,740	42,991	29,979	411,863	10,453	1,178,746
Building rent	-	-	-	-	-	-	-
Supplies	-	346,029	-	17,672	-	2,903	435,086
Equipment	-	17,474	28,891	6,793	-	900	224,170
Utilities - power and water	-	12,645	-	-	4,502,875	13,022	721,078
Communications	-	7,640	-	-	-	7,928	167,120
Capital outlays	-	33,826	21,793	22,380	-	-	376,874
Payments to component units	-	-	-	-	-	-	-
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-
Miscellaneous	-	6,076	-	133	-	2,624	996,329
<b>Total expenditures</b>	<b>-</b>	<b>4,690,495</b>	<b>162,618</b>	<b>100,020</b>	<b>4,914,738</b>	<b>325,089</b>	<b>21,090,875</b>
Excess (deficiency) of revenues over (under) expenditures	1,999	993,514	(43,326)	(92,723)	(1,790,651)	(300,886)	(19,937,314)
Other financing sources (uses):							
Transfers in from other funds	-	-	-	-	1,619,584	-	21,294,857
Transfers out to other funds	(127,000)	-	-	(56,097)	-	-	-
Total other financing sources (uses), net	(127,000)	-	-	(56,097)	1,619,584	-	21,294,857
Special item:							
Redemption of RTB stock	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(125,001)	993,514	(43,326)	(148,820)	(171,067)	(300,886)	1,357,543
Fund balances (deficits) at beginning of year	125,001	(163,892)	843,420	234,913	-	581,489	3,788,458
Fund balances (deficits) at end of year	-	829,622	800,094	86,093	(171,067)	280,603	5,146,001

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	University of Guam Capital Improvements
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 17,814,017	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	19,787,802	-	-
Liquid fuel	-	-	-	-	9,534,236	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	22,600	646,097	-	4,603,926	-	-	-
Use of money and property	-	-	-	4,843	2,228	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	-	22,600	646,097	17,818,860	14,140,390	19,787,802	-	-
Expenditures by Object:								
Salaries and wages - regular	-	-	397,090	-	3,111,142	471,702	-	-
Salaries and wages - overtime	-	-	93	-	151,061	11,857	-	-
Salaries and wages - fringe benefits	-	-	119,195	-	918,084	117,610	-	-
Travel	-	-	17,327	-	2,591	-	-	-
Contractual services	-	-	194,725	-	2,475,194	294,653	-	-
Building rent	-	-	-	-	-	47,181	-	-
Supplies	-	-	27,504	-	293,374	183,039	-	-
Equipment	-	-	941	-	29,577	38,413	-	-
Utilities - power and water	-	-	1,311	-	312,105	30,914	-	-
Communications	-	-	52	-	41,080	3,301	-	-
Capital outlays	-	-	5,858	-	2,480	36,531	-	500,000
Payments to component units	-	-	-	5,923,617	-	12,144,578	-	-
Supplemental annuity benefits/COLA	13,973,785	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	50,520	464,377	26,377	131,545	-
Total expenditures	13,973,785	-	764,096	5,974,137	7,801,065	13,406,156	131,545	500,000
Excess (deficiency) of revenues over (under) expenditures	(13,973,785)	22,600	(117,999)	11,844,723	6,339,325	6,381,646	(131,545)	(500,000)
Other financing sources (uses):								
Transfers in from other funds	13,973,785	-	-	-	-	-	-	500,000
Transfers out to other funds	-	(71,486)	-	(12,691,291)	(15,096,091)	(6,370,682)	(4,139)	-
Total other financing sources (uses), net	13,973,785	(71,486)	-	(12,691,291)	(15,096,091)	(6,370,682)	(4,139)	500,000
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	(48,886)	(117,999)	(846,568)	(8,756,766)	10,964	(135,684)	-
Fund balances (deficits) at beginning of year	605,555	48,886	638,501	852,335	(4,401,031)	2,945,430	(1,489)	-
Fund balances (deficits) at end of year	\$ 605,555	\$ -	\$ 520,502	\$ 5,767	\$ (13,157,797)	\$ 2,956,394	\$ (137,173)	\$ -

(continued)

GOVERNMENT OF GUAM  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)  
 Year Ended September 30, 2006

	Unreserved Fund Balance	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
Taxes:								
Property	-	-	-	-	-	-	-	17,814,017
Hotel	-	-	-	-	-	-	-	19,787,802
Liquid fuel	-	-	-	-	-	-	-	9,534,236
Other taxes	-	-	-	-	-	-	-	12,913,250
Sales, licenses, fees and permits	-	-	63,130	28,000	30,506	492,666	1,963	35,587,522
Use of money and property	-	378	-	-	-	-	46,575	749,979
Federal contributions	-	-	-	-	-	-	-	46,462,308
Other	-	-	-	-	-	-	-	61,638
Total revenues	-	378	63,130	28,000	30,506	492,666	48,538	142,910,752
Expenditures by Object:								
Salaries and wages - regular	1,825,315	-	-	-	-	-	-	67,065,419
Salaries and wages - overtime	38,291	-	-	-	-	-	-	1,445,279
Salaries and wages - fringe benefits	500,577	-	-	-	-	-	-	17,273,497
Travel	-	-	-	-	-	-	-	2,264,831
Contractual services	485,968	243,705	18,868	-	15,457	764,483	-	21,365,488
Building rent	-	-	-	-	-	-	-	2,983,241
Supplies	470,216	262,468	1,662	-	9,896	-	-	6,396,119
Equipment	15,468	84,292	-	-	2,491	-	-	3,252,549
Utilities - power and water	487,435	-	-	-	-	-	-	6,907,209
Communications	60,872	-	-	-	-	-	-	880,687
Capital outlays	55,995	537,732	-	-	6,468	-	-	3,233,973
Payments to component units	-	-	-	-	-	-	57,167	30,301,509
Supplemental annuity benefits/COLA	-	-	-	-	-	-	-	21,597,785
Medical care	-	-	-	-	-	-	-	11,929,547
Miscellaneous	93,992	750	-	-	-	220,033	-	5,037,744
Total expenditures	4,034,129	1,128,947	20,530	-	34,312	984,516	57,167	201,934,877
Excess (deficiency) of revenues over (under) expenditures	(4,034,129)	(1,128,569)	42,600	28,000	(3,806)	(491,850)	(8,629)	(59,024,125)
Other financing sources (uses):								
Transfers in from other funds	4,607,828	1,705,000	-	-	-	837,524	-	79,527,381
Transfers out to other funds	-	-	-	-	(217,476)	-	-	(54,072,354)
Total other financing sources (uses), net	4,607,828	1,705,000	-	-	(217,476)	837,524	-	25,455,027
Special item:								
Redemption of RTB stock	-	-	-	-	-	-	-	13,779,268
Net change in fund balances (deficits)	573,699	576,431	42,600	28,000	(221,282)	345,674	(8,629)	(19,789,830)
Fund balances (deficits) at beginning of year	-	127,246	150,752	152,873	221,809	277,111	1,177,012	63,453,723
Fund balances (deficits) at end of year	\$ 573,699	\$ 703,677	\$ 193,352	\$ 180,873	\$ 527	\$ 622,785	\$ 1,168,383	\$ 43,663,893

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Capital Projects Funds  
Combining Balance Sheet  
September 30, 2006

AS/400 Fund Number	224	251	252	401/403	253	Total
	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,775
Receivables, net:						
Other	-	-	-	29,180	-	29,180
Due from other funds	-	-	2,500	948,460	806,052	1,816,974
Restricted assets:						
Cash and cash equivalents	17,325,881	6,730,585	1,781,869	-	1,194	902,104
Total assets	<u>\$ 17,325,881</u>	<u>\$ 6,730,585</u>	<u>\$ 1,784,369</u>	<u>\$ 977,640</u>	<u>\$ 807,246</u>	<u>\$ 1,542,841</u>
						<u>\$ 29,168,562</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 3,560,421	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	11,727	-	-	-	11,727
Total liabilities	<u>3,560,421</u>	<u>11,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,572,148</u>
Fund balances:						
Reserved for:						
Related assets	-	-	2,500	948,460	806,052	902,104
Encumbrances	11,210,381	2,039,932	-	-	-	171,235
Continuing appropriations	867,000	4,221,131	1,587,189	-	4,397	-
Unreserved	1,688,079	457,795	194,680	29,180	(3,203)	469,502
Total fund balances	<u>13,765,460</u>	<u>6,718,858</u>	<u>1,784,369</u>	<u>977,640</u>	<u>807,246</u>	<u>1,542,841</u>
Total liabilities and fund balances	<u>\$ 17,325,881</u>	<u>\$ 6,730,585</u>	<u>\$ 1,784,369</u>	<u>\$ 977,640</u>	<u>\$ 807,246</u>	<u>\$ 1,542,841</u>
						<u>\$ 29,168,562</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, 2006

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 1,003,055	\$ 272,902	\$ 79,451	\$ -	\$ 542	\$ 1,855,713	\$ 3,211,663
Total revenues	1,003,055	272,902	79,451	-	542	1,855,713	3,211,663
Expenditures by function:							
Current:							
General government	3,520	8,877	-	10,272	8,370	-	31,039
Individual and collective rights	-	-	-	-	-	151,577	151,577
Capital projects	11,962,119	226,589	300,000	-	-	-	12,488,708
Debt service	-	-	-	-	-	4,618,283	4,618,283
Total expenditures	11,965,639	235,466	300,000	10,272	8,370	4,769,860	17,289,607
Excess (deficiency) of revenues over (under) expenditures	(10,962,584)	37,436	(220,549)	(10,272)	(7,828)	(2,914,147)	(14,077,944)
Other financing uses:							
Loan proceeds	-	-	-	-	-	3,716,723	3,716,723
Transfers out to other funds	-	-	-	-	-	(579,550)	(579,550)
Total other financing uses	-	-	-	-	-	3,137,173	3,137,173
Net change in fund balances	(10,962,584)	37,436	(220,549)	(10,272)	(7,828)	223,026	(10,940,771)
Fund balances at beginning of year	24,728,044	6,681,422	2,004,918	987,912	815,074	1,319,815	36,537,185
Fund balances at end of year	\$ 13,765,460	\$ 6,718,858	\$ 1,784,369	\$ 977,640	\$ 807,246	\$ 1,542,841	\$ 25,596,414

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, 2006**

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 1,003,055	\$ 272,902	\$ 79,451	\$ -	\$ 542	\$ 1,855,713	\$ 3,211,663
Total revenues	<u>1,003,055</u>	<u>272,902</u>	<u>79,451</u>	<u>-</u>	<u>542</u>	<u>1,855,713</u>	<u>3,211,663</u>
Expenditures by object:							
Contractual services	-	226,589	-	-	-	-	226,589
Capital outlays	11,962,119	-	-	-	-	-	11,962,119
Principal retirement	-	-	-	-	-	4,291,545	4,291,545
Interest and fiscal charges	-	-	-	-	-	326,738	326,738
Miscellaneous	3,520	8,877	300,000	10,272	8,370	151,577	482,616
Total expenditures	<u>11,965,639</u>	<u>235,466</u>	<u>300,000</u>	<u>10,272</u>	<u>8,370</u>	<u>4,769,860</u>	<u>17,289,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,962,584)</u>	<u>37,436</u>	<u>(220,549)</u>	<u>(10,272)</u>	<u>(7,828)</u>	<u>(2,914,147)</u>	<u>(14,077,944)</u>
Other financing uses:							
Loan proceeds	-	-	-	-	-	3,716,723	3,716,723
Transfers out to other funds	-	-	-	-	-	(579,550)	(579,550)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,137,173</u>	<u>3,137,173</u>
Net change in fund balances	<u>(10,962,584)</u>	<u>37,436</u>	<u>(220,549)</u>	<u>(10,272)</u>	<u>(7,828)</u>	<u>223,026</u>	<u>(10,940,771)</u>
Fund balances at beginning of year	24,728,044	6,681,422	2,004,918	987,912	815,074	1,319,815	36,537,185
Fund balances at end of year	<u>\$ 13,765,460</u>	<u>\$ 6,718,858</u>	<u>\$ 1,784,369</u>	<u>\$ 977,640</u>	<u>\$ 807,246</u>	<u>\$ 1,542,841</u>	<u>\$ 25,596,414</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Debt Service Funds  
Combining Balance Sheet  
September 30, 2006

AS/400 Fund Numbers	226	354	355	357	358	359	Total
	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	
Restricted assets:							
Cash and cash equivalents	\$ 2,000,810	\$ 9,598,535	\$ 30,625,187	\$ 3,926,487	\$ -	\$ 615,105	\$ 46,766,124
Investments	6,894,000	3,375,000	-	6,447,000	-	-	16,716,000
Total assets	\$ 8,894,810	\$ 12,973,535	\$ 30,625,187	\$ 10,373,487	\$ -	\$ 615,105	\$ 63,482,124
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Due to other funds	-	-	30,425,734	317,478	-	-	30,743,212
Total liabilities	-	-	30,427,734	317,478	-	-	30,745,212
Fund balances:							
Reserved for:							
Debt service	8,894,810	12,973,535	197,453	10,056,009	-	615,105	32,736,912
Total fund balances	8,894,810	12,973,535	197,453	10,056,009	-	615,105	32,736,912
Total liabilities and fund balances	\$ 8,894,810	\$ 12,973,535	\$ 30,625,187	\$ 10,373,487	\$ -	\$ 615,105	\$ 63,482,124

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Governmental Funds - Debt Service Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended September 30, 2006

AS/400 Fund Numbers	226	354	355	357	358	359	Total
	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	
Revenues:							
Use of money and property	\$ 92,155	\$ 62,678	\$ 213,570	\$ 68,858	\$ -	\$ 25,930	\$ 463,191
Total revenues	<u>92,155</u>	<u>62,678</u>	<u>213,570</u>	<u>68,858</u>	<u>-</u>	<u>25,930</u>	<u>463,191</u>
Expenditures:							
Debt service:							
Principal retirement	4,435,000	4,505,000	7,722,155	6,200,000	-	2,085,000	24,947,155
Interest and fiscal charges	1,599,472	2,774,889	3,402,067	6,437,620	-	129,324	14,343,372
Total expenditures	<u>6,034,472</u>	<u>7,279,889</u>	<u>11,124,222</u>	<u>12,637,620</u>	<u>-</u>	<u>2,214,324</u>	<u>39,290,527</u>
Deficiency of revenues under expenditures	<u>(5,942,317)</u>	<u>(7,217,211)</u>	<u>(10,910,652)</u>	<u>(12,568,762)</u>	<u>-</u>	<u>(2,188,394)</u>	<u>(38,827,336)</u>
Other financing sources (uses):							
Transfers in from other funds	5,527,636	6,370,682	11,108,105	12,792,620	-	2,025,925	37,824,968
Transfers out to other funds	<u>(205,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,070,182)</u>	<u>(3,294,914)</u>	<u>(5,570,096)</u>
Total other financing sources (uses), net	<u>5,322,636</u>	<u>6,370,682</u>	<u>11,108,105</u>	<u>12,792,620</u>	<u>(2,070,182)</u>	<u>(1,268,989)</u>	<u>32,254,872</u>
Net change in fund balances	(619,681)	(846,529)	197,453	223,858	(2,070,182)	(3,457,383)	(6,572,464)
Fund balances at beginning of year	9,514,491	13,820,064	-	9,832,151	2,070,182	4,072,488	39,309,376
Fund balances at end of year	<u>\$ 8,894,810</u>	<u>\$ 12,973,535</u>	<u>\$ 197,453</u>	<u>\$ 10,056,009</u>	<u>\$ -</u>	<u>\$ 615,105</u>	<u>\$ 32,736,912</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Fiduciary Net Assets  
Fiduciary Funds - Pension Trusts  
September 30, 2006

	Defined Benefit	Defined Contribution	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,452,030	\$ 3,088,530	\$ 4,540,560
Investments at fair value:			
Common stocks	610,116,012	-	610,116,012
U.S. Government securities	252,119,598	-	252,119,598
Corporate bonds and notes	240,714,473	-	240,714,473
Money market funds	44,088,400	-	44,088,400
Mutual funds	113,276,376	141,346,301	254,622,677
DC plan forfeitures	-	6,251,889	6,251,889
Total investments	1,260,314,859	147,598,190	1,407,913,049
Accounts receivable:			
Employer contributions, net	16,191,777	484,428	16,676,205
Member contributions	7,332,887	382,869	7,715,756
Interest and penalties on contributions	7,304,707	-	7,304,707
Accrued investment income	4,730,899	-	4,730,899
Due from brokers for unsettled trades	2,855,455	-	2,855,455
Notes receivable - service credits	8,210,286	-	8,210,286
Notes receivable - ERIP	9,126,349	-	9,126,349
Receivable-ERIP employer's share	6,670,283	-	6,670,283
Supplemental/COLA benefits	87,559,394	-	87,559,394
Supplemental/Insurance benefits advanced	4,579,317	-	4,579,317
Other	3,486,472	-	3,486,472
Due from DC plan	419,722	-	419,722
Total receivables	158,467,548	867,297	159,334,845
Capital assets	1,171,870	-	1,171,870
Total assets	1,421,406,307	151,554,017	1,572,960,324
<u>LIABILITIES</u>			
Deferred revenue	24,006,918	-	24,006,918
Accounts payable and accrued expenses	2,097,989	1,685,562	3,783,551
Due to DB plan	-	419,722	419,722
Due to brokers for unsettled trades	4,357,566	-	4,357,566
Total liabilities	30,462,473	2,105,284	32,567,757
<u>NET ASSETS</u>			
Held in trust for retirement benefits	\$ 1,390,943,834	\$ 149,448,733	\$ 1,540,392,567

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - Pension Trusts  
Year Ended September 30, 2006

	Defined Benefit	Defined Contribution	Total
Additions:			
Contributions:			
Employer	\$ 82,825,055	\$ 9,396,000	\$ 92,221,055
Member	21,700,123	9,332,114	31,032,237
	104,525,178	18,728,114	123,253,292
Total contributions			
Net investment income:			
Net appreciation in fair value of investments	\$ 59,817,847	5,394,838	65,212,685
Interest	33,890,007	3,449,381	37,339,388
Dividends	12,090,214	-	12,090,214
Other	944,140	541,832	1,485,972
	106,742,208	9,386,051	116,128,259
Total investment income			
Less: investment expenses	3,172,766	-	3,172,766
	103,569,442	9,386,051	112,955,493
Net investment income			
Other:			
Recovery of bad debt - GMHA	664,688	-	664,688
	208,759,308	28,114,165	236,873,473
Total additions			
Deductions:			
Benefits	164,332,478	-	164,332,478
Refunds	6,248,482	6,656,200	12,904,682
Balance transfer to DC plan	626,211	(626,211)	-
Administrative and general expenses	3,659,794	1,125,505	4,785,299
	174,866,965	7,155,494	182,022,459
Total deductions			
Change in net assets	33,892,343	20,958,671	54,851,014
Net assets at beginning of year	1,357,051,491	128,490,062	1,485,541,553
Net assets at end of year	\$ 1,390,943,834	\$ 149,448,733	\$ 1,540,392,567

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Combining Statement of Fiduciary Net Assets  
Fiduciary Funds - Private Purpose Trusts  
September 30, 2006

	Unified Courts of Guam	Public Defender	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,189,924	\$ 19,044	\$ 6,208,968
Receivables, net:			
Other	2,273	-	2,273
Due from other funds	<u>61,293</u>	<u>-</u>	<u>61,293</u>
Total assets	<u>6,253,490</u>	<u>19,044</u>	<u>6,272,534</u>
<b>LIABILITIES</b>			
Deposits and other liabilities	<u>5,451,465</u>	<u>19,044</u>	<u>5,470,509</u>
Total liabilities	<u>5,451,465</u>	<u>19,044</u>	<u>5,470,509</u>
<b>NET ASSETS</b>			
Held in trust for other purposes	<u>\$ 802,025</u>	<u>\$ -</u>	<u>\$ 802,025</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - Private Purpose Trusts  
Year Ended September 30, 2006

	<u>Unified Courts of Guam</u>	<u>Public Defender</u>	<u>Total</u>
Additions:			
Use of money and property	\$ 514,259	\$ -	\$ 514,259
Transfers in from other funds	<u>1,150,000</u>	<u>-</u>	<u>1,150,000</u>
Total additions	<u>1,664,259</u>	<u>-</u>	<u>1,664,259</u>
Deductions:			
Individual and collective rights	<u>1,446,300</u>	<u>848</u>	<u>1,447,148</u>
Total deductions	<u>1,446,300</u>	<u>848</u>	<u>1,447,148</u>
Changes in net assets	217,959	(848)	217,111
Net assets at beginning of year	<u>584,066</u>	<u>848</u>	<u>584,914</u>
Net assets at end of year	<u><u>\$ 802,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 802,025</u></u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

Nonmajor Component Units  
Combining Statement of Net Assets  
September 30, 2006

ASSETS	Guam	Guam	Guam	Chamorro	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Total																							
	Community College	Housing and Urban Renewal Authority	Housing Corporation	Land Trust Commission	Economic Development and Commerce Authority	Preservation Trust	Visitors Bureau	Telecommunications Corporation	Educational Telecommunications Corporation	Investments	Receivables, net	Due from primary government	Inventories	Prepayments	Cash and cash equivalents	Investments	Receivables	Total current assets	Noncurrent assets:	Investments	Receivables, net	Capital assets, net of accumulated depreciation	Deferred bond issuance costs	Other assets	Total noncurrent assets	Total assets												
	\$ 2,160,499	\$ 12,261,308	\$ 2,777,806	\$ 859,661	\$ 103,550	\$ 1,848,829	\$ 3,143,891	\$ 910,735	\$ 24,066,279																													
Cash and cash equivalents	-	2,768,982	-	-	-	-	-	571,866	3,340,848																													
Time certificates of deposit	-	-	-	-	2,442,076	-	-	-	-																													
Investments	3,539,667	1,352,269	3,449,654	73,795	459,319	465,100	36,431	67,067	9,443,302																													
Receivables, net	935,427	-	-	-	-	-	1,434,846	-	2,370,273																													
Due from primary government	105,944	160,215	-	-	6,367	-	-	-	272,526																													
Inventories	-	413,821	45,384	-	934,249	850	6,452	-	1,400,756																													
Prepayments	-	-	-	-	-	-	-	-	-																													
Restricted assets:																																						
Cash and cash equivalents	266,144	977,312	10,175,819	-	1,792,255	-	254,559	-	13,466,089																													
Investments	7,942,047	-	5,742,460	-	2,440,226	-	-	-	16,124,733																													
Receivables	-	-	-	-	-	-	-	-	-																													
Total current assets	14,949,728	17,933,907	22,191,123	933,456	8,178,042	2,314,779	4,876,179	1,549,668	72,926,882																													
Noncurrent assets:																																						
Investments	1,740,000	-	-	-	-	-	-	-	1,740,000																													
Receivables, net	-	1,026,522	22,541,991	-	-	-	-	-	23,568,513																													
Capital assets, net of accumulated depreciation	15,116,994	32,990,886	5,967,579	-	723,991	3,762	7,509,503	481,341	62,794,056																													
Deferred bond issuance costs	-	-	-	-	537,027	-	-	-	537,027																													
Other assets	-	4,237,269	15,182,015	-	3,500	-	133,125	56,680	19,612,589																													
Total noncurrent assets	16,856,994	38,254,677	43,691,585	-	1,264,518	3,762	7,642,628	538,021	108,252,185																													
Total assets	\$ 31,806,722	\$ 56,188,584	\$ 65,882,708	\$ 933,456	\$ 9,442,560	\$ 2,318,541	\$ 12,518,807	\$ 2,087,689	\$ 181,179,067																													

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Component Units  
Combining Statement of Net Assets, Continued  
September 30, 2006

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
<b>LIABILITIES AND NET ASSETS</b>									
Current liabilities:									
Current portion of long-term debt	\$ 2,212,460	\$ 34,000	\$ 878,422	\$ -	\$ 570,000	\$ -	\$ -	\$ -	\$ 3,694,882
Accounts payable	410,334	5,292,206	322,056	-	1,175,175	42,029	2,623,560	98,127	9,963,487
Accrued payroll and other	-	342,714	66,145	-	769,311	-	-	39,094	1,217,264
Deferred revenue	1,225,493	2,377,558	1,900	-	134,194	-	-	905,079	4,644,224
Compensated absences	190,082	155,165	55,409	-	-	-	-	15,170	415,826
Deposits and other liabilities	-	354,267	742,162	-	390,755	-	-	-	1,487,184
Total current liabilities	4,038,369	8,555,910	2,066,094	-	3,039,435	42,029	2,623,560	1,057,470	21,422,867
Noncurrent liabilities:									
Compensated absences	288,885	247,430	119,019	-	-	-	94,707	56,680	806,721
Noncurrent portion of long-term debt	354,560	1,518,356	12,333,341	-	24,382,103	-	-	-	38,588,360
Deposits	266,144	-	-	-	6,844	-	-	-	272,988
Other noncurrent liabilities	-	68,464	11,332,067	-	-	-	-	-	11,400,531
DCRS sick leave liability	355,293	-	-	-	28,532	-	62,657	-	446,482
Accrued unfunded retirement liability	-	-	105,433	-	358,603	-	301,827	-	765,863
Total noncurrent liabilities	1,264,882	1,834,250	23,889,860	-	24,776,082	-	459,191	56,680	52,280,945
Total liabilities	5,303,251	10,390,160	25,955,954	-	27,815,517	42,029	3,082,751	1,114,150	73,703,812
Net assets:									
Invested in capital assets, net of related debt	12,129,788	35,631,542	3,458,351	-	723,991	3,762	7,509,503	481,341	59,938,278
Restricted	6,455,307	436,241	24,114,220	-	-	-	297,736	-	31,303,504
Unrestricted (deficit)	7,918,376	9,730,641	12,354,183	933,456	(19,096,948)	2,272,750	1,628,817	492,198	16,233,473
Total net assets	26,503,471	45,798,424	39,926,754	933,456	(18,372,957)	2,276,512	9,436,056	973,539	107,475,255
Total liabilities and net assets	\$ 31,806,722	\$ 56,188,584	\$ 65,882,708	\$ 933,456	\$ 9,442,560	\$ 2,318,541	\$ 12,518,807	\$ 2,087,689	\$ 181,179,067

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Nonmajor Component Units  
 Combining Statement of Revenues, Expenses, and Changes in Net Assets  
 Year Ended September 30, 2006

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:									
Charges for services	\$ 1,151,649	\$ 439,722	\$ 2,881,060	\$ 308,739	\$ 1,868,424	\$ -	\$ 53,025	\$ -	\$ 6,702,619
Contributions	8,953,872	37,755,870	-	-	-	-	291,928	1,241,493	48,243,163
Other	857,224	1,229,822	177,841	30,886	1,283,456	65,303	232,823	2,546	3,879,901
Total operating revenues	10,962,745	39,425,414	3,058,901	339,625	3,151,880	65,303	577,776	1,244,039	58,825,683
Operating expenses:									
Cost of services	21,969,858	24,639,187	2,359,122	-	1,611,315	249,616	1,207,632	123,290	52,160,020
Depreciation and amortization	860,180	2,460,105	164,168	-	205,189	2,047	94,119	152,804	3,938,612
General and administrative	9,685	11,097,698	-	92,223	-	284,493	11,516,547	1,453,030	24,453,676
Total operating expenses	22,839,723	38,196,990	2,523,290	92,223	1,816,504	536,156	12,818,298	1,729,124	80,552,308
Operating income (loss)	(11,876,978)	1,228,424	535,611	247,402	1,335,376	(470,853)	(12,240,522)	(485,085)	(21,726,625)
Nonoperating revenues (expenses):									
Contributions from the primary government	11,144,198	-	-	-	-	926,122	12,144,578	578,361	24,793,259
Investment income	695,352	104,521	336,123	-	178,385	-	19,767	-	1,334,148
Interest expense	-	-	-	-	(1,507,053)	-	-	-	(1,507,053)
Other income (expenses), net	-	913,492	91,322	(339,312)	133,341	-	125,793	-	924,636
Total nonoperating revenues (expenses), net	11,839,550	1,018,013	427,445	(339,312)	(1,195,327)	926,122	12,290,138	578,361	25,544,990
Net income (loss) before capital contributions	(37,428)	2,246,437	963,056	(91,910)	140,049	455,269	49,616	93,276	3,818,365
Capital grants from the United States government	-	839,227	-	-	-	-	-	-	839,227
Increase (decrease) in net assets	(37,428)	3,085,664	963,056	(91,910)	140,049	455,269	49,616	93,276	4,657,592
Net assets at beginning of year	26,540,899	42,712,760	38,963,698	1,025,366	(18,513,006)	1,821,243	9,386,440	880,263	102,817,663
Net assets at end of year	\$ 26,503,471	\$ 45,798,424	\$ 39,926,754	\$ 933,456	\$ (18,372,957)	\$ 2,276,512	\$ 9,436,056	\$ 973,539	\$ 107,475,255

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Statement of Net Assets  
Primary Government  
September 30, 2006  
(with comparative totals as of September 30, 2005)

	2006	2005
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 49,937,321	\$ 53,968,701
Time certificates of deposit	-	1,000,718
Investments	8,520,000	8,120,000
Receivables, net	57,310,839	65,288,412
Due from private purpose trusts	-	580,511
Inventories	769,988	583,403
Other current assets	818,412	4,567,896
Restricted assets:		
Cash and cash equivalents	72,605,653	106,911,106
Investments	16,716,000	9,527,793
Total current assets	206,678,213	250,548,540
Noncurrent assets:		
Receivables, net	10,000,000	-
Capital assets, net of accumulated depreciation	698,960,489	732,640,813
Deferred charges	1,831,825	2,564,553
Restricted assets:		
Cash and cash equivalents	902,104	-
Total noncurrent assets	711,694,418	735,205,366
Total assets	\$ 918,372,631	\$ 985,753,906
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ -	\$ 4,192,731
Current portion of long-term obligations	24,649,887	39,429,243
Accounts payable and other current liabilities	256,140,979	124,090,206
Accrued interest payable	4,783,923	6,127,958
Tax refunds	272,924,885	236,179,340
Due to pension trust funds	17,174,884	-
Due to private purpose trust funds	61,293	-
Due to component units	18,307,159	7,302,066
Deferred revenue	51,930,076	51,322,101
Compensated absences payable	12,792,381	5,455,206
Total current liabilities	658,765,467	474,098,851
Noncurrent liabilities:		
Compensated absences payable	5,254,940	11,773,681
Tax refunds	-	4,206,046
Unfunded pension liability	122,248,306	70,679,553
DCRS sick leave liability	10,744,258	8,119,121
Long-term obligations, net of current portion	238,632,030	290,841,920
Due to component units	17,792,941	20,902,447
Other noncurrent liabilities	22,398,925	16,641,000
Total noncurrent liabilities	417,071,400	423,163,768
Total liabilities	1,075,836,867	897,262,619
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	470,718,296	477,395,169
Restricted for:		
Capital projects	-	2,223,139
Retirement of indebtedness	27,952,989	30,377,164
Other purposes	38,648,816	33,014,064
Unrestricted	(694,784,337)	(454,518,249)
Total net assets	(157,464,236)	88,491,287
Total liabilities and net assets	\$ 918,372,631	\$ 985,753,906

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Assets, Liabilities, and Fund Balances (Deficits)**  
**General Fund**  
**September 30, 2006**

ASSETS	Department of Administration	Guam Public School System		ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
		School System	School System Operations				
Cash and cash equivalents	\$ 14,041,619	\$ 4,929,360	\$ 29,622	\$ 3,277	\$ 19,003,878	\$ -	\$ 19,003,878
Investments	400,000	-	-	-	400,000	-	400,000
Receivables, net:							
Taxes	27,284,006	-	-	-	27,284,006	-	27,284,006
Federal agencies	-	1,197,786	-	-	1,197,786	-	1,197,786
Other	-	163,934	-	-	163,934	-	163,934
Due from primary government	-	2,340,172	-	-	2,340,172	(2,340,172)	-
Due from other funds	44,585,988	-	-	-	44,585,988	(11,254)	44,574,734
Prepayments	125,660	298,491	-	-	424,151	-	424,151
Deposits and other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 86,437,273</b>	<b>\$ 8,929,743</b>	<b>\$ 29,622</b>	<b>\$ 3,277</b>	<b>\$ 95,399,915</b>	<b>\$ (2,351,426)</b>	<b>\$ 93,048,489</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
Accounts payable	\$ 49,645,923	\$ 19,284,220	\$ -	\$ -	\$ 68,930,143	\$ -	\$ 68,930,143
Accrued payroll and other	6,606,201	4,914,542	-	-	11,520,743	-	11,520,743
Due to component units	11,965,960	13,223,349	-	-	25,189,309	-	25,189,309
Due to retirement fund	-	17,174,884	-	-	17,174,884	-	17,174,884
Due to other funds	41,482,996	2,058,607	11,254	-	43,552,857	(2,351,426)	41,201,431
Payable to federal agencies	-	163,591	-	-	163,591	-	163,591
Deferred revenue	51,909,348	-	-	-	51,909,348	-	51,909,348
Provision for tax refunds	267,138,563	-	-	-	267,138,563	-	267,138,563
Deposits and other liabilities	133,456,184	442,653	-	-	133,898,837	-	133,898,837
<b>Total liabilities</b>	<b>\$ 562,205,175</b>	<b>\$ 57,261,846</b>	<b>\$ 11,254</b>	<b>\$ -</b>	<b>\$ 619,478,275</b>	<b>\$ (2,351,426)</b>	<b>\$ 617,126,849</b>
Fund balances (deficits):							
Reserved:							
Encumbrances	7,210,686	5,583,544	-	-	12,794,230	-	12,794,230
Continuing appropriations	1,843,657	-	5,978,685	3,277	7,825,619	(5,978,685)	1,846,934
Related assets	400,000	-	-	-	400,000	-	400,000
Unreserved fund balance (deficit)	(485,222,245)	(53,915,647)	(5,960,317)	-	(545,098,209)	5,978,685	(539,119,524)
<b>Total fund balances (deficits)</b>	<b>(475,767,902)</b>	<b>(48,332,103)</b>	<b>18,368</b>	<b>3,277</b>	<b>(524,078,360)</b>	<b>-</b>	<b>(524,078,360)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 86,437,273</b>	<b>\$ 8,929,743</b>	<b>\$ 29,622</b>	<b>\$ 3,277</b>	<b>\$ 95,399,915</b>	<b>\$ (2,351,426)</b>	<b>\$ 93,048,489</b>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
General Fund  
Year Ended September 30, 2006**

	Department of Administration	Guam Public School System		Guam Public School System Operations		ECE Adequate Public Education		Combined Total	Eliminating Entries	Total
		Guam Public School System		Guam Public School System Operations		ECE Adequate Public Education				
<b>Revenues:</b>										
<b>Taxes:</b>										
Income	\$ 197,479,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,479,113	\$ -	\$ 197,479,113
Gross receipts	155,386,098	-	-	-	-	-	-	155,386,098	-	155,386,098
Other	2,796,984	-	-	-	-	-	-	2,796,984	-	2,796,984
Licenses, fees and permits	1,602,292	-	-	-	-	-	-	1,602,292	-	1,602,292
Use of money and property	163,985	-	-	18,368	-	-	-	182,353	-	182,353
Federal contributions	59,038,070	-	-	-	-	-	-	59,038,070	-	59,038,070
Guam Public School System	-	9,253,984	-	-	-	-	-	9,253,984	-	9,253,984
Contributions from component units	1,858,360	-	-	-	-	-	-	1,858,360	-	1,858,360
Other	4,924,950	-	-	-	3,277	-	-	4,928,227	-	4,928,227
<b>Total revenues</b>	<b>423,249,852</b>	<b>9,253,984</b>	<b>18,368</b>	<b>3,277</b>	<b>432,525,481</b>	<b>-</b>	<b>-</b>	<b>432,525,481</b>	<b>-</b>	<b>432,525,481</b>
<b>Expenditures by Department:</b>										
<b>General Government:</b>										
Office of I Maga'lahaen Guahan:										
Office of the Governor	4,921,040	-	-	-	-	-	-	4,921,040	-	4,921,040
Ancestral Land Trust Commission	195,337	-	-	-	-	-	-	195,337	-	195,337
Government House	638,076	-	-	-	-	-	-	638,076	-	638,076
Medical Referral Offices	554,706	-	-	-	-	-	-	554,706	-	554,706
Other	77,210	-	-	-	-	-	-	77,210	-	77,210
	<b>6,386,369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,386,369</b>	<b>-</b>	<b>6,386,369</b>
Office of I Segundu Na Maga'lahaen Guahan:										
Office of the Lieutenant Governor	1,305,874	-	-	-	-	-	-	1,305,874	-	1,305,874
Guam State Clearinghouse	273,101	-	-	-	-	-	-	273,101	-	273,101
	<b>1,578,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,578,975</b>	<b>-</b>	<b>1,578,975</b>
<b>Bureau of Budget and Management Research:</b>										
Office of the Director	363,809	-	-	-	-	-	-	363,809	-	363,809
Internal Audit Division	975,043	-	-	-	-	-	-	975,043	-	975,043
	<b>1,338,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,338,852</b>	<b>-</b>	<b>1,338,852</b>
<b>Civil Service Commission:</b>										
Office of the Director	216,792	-	-	-	-	-	-	216,792	-	216,792
Board of Commissioners	48,879	-	-	-	-	-	-	48,879	-	48,879
Legal Office	149,655	-	-	-	-	-	-	149,655	-	149,655
Personnel Management	325,787	-	-	-	-	-	-	325,787	-	325,787
	<b>741,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>741,113</b>	<b>-</b>	<b>741,113</b>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
<b>Expenditures by Department, Continued:</b>							
<b>General Government, Continued:</b>							
<b>Department of Administration:</b>							
Office of the Director	2,160,697	-	-	-	2,160,697	-	2,160,697
Personnel Management	1,746,728	-	-	-	1,746,728	-	1,746,728
Financial Management	689,562	-	-	-	689,562	-	689,562
Data Processing	530,964	-	-	-	530,964	-	530,964
General Services Agency	770,560	-	-	-	770,560	-	770,560
Division of Accounts	3,189,987	-	-	-	3,189,987	-	3,189,987
	<u>9,088,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,088,498</u>	<u>-</u>	<u>9,088,498</u>
<b>Department of Land Management:</b>							
Office of the Director	507,895	-	-	-	507,895	-	507,895
Land Administration Division	158,593	-	-	-	158,593	-	158,593
Land Planning Division	448,984	-	-	-	448,984	-	448,984
Land Records Division	310,434	-	-	-	310,434	-	310,434
Geographic Information System Division	112,502	-	-	-	112,502	-	112,502
	<u>1,538,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,538,408</u>	<u>-</u>	<u>1,538,408</u>
<b>Department of Military Affairs:</b>							
Office of Civil Defense	84,499	-	-	-	84,499	-	84,499
Office of Veterans Affairs	240,355	-	-	-	240,355	-	240,355
	<u>324,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,854</u>	<u>-</u>	<u>324,854</u>
<b>Department of Public Works:</b>							
Office of the Director	3,314,989	-	-	-	3,314,989	-	3,314,989
Building Maintenance Division	1,432,699	-	-	-	1,432,699	-	1,432,699
	<u>4,747,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,747,688</u>	<u>-</u>	<u>4,747,688</u>
<b>Department of Revenue and Taxation:</b>							
Office of the Director	4,250,888	-	-	-	4,250,888	-	4,250,888
Tax Enforcement Division	1,913,050	-	-	-	1,913,050	-	1,913,050
Real Property Tax Division	402,312	-	-	-	402,312	-	402,312
Taxpayer Services Division	1,610,538	-	-	-	1,610,538	-	1,610,538
Regulatory Division	968,380	-	-	-	968,380	-	968,380
Motor Vehicle Division	599,204	-	-	-	599,204	-	599,204
	<u>9,744,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,744,372</u>	<u>-</u>	<u>9,744,372</u>
<b>Total General Government</b>	<u>35,489,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,489,129</u>	<u>-</u>	<u>35,489,129</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
<b>Expenditures by Department, Continued:</b>							
<b>Protection of Life and Property:</b>							
<b>Department of Corrections:</b>							
Office of the Director	3,919,487	-	-	-	3,919,487	-	3,919,487
Adult Correctional Facility	8,666,376	-	-	-	8,666,376	-	8,666,376
Rosario Detention Center	2,614,062	-	-	-	2,614,062	-	2,614,062
Off-island Detention	190,458	-	-	-	190,458	-	190,458
Casework and Counseling Service Division	220,501	-	-	-	220,501	-	220,501
Forensic Division	361,817	-	-	-	361,817	-	361,817
Parole Service Division	413,466	-	-	-	413,466	-	413,466
	<u>16,386,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,386,167</u>	<u>-</u>	<u>16,386,167</u>
<b>Department of Youth Affairs:</b>							
Office of the Director	103,186	-	-	-	103,186	-	103,186
Division of Youth Development	715,571	-	-	-	715,571	-	715,571
Division of Youth Corrections	1,641,741	-	-	-	1,641,741	-	1,641,741
Division of Vocational Rehabilitation and Support Services	689,897	-	-	-	689,897	-	689,897
	<u>3,150,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,150,395</u>	<u>-</u>	<u>3,150,395</u>
<b>Guam Fire Department:</b>							
Office of the Fire Chief	321,611	-	-	-	321,611	-	321,611
Administrative and Logistical Support	388,668	-	-	-	388,668	-	388,668
Emergency Medical Service and Rescue Operations Bureau	7,278,914	-	-	-	7,278,914	-	7,278,914
Fire Suppression Bureau	14,338,953	-	-	-	14,338,953	-	14,338,953
	<u>22,328,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,328,146</u>	<u>-</u>	<u>22,328,146</u>
<b>Guam Police Department:</b>							
Office of the Chief	6,860,144	-	-	-	6,860,144	-	6,860,144
Criminal Investigation Division	1,305,136	-	-	-	1,305,136	-	1,305,136
Neighbourhood Patrol Division	9,045,838	-	-	-	9,045,838	-	9,045,838
Support Division	2,098,809	-	-	-	2,098,809	-	2,098,809
Forensic Science Division	956,595	-	-	-	956,595	-	956,595
Highway Patrol Division	792,994	-	-	-	792,994	-	792,994
	<u>21,059,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,059,516</u>	<u>-</u>	<u>21,059,516</u>
<b>Office of the Attorney-General:</b>							
Attorney-General's Office	4,565,770	-	-	-	4,565,770	-	4,565,770
Prosecution Division	6,194	-	-	-	6,194	-	6,194
	<u>4,571,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,571,964</u>	<u>-</u>	<u>4,571,964</u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
<b>Expenditures by Department, Continued:</b>							
<b>Protection of Life and Property, Continued:</b>							
Medical Examiner's Office	335,493	-	-	-	335,493	-	335,493
Total Protection of Life and Property	67,831,681	-	-	-	67,831,681	-	67,831,681
<b>Public Health:</b>							
Department of Mental Health and Substance Abuse:							
Office of the Director	2,479,210	-	-	-	2,479,210	-	2,479,210
Clinical Services Division	549,520	-	-	-	549,520	-	549,520
Child and Adolescent Services Division	208,039	-	-	-	208,039	-	208,039
Nursing Services Division	1,197,523	-	-	-	1,197,523	-	1,197,523
Total	4,434,292	-	-	-	4,434,292	-	4,434,292
<b>Department of Public Health and Social Services:</b>							
Office of the Director	441,002	-	-	-	441,002	-	441,002
Chief Public Health Office	1,032,831	-	-	-	1,032,831	-	1,032,831
Community Health Services	1,067,326	-	-	-	1,067,326	-	1,067,326
Communicable Disease Control	65,406	-	-	-	65,406	-	65,406
Professional Social Services	97,120	-	-	-	97,120	-	97,120
Primary Care Services	8,903	-	-	-	8,903	-	8,903
Family Health and Nursing Services	672,442	-	-	-	672,442	-	672,442
Catastrophic Illness Assistance Program	91,613	-	-	-	91,613	-	91,613
Bureau of Health Care	801,433	-	-	-	801,433	-	801,433
Division of Environmental Health	403,495	-	-	-	403,495	-	403,495
Financial Management Services	201,672	-	-	-	201,672	-	201,672
Supply Section	152,934	-	-	-	152,934	-	152,934
Management Support Services	155,682	-	-	-	155,682	-	155,682
Facilities and Maintenance	534,203	-	-	-	534,203	-	534,203
Systems Group	215,216	-	-	-	215,216	-	215,216
Total Public Health	5,941,278	-	-	-	5,941,278	-	5,941,278
Total	10,375,570	-	-	-	10,375,570	-	10,375,570
<b>Community Services:</b>							
Department of Public Health and Social Services:							
Medically Indigent Program	47,559	-	-	-	47,559	-	47,559
Foster Care	1,235,801	-	-	-	1,235,801	-	1,235,801
Division of Senior Citizens	181,671	-	-	-	181,671	-	181,671
Adult Protective Services	332,534	-	-	-	332,534	-	332,534
Total	1,797,565	-	-	-	1,797,565	-	1,797,565

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
 General Fund  
 Year Ended September 30, 2006

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Department of Integrated Services for Individuals with Disabilities:							
Service Contracts	1,904,200	-	-	-	1,904,200	-	1,904,200
Office of the Director	668,990	-	-	-	668,990	-	668,990
Basic Support 110	16,588	-	-	-	16,588	-	16,588
	<u>2,589,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,589,778</u>	<u>-</u>	<u>2,589,778</u>
Other:							
Guam Public Library	1,236,765	-	-	-	1,236,765	-	1,236,765
Total Community Services	<u>5,624,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,624,108</u>	<u>-</u>	<u>5,624,108</u>
Recreation:							
Department of Parks and Recreation:							
Office of the Director	475,011	-	-	-	475,011	-	475,011
Community Programs	90,381	-	-	-	90,381	-	90,381
Pool and Beach Programs	388,922	-	-	-	388,922	-	388,922
Paseo Stadium	113,888	-	-	-	113,888	-	113,888
Youth Center	290,770	-	-	-	290,770	-	290,770
Parks Administration and Planning	95,834	-	-	-	95,834	-	95,834
Historic Preservation Division	194,136	-	-	-	194,136	-	194,136
Parks Maintenance	1,921,543	-	-	-	1,921,543	-	1,921,543
Territorial Park Protection	86,496	-	-	-	86,496	-	86,496
Total Recreation	<u>3,656,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,656,981</u>	<u>-</u>	<u>3,656,981</u>
Individual and Collective Rights:							
Office of I Maga'lahaen Guahan:							
Commission on Decolonization	112,777	-	-	-	112,777	-	112,777
Department of Chamorro Affairs:							
Office of the Director	327,893	-	-	-	327,893	-	327,893
Language and Culture Division	45,529	-	-	-	45,529	-	45,529
Guam Museum	302,075	-	-	-	302,075	-	302,075
	<u>675,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>675,497</u>	<u>-</u>	<u>675,497</u>
Department of Labor:							
Office of the Director	431,880	-	-	-	431,880	-	431,880
Division of Occupational Safety and Health	15,834	-	-	-	15,834	-	15,834
Wage and Hour Division	167,681	-	-	-	167,681	-	167,681
Bureau of Labor Statistics	323,945	-	-	-	323,945	-	323,945
Fair Employment Practice Office	26,437	-	-	-	26,437	-	26,437

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
<b>Expenditures by Department, Continued:</b>							
<b>Individual and Collective Rights, Continued:</b>							
<b>Department of Labor, Continued:</b>							
Worker's Compensation Commission	183,252	-	-	-	183,252	-	183,252
Alien Labor Processing and Certification	122,513	-	-	-	122,513	-	122,513
Fiscal and Support Office	119,331	-	-	-	119,331	-	119,331
	<u>1,390,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,873</u>	<u>-</u>	<u>1,390,873</u>
<b>Department of Military Affairs:</b>							
Office of the Adjutant General	133,078	-	-	-	133,078	-	133,078
Office of Civil Defense	4,027	-	-	-	4,027	-	4,027
Office of Veterans Affairs	193,998	-	-	-	193,998	-	193,998
	<u>331,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,103</u>	<u>-</u>	<u>331,103</u>
<b>Other:</b>							
Guam Election Commission	470,843	-	-	-	470,843	-	470,843
Mayor's Council of Guam	6,767,418	-	-	-	6,767,418	-	6,767,418
	<u>7,238,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,238,261</u>	<u>-</u>	<u>7,238,261</u>
<b>Total Individual and Collective Rights</b>	<u>9,748,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,748,511</u>	<u>-</u>	<u>9,748,511</u>
<b>Transportation:</b>							
<b>Department of Public Works:</b>							
Transportation Maintenance Division	38,035	-	-	-	38,035	-	38,035
Bus Operations Division	212	-	-	-	212	-	212
	<u>38,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,247</u>	<u>-</u>	<u>38,247</u>
<b>Public Education:</b>							
<b>Department of Education:</b>							
Guam Public School System	-	168,661,169	-	-	168,661,169	-	168,661,169
<b>Department of Public Works:</b>							
Bus Operations	6,527,777	-	-	-	6,527,777	-	6,527,777
	<u>6,527,777</u>	<u>168,661,169</u>	<u>-</u>	<u>-</u>	<u>175,188,946</u>	<u>-</u>	<u>175,188,946</u>
<b>Economic Development:</b>							
<b>Bureau of Statistics and Plans:</b>							
Administration	377,982	-	-	-	377,982	-	377,982
Guam Developmental Disabilities Council	19,438	-	-	-	19,438	-	19,438
Planning Information	225,374	-	-	-	225,374	-	225,374
Socio-Economic Planning	121,612	-	-	-	121,612	-	121,612
Business and Economic Statistics Division	338,366	-	-	-	338,366	-	338,366
	<u>1,082,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082,772</u>	<u>-</u>	<u>1,082,772</u>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
<b>Expenditures by Department, Continued:</b>							
Department of Agriculture:							
Office of the Director	919,432	-	-	-	919,432	-	919,432
Law Enforcement	103,477	-	-	-	103,477	-	103,477
Animal and Plant Industry Division	853,847	-	-	-	853,847	-	853,847
Animal Health Section	265,334	-	-	-	265,334	-	265,334
<b>Total</b>	<b>2,142,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,142,090</b>	<b>-</b>	<b>2,142,090</b>
<b>Total Economic Development</b>	<b>3,224,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,224,862</b>	<b>-</b>	<b>3,224,862</b>
Transfer to Persons:							
Department of Administration:							
Off-island Residential Treatment	1,405,798	-	-	-	1,405,798	-	1,405,798
<b>Total</b>	<b>1,405,798</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,405,798</b>	<b>-</b>	<b>1,405,798</b>
Payments to Component Units:							
Government of Guam Retirement Fund:							
GMHA Retirement Fund Contributions	1,460,000	-	-	-	1,460,000	-	1,460,000
Governor and Lt Governor Contributions	102,500	-	-	-	102,500	-	102,500
Judge and Justice Retirement Annuities	503,324	-	-	-	503,324	-	503,324
Retiree Medicare Premiums	124,200	-	-	-	124,200	-	124,200
<b>Total</b>	<b>2,190,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,190,024</b>	<b>-</b>	<b>2,190,024</b>
Chamorro Land Trust Commission	57,500	-	-	-	57,500	-	57,500
Guam Community College	7,494,926	-	-	-	7,494,926	-	7,494,926
Guam Economic Development and Commerce Authority	-	-	-	-	-	-	-
Guam Educational Telecom. Corporation	558,183	-	-	-	558,183	-	558,183
Guam Memorial Hospital Authority	1,057,527	-	-	-	1,057,527	-	1,057,527
University of Guam	27,266,417	-	-	-	27,266,417	-	27,266,417
<b>Total Payments to Component Units</b>	<b>38,624,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,624,577</b>	<b>-</b>	<b>38,624,577</b>
Miscellaneous Appropriations:							
Retiree Healthcare Premiums	4,769,883	-	-	-	4,769,883	-	4,769,883
Guam Legal Services Corporation	6,144	-	-	-	6,144	-	6,144
Hagatna Restoration and Redevelopment	254,830	-	-	-	254,830	-	254,830
Youth Residential Program (Sanctuary, Inc.)	241,944	-	-	-	241,944	-	241,944
Small Business Financing Assistance (PIDB)	-	-	-	-	-	-	-
<b>Total Miscellaneous Appropriations</b>	<b>5,272,801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,272,801</b>	<b>-</b>	<b>5,272,801</b>

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Expenditures by Department, Continued:							
Non-appropriated Expenditures:							
Interest on Tax Refunds	2,032,527	-	-	-	2,032,527	-	2,032,527
Public Law 28-38 Special Retirement payments	4,601,475	-	-	-	4,601,475	-	4,601,475
Retiree Cost of Living Allowance payments	-	-	-	-	-	-	-
Other	885,311	-	-	-	885,311	-	885,311
Total Non-appropriated Expenditures	7,519,313	-	-	-	7,519,313	-	7,519,313
Total expenditures	195,339,355	168,661,169	-	-	364,000,524	-	364,000,524
Excess of revenues over expenditures	227,910,497	(159,407,185)	18,368	3,277	68,524,957	-	68,524,957
Other financing sources (uses):							
Transfers in from other funds:							
Department of Administration	-	4,055,000	141,448,826	160,000	145,663,826	(145,663,826)	-
Guam Public School System Operations Fund	-	146,648,826	-	-	146,648,826	(146,648,826)	-
ECE Adequate Public Education Fund	-	160,000	-	-	160,000	(160,000)	-
Territorial Education Facilities Fund	12,383,891	307,400	-	-	12,691,291	-	12,691,291
Wildlife Conservation Fund	217,476	-	-	-	217,476	-	217,476
Land for the Landless Fund	91,139	-	-	-	91,139	-	91,139
Safe Streets Fund	209,277	-	-	-	209,277	-	209,277
Plant Nursery Revolving Fund	8,811	-	-	-	8,811	-	8,811
Healthy Futures Fund	-	833,662	-	-	833,662	-	833,662
Public Library System Fund	-	899,285	-	-	899,285	-	899,285
Individuals With Disabilities Disaster Recovery Fund	100,000	-	-	-	100,000	-	100,000
Litter Control Revolving Fund	19,954	-	-	-	19,954	-	19,954
General Services Agency Fund	1,070	-	-	-	1,070	-	1,070
Guam Housing Corporation Revolving Fund	88,777	-	-	-	88,777	-	88,777
Farmers' and Fishermen's Loan Revolving Fund	36,269	-	-	-	36,269	-	36,269
Drivers' Education Fund	318,426	-	-	-	318,426	-	318,426
Guam Beautification Fund	50,729	-	-	-	50,729	-	50,729
Consumer Protection Fund	135	-	-	-	135	-	135
Notary Public Revolving Fund	30,661	-	-	-	30,661	-	30,661
Autonomous Agency Infrastructure Collections Fund	460	-	-	-	460	-	460
Dededo Buffer Strip Revolving Fund	27,784	-	-	-	27,784	-	27,784
1999 SPG Revolving Fund	212,826	-	-	-	212,826	-	212,826
Controlled Substance Diversion Fund	74,676	-	-	-	74,676	-	74,676
Solid Waste Management Facilities Medical Monitoring Fund	127,000	-	-	-	127,000	-	127,000

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**  
**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:							
Transfers in from other funds, Continued:							
Off-Island Sports Travel Fund	20,560	-	-	-	20,560	-	20,560
Rabies Prevention Fund	71,439	-	-	-	71,439	-	71,439
Livestock Fund	4,361	-	-	-	4,361	-	4,361
Human Resources Services Revolving Fund	45,353	-	-	-	45,353	-	45,353
CAHA, OET and CEF Fund	266	-	-	-	266	-	266
Guam Based Trust Fund	2,184	-	-	-	2,184	-	2,184
Agana Fractional Lots Program Fund	126,426	-	-	-	126,426	-	126,426
Farmers Small Loan Revolving Fund	7,008	-	-	-	7,008	-	7,008
State Agency for Surplus Property Fund	56,097	-	-	-	56,097	-	56,097
Off-Island Sports Fund	670	-	-	-	670	-	670
Income Tax Efficiency Payment Fund	19,364	-	-	-	19,364	-	19,364
Taguag Memorial Cemetery Fund	71,486	-	-	-	71,486	-	71,486
Guam Plant Inspection and Permit Fund	37,304	-	-	-	37,304	-	37,304
GOB Series A 1994 Debt Service Fund	2,070,182	-	-	-	2,070,182	-	2,070,182
GOB Series A 1995 Debt Service Fund	3,294,914	-	-	-	3,294,914	-	3,294,914
GSA Inventory Revolving Fund	4,154,995	-	-	-	4,154,995	-	4,154,995
Territorial Highway Fund	7,568,455	-	-	-	7,568,455	-	7,568,455
Interim Transition Coordinating Committee Fund	1,803,768	-	5,200,000	-	7,003,768	-	7,003,768
Total other financing sources	33,354,193	152,904,173	146,648,826	160,000	332,854,366	(292,472,652)	40,381,714
Transfers out to other funds:							
Guam Public School System	4,055,000	-	146,648,826	160,000	150,863,826	(150,863,826)	-
Guam Public School System Operations Fund	141,448,826	-	-	-	141,448,826	(141,448,826)	-
ECE Adequate Public Education Fund	160,000	-	-	-	160,000	(160,000)	-
1999 SPG Revolving Fund	81,441	-	-	-	81,441	-	81,441
Firefighter Equipment Replacement Fund	34,100	-	-	-	34,100	-	34,100
GMHA Pharmaceuticals Fund	8,421,521	-	-	-	8,421,521	-	8,421,521
Streetlight Fund	1,619,584	-	-	-	1,619,584	-	1,619,584
Chamorro Commercial Loan Fund	177,343	-	-	-	177,343	-	177,343
Housing Revolving Fund	243,645	-	-	-	243,645	-	243,645
Plant Protection and Quarantine Revolving Fund	5,735	-	-	-	5,735	-	5,735
Public Transit Fund	23,006	-	-	-	23,006	-	23,006
Worker's Compensation Fund	837,524	-	-	-	837,524	-	837,524
MIP Payment Revolving Fund	11,928,383	-	-	-	11,928,383	-	11,928,383

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit), Continued**  
**General Fund**

**Year Ended September 30, 2006**

	Department of Administration	Guam Public School System	Guam Public School System Operations	ECE Adequate Public Education	Combined Total	Eliminating Entries	Total
Other financing sources (uses), Continued:							
Transfers out to other funds, Continued:							
Program Development Fund	6,817	-	-	-	6,817	-	6,817
Public Service Recovery Fund	382	-	-	-	382	-	382
Federal Grants Fund	35,228,855	-	-	-	35,228,855	-	35,228,855
Superior Court Operations Fund	21,294,857	-	-	-	21,294,857	-	21,294,857
Office of the Public Auditor	1,049,229	-	-	-	1,049,229	-	1,049,229
Guam Legislature Fund	7,339,180	-	-	-	7,339,180	-	7,339,180
Public Defender Service Corporation Fund	2,808,831	-	-	-	2,808,831	-	2,808,831
Water Systems Revenue Bond Debt Service Fund	11,108,105	-	-	-	11,108,105	-	11,108,105
General Obligation Bonds Series A 1993 Debt Se	12,792,620	-	-	-	12,792,620	-	12,792,620
Supplemental Annuity Benefits Fund	13,973,785	-	-	-	13,973,785	-	13,973,785
General Obligation Bonds Series A 1995 Debt Se	2,025,925	-	-	-	2,025,925	-	2,025,925
Total other financing uses	276,664,694	-	146,648,826	160,000	423,473,520	(292,472,652)	131,000,868
Total other financing sources (uses), net	(243,310,501)	152,904,173	-	-	(90,619,154)	-	(90,619,154)
Special items:							
Proceeds from redemption of RTB stock	-	-	-	-	-	-	-
Retiree Cost of Living Allowance judgment	(123,580,231)	-	-	-	(123,580,231)	-	(123,580,231)
Earned Income Tax Credit judgment	(30,000,000)	-	-	-	(30,000,000)	-	(30,000,000)
	(153,580,231)	-	-	-	(153,580,231)	-	(153,580,231)
Net change in fund deficit	(168,980,235)	(6,503,012)	18,368	3,277	(175,674,428)	-	(175,674,428)
Deficit at the beginning of the year	(306,574,841)	(41,829,091)	-	-	(348,403,932)	-	(348,403,932)
Deficit at the end of the year	\$ (475,555,076)	\$ (48,332,103)	\$ 18,368	\$ 3,277	\$ (524,078,360)	\$ -	\$ (524,078,360)

See Accompanying Independent Auditors' Report.

**GOVERNMENT OF GUAM**

Combining Schedule of Expenditures by Object  
General Fund  
Year Ended September 30, 2006

Expenditures by Object:	Department of Administration	Guam Public School System		Guam Public School System Operations		ECE Adequate Public Education		Combined Total	Eliminating Entries	Total
		Guam Public School System	Guam Public School System	Guam Public School System Operations	Guam Public School System Operations	ECE Adequate Public Education	ECE Adequate Public Education			
Salaries and wages - regular	\$ 82,114,106	\$ 105,057,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,171,136	\$ -	\$ 187,171,136
Salaries and wages - overtime	7,986,030	54,790	-	-	-	-	-	8,040,820	-	8,040,820
Salaries and wages - fringe benefits	22,936,960	28,286,367	-	-	-	-	-	51,223,327	-	51,223,327
Travel	341,611	260,947	-	-	-	-	-	602,558	-	602,558
Contractual services	14,942,171	12,463,371	-	-	-	-	-	27,405,542	-	27,405,542
Building rent	2,498,243	-	-	-	-	-	-	2,498,243	-	2,498,243
Supplies	3,243,463	7,110,762	-	-	-	-	-	10,354,225	-	10,354,225
Equipment	529,703	630,656	-	-	-	-	-	1,160,359	-	1,160,359
Utilities - power and water	3,775,792	11,559,574	-	-	-	-	-	15,335,366	-	15,335,366
Communications	1,320,877	643,076	-	-	-	-	-	1,963,953	-	1,963,953
Capital outlays	586,510	1,491,624	-	-	-	-	-	2,078,134	-	2,078,134
Grants and subsidies	38,624,577	-	-	-	-	-	-	38,624,577	-	38,624,577
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	6,634,002	607,125	-	-	-	-	-	7,241,127	-	7,241,127
Miscellaneous	9,805,310	495,847	-	-	-	-	-	10,301,157	-	10,301,157
	<u>\$ 195,339,355</u>	<u>\$ 168,661,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,000,524</u>	<u>\$ -</u>	<u>\$ 364,000,524</u>

See Accompanying Independent Auditors' Report.



**GOVERNMENT OF GUAM**

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

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

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

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

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

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

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

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

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Schedule of Other Financing Sources (Uses) - Governmental Funds  
Year Ended September 30, 2006

Source/Recipient	Transfers Out	Transfers In
<u>General Fund</u>		
From General Fund to:		
1999 SPG Revolving Fund	\$ 81,441	\$ -
Firefighter Equipment Replacement Fund	34,100	-
GMHA Pharmaceuticals Fund	8,421,521	-
Streetlight Fund	1,619,584	-
Chamorro Commercial Loan Fund	177,343	-
Housing Revolving Fund	243,645	-
Plant Protection and Quarantine Revolving Fund	5,735	-
Public Transit Fund	23,006	-
Worker's Compensation Fund	837,524	-
MIP Payment Revolving Fund	11,928,383	-
Program Development Fund	6,817	-
Public Service Recovery Fund	382	-
Federal Grants Fund	35,228,855	-
Unified Courts of Guam Operations Fund	21,294,857	-
Office of the Public Auditor	1,049,229	-
Guam Legislature Fund	7,339,180	-
Public Defender Service Corporation Fund	2,808,831	-
Water Systems Revenue Bond Debt Service Fund	11,108,105	-
General Obligation Bonds Series A 1993 Debt Service Fund	12,792,620	-
Supplemental Annuity Benefits Fund	13,973,785	-
General Obligation Bonds Series A 1995 Debt Service Fund	2,025,925	-
To General Fund from:		
Territorial Education Facilities Fund	-	12,691,291
Wildlife Conservation Fund	-	217,476
Land for the Landless Fund	-	91,139
Safe Streets Fund	-	209,277
Plant Nursery Revolving Fund	-	8,811
Healthy Futures Fund	-	833,662
Public Library System Fund	-	899,285
Individuals With Disabilities Disaster Recovery Fund	-	100,000
Litter Control Revolving Fund	-	19,954
General Services Agency Fund	-	1,070
Guam Housing Corporation Revolving Fund	-	88,777
Farmers' and Fishermen's Loan Revolving Fund	-	36,269
Drivers' Education Fund	-	318,426
Guam Beautification Fund	-	50,729
Consumer Protection Fund	-	135
Notary Public Revolving Fund	-	30,661
Autonomous Agency Infrastructure Collections Fund	-	460
Dededo Buffer Strip Revolving Fund	-	27,784
Controlled Substance Diversion Fund	-	74,676
Solid Waste Management Facilities Medical Monitoring Fund	-	127,000
Off-Island Sports Travel Fund	-	20,560
Rabies Prevention Fund	-	71,439
Livestock Fund	-	4,361
Human Resources Services Revolving Fund	-	45,353
CAHA, OET and CEF Fund	-	266
Guam Based Trust Fund	-	2,184
Agana Fractional Lots Program Fund	-	126,426
Farmers Small Loan Revolving Fund	-	7,008
State Agency for Surplus Property Fund	-	56,097
Off-Island Sports Fund	-	670
Income Tax Efficiency Payment Fund	-	19,364
Taguag Memorial Cemetery Fund	-	71,486
Guam Plant Inspection and Permit Fund	-	37,304
GOB Series A 1994 Debt Service Fund	-	2,070,182
GOB Series A 1995 Debt Service Fund	-	3,294,914
GSA Inventory Revolving Fund	-	4,154,995
Territorial Highway Fund	-	7,568,455
Interim Transition Coordinating Committee Fund	-	7,003,768
	<u>\$ 131,000,868</u>	<u>\$ 40,381,714</u>

**GOVERNMENT OF GUAM**

Schedule of Other Financing Sources (Uses) - Governmental Funds, Continued  
Year Ended September 30, 2006

Source/Recipient	Transfers Out	Transfers In
<b>Federal Grants Assistance Fund</b>		
From Federal Grants Fund to:		
GPSS Federal Grants Fund	\$ 1,304,250	\$ -
Interim Transition Coordinating Committee Fund	439,939	-
To Federal Grants Fund from:		
General Fund	-	35,228,855
Typhoon Chataan and Halong Fund	-	4,139
	\$ 1,744,189	\$ 35,232,994
<b>Other Governmental Funds</b>		
Special Revenue Funds:		
To General Fund from:		
Territorial Education Facilities Fund	\$ 12,691,291	\$ -
Territorial Highway Fund	7,568,455	-
Wildlife Conservation Fund	217,476	-
Land for the Landless Fund	91,139	-
Safe Streets Fund	209,277	-
Plant Nursery Revolving Fund	8,811	-
Healthy Futures Fund	833,662	-
Public Library System Fund	899,285	-
Individuals With Disabilities Disaster Recovery Fund	100,000	-
Litter Control Revolving Fund	19,954	-
General Services Agency Fund	1,070	-
GSA Inventory Revolving Fund	4,154,995	-
Guam Housing Corporation Revolving Fund	88,777	-
Farmers' and Fishermen's Loan Revolving Fund	36,269	-
Drivers' Education Fund	318,426	-
Guam Beautification Fund	50,729	-
Consumer Protection Fund	135	-
Notary Public Revolving Fund	30,661	-
Autonomous Agency Infrastructure Collections Fund	460	-
Dededo Buffer Strip Revolving Fund	27,784	-
Controlled Substance Diversion Fund	74,676	-
Solid Waste Management Facilities Medical Monitoring Fund	127,000	-
Off-Island Sports Travel Fund	20,560	-
Rabies Prevention Fund	71,439	-
Livestock Fund	4,361	-
Human Resources Services Revolving Fund	45,353	-
CAHA, OET and CEF Fund	266	-
Guam Based Trust Fund	2,184	-
Agana Fractional Lots Program Fund	126,426	-
Farmers Small Loan Revolving Fund	7,008	-
State Agency for Surplus Property Fund	56,097	-
Off-Island Sports Fund	670	-
Income Tax Efficiency Payment Fund	19,364	-
Taguag Memorial Cemetary Fund	71,486	-
Guam Plant Inspection and Permit Fund	37,304	-
Interim Transition Coordinating Committee Fund	7,003,768	-
To Federal Grants Fund from Typhoon Chaatan and Halong Fund	4,139	-
To Unreserved Fund Balance Fund from:		
Dededo Buffer Strip Revolving Fund	101,267	101,267
DOC Inmates Revolving Fund	125,176	125,176
DPW Building and Design Fund	1,149,336	1,149,336
Enhanced 911 Emergency Reporting System Fund	1,574,228	1,574,228
Guam Plant Inspection and Permit Fund	49,000	49,000
Healthy Futures Fund	427,969	427,969
Housing Revolving Fund	1,043,467	1,043,467
Parks and Recreation Revolving Fund	70,169	70,169
Police Services Fund	67,216	67,216
From Safe Homes, Safe Streets Fund to Healthy Futures Fund	545,451	545,451

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Schedule of Other Financing Sources (Uses) - Governmental Funds, Continued  
Year Ended September 30, 2006

Source/Recipient	Transfers Out	Transfers In
<u>Other Governmental Funds, Continued</u>		
Special Revenue Funds, Continued:		
From Territorial Highway Fund to:		
University of Guam Capital Improvements Fund	500,000	500,000
Village Street Fund	1,500,000	1,500,000
Limited Obligation Highway Improvement Bonds Debt Service Fund	5,527,636	-
From General Fund to:		
1999 SPG Revolving Fund	-	81,441
Firefighter Equipment Replacement Fund	-	34,100
GMHA Pharmaceuticals Fund	-	8,421,521
Streetlight Fund	-	1,619,584
Chamorro Commercial Loan Fund	-	177,343
Housing Revolving Fund	-	243,645
Plant Protection and Quarantine Revolving Fund	-	5,735
Public Transit Fund	-	23,006
Worker's Compensation Fund	-	837,524
MIP Payment Revolving Fund	-	11,928,383
Program Development Fund	-	6,817
Public Service Recovery Fund	-	382
Unified Courts of Guam Operations Fund	-	21,294,857
Office of the Public Auditor	-	1,049,229
Guam Legislature Fund	-	7,339,180
Public Defender Service Corporation Fund	-	2,808,831
Supplemental Annuity Benefits Fund	-	13,973,785
From Federal Grants Fund to:		
GPSS Federal Grants Fund	-	1,304,250
Interim Transition Coordinating Committee Fund	-	439,939
From Tourist Attraction Fund to Limited Obligation Infrastructure Improvement Bonds Debt Service Fund		
To Village Street Fund from LOB Highway Improvement Bonds Fund	6,370,682	-
From Judicial Building Fund to Public Defender Service Corporation Fund	-	205,000
From Judicial Building Fund to Public Defender Service Corporation Fund	-	579,550
Capital Projects Funds:		
From Judicial Building Fund to Public Defender Service Corporation Fund	579,550	-
Debt Service Funds:		
To General Fund from:		
GOB Series A 1994 Debt Service Fund	2,070,182	-
GOB Series A 1995 Debt Service Fund	3,294,914	-
To Village Street Fund from LOB Highway Improvement Bonds Fund	205,000	-
From General Fund to:		
Water Systems Revenue Bond Debt Service Fund	-	11,108,105
General Obligation Bonds Series A 1993 Debt Service Fund	-	12,792,620
General Obligation Bonds Series A 1995 Debt Service Fund	-	2,025,925
From Territorial Highway Fund to Limited Obligation Highway Improvement Bonds Debt Service Fund		
From Tourist Attraction Fund to Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	-	5,527,636
From Tourist Attraction Fund to Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	-	6,370,682
	\$ 60,222,000	\$ 117,352,349

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Schedule of Personnel Count  
Years Ended September 30, 2006 and 2005

Department	2006	2005
Agency for Human Resources Development	37	64
Bureau of Budget and Management Research	20	20
Bureau of Statistics and Plans	36	37
Chamorro Land Trust Commission	11	12
Civil Service Commission	7	13
Customs and Quarantine	145	146
Department of Administration	144	137
Department of Agriculture	84	81
Department of Chamorro Affairs	11	14
Department of Corrections	223	217
Department of Education	3,861	4,159
Department of Integrated Services for Individuals with Disabilities	36	28
Department of Labor	43	137
Department of Land Management	43	47
Department of Law - Attorney General	132	116
Department of Mental Health and Substance Abuse	146	151
Department of Military Affairs	47	46
Department of Parks and Recreation	76	77
Department of Public Health and Social Services	430	395
Department of Public Works	438	468
Department of Revenue and Taxation	163	164
Department of Youth Affairs	87	97
Governor's Office	129	158
Guam Council on the Arts and Humanities Agency	7	6
Guam Educational and Telecom. Corporation - KGTF	11	8
Guam Election Commission	3	3
Guam Energy Office	7	8
Guam Environmental Protection Agency	62	56
Guam Fire Department	317	305
Guam Legislature	100	93
Guam Police Department	379	370
Guam Public Library System	21	21
Mayors' Council of Guam	191	192
Medical Examiner	3	3
Office of I Segundu Na Maga'Lahen Guahan	31	25
Office of the Public Auditor	18	14
Public Defender	33	42
Superior Court of Guam	370	289
Miscellaneous	12	3
	7,914	8,222

See Accompanying Independent Auditors' Report

**GOVERNMENT OF GUAM**

Balance Sheets  
Governmental Funds  
September 30, 2006  
(With comparatives as of September 30, 2005)

	General Fund		Federal Grants Fund		Other Governmental Funds	
	2006	2005	2006	2005	2006	2005
<b>ASSETS</b>						
Cash and cash equivalents	\$ 19,003,878	\$ 8,653,669	\$ 1,982,777	\$ 893,328	\$ 28,950,666	\$ 47,056,118
Time certificates of deposit	-	-	-	-	-	1,000,718
Investments	400,000	400,000	-	-	8,120,000	9,053,800
Receivables, net:						
Taxes	27,284,006	28,067,169	-	-	4,104,015	3,688,257
Federal agencies	1,197,786	1,256,710	16,005,929	20,683,185	2,520,098	4,691,046
Note	-	-	-	-	10,000,000	10,000,000
Other	163,934	-	-	-	6,035,071	5,834,762
Due from other funds	44,574,734	29,465,855	-	-	41,261,393	70,354,839
Due from private purpose trust funds	-	-	-	-	-	42,890
Inventories	-	-	-	-	769,988	616,813
Prepayments	424,151	424,315	-	-	-	-
Deposits and other assets	-	-	-	-	394,261	365,740
Restricted assets:						
Cash and cash equivalents	-	-	-	-	73,507,757	68,672,147
Investments	-	-	-	-	16,716,000	9,336,000
Total assets	\$ 93,048,489	\$ 68,267,718	\$ 17,988,706	\$ 21,576,513	\$ 192,379,249	\$ 230,713,130
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
Accounts payable	\$ 68,930,143	\$ 40,665,613	\$ 141,935	\$ 145,685	\$ 16,783,321	\$ 16,378,837
Accrued payroll and other	11,520,743	12,971,644	1,290,001	1,275,303	3,449,605	4,982,303
Due to other funds	41,201,431	70,354,839	594,293	5,796,647	44,040,403	23,669,208
Due to pension trust funds	17,174,884	16,741,014	-	-	-	11,900,000
Due to private purpose trust funds	-	-	-	-	61,293	-
Due to component units	25,189,309	28,512,612	-	-	10,910,791	10,447,168
Payable to federal agencies	163,591	170,285	15,867,844	14,280,393	2,950,109	3,946,101
Deferred revenue	51,909,348	25,000,000	-	-	5,255,336	1,721,572
Provision for tax refunds	267,138,563	207,117,257	-	-	5,786,322	9,992,371
Deposits and other liabilities	133,898,837	10,720,097	-	-	1,144,850	7,908,829
Total liabilities	617,126,849	412,253,361	17,894,073	21,498,028	90,382,030	90,946,389
Fund balances (deficits):						
Reserved:						
Encumbrances	12,794,230	11,115,645	49,639,036	29,220,330	21,474,442	14,359,341
Continuing appropriations	1,846,934	7,091,675	-	-	24,629,171	16,957,535
Related assets	400,000	14,771,831	-	-	15,829,026	28,619,362
Debt service	-	-	-	-	32,736,912	37,239,202
Unreserved (deficits), reported in:						
General fund	(539,119,524)	(376,964,794)	-	-	-	-
Special revenue funds	-	-	(49,544,403)	(29,141,845)	4,491,635	11,251,981
Capital projects funds	-	-	-	-	2,836,033	31,339,320
Total fund balances (deficits)	(524,078,360)	(343,985,643)	94,633	78,485	101,997,219	139,766,741
Total liabilities and fund balances	\$ 93,048,489	\$ 68,267,718	\$ 17,988,706	\$ 21,576,513	\$ 192,379,249	\$ 230,713,130

See Accompanying Independent Auditors' Report



**GOVERNMENT OF GUAM**

Statements of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
 Governmental Funds  
 Year Ended September 30, 2006  
 (With comparatives for the year ended September 30, 2005)

	General Fund		Federal Grants Fund		Other Governmental Funds	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Taxes	\$ 355,662,195	\$ 376,375,879	\$ -	\$ -	\$ 60,049,305	\$ 63,891,624
Licenses, fees and permits	1,602,292	1,540,974	-	-	35,587,522	35,558,835
Use of money and property	182,353	168,488	-	-	4,424,833	5,387,860
Federal contributions	59,038,070	54,564,785	106,547,689	98,111,728	46,462,308	44,086,627
Guam Public School System	9,253,984	6,371,485	-	-	-	-
Contributions from component units	1,858,360	2,027,291	-	-	-	2,733,800
Other	4,928,227	2,246,801	-	-	61,638	1,294,224
<b>Total revenues</b>	<b>432,525,481</b>	<b>443,295,703</b>	<b>106,547,689</b>	<b>98,111,728</b>	<b>146,585,606</b>	<b>152,952,970</b>
<b>Expenditures by Object:</b>						
<b>Salaries and wages:</b>						
Regular	187,171,136	186,395,848	25,332,374	23,439,638	67,065,419	67,398,714
Overtime	8,040,820	6,411,708	173,130	108,543	1,445,279	868,002
Fringe benefits	51,223,327	47,871,692	6,958,657	5,958,439	17,273,497	12,929,198
Travel	602,558	434,501	2,097,489	1,566,803	2,264,831	1,615,429
Contractual services	27,405,542	25,052,844	30,723,537	24,463,393	21,592,077	19,014,521
Building rent	2,498,243	1,724,410	1,217,385	1,624,108	2,983,241	2,962,959
Supplies	10,354,225	16,108,749	1,735,648	2,586,930	6,396,119	4,975,646
Equipment	1,160,359	692,640	1,563,934	652,161	3,252,549	2,402,259
Utilities - power and water	15,335,366	15,094,230	979,611	693,780	6,907,209	5,176,062
Communications	1,963,953	2,277,340	345,457	437,776	880,687	617,475
Capital outlays	2,078,134	4,064,328	9,185,968	11,642,513	15,196,092	3,499,135
Grants and subsidies	38,624,577	48,702,732	13,065,649	17,019,096	30,301,509	21,152,376
Supplemental annuity benefits	-	-	-	-	21,597,785	12,602,928
Medical care	-	-	-	-	11,929,547	13,035,378
Principal retirement	-	-	-	-	29,238,700	40,460,180
Interest and fiscal charges	7,241,127	4,645,473	-	-	14,670,110	16,821,793
Miscellaneous	10,301,157	9,109,142	46,641,507	30,046,615	5,520,360	20,700,048
<b>Total expenditures</b>	<b>364,000,524</b>	<b>368,585,637</b>	<b>140,020,346</b>	<b>120,239,795</b>	<b>258,515,011</b>	<b>246,232,103</b>
Excess (deficiency) of revenues over (under) expenditures	68,524,957	74,710,066	(33,472,657)	(22,128,067)	(111,929,405)	(93,279,133)
<b>Other financing sources (uses):</b>						
Transfers in from other funds	40,381,714	21,540,188	35,232,994	25,776,720	117,352,349	117,049,903
Transfers out to other funds	(131,000,868)	(126,642,742)	(1,744,189)	(3,611,659)	(60,222,000)	(35,235,939)
<b>Total other financing sources (uses), net</b>	<b>(90,619,154)</b>	<b>(105,102,554)</b>	<b>33,488,805</b>	<b>22,165,061</b>	<b>57,130,349</b>	<b>81,813,964</b>
<b>Extraordinary items:</b>						
Proceeds from sale of GTA	-	-	-	-	-	150,000,000
Payment to RUS escrow agent	-	-	-	-	-	(107,750,732)
Settlement payment to TeleGuam	-	-	-	-	-	(5,894,593)
<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,354,675</b>
<b>Special items:</b>						
Proceeds from redemption of RTB stock	-	-	-	-	13,779,268	-
Retiree Cost of Living Allowance judgement	(123,580,231)	-	-	-	-	-
Earned Income Tax Credit judgement	(30,000,000)	-	-	-	-	-
<b>Total special items</b>	<b>(153,580,231)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,779,268</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(175,674,428)</b>	<b>(30,392,488)</b>	<b>16,148</b>	<b>36,994</b>	<b>(41,019,788)</b>	<b>24,889,506</b>
Fund balances (deficits) at beginning of year, as restated	(348,403,932)	(313,593,155)	78,485	41,491	139,300,284	114,877,235
<b>Fund balances (deficits) at end of year</b>	<b>\$ (524,078,360)</b>	<b>\$ (343,985,643)</b>	<b>\$ 94,633</b>	<b>\$ 78,485</b>	<b>\$ 98,280,496</b>	<b>\$ 139,766,741</b>

See Accompanying Independent Auditors' Report