

*Financial Statements, Required Supplementary
Information, and Supplementary and Other
Information*

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

*Years Ended September 30, 2024 and 2023
With Report of Independent Auditors*



Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and
Supplementary and Other Information

Years Ended September 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Guam Economic Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Guam Economic Development Authority (the Authority or GEDA), a component unit of the Government of Guam, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise GEDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority at September 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GEDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GEDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GEDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 27, the Schedule of Proportionate Share of the Net Pension Liability on pages 75, 77, and 79, the Schedule of Contributions on pages 76, 78, and 80 and the Schedule of Proportionate Share of the Collective Total Other Postemployment Benefit Liability on page 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental divisional statements on pages 83 through 87, are presented for purposes of additional analysis and are not required to be part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Schedule of Salaries and Wages on page 88 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025 on our consideration of GEDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of GEDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering GEDA's internal control over financial reporting and compliance.

Ernst + Young LLP

June 17, 2025

Guam Economic Development Authority
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Management's Discussion and Analysis

Years Ended September 30, 2024 and 2023

PREFACE

The mission of the Guam Economic Development Authority, *Aturidat Inadilanton Ikunumihan Guåhan* (GEDA), is to develop a sound and sustainable economy through innovative programs that preserve and promote local culture, economic opportunities, and quality of life.

As a public corporation (12GCA Chapter 50), GEDA has broad responsibility over the centralized direction, control, and supervision of an integrated plan for the economic development of Guam through its programs and offerings, which include public financial services, business and investment assistance and incentive programs, and real property management.

Although GEDA has a series of broad mandates, GEDA regularly focuses on key areas that are the core of GEDA's regular activities. These activities include new industry development, local business support services, compliance monitoring for tax credit and tax incentive programs, commercial loan programs, and government real property management. Additionally, GEDA is the *Central Financial Manager* for the Government of Guam and assists agencies with financial advisory services, capital financing, debt management, and annual financial reporting on debt instruments. It is common for GEDA to be assigned to lead or serve on special projects of the Office of the Governor, such as the Guam Medical Campus Project, wherein GEDA played a leading role in coordination among government agencies.

Fiscal Year (FY) 2024

In FY2024, the agency was called on by the Office of the Governor and the 37th Guam Legislature to design and administer the application process for the Local Employers Assistance Program Supplemental Grant (LEAP2), a program designed to assist local small businesses that experienced significant levels of business interruption due to the COVID-19 pandemic. This program provided direct financial assistance to over 330 local small businesses.

Ongoing special projects included an emphasis on economic diversification projects in the areas of aquaculture, additive manufacturing, and transshipment. The Real Property Team was asked to administer and staff the Governor's Medical Campus Working Group and help the Office of Veterans Administration complete its State Plan.

GEDA continued building on 2023 trade mission work with significant participation in SelectUSA, a summit hosted by the United States Department of Commerce to showcase the states and territories to entice foreign direct investment into the United States. Over 5,000 participants attended in 2024. There were also smaller trade missions to Korea and the United States aimed at encouraging investment in Guam. The Small Business Division utilized United States Department of Agriculture (USDA) funding and U.S. Small Business Administration (SBA) to host several trade missions and trade shows for local small businesses in Palau and Las Vegas, Nevada, and held its first ever Japan Inbound Trade Mission in July 2024 in collaboration with the Western

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United States Agricultural Trade Association (WUSATA) and the Guam Hotel and Restaurant Association (GHRA).

Governor Leon Guerrero and Lieutenant Governor Tenorio successfully sought reelection in November of 2022. As such, executive management remained in place. The executive management team in FY2024 comprised of Board Chair David John, CEO/Administrator Melanie Mendiola, and Deputy Administrator Carlos Bordallo.

COVID-19 ECONOMIC ASSISTANCE

Two divisions of GEDA took a leading role in COVID-19 Economic Assistance Programs. The Business & Economic Development Division (BEDD) was designated as the division to serve as the program processor for multiple commercial grants, while Public Finance was the designated program manager for the temporary Childcare Grants Division.

BUSINESS DEVELOPMENT LED INITIATIVES

THE LOCAL EMPLOYERS ASSISTANCE PROGRAM SUPPLEMENTAL GRANT

Pursuant to Executive Order 2023-15, GEDA launched the Local Employers Assistance Program Supplemental Grant (LEAP2) on January 9, 2024. The purpose of the program was to provide direct financial assistance to small businesses that have experienced significant levels of pandemic related business interruption. LEAP2 funds will be used to provide grants to businesses that can demonstrate a business interruption rate of thirty five percent (35%) or greater, along with other eligibility and compliance criteria. GEDA received LEAP2 applications from the program launch date until February 8, 2024. Through the life of the program, GEDA processed 830 applications, of which 335 were determined to be eligible and received grant funding. Eligible LEAP2 awards totaled \$18,360,128.29, with the Guam Department of Administration processing all grant payments.

GEDA CHILD CARE GRANT DIVISION

The Public Finance Division (PFD) was designated as the division to assist the Department of Public Health and Social Services (DPHSS) in the development and management of programs under the Coronavirus Aid Relief and Economic Security Act (CARES) and American Rescue Plan Act (ARPA). The initiative followed Governor Lou Leon Guerrero's Executive Order 2022-07, which launched *Prugrãman i Pinilan i Famagu'on Guåhan* (translation: "Watching Over the Children of Guam" Program). In addition to the administration of \$81.5 million in federal dollars, *Prugrãman Pinilan* tasked the GEDA with the development of eligibility criteria for grant recipients under the program, including before and after school care programs, relative care programs, extracurricular childcare providers, employer childcare assistance programs, and community care programs.

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In April 2022, pursuant to Executive Order 2022-07, the Governor launched the *Prugrâman i Pinilan i Famagu'on Guåhan* ("Prugrâman Pinilan"), for the purpose of administering federal ARPA, CARES, CRRSA, CCDBG funds to the island's childcare providers, through the Guam Child Care Provider Assistance Program. Programs launched in FY2024 include the following:

1. The Child Care and Development Block Grant Program (Extension) – Since its inception, a total of 3,195 vouchers have been processed. The voucher quarter average prior to April 5th was \$243,105.00. The voucher FY 2024 4th Quarter average was \$1.4 million. Prior to GEDA's intervention, the number of families benefiting was 292, and average monthly vouchers were \$243,000. GEDA remains proud of the nearly 400% continued growth of the program in FY2024.
2. Early Childhood Workforce Retention Grant - This Grant supported the individuals who work directly with children with an incentive award based on their years of service. A total of 902 applications were processed and approved for a total grant payment of \$3.3 million.
3. 2024 Community Care Summer Grant Program – This grant was limited to those businesses registered as Child Care Development Fund (CCDF) certification and who prioritized child care services to children between the ages of 5 through 13 to pursue their interests and passions, while providing additional support to childcare providers, village mayors and non-profit organizations. A total of 89 applications were approved for a total grant payment of \$10.4 million.

BUSINESS & ECONOMIC DEVELOPMENT DIVISION (BEDD)

ECONOMIC DEVELOPMENT TRADE MISSIONS

GEDA participated in several trade missions and educational opportunities in support of its various initiatives.

SELECTUSA Summit 2024

The investment summit is a government program led by the U.S. Department of Commerce and is the highest profile and largest event dedicated to promoting Foreign Direct Investment into the U.S. and its territories. GEDA was able to highlight potential foreign investment opportunities on the island and network with international investors from all over the world, including Guam's target market in Asia. Over 5,000 persons attended the 2024 SelectUSA Summit, with many from key investment markets such as Japan, South Korea, Taiwan, and the Philippines.

The Guam delegation attended several special events hosted by these key investment markets, which brought increased exposure and generated significant traffic to the GEDA exhibition booth.

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South Korea Trade Mission

GEDA BEDD Manager traveled to Seoul, South Korea to meet with businesses engaged in high-tech agriculture activities and to present Guam investment opportunities. Growing the commercial agriculture sector is a key component of Guam's economic diversification initiative. GEDA extended an invitation for these businesses to visit Guam in the near future.

USA Trade Mission

GEDA BEDD Manager, in conjunction with the Guam Visitors Bureau, traveled to San Diego, California to attend the 2024 Pacific Island Festival Association (PIFA) Festival to hold other business outreach meetings. Meetings were held with stateside businesses with ties to Guam to explore expanding operations via investment in Guam. Meetings were also held with various CHamoru organizations in Guam.

Training conferences included the annual International Economic Development Council (IEDC) conference in September 2024 and Captive Insurance Companies Association (CICA) in March 2024.

INDUSTRY AND SMALL BUSINESS DEVELOPMENT PROGRAMS

QUALIFYING CERTIFICATE PROGRAM

The Qualifying Certificate (QC) program is an incentive tool managed by GEDA, to provide tax benefits for qualified investments into Guam.

No QCs were recommended for approval by the GEDA Board in FY2024. This is due primarily to the continued prolonged period of review at the Office of the Attorney General of the QCs recommended for approval in the prior fiscal year. GEDA continued to communicate with the Office of the Attorney General in an attempt to move the QCs forward. While minimal progress was made in FY2024, there has been more progress and direction in FY2025 thus far.

TRANSSHIPMENT TASK FORCE

GEDA, under Public Law 36-23, is a key member of the Transshipment Task Force. BEDD has been tasked with coordinating the activities of the Transshipment Task Force as well as to provide administrative support. GEDA received federal funding to secure the services of a professional consultant to aid the Task Force in meeting the mandates of Public Law 36-23. GEDA received funds via a subgrant from the Bureau of Statistics and Plans, from the U.S. Economic Development Administration (EDA) to fund a transshipment feasibility study and economic diversification report. In FY2023, the contract was awarded to Matsuda and Associates, who performed all work for the report. In FY2024, the contractor conducted research, held virtual and in-person seminars and workshops, conducted surveys, and prepared the report for the taskforce. Matsuda and Associates submitted the final report on May 16, 2024, and the taskforce accepted and adopted the report on June 14, 2024.

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GUAM PRODUCT SEAL PROGRAM

GEDA BEDD has administered the Guam Product Seal (GPS) Program since 2012. The GPS program focuses on Guam's local manufacturers with the intent of authenticating products that are made in Guam. In FY2024, BEDD issued 30 GPS permit renewals and 8 new GPS permits.

SMALL BUSINESS DIVISION (SBD)

STATE TRADE EXPANSION PROGRAM (STEP)

GEDA was awarded a \$100,000 grant from the U.S. Small Business Administration (SBA) for a project period of 09/30/23 to 9/29/25 to develop a Guam State Trade Expansion Program (STEP). Grant funding allowed GEDA to support small businesses interested in exporting to international markets by providing comprehensive export training, financial assistance for new to export and market expansion activities, and access to international markets. As part of Guam STEP, four virtual export readiness trainings were held between January and February 2024, four local businesses participated in ASD Market Week in August 2024, five local businesses participated in the Palau trade mission in May 2024, and six local businesses received financial assistance to implement their export plan.

GROWTH ACCELERATOR PROGRAM (GAP)

GEDA issued a Notice of Funds Availability in FY2022 for providers of incubator training and support. The rationale for utilizing a third-party provider was to expand the reach of GEDA with regard to participation in lending programs, grant programs, and the Guam Product Seal. Guam Unique Merchandise and Art (GUMA) responded and in FY2023, provided training to its 9th cohort of participants through a 16-week course. Over fifty participants received training through the cohort model. At the conclusion, there was a "Graduation Ceremony" and a subsequent opportunity to pitch for seed funding provided under the GAP Program. In May 2023, GEDA extended its cooperative agreement with GUMA through May 2025 to provide an additional \$475,000 to support GUMA graduates with micro-grants.

ADDITIVE MANUFACTURING

In FY2023, a feasibility study was contracted to Astro America to conduct an analysis of Guam's capacity for Additive Manufacturing. What emerged was Guam's potential competitive position with regard to AM for ship and submarine repair. Subsequent engagements took place with the Department of Defense to grow this industry.

GEDA continues to work with Astro America, the University of Guam and the Colorado School of Mines on the Guam Additive Manufacturing and Materials Accelerator (GAMMA) project to encourage the development of a local additive manufacturing industry. A core component of this project is the construction of a GAMMA Center to provide a facility for specialized education, technology development, business incubation, and testing/evaluation related to advanced manufacturing methodologies.

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AQUACULTURE FEASIBILITY STUDY AND AQUACULTURE INNOVATION CENTER

In March 2021, GEDA received a grant from the United States Economic Development Administration (USEDA) for the Guam Aquaculture Industry Feasibility Study. The feasibility study was completed in April 2022 and is being utilized by the Small Business Division with support from the Real Property Division as the basis to facilitate planning and further research of aquaculture-related commercial activities that are instrumental in growing a local aquaculture industry and supporting potential new export products to meet the market demand in the Asia Pacific region.

Following the completion of the feasibility study in 2022, GEDA began site visits to other aquaculture innovation centers and facilities in the region including Natural Energy Laboratory of Hawaii Authority in Hilo, in addition to the University of Hawaii offsite aquaculture sites and multiple aquaculture sites in Palau. With this expanded network, GEDA is preparing a comprehensive grant application to the US Economic Development Administration to be submitted in FY2025.

AQUACULTURE TASK FORCE

In previous years, GEDA applied for and received both American Rescue Plan and US Economic Development Administration funds to be utilized towards a commercial aquaculture feasibility study. GEDA contracted with an aquaculture specialist who completed the feasibility in FY2022. The aquaculture task force continued to meet concerning community-based projects as well as implementing the next steps recommended under the study.

As a result of recommendations from the feasibility study, Governor Leon Guerrero established a Division of Aquaculture within the Department of Agriculture. Executive Order No. 2024-01 also established the Aquaculture Advisory Board with GEDA serving as a member of the Board. The Small Business Division has been supporting the launch of the Board and has held regular meetings with staff from the Division of Aquaculture to identify and support potential projects to encourage a local aquaculture industry.

With the aftermath of Typhoon Mawar, GEDA worked with USED A to hold stakeholder meetings regarding the development of a Guam Aquaculture Innovation Center (GAIC) as part of disaster recovery efforts for the island. GEDA continues to meet with stakeholders and intends to submit federal grant applications as well as to identify potential investors for the development of the GAIC.

GREEN MARKETS

In May 2022, GEDA was awarded a \$1,300,000 grant from USED A for the repair and construction of public market facilities in Agat, Sinajana, and Mangilao, with grant activities managed by both the Small Business Division and the Real Property Division. The Guam Green Markets project is intended to improve and expand access to market facilities that encourage the incubation of small

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businesses and support local entrepreneurs and agricultural producers. While construction was expected to begin in FY2023, sustained damage due to Typhoon Mawar and construction inflation caused the project to be reorganized and pushed towards FY2025, utilizing FEMA and GEDA Community Contribution funding.

PUBLIC FINANCE DIVISION (PFD)

The Public Finance Division participates in the strategic financial plans for government Capital Improvement and liquidity management. These duties include financial status review, planning, formulation of cost-effective financing strategies, review and finalization of necessary documents if necessary, and obtaining all statutory approvals (relative to all public finance issues). Finally, PFD is responsible for the review of documents relating to specific Public Finance activities, including but not limited to, disclosure documents, term sheets, bond purchase agreements, certificates, and indentures.

BOND MARKET UPDATE AND FINANCING SUMMARY

The municipal markets showed signs of recovery in 2024 with record new bond issues, rising interest rates, and a return of strong inflows into mutual funds. The Russia-Ukraine conflict began in 2022, spilling over into 2023 and 2024. The Federal Reserve raised interest rates dramatically in its battle of inflation but changed course in September 2024 when it cut the federal funds rate by 50 basis points to a range of 4.75% to 5.00%. The Fed then cut rates by 25 basis points in each of the next two months, before choosing to maintain a range of 4.25% to 4.50% in January 2025. Municipal issuers slowed the volume of new issuances as well as refundings, but some issuers took advantage of rates to perform tender offers. This became an area of analysis for the Public Finance division in FY24. Although a tough market, GEDA was able to work with the various government agencies in securing savings and favorable rates this past year. Financings completed in FY 2024 include the following:

\$184.9 Million GUAM WATERWORKS AUTHORITY (GWA) WATER AND WASTE WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2024 A AND B.

The GWA issued the 2024A Bonds to (i) refund all the Authority's outstanding Water and Wastewater System Revenue Refunding Bonds Series 2014A for debt service savings, (ii) pay the purchase price of certain GWA's outstanding Bonds tendered for cash pursuant to the Invitation to Tender Bonds for Purchase and (iii) pay costs of issuance of the 2024A Bonds and of such refunding. The GWA had strong investor interest with \$2.156 billion in total orders from 41 different investors, reducing future debt service payments and achieving net present value savings of \$14.5 million with all-in true interest cost of 3.97%.

The GWA financing included a tender structure utilized for the first time by a Guam issuer, a technique that had become common in FY2024 as interest rates have declined since their peak levels in the fall of 2023. The structure allowed GWA to offer to buy bonds from existing GWA bond holders and sell current refunding bonds to finance the purchase. In the 2024 interest rate

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environment, municipal issuers increasingly used tender offers to generate debt service savings. Series A Bonds (Refunding and Tender) closed on March 14, 2024; the Series B Bonds (Refunding) closed on April 2, 2024.

\$54.8 Million GUAM POWER AUTHORITY (GPA) REVENUE REFUNDING BONDS, SERIES 2024 A.

The 2024A GPA Revenue Refunding Bonds were issued for the purposes of (i) refunding a portion of GPA's outstanding 2014 Senior Bonds, and (ii) paying expenses incurred with the issuance of the 2024A Senior Bonds. The refinancing yielded substantial savings, with total gross present value savings of \$6.6 million over the life of the bonds. Final interest rate for the 2024 GPA bond refunding transaction was 4.16%.

The GPA team, with the support of GEDA and the Bureau of Budget and Management Research, took advantage of market rates and strong investor interest with \$554 million in total orders from 28 different investors. The GPA 2024 Revenue Refunding Bonds, Series 2024A closed on July 31, 2024.

INVESTGUAM SYMPOSIUM 2024

In support of GEDA's efforts to build stronger bond investor relations and outreach to potential new investors, GEDA hosted a 2-day InvestGuam Symposium 2024, in New York on May 14 and May 15, 2024. The Symposium, led by Governor Lourdes Leon Guerrero, included agency managers from the Bureau of Budget & Management Research (BBMR), the Department of Administration (DOA), the Guam International Airport Authority (GIAA), the Port of Guam (PAG), the Guam Power Authority (GPA), the Guam Waterworks Authority (GWA) and GEDA.

The Governor focused her remarks on the government's road to recovery, from erasing the deficit, to battling the financial challenges of the COVID-19 pandemic and the move to remain fiscally responsible, to include the funding of the Rainy-Day fund and the securing of an investment grade rating of the GovGuam credits.

The session was attended by over 60 analysts, investors, and underwriters participating in person as well as via Zoom live stream. These participants represented 63% of total Guam reported bondholders. Following the conference, the agency leaders were involved with over 42 one to one meetings to address questions specific to individual credits.

RATING AGENCY ACTIVITY

Consistent with its annual reporting, GEDA facilitated meetings with bond rating agencies to provide updates on Guam's economy and its financial picture. These meetings involved significant preparation to obtain the latest on the economic landscape to provide a comprehensive report indicating the performance of the respective issuing agencies. Below details the results of their review:

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1. The General Fund and the Special Revenues Fund obligations were rated by two (2) rating agencies, Standard & Poor's (S&P) and Moody's :
 - a. S&P Action – There were no new actions since 2021. All credit outlooks remained “Stable” and maintained this status through FY 2024.
 - b. Moody's Action
 - On January 25, 2024, Moody's Investor Service upgraded the Government of Guam's issuer rating to an investment grade rate of Baa3 from Ba1 with a Stable outlook. The release by Moody's attributes the upgrade to, "the significant improvement in the government's financial position bolstered by federal government support and substantial military construction activity, despite depressed tourism levels."
 - This upgrade applied to the GovGuam General Obligation (GO) bonds, Hotel Occupancy Tax (HOT) bonds and the Business Privilege Tax (BPT) bonds. Moody's also upgraded the GovGuam Certificates of Participation (COP) rating to Ba1 from Ba2.
2. The credit of the Guam International Airport Authority has directly impacted by the slow return of visitors to the island. Details are as follows:
 - a. S&P Actions (August 2024):
 - Rating of "BB" maintained with a “Stable” outlook.
 - b. Moody's Action (August 2024)
 - Rating of "Baa2" maintained with a “Stable” outlook.
 - The GIAA continues to reassure its investors that there is adequate debt service coverage and that they remain committed to remaining financially stable during the recovery of the island.
3. Other actions taken by rating agencies are as follows:
 - a. Guam Waterworks Authority:
 - S&P: On February 1, 2024, rating maintained at A- with a “Negative” Outlook
 - Moody's: On February 2, 2024, rating reaffirmed at Baa2 with a “Stable” outlook
 - b. Guam Power Authority:
 - S&P: On July 2, 2024, rating maintained at BBB with a “Stable” Outlook
 - Fitch: On July 8, 2024, rating maintained at BBB with a “Stable” Outlook
 - Moody's: On June 28, 2024, rating reaffirmed at Baa2 with a “Stable” outlook

BOND DISCLOSURE SERVICES

GEDA is the Dissemination Agent for the Government of Guam and is designated to file the required bond disclosure documents on the Municipal Securities Rulemaking Boards' Electronic Municipal Market Access (EMMA) system website, the official site for bond statements and trade data for the Municipal Market. Reports have been filed for the following bonds:

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1. 2007 GEDA Tobacco Settlement Asset-Backed Bonds
2. 2012, 2015, and 2021 Government of Guam Business Privilege Tax
3. 2014 Industrial Development Authority (Guam Facilities Foundation, Inc. Tiyan Project) COP's
4. 2016 Government of Guam Limited Obligation (Section 30) Bonds
5. 2016 Guam Department of Education (Guam Public Schools Facilities Project)
6. 2019 General Obligation Bonds
7. 2020 Certificate of Participation (John F. Kennedy High School Refunding and Energy Efficient Project)
8. 2021 Government of Guam Hotel Occupancy Tax Revenue Refunding Bonds

GEDA MUNICIPAL FINANCIAL ADVISOR

Montague DeRose and Associates (MDA) continued to provide financial advisory services to the Government of Guam to advise and assist in formulating and/or executing a debt financing plan for public purposes for a term up to January 2024 with the renewal option taken for another 2 years or through January 2026. MDA assisted in the following areas in Fiscal Year 2024:

- c. GWA 2024 Refunding and Tender Bonds
- d. GIAA 2024 Refunding Bonds (Tender)
- e. GWA Short Term Financing Options
- f. GWA new Long-term Financing Underwriter, RFP 24-004
- g. GovGuam new Long-term Financing Underwriter, RFP 24-005

PRIVATE ACTIVITY BOND (PAB) PROGRAM

PAB are tax-exempt bonds issued by public entities to provide below-market financing for certain types of private projects that serve a public purpose, as specified by Federal tax law. Federal tax law also imposes several other restrictions and requirements on the issuance of PAB, among which is a "volume cap" at the state level that limits the amount of PAB's that can be issued each year. Each state receives an annual PAB volume cap allocation, calculated according to a formula established by federal tax law. In addition, federal law allows unused volume cap to be carried forward for future use; carry forward amounts expire after three (3) years. The FY 2024 PAB allocation of \$104.4 million plus previous carry-over of approximately \$278.4 million in PAB's is now made available for approved activities.

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI) - \$58.6 MILLION ALLOCATED FOR GUAM

The American Rescue Plan Act of 2021 reauthorizes and expands the State Small Business Credit Initiative (SSBCI) Program, which was originally established in 2010. SSBCI will provide a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to expand access to capital for small businesses emerging from the pandemic, build ecosystems of

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opportunity and entrepreneurship, and create high-quality jobs.

Guam, approved for up to \$58.6 million in December 2022, will operate three programs: a \$36 million loan guarantee program, a \$12.4 million collateral support program, and a \$10 million venture capital program. The first 2 programs are designed to incentivize lenders to make loans to borrowers. The equity/venture capital program will provide seed, early, and growth stage equity investment in Guam-based startups.

For FY 2024, GEDA issued 12 loans totaling \$2,317,886 in guarantees in the loan guarantee program. The venture capital did not make any business investments in FY 2024 as the team focused on outreach and one-to-one meetings with a number of businesses.

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI) TECHNICAL ASSISTANCE (TA) GRANT - \$573,977 ALLOCATED FOR GUAM

The GEDA received an award of \$573,977 from the US Treasury SSBCI TA grant program with the first of 3 increments received on February 9, 2024, in the amount of \$189,412. To best assist GEDA in building the pipeline for eligible SSBCI programs, RFP 24-003 was issued to secure Technical Assistance providers who would provide business counseling, accounting and legal services to potential clients.

Two (2) proposals were received with GEDA accepting both providers. A Memorandum of Agreement (MOA) was executed with the University of Guam SBDC Center on September 6, 2024. A second MOA was executed with the Guam Unique Merchandise and Arts (GUMA) in March 2025.

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Management's Discussion and Analysis, continued

COMPLIANCE DIVISION

QUALIFYING CERTIFICATE COMMUNITY CONTRIBUTION GRANTS

In response to a Community Cash Contributions performance audit report by the Office of the Public Auditor (October 1, 2012 to September 30, 2017), GEDA established the Qualifying Certificate Community Contribution Program. This initiative has been instrumental in supporting local community projects. Notably, GEDA launched the Qualifying Certificate Community Contribution Grant Program Series 5 in November 2021 and Series 6 in June 2022. However, due to the significant focus on supporting nonprofits through Prugrãman Pinilan initiative in Fiscal Years 2023 and 2024, GEDA did not initiate new QCCC grant cycles during these periods.

LOAN PROGRAMS

AGRICULTURE DEVELOPMENT FUND (ADF)

The ADF program's target market is limited to individuals, corporations, and partnerships that engage in commercial agriculture businesses. Activities include the areas of agriculture, aquaculture, horticulture, mariculture, commercial fishing, and other related areas. The program enables bona fide farmers and commercial farming enterprises to obtain a line of credit financing for working capital needs and to provide funding for the purchase of supplies and inventory. In FY 2024, GEDA did not issue any new farm loans and was servicing a total of four loans.

GUAM DEVELOPMENT FUND ACT (GDFA)

The GDFA program is designed to support businesses operating or planning to operate in key sectors such as agriculture, fishing, manufacturing, tourism, and their support industries. This initiative empowers both start-ups and established businesses to access long-term financing for acquiring fixed assets, meeting working capital needs, and purchasing supplies and inventory. In FY 2024, GEDA approved three commercial loans totaling \$245,000. These loans primarily support working capital and leasehold improvements. GEDA received 21 inquiries on the GDFA program. In FY2024, GEDA continues to monitor a total of 31 loans.

QUALIFYING CERTIFICATE AND TAX CREDIT COMPLIANCE

QUALIFYING CERTIFICATE COMPLIANCE

The compliance process for active Qualifying Certificates (QCs) is an ongoing, year-round endeavor. It is structured into quarterly phases to ensure thorough monitoring and evaluation.

Quarterly Compliance Phases

1. First Quarter: Annual letters and notices are sent to QC beneficiaries requesting payment of fees, submission of annual training plans, and compilation data reports. This initiates the annual review process.

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2. Second Quarter: Beneficiaries are required to submit the requested information by this time.
3. Third Quarter: Annual site inspections are conducted, and the annual reviews continue.
4. Fourth Quarter: Compliance reviews are finalized, and each QC beneficiary receives a letter stating whether they are compliant or non-compliant.

Compliance Outcomes

- Compliant Status: If a QC beneficiary is deemed compliant, a Certificate of Compliance is issued, and the Department of Revenue & Taxation is notified.
- Non-Compliant Status: If a QC beneficiary is deemed non-compliant, a notification is issued, and tax benefits are suspended for the offending tax year. The beneficiary has 12 months to rectify the non-compliance. The Department of Revenue & Taxation is also notified. If the issues are not resolved within this timeframe, the revocation process is initiated, which includes preparing an accusation notice and scheduling a hearing.

During FY 2024, GEDA continues to monitor 10 active QCs. Additionally, GEDA revoked one QC.

TAX CREDIT COMPLIANCE

GEDA oversees several tax credit programs outlined in the 12 Guam Code Annotated Chapter 77. These programs offer eligible businesses to contribute to local government improvements, particularly in public facilities and secondary roadways. The Tax Credit program provides incentives such as credit against excise taxes, unpledged Business Privilege Taxes and exemption of Use Tax, primarily for a period of 10 years.

Tax credit compliance monitoring is an ongoing process guided by the rules, regulations, and conditions authorized by public law. This process is also administered by rules and regulations developed under the requirements of the Administrative Adjudication Law.

In FY2024, GEDA issued tax credits totaling \$590,916. During FY 2024, GEDA continues to monitor four active tax credit programs, which were initially valued at \$13.7 million. As of that year, the remaining balance for these programs was \$11.4 million.

REAL PROPERTY DIVISION (RPD)

INDUSTRIAL PARKS

GEDA manages three industrial parks: the E.T. Calvo Memorial Park, the Harmon Industrial Park, and a small portion of Port Authority of Guam property. Additionally, GEDA also executed a Memorandum of Understanding (MOU) with the Guam Ancestral Lands Commission (GALC) to manage leases on the Spanish Crown properties, for general consultancy and property management services for commercial land leases. In total, there are 32 leases managed by the authority to include the Industrial Parks, along with GEDA's share of GALC leases. The lease revenues

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generate approximately \$ 1.07 million of the Authority's operating revenues for Fiscal Year 2024.

OFFICE OF LOCAL DEFENSE COMMUNITY COOPERATION (OLDCC)

The Office of Local Defense Community Cooperation (OLDCC), formerly known as the US Office of Economic Adjustment (OEA) awarded multiple grants to the Office of the Governor which closed out in FY2024. These grants were administered by GEDA through a memorandum of understanding with the Office of the Governor. The only remaining project in FY24 was the completion of the Guam Veterans Affairs Medical and Public Health Services Access Action Plan.

GUAM MEDICAL CAMPUS

GEDA was requested by the Office of the Governor to administer the healthcare working group for the planning and execution of the Guam Medical Campus. Following the release of the Medical Action Plan in FY23, RPD moved forward with community engagement initiatives, collaborating with stakeholders- including the legislature in numerous public hearings, hospital staff, veterans, mayors, residents, to discuss topics such as location, infrastructure, financing and workforce development. RPD also issued RFP 24-006 seeking professional hospital consulting services, with the contract to be awarded in FY25. RPD continues to support the Administration towards the fruition of a Medical Campus on Guam.

GUAM VETERANS AFFAIRS MEDICAL AND PUBLIC HEALTH SERVICES ACCESS ACTION PLAN

In FY2023, this additional short-term project was contracted to conduct an assessment and draft the VA Medical and Public Health Services Access Action Plan, a sub component of the Medical Action Plan (MAP). This was also to be combined with the Veteran's State Plan to be submitted by the Guam Veterans Affairs Office to the US Veterans Affairs Department. A no-cost time extension was approved that extended the project to December 31, 2023. The final components of the Action Plan which included the Needs Assessment and Strategic Plan were completed within the project timeline.

FEDERAL PROPERTIES & THE GUAM ANCESTRAL LANDS COMMISSION

As requested by the Governor and as indicated in the MOU with the Guam Ancestral Lands Commission (GALC), RPD has analyzed military use of federal property as part of the "Net Negative" strategy to reduce the DoD footprint in Guam. Over 3,000 acres were identified that could be returned by the federal government to the government of Guam for local economic development and public use purposes, including 102 acres proposed for use as a medical complex. The Governor notified the Navy of her desires for the return of these properties. In January 2021, the Department of the Navy approved a total of 262 acres of terrestrial land and 6,225 acres of submerged land for potential release. RPD continues to analyze military responses and military needs for land while making recommendations to the Governor on the results of RPD's analyses.

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At the request of GALC, GEDA entered into an MOA to educate and assist GALC in the financial management and investment of its Land Bank Trust funds, which are built solely on GALC lease revenues for the beneficiaries of the Land Bank Trust. In recognizing that the fund could be better managed by experienced professionals and grown over the long term, GALC requested GEDA's aid. GEDA enlisted the assistance of its own financial advisors to aid GALC and its Land Bank Trust fund.

HOT BONDS

RPD continues to manage the HOT Bond program, which provided \$55 million to construct 23 projects enumerated by P.L. 30-228 as amended. While most of the projects have been completed, a few projects, such as the Fishermen's Co-op, remain before RPD closes out the program. In FY2024, the Guam Fishermen's Cooperative Association of Guam continues with the construction of the new facility.

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Management's Discussion and Analysis, continued

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current assets	\$ 66,368,449	\$ 60,741,736	\$ 41,033,713
Capital assets, at cost, net	502,408	525,068	534,586
Equity investment	53,500	3,500	3,500
Lease asset	183,867	183,867	474,315
Lease receivable, non-current portion	<u>27,772,043</u>	<u>27,013,473</u>	<u>27,664,342</u>
	94,880,267	88,467,644	69,710,456
Deferred outflows of resources:			
Other post-employment benefits	2,290,660	2,197,120	3,146,211
Pension	<u>1,961,583</u>	<u>2,395,276</u>	<u>911,182</u>
	<u>\$ 99,132,510</u>	<u>\$ 93,060,040</u>	<u>\$ 73,767,849</u>
Liabilities and Net Position:			
Current liabilities	\$ 2,893,163	\$ 2,859,138	\$ 4,105,097
Non-current liabilities	<u>44,798,382</u>	<u>42,916,708</u>	<u>41,875,386</u>
	47,691,545	45,775,846	45,980,483
Deferred inflows of resources:			
Deferred Inflow - Leases	\$ 27,964,249	\$ 27,360,135	\$ 28,192,078
Other post-employment benefits	1,704,397	2,248,445	1,489,389
Pension	<u>245,890</u>	<u>226,165</u>	<u>626,680</u>
Net position:			
Net investment in capital assets	686,275	708,935	1,008,901
Restricted	6,046,694	5,763,444	7,261,107
Unrestricted	<u>14,793,460</u>	<u>10,977,070</u>	<u>(10,790,789)</u>
Total net position	<u>21,526,429</u>	<u>17,449,449</u>	<u>(2,520,781)</u>
Total liabilities and fund balance	<u>\$ 99,132,510</u>	<u>\$ 93,060,040</u>	<u>\$ 73,767,849</u>
Operating Revenues:			
GEDA Operating revenues	\$ 3,379,181	\$ 2,741,681	\$ 9,069,403
SSBCI grants revenue	87,797	83,625	29,700
Tobacco Settlement revenue	<u>1,340,812</u>	<u>1,382,949</u>	<u>2,674,948</u>
	4,807,790	4,208,255	11,774,051
Operating expenses:			
Operating expenses	<u>6,173,040</u>	<u>7,378,966</u>	<u>7,473,776</u>
	6,173,040	7,378,966	7,473,776
Other income (expense), net	<u>5,442,230</u>	<u>23,140,941</u>	<u>(6,805,106)</u>
Change in net position	4,076,980	19,970,230	(2,504,831)
Net position at beginning of year	<u>17,449,449</u>	<u>(2,520,781)</u>	<u>(15,950)</u>
Net position at end of year, as restated	<u>\$ 21,526,429</u>	<u>\$ 17,449,449</u>	<u>\$ (2,520,781)</u>

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Management's Discussion and Analysis, continued

OPERATING REVENUES

Three primary sources of revenue sustain GEDA's annual operations. These funding sources include rental income from Industrial Park properties, application and surveillance fees from qualifying certificate beneficiaries, and the Guam Ancestral Lands Commission's property management executed through a memorandum of understanding. Bond fees and other federal and local grants are additional sources of revenue, but are not considered recurring annual revenues.

In FY 2024, GEDA recorded operating revenues of \$3,379,181, compared to \$2,741,681 in FY 2023. The year-to-year change of \$637,500 represents an increase of 23%, which was primarily attributed to the increase in bond fees earned.

RENTAL INCOME FROM INDUSTRIAL PARKS & GALC LEASE COMMISSION

Rental income increased by 27%, from \$873,353 in FY 2023 to \$1,113,032 in FY 2024. Although there were no new major leases and no significant renegotiations of existing leases, this increase is due to the adjustments made to comply with GASB issued Statement No. 87, Leases. GALC lease commissions slightly decreased by 3% in FY 2024 from FY 2023.

QC PROGRAM

QC revenues decreased by 2%, or \$28,733, from FY 2023. This slight decrease was attributed to an additional contribution in FY2023 due to True Up Construction Costs for QC No. 254.

BOND FEES

Bond fees increased by 257%, or \$421,422, from \$163,763 in FY 2023 to \$585,185 in FY 2024. Bond fee revenues rely on Legislatively approved financings and are not a steady revenue stream. In FY 2024, a total of 3 bonds were issued: the 2024 GWA Refunding and Tender, the 2024 GPA Revenue Refunding Bonds, and the 2024 GIAA Bond tender.

CAPITAL ASSETS

Land, buildings, improvements, and equipment decreased by 4% or \$22,660 from \$525,068 in FY2023 to \$502,408 in FY2024. This decrease is generally due to the depreciation of assets during the year.

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Management's Discussion and Analysis, continued

OPERATING EXPENSE

GEDA's operating expenses in FY 2024 are \$6,173,040, a decrease of \$1,205,926 or 16% from FY 2023's \$7,378,966.

SALARIES AND BENEFITS

Salaries and benefits increased by \$252,337, or 7%, from \$3,649,831 in FY 2023 to \$3,902,168 in FY 2024. This is attributed to an increase in benefits and employees' salary increments.

LEGAL AND PROFESSIONAL SERVICES

Legal and Professional service expenses decreased by \$1,018,574 or 68% from \$1,498,940 in FY 2023 to \$480,366 in FY 2024. The reduction is attributed to a contract that was fulfilled in the previous fiscal year.

OFFICE SPACE AND EQUIPMENT RENTAL

Total office space and equipment rental increased by \$47,693 or 17%, from \$279,791 in FY 2023 to \$327,484 in FY 2024.

TRAVEL

Travel expenses increased by \$115,451 or 70% from \$164,811 in FY 2023 to \$280,262 in FY 2024. This increase is mainly attributed to increased conferences, training, and bond meeting attendance.

NONOPERATING REVENUES (EXPENSES), NET

The total other income (expense), net, had a significant decrease of \$17,698,711 or 76% from \$23,140,941 in FY 2023 to \$5,442,230 in FY 2024. The change is mainly attributed to the decrease of non-operating grant revenue in FY 2024, which comprises of various programs such as SSBCI 2.0, Prugrãman Pinilan, STEP, and Matrix Task Orders.

FISCAL YEAR 2025 INITIATIVES

QUALIFYING CERTIFICATE AND TAX CREDIT PROGRAMS

There are a number of Board approved Qualifying Certificates (QC) that are under review by the Office of the Attorney General. GEDA is taking a proactive approach with regards to communication with the Office of the Attorney General regarding QCs. In addition, from time to time, the Legislature authorizes tax credits for various Capital Improvement Projects or for Programmatic Assistance. GEDA will continue to improve upon the processes of these programs. There is a monthly board report for the QC's. Tax credits unanimously have an expiration date as well. These actions taken in the previous years have improved processes.

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ECONOMIC DEVELOPMENT TRADE MISSIONS

GEDA BEDD will schedule trade missions and business trips to market Guam's economic opportunities, with a focus on enticing investment in key industries such as tourism, captive insurance, needed services, and agriculture & aquaculture while also undertaking efforts to secure investment into new and emerging industries such as technology, pharmaceutical and other high-tech manufacturing, and regional healthcare.

SMALL BUSINESS DEVELOPMENT PROJECTS

BEDD will continue to research and develop small business assistance programs. These programs will be aimed at providing more opportunities for local entrepreneurs, in particular workers who have been displaced due to COVID-19's impact on local businesses. These programs will aid in the diversification of Guam's economy.

GUAM PRODUCT SEAL (GPS)

BEDD will continue to drive membership by seeking out companies that manufacture locally. We will conduct outreach initiatives at local pop-up and business events, through various business chambers of commerce, and through our social media platforms to market and promote the GPS program.

GUAM INTERNATIONAL AIRPORT TENDER REFUNDING FINANCING

Bolstered by strong investor demand and continued improvement in financial metrics, the A.B. Won Pat International Airport Authority successfully sold \$67.8 million in bonds in the municipal market through the first-of-its-kind standalone tender offer for Guam coupled with bond refinancing which resulted in a 4.27% All in True Interest Cost (TIC) and savings of \$3.23 million over the remaining term of the bonds through FY 2043. The bonds were closed in October 2024.

GUAM HEALTHCARE CAMPUS LEASEBACK FINANCING

The 36th Guam Legislature passed legislation, now Public Law 36-56 that pledges Thirty-Five Million Dollars (\$35,000,000.00) as an annual lease payment for the new Healthcare Facility for up to forty (40) years. The law further states that the first payment in FY 2022 will come from the Federal reimbursement of the Earned Income Tax Credit (EITC) with the following years payments to come from the General Fund. After all preliminary site work and leases terms are finalized; GEDA expects to issue an RFP for a developer in FY 2024.

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GUAM DEPARTMENT OF CORRECTIONS LEASEBACK FINANCING

The 36th Guam Legislature passed legislation, now Public Law 36-57 that pledges Five Million Dollars (\$5,000,000) as an annual lease payment for the construction of a new and modernized Correctional Facility for up to thirty (30) years. This financing has been put on hold as the 2021 Guam DOC Master Plan was designed with an initial budget \$170 - \$200 million which cannot be funded with the current authorization.

SIMON SANCHEZ HIGH SCHOOL LEASEBACK FINANCING

P.L. 31-229, 32-120, 32-121, and 36-107 authorized the financing for the rehabilitation, construction, expansion, and renovation of the Simon Sanchez High School. As part of the Government of Guam FY 2023 Appropriations act, the program now includes key amendments that will move this project to include the following:

1. Authorizes the issuance of Lease Revenue Bonds in an aggregate principal amount of \$166.4 million to finance the design, renovation or construction and maintenance of the SSHS facility, with a max term of thirty (30) years and at a max interest rate of 7.50%;
2. Identifies the funding source for rental payments as any lawfully available moneys of the government of Guam; and
3. Establishes a maximum \$16.4 million per year to cover annual rental payments to include, but is not limited to, debt service, insurance and maintenance costs and GEDA expenses.

DPW is currently the agency charged with issuing the RFP for Construction Management. The RFP was issued in March 2025 with award projected to be made in June 2025.

GUAM WATERWORKS AUTHORITY (GWA) SHORT TERM CONSTRUCTION FINANCING

At the request of the GWA, GEDA issued RFP 25-001 soliciting proposals for firms interested in providing short-term construction financing as envisioned in and authorized by Public Law 37-103. GWA is considering putting in place one or more programs for short-term financing of various capital projects, most of which are delineated in GWA's 2018 Water Resources Master Plan (WRMP) and listed in GWA's rate filing with the Guam Public Utility Commission (GPUC). While the size and maximum length of the short-term financing obligations are yet to be determined, it may be noted that GWA's FY 2025 – 2029 rate application contemplated a 5-year Capital Improvement Program of approximately \$898 million.

2015 BUSINESS PRIVILEGE TAX REFUNDING (AUGUST 2025)

The call date of the 2015 BPT Bonds is November 1, 2025, which means the bonds can be refunded up to 90 days before the call date or by August 8, 2025. In the current market, it is projected that GovGuam will see significant savings of approximately 7.9% of projected par.

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Management's Discussion and Analysis, continued

STATE TRADE EXPANSION PROGRAM

In March 2025, STEP funds were used to participate in the FoodEx Japan for the first time, one of the largest food and beverage trade shows in Asia, with two Guam companies exhibiting their made in Guam products. Following the trade show, GEDA also hosted a trade mission to Shizuoka, Japan to establish business to business partnerships.

STEP funds were also used to host a virtual conference on March 2025 regarding topics related to business expansion towards export. Guest speakers included subject matter experts and business entities from Oregon, Hawaii and Japan.

GEDA was awarded \$150,000 in new STEP funds. Funds will allow GEDA to host export readiness trainings and an export conference, provide direct financial assistance to eligible local businesses, and support participation in trade shows and trade missions.

ADDITIONAL TRADE MISSIONS AND TRADE SHOWS

SBD plans to use STEP funds as well as funds from the Western United States Agricultural Trade Association to support local companies' participation in the upcoming Tokyo Gourmet Show in September 2025. Further, SBD intends to host a trade mission to Shizuoka, Japan, including site visits and business to business meetings. The long-term vision is to establish a sister trade city with Shizuoka and host annual Guam fairs and trade missions in Japan in an effort to encourage and support exporting of Guam products and collaborations between Guam-based and Japan-based companies.

SBD is hoping to secure funding through the Western United States Agricultural Trade Association to host another Japan Inbound Trade Mission in conjunction with the Guam Hotel & Restaurant Association's (GHRA) Pacific Hotel & Restaurant Expo (PHARE), with the intent of bringing Japanese buyers to Guam to connect with local companies in an effort to encourage export deals.

SBD is also planning to host another trade mission to Palau in FY2025 as a follow up to previous trade missions in order to strengthen current export deals with several Guam companies and to identify and secure potential new deals.

SMALL BUSINESS ROUNDTABLES

SBD held its first Small Business Roundtable in early 2025, focused on identifying opportunities to support tourism-related and activity-related small businesses. SBD will continue to host regularly scheduled roundtables to gather relevant stakeholders to address key issues and barriers for the local small business community.

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Management's Discussion and Analysis, continued

CHALLENGES/ISSUES AFFECTING GEDA

There are significant challenges/issues that GEDA faces:

- GEDA over the years has been mandated by the *I Liheslaturan Guåhan* to perform duties that are not financially supported. These mandates, while in line with the GEDA's mission, impose a financial burden to the agency. Unlike the line agencies, GEDA is not supported by Legislative appropriations. All expenses incurred by GEDA to meet the unfunded mandates must come out of the agency's finite operating revenues. Examples of these handed down in the 35th *I Liheslaturan Guåhan* alone include the following: the used oil task force, the Tumon Bay parametric insurance task force, the intraregional commerce commission, and the task force on submarine cables and three tax credit programs.
- Property leases are the primary funding source of GEDA's operations. The vast majority of commercial leases under GEDA's purview were negotiated in the 70s and 80s. During that time, the primary goal of GEDA was to spur economic activity through attracting industrial and commercial development. Although accomplishing this goal and with many leases are locked until 2065, the revenue generated is less able to sustain GEDA's continuing operations and initiatives into the future. GEDA has entered into two Memorandums of Understanding with the Guam Ancestral Land Commission as well as the Chamorro Land Trust Commission to act as their land agent. This partnership has resulted in a mutually beneficial arrangement wherein GEDA does the footwork with regard to leasing and managing leased out properties while the agency can manage the inflows of revenue towards their respective missions. The productivity of these arrangements, however, are a function of the appetite of the respective partner agency's board to undertake economic development driven leasing activities, the parameters of government leasing under the 5-year law, and the strategic direction of various leader/stakeholders including the oversight chair of land and the Office of the Governor. The agency has found a misalignment among these parties on numerous occasions with regard to entering into commercial leases.
- P.L. 32-40 and later amended by P.L. 34-99 imposed a five (5) year duration limit on commercial leases. The law had unintended consequences for GEDA. This public law essentially created additional requirements to public land leasing, further complicated the process, and added additional time required to complete compliance with its process. This short time period makes GEDA's commercial leases on available government-owned lands "less" attractive to potential developers.
- As the Central Financial Manager and Consultant for the government of Guam, in recent years, GEDA had to record hundreds of thousands in write-offs from work done on anticipated financing requests not completed for various reasons, primarily from failure to secure legislative support.

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Management's Discussion and Analysis, continued

Management's Discussion and Analysis for the year ended September 30, 2024, is set forth in GEDA's report on the audit of financial statements. That Discussion and Analysis explains in more detail the major factors impacting the 2023 financial statements. A copy of that report can be obtained by contacting us at (671)-647-4332 or can be viewed at the Office of Public Accountability – Guam website at www.guamopa.org.

For additional information about this report, please contact Christina Garcia, Acting Chief Executive Officer/Administrator, Guam Economic Development Authority, 590 South Marine Corps Drive, Tamuning, Guam 96913 or visit the website at www.investguam.com

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Statements of Net Position

	September 30,	
	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 24,315,519	\$ 22,885,673
Cash and cash equivalents - restricted	6,046,694	5,763,444
Investments	32,370,811	26,900,968
Other receivables, net	2,216,200	3,817,336
Current portion of lease receivable	612,457	612,457
Notes and accrued interest receivable, net	799,062	754,152
Other	7,706	7,706
	<u>66,368,449</u>	<u>60,741,736</u>
Total current assets		
	<u>66,368,449</u>	<u>60,741,736</u>
Equity investment	53,500	3,500
Lease receivable, net of current portion	27,772,043	27,013,473
Capital assets		
Depreciable assets, net of accumulated depreciation	502,408	525,068
Lease assets, net of accumulated amortization	183,867	183,867
	<u>686,275</u>	<u>708,935</u>
Total assets		
	<u>94,880,267</u>	<u>88,467,644</u>
Deferred outflows of resources		
Other post-employment benefits	2,290,660	2,197,120
Pension	1,961,583	2,395,276
	<u>4,252,243</u>	<u>4,592,396</u>
	<u>\$ 99,132,510</u>	<u>\$ 93,060,040</u>

See accompanying notes.

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Statements of Net Position, continued

	September 30,	
	2024	2023
Liabilities		
Current liabilities:		
Current portion of bonds payable	\$ 1,635,000	\$ 1,635,000
Accounts payable	35,810	18,626
Accrued liabilities	401,452	309,612
Interest payable	424,687	424,687
Unearned rental income	108,588	108,588
Lease liabilities	287,626	287,626
Other liabilities	---	74,999
	<u>2,893,163</u>	<u>2,859,138</u>
Total current liabilities		
Non-current liabilities:		
Bonds payable, net of current portion and discount	32,240,372	31,600,696
DCRS sick leave liability	76,671	186,480
Deposits	18,322	18,322
Deposits due to GALC	77,410	77,410
Net pension liability	6,179,128	6,102,349
Collective total other post-employment benefits liability	6,206,479	4,931,451
	<u>44,798,382</u>	<u>42,916,708</u>
Total non-current liabilities		
Total liabilities	<u>47,691,545</u>	<u>45,775,846</u>
Deferred inflows of resources		
Leases	27,964,249	27,360,135
Other post-employment benefits	1,704,397	2,248,445
Pension	245,890	226,165
	<u>29,914,536</u>	<u>29,834,745</u>
Net position		
Investment in capital assets	686,275	708,935
Restricted for		
Debt services	3,498,972	3,508,692
Loan guarantees	2,547,722	2,254,752
Unrestricted	14,793,460	10,977,070
	<u>21,526,429</u>	<u>17,449,449</u>
Total net position		
Total liabilities, deferred inflows of resources and net position	<u>\$ 99,132,510</u>	<u>\$ 93,060,040</u>

See accompanying notes.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	September 30,	
	2024	2023
Operating revenues:		
Qualifying certificate application, surveillance and other	\$ 1,342,670	\$ 1,371,403
Tobacco settlement revenue	1,340,812	1,382,949
Rental income	1,113,032	873,353
Bond fees earned	585,185	163,763
GALC lease commission	185,350	191,874
Operating grants	152,944	141,288
Others	<u>87,797</u>	<u>83,625</u>
Total operating revenues	<u>4,807,790</u>	<u>4,208,255</u>
Operating expenses		
Salaries and benefits	3,902,168	3,649,831
Miscellaneous	745,903	1,306,793
Legal and professional services	480,366	1,498,940
Office space and equipment rent	327,484	279,791
Grants expense	320,967	345,949
Travel	280,262	164,811
Advertising and promotions	56,074	79,934
Depreciation and amortization	45,751	43,031
Supplies	5,689	3,632
Insurance	2,932	3,247
Repairs and maintenance	2,929	504
Utilities, telephone and communication	<u>2,515</u>	<u>2,503</u>
Total operating expenses	<u>6,173,040</u>	<u>7,378,966</u>
Operating loss	(<u>1,365,250</u>)	(<u>3,170,711</u>)
Nonoperating revenues (expenses):		
Net increase in the fair value of investments	5,946,966	2,786,959
Investment income	726,181	532,757
Grant revenue	666,111	21,304,063
Interest on leases	477,494	505,849
Other expense	(553,254)	(183,855)
Interest expense, net	(<u>1,821,268</u>)	(<u>1,804,832</u>)
Nonoperating revenues, net	<u>5,442,230</u>	<u>23,140,941</u>
Change in net position	4,076,980	19,970,230
Net position at beginning of year	<u>17,449,449</u>	(<u>2,520,781</u>)
Net position at end of year	<u>\$ 21,526,429</u>	<u>\$ 17,449,449</u>

See accompanying notes.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Year Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Cash received from tobacco settlement and customers	\$ 3,573,371	\$ 3,045,046
Cash received from operating grants and contracts	1,500,836	1,595,042
Cash paid on grants and contracts	663,627	363,182
Cash paid to suppliers for goods and services	(1,795,130)	(4,513,789)
Cash paid to employees for services	(2,844,340)	(3,089,675)
Net cash provided by (used in) operating activities	<u>1,098,364</u>	<u>(2,600,194)</u>
Cash flows from investing activities:		
Interest and investment expense	6,673,147	12,401,208
Rollover of interest into investment	(6,556,518)	(12,267,585)
Proceeds of investment securities, net	<u>1,036,675</u>	<u>9,620,380</u>
Net cash provided by investing activities	<u>1,153,304</u>	<u>9,754,003</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(23,091)	(33,531)
Cash used in capital and related financing activities	<u>(23,091)</u>	<u>(33,531)</u>
Cash flows from noncapital financing activities:		
Grants received from Government of Guam	666,111	2,172,571
Grants received from U.S. Government	---	10,050,000
Repayment of bond payable	(215,000)	(215,000)
Net interest paid on deposits accounts and bonds payable	(966,592)	(1,068,708)
Net cash (used in) provided by noncapital financing activities	<u>(515,481)</u>	<u>10,938,863</u>
Net change in cash and cash equivalents	1,713,096	18,059,141
Cash and cash equivalents at beginning of year	<u>28,649,117</u>	<u>10,589,976</u>
Cash and cash equivalents at end of year	<u>\$ 30,362,213</u>	<u>\$ 28,649,117</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Current assets:		
Cash and cash equivalents	\$ 24,315,519	\$ 22,885,673
Cash and cash equivalents - restricted	<u>6,046,694</u>	<u>5,763,444</u>
	<u>\$ 30,362,213</u>	<u>\$ 28,649,117</u>

See accompanying notes.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Statements of Cash Flows, continued

	Year Ended September 30,	
	<u>2024</u>	<u>2023</u>
Reconciliation of operating loss		
to net cash provided by (used in) operating activities:		
Operating loss	\$(1,365,250)	\$(3,170,711)
Adjustments to reconcile operating loss		
to net cash provided by (used in) operating activities:		
Noncash pension cost	1,228,560	764,646
Noncash other post-employment cost	718,416	452,029
Depreciation and amortization	45,751	43,031
(Increase) decrease in assets:		
Other receivables	1,047,972	95,542
Receivables - tobacco settlement	---	115,001
Lease receivable	323,038	406,882
Notes and accrued interest receivable, net	(45,000)	521,836
Increase (decrease) in liabilities:		
Accounts payables	17,184	(1,072,322)
Accrued liabilities	91,840	(98,490)
Unearned rental income	---	1,703
Lease payable	---	(2,822)
Other liabilities	(74,999)	---
DCRS sick leave liability	(109,809)	999
Net pension liability	(698,363)	(563,254)
Collective total other post-employment benefit liability	(<u>80,976</u>)	(<u>94,264</u>)
Net cash provided by (used in) operating activities	\$ <u>1,098,364</u>	\$(<u>2,600,194</u>)

See accompanying notes.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

1. Purpose and Summary of Significant Accounting Policies

Purpose

Guam Economic Development Authority (GEDA) was created by Public Law 8-80 on August 21, 1965, to assist in the implementation of an integrated program for the economic development of Guam. Enabling legislation set forth several specific purposes for the establishment of GEDA to include:

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

To accomplish the stated purposes, GEDA is authorized to conduct research of, invest in, provide loans to, operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain Government of Guam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDA utilizes certain Trust Funds, such as the Guam Development Fund Act (GDFA) and the Agricultural Development Fund (ADF) to accomplish certain of the stated purposes.

As a governmental entity created by public law, GEDA is not subject to taxes and is a component unit of the Government of Guam.

In 1998, the U.S. tobacco industry reached an agreement with state governments releasing the tobacco companies from present and future smoking-related claims that had been or potentially could be, filed by the states. A Master Settlement Agreement (MSA) was reached in 1998 and Guam became one of the beneficiaries of the settlement amounts received as a result of this agreement. Pursuant to the Guam Economic Development Authority Tobacco Settlement Revenue Bond Act, as amended by Public Law 29-19, the Government of Guam has irrevocably assigned to GEDA all of its rights, title and interest in amounts payable after April 10, 2001 to Guam under the MSA. GEDA therefore created the Tobacco Settlement Authority (TSA) to receive future tobacco settlement resources, to obtain debt and to service such debt.

In 2011, the Government of Guam applied to receive an allocation of the total \$1.5 billion funds available under the State Small Business Credit Initiative (SSBCI) Job Act of 2010. The funds are to support the fifty states and territories for use in programs designed to increase access to credit for small businesses. In June 2011, GEDA entered into a Memorandum of Agreement (MOA) with the Office of the Governor of Guam. In the MOA, GEDA was delegated the primary responsibility of administering Guam's SSBCI's program. On September 30, 2011, the Government of Guam and the United States Department of the Treasury entered into an "Allocation Agreement" in which Guam was approved to receive a total of \$13,168,380. The Allocation Agreement expired on March 31, 2017 (see note 11).

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Purpose, continued

In February 2023, the U.S. Department of the Treasury announced the award to Guam of \$58.6 million to administer three programs as part of the SSBCI. GEDA, the government's program administrator, will operate three programs: a loan guarantee, a collateral support, and an equity/venture capital program. The loan guarantee program, allocated over \$36 million, provides lenders with the necessary security, in the form of a partial guarantee, to incentivize lenders to make loans to borrowers. The program expands access to capital for underserved communities by using a multi-pronged marketing and partnership strategy with various organizations and lenders in the jurisdiction. The collateral support program, allocated \$12 million, will provide partner lenders cash collateral in a savings account to support loans to borrowers.

The equity/venture capital program, allocated \$10 million, will provide seed, early and growth stage equity investment in Guam-based startups. GEDA established a wholly owned subsidiary, specifically a Venture Capital Corporation, for the purpose of providing equity financing to certain small businesses and entrepreneurs as part of Guam's economic development program. The Corporation received an initial capital infusion of approximately \$2 million with the corporation name of "*Destinu Guahan Venture Corporation*" aka "*DG Fund*".

Basis of Accounting

The primary government financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of net position and cash flows, cash and cash equivalents include balances deposited in banks and money market accounts.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Other Receivables and Allowance for Doubtful Receivables

Other receivables consist of noninterest-bearing receivables from rent and reimbursement costs incurred for bond and other projects, amounts due from Qualifying Certificate (QC) beneficiaries and others. GEDA determines the adequacy of the allowance for doubtful receivables based upon reviews of individual accounts, recent loss experience, current economic conditions, the risk characteristics, and other pertinent factors. Accounts deemed uncollectible are written off against the allowance with the approval of the Board of Directors.

Notes and Accrued Interest Receivable and Allowance for Doubtful Receivables

Notes receivable consist of loans made to Guam businesses and individuals. In accordance with Section 3 of the Guam Development Fund Act of 1968, the term of a loan shall not exceed twenty-five years. Additionally, loans bear interest above the U.S. Treasury rate. All loans are secured by collateral and long-term loans are secured by real property.

It is the policy of GDFA and ADF to cease accrual of interest on delinquent loans when, in the opinion of management, the past due condition is an indication of possible uncollectibility.

The allowance for doubtful receivables, which includes uncollectible loan principal balances and applicable costs of collection, is maintained at a level adequate to absorb probable losses. GEDA determines the adequacy of the allowance based upon reviews of individual loans, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. Loans deemed uncollectible are charged to the allowance with the approval of the Board of Directors.

Investments

Investments and related investment earnings are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Depreciation and Amortization

Buildings and improvements are depreciated on a straight-line basis over estimated useful lives of 7 to 30 years. Equipment and automobiles are depreciated on a straight-line basis over estimated useful lives of 3 to 5 years. GEDA generally capitalizes items with values of \$500 or more and with useful lives extending beyond one year.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GEDA recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GEDA's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GEDA's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GEDA recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents GEDA's proportional share of total OPEB liability - actuarially calculated - of an agent multiple employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis. Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (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 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. GEDA has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability, changes in actuarial assumptions or other inputs, pension and OPEB contributions made subsequent to the measurement date and changes in proportion and differences between GEDA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then.

GEDA has determined the differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions or other inputs, and changes in proportion and differences between GEDA pension and OPEB contributions and proportionate share of contributions qualify for reporting in this category.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Bond Discounts

Bond discounts associated with the 2001 and 2007 series bonds are being amortized over the weighted average lives of the bonds using the straight-line method, which approximates the effective interest method.

Operating Revenues

Significant sources of operating revenues and their respective recognition policies are as follows:

- Lease income under operating leases are recognized as they become due under the terms of long-term lease agreements.
- QC application and surveillance fees are earned based on contractual terms and when collectability is reasonably assured.
- Bond fees are earned when the underlying bonds are issued.
- Tobacco Settlement Revenue (TSR) relate to payments made by tobacco companies in exchange for states releasing tobacco companies from present and future litigation. TSR is based on an estimate of domestic cigarette sales during the year
- Operating grants is recognized for GEDA's administration of programs of GovGuam.

Operating Expenses

Certain general and administrative expenses of the Funds administered by GEDA, other than legal expenses specifically related to the activities of a particular Fund, are borne by GEDA as part of its cost of administering the Funds. Additionally, GEDA allocates a percentage of payroll expense to the Funds based upon actual time personnel spend on the respective Fund. Additionally, GEDA allocates a percentage of rent expense to the Funds.

Non-Operating Revenue and Expenses

Non-operating revenues and expenses result from capital and financing activities, costs and related recoveries from natural disasters, and certain other non-recurring income and costs.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Net Position

Net position represents the residual interest in GEDA's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of four sections:

- Investment in capital assets - includes capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve.
- Restricted expendable - net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of GEDA pursuant to those stipulations or that expire with the passage of time.
- Restricted nonexpendable - net position subject to externally imposed stipulations that require GEDA to maintain them permanently.
- Unrestricted - net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by management or may otherwise be limited by contractual agreements with outside parties.

All of GEDA's restricted net position is expendable.

Concentrations of Credit Risk

Financial instruments which potentially subject GEDA to concentrations of credit risk consist principally of cash demand deposits and accounts receivable. At September 30, 2024 and 2023, GEDA has cash deposits in bank accounts that exceed federal depository insurance limits. Additionally, GEDA has investments in mutual funds and U.S. Government agency or sponsored-agency securities that are not subject to insurance. GEDA has not experienced any losses in such accounts. Substantially all of GEDA's accounts receivables are due from companies and government agencies based in Guam. GEDA establishes an allowance for doubtful accounts based on management's evaluation of potential collectability. Bad debts are written-off against the allowance based on the specific identification method.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

During the year ended September 30, 2024, GEDA implemented the following pronouncements:

- GASB Statement No. 99, *Omnibus 2022*, which modifies guidance in GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, to bring all guarantees under the same financial reporting requirements and disclosures. It also provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The implementation of this Statement did not have a material effect on the accompanying financial statements.
- GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which results in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information is provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements results in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Purpose and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

GEDA is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

2. Deposits and Investments

The deposits and investment policies of GEDA are governed by 5 GCA 21, *Investments and Deposits*, and policies set by the Board of Directors are in conjunction with applicable bond indentures. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any eligible financial 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 guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, GEDA's deposits may not be returned. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GEDA does not have a deposit policy for custodial credit risk. At September 30, 2024 and 2023 deposits were comprised of the following:

	<u>2024</u>	<u>2023</u>
Insured	\$ 1,383,292	\$ 1,377,464
Uninsured/Uncollateralized	<u>18,443,391</u>	<u>17,337,450</u>
Total deposits	<u>\$19,826,683</u>	<u>\$18,714,914</u>

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Deposits and Investments

A. Deposits, continued

Cash and cash equivalents at September 30, 2024 and 2023 are restricted as follows:

	<u>2024</u>	<u>2023</u>
TSA trust fund	\$3,498,972	\$3,508,692
SSBCI risk reserve pool	<u>2,547,722</u>	<u>2,254,752</u>
Total restricted cash and cash equivalents	<u>\$6,046,694</u>	<u>\$5,763,444</u>

The bond indenture for the 2007 Series A and B Tobacco settlement bonds require the establishment of special funds to be held and administered by the trustees. Funds held in the TSA trust fund are restricted for bond services and are invested in money market accounts and are held and administered by TSA's trustees in accordance with the bond indentures. Accordingly, these balances are exposed to custodial credit risk.

Funds in the SSBCI risk reserve pool that are deposited with Lender banks are restricted to guarantee loans in accordance with the Lender Participation Agreements under the SSBCI program (see note 11).

B. Investments

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

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GEDA will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. GEDA's investments in shares of mutual funds, municipal bonds and U.S. government securities at September 30, 2024 and 2023 are registered in GEDA's name and is held by two investment managers for GEDA.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. GEDA 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.

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 GEDA.

Guam Economic Development Authority
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Notes to Financial Statements, continued

2. Deposits and Investments

B. Investments, continued

GEDA categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. GEDA has the following recurring fair value measurements as of September 30, 2024 and 2023:

		At September 30, 2024		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange-traded and closed-end funds	\$23,962,529	\$23,962,529	\$ ---	\$ ---
Equities	6,263,879	6,263,879	---	---
U.S. Treasury securities	1,319,920	1,319,920	---	---
Corporate bonds	<u>824,483</u>	<u>---</u>	<u>824,483</u>	<u>---</u>
Total investment by fair value level	<u>\$32,370,811</u>	<u>\$31,546,328</u>	<u>\$824,483</u>	<u>\$ ---</u>

		At September 30, 2023		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange-traded and closed-end funds	\$19,916,045	\$19,916,045	\$ ---	\$ ---
Equities	5,002,198	5,002,198	---	---
U.S. Treasury securities	1,126,927	1,126,927	---	---
Corporate bonds	<u>855,798</u>	<u>---</u>	<u>855,798</u>	<u>---</u>
Total investment by fair value level	<u>\$26,900,968</u>	<u>\$26,045,170</u>	<u>\$855,798</u>	<u>\$ ---</u>

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Notes to Financial Statements, continued

3. Capital Assets

A summary of capital assets at September 30, 2024 is as follows:

	Beginning Balance October 1, 2023	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2024
Depreciable capital assets:				
Leasehold Improvements	\$ 792,537	\$ ---	\$ ---	\$ 792,537
Furniture and equipment	752,887	23,091	---	775,978
Buildings	546,603	---	---	546,603
Other improvements	428,325	---	---	428,325
Land improvements	129,642	---	---	129,642
Leasehold interests	201,869	---	---	201,869
Automobiles	14,089	---	---	14,089
	<u>2,865,952</u>	<u>23,091</u>	<u>---</u>	<u>2,889,043</u>
Less accumulated depreciation and amortization	(<u>2,340,884</u>)	(<u>45,751</u>)	<u>---</u>	(<u>2,386,635</u>)
Depreciable capital assets, net	<u>\$ 525,068</u>	<u>\$ (22,660)</u>	<u>\$ ---</u>	<u>\$ 502,408</u>
Lease assets - building:	\$ 948,730	\$ ---	\$ (290,448)	\$ 658,282
Less accumulated depreciation and amortization	(<u>764,863</u>)	<u>---</u>	<u>290,448</u>	(<u>474,415</u>)
Lease assets, net	<u>\$ 183,867</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 183,867</u>

Guam Economic Development Authority
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Notes to Financial Statements, continued

3. Capital Assets, continued

A summary of capital assets at September 30, 2023 is as follows:

	Beginning Balance October 1, 2022	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2023
Depreciable capital assets:				
Leasehold Improvements	\$ 792,537	\$ ---	\$ ---	\$ 792,537
Furniture and equipment	662,670	90,217	---	752,887
Buildings	546,603	---	---	546,603
Other improvements	428,325	---	---	428,325
Land improvements	129,642	---	---	129,642
Leasehold interests	201,869	---	---	201,869
Automobiles	14,089	---	---	14,089
	<u>2,775,735</u>	<u>90,217</u>	<u>---</u>	<u>2,865,952</u>
Less accumulated depreciation and amortization	(<u>2,241,167</u>)	(<u>99,717</u>)	<u>---</u>	(<u>2,340,884</u>)
Depreciable capital assets, net	\$ <u>534,568</u>	\$(<u>9,500</u>)	\$ <u>---</u>	\$ <u>525,068</u>
Lease assets - building:	\$ 948,730	\$ ---	\$ ---	\$ 948,730
Less accumulated depreciation and amortization	(<u>474,415</u>)	(<u>290,448</u>)	<u>---</u>	(<u>764,863</u>)
Lease assets, net	\$ <u>474,315</u>	\$(<u>290,448</u>)	\$ <u>---</u>	\$ <u>183,867</u>

Guam Economic Development Authority
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Notes to Financial Statements, continued

4. Long-Term Obligations

Bonds payable

Bonds payable at September 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Tobacco settlement bonds, 2007 Series A current interest turbo term bonds, original principal amounts of \$17,505,000 and \$16,070,000, with interest rates at 5.25% and 5.625% per annum, respectively, payable semiannually on June 1 and December 1 (“Distribution Date”), principal payments due in varying annual installments commencing with a payment of \$1,025,000 on June 1, 2008 and increasing to \$3,840,000 on June 1, 2026. The Series A bonds are primarily secured by Tobacco Settlement Revenue (TSR) and Guam’s right to be paid the TSR under the MSA (which was irrevocably assigned to GEDA as discussed in note 1)	\$22,935,000	\$23,120,000
Tobacco settlement bonds, 2007 Series B capital appreciation turbo term bonds, original principal amount of \$3,407,077. Interest on the Series B bonds is not paid currently, but is compounded based on an imputed interest rate of 7.25% on each Distribution Date to become part of the accreted value until the maturity date or earlier redemptions. The bonds bear an original maturity value of \$115,455,000 with final maturity date of June 1, 2057. The projected turbo redemption date, however, is June 1, 2034 with a total projected principal amount of \$16,773,618. Under the Turbo Redemption assumption, principal payments are due in varying annual installments commencing with a payment of \$917,533 on June 1, 2008 and increasing to \$1,191,488 on June 1, 2034. The Series B bonds are also secured by TSR with the Series A bonds; however, they are subordinate to the Series 2007A Bonds	<u>16,773,618</u>	<u>16,773,618</u>
Total	39,708,618	39,893,618
Less current portion	<u>(1,635,000)</u>	<u>(1,635,000)</u>
	38,073,618	38,258,618
Less discount on Series B capital appreciation turbo term bonds	<u>(5,565,247)</u>	<u>(6,336,487)</u>
Less discount on issuance	<u>(267,999)</u>	<u>(321,435)</u>
	<u>\$32,240,372</u>	<u>\$31,600,696</u>

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Notes to Financial Statements, continued

4. Long-Term Obligations, continued

Bonds payable, continued

The annual payments on series 2007 bonds payable, assuming that turbo redemption occurs, subsequent to September 30, 2024 and thereafter are as follows:

Year ending September 30,	Principal	Interest	Total Debt Service
2025	\$ 1,635,000	\$318,727	\$ 1,953,727
2026	4,757,533	242,578	5,000,111
2027	2,017,055	---	2,017,055
2028	2,042,426	---	2,042,426
2029	2,068,495	---	2,068,495
2030-2034	<u>27,188,109</u>	<u>---</u>	<u>27,188,109</u>
	<u>\$39,708,618</u>	<u>\$561,305</u>	<u>\$40,269,923</u>

All Tobacco Settlement Revenue and interest earned in trust funds have been pledged to repay bond principal and interest. The debt service for the bonds was \$1,456,569 and \$1,531,269 for the years ended September 30, 2024 and 2023, respectively or approximately 97% and 94% of pledged revenues for the years ended September 30, 2024 and 2023, respectively.

During the years ended September 30, 2024 and 2023, the following changes occurred in liabilities reported as part of GEDA's long-term liabilities in the statements of net position:

	Beginning Balance October 1, 2023	Additions	Reductions	Ending Balance September 30, 2024	Current	Noncurrent
Bonds payable	\$ 39,893,618	\$ ---	\$(185,000)	\$ 39,708,618	\$ 1,635,000	\$ 38,073,618
Deferred amount:						
Unamortized discount on bonds issued	(6,657,922)	---	824,676	(5,833,246)	---	(5,833,246)
	<u>33,235,696</u>	<u>---</u>	<u>639,676</u>	<u>33,875,372</u>	<u>1,635,000</u>	<u>32,240,372</u>
Other liabilities:						
Lease payable	287,626	---	---	287,626	287,626	---
DCRS sick leave liability	186,480	---	(109,809)	76,671	---	76,671
Deposits	18,322	---	---	18,322	---	18,322
Deposits due to GALC	77,410	---	---	77,410	---	77,410
Net pension liability	6,102,349	76,779	---	6,179,128	---	6,179,128
OPEB liability	4,931,451	1,275,028	---	6,206,479	---	6,206,479
	<u>11,603,638</u>	<u>1,351,807</u>	<u>(109,809)</u>	<u>12,845,636</u>	<u>287,626</u>	<u>12,558,010</u>
	<u>\$ 44,839,334</u>	<u>\$ 1,351,807</u>	<u>\$ 529,867</u>	<u>\$ 46,721,008</u>	<u>\$ 1,922,626</u>	<u>\$ 44,798,382</u>

Guam Economic Development Authority
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Notes to Financial Statements, continued

4. Long-Term Obligations, continued

	Beginning Balance October 1, 2022	Additions	Reductions	Ending Balance September 30, 2023	Current	Noncurrent
Bonds payable	\$ 40,138,618	\$ ---	\$(245,000)	\$ 39,893,618	\$ 1,635,000	\$ 38,258,618
Deferred amount:						
Unamortized discount on bonds issued	(7,428,334)	---	770,412	(6,657,922)	---	(6,657,922)
	<u>32,710,284</u>	<u>---</u>	<u>525,412</u>	<u>33,235,696</u>	<u>1,635,000</u>	<u>31,600,696</u>
Other liabilities:						
Lease payable	580,896	---	(293,270)	287,626	287,626	---
DCRS sick leave liability	185,481	999	---	186,480	---	186,480
Deposits	18,322	---	---	18,322	---	18,322
Deposits due to GALC	77,410	---	---	77,410	---	77,410
Net pension liability	4,016,348	2,086,001	---	6,102,349	---	6,102,349
OPEB liability	<u>6,281,833</u>	<u>---</u>	<u>(1,350,382)</u>	<u>4,931,451</u>	<u>---</u>	<u>4,931,451</u>
	<u>11,160,290</u>	<u>2,087,000</u>	<u>(1,643,652)</u>	<u>11,603,638</u>	<u>287,626</u>	<u>11,316,012</u>
	<u>\$ 43,870,574</u>	<u>\$ 2,087,000</u>	<u>\$(1,118,240)</u>	<u>\$ 44,839,334</u>	<u>\$ 1,922,626</u>	<u>\$ 42,916,708</u>

5. Employee Benefits

General Pension Plan Descriptions

The Government of Guam Retirement Fund (GGRF or the Fund) administers the Government of Guam Defined Benefit (DB) Plan, and the Defined Contribution Retirement System (DCRS) Plan. By statute, the Authority provides pension benefits for its employees through the GGRF.

Defined Benefit Plan (DB Plan)

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

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

The DB Plan is administered by the GGRF, to which GEDA contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of GEDA hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GEDA are established and may be amended by the GGRF.

GEDA's statutory contribution rate was 29.43% and 28.43%, respectively, for the years ended September 30, 2024 and 2023. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2024 and 2023.

Benefits: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Investment rate of return:	The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GGRF's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.0%	8.73%	0.65%
Global Infrastructure	2.0%	8.20%	0.16%
Expected arithmetic mean (1 year)			7.66%
Expected geometric mean (30 years)			6.94%

The investment rate of return assumption of 7.0% is about equal to the geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If investments fail to achieve the assumed interest rate, future required contributions will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Membership: The plan membership is the same as the DB Plan described above.

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increase the annual annuity up to \$40,000.

The COLA payment is \$2,200 per DB retiree.

Contributions: GEDA's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000.

GEDA's contribution to the COLA payment of the Plan is \$2,200 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA for the years ended September 30, 2024 and 2023 was a municipal bond rate of 4.09% and 4.02%, respectively. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contributions: GEDA's contribution to the COLA payment of the Plan is \$2,200 per DCRS retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	5% of employees assumed to retire each year for ages 55 to 64, 10% of employees per year thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participants, continued

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability at the fiscal year presented for the aforementioned plans was measured on and was determined by actuarial valuations as of the following dates:

Reporting Date:	September 30, 2024	September 30, 2023
Measurement Date:	September 30, 2023	September 30, 2022
Valuation Date:	September 30, 2022	September 30, 2021

Net pension liability as of September 30, 2024 and 2023 for the aforementioned plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$5,430,161	\$5,483,360
Ad hoc COLA/SA Plan for DB Participants	407,214	385,723
Ad hoc COLA Plan for DCRS Participants	<u>341,753</u>	<u>233,266</u>
	<u>\$6,179,128</u>	<u>\$6,102,349</u>

Proportionate share of net pension liability at September 30, 2024 and 2023 for the aforementioned plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	0.39%	0.37%
Ad hoc COLA/SA Plan for DB Participants	0.15%	0.15%
Ad hoc COLA Plan for DCRS Participants	0.44%	0.39%

Pension expense for the years ended September 30, 2024 and 2023 for the aforementioned Plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$1,100,960	\$711,650
Ad hoc COLA/SA Plan for DB Participants	57,073	32,331
Ad hoc COLA Plan for DCRS Participants	<u>70,527</u>	<u>20,665</u>
	<u>\$1,228,560</u>	<u>\$764,646</u>

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Notes to Financial Statements, continued

5. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

As of September 30, 2024, GEDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,757	\$ (61,081)	\$ ---	\$ (16,492)	\$ 33,483	\$ (4,397)
Net difference between projected and actual earnings on pension plan investments	706,728	---	---	---	---	---
GEDA's contributions subsequent to the measurement date	699,261	---	35,713	---	13,800	---
Changes in assumption	---	(32,770)	6,239	(20,747)	66,164	(60,502)
Changes in proportion and difference between GEDA's contributions and proportionate share of contributions	256,523	---	7,452	---	80,463	(49,901)
	<u>\$ 1,718,269</u>	<u>\$ (93,851)</u>	<u>\$ 49,404</u>	<u>\$ (37,239)</u>	<u>\$ 193,910</u>	<u>\$ (114,800)</u>

As of September 30, 2023, GEDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	DB Plan		COLA/SA Plan for DB Participants		COLA Plan for DCRS Participants	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,307	\$ (14,663)	\$ ---	\$ (3,297)	\$ 28,849	\$ (4,620)
Net difference between projected and actual earnings on pension plan investments	1,235,761	---	---	---	---	---
GEDA's contributions subsequent to the measurement date	625,519	---	34,714	---	13,200	---
Changes in assumption	-	---	630	(41,854)	48,503	(62,484)
Changes in proportion and difference between GEDA's contributions and proportionate share of contributions	216,469	(39,666)	21,841	---	63,483	(59,581)
	<u>\$ 2,184,056</u>	<u>\$ (54,329)</u>	<u>\$ 57,185</u>	<u>\$ (45,151)</u>	<u>\$ 154,035</u>	<u>\$ (126,685)</u>

Deferred outflows of resources at September 30, 2024 and 2023 resulting from GEDA's employer contributions for the following plans is as follows:

	<u>2024</u>	<u>2023</u>
DB Plan	\$699,261	\$625,519
Ad hoc COLA/SA Plan for DB Participants	35,713	34,714
Ad hoc COLA Plan for DCRS Participants	<u>13,800</u>	<u>13,200</u>
	<u>\$748,774</u>	<u>\$673,433</u>

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 252,173
2026	251,606
2027	229,813
2028	266,465
2029	(433)
Thereafter	(<u>32,695</u>)
	\$ <u>966,929</u>

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension liability	\$ <u>6,668,873</u>	\$ <u>5,430,161</u>	\$ <u>4,369,810</u>

Ad Hoc COLA/SA for DB Participants

	1% Decrease <u>3.09%</u>	Current Discount <u>4.09%</u>	1% Increase <u>5.09%</u>
Total collective pension liability	\$ <u>444,302</u>	\$ <u>407,214</u>	\$ <u>374,823</u>

Ad Hoc COLA for DCRS Participants

	1% Decrease <u>3.09%</u>	Current Discount <u>4.09%</u>	1% Increase <u>5.09%</u>
Total collective pension liability	\$ <u>385,709</u>	\$ <u>341,753</u>	\$ <u>304,586</u>

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% 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 for the years ended September 30, 2024 and 2023 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% of the member's regular base 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 who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

During the years ended September 30, 2024 and 2023, contributions made and amounts accrued under the DCRS amounted to \$251,970 and \$456,114, respectively.

Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 6.2% of the employee's base salary while employer contributions are actuarially determined.

Accrued Sick Leave

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2024 and 2023, GEDA has accrued an estimated liability of \$287,683 and \$229,670, respectively, which is reported as a component of accrued compensated absences in the accompanying statements of net position. However, this amount is an estimate and actual payout could differ from those estimates.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

Other Post-employment Benefit (OPEB) Plan

OPEB Plan Description

GovGuam, through its substantive commitment to provide OPEB, maintains an agent multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration ITC Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Plan Membership: All employees of GEDA who are members of the GGRF are members of the OPEB Plan

Contribution: GEDA is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.5% per year
Amortization rate:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years. (Previously, 7.5% for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years, and 4% for service after 15 years.)

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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Plan Description, continued

Healthcare cost trend rates:

Non-Medicare, Medicare claims and retiree contributions – 8% for FY2023, then 26%, 14% and 0% for FY2024, for non-medicare, medicare claims, and retiree contributions, respectively. 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.

The trend rates reflect actual changes in plan costs and retiree contributions through October 1, 2024. Trend assumptions for health care begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these component are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions.

The trend rates for Medicare Part B and Part D reimbursements are assumed to be 4.25% in year 1 and 3.64% in year 2 to reflect the actual changes in costs through October 1, 2024 and 4.25% per year in subsequent years.

Dental trend rates:

For claims and retiree contributions, 4.25% for year 1 and 8.21% and 0% for claims and retiree contributions, respectively for year 2. For subsequent years, rate will be 4.25%, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.

Mortality rates:

PUB-2010 Headcount - Weighted Mortality Table, set forward 4 years for males and 2 years for females, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Plan Description, continued

Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	Based on current over-65 retiree data, 55% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

Guam Economic Development Authority
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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Plan Description, continued

Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Employee data:	Employee and retiree data as of September 30, 2022 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.
Withdrawal rates:	15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.)
Disability rates:	Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60-64 years (0.19% for females).
Retirement rates:	40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Plan Description, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09% and 4.02% as of September 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, tax-exempt, high quality municipal bond rate at each year was applied respectively to all periods to determine the total OPEB liability.

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2024	September 30, 2023
Measurement date:	September 30, 2023	September 30, 2022
Valuation date:	September 30, 2022	September 30, 2022

Total OPEB liability as of September 30, 2024 and 2023 are \$6,206,479 and \$4,931,451, respectively.

Proportionate share of collective total OPEB liability at September 30, 2024 and 2023 is 0.23% and 0.21%, respectively.

OPEB expense for the years ended September 30, 2024 and 2023 are \$718,416 and \$452,029.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

As of September 30, 2024 and 2023, GEDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 56,297	\$ ---	\$ 64,377	\$ ---
Differences between expected and actual experience	949,645	(262,115)	384,582	(226,772)
Changes of assumptions	209,723	(1,189,226)	451,830	(1,620,901)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>1,074,995</u>	<u>(253,056)</u>	<u>1,296,331</u>	<u>(400,772)</u>
	<u>\$ 2,290,660</u>	<u>\$(1,704,397)</u>	<u>\$ 2,197,120</u>	<u>\$(2,248,445)</u>

Deferred outflows of resources at September 30, 2024 and 2023 resulting from GEDA's employer contributions totaled \$56,297 and \$64,377, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2024	\$ 463,948
2025	208,631
2026	(46,889)
2027	(120,939)
2028	(120,940)
Thereafter	<u>146,154</u>
	<u>\$ 529,965</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

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Notes to Financial Statements, continued

5. Employee Benefits, continued

OPEB Plan, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Sensitivity analysis: The following presents the total OPEB liability calculated as of September 30, 2024, using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	1% Decrease <u>3.09%</u>	Current Discount <u>4.09%</u>	1% Increase <u>5.09%</u>
Total OPEB liability	<u>\$7,290,628</u>	<u>\$6,206,479</u>	<u>\$5,477,206</u>

The following presents the total OPEB liability calculated using a healthcare cost trend rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$5,353,116</u>	<u>\$6,206,479</u>	<u>\$7,488,793</u>

6. Leases

Lease of Industrial Parks

Effective June 15, 2021, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Pursuant to its enabling legislation under Public Law 8-80 and later amended by Public Law 26-76, the GEDA is a lessee of the Government of Guam and in turn, subleases these properties to: (1) promote industry and economic development for Guam and (2) utilize the sublease revenues to fund its operations in fulfillment of its mission described in its enabling legislation.

GEDA, as a lessor, recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, with exceptions for short-term leases. As a lessor, the asset underlying the lease is not derecognized. The lease receivable is measured as the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to the future periods.

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Notes to Financial Statements, continued

6. Leases, continued

Lease of Industrial Parks, continued

GEDA leases industrial parks from the Government of Guam for an annual rent of \$1 with terms expiring in 2065. GEDA subleases space to various commercial tenants under agreements that call for advance rental payments of one month's to one year's rent. Majority of the subleases have various terms of "initial term" and "optional terms". Initial terms vary from 10-20 years with several optional terms of 5-10 years each.

GEDA has adopted policies to assist in determining lease treatment in accordance with the requirements of GASB Statement No. 87, which include the following: (1) maximum possible lease term is non-cancelable by both lessee and lessor and is more than 12 months and (2) the terms of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

Future minimum payments that are included in the measurement of the lease receivable as of September 30, 2024 are as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 652,642	\$ 483,514	\$1,136,156
2026	658,660	473,187	1,131,847
2027	640,754	462,700	1,103,454
2028	651,381	452,073	1,103,454
2029	663,279	441,257	1,104,536
2030 – 2034	3,218,551	2,041,946	5,260,497
2035 – 2039	3,481,681	1,755,848	5,237,529
2040 – 2044	3,833,035	1,440,634	5,273,669
2045 – 2049	4,273,066	1,093,137	5,366,203
2050 – 2054	4,672,536	708,976	5,381,512
2055 – 2059	4,045,721	333,096	4,378,817
2060 – 2064	1,545,536	53,146	1,598,682
2065	<u>47,658</u>	<u>453</u>	<u>48,111</u>
	<u>\$28,384,500</u>	<u>\$9,739,967</u>	<u>\$38,124,467</u>

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Notes to Financial Statements, continued

6. Leases, continued

Office Space Lease Agreement with Fujita Properties, Inc.

The Guam Economic Development Authority (GEDA) maintains an operating lease with Fujita Properties, Inc. for office space. Although the updated rate for the period of 2024 to 2025 is currently under negotiation, GEDA is continuing its monthly payments of \$25,450.24 as per the previous agreement. The lease includes a renewal option, and please note that the rental amount is subject to potential increases.

Sublease Agreements with Guam Housing Corporation and Professional Engineers, Architects and Land Surveyors

GEDA also holds an operating lease for office space where the updated rate for 2024 to 2025 is still under negotiation. Consequently, Guam Housing Corporation (GHC) is maintaining its monthly payments of \$10,057.52 based on the previous contract. Simultaneously, GEDA and GHC, a Government of Guam agency, have a Memorandum of Understanding (MOU) under which GEDA charges GHC for their occupancy of a portion of this office space. GHC has extended their lease for an additional year, and the updated rate for 2024 to 2025 is also being discussed.

Under a separate MOU, GEDA provides office space to Professional Engineers, Architects and Land Surveyors (PEALS), another Government of Guam agency. For their use of this space, PEALS makes a monthly lease payment of \$2,072.00 to GEDA. PEALS has extended their lease term, which will now conclude on May 31, 2026.

7. Commitments

Contract Commitments

GEDA has one professional services contract expiring on September 22, 2027, which requires monthly payments of \$8,100. As of September 30, 2024, annual commitment for September 30, 2025 to September 22, 2027 is \$97,200.

8. Related Party Transactions

GovGuam and Others

GEDA is a GovGuam component unit and is therefore affiliated with all GovGuam-owned and affiliated entities, including all departments and agencies of GovGuam.

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Notes to Financial Statements, continued

8. Related Party Transactions, continued

GovGuam and Others, continued

On July 12, 2006, GEDA entered into a Memorandum of Agreement with the Guam Ancestral Lands Commission (GALC) to assist with the development, management, and maintenance of certain trust land for the purpose of maximizing benefit to dispossessed landowners and be responsible for the collection and remittance of security deposits and lease rental payments to the GALC. GEDA shall remit all rents received from the lease of Trust Lands but shall retain 14.3% of the base rent and 20% of the participation rent paid by all developers and/or lessees of the Trust Lands as payment for GEDA services. Base rent collected from developers and/or lessees shall be remitted to the GALC no later than twenty (20) calendar days after receipt from the developers and/or lessees. Participation rent collected from developers and/or lessees shall be remitted to the GALC no later than ninety (90) calendar days after receipt from the developers and/or lessees.

Additionally, in accordance with ground lease agreements, certain lessees are required, upon execution of the lease agreements, to remit a security deposit to GEDA on behalf of the GALC.

<u>Description</u>	<u>Year Ended September 30, 2024</u>	<u>Year Ended September 30, 2023</u>
Commission income	\$185,350	\$191,874
Security deposits	\$ 77,410	\$ 77,410

GEDA is under a Memorandum of Agreement (MOA) with the Office of the Governor (OOG) to manage and perform work relating to the U.S. Department of Defense Impact Task Orders for which the Office of Economic Adjustment has approved a program of assistance of \$1,767,000. In connection with the MOA, GEDA has entered into a professional services consulting contract (the Contract). Additionally, under the MOA, GEDA is compensated at a management fee of 14%.

GEDA is under a MOA with the OOG as the designated Program Management Office (PMO) to manage and coordinate the implementation of programs such as the capital improvement programs established under Public Law 30-228 funded by the Hotel Occupancy Tax (HOT) Revenue Bonds.

<u>Description</u>	<u>Year Ended September 30, 2024</u>	<u>Year Ended September 30, 2023</u>
Payables to GovGuam Agencies	\$13,414	\$12,067

Guam Economic Development Authority
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Notes to Financial Statements, continued

9. Other receivables

Other receivables for the years ended September 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Reimbursement costs receivables	\$ 243,365	\$1,565,985
Tobacco settlement receivable	1,004,000	1,004,000
QC receivable	1,000,000	900,000
Lease receivable	<u>415,531</u>	<u>374,748</u>
Total	2,662,896	3,844,733
Less allowance for doubtful receivables	(<u>446,696</u>)	(<u>27,397</u>)
	<u>\$ 2,216,200</u>	<u>\$3,817,336</u>

10. Contingencies

Tobacco Settlement Bonds Reserve Fund Agreement

In connection with its Series 2007 Tobacco Settlement Bonds, GEDA entered into a Reserve Fund Agreement (the "Agreement") with Lehman Brothers Special Financing, Inc. (LBSF), which requires LBSF to cause Lehman Brothers, Inc., as qualified dealer, to deliver securities that mature on or before the next interest payment date, at a price designed to produce a rate of return of at least 4.365%. The contractual termination date for the Reserve Fund Agreement is June 1, 2047. LBSF's obligation under the Agreement was guaranteed by Lehman Brothers Holdings Inc. (LBHI). On September 15, 2008, LBSF and LBHI filed for Chapter 11 bankruptcy protection. LBSF failed to deliver new qualified securities under the Agreement on the next scheduled delivery date of December 1, 2008, and as a result, Co-Trustee U.S. Bank National Association declared an event of default under the Agreement and invested the amount on deposit in the Reserve Fund in short-term securities as required under the Agreement.

On September 22, 2009, GEDA filed claims with the United States Bankruptcy Court against LBSF and LBHI, each for approximately \$1.8 million, as the estimated replacement market value of the Reserve Fund Agreement. Such replacement value represents the present value of the difference between the guaranteed rate and the market interest rate over the remaining term of the Agreement, i.e. through June 1, 2047. If the termination claim is not favorably resolved, GEDA's earnings from the investment of the Reserve Fund could be lower than originally expected, but no loss of principal has occurred or would occur. These events are not expected to have an adverse impact on the timely repayment of the Series 2007 Tobacco Settlement Bonds.

Claims and Litigation

GEDA is involved in various litigations which are inherent in its operations. Management is of the opinion that liabilities of a material nature will not be realized.

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Notes to Financial Statements, continued

11. SSBCI

Pursuant to the October 4, 2011 SSBCI Allocation Agreement term, GEDA has entered into a Lender Participation Agreement (the “Agreement”) with four financial institutions (“Lenders”). Under the Agreements, GEDA will guarantee loans made by the lenders to eligible Guam small businesses not to exceed 75% of each loan, with total loan enrollments not to exceed \$5 million under each Agreement. GEDA has sole and absolute right to approve or reject enrollment of any loan in the program where the amount of the loan exceeds \$500,000. For each loan enrolled by the Lenders under the Agreements, the Lenders shall pay GEDA up to 2% of the amount of the loan as guarantee fees. The guarantees are made in the form of cash deposits with the Lenders, not to exceed 20% of the total enrolled loan amount.

On September 30, 2024 and 2023, outstanding loans under the guaranty program had total principal balances of \$8,321,932 and \$8,229,770, respectively. On September 30, 2024, seven loans amounting to \$587,120, and five loans amounting to \$685,325 as of September 30, 2023, were in delinquent status.

On March 31, 2017, the Allocation Agreement expired. The expiration results in certain changes including the termination of the authorities and duties of the United States Department of Treasury to implement and administer the SSBCI program and termination of certain reporting requirements, the restrictions set forth in the enabling act and policy guidelines will remain in effect and govern the original use of funds disbursed by the SSBCI program. GEDA intends to maintain the same SSBCI program and has not made any modifications relating to the Agreements with the participating lenders.

Guam Economic Development Authority
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Notes to Financial Statements, continued

12. Condensed Financial Information

Condensed financial information as of and for the year ended September 30, 2024 is as follows:

Condensed Statement of Net Position:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Assets				
Current assets	\$ 55,753,674	\$ 10,051,462	\$(49,144)	\$ 65,755,992
Other non-current assets	53,500	---	---	53,500
Capital assets and leased assets, net	29,070,775	---	---	29,070,775
Deferred outflow of resources	<u>4,252,243</u>	<u>---</u>	<u>---</u>	<u>4,252,243</u>
Total assets	<u>\$ 89,130,192</u>	<u>\$ 10,051,462</u>	<u>\$(49,144)</u>	<u>\$ 99,132,510</u>
Liabilities				
Current liabilities	\$ 2,893,163	\$ ---	\$ ---	\$ 2,893,163
Due to component unit	49,144	---	(49,144)	---
Non-current liabilities	44,798,382	---	---	44,798,382
Deferred inflows of resources	<u>29,914,536</u>	<u>---</u>	<u>---</u>	<u>29,914,536</u>
Total liabilities	<u>77,655,225</u>	<u>---</u>	<u>(49,144)</u>	<u>77,606,081</u>
Net position				
Investment in capital assets	686,275	---	---	686,275
Restricted for debt services and loan guarantees	6,046,694	---	---	6,046,694
Unrestricted	<u>4,741,998</u>	<u>10,051,462</u>	<u>---</u>	<u>14,793,460</u>
	<u>11,474,967</u>	<u>10,051,462</u>	<u>---</u>	<u>21,526,429</u>
	<u>\$ 89,130,192</u>	<u>\$ 10,051,462</u>	<u>\$(49,144)</u>	<u>\$ 99,132,510</u>

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

12. Condensed Financial Information, continued

Condensed Statement of Change in Net Position:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Operating revenue	\$ 4,807,790	\$ ---	\$ ---	\$ 4,807,790
Operating expenses:				
Depreciation and amortization	45,751	---	---	45,751
Other operating expenses	<u>6,125,271</u>	<u>2,018</u>	<u>---</u>	<u>6,127,289</u>
	<u>6,171,022</u>	<u>2,018</u>	<u>---</u>	<u>6,173,040</u>
Operating loss	(1,363,232)	(2,018)	<u>---</u>	(1,365,250)
Non-operating revenues:				
Non-operating grant revenue	666,111	3,009	---	669,120
Interest and investments	<u>4,773,110</u>	<u>---</u>	<u>---</u>	<u>4,773,110</u>
	<u>5,439,221</u>	<u>3,009</u>	<u>---</u>	<u>5,442,230</u>
Change in net position	4,075,989	991	---	4,076,980
Net position at beginning of year	<u>7,398,978</u>	<u>10,050,471</u>	<u>---</u>	<u>17,449,449</u>
Net position at end of year	<u>\$ 11,474,967</u>	<u>\$ 10,051,462</u>	<u>\$ ---</u>	<u>21,526,429</u>

Condensed Statement of Cash Flows:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Net cash provided by (used in):				
Operating activities	\$ 1,100,046	\$(1,682)	\$ ---	\$ 1,098,364
Capital and related financing activities	(23,091)	---	---	(23,091)
Investing activities	1,153,304	---	---	1,153,304
Noncapital financing activities	<u>(518,490)</u>	<u>3,009</u>	<u>---</u>	<u>(515,481)</u>
Net increase in cash	1,711,769	1,327	---	1,713,096
Cash and cash equivalent at beginning of year	<u>18,648,126</u>	<u>10,000,991</u>	<u>---</u>	<u>28,649,117</u>
Cash and cash equivalent at end of year	<u>\$ 20,359,895</u>	<u>\$ 10,002,318</u>	<u>\$ ---</u>	<u>\$ 30,362,213</u>

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

12. Condensed Financial Information, continued

Condensed financial information as of and for the year ended September 30, 2023 is as follows:

Condensed Statement of Net Position:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Assets				
Current assets	\$ 50,128,288	\$ 10,050,471	\$(49,480)	\$ 60,129,279
Other non-current assets	3,500	---	---	3,500
Capital assets and leased assets, net	28,334,865	---	---	28,334,865
Deferred outflow of resources	<u>4,592,396</u>	<u>---</u>	<u>---</u>	<u>4,592,396</u>
Total assets	<u>\$ 83,059,049</u>	<u>\$ 10,050,471</u>	<u>\$(49,480)</u>	<u>\$ 93,060,040</u>
Liabilities				
Current liabilities	\$ 2,859,138	\$ ---	\$ ---	\$ 2,859,138
Due to component unit	49,480	---	(49,480)	---
Non-current liabilities	42,916,708	---	---	42,916,708
Deferred inflows of resources	<u>29,834,745</u>	<u>---</u>	<u>---</u>	<u>29,834,745</u>
Total liabilities	<u>75,660,071</u>	<u>---</u>	<u>(49,480)</u>	<u>75,610,591</u>
Net position				
Investment in capital assets	708,935	---	---	708,935
Restricted for debt services and loan guarantees	5,763,444	---	---	5,763,444
Unrestricted	<u>926,599</u>	<u>10,050,471</u>	<u>---</u>	<u>10,977,070</u>
	<u>7,398,978</u>	<u>10,050,471</u>	<u>---</u>	<u>17,449,449</u>
	<u>\$ 83,059,049</u>	<u>\$ 10,050,471</u>	<u>\$(49,480)</u>	<u>\$ 93,060,040</u>

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

12. Condensed Financial Information, continued

Condensed Statement of Change in Net Position:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Operating revenue	\$ 4,208,255	\$ ---	\$ ---	\$ 4,208,255
Operating expenses:				
Depreciation and amortization	43,031	---	---	43,031
Other operating expenses	<u>7,335,124</u>	<u>811</u>	<u>---</u>	<u>7,335,935</u>
	<u>7,378,155</u>	<u>811</u>	<u>---</u>	<u>7,378,966</u>
Operating loss	(3,169,900)	(811)	---	(3,170,711)
Non-operating revenues:				
Non-operating grant revenue	11,254,063	10,050,000	---	21,304,063
Interest and investments	<u>1,835,596</u>	<u>1,282</u>	<u>---</u>	<u>1,836,878</u>
	<u>13,089,659</u>	<u>10,051,282</u>	<u>---</u>	<u>23,140,941</u>
Change in net position	9,919,759	10,050,471	---	19,970,230
Net position at beginning of year	(2,520,781)	---	---	(2,520,781)
Net position at end of year	<u>\$ 7,398,978</u>	<u>\$ 10,050,471</u>	<u>\$ ---</u>	<u>\$ 17,449,449</u>

Condensed Statement of Cash Flows:

	<u>GEDA</u>	<u>Destinu</u>	<u>Elimination</u>	<u>Total Condensed</u>
Net cash provided by (used in):				
Operating activities	\$(2,549,903)	\$(50,291)	\$ ---	\$(2,600,194)
Capital and related financing activities	(33,531)	---	---	(33,531)
Investing activities	9,754,003	---	---	9,754,003
Noncapital financing activities	<u>887,581</u>	<u>10,051,282</u>	<u>---</u>	<u>10,938,863</u>
Net increase in cash	8,058,150	10,000,991	---	18,059,141
Cash and cash equivalent at beginning of year	<u>10,589,976</u>	<u>---</u>	<u>---</u>	<u>10,589,976</u>
Cash and cash equivalent at end of year	<u>\$ 18,648,126</u>	<u>\$ 10,000,991</u>	<u>\$ ---</u>	<u>\$ 28,649,117</u>

Required Supplementary Information

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 1
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GEDA's proportionate share of the net pension liability	\$ 5,430,161	\$ 5,483,360	\$ 3,274,679	\$ 4,372,935	\$ 4,154,814	\$ 4,300,654	\$ 4,061,443	\$ 4,911,548	\$ 4,895,210	\$ 4,248,957
GEDA's proportion of the net pension liability	0.39%	0.37%	0.34%	0.35%	0.34%	0.36%	0.36%	0.36%	0.34%	0.34%
GEDA's covered payroll	\$ 2,153,262	\$ 2,096,188	\$ 1,859,080	\$ 1,848,798	\$ 1,735,736	\$ 1,889,503	\$ 1,807,340	\$ 1,816,999	\$ 1,742,220	\$ 1,721,471
GEDA's proportionate share of the net pension liability as a percentage of its covered payroll	252.18%	261.59%	176.15%	236.53%	239.37%	227.61%	224.72%	270.31%	280.98%	246.82%
Plan fiduciary net position as a percentage of total pension liability	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%	56.60%

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 2
Required Supplementary Information
Schedule of Contributions

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 575,385	\$ 508,818	\$ 428,808	\$ 425,510	\$ 413,001	\$ 464,661	\$ 428,406	\$ 445,434	\$ 446,494	\$ 458,262
Contribution in relation to the contractually required contribution	<u>699,261</u>	<u>625,519</u>	<u>612,638</u>	<u>511,207</u>	<u>425,711</u>	<u>413,930</u>	<u>474,370</u>	<u>442,603</u>	<u>460,658</u>	<u>504,594</u>
Contribution (deficiency) excess	\$ <u>123,876</u>	\$ <u>116,701</u>	\$ <u>183,830</u>	\$ <u>85,697</u>	\$ <u>12,710</u>	\$ (<u>50,731</u>)	\$ <u>45,964</u>	\$ (<u>2,831</u>)	\$ <u>14,164</u>	\$ <u>46,332</u>
GEDA's covered payroll	\$ <u>2,344,217</u>	\$ <u>2,153,262</u>	\$ <u>2,096,188</u>	\$ <u>1,559,080</u>	\$ <u>1,848,798</u>	\$ <u>1,735,736</u>	\$ <u>1,889,503</u>	\$ <u>1,807,340</u>	\$ <u>1,816,999</u>	\$ <u>1,742,220</u>
Contribution as a percentage of the GEDA's covered payroll	29.83%	29.05%	29.23%	32.79%	23.03%	23.85%	25.11%	24.49%	25.35%	28.96%

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 3
Required Supplementary Information
Schedule of Proportionate Share of the Collective Total Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GEDA's proportionate share of the collective total pension liability	\$ 407,214	\$ 385,723	\$ 447,229	\$ 434,615	\$ 384,125	\$ 382,043	\$ 373,321	\$ 293,970	\$ 295,035
GEDA's proportion of the collective total pension liability	0.15%	0.15%	0.15%	0.12%	0.12%	0.13%	0.13%	0.13%	0.13%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 4
Required Supplementary Information
Schedule of Contributions

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 34,713	\$ 32,713	\$ 32,713	\$ 32,714	\$ 32,714	\$ 30,713	\$ 30,713	\$ 30,713
Contribution in relation to the contractually required contribution	<u>35,713</u>	<u>34,714</u>	<u>32,714</u>	<u>32,714</u>	<u>32,714</u>	<u>30,714</u>	<u>30,713</u>	<u>30,713</u>
Contribution excess (deficiency)	\$ <u>1,000</u>	\$ <u>2,001</u>	\$ <u>1</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1</u>	\$ <u>---</u>	\$ <u>---</u>

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 5
Required Supplementary Information
Schedule of Proportionate Share of the Collective Total Pension Liability

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
GEDA's proportionate share of the net pension liability	\$	341,753	\$ 233,266	\$ 294,440	\$ 292,199	\$ 194,852	\$ 157,980	\$ 227,626	\$ 260,379	\$ 173,951
GEDA's proportion of the net pension liability		0.44%	0.39%	0.42%	0.44%	0.33%	0.32%	0.36%	42.00%	0.33%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 6
Required Supplementary Information
Schedule of Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 13,200	\$ 10,000	\$ 10,000	\$ 10,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 6,000
Contribution in relation to the contractually required contribution	<u>13,800</u>	<u>13,200</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
Contribution excess (deficiency)	\$ <u>600</u>	\$ <u>3,200</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>2,000</u>	\$ <u>2,000</u>

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule 7
Required Supplementary Information
Schedule of Proportionate Share of the Collective Total Other Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
GEDA's proportionate share of the collective total other postemployment benefit liability	\$ 6,206,479	\$ 4,931,451	\$ 6,281,833	\$ 5,383,156	\$ 3,169,860	\$ 2,250,969	\$ 2,250,969
GEDA's proportion of the collective total pension liability other postemployment benefit liability	0.23%	0.21%	0.23%	0.21%	0.12%	0.12%	0.16%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Notes to Required Supplementary Information
(Unaudited)

Changes in Assumptions – Pension Plans

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Comparative Divisional Statements of Net Position

September 30, 2024 and 2023

	GEDA		GDFA		SSBCI		SSBCI 2.0		ADF		TSA		Destinu	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets														
Current assets:														
Cash and cash equivalents	\$ 1,489,267	\$ 529,056	\$ 1,376,004	\$ 640,095	\$ 2,092,815	\$ 2,421,285	\$ 9,119,105	\$ 9,082,420	\$ 73,798	\$ 60,205	\$ 162,212	\$ 151,621	\$ 10,002,318	\$ 10,000,991
Cash and cash equivalents-restricted	---	---	---	---	2,547,722	2,254,752	---	---	---	---	3,498,972	3,508,692	---	---
Investments	5,929,353	4,869,179	12,609,493	10,759,500	12,292,055	10,020,797	---	---	1,539,910	1,251,492	---	---	---	---
Due from trust funds administered by GEDA:														
Agricultural Development Fund	98,434	99,283	(2,591)	(3,890)	---	---	---	---	---	(776)	---	---	---	---
Guam Development Fund Act	752,195	620,193	---	(663)	---	---	---	---	3,032	3,415	---	---	---	---
State Small Business Credit Initiative	535,057	414,690	---	---	8,822	(80,776)	(8,823)	---	---	---	---	---	---	---
Guam Economic Development Authority	---	663	(752,195)	(620,193)	(323,902)	(344,210)	(211,155)	10,296	(98,874)	(98,032)	---	---	49,144	49,480
Tobacco Settlement Account	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Venture Capital	(49,144)	(49,480)	---	---	---	---	---	---	---	---	---	---	---	---
Other receivables, net	1,212,182	2,813,318	18	18	---	---	---	---	---	---	1,004,000	1,004,000	---	---
Current portion of lease receivable	612,457	612,457	---	---	---	---	---	---	---	---	---	---	---	---
Notes and accrued interest receivable, net	---	90	755,107	697,893	1,832	---	---	---	42,123	56,169	---	---	---	---
Other	7,706	7,706	---	---	---	---	---	---	---	---	---	---	---	---
Total current assets	<u>10,587,507</u>	<u>9,917,155</u>	<u>13,985,836</u>	<u>11,472,760</u>	<u>16,619,344</u>	<u>14,271,848</u>	<u>8,899,127</u>	<u>9,092,716</u>	<u>1,559,989</u>	<u>1,272,473</u>	<u>4,665,184</u>	<u>4,664,313</u>	<u>10,051,462</u>	<u>10,050,471</u>
Equity investment	53,500	3,500	---	---	---	---	---	---	---	---	---	---	---	---
Lease receivable, net of current portion	27,772,043	27,013,473	---	---	---	---	---	---	---	---	---	---	---	---
Capital assets:														
Depreciable assets, net of depreciation	395,204	414,369	107,204	110,699	---	---	---	---	---	---	---	---	---	---
Lease assets, net of amortization	183,867	183,867	---	---	---	---	---	---	---	---	---	---	---	---
Total assets	<u>38,992,121</u>	<u>37,532,364</u>	<u>14,093,040</u>	<u>11,583,459</u>	<u>16,619,344</u>	<u>14,271,848</u>	<u>8,899,127</u>	<u>9,092,716</u>	<u>1,559,989</u>	<u>1,272,473</u>	<u>4,665,184</u>	<u>4,664,313</u>	<u>10,051,462</u>	<u>10,050,471</u>
Deferred outflows of resources														
Other post-employment benefits	2,290,660	2,197,120	---	---	---	---	---	---	---	---	---	---	---	---
Pension	1,961,583	2,395,276	---	---	---	---	---	---	---	---	---	---	---	---
	<u>4,252,243</u>	<u>4,592,396</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
\$ 43,244,364	\$ 42,124,760	\$ 14,093,040	\$ 11,583,459	\$ 16,619,344	\$ 14,271,848	\$ 8,899,127	\$ 9,092,716	\$ 1,559,989	\$ 1,272,473	\$ 4,665,184	\$ 4,664,313	\$ 10,051,462	\$ 10,050,471	

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Comparative Divisional Statements of Net Position, continued

	GEDA		GDFA		SSBCI		SSBCI 2.0		ADF		TSA		Destinu	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Liabilities														
Current liabilities:														
Current portion of bonds payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,635,000	\$ 1,635,000	\$ ---	\$ ---
Accounts payable	35,172	14,525	638	3,961	---	---	---	140	---	---	---	---	---	---
Accrued liabilities	228,273	219,661	128,737	112,604	48,926	48,347	66,516	---	2,896	2,896	(73,896)	(73,896)	---	---
Interest payable	---	---	---	---	---	---	---	---	---	---	424,687	424,687	---	---
Unearned rental income	108,588	108,588	---	---	---	---	---	---	---	---	---	---	---	---
Lease payable	287,626	287,626	---	---	---	---	---	---	---	---	---	---	---	---
Other liabilities	---	74,999	---	---	---	---	---	---	---	---	---	---	---	---
Total current liabilities	659,659	705,399	129,375	116,565	48,926	48,347	66,516	140	2,896	2,896	1,985,791	1,985,791	---	---
Non-current liabilities:														
Bonds payable, net of current portion and discount	---	---	---	---	---	---	---	---	---	---	32,240,372	31,600,696	---	---
DCRS sick leave liability	76,671	186,480	---	---	---	---	---	---	---	---	---	---	---	---
Deposits	18,322	18,322	---	---	---	---	---	---	---	---	---	---	---	---
Deposits due to GALC	77,410	77,410	---	---	---	---	---	---	---	---	---	---	---	---
Net pension liability	6,179,128	6,102,349	---	---	---	---	---	---	---	---	---	---	---	---
Other post-employment benefits liability	6,206,479	4,931,451	---	---	---	---	---	---	---	---	---	---	---	---
Total non-current liabilities	12,558,010	11,316,012	---	---	---	---	---	---	---	---	32,240,372	31,600,696	---	---
Total liabilities	13,217,669	12,021,411	129,375	116,565	48,926	48,347	66,516	140	2,896	2,896	34,226,163	33,586,487	---	---
Deferred inflows of resources														
Leases	27,964,249	27,360,135	---	---	---	---	---	---	---	---	---	---	---	---
Other post-employment benefits	1,704,397	2,248,445	---	---	---	---	---	---	---	---	---	---	---	---
Pension	245,890	226,165	---	---	---	---	---	---	---	---	---	---	---	---
	29,914,536	29,834,745	---	---	---	---	---	---	---	---	---	---	---	---
Net position														
Investment in capital assets	579,071	598,236	107,204	110,699	---	---	---	---	---	---	---	---	---	---
Restricted														
Debt services	---	---	---	---	---	---	---	---	---	---	3,498,972	3,508,692	---	---
Loan guarantees	---	---	---	---	2,547,722	2,614,191	---	---	---	---	---	---	---	---
Unrestricted	(466,912)	(329,632)	13,856,461	11,356,195	14,022,696	11,609,310	8,832,611	9,092,576	1,557,093	1,269,577	(33,059,951)	(32,430,866)	10,051,462	10,050,471
Total net position	112,159	268,604	13,963,665	11,466,894	16,570,418	14,223,501	8,832,611	9,092,576	1,557,093	1,269,577	(29,560,979)	(28,922,174)	10,051,462	10,050,471
Total liabilities and net position	\$ 43,244,364	\$ 42,124,760	\$ 14,093,040	\$ 11,583,459	\$ 16,619,344	\$ 14,271,848	\$ 8,899,127	\$ 9,092,716	\$ 1,559,989	\$ 1,272,473	\$ 4,665,184	\$ 4,664,313	\$ 10,051,462	\$ 10,050,471

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Comparative Divisional Statements of Revenues, Expenses and Changes in Net Position

Years Ended September 30, 2024 and 2023

	GEDA		GDFA		SSBCI		SSBCI 2.0		ADF		TSA		Destinu	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Operating revenues:														
Qualifying certificate application	\$ 1,342,670	\$ 1,371,363	\$ ---	\$ 40	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Tobacco settlement revenue	---	---	---	---	---	---	---	---	---	---	1,340,812	1,382,949	---	---
Rental income	1,113,032	873,353	---	---	---	---	---	---	---	---	---	---	---	---
Bond fees earned	585,185	163,763	---	---	---	---	---	---	---	---	---	---	---	---
GALC lease commission	185,350	191,874	---	---	---	---	---	---	---	---	---	---	---	---
Operating grants	152,944	141,288	---	---	---	---	---	---	---	---	---	---	---	---
Others	1,800	1,275	---	---	8,822	67,947	77,175	14,403	---	---	---	---	---	---
Total operating revenues	3,380,981	2,742,916	---	40	8,822	67,947	77,175	14,403	---	---	1,340,812	1,382,949	---	---
Operating expenses:														
Salaries and benefits	3,285,628	3,044,303	295,745	302,124	9,068	303,404	311,727	---	---	---	---	---	---	---
Miscellaneous	631,928	555,922	(258,168)	619,293	356,916	118,936	1,295	1,535	12,489	9,702	---	---	1,443	555
Legal and professional services	411,846	1,423,164	4,214	5,339	9,567	5,681	4,739	2,748	---	3,966	50,000	58,042	---	---
Office space and equipment rent	278,538	191,961	48,946	43,915	---	43,915	---	---	---	---	---	---	---	---
Grants expense	320,967	345,949	---	---	---	---	---	---	---	---	---	---	---	---
Travel	239,253	151,414	11,370	---	7,308	13,307	22,331	---	---	---	---	90	---	---
Advertising and promotions	56,074	79,934	---	---	---	---	---	---	---	---	---	850	---	---
Depreciation and amortization	42,256	39,574	3,495	3,457	---	---	---	---	---	---	---	---	---	---
Supplies	5,114	2,613	---	---	---	261	---	214	---	288	---	---	575	256
Insurance	2,932	3,247	---	---	---	---	---	---	---	---	---	---	---	---
Repairs and maintenance	2,929	504	---	---	---	---	---	---	---	---	---	---	---	---
Utilities, telephone and communication	2,515	2,503	---	---	---	---	---	---	---	---	---	---	---	---
Total operating expenses	5,279,980	5,841,088	105,602	974,128	382,859	485,504	340,092	4,497	12,489	13,956	50,000	58,982	2,018	811
Operating (loss) income	(1,898,999)	(3,098,172)	(105,602)	(974,088)	(374,037)	(417,557)	(262,917)	9,906	(12,489)	(13,956)	1,290,812	1,323,967	(2,018)	(811)
Nonoperating revenues (expenses):														
Net increase in the fair value of investments	995,145	424,997	2,186,262	996,529	2,508,803	1,256,123	---	---	256,756	109,310	---	---	---	---
Investment income	161,017	114,492	357,178	255,367	---	---	---	---	41,357	29,275	166,629	133,623	---	---
Grants revenue	666,111	2,172,571	---	---	---	---	---	9,081,492	---	---	---	---	---	10,050,000
Interest on leases	477,494	505,849	---	---	---	---	---	---	---	---	---	---	---	---
Other (expense) income, net	(557,496)	(187,137)	4,242	3,280	---	1	---	---	---	---	---	1	---	---
Interest income (expense), net	283	290	54,691	59,231	212,151	183,651	2,952	1,178	1,892	1,929	(2,096,246)	(2,052,393)	3,009	1,282
Nonoperating income (expenses), net	1,742,554	3,031,062	2,602,373	1,314,407	2,720,954	1,439,775	2,952	9,082,670	300,005	140,514	(1,929,617)	(1,918,769)	3,009	10,051,282
Change in net position	(156,445)	(67,110)	2,496,771	340,319	2,346,917	1,022,218	(259,965)	9,092,576	287,516	126,558	(638,805)	(594,802)	991	10,050,471
Net position at beginning of year	268,604	335,714	11,466,894	11,126,575	14,223,501	13,201,283	9,092,576	---	1,269,577	1,143,019	(28,922,174)	(28,327,372)	10,050,471	---
Net position at end of year	\$ 112,159	\$ 268,604	\$ 13,963,665	\$ 11,466,894	\$ 16,570,418	\$ 14,223,501	\$ 8,832,611	\$ 9,092,576	\$ 1,557,093	\$ 1,269,577	\$ (29,560,979)	\$ (28,922,174)	\$ 10,051,462	\$ 10,050,471

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Comparative Divisional Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	GEDA		GDFA		SSBCI		SSBCI 2.0		ADF		TSA		Destinu	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Cash flows from operating activities:														
Cash received from tobacco settlement and customers	\$ 1,882,303	\$ 1,318,607	\$ 134,282	\$ 234,580	\$(20,308)	\$ 146,214	\$ 221,451	\$(10,296)	\$ 14,495	\$ 22,471	\$ 1,340,812	\$ 1,382,950	\$ 336	\$(49,480)
Cash received from operating grants and contracts	1,495,614	1,512,651	---	40	(80,776)	67,948	85,998	14,403	---	---	---	---	---	---
Cash paid on grants and contracts	722,673	(253,688)	(57,214)	501,870	(1,832)	---	---	---	---	---	---	115,000	---	---
Cash paid to suppliers for good and services	(1,601,870)	(3,619,977)	206,448	(650,442)	(373,212)	(166,205)	38,011	(4,357)	(12,489)	(13,956)	(50,000)	(58,041)	(2,018)	(811)
Cash paid to employees for services	(2,227,800)	(2,484,147)	(295,745)	(302,124)	(9,068)	(303,404)	(311,727)	---	---	---	---	---	---	---
Net cash provided by (used in) operating activities	<u>270,920</u>	<u>(3,526,554)</u>	<u>(12,229)</u>	<u>(216,076)</u>	<u>(485,196)</u>	<u>(255,447)</u>	<u>33,733</u>	<u>(250)</u>	<u>2,006</u>	<u>8,515</u>	<u>1,290,812</u>	<u>1,439,909</u>	<u>(1,682)</u>	<u>(50,291)</u>
Cash flows from investing activities:														
Interest and investment income	1,156,162	539,489	2,543,440	1,251,896	2,508,803	1,256,123	---	9,081,492	298,113	138,585	166,629	133,623	---	---
Rollover of interest into investment	(1,206,162)	(539,489)	(2,543,440)	(1,251,896)	(2,508,803)	(1,256,123)	---	(9,081,492)	(298,113)	(138,585)	---	---	---	---
Proceeds (purchases) of investment securities, net	95,988	(18,505)	693,447	463,921	237,545	83,645	---	9,081,492	9,695	9,827	---	---	---	---
Net cash provided by (used in) investing activities	<u>45,988</u>	<u>(18,505)</u>	<u>693,447</u>	<u>463,921</u>	<u>237,545</u>	<u>83,645</u>	<u>---</u>	<u>9,081,492</u>	<u>9,695</u>	<u>9,827</u>	<u>166,629</u>	<u>133,623</u>	<u>---</u>	<u>---</u>
Cash flows from capital and related financing activities:														
Purchase of capital assets	(23,091)	(31,237)	---	(2,294)	---	---	---	---	---	---	---	---	---	---
Net cash used in capital and related financing activities	<u>(23,091)</u>	<u>(31,237)</u>	<u>---</u>	<u>(2,294)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Cash flows from noncapital financing activities:														
Grants received from Government of Guam	666,111	2,172,571	---	---	---	---	---	---	---	---	---	---	---	---
Grants received from U.S. Government	---	---	---	---	---	---	---	---	---	---	---	---	---	10,050,000
Repayment of bond payable	---	---	---	---	---	---	---	---	---	---	(215,000)	(215,000)	---	---
Net interest received (paid) on deposit accounts and bonds payable	283	290	54,691	59,231	212,151	183,651	2,952	1,178	1,892	1,929	(1,241,570)	(1,316,269)	3,009	1,282
Net cash provided by (used in) noncapital financing activities	<u>666,394</u>	<u>2,172,861</u>	<u>54,691</u>	<u>59,231</u>	<u>212,151</u>	<u>183,651</u>	<u>2,952</u>	<u>1,178</u>	<u>1,892</u>	<u>1,929</u>	<u>(1,456,570)</u>	<u>(1,531,269)</u>	<u>3,009</u>	<u>10,051,282</u>
Net change in cash and cash equivalents	960,211	(1,403,435)	735,909	304,782	(35,500)	11,849	36,685	9,082,420	13,593	20,271	871	42,263	1,327	10,000,991
Cash and cash equivalents at beginning of year	529,056	1,932,491	640,095	335,313	4,676,037	4,664,188	9,082,420	---	60,205	39,934	3,660,313	3,618,050	10,000,991	---
Cash and cash equivalents at end of year	<u>\$ 1,489,267</u>	<u>\$ 529,056</u>	<u>\$ 1,376,004</u>	<u>\$ 640,095</u>	<u>\$ 4,640,537</u>	<u>\$ 4,676,037</u>	<u>\$ 9,119,105</u>	<u>\$ 9,082,420</u>	<u>\$ 73,798</u>	<u>\$ 60,205</u>	<u>\$ 3,661,184</u>	<u>\$ 3,660,313</u>	<u>\$ 10,002,318</u>	<u>\$ 10,000,991</u>
Reconciliation of cash and cash equivalents to the statements of net position:														
Current assets:														
Cash and cash equivalents	\$ 1,489,267	\$ 529,056	\$ 1,376,004	\$ 640,095	\$ 2,092,815	\$ 2,421,285	\$ 9,119,105	\$ 9,082,420	\$ 73,798	\$ 60,205	\$ 162,212	\$ 151,621	\$ 10,002,318	\$ 10,000,991
Cash and cash equivalents-restricted	---	---	---	---	2,547,722	2,254,752	---	---	---	---	3,498,972	3,508,692	---	---
	<u>\$ 1,489,267</u>	<u>\$ 529,056</u>	<u>\$ 1,376,004</u>	<u>\$ 640,095</u>	<u>\$ 4,640,537</u>	<u>\$ 4,676,037</u>	<u>\$ 9,119,105</u>	<u>\$ 9,082,420</u>	<u>\$ 73,798</u>	<u>\$ 60,205</u>	<u>\$ 3,661,184</u>	<u>\$ 3,660,313</u>	<u>\$ 10,002,318</u>	<u>\$ 10,000,991</u>

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Comparative Divisional Statements of Cash Flows, continued

	GEDA		GDFA		SSBCI		SSBCI 2.0		ADF		TSA		Destinu	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:														
Operating (loss) income	\$(1,898,999)	\$(3,098,172)	\$(105,602)	\$(974,088)	\$(374,037)	\$(417,557)	\$(262,917)	\$ 9,906	\$(12,489)	\$(13,956)	\$ 1,290,812	\$ 1,323,967	\$(2,018)	\$(811)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:														
Noncash pension cost	1,228,560	764,646	---	---	---	---	---	---	---	---	---	---	---	---
Noncash other post-employment benefit cost	718,416	452,029	---	---	---	---	---	---	---	---	---	---	---	---
Depreciation and amortization	42,256	39,574	3,495	3,457	---	---	---	---	---	---	---	---	---	---
(Increase) decrease in assets:														
Interfund balances	(251,103)	(320,243)	130,040	231,300	(20,308)	146,214	211,155	(10,296)	449	2,505	---	---	336	(49,480)
Other receivables	1,043,640	92,261	4,242	3,280	(89,598)	1	19,119	---	---	---	---	---	---	---
Receivables - tobacco settlement	---	---	---	---	---	---	---	---	---	---	---	115,001	---	---
Notes and accrued interest receivable, net	---	---	(57,214)	501,870	(1,832)	---	---	---	14,046	19,966	---	---	---	---
Prepaid expenses (new accounts)	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Lease receivable	323,038	406,882	---	---	---	---	---	---	---	---	---	---	---	---
Increase (decrease) in liabilities:														
Accounts payable	20,647	(1,075,154)	(3,323)	2,832	---	---	(140)	---	---	---	---	---	---	---
Accrued liabilities	8,612	(130,739)	16,133	15,273	579	15,895	66,516	140	---	---	---	941	---	---
Unearned rental income	---	1,703	---	---	---	---	---	---	---	---	---	---	---	---
Lease liabilities	---	(2,822)	---	---	---	---	---	---	---	---	---	---	---	---
Other liabilities	(74,999)	---	---	---	---	---	---	---	---	---	---	---	---	---
DCRS sick leave liability	(109,809)	999	---	---	---	---	---	---	---	---	---	---	---	---
Net pension liability	(698,363)	(563,254)	---	---	---	---	---	---	---	---	---	---	---	---
Collective other post-employment liability	(80,976)	(94,264)	---	---	---	---	---	---	---	---	---	---	---	---
Net cash provided by (used in) operating activities	\$ 270,920	\$(3,526,554)	\$(12,229)	\$(216,076)	\$(485,196)	\$(255,447)	\$ 33,733	\$(250)	\$ 2,006	\$ 8,515	\$ 1,290,812	\$ 1,439,909	\$(1,682)	\$(50,291)

Guam Economic Development Authority
(A Component Unit of the Government of Guam)

Schedule of Salaries and Wages

Years Ended September 30, 2024 and 2023

Salaries and wages:	<u>2024</u>	<u>2023</u>
Salaries	\$ 2,292,420	\$ 2,372,250
Benefits	<u>1,609,748</u>	<u>1,277,395</u>
Total salaries and wages	\$ <u>3,902,168</u>	\$ <u>3,649,645</u>
Employees at end of year	38	38

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Guam Economic Development Authority

We have audited, 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 (Government Auditing Standards), the financial statements of the Guam Economic Development Authority (the Authority or GEDA) and its discretely presented component unit, which comprise the statement of financial position as of September 30, 2024, and the related statements of revenues, expenses, and changes in net position, activities and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated June 17, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the GEDA’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GEDA’s internal control. Accordingly, we do not express an opinion on the effectiveness of the GEDA’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GEDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

June 17, 2025