

GOVERNMENT OF GUAM

**GENERAL PURPOSE FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED SEPTEMBER 30, 2001

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the accompanying general purpose financial statements of the Government of Guam, as set forth in Section II of the foregoing table of contents, as of and for the year ended September 30, 2001. These general purpose financial statements are the responsibility of the management of the Government of Guam. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Guam Housing Corporation, the Guam Rental Corporation, the Guam Power Authority, the Guam Housing and Urban Renewal Authority and the Guam Educational Telecommunications Corporation which represent 5.5%, 0.6%, 34.6%, 9.1% and 0.2%, respectively, of the total assets and 0.5%, 0.2%, 46.9%, 6.2% and 0.2%, respectively, of the total operating revenues of the Component Units - Proprietary Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Units - Proprietary Funds, is based solely on the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

The Department of Revenue and Taxation has taken the position that access to tax records and documents is to be restricted because of the confidentiality of that information. While we were able to access required data in a manner that would be acceptable to the Department of Revenue and Taxation, this data lacked details sufficient for us to perform procedures to satisfy ourselves as to the effectiveness of the systems surrounding tax related balances, nor could we perform other procedures to enable us to satisfy ourselves with respect to tax related balances in the accompanying general purpose financial statements. Also, we were unable to obtain written representations from the Department of Revenue and Taxation with respect to additional tax related liabilities, if any, which may be unrecorded. In addition, the amount required, if any, to adjust the provision for tax refunds could not be determined.

General fund expenditures recorded for public education only include amounts transferred from the general fund to the Department of Education (DOE) and not the actual expenditures incurred by DOE, due to the non-availability of financial information from that entity. Financial statements were not available for the prior or current financial presentation. In addition, P.L. 25-03 sect. 18, passed in fiscal year 1999, reverts control of DOE to the executive branch of GovGuam as a line agency. We were unable to apply audit procedures to DOE balances due to the non-availability of financial information.

General fund continuing appropriations were not properly substantiated by supporting detailed schedules and therefore we were not able to apply audit procedures to satisfy ourselves as to the adequacy of the continuing appropriation account balance.

The inventory amount recorded in the State Agency Surplus, an Internal Service Fund – Proprietary Fund Type, was not properly substantiated by supporting detailed schedules and therefore we were not able to apply audit procedures to satisfy ourselves as to the inventory account balance. In addition, management of the Port Authority of Guam, a Component Unit – Proprietary Fund, was not able to provide information to support the carrying value of inventories at September 30, 2001. As a result, we were unable to form an opinion on replacement parts inventories carried for this entity.

The General Fixed Assets Account Group has only recorded assets acquired during fiscal years 1987 and thereafter. Assets acquired prior to fiscal year 1987 and disposals since fiscal year 1987 have not been recorded. We were unable to ensure the physical presence of recorded assets and the Government has not performed a comprehensive inventory of its fixed assets or of its land holdings. In addition, management of Guam Waterworks Authority, a Component Unit – Proprietary Fund, was unable to reconcile fixed assets general ledger balances with its subsidiary ledger. Therefore, we were unable to obtain information to support the carrying value of fixed assets at September 30, 2001. As a result, we are unable to form an opinion on fixed assets, carried at \$246,135,080, net of accumulated depreciation, at September 30, 2001, depreciation expense of \$13,149,613 and grants and contributions of \$10,933,256 for the year ended September 30, 2001.

The General Long-Term Debt Account Group does not have an amount recorded as a long-term liability for the closure and post-closure costs of the local solid waste landfill as required by the Governmental Accounting Standards Board (GASB) Statement No. 18. No cost analysis associated with the closure and post-closure of the landfill is available and we were not able to satisfy ourselves with respect to the amount of the costs, if any, which should be recorded in the General Long-Term Debt Account Group.

Our audit of the general purpose financial statements did not include the financial activities of the Tourist Attraction Fund and the Territorial Highway Fund which represent 7.2%, 17.4%, 54.8% and 15.3%, 28.5%, 29.0% of the total assets 12.5%, 31.1%, 33.6% and 9.1%, 52.8%, 21.3% of the revenues of the Special Revenue Funds, the Debt Service Funds (Ltd. Obligation Infrastructure Improvement Bonds and Highway Limited Obligation Series 2001) and the Capital Projects Fund (Infrastructure Improvement Bond Fund and 2001 Series A Highway Bond Issue) – all Governmental Fund Types 17.3% and 12.0% of the notes payable and bonds payable in the General Long-Term Debt Account Group; the Port Authority of Guam (PAG), Guam Telephone Authority (GTA), Guam Waterworks Authority (GWA), and the Guam Memorial Hospital Authority (GMHA) which represent 2.8%, 9.4%, 13.2% and 4.1%, respectively, of total assets and 4.8%, 9.0%, 8.2% and 14.7%, respectively, of the total operating revenues of the Component Units – Proprietary Funds. The above are included in the accompanying financial statements as unaudited amounts.

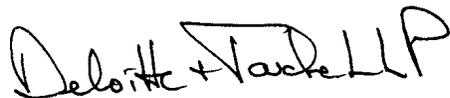
The general purpose financial statements referred to above do not include the Pension Trust Fund, the Guam Council on the Arts and Humanities Agency (CAHA), a Special Revenue Fund – Government Fund Type, the Guam Community College (GCC), a Higher Education Fund, and the Guam Visitors' Bureau (GVB), a Component Unit – Proprietary Fund, which, in our opinion, should be included in order to conform with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, except for the effects on the general purpose financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to access Revenue and Taxation records, had we been able to apply audit procedures to DOE balances, had we been able to apply audit procedures to satisfy ourselves as to the adequacy of the general fund continuing appropriation account balance, the State Agency Surplus, Internal Service Fund-Proprietary Fund Type, and the Port Authority of Guam, Component Unit – Proprietary Fund, inventory account balance, and the Guam Waterworks Authority, Component Unit – Proprietary Fund, final asset balance, had we been able to assure ourselves as to the propriety of the General Fixed Assets Account Group, had we been able to determine the amount to be recorded for the closure and post-closure costs of the solid waste landfill in the General Long-Term Debt Account Group, had we audited the financial statements of the Tourist Attraction Fund, the Territorial Highway Fund, PAG, GTA, GWA and GMHA as discussed in the third through ninth paragraphs above, and the omission of the Pension Trust Fund, CAHA, GCC and GVB as discussed in the tenth paragraph, such general purpose financial statements, as set forth in Section II of the table of contents, with the exception of the General Fixed Assets Account Group upon which we are unable to express an opinion because of the matters set forth in the seventh paragraph above, present fairly, in all material respects, the financial position of the Government of Guam, as of September 30, 2001, and the results of its operations and the cash flows of its Proprietary Fund Types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 6 to the general purpose financial statements, the Government of Guam changed its method of accounting for nonexchange transactions to conform with Governmental Accounting Standards Board Statement No. 33 and has restated the 2000 financial statements to reflect the change.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in Section III of the foregoing table of contents, which are also the responsibility of the management of the Government of Guam, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Government of Guam. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, except for the effect of the items described in the third through ninth paragraphs above and the omissions discussed in the tenth paragraph, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002 on our consideration of the Government of Guam's (primary government only) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

October 31, 2002, except for note 11, as to which
the date is December 8, 2002

GOVERNMENT OF GUAM

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
September 30, 2001
(With Comparative Totals As Of September 30, 2000)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Higher Education Funds	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Expendable Trust	Agency Fund	General Fixed Assets	General Long-Term Debt	College and University			2001	2000
ASSETS															
Cash and equivalents	\$ 38,075,988	\$ 29,101,033	\$ 36,634,288	\$ 126,532,888	\$ 1,926,187	\$ 402,071	\$ 20,324,056	\$ -	\$ -	\$ -	\$ 3,092,562	\$ 256,089,073	\$ 29,346,537	\$ 285,435,610	\$ 255,657,931
Investments	-	-	47,532,263	-	-	-	-	-	-	-	9,886,965	57,419,228	11,283,415	68,702,643	61,693,401
Taxes receivable, net	99,780,786	10,779,688	-	-	-	-	-	-	-	-	-	110,560,474	-	110,560,474	123,698,041
Receivables, net	2,698,380	21,007,702	1,171,899	-	2,509,684	19,733	8,976,222	-	-	-	5,193,550	41,577,170	270,555,390	312,132,560	174,939,035
Receivables from federal agencies	791,324	45,331,172	-	-	-	-	-	-	-	-	418,017	46,540,513	1,332,937	47,873,450	87,910,014
Interfund receivables, net	128,626,655	27,671,333	948,460	12,410,319	276,080	2,196,941	4,160,886	-	-	-	-	176,290,674	-	176,290,674	189,936,565
Other receivables	-	-	-	-	-	-	-	-	-	-	1,090,536	1,090,536	-	1,090,536	2,938,875
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	17,358,802	17,358,802	64,969
Inventories	-	7,403,409	-	-	-	9,627,595	-	-	-	-	594,656	17,625,660	48,229,069	65,854,729	72,274,081
Prepayments	-	-	-	-	-	-	110,126	-	-	-	879,574	989,700	2,800,783	3,790,483	7,574,728
Deposits and other assets	-	98,868	-	-	-	430,394	-	13,058,031	-	-	-	13,587,293	45,629,998	59,217,291	67,048,513
	<u>269,973,133</u>	<u>141,393,205</u>	<u>86,286,910</u>	<u>138,943,207</u>	<u>4,711,951</u>	<u>12,676,734</u>	<u>33,571,290</u>	<u>13,058,031</u>	<u>-</u>	<u>-</u>	<u>21,155,860</u>	<u>721,770,321</u>	<u>426,536,931</u>	<u>1,148,307,252</u>	<u>1,043,736,153</u>
Restricted assets (note 10)	-	-	-	-	-	-	-	-	-	-	3,239,283	3,239,283	266,234,513	269,473,796	233,271,330
Fixed assets															
Support assets	-	-	-	-	-	-	-	-	129,301,741	-	10,099,071	139,400,812	75,086,831	214,487,643	268,928,037
Capital leases and improvements	-	-	-	-	-	-	-	-	-	-	-	-	3,557,501	3,557,501	3,514,697
Building and improvements	-	-	-	-	-	-	-	-	128,660,890	-	72,207,228	200,868,118	250,788,350	451,656,468	453,845,393
Plant in service	-	-	-	-	-	-	-	-	-	-	-	-	1,467,194,778	1,467,194,778	1,427,657,114
	-	-	-	-	-	-	-	-	257,962,631	-	82,306,299	340,268,930	1,796,627,460	2,136,896,390	2,153,945,241
Less: Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	18,561,181	18,561,181	654,597,873	673,159,054	630,997,106
	-	-	-	-	-	-	-	-	257,962,631	-	63,745,118	321,707,749	1,142,029,587	1,463,737,336	1,522,948,135
Construction-in-progress	-	-	-	-	-	-	-	-	-	-	1,422,517	1,422,517	132,890,940	134,313,457	139,716,324
Land	-	-	-	-	-	-	-	-	8,199,639	-	2,909,866	11,109,505	28,551,422	39,660,927	38,560,250
Other	-	-	-	-	-	-	-	-	-	-	-	-	2,519,253	2,519,253	2,799,047
	-	-	-	-	-	-	-	-	266,162,270	-	68,077,501	334,239,771	1,305,991,202	1,640,230,973	1,704,023,756
Other debits:															
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	568,407,137	132,346	568,539,483	-	568,539,483	618,872,148
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	63,351,457	-	63,351,457	-	63,351,457	34,167,660
Total assets	<u>\$ 269,973,133</u>	<u>\$ 141,393,205</u>	<u>\$ 86,286,910</u>	<u>\$ 138,943,207</u>	<u>\$ 4,711,951</u>	<u>\$ 12,676,734</u>	<u>\$ 33,571,290</u>	<u>\$ 13,058,031</u>	<u>\$ 266,162,270</u>	<u>\$ 631,758,594</u>	<u>\$ 92,604,990</u>	<u>\$ 1,691,140,315</u>	<u>\$ 1,998,762,646</u>	<u>\$ 3,689,902,961</u>	<u>\$ 3,634,071,047</u>

See accompanying notes to financial statements.

GOVERNMENT OF GUAM
 Combined Balance Sheet, Continued
 All Fund Types, Account Groups and Discretely Presented Component Units
 September 30, 2001
 (With Comparative Totals As Of September 30, 2000)

LIABILITIES AND FUND EQUITY (DEFICIENCY)	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Higher Education Funds	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Expendable Trust	Agency Fund	General Fixed Assets	General Long-Term Debt	College and University			2001	2000
Liabilities:															
Bank overdraft	\$ 4,424,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,424,560	\$ 2,200,460	\$ 6,625,020	\$ 4,001,578
Current portion of long-term debt (note 2)	-	-	-	-	-	-	-	-	-	-	-	-	25,733,241	25,733,241	22,453,954
Notes payable (note 2)	-	-	-	-	-	-	-	-	-	-	-	-	26,217,174	26,217,174	29,917,174
Notes payable and bonds payable (note 2)	-	-	-	-	-	-	-	-	-	415,815,594	585,000	416,400,594	839,137,214	1,255,537,808	1,276,191,253
Accounts payable	59,376,697	443,352	440,033	-	-	-	2,861,604	-	-	6,027,611	69,149,297	69,149,297	219,922,291	289,071,588	163,618,567
Accrued payroll and other	13,773,365	5,065,477	181,238	2,000	-	-	691,936	-	-	2,830,548	22,544,564	5,506,358	28,050,922	39,667,127	39,667,127
Interfund payables	28,845,187	67,853,975	2,623,975	73,519,568	1,601,526	145,406	1,701,037	-	-	-	176,290,674	-	176,290,674	189,936,565	189,936,565
Payable to federal agencies	-	10,290,225	-	-	-	-	-	-	-	-	10,290,225	-	8,667,492	18,957,717	18,734,010
Deferred revenue	119,825,881	16,335,432	467,231	-	-	-	-	-	-	4,395,685	141,024,229	34,520,307	175,544,536	202,305,727	202,305,727
Provision for tax refunds	98,799,034	14,667,171	-	-	-	-	5,192,265	-	-	-	118,658,470	-	118,658,470	113,591,682	113,591,682
Deposits and other liabilities	34,814,091	695,936	-	-	-	465,000	11,661,254	13,058,031	-	2,963,936	63,658,248	39,501,296	103,159,544	77,068,868	77,068,868
Vacation leave accrual	6,694,296	-	-	-	-	-	-	-	-	12,647,664	19,341,960	8,076,241	27,418,201	27,929,827	27,929,827
Contracts and leases	-	-	-	-	-	-	-	-	-	948,218	948,218	-	948,218	5,273,061	5,273,061
Accrued unfunded retirement liability (note 5)	-	-	-	-	-	-	-	-	-	203,295,336	-	203,295,336	51,415,382	254,710,718	259,093,995
Total liabilities	366,553,111	115,351,568	3,712,477	73,521,568	1,601,526	610,406	22,108,096	13,058,031	-	631,758,594	17,750,998	1,246,026,375	1,260,897,456	2,506,923,831	2,429,783,388
Fund equity (deficiency):															
Investment in general fixed assets	-	-	-	-	-	-	-	-	266,162,270	-	66,304,283	332,466,553	-	332,466,553	389,722,452
Restricted	-	-	-	-	3,289,167	9,662,260	-	-	-	-	-	12,951,427	5,928,132	18,879,559	9,431,395
Unrestricted	-	-	-	-	(178,742)	2,404,068	-	-	-	-	-	2,225,326	731,937,058	734,162,384	743,967,047
Fund balances:															
Reserved for:															
Specific purposes	-	2,510,644	394,114	-	-	-	10,804,010	-	-	-	235,042	13,943,810	-	13,943,810	1,340,155
Debt service	-	-	-	63,351,457	-	-	-	-	-	-	132,346	63,483,803	-	63,483,803	46,028,226
Related assets (note 9)	48,858	18,839,943	1,780,725	2,070,182	-	-	200	-	-	-	22,739,908	-	22,739,908	16,038,170	16,038,170
Encumbrances	14,312,023	32,531,074	31,857,845	-	-	-	14,271	-	-	-	78,715,213	-	78,715,213	60,324,807	60,324,807
Continuing appropriations	12,792,273	104,127,120	15,067,745	-	-	-	496,164	-	-	-	132,483,302	-	132,483,302	129,311,941	129,311,941
Unreserved (deficit)	(123,733,132)	(131,967,144)	33,474,004	-	-	-	148,549	-	-	-	8,182,321	(213,895,402)	-	(213,895,402)	(200,283,466)
Total fund equity (deficiency)	(96,579,978)	26,041,637	82,574,433	65,421,639	3,110,425	12,066,328	11,463,194	-	266,162,270	-	74,853,992	445,113,940	737,865,190	1,182,979,130	1,204,287,659
Commitments and contingencies (note 3)															
Total liabilities and fund equity (deficiency)	\$ 269,973,133	\$ 141,393,205	\$ 86,286,910	\$ 138,943,207	\$ 4,711,951	\$ 12,676,734	\$ 33,571,290	\$ 13,058,031	\$ 266,162,270	\$ 631,758,594	\$ 92,604,990	\$ 1,691,140,315	\$ 1,998,762,646	\$ 3,689,902,961	\$ 3,634,071,047

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 All Governmental Fund Types and Expendable Trust Funds
 Year Ended September 30, 2001
 (With Comparative Totals For The Year Ended September 30, 2000)

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service		2001	2000
Revenues:							
Taxes	\$ 392,189,106	\$ 47,835,359	\$ -	\$ -	\$ -	\$ 440,024,465	\$ 468,667,374
Licenses, fees and permits	1,861,843	20,072,385	-	-	467,015	22,401,243	22,119,677
Use of money and property	1,893,732	795,514	5,415,321	2,829,920	899,159	11,833,646	12,414,167
Federal contributions	49,108,450	89,515,495	-	-	-	138,623,945	155,258,031
Other	1,795,088	4,012,083	-	-	484,836	6,292,007	5,391,824
Total revenues	446,848,219	162,230,836	5,415,321	2,829,920	1,851,010	619,175,306	663,851,073
Expenditures:							
General government	38,297,024	22,346,982	-	-	994,652	61,638,658	59,664,833
Protection of life and property	59,572,657	23,110,736	-	-	970,864	83,654,257	85,387,542
Public health	19,011,864	4,681,958	593,624	-	-	24,287,446	34,208,587
Community services	5,687,761	25,310,803	-	-	2,197,561	33,196,125	23,239,149
Recreation	3,783,866	731,058	333,251	-	-	4,848,175	6,067,409
Individual and collective rights	12,412,840	27,962,659	-	-	4,700,157	45,075,656	41,246,517
Transportation	2,767,586	22,959,637	112,357	-	-	25,839,580	35,408,832
Public education	157,780,118	861,380	-	-	-	158,641,498	169,193,299
Environmental protection	403,200	3,887,548	337,879	-	-	4,628,627	4,705,887
Economic development	4,916,830	3,816,545	471,600	-	-	9,204,975	15,136,041
Transfers to persons	20,682,376	42,883,031	-	-	-	63,565,407	67,199,784
Capital projects	366,755	-	1,782,427	-	-	2,149,182	7,276,209
Other expenditures	8,006,173	-	-	-	-	8,006,173	-
Debt service:							
Principal retirement	-	-	-	29,985,000	-	29,985,000	26,605,000
Interest and fiscal charges	1,950,065	-	-	23,729,996	-	25,680,061	24,276,988
Total expenditures	335,639,115	178,552,337	3,631,138	53,714,996	8,863,234	580,400,820	599,616,077
Excess (deficiency) of revenues over (under) expenditures	111,209,104	(16,321,501)	1,784,183	(50,885,076)	(7,012,224)	38,774,486	64,234,996
Other financing sources (uses):							
Additions to long-term debt	-	-	-	-	-	-	25,000,000
Transfers in (notes 4 and 7)	24,110,234	94,011,831	-	75,843,980	6,483,372	200,449,417	204,041,573
Transfers out (note 7)	(169,268,266)	(89,271,132)	-	(17,679,859)	-	(276,219,257)	(287,005,428)
Other sources	4,591,706	5,721,344	8,688,044	53,195,339	10,752,141	82,948,574	2,392,898
Other uses	(449,851)	(952,586)	(3,399)	(31,290,587)	(9,189)	(32,705,612)	(14,859,838)
Total other financing sources (uses), net	(141,016,177)	9,509,457	8,684,645	80,068,873	17,226,324	(25,526,878)	(70,430,795)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(29,807,073)	(6,812,044)	10,468,828	29,183,797	10,214,100	13,247,608	(6,195,799)
Fund balances (deficit) at beginning of year (note 6)	(66,772,905)	32,853,681	72,105,605	36,237,842	1,249,094	75,673,317	45,757,746
Fund balances (deficit) at end of year	\$ (96,579,978)	\$ 26,041,637	\$ 82,574,433	\$ 65,421,639	\$ 11,463,194	\$ 88,920,925	\$ 39,561,947

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures and Changes in Deficit
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 416,366,437	\$ 392,189,106	\$ (24,177,331)
Licenses, fees and permits	1,955,304	1,861,843	(93,461)
Use of money and property	1,301,473	1,893,732	592,259
Federal contributions	49,581,396	49,108,450	(472,946)
Other	1,195,390	1,795,088	599,698
Total revenues	470,400,000	446,848,219	(23,551,781)
Expenditures - Budgetary Basis:			
General Government	40,819,960	38,297,024	2,522,936
Protection of Life and Property	61,143,912	59,572,657	1,571,255
Community services	7,599,381	5,687,761	1,911,620
Recreation	4,151,519	3,783,866	367,653
Public Health	21,443,326	19,011,864	2,431,462
Individual and Collective Rights	14,549,911	12,412,840	2,137,071
Transportation	3,068,879	2,767,586	301,293
Public Education	162,788,519	157,780,118	5,008,401
Environmental Protection	873,646	403,200	470,446
Economic Development	5,497,217	4,916,830	580,387
Transfers to persons	26,358,183	20,682,376	5,675,807
Capital Projects	1,483,052	366,755	1,116,297
Other expenditures	-	8,006,173	(8,006,173)
Interest and fiscal charges	-	1,950,065	(1,950,065)
Total expenditures	349,777,505	335,639,115	14,138,390
Excess of revenues over expenditures	120,622,495	111,209,104	(9,413,391)
Other financing sources (uses):			
Transfers in (notes 4 and 7)	-	24,110,234	24,110,234
Transfers out (note 7)	(164,951,658)	(169,268,266)	(4,316,608)
Other sources	-	4,591,706	4,591,706
Other uses	-	(449,851)	(449,851)
Total other financing sources (uses), net	(164,951,658)	(141,016,177)	23,935,481
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(44,329,163)	(29,807,073)	14,522,090
Deficit at beginning of year	(99,832,419)	(66,772,905)	33,059,514
Deficit at end of year	\$ (144,161,582)	\$ (96,579,978)	\$ 47,581,604

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Revenues, Expenses and Changes in
Fund Equity - All Proprietary Fund Types
and Discretely Presented Component Units
Year Ended September 30, 2001
(With comparative totals for the year ended September 30, 2000)

	Proprietary Fund Types		Totals	Component	Totals	
	Enterprise	Internal Service	Primary	Units	Reporting Entity	
			(Memorandum Only)	Proprietary Funds	(Memorandum Only)	
					2001	2000
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 424,954,418	\$ 424,954,418	\$ 424,826,897
Contributions	-	-	-	30,170,889	30,170,889	20,685,395
Licenses, fees and permits	-	-	-	17,481,468	17,481,468	674,394
Investment earnings and interest	-	20,755	20,755	2,453,171	2,473,926	1,995,225
Use of money and property	48,048	-	48,048	-	48,048	53,597
Rental charges	5,375,554	-	5,375,554	15,705,882	21,081,436	20,558,151
Other	-	1,230,218	1,230,218	5,426,979	6,657,197	13,398,656
Total operating revenues	5,423,602	1,250,973	6,674,575	496,192,807	502,867,382	482,192,315
Operating expenses:						
Production and operations	2,024,687	-	2,024,687	235,737,127	237,761,814	253,684,089
Depreciation and amortization	-	-	-	73,611,535	73,611,535	69,511,877
Maintenance	-	-	-	13,445,846	13,445,846	12,937,810
Professional fees	621,310	-	621,310	-	621,310	793,346
Utilities	50,254	-	50,254	-	50,254	64,182
Bad debts	-	-	-	15,793,003	15,793,003	17,260,670
Stevedoring and related	-	-	-	2,263,353	2,263,353	2,079,669
General and administrative	-	741,315	741,315	110,928,949	111,670,264	114,690,301
Interest	-	-	-	48,692,474	48,692,474	7,279,211
Other	4,962	-	4,962	4,227,801	4,232,763	23,609
Total operating expenses	2,701,213	741,315	3,442,528	504,700,088	508,142,616	478,324,764
Operating income	2,722,389	509,658	3,232,047	(8,507,281)	(5,275,234)	3,867,551
Nonoperating revenues (expenses):						
Contribution (to) from:						
General Fund	-	-	-	3,293,731	3,293,731	23,687,815
Federal agencies	-	-	-	6,608,104	6,608,104	13,875,408
In-aid of construction	-	-	-	3,421,984	3,421,984	13,071,583
Other agencies	-	-	-	(2,049,295)	(2,049,295)	36,131
Other income, net	-	8,212,794	8,212,794	(14,762,721)	(6,549,927)	(12,549,174)
Total nonoperating revenues (expenses), net	-	8,212,794	8,212,794	(3,488,197)	4,724,597	38,121,763
Net income	2,722,389	8,722,452	11,444,841	(11,995,478)	(550,637)	41,989,314
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	-	-	-	6,827,791
Beginning retained earnings	388,036	3,343,876	3,731,912	749,860,668	753,592,580	709,719,842
Adjustments to beginning retained earnings:						
Correction of prior year errors	-	-	-	-	-	3,268,427
Ending retained earnings	\$ 3,110,425	\$ 12,066,328	\$ 15,176,753	\$ 737,865,190	\$ 753,041,943	\$ 761,805,374

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Units
Year Ended September 30, 2001
(With Comparative Totals for the year Ended September 30, 2000)

	Proprietary Fund Types		Totals	Component	Totals	
	Enterprise	Internal Service	Primary Government (Memorandum Only)	Units Proprietary Funds	Reporting Entity (Memorandum Only)	
					2001	2000
<u>Increase (decrease) in cash and equivalents</u>						
Cash flows from operating activities:						
Operating income (loss)	\$ 2,722,389	\$ 509,658	\$ 3,232,047	\$ (8,507,281)	\$ (5,275,234)	\$ 3,867,551
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:						
Depreciation	-	-	-	73,611,535	73,611,535	69,511,877
Bad debt expense	-	-	-	15,793,003	15,793,003	17,260,670
Amortization of loan discount	-	-	-	15,541	15,541	9,497
Gain on investment	-	-	-	-	-	(1,457,377)
Extraordinary loss and other reconciling items	-	-	-	2,980,632	2,980,632	4,134,595
(Increase) decrease in assets:						
Accounts receivable	(1,853,178)	(18,276)	(1,871,454)	17,044,373	15,172,919	(39,499,641)
Inventory	-	15,297	15,297	414,534	429,831	(10,878,665)
Accrued interest and other	-	-	-	13,003	13,003	218,916
Prepaid expense	-	-	-	(1,514,795)	(1,514,795)	999,856
Notes receivable	-	-	-	(22,532)	(22,532)	(12,493)
Other assets	-	-	-	70,187	70,187	118,608
Other receivables	-	(1,601,540)	(1,601,540)	(273,585)	(1,875,125)	(1,085,442)
Due from other funds and governmental agencies	-	-	-	(6,389,738)	(6,389,738)	(41,174,592)
Due from federal agencies	-	-	-	-	-	(1,093,195)
Increase (decrease) in liabilities:						
Accrued payroll	-	-	-	(1,026,255)	(1,026,255)	799,824
Annual leave	-	-	-	303,019	303,019	(829,256)
Accounts payable	-	-	-	(20,393,745)	(20,393,745)	48,674,408
Accrued pension cost	-	-	-	44,053	44,053	575,382
Accrued expense and other liabilities	-	-	-	(1,779,258)	(1,779,258)	(10,237,125)
Customer and security deposits	-	-	-	2,884,096	2,884,096	(423,497)
Deferred revenue	-	-	-	678,547	678,547	(263,064)
Due to other funds and governmental agencies	(3,591,189)	(956,703)	(4,547,892)	6,742,348	2,194,456	43,831,688
Other liabilities	(91,037)	-	(91,037)	-	(91,037)	81,037
Due to federal agencies	-	-	-	164,952	164,952	23,766
Net cash (used for) provided by operating activities	<u>(2,813,015)</u>	<u>(2,051,564)</u>	<u>(4,864,579)</u>	<u>80,852,634</u>	<u>75,988,055</u>	<u>83,153,328</u>
Cash flows from noncapital financing activities:						
Proceeds from issuance of notes payable and bonds	-	-	-	-	-	203,031
Proceeds from short-term debt	-	-	-	2,016,892	2,016,892	3,700,000
Repayment of notes payable and short-term debt	-	-	-	(2,292,149)	(2,292,149)	(1,681,836)
Interest paid on notes payable and short-term debt	-	-	-	(4,100,600)	(4,100,600)	(4,019,699)
Operating grants received	-	-	-	9,482,787	9,482,787	6,860,028
Bank overdraft	-	-	-	2,200,460	2,200,460	-
Contributions from (to)	-	-	-	9,910,599	9,910,599	(820,344)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,217,989</u>	<u>17,217,989</u>	<u>4,241,180</u>
Cash flows from capital and related financing activities:						
Proceeds from issuance of notes payable and bonds	-	-	-	402,039	402,039	679,805
Principal paid on bonds and other long-term debt	-	-	-	(17,952,646)	(17,952,646)	(14,461,121)
Interest paid on bonds and other long-term debt	-	-	-	(45,133,223)	(45,133,223)	(42,077,231)
Fixed asset purchases	-	-	-	(73,318,969)	(73,318,969)	(55,594,372)
Fixed asset improvements	-	-	-	-	-	(1,722,675)
Contributions	-	-	-	15,106,980	15,106,980	8,481,937
Debt issuance cost	-	-	-	(427,285)	(427,285)	483,400
Net deferred liability	-	-	-	12,740,500	12,740,500	-
Capital lease payments	-	-	-	(106,453)	(106,453)	(396,194)
Operating grants	-	-	-	159,076	159,076	29,631
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,529,981)</u>	<u>(108,529,981)</u>	<u>(104,576,820)</u>
Cash flows from investing activities:						
Increase in bond reserve funds	-	-	-	750,680	750,680	548,490
Purchase of land held for development and resale	-	-	-	(21,131)	(21,131)	(8,033,836)
Proceeds from sale of investments	-	-	-	-	-	1,703,446
Purchase of investment securities	-	-	-	(5,567,818)	(5,567,818)	(239,427)
Interest and dividends on investments	-	-	-	12,665,695	12,665,695	15,241,714
Transfers (to) from restricted fund	-	-	-	(2,772,770)	(2,772,770)	15,868,197
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,054,656</u>	<u>5,054,656</u>	<u>25,088,584</u>
Net increase (decrease) in cash and equivalents	<u>(2,813,015)</u>	<u>(2,051,564)</u>	<u>(4,864,579)</u>	<u>(9,104,702)</u>	<u>(13,969,281)</u>	<u>7,906,272</u>
Cash and equivalents at beginning of year	<u>4,739,202</u>	<u>2,453,635</u>	<u>7,192,837</u>	<u>38,451,239</u>	<u>45,644,076</u>	<u>38,230,827</u>
Cash and equivalents at end of year	<u>\$ 1,926,187</u>	<u>\$ 402,071</u>	<u>\$ 2,328,258</u>	<u>\$ 29,346,537</u>	<u>\$ 31,674,795</u>	<u>\$ 46,137,099</u>

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fund Balances (Deficit)
Higher Education Funds
Year Ended September 30, 2001

	UNIVERSITY OF GUAM					College and University (Memorandum Only)
	CURRENT		PLANT	LOAN	ENDOWMENT	
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	
Revenues and other additions:						
Unrestricted current fund revenues	\$ -	\$ 43,750,772	\$ -	\$ -	\$ -	\$ 43,750,772
Government of Guam appropriations - restricted	2,676,015	-	-	-	-	2,676,015
Government of Guam contracts - restricted	891,466	-	-	-	-	891,466
Federal grants and contracts - restricted	9,942,407	-	-	4,720,705	-	14,663,112
Private gifts, grants and contracts - restricted	1,162,030	-	-	-	-	1,162,030
Other restricted receipts	692,192	-	-	2,669	-	694,861
Endowment income	-	-	-	-	260	260
Recovery on student loans and miscellaneous receipts	-	-	-	267,381	-	267,381
Expended for plant facilities	-	-	1,035,786	-	-	1,035,786
Retirement of indebtedness	-	-	183,736	-	-	183,736
Total revenues and other additions	15,364,110	43,750,772	1,219,522	4,990,755	260	65,325,419
Expenditures and other deductions:						
Educational and general expenditures	17,141,037	37,731,624	-	-	-	54,872,661
Auxiliary enterprise expenditures	-	2,180,330	-	-	-	2,180,330
Loans awarded	-	-	-	5,678,737	-	5,678,737
Plant repairs and maintenance	-	-	188,711	-	-	188,711
Depreciation of plant facilities	-	-	1,900,353	-	-	1,900,353
Investment fees	-	-	-	-	159,326	159,326
Retirement of indebtedness	-	-	183,736	-	-	183,736
Interest on indebtedness	-	-	84,594	-	-	84,594
Disposal of plant facilities	-	-	409,500	-	-	409,500
Total expenditures and other deductions	17,141,037	39,911,954	2,766,894	5,678,737	159,326	65,657,948
Transfers among funds-additions/(deductions):						
Mandatory:						
Principal and interest	-	(270,676)	270,676	-	-	-
Renewals and replacements	-	(167,891)	167,891	-	-	-
Government of Guam bonds (note 7)	-	(2,027,436)	-	-	-	(2,027,436)
Contribution received	-	-	250,000	-	-	250,000
Restricted fund matching grant	1,943,793	(1,943,793)	-	-	-	-
Non-mandatory transfers, net	(58,895)	2,807,364	(76,449)	(95,000)	(2,577,020)	-
Total transfers	1,884,898	(1,602,432)	612,118	(95,000)	(2,577,020)	(1,777,436)
Net increase (decrease) for the year	107,971	2,236,386	(935,254)	(782,982)	(2,736,086)	(2,109,965)
Beginning fund balance (deficit)	77,610	(3,872,953)	67,653,849	875,376	12,230,075	76,963,957
Ending fund balance (deficit)	\$ 185,581	\$ (1,636,567)	\$ 66,718,595	\$ 92,394	\$ 9,493,989	\$ 74,853,992

See Accompanying Notes to Financial Statements.

GOVERNMENT OF GUAM

Combining Statement of Current Funds Revenues, Expenditures and Other Changes
Higher Education Funds
Year Ended September 30, 2001

	University of Guam		College and University (Memorandum Only)
	Unrestricted	Restricted	
Revenues:			
Tuition and fees	\$ 9,437,975	\$ -	\$ 9,437,975
Government of Guam appropriations	29,207,952	2,676,015	31,883,967
Federal grants and contracts	1,104,334	9,942,407	11,046,741
GovGuam grants and contracts	1,300	724,600	725,900
Private gifts, grants and contracts	285,883	1,162,030	1,447,913
Other sources	1,698,652	692,192	2,390,844
Sales, services and other sources	2,014,676	-	2,014,676
	<u>43,750,772</u>	<u>15,197,244</u>	<u>58,948,016</u>
Total current revenue			
Expenditures and mandatory transfers:			
Instruction	13,895,551	1,455,561	15,351,112
Research	1,900,420	4,163,159	6,063,579
Public service	343,079	5,216,367	5,559,446
Academic support	6,101,131	-	6,101,131
Student services	3,139,903	410,167	3,550,070
Institutional support	4,967,424	1,064	4,968,488
Operation and maintenance of plant	4,762,080	-	4,762,080
Scholarships and fellowship	103,644	5,894,719	5,998,363
Investment loss	2,518,392	-	2,518,392
Restricted fund matching grants	1,943,793	(1,943,793)	-
	<u>39,675,417</u>	<u>15,197,244</u>	<u>54,872,661</u>
Total educational and general			
Auxiliary enterprise expenditures	2,180,330	-	2,180,330
Mandatory transfers:			
Principal and interest	270,676	-	270,676
Renewals and replacement	167,891	-	167,891
GovGuam bonds	2,027,436	-	2,027,436
	<u>44,321,750</u>	<u>15,197,244</u>	<u>59,518,994</u>
Total expenditures and mandatory transfers			
Other transfers and additions/ (deductions):			
Excess of restricted receipts over transfers	-	166,866	166,866
Non-mandatory transfer, net	2,807,364	(58,895)	2,748,469
	<u>2,807,364</u>	<u>107,971</u>	<u>2,915,335</u>
Net increase in fund balances	<u>\$ 2,236,386</u>	<u>\$ 107,971</u>	<u>\$ 2,344,357</u>

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The general purpose financial statements of the Government of Guam have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. The Government of Guam has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

As required by GAAP, the financial statements of the Government of Guam (GovGuam) present the government and its component units; entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the government.

1. Blended Component Units

- (a) The Proprietary Fund Type – Enterprise Fund consists of the Chamorro Commercial Loan Fund (CCLF) and the Solid Waste Management Fund (SWMF). The CCLF makes loans to persons holding leases under the Chamorro Land Trust Act. The Chamorro Land Trust Commission oversees the activities of CCLF and consists of five members appointed by the Governor of the Government of Guam. CCLF is reported as a blended component unit - proprietary fund type, enterprise fund. The SWMF was created by P.L. 24-272 to provide a financing source for Government of Guam costs and expenses directly related to the closure and post-closure of the solid waste landfill. SWMF is reported as a blended component unit – proprietary fund type, enterprise fund.
- (b) The Higher Education Fund is comprised of the University of Guam (UOG) and the Guam Community College (GCC). UOG is governed by a nine member Board of Regents appointed by the Governor of Guam. GCC is governed by a nine member Board of Trustees which are appointed by the Governor. GCC is not included in the accompanying financial statements. The Department of Education (DOE) was previously presented under this fund in fiscal year 1997. However, financial statements were not available for the fiscal year 1998, 1999, and 2000 and are not available for the current fiscal year 2001. In addition, P.L. 25-03 sect.18 reverts control of this agency back to the executive branch of GovGuam as a line agency. Due to the non-availability of the financial statements, DOE is not presented in the 2001 presentation as either a higher education fund or as a line agency of the general government.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

1. Blended Component Units, Continued

(c) The Fiduciary Fund Type - Pension Trust Fund is comprised of the Government of Guam Retirement Fund System (the Fund). The Fund was enacted to provide retirement amenities and other benefits to the employees of the Government of Guam, who upon entry to service, are eligible for membership. The Fund is governed by a five member Board of Trustees appointed by the Governor of Guam. The Fund is not included in the 2001 presentation.

2. Discretely Presented Component Units

(a) The Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG) is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within the Government of Guam. GWA is established as a separate legal entity and is governed by an appointed Board of Directors. GWA is reported as a component unit – proprietary fund (unaudited).

(b) The Guam International Airport Authority (GIAA) was created by Public Law 13-57 (as amended) as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Guam International Air Terminal. GIAA is governed by a seven member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. The GIAA is reported as a component unit - proprietary fund.

(c) The Guam Housing Corporation was created by Public Law 8-80 to promote the general welfare of the Government of Guam by encouraging investment in and development of low-cost housing. The Corporation is principally engaged in financing homes for low and moderate income families. The Guam Housing Corporation is governed by a seven member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. The Guam Housing Corporation is reported as a component unit - proprietary fund.

(d) The Port Authority of Guam (PAG) is responsible for the operation of seaport facilities of the Government of Guam. The PAG is governed by a five member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. PAG is included in the accompanying financial statements. PAG is reported as a component unit – proprietary fund (unaudited).

(e) The Guam Power Authority (GPA) is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within the Government of Guam. GPA is governed by a five member Board of Directors appointed by the Governor of the Government of Guam. The GPA is reported as a component unit - proprietary fund.

(f) The Guam Housing and Urban Renewal Authority (GHURA) is primarily funded by federal funds and engages in the construction and rehabilitation of low-cost and low-income housing. Substantially all funding is provided by the U.S. Department of Housing and Urban Development (HUD). GHURA is reported as a component unit - proprietary fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

- (g) The Guam Rental Corporation was created by Public Law 8-80 to promote the general welfare of the inhabitants of the Government of Guam by encouraging and engaging in investment in development of low-cost housing. The Corporation is principally engaged in the ownership and rental of a housing complex known as Lada Gardens and Guma As-Atdas. The Guam Rental Corporation is governed by the Board of Directors of Guam Housing Corporation. The Guam Rental Corporation is reported as a component unit - proprietary fund.
- (h) The Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 on July 26, 1977 and provides for control over and operations of Guam's hospital. The Authority is governed by a seven member Board of Trustees who are appointed by the Governor of the Government of Guam. The GMHA is reported as a component unit - proprietary fund (unaudited).
- (i) The Guam Economic Development Authority (GEDA) was created to assist in the implementation of an integrated program for the economic development of Guam. GEDA is administered by a seven member Board of Directors who are appointed by the Governor of the Government of Guam. The GEDA is reported as a component unit - proprietary fund.
- (j) The Guam Telephone Authority (GTA) was created by Public Law 12-44 to operate local telecommunications and cellular operations in the Government of Guam and contracts out overseas services to Guam-based private telecommunications companies. The GTA is administered by a seven member Board of Directors who are appointed by the Governor of the Government of Guam. The GTA is reported as a component unit - proprietary fund (unaudited).
- (k) The Guam Visitors Bureau (GVB) was created by Public Law 17-32 to promote the visitor industry program in Guam. The GVB is administered by a twelve member Board of Directors. Five members are appointed by the Governor of the Government of Guam, two by the Speaker of the Legislature, four elected by the general membership of GVB and one member appointed by the eleven members. The GVB is not included in the accompanying financial statements.
- (l) The Guam Mass Transit Authority (GMTA) was created by Public Law 15-92 in December 1979 for the purpose of primary public transportation services. The GMTA is administered by a five member Board of Directors who are appointed by the Governor of the Government of Guam. The GMTA is reported as a component unit - proprietary fund.
- (m) The Guam Educational Telecommunications Corporation (KGTF-TV) was established by Public Law 12-194 on January 2, 1975 to present educational television to the people of Guam. KGTF-TV is administered by a six member Board of Directors who are appointed by the Governor of the Government of Guam. The KGTF-TV is reported as a component unit - proprietary fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Complete financial statements for each of the individual component units may be obtained at the units' administrative offices or at the web site of the Office of the Public Auditor – www.guamopa.org.

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

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

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

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

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

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

Guam Mass Transit Authority
236 East O'Brien Drive
Hagatna, Guam 96932

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

Guam Telephone Authority
P.O. Box 9008
Tamuning, GU 96931

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

University of Guam
Financial Services Affairs
UOG Station
Mangilao, GU 96913

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

Guam Community College
Sesame Street
Mangilao, Guam 96913

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

The following entities are considered to be special revenue funds, expendable trust funds and enterprise funds of the Government of Guam, but are not included (as well as the related fund descriptions) in the accompanying general purpose financial statements due to absence of account balances and transactions. No material impact on the accompanying general purpose financial statements results from this noninclusion:

	<u>Fund</u>	<u>Fund Type</u>
Fund 210	Summer School Fund	Special Revenue
Fund 230	Vocational Rehab Revolving Fund	Special Revenue
Fund 231	GFD Capital Outlay Revolving Fund	Special Revenue
Fund 246	Guam Beautification Fund	Special Revenue
Fund 247	Municipal Litter Defacement Fund	Special Revenue
Fund 267	Public Transit Fund	Special Revenue
Fund 271	District Improvement Fund	Special Revenue
Fund 272	Land Acquisition Fund	Special Revenue
Fund 260	Controlled Substance Diversion Fund	Special Revenue
Fund 509	Off-Island Sports Fund	Expendable Trust
N/A	Tiyan Trust Fund	Expendable Trust
Fund 801	Chamorro Home Loan Fund	Enterprise
Fund 803	Chamorro Home Repair Fund	Enterprise
Fund 804	Chamorro Home Development Fund	Enterprise
Fund 805	Chamorro Education Assistance Fund	Enterprise
Fund 806	Chamorro Loan Guarantee	Enterprise

B. Measurement Focus and Basis of Accounting

GovGuam uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain GovGuam functions or activities.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting, Continued

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position and are not involved with the measurement of results of operations.

The accompanying general purpose financial statements have been prepared in conformity with GAAP for governments. Accordingly, they are structured into four broad categories of funds and a fifth type of accounting entity, account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds and higher education funds. Account groups are presented for general fixed assets and general long-term debt.

The Governmental Funds include:

1. The General Fund accounts for all financial transactions not accounted for in any other fund;
2. The Special Revenue Funds account for specific revenues earmarked to finance particular programs and activities;
3. The Capital Projects Funds account for the acquisition or construction of major governmental general fixed assets acquired with bond issuance proceeds and with federal grant funds; and
4. The Debt Service Funds account for the accumulation of revenues for the payment of interest and principal on the 1995 General Obligation Bonds, Series A, the 1994 General Obligation Bonds, Series A, the 1993 General Obligation Bonds, Series A, the 1992 Limited Obligation Highway Bonds, Series A, the 1997 Limited Obligation Infrastructure Improvement Bonds and the 1989 Water System Revenue Bonds, among others.

Governmental funds are presented on the modified accrual basis of accounting. In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. However, the Government of Guam changed its method of accounting for nonexchange transactions to conform with Governmental Accounting Standards Board Statement No. 33. Revenues from U.S. federal programs are recorded at the time that expenditures are recorded. Expenditures are recorded at the time liabilities are incurred, except that:

1. Inventories generally are considered expenditures at acquisition;
2. Prepayments usually are not recorded;
3. Interest and principal on long-term debt are recorded when due.

As more fully explained in Note 1.L., encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end are reported as reservations of fund balance and remain as reservations of fund balance until expended or cancelled.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting, Continued

The Proprietary Fund Type – Enterprise Fund consists of the Chamorro Commercial Loan Fund and the Solid Waste Management Fund:

1. The Enterprise Funds account for the operations of Territorial agencies (which were designed to be self-sufficient) which render service to the general public on a user charge basis in a manner similar to a private business enterprise; and
2. The Internal Service Funds account for the operations of a self-sustaining Territorial agency rendering services to other Territorial agencies on a cost reimbursement basis. There are four Internal Service Funds operative in the Government of Guam. Stores of operating supplies for use by governmental agencies are controlled by the General Services Agency Fund and the State Agency Surplus Fund, while premiums are collected by, and death benefits paid out of, the Group Life Insurance Fund. The Agana Fractional Lot Fund is used to maintain deposits from the Government of Guam for condemnation proceedings held by the District Court of Guam.

The proprietary funds are accounted for on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Fiduciary Funds include:

1. The Expendable Trust Funds are used to account for assets held by the Government as trustee. Expendable Trust Funds are accounted for on the modified accrual basis of accounting.
2. The Agency funds are normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

The Higher Education Fund, which is comprised of the University of Guam:

1. Current Funds are used to account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally-restricted purposes;
2. Fiduciary Funds are used to account for assets held by loan, endowment, life income and agency funds in which the universities act in a fiduciary capacity; and
3. Plant Funds are used to account for institutional property acquisition, renewal, replacement, debt service and investment.

The above higher education funds are accounted for on the accrual basis of accounting. However, for the Student Loan Fund of the University of Guam, the amount of outstanding loans are fully reserved in the year granted with repayments recognized as recoveries in the year received.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting, Continued

The Account Groups include:

1. The General Fixed Assets Account Group is designed to account for all fixed assets acquired or constructed for use by the Government, other than those accounted for in the proprietary, fiduciary and higher education funds. Management of the Government has elected not to record infrastructure assets in the General Fixed Assets Account Group. The Government does not capitalize interest contained in the General Fixed Assets Account Group and was unable to estimate the value of land transferred from the Federal Government.
2. The General Long-Term Debt Account Group is maintained to account for general long-term debt outstanding, accrued unfunded retirement benefits and accrued annual and compensatory leave, not otherwise recorded in proprietary, fiduciary and higher education funds. The long-term portion of accrued annual leave for governmental fund types is recorded in the General Long-Term Debt Account Group. The portion of accrued annual leave which is expected to utilize current financial resources has been recorded as a liability in the general fund.

C. Budgetary Process

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

Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. In fiscal year 2001, the Governor is authorized to transfer not more than 5% of the combined total operating expense amounts appropriated into or out of the object categories within a department or agency of the Executive Branch, not including the personnel services object category. The Governor is also authorized to transfer not more than 5% of the combined total of the personnel service and operating expense amounts appropriated into or out of the object categories between a department or agency of the Executive Branch. A \$400,000 transfer, from other sources was made for the child support computer systems. The Governor shall report to the Guam Legislature all such transfers within twenty days of the end of each month. During the year ended September 30, 2001, there were no such transfers of prior year appropriations into 2001. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

The Budget Act for Fiscal Year 2001, Public Law 25-164, amended by Public Law 26-01, was approved for the executive branch. The Budget for the Legislative Branch was appropriated under separate legislation. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

C. Budgetary Process, Continued

The Government's annual budget has been prepared on a basis which differs from governmental GAAP. Actual amounts in the accompanying budgetary comparison statements are presented on a basis which excludes outstanding encumbrances as a budgetary expenditure. A reconciliation of the differences between the budgetary and GAAP basis is presented in Note 8.

D. Cash and Equivalents

For purposes of reporting in the statement of cash flows, cash includes demand deposits with financial institutions and currency on hand. Cash equivalents are short-term time certificates of deposits with original maturities of less than three months.

E. Deposits in Banks

Deposits in banks are required by local statute to be secured by qualified collateral in the amount of 120% or more of the deposit balance. However, the Government does not enforce the requirement on a consistent basis. Therefore, substantially all cash and equivalents of the Government of Guam are uncollateralized.

F. Cash and Equivalents and Investments

In the proprietary, fiduciary and governmental fund types, except as noted in the following paragraph, investments primarily consist of time certificates of deposit whose maturity exceeds ninety days at the date of placement held in banks on Guam insured by the Federal Deposit Insurance Corporation (FDIC). Individual certificates, however, are in denominations and accounts exceeding insured coverage of \$100,000. Uninsured and uncollateralized deposits recorded in governmental funds are estimated to aggregate \$204,988,545 at September 30, 2001. FDIC insured and collateralized deposits of the component units-proprietary funds aggregate \$11,818,187 as of September 30, 2001, with the remaining balance being unsecured and uncollateralized.

Investments in the University of Guam, a higher education fund, exclusive of physical plant, are recorded at market value; investments received by gift are recorded at market value at the date of acquisition. The University employs the share method of accounting for pooled investments and for proportionate distribution of income to each fund which participates in the pool. Investments held by the University consist of money market funds, U.S. Treasury and agency obligations, and common stocks. These investments are held in the name of the University.

Investments in the Infrastructure Improvement Bonds (Capital Projects) represent U.S. Government Securities, which are carried at fair value adjusted for premium amortization or discount accumulation for the term of the applicable investment. Net unrealized gains and losses on investment securities are not recognized currently, but are recorded only upon disposition.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

F. Cash and Equivalents and Investments, Continued

The investments for the Infrastructure Improvement Bond are classified as Category 2 investments of the three credit risk categories promulgated in Governmental Accounting Standards Board (GASB), Statement No. 3. All investments held by the Higher Education Fund have been classified as Category 2 investments. Investments of the component units - proprietary funds are classified as Category 1 investments. These credit risk categories are as follows:

1. Securities insured or registered in the name of the governmental entity or held by the entity or by its agent in the entity's name.
2. Securities uninsured and unregistered and held by the counterparty's trust department, or its agent in the entity's name.
3. Securities uninsured and unregistered and held by the counterparty, its trust department, or its agent, but not held in the entity's name.

G. Receivables

Receivables in the Government's governmental and fiduciary funds primarily consist of taxes and federal revenues. Since few governmental fund revenues are susceptible to accrual prior to receipt, substantially all taxes, licenses, fees, permits and similar revenues are recognized on the cash basis. When taxes are measurable but collection will not occur in a timely manner so as to be available to finance expenditures of the current period, these assessments are classified as deferred revenues within the accompanying general purpose financial statements (before the implementation of GASB 33). GAAP permits the recognition of property and other taxes which are assessed and due as of year-end in current year revenues and GASB 33 allows recognition of revenues when available. Available means that the Government has collected the revenues in the current period or expects to collect them soon enough after the end of the period to use them to pay liabilities of the current period. The Government of Guam has chosen to adopt GASB 33. Provision for tax revenues aggregate \$120,929,287 as of September 30, 2001. These provision for tax revenues are recorded in the general fund and in the Territorial Education Facilities Fund - a special revenue fund. Allowances for uncollectible accounts as of September 30, 2001 (with comparative detail for 2000) are as follows:

	<u>2001</u>	<u>2000</u>
General Fund:		
Taxes	\$ 71,906,522	\$ 59,473,870
Other	<u>6,084,882</u>	<u>4,357,923</u>
	\$ <u>77,991,404</u>	\$ <u>63,831,793</u>
Special Revenue Funds	\$ <u>16,305,302</u>	\$ <u>16,305,302</u>
Component Units - Proprietary Funds	\$ <u>71,970,139</u>	\$ <u>69,766,342</u>
Higher Education Funds (Student Loans)	\$ <u>12,532,892</u>	\$ <u>13,707,094</u>

The Government conducts virtually all of its business activity within the island of Guam. As of September 30, 2001, substantially all trade accounts receivable for the Government's proprietary funds are due from companies and individuals located within the island of Guam.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

H. Interfund Transactions

The Government of Guam essentially has three types of potential interfund transactions:

1. The majority of the Government's financial operations are centrally administered, and this administration is facilitated by the use of a "pooled" cash account. For practical purposes, cash is primarily maintained in a series of bank accounts which are considered to be assets of the Government's general fund. As a result of this cash pooling practice, cash transactions normally include entries which adjust the relative balances of affected funds' interfund asset/liability accounts; each fund's interfund balance therefore represents a net interest in the Government's actual cash. The general fund, unless otherwise restricted by law, is the beneficiary of interest income derived from cash held in the general fund.
2. Operating appropriations/subsidies are accounted for as operating transfers in the funds involved.
3. Equity contributions are accounted for as transfers out by the general fund and as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital) by the recipient fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies

H. Interfund Transactions

Interfund Payable To:	Interfund Receivable From:											
	General Fund	Federal Grants Assistance Fund	Tourist Attraction Fund	Territorial Education Fund	D.O.D. Contract Fund	Housing Revolving Fund	Manpower Development Fund	Territorial Highway Fund	DOC Inmate Revolving Fund	Village Streets Fund	Customs, Quarantine and Inspection Fund	Workers' Compensation Fund
General Fund	\$ -	\$ 37,425,400	\$ 8,399,636	\$ 1,112,216	\$ 659,024	\$ 603,713	\$ 1,072,198	\$ 5,190,136	\$ -	\$ 5,013,397	\$ 5,908,676	\$ 1,544,747
Federal Grants Assistance Fund	-	-	-	-	-	-	-	890,950	-	-	-	-
Territorial Highway Fund	1,760,192	-	-	-	-	-	-	-	-	-	-	-
Tourist Attraction Fund	-	-	-	-	-	-	-	-	-	-	-	-
PUAG Capital Projects Fund	948,460	-	-	-	-	-	-	-	-	-	-	-
DSF-L.O. Infrastructure Impr. Bond Series A '89	4,454,084	-	-	-	-	-	-	-	-	-	-	-
DSF-Highway L.O. Bond Series A 1992	5,832,694	-	-	-	-	-	-	-	-	-	-	-
DSF-G.O. Bond '94 Series A	2,070,174	-	-	-	-	-	-	-	-	-	-	-
ISF-Agana Fractional Lot	126,426	-	-	-	-	-	-	-	-	-	-	-
ISF-GSA Inventory Revolving	1,955,980	-	-	-	-	-	-	-	-	-	-	-
ISF-Group Life Insurance	114,535	-	-	-	-	-	-	-	-	-	-	-
SRF-Southern Community Health Center	244,209	-	-	-	-	-	-	-	-	-	-	-
SRF-Abandoned Vehicle & Streetlight	117,490	-	-	-	-	-	-	-	-	-	-	-
SRF-Wildlife Conservation	174,833	-	-	-	-	-	-	-	-	-	-	-
SRF-Veteran's Bonus	300,001	-	-	-	-	-	-	-	-	-	-	-
SRF-DOC Inmates Revolving	597,950	-	-	-	-	-	-	-	-	-	-	-
SRF-Safe Streets	332,609	-	-	-	-	-	-	-	-	-	-	-
SRF-Land Survey Fund	859,822	-	-	-	-	-	-	-	-	-	-	-
SRF-Water Research & Development	319,228	-	-	-	-	-	-	-	-	-	-	-
SRF-Guam Environmental Trust	550,971	-	-	-	-	-	-	-	-	-	-	-
SRF-Driver's Education	154,423	-	-	-	-	-	-	-	-	-	-	-
SRF-Board of Accountancy	550,030	-	-	-	-	-	-	-	-	-	-	-
SRF-Dededo Buffer Strip	113,634	-	-	-	-	-	-	-	-	-	-	-
SRF-Typhoon Paka Fund	850,140	-	-	-	-	-	-	-	-	-	-	-
SRF-Public Service Recovery	134,890	-	-	-	-	-	-	-	-	-	-	-
SRF-Individuals with Disabilities Disaster Recovery	100,000	-	-	-	-	-	-	-	-	-	-	-
SRF-Enhanced 911 Emergency	992,620	-	-	-	-	-	-	-	-	-	-	-
TF-Historic Preservation Trust	319,770	-	-	-	-	-	-	-	-	-	-	-
TF-Government Claims Fund	124,659	-	-	-	-	-	-	-	-	-	-	-
TF-Income Tax Rebate Fund	2,840,535	-	-	-	-	-	-	-	-	-	-	-
TF-Income Tax Reserve	785,462	-	-	-	-	-	-	-	-	-	-	-
ENT-Solid Waste Operations Fund	276,080	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Interfund Receivables	843,286	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 28,845,187	\$ 37,425,400	\$ 8,399,636	\$ 1,112,216	\$ 659,024	\$ 603,713	\$ 1,072,198	\$ 5,190,136	\$ 890,950	\$ 5,013,397	\$ 5,908,676	\$ 1,544,747

(Continued)

GOVERNMENT OF GUAM

Notes to Financial Statements, Continued
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

H. Interfund Transactions, Continued

Interfund Payable To:	Health & Human Services Fund	Overtime Fund	Chamorro Commercial Loan Fund	CPF 1989 Series A Infrastructure Improvement Bond Issue	CPF 1992 Series A Highway Bond Issue	CPF 1993 Series A G. O. Bond Issue	DSF 1992 Series A L.O. Highway Bond Issue	DSF 1989 Series A L.O. Infrastructure Improvement Bond Issue	DSF 1989 Serie A Water System Revenue Bonds	Miscellaneous Interfund Payables	Total
General Fund	\$ 232,092	\$ 580,801	\$ 1,601,526	\$ 1,539,168	\$ 848,655	\$ 236,152	\$ -	\$ -	\$ 55,403,382	\$ 1,255,736	\$ 128,626,655
Federal Grants Assistance Fund	-	-	-	-	-	-	-	-	-	-	890,950
Territorial Highway Fund	-	-	-	-	-	-	9,006,279	-	-	-	10,766,471
Tourist Attraction Fund	-	-	-	-	-	-	-	8,921,603	-	-	8,921,603
PUAG Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	948,460
DSF-L.O. Infrastructure Impr. Bond Series A '89	-	-	-	-	-	-	-	-	-	-	4,454,084
DSF-Highway L.O. Bond Series A 1992	-	-	-	-	-	-	-	-	-	-	5,832,694
DSF-G.O. Bond '94 Series A	-	-	-	-	-	-	-	-	-	-	2,070,174
ISF-Agana Fractional Lot	-	-	-	-	-	-	-	-	-	-	126,426
ISF-GSA Inventory Revolving	-	-	-	-	-	-	-	-	-	-	1,955,980
ISF-Group Life Insurance	-	-	-	-	-	-	-	-	-	-	114,535
SRF-Southern Community Health Center	-	-	-	-	-	-	-	-	-	-	244,209
SRF-Abandoned Vehicle & Streetlight	-	-	-	-	-	-	-	-	-	-	117,490
SRF-Wildlife Conservation	-	-	-	-	-	-	-	-	-	-	174,833
SRF-Veteran's Bonus	-	-	-	-	-	-	-	-	-	-	300,001
SRF-DOC Inmates Revolving	-	-	-	-	-	-	-	-	-	-	597,950
SRF-Safe Streets	-	-	-	-	-	-	-	-	-	-	332,609
SRF-Land Survey Fund	-	-	-	-	-	-	-	-	-	-	859,822
SRF-Water Research & Development	-	-	-	-	-	-	-	-	-	-	319,228
SRF-Guam Environmental Trust	-	-	-	-	-	-	-	-	-	-	550,971
SRF-Drivers' Education	-	-	-	-	-	-	-	-	-	-	154,423
SRF-Board of Accountancy	-	-	-	-	-	-	-	-	-	-	550,030
SRF-Dededo Buffer Strip	-	-	-	-	-	-	-	-	-	-	113,634
SRF-Typhoon Paka Fund	-	-	-	-	-	-	-	-	-	-	850,140
SRF-Public Service Recovery	-	-	-	-	-	-	-	-	-	-	134,890
SRF-Individuals with Disabilities Disaster Recovery	-	-	-	-	-	-	-	-	-	-	100,000
SRF-Enhanced 911 Emergency	-	-	-	-	-	-	-	-	-	-	992,620
TF-Historic Preservation Trust	-	-	-	-	-	-	-	-	-	-	319,770
TF-Government Claims Fund	-	-	-	-	-	-	-	-	-	-	124,659
TF-Income Tax Rebate Fund	-	-	-	-	-	-	-	-	-	-	2,840,535
TF-Income Tax Reserve	-	-	-	-	-	-	-	-	-	-	785,462
ENT-Solid Waste Operations Fund	-	-	-	-	-	-	-	-	-	-	276,080
Miscellaneous Interfund Receivables	-	-	-	-	-	-	-	-	-	-	843,286
Total	\$ 232,092	\$ 580,801	\$ 1,601,526	\$ 1,539,168	\$ 848,655	\$ 236,152	\$ 9,006,279	\$ 8,921,603	\$ 55,403,382	\$ 1,255,736	\$ 176,290,674

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

I. Inventories

Inventories of materials and supplies are determined by physical count and are valued at the lower of cost (principally average cost) or market.

J. Fixed Assets and Depreciation

Fixed assets utilized for general governmental operations are carried in the General Fixed Assets Account Group. However, public domain fixed assets (including roads, bridges, and other structures) are excluded in accordance with the Government's capitalization policy. General fixed assets are recorded at cost and a provision for depreciation is not recognized.

As a result of the absence of adequate records and documentation pertaining to general fixed assets acquired in prior years, management has elected to present only assets acquired subsequent to 1986 in the General Fixed Assets Account Group. Disposals of fixed assets have not been recorded in the General Fixed Assets Account Group. Accordingly, the accompanying general purpose financial statements do not include a statement of changes in fixed assets. The Government of Guam plans to perform a comprehensive inventory and costing of all general fixed assets, and management anticipates that sufficient records will be available in a subsequent period to meet financial reporting requirements.

Proprietary Fund Type - Enterprise, Internal Service Fund and Component Units fixed assets are stated at cost. Donated assets are recorded at their fair market value at the date of donation. Purchased and constructed fixed assets are stated at historical cost or estimated historical cost. The assets are depreciated principally on a straight-line basis over estimated useful lives ranging from 7 to 40 years for Structures and Improvements and from 3 to 20 years for Machinery and Equipment. Proprietary fund - component units follow the GAAP practice of capitalizing interest on construction activities. During the year ended September 30, 2001, proprietary funds - component units reported \$1,358,722 of interest that was capitalized.

Generally, Higher Education Fund fixed assets are stated at cost or estimated cost and are depreciated over the estimated useful lives of 5 to 50 years for the respective assets on a straight line basis.

K. Restricted Assets

Certain funds under the Government's Component Units - Proprietary Funds and Higher Education Funds are required to be set aside for various purposes. These amounts are reported as restricted assets.

L. Fund Balance Reserves and Designations

The Government's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying Combined Balance Sheet, reserves for related assets (Note 9) such as inventories and long-term receivables are examples of the former. As further defined below, reserves for encumbrances and continuing appropriations are examples of the latter.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

L. Fund Balance Reserves and Designations, Continued

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are generally evidenced by outstanding purchase orders, contracts, and interdepartmental work requests. Encumbrances outstanding at year end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

Continuing Appropriations

A continuing appropriation is an appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered or revoked. Continuing appropriations at year-end are reported as a reservation of fund balance since fund equity has been designated for a specific future use.

M. Governmental Operations

Governmental operations of the Guam Legislature, the Superior Court of Guam and the Supreme Court of Guam are not incorporated within the General Fund activity. Rather, by law, their operations are accounted for as Special Revenue Funds. The General Fund accounts for appropriations to the Legislature, the Superior Court of Guam and the Supreme Court of Guam as transfers out.

N. Capital Projects Funds

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

O. Accrued Annual Leave

Employees are credited with vacation at rates of 104, 160 or 208 hours per fiscal year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than three years of service (3 years of service accrue 4 hours)
2. Three fourths day (6 hours) for each full bi-weekly pay period except that the accrual for the last full bi-weekly pay period in the year shall be one and one-fourth day (10 hours) in the case of employees with more than three but less than fifteen years of service (3-15 years of service accrue 6 hours, except for last full pay period where accrual will be 10 hours).
3. One day (8 hours) for each bi-weekly pay period in the case of employees with fifteen or more years of service (15 years of service accrue 8 hours).

Accumulation of such vacation credits is limited to 480 hours at fiscal year-end and is convertible to pay upon termination of employment. Annual leave which is expected to be paid out within the next fiscal year is accrued in the General Fund to the extent of available funds within the related appropriation account. Accrued annual leave in excess of this amount is included in the General Long-Term Debt Account Group.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

P. Fund Deficits

The following funds have deficit fund balances as of September 30, 2001:

<u>Fund Type</u>	<u>Fund</u>	<u>Deficit</u>
Special Revenue - Governmental Funds	Territorial Highway Fund	\$ <u>(5,547,056)</u>
Special Revenue - Governmental Funds	Housing Revolving Fund	\$ <u>(51,467)</u>
Special Revenue - Governmental Funds	Village Streets Fund	\$ <u>(2,818,399)</u>
Special Revenue - Governmental Funds	Manpower Development Fund	\$ <u>(164,197)</u>
Special Revenue - Governmental Funds	Taguag Memorial Cemetery	\$ <u>(18,023)</u>
Special Revenue - Governmental Funds	Komitea Para Tiyan	\$ <u>(145,875)</u>
Special Revenue - Governmental Funds	Carrier Off-Duty Services	\$ <u>(92,625)</u>
Special Revenue - Governmental Funds	Overtime Fund	\$ <u>(580,801)</u>
Special Revenue - Governmental Funds	Police Services Fund	\$ <u>(171,397)</u>
Special Revenue - Governmental Funds	DOC Inmate Revolving Fund	\$ <u>(56,831)</u>
Special Revenue - Governmental Funds	Parks Fund	\$ <u>(15,819)</u>
Special Revenue - Governmental Funds	Tourist Attraction Fund	\$ <u>(503,069)</u>
Enterprise – Proprietary Funds	Chamorro Commercial Loan	\$ <u>(618,443)</u>
Component Units – Proprietary Fund	Guam Economic Development Authority (GEDA)	\$ <u>(767,134)</u>
Internal Service - Proprietary Fund	Group Life Insurance Fund	\$ <u>(260,840)</u>
Expendable Trust – Fiduciary Funds	Workers' Compensation	\$ <u>(1,544,747)</u>
Expendable Trust – Fiduciary Funds	Community Development Fund	\$ <u>(69,673)</u>
Higher Education Funds	University of Guam Current Funds Unrestricted	\$ <u>(1,636,567)</u>

Q. Totals - Memorandum Only

The "Total - Memorandum Only" columns represent an aggregate of the individual combined financial statements. The total column is presented for overview informational purposes and does not represent consolidated financial information.

R. Reclassifications

Certain items in the 2000 balance sheets have been reclassified to conform with the 2001 presentation.

S. Estimates

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt

Component Units-Proprietary Funds:

Guam International Airport Authority:

General Revenue Bonds, Series 1993 (original issue of \$240,015,000), varying interest rates at 5.4% - 6.7%, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments of \$405,000 due in October 1994, and increasing to \$17,800,000 by October 2023. \$ 220,560,000

Guam Rental Corporation:

Note payable to Guam Housing Corporation (a component unit - proprietary fund), 3%, payable in monthly installments of \$6,675 including interest, to the year 2010, collateralized by real property and equipment. 402,686

Guam Telephone Authority:

Revenue bonds to Rural Utilities Service, Series 1, 2, 3, 4 and 5, at 5%, due in equal amounts of semi-annual installments, including interest, ranging from annual amounts of \$162,000 to \$1,557,000 through 2025. 78,449,637

Note payable to Rural Telephone Bank, varying interest at 5.33% to 9.5%, due in semi-annual installments, including interest, ranging from annual amounts of \$930 to \$177,000 through 2025. 16,793,471

Notes payable to Federal Financing Bank, varying interest at 5.621% to 7.887%, payable in quarterly installments with interest in annual amounts ranging from \$300 to \$155,500 through 2014. 19,480,911

114,724,019

Guam Power Authority:

1993 Series, interest at varying rates from 3.90% to 5.25% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,725,000 in October 1996, and increasing to \$6,535,000 in October 2023. 90,630,000

1999 Series, interest at varying rates from 3.90% to 5.25% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$2,950,000 in October 2000, and increasing to \$26,110,000 in October 2034. 346,228,601

MDI Guam non-interest bearing note payable in exchange for funds received for the construction of Manenggon Hills substation. The note is being repaid by deducting 80% of MDI's non-fuel charges from future power billings. During 2001, GPA offset \$633,855 in MDI's non-fuel charges against the note payable to MDI and wrote-off the remaining note payable of \$1,039,095 in accordance with the terms of the agreement entered into in June of 1992. The write-off resulted in a reduction in the electric plant in service account by the same amount. -

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Power Authority, Continued:

IBM interest bearing notes payable in exchange for an accounting operating system acquired through a financing arrangement. 2,147,795

All gross revenues of GPA have been pledged to repay the 1993 and 1999 Series bond principal and interest. Discounts associated with the 1993 and 1999 bond series are being amortized using the interest method over the lives of the bonds.

439,006,396

Guam Housing Corporation:

Note payable to a bank in monthly installments of \$95,000, including interest at 9.625% per annum, due 2005. 1,550,820

Note payable to a bank, 8% interest, principal and interest payable in monthly installments of \$18,639, due 2003. 860,705

Note payable to a bank at 7% interest, principal and interest payable in monthly installments equivalent to payments received from collateralized Farmer's Home Administration mortgage loans, due 2003. 176,910

Note payable to Federal Home Loan Bank of Seattle, 6.99% interest, payable in monthly installments of \$41,667, plus interest, principal due 2011. 4,747,126

Notes payable to Federal Home Loan Bank of Seattle, interest at varying rates from 6.6% to 6.83%, interest payable monthly, principal due 2017. 4,200,000

Note payable to Federal Home Loan Bank of Seattle, 6.16% interest, interest payable monthly, principal due 2008. 1,463,670

Notes payable to Federal Home Loan Bank of Seattle, interest at varying rates from 5.670% to 6.09%, interest payable monthly, principal due 2003. 3,867,661

Note payable to Government of Guam Special Revenue Fund (Guam Housing Corporation Revolving Fund), 4% interest, payable in monthly installments of \$107,258, due 2011 through 2017. 13,650,013

Under the note agreements with the banks, the borrowings are collateralized by proceeds received from mortgage loans made by the Corporation. As of September 30, 2001, the Corporation has pledged as security for these borrowings approximately \$22,953,176 of related outstanding mortgage loans. -

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Housing Corporation, Continued:

The Corporation is of the opinion it has complied with the covenants of its loan agreements with the banks which provide for collateral loan ratios, monthly delinquency reports on all loans and periodic submission of financial statements, among other requirements. The Corporation has defaulted on its loan with the Government of Guam as monthly payments have not been made since November 1999. In April 2001 subsequent to the balance sheet date, pursuant to Section 6 of Guam Public Law 20-210, the Corporation was declared in default on its Government of Guam Revolving Loan Fund ("the Fund") note payable to the Government of Guam that totaled \$13,650,013 as of September 30, 2001. The Corporation has not made monthly payments to the Fund since November 1999 and as such, exceeded the 90-day period after such payments become due for making such payments which approximated \$517,000 as of September 30, 2001. Accordingly, pursuant to the authority vested in the Governor of Guam as provided in Section 6 of Public Law 20-210, those amounts payable to the Fund were deferred for the period covering November 1999 to January 2004. Additionally, the Governor of Guam directed the Government of Guam to amend the existing loan agreement to provide for the repayment of the Corporation's obligation to the Fund to recommence on January 1, 2004.

Single Family Mortgage Revenue Bonds 1998 Series A, varying interest rates at 4.25% to 5.25%, payable semiannually in March and September, principal payments due in varying semiannual installments of \$225,000 due in March 2002, and increasing to \$630,000 by September 2013.	10,965,000
Single Family Mortgage Revenue Bonds 1998 Series A, 5.35% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$640,000 due in March 2014, and increasing to \$815,000 by 2018.	7,260,000
Single Family Mortgage Revenue Bonds 1998 Series A, 4.7% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$930,000 due in March 2019, and increasing to \$1,025,000 by September 2021.	5,875,000
Single Family Mortgage Revenue Bonds 1998 Series A, 5.75% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$975,000 due in March 2022, and increasing to \$1,660,000 by September 2031.	<u>25,900,000</u>
	<u>80,516,905</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Memorial Hospital Authority (GMHA):

Promissory note payable to a bank in monthly installments of \$292,260, including interest at a variable rate based on the bank's index rate less one half percentage point (5% at September 30, 2001), due in 2002 with an extension of the promissory note for seven additional years, collateralized by a pledge and assignment of medical services revenue and a property mortgage on the hospital facility and guaranteed by the Government of Guam and a pledge of Government of Guam Section 30 revenues, subordinate to certain Government of Guam bond issuances. 20,767,568

Balance due on several capital leases of computer hardware and software with a computer manufacturer, payable in total monthly installments of \$10,210, including interest, at effective rates ranging from 6.7% to 7.6%, collateralized by the computer hardware and software, with a bargain purchase option at the end of the lease. 164,448

Promissory note payable to the Government of Guam Retirement Fund in equal quarterly installments of \$401,330 including interest at the bank's prime rate plus 1% (9% at September 30, 2001) starting March 1998 with a balloon payment in March 2003. 7,748,022

Balance due on electrical service with electric utility, payable in total monthly installments of \$45,965 including interest at 4.47%, due September 2004. 2,016,892

Guam Economic Development Authority:

Note payable to the Guam Development Fund Act (GDFA), 4.5% interest, payable in monthly installments of \$8,785, including interest, collateralized by real property, with final payment due in 2019. 1,132,042

Line of credit with the GDFA, 5% interest, principal and interest due in 2001, collateralized by a dry-dock. 1,200,000

33,028,972

Guam Waterworks Authority:

On June 4, 2001, IBM Credit Corporation (ICC) restructured 100% of the outstanding balance of the credit line due to nonpayment under existing terms. The new terms required GWA to pay outstanding principal balance of \$2,185,325 in monthly installments of \$51,996 through October 2001, changing to \$103,996 through November 2002, and a balloon payment of \$554,336 on December 1, 2002. All payments include interest at a fixed rate of 7.07%. 2,032,907

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, interest at 6%, principal and interest thereon payable at \$10,540 per month, maturing in April 2030. Collateralized by restricted cash.

	<u>1,685,089</u>
	<u>3,717,996</u>
Total	891,956,974
Less current maturities	(25,733,241)
Less: Unamortized bank discount	(6,855,765)
Loss on defeasance (which is an irrevocable placement of assets to a trustee, pledged for repayment of future debt requirements).	<u>(20,230,754)</u>
Total long-term debt - component units - proprietary funds	\$ <u>839,137,214</u>

The annual requirements to amortize all debt of the proprietary funds - component units outstanding as of September 30, 2001 for those entities whose audit reports include such, are as follows:

2002	\$ 25,733,241
2003	30,897,431
2004	21,952,183
2005	22,875,118
2006	23,601,465
Thereafter	<u>766,897,536</u>
	\$ <u>891,956,974</u>

Interest amounts are not available for all component units and therefore not presented in the above five year payout schedule.

Higher Education Funds:

University of Guam:

University of Guam Dormitory and Student Union Revenue Bonds of 1968, interest at 6% per annum, payable semi-annually in April and October. The bonds mature in varying dates with annual amounts from \$30,000 to \$90,000 through October 2008.

\$ 585,000

General Long-Term Debt Account Group:

General Obligation Bonds:

On December 21, 1989, the Government of Guam issued general obligation Water System Revenue Bonds, Series 1989 in the amount of \$49,190,000. The bonds have been issued for the purpose of expanding and improving the existing water system of the Government operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority. The bonds mature in annual installments of \$1,260,000 to \$4,310,000 through July 1, 2009. Interest is payable semi-annually on January 1 and July 1, in each year, ranging from 5.9% to 7.0%.

\$ 27,550,000

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued:

On September 15, 1993, the Government of Guam issued general obligation bonds 1993 Series A in the amount of \$175,000,000. The bonds have been issued for the purpose of implementing capital projects. The serial bonds mature in annual installments of \$2,490,000 to \$7,195,000 through November 15, 2008; the term bonds mature in installments of \$42,150,000 in 2013 and \$54,785,000 in 2018. Interest ranging from 3% to 5.4% is payable semi-annually on May 15 and November 15 in each year.

145,775,000

On June 22, 1995, the Government of Guam issued general obligation bonds 1995 series A in the amount of \$115,000,000. The bonds have been issued for the purpose of implementing certain capital projects and payment of certain general fund expenditures. The bonds mature in annual installments of \$5,650,000 to \$16,875,000 through September 1, 2005 and \$2,085,006 in 2006. Interest is payable semi-annually on March 1 and September 1 in each year, ranging from 4.6% to 6.0%.

64,315,000

On May 1, 2001, the Government of Guam through one of their component units (Guam Economic Development Authority – GEDA), issued limited obligation bonds payable solely from and secured solely by certain revenues. However, the Government of Guam has recorded this debt issue as a general obligation of the primary government. The bonds have been issued for deposit to trust and endowment funds. The bonds mature in annual installments of \$572,852 to \$1,095,000 through November 2012; the term bonds mature in installments of \$3,600,000 in 2022 and \$4,985,000 in 2031. Interest ranging from 4.9% to 5.4% is payable semi-annually on May 15 and November 15 in each year.

11,982,980

On May 1, 2001, the Government of Guam through one of their component units (Guam Economic Development Authority – GEDA), issued limited obligation bonds payable solely from and secured solely by certain revenues. However, the Government of Guam has recorded this debt issue as a general obligation of the primary government. The bonds have been issued for deposit to trust and endowment funds. The bonds mature in annual installments of \$845,953 to \$1,445,000 through November 2016; the term bonds mature in an installment of \$9,770,000 in 2041. Interest ranging from 5.20% to 5.45% is payable semi-annually on May 15 and November 15 in each year.

13,494,479

Special Revenue Bonds - Territorial Highway Fund: On April 1, 2001, the Government of Guam issued limited obligation Highway Refunding Bonds, 2001 Series A in the amount of \$51,705,000. The bonds are collateralized by a first lien and pledge of certain revenues as defined under the bond indenture. The bonds mature annually on May 1, 2002 through May 1, 2012. Interest is payable semi-annually on May 1 and November 1, in each year, ranging from 3.125% to 5.5%.

51,705,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued:

Special Revenue Bonds - Tourist Attraction Fund: The Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, were dated December 1, 1997 and were issued in fully registered form, in denominations of \$5,000 or multiples thereof in the aggregate principal amount of \$76,275,000. The bonds mature annually on November 1, 1999 through November 1, 2012, and subsequently on November 1, 2012 and 2017 (term bonds). Interest on the bonds is payable semi-annually on May and November of each year. 71,815,000

Special Revenue Notes Payable - Judicial Building Fund: On September 21, 1988, the Government issued a promissory note payable to the Farmers Home Administration in the amount of \$11,000,000. Advances totaling \$11,000,000 were received against this note. Interest at 7.75% is to be paid on September 1, 1989 and September 1, 1990, with quarterly payments of \$225,390, including interest, commencing December 1, 1990 through September 2028. The note is collateralized by real property. 6,678,135

General Fund Notes Payable: On July 11, 2000 the Government entered into a loan agreement with a local bank to finance the Voluntary Separation with Compensation Early Retirement Incentive program totaling \$25,000,000. Principal is payable annually commencing October 2000 and maturing in October 2009. Interest is based on the banks' index rate and varies from 8.27% to 9%, payable monthly. The note is collateralized by the pledge and assignments of Section 30 revenues. 22,500,000

Total general long-term debt account group \$ 415,815,594

The annual requirement to amortize all debt of the governmental fund types outstanding as of September 30, 2001, is as follows:

<u>Year Ending September 30,</u>	<u>General Obligation Bonds</u>	<u>Special Revenue Bonds</u>	<u>Interest Payable On Term Debt</u>	<u>Notes Payable</u>	<u>Total</u>
2002	\$ 22,710,000	\$ 7,550,000	\$ 21,342,682	\$ 2,617,496	\$ 54,220,178
2003	23,965,000	7,885,000	19,429,401	2,626,870	53,906,271
2004	25,105,000	8,205,000	18,071,629	2,636,992	54,018,621
2005	26,835,000	8,550,000	16,072,925	2,647,921	54,105,846
2006	12,620,000	8,940,000	14,042,854	2,659,723	38,262,577
Thereafter	<u>151,882,459</u>	<u>82,390,000</u>	<u>81,543,037</u>	<u>15,989,133</u>	<u>331,804,629</u>
	\$ <u>263,117,459</u>	\$ <u>123,520,000</u>	\$ <u>170,502,528</u>	\$ <u>29,178,135</u>	\$ <u>586,318,122</u>

As of September 30, 2001, \$63,351,457 has been accumulated in the Debt Service Funds to service the General Obligation and Special Revenue Bonds. Additionally, the debt service funds contain \$2,070,182 of resources that management has designated to be used for debt service. However, a legal opinion has been solicited, but not received, that will determine whether this amount should be returned to the General Fund. There are a number of limitations and restrictions placed on the bonds as specified below:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued:

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

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

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

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

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

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

Maintenance and Operation Fund - the amount of maintenance and operation expenses budgeted by the Government of Guam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying Government of Guam highway maintenance and operation costs. This account is a component of the Debt Service Fund.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued

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

Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1.5% of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay Government of Guam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Debt Service Fund.

Surplus Fund - the balance remaining in the revenue fund after all of the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenses budgeted by the Government of Guam. Transactions to and from the Surplus Fund are accounted for in the Debt Service Fund.

Indentures to the 1997 Series A Bonds (Special Revenue Bonds)

Defeased Debt of Special Revenue Funds - on December 1, 1997, the Government of Guam issued 1997 Series A Limited Obligation Infrastructure Improvement Bonds (1997 Bonds) of \$76,275,000 with variable interest rates of 4.75% to 5.5% to refund outstanding term bonds of the Government's 1989 Series A Limited Obligation Infrastructure Improvement Bonds (1989 Bonds) with variable interest rates of 6.85% to 7.1% and a total principal outstanding of \$19,870,000. The 1989 Bonds mature on November 15, 2009, and are callable on November 15, 1999. The \$20,375,313 of proceeds of refunding bonds was transferred to an escrow agent who had used the proceeds to purchase U.S. Government securities which are to be held by the escrow agent in an irrevocable trust to provide debt service payments until the 1989 Bonds are called on November 15, 1999. The effects of the transfer was reported as an "other financing use - payment to refunded bond escrow agent" in the Debt Service Fund. The advance refunding met the requirements of an in-substance defeasance and the 1989 Bonds were removed from the Government's General Long-Term Debt Account Group. As a result of the advance refunding, the Government reduced its debt service requirements on the 1989 Bonds by \$8,029,899 which resulted in an economic gain (difference between the present rate of the debt service payments of the old and new debt) of \$1,500,000.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued

Indentures to the 1997 Series A Bonds (Special Revenue Bonds), Continued

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

Indentures to General Obligation Bonds:

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

The General Obligation Bonds constitute the valid and legally binding general obligation of the Government of Guam, and the Government pledges its full faith and credit for the punctual payment of principal and interest on the bonds. Additionally, certain revenues are specifically pledged to secure the payment of said principal and interest. As defined by the terms of the bond indenture, these revenues include the following: (1) all amounts received by the Government as proceeds of Federal income taxes derived from Guam ("Section 30" monies); (2) customs duties collected by the Government derived from Guam; (3) the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported to the United States, its Territories or possessions, or consumed in Guam; and (4) the proceeds of any other taxes which may be levied by Congress on the inhabitants of Guam. "Revenue" further includes all interest, profits or other income derived from investments in any fund or account established pursuant to the bond indenture.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued

Indentures to General Obligation Bonds, Continued

General Obligation Water System Revenue Bonds 1989 Series - The bond was issued on December 21, 1989 for the purpose of expanding and improving the existing water system of the Government of Guam operated by Guam Waterworks Authority (formerly the Public Utility Agency of Guam). In accordance with the bond indenture the Government of Guam may (1) not sell, lease or otherwise dispose of the water system or any part thereof essential to the proper operation of the water system, (2) not acquire, construct, maintain, operate or permit any other entity to compete with the water system, (3) maintain the water system in good condition and (4) pay any and all lawful claims, which if unpaid might become a lien on water system revenues.

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

General Obligation Bonds 1994 Series A - This bond was issued on August 15, 1994 for the purpose of discharging the Government of Guam's obligation to pay refunds owed to taxpayers who have filed their income tax forms with the Government. Final payment for principal and interest occurred on August 15, 1999. Therefore no further obligation with regard to the bond covenants exist for this debt service fund as of September 30, 2001. However, an interfund receivable balance with the general fund and a corresponding credit to reserve for related assets is recorded in this fund until a final decision is made on the disposition of the fund balance.

General Obligation Bond 1995 Series A - This bond was issued on June 1, 1995 for the purpose of discharging obligations for income tax refunds, supplemental retirement benefits, transfer payments to government agencies and to vendors to the extent obligations were incurred or previously obligated by the Government prior to May 15, 1995 and to pay the costs of issuance of such borrowing. The Depository has established a Bond Fund to be used solely (1) to pay General Fund expenses pursuant to the indenture, (2) to pay costs of issuance, and (3) to be held as a reserve for the payment of principal of and interest on the Bonds. The amount in the Bond Fund as of September 30, 2001 is \$ 4,038,451.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued

Indentures to General Obligation Bonds, Continued

Management of the Government of Guam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2001.

Component Units - Proprietary Fund debt is primarily being retired from sources of that fund. The notes and bonds specified above are not obligations of the Government of Guam. Those notes and bonds are collateralized by pledges of resources to which they relate.

Short-Term Notes Payable

Short-term notes payable are recorded in the Component Units - Proprietary Funds as follows:

Guam Power Authority

Balance against a \$15 million credit facility, thirty day notes payable at maturity, collateralized by a financing statement against receivables with the Bank as lienholder subordinate to the bondholders under GPA's bond issues, interest between 7.56875% and 7.71625%.	\$ 6,217,174
Tax exempt commercial paper notes, varying interest between 3.0% to 3.2%, rolled over maturity date from June 9, 2000 through August 14, 2000, collateralized by pledge of revenues subordinate to the bondholders under GPA's bond issues. The notes provide \$20 million for working capital and \$45 million for capital projects.	<u>20,000,000</u>
	<u>\$ 26,217,174</u>

(3) Commitments and Contingencies

A. Sick Leave

It is the policy of the Government of Guam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2001. The estimated accumulated amount of unused sick leave at September 30, 2001, is \$ 38,065,938. Sick leave balances are only available for the line departments of the executive branch.

B. Leases

The component units - proprietary funds have entered into various operating leases for buildings. Substantially all leases terminate annually at the end of the Government's fiscal year (September 30). It is expected that in the normal course of business, these leases will be replaced by similar ones. At September 30, 2001, future minimum lease payments for component units – proprietary funds are as follows:

2002	\$ 2,139,000
2003	1,253,000
2004	1,290,000
2005	1,290,000
2006	1,290,000
Thereafter	<u>8,761,000</u>
	<u>\$ 16,023,000</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(3) Commitments and Contingencies, Continued

C. Federal Grants

The Government has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2001 and prior year audits aggregate to a material amount. If the questioned costs are ultimately disallowed, the general fund would be liable for the return of such funds. However, no liability which may arise from the ultimate outcome of this matter has been provided for in the accompanying general purpose financial statements.

Audits of federal program funds are also performed by various federal agencies. If the audit results in cost disallowances, the general fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount which may ultimately arise from this matter has been recorded in the accompanying general purpose financial statements.

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

D. Litigation

The Government of Guam is unable to assess the actual claims outstanding as of the year ended September 30, 2001. The Attorney General is of the opinion that the Government's maximum liability in total for these cases is material to the financial statements as of September 30, 2001. However, it is not possible to predict a reasonable estimation of these claims to be paid through the claims process, as set forth in footnote (3)E. below, and therefore, no provision for any liability that may result has been made in the accompanying general purpose financial statements.

E. Self-Insurance

The Government of Guam does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, the General Fund would be required to pay the majority of these losses. An annual appropriation is made to the Government Claims Fund (an expendable trust fund) and then valid claims are paid out against the appropriated amount. The Government of Guam has not experienced material prior year losses as a result of this policy.

F. Deposits with Treasurer

Insurance companies doing business on Guam, are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2001, approximately \$13,058,031 was held by the Government of Guam in bonds as security against possible claims.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(3) Commitments and Contingencies, Continued

G. Food Stamp Program Inventory

The Department of Public Health and Social Services administers the Food Stamp Program on behalf of the U.S. Department of Agriculture's Food and Nutrition Service (FNS). The stated objectives of the Food Stamp Program are to:

1. Improve the diets of low income households by supplementing their food purchasing ability, and
2. Promote the distribution of the nation's agricultural abundance in a beneficial manner, thereby strengthening the agricultural economy.

The Government of Guam implemented GASB 24 which requires food stamp benefits to be reported as assets (inventories) offset by deferred revenue. Food stamp benefits distributed are recognized as expenditures. Food stamp activities are accounted for in the Special Revenue Funds - Federal Grant Fund.

The Department issues prenumbered "Authorization to Purchase" (ATP) cards to eligible individuals. The individuals use ATP's to obtain food stamp coupons from the Department's distribution agent. The coupons are used to purchase food in participating stores, and redemption of the coupons is performed by FNS directly with such stores. The book value of coupons held in custody by the Department's agent at September 30, 2001 is \$7,403,409.

H. Medicare

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

I. Closure of Landfill

The Department of Public Works (a line agency of the Government of Guam) has not provided a detailed study regarding the closure and post-closure costs of the local solid waste landfill. The Guam Legislature appropriated an amount for the closure of the landfill in fiscal year 1998 of \$4,000,000 under P.L. 24-139. However, no detailed breakdown of the costs associated with the closure and post-closure of the landfill has been provided. Therefore, no liability for any amount has been recorded in the accompanying general purpose financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(3) Commitments and Contingencies, Continued

J. Going Concern

As shown in the accompanying component units – proprietary funds financial statements, the Guam Housing Corporation has incurred an operating loss of \$2,010,812 for the year ended September 30, 2001, and the Corporation's current liabilities exceeded its current assets by \$5,739,000. Delinquent loans receivable totaled \$4,540,609 and the Corporation is subject to having its mortgage revenue bond proceeds redeemed by its Bond Trustees due to non-issuance of loans. As described more fully in Notes 15 and 16 to the financial statements of the Corporation dated April 2, 2002, the Corporation is in default on its approximate \$13,650,000 loan agreement with the Government of Guam and in arrears of approximately \$517,000. On April 30, 2001, the Corporation entered into negotiations for a new loan agreement with the same maturity date, which contains substantially the same restrictive covenants included in the previous loan agreement. However, the new loan agreement has not been executed. All defaults existing at April 30, 2001 were waived by the Government of Guam through January 1, 2004. The Corporation's recovery plan, which was adopted on February 27, 2001 and described in Note 15 to the Corporation's financial statements, contemplates reducing operating losses, reduction of staff, obtaining additional working capital, and the refinancing or restructuring of its existing bank credit agreements. The Corporation's ability to achieve the foregoing elements of its recovery plan, which may be necessary to permit the realization of assets and satisfaction of liabilities in the ordinary course of business, is uncertain. Those conditions raise substantial doubt about the Corporation's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Subsidy transfers from the Government of Guam General Fund to GMHA were \$5,651,175 for the year ended September 30, 2001.

GMHA has recorded operating expenses in excess of operating revenues in 2001. In addition there was a court decision which requires GMHA to remit payment for past due outstanding liabilities to the GovGuam Retirement Fund (see note 12). These conditions raise substantial doubt about GMHA's ability to continue as a going concern without continuing subsidies from the Government of Guam.

The independent auditors for the Guam Housing and Urban Renewal Authority (GHURA) in their report dated May 5, 2002 expressed a contingency that GHURA has expended certain federal grant funds in a manner that may have violated certain restrictive provisions of the related grants. The possible outcome of these matters, which have been reported to appropriate federal officials, is uncertain at this time. Accordingly, no provisions for any liability have been made in the general purpose financial statements for possible federal claims for refunds of those grant monies.

The independent auditors for the Guam Rental Corporation (GRC) in their report dated January 4, 2002 expressed a contingency that GRC recorded donated property at its appraisal value of \$5,230,000. The appraisal value was based upon the property's intended use and future development. Subsequently, management decided to temporarily downsize the development plan. The ultimate outcome of the development on the property on which the appraisal was based cannot presently be determined. Accordingly, no adjustment has been made in the accompanying financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(4) Transfers into the General Fund, Special Revenue Funds, Debt Service Funds, and Expendable Trust Funds

Included within transfers into the General Fund, Special Revenue Funds, Debt Service Funds and Expendable Trust Funds during the year ended September 30, 2001 (with comparative totals for the year ended September 30, 2000), are the following:

	<u>2001</u>	<u>2000</u>
General Fund:		
Territorial Education Facilities Fund	\$ 16,840,739	\$ 16,073,895
Territorial Highway Fund	2,000,000	-
Government House Revolving Fund	4,100	214,517
University of Guam	2,103,975	2,123,515
Village Streets Fund	2,000,000	200,000
Guam Power Authority	133,892	-
Port Authority of Guam	162,332	-
Solid Waste Management Fund	-	1,000,000
DPW Building & Design	365,120	360,980
Police Services	-	301,128
Residential Treatment Fund	-	73,372
Health Professional Licensure Fund	-	88,351
Parks Fund	-	79,005
Guam Contractor's License Fund	-	46,741
Aquaculture Development & Training Fund	34,888	55,140
Veteran's Bonus Fund	246,092	420,026
Firefighter Equipment Replacement Fund	-	49,000
Public Service Recovery Fund	-	50,553
CAHA, CET, CEF Fund	-	43,410
Land for the Landless Fund	26,893	51,743
Housing Revolving Fund	-	396,687
PEALS Fund	94,342	106,879
Overtime Fund	-	199,264
Criminal Injuries Fund	-	44,533
Health and Human Services Fund	-	104,860
Guam Visitors' Bureau	-	47,437
Other various funds	<u>97,861</u>	<u>188,538</u>
	<u>\$ 24,110,234</u>	<u>\$ 22,319,574</u>
Special Revenue Funds:		
Federal Grants Assistance	\$ 42,776,211	\$ 44,783,877
Tourist Attraction Fund	8,909,711	19,193,253
Superior Court Operations Fund	18,124,205	16,120,513
Guam Legislature	9,053,472	7,720,000
Territorial Highway Fund	8,770,148	11,467,674
Public Defender Service Corporation	2,396,495	2,412,478
Rainy Day Fund	2,093,407	-
Off-Island Travel Fund	-	289,914
Abandoned Vehicle and Streetlight Fund	-	1,405,925
Overtime Fund	-	2,273,892
Supreme Court of Guam	<u>1,888,182</u>	<u>1,934,999</u>
	<u>\$ 94,011,831</u>	<u>\$ 107,602,525</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(4) Transfers into the General Fund, Special Revenue Funds, Debt Service Funds, and Expendable Trust Funds, Continued

	<u>2001</u>	<u>2000</u>
Debt Service Funds:		
L.O. Infrastructure Improvement Bonds, 1997 Series A	\$ 20,800,431	\$ 20,229,906
General Obligation Bonds, 1995 Series A	17,998,469	17,999,592
L.O. Highway Bond, 1992 Series A	14,606,451	14,818,419
General Obligation Bonds, 1993 Series A	12,798,843	12,799,998
Voluntary Service/Early out Retirement Fund	5,026,286	-
Water System Revenue Bonds Series 1989	<u>4,613,500</u>	<u>4,612,178</u>
	<u>\$ 75,843,980</u>	<u>\$ 70,460,093</u>
Expendable Trust Funds:		
Government Claims Fund	\$ 988,912	\$ 289,914
Workmen's Compensation Fund	1,150,000	966,380
Off-Island Treatment Fund	2,087,895	1,352,932
Superior Court Trust Fund	<u>2,256,565</u>	<u>1,050,155</u>
	<u>\$ 6,483,372</u>	<u>\$ 3,659,381</u>

(5) Unfunded Retirement Fund Contribution

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

On September 30, 1995, the Government of Guam Retirement Fund Defined Contribution (DC) Plan was established. All employees hired after September 30, 1995 will be participants in the DC plan. The Government of Guam Retirement Fund Defined Benefit (DB) plan will become a closed group.

Participants of the DB plan with less than twenty years of service at September 30, 1995 will have the option to transfer to the DC plan. Participants with over twenty years of service will not have an option to transfer. Transferring employees will have their employee contribution balances with interest transferred to the DC plan. Once participants have elected to transfer, they are no longer eligible for DB plan benefits nor are they allowed to transfer back to the DB plan.

The assumption regarding employees who will elect to transfer is:

1. 6% of participants with less than five years of service as of September 30, 1995 and still active members of the DB plan as of September 30, 1998 will elect to transfer.
2. 3% of participants with between five and twenty years of service as of September 30, 1995 and still active members of the DB plan as of September 30, 1998 will elect to transfer.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(5) Unfunded Retirement Fund Contribution, Continued

The window period for election is the two year period ending September 30, 1999. Therefore, all transfers are assumed to occur prior to September 30, 1999. However, Public Law 25-19 extended the opportunity to transfer to the DC plan to December 31, 1999 and provided an additional incentive to do so. The incentive is an additional transfer of assets from the DB plan to the DC plan equal to 5% of such member's pay for each year of service, with a maximum transfer of 25% of pay. This incentive is applied retroactively to include members who transferred to the DC plan prior to Public Law 25-19.

The latest actuary's report indicates that the Plan has 6,807 active members, 4,640 service retirees, 509 disability retirees, 684 spouse pensioners and 261 child pensioners.

The Plan utilizes the actuarial cost method termed "entry age normal" with an assumed rate of return of 8% and an assumed salary scale increase of 4% per year for longer service employees to 8.5% per year for shorter service employees. The most recent actuarial valuation performed as of September 30, 2000, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

According to the latest actuary's report, the actuarial value of benefits (vested and non-vested) for employees of all funds and agencies participating in the Retirement Plan at September 30, 2000 is \$2,126,149,616. This represents an increase of \$29,532,622 over the previous actuarial valuation performed as of September 30, 1999. The latest actuarial valuation also determined that the Retirement Fund has an unfunded accrued liability which increased from \$750,412,333 at September 30, 1999, to \$777,388,804 at September 30, 2000.

The total (memorandum only) accrued liability on the balance sheet of \$254,710,718 represents only that portion of the total unfunded liability accrued by the component units enterprise funds, college and university funds and the General Fund, and unpaid to the Retirement Fund as of September 30, 2001. This liability, which is also a deferred obligation of the participating funds and agencies, resulted primarily from changes in plan provisions or actuarial assumptions and gains and losses that occur when actual experience differs from the actuarial assumptions, with only a minor change (decrease) in the statutory contribution rate to the Retirement Fund for the employer of 6.77%. Hence, since the government is contributing at a rate less than the required contribution rate of 24.23% and the shortfall in contributions attributable to this decision is estimated to be about \$17.1M, the actuarial survey recommended that this "funding waiver" be amortized over a period of five years to make up for the lack of adequate contributions in past years. The amortization rate of the funding waivers as a percent of payroll is .91% for autonomous agencies and 1.14% for line agencies. Based on the actuarial valuation performed as of September 30, 2000, it is estimated that for the fiscal year ended September 30, 2001, the minimum employer contribution rate is changed to 25.37% of covered payroll for line agencies and 25.14% for autonomous agencies, plus the statutory employee contribution rate of 9.5% of covered payroll which is necessary to fund current retirement costs, to amortize the unfunded liability over 12 years, and to provide for interest on the unfunded accrued liability. The actual funding rate is 18.6% for both the DB and DC plan for line agencies and 19.675% for autonomous agencies. For the DC plan, the difference of 13.6% over the defined contribution rate of 5% is contributed to assist in amortizing the unfunded liability.

In addition, as the result of Public Law 21-03, the University of Guam's and the Guam Community College's unfunded pension liability is now included in the General Long-Term Debt Account group.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(6) Reconciliation of Retained Earnings, Beginning of Year

Governmental Fund Types – General Fund and Special Revenue Funds – Effective October 1, 2000, the Government of Guam adopted GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions.” GASB 33 establishes more uniform revenue recognition criteria and financial reporting standards regarding the timing of recognition of the results of nonexchange transactions involving cash and other financial and capital resources. The provisions of GASB No. 33 were applied to all periods presented. Accordingly, the combined statement of revenues, expenditures and changes in fund balances (deficit) for 2000 has been restated to decrease the general fund deficit at beginning of year by \$33,059,514. Implementation of GASB 33 also impacted the combined balance sheet for the General Fund for the same amount.

Accordingly, the retained earnings, beginning of year, for these fund types do not reconcile to the 2000 ending retained earnings. The following is a reconciliation of retained earnings, beginning of year, to reflect these adjustments:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Ending fund (deficit) earnings at September 30, 2000	\$ (99,832,419)	\$ 29,801,825
Effect of GASB 33	<u>33,059,514</u>	<u>3,051,856</u>
Beginning deficit at September 30, 2001	\$ <u>(66,772,905)</u>	\$ <u>32,853,681</u>

(7) Interfund Transfers

A. Transfers between governmental fund types are normally recorded on a cash basis. Differences may occur between transfers out as recorded by the General Fund and transfers in as recorded by certain component units - proprietary funds due to timing differences which result from the General Fund recording transfers on a cash basis and certain component units - proprietary funds recording transfers when funds are appropriated by the Legislature.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 2001

NOTE 7 - Interfund Transfers, Continued

B. Schedule of Interfund Transfers

	Transfers out of:											Debt Service Funds			Higher Education Fund		TOTAL
	Special Revenue Funds											1992 Series A L.O. Highway Bond Issued	1997 Series A L.O. Infrastructure Improvement Bond Issue	Total	University of Guam	Miscellaneous Transfers	
	General Fund	Tourist Attraction	Territorial Education Facilities	Territorial Highway	Village Streets Fund	Federal Grants Assistance Fund	Veterans' Bonus Fund	DPW Building and Design	Superior Court Operations Fund	Miscellaneous	Total						
Transfers in to:																	
General Fund	\$ -	\$ -	\$ 16,840,739	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 246,092	\$ 365,120	\$ -	\$ 236,449	\$ 21,688,400	\$ -	\$ -	\$ -	\$ 2,103,975	\$ 317,859	\$ 24,110,234
SRF-Federal Grants Assistance Fund	42,776,211	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,776,211
SRF-Tourist Attraction Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,909,711
SRF-Territorial Highway Fund	-	-	-	-	-	-	-	-	-	-	-	8,770,148	-	8,770,148	-	-	8,770,148
SRF-Superior Court	18,124,205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,124,205
SRF-Rainy Day	2,093,407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,093,407
SRF-Guam Legislature	9,053,472	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,053,472
SRF-Supreme Court of Guam	1,888,182	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,888,182
SRF-Public Defender Service Corporation	2,396,495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,396,495
DSF-Revenue Bonds, 1989 Series A	4,613,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,613,500
DSF-Voluntary Separation/Early Retirement	5,026,286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,026,286
DSF-L.O. Highway Bond, 1992 Series A	-	-	-	14,606,451	-	-	-	-	-	-	14,606,451	-	-	-	-	-	14,606,451
DSF-L.O. Infrastructure Improvement Bonds, 1997 Series A	-	20,800,431	-	-	-	-	-	-	-	-	20,800,431	-	-	-	-	-	20,800,431
DSF-General Obligation Bonds, 1993 Series A	12,798,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,798,843
DSF-General Obligation Bonds, 1995 Series A	17,998,469	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,998,469
ETF-Government Claims	988,912	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	988,912
ETF-Workmen's Compensation Fund	1,150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,150,000
ETF-Off-Island Residential Treatment Fund	2,087,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,087,895
ETF-Superior Court Trust Fund	-	-	-	-	-	-	-	-	2,256,565	-	2,256,565	-	-	-	-	-	2,256,565
Miscellaneous Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Governmental and Expendable Trust Funds Transfers In	120,995,877	20,800,431	16,840,739	16,606,451	2,000,000	-	246,092	365,120	2,256,565	236,449	59,351,847	8,770,148	8,909,711	17,679,859	2,103,975	317,859	200,449,417
University of Guam	34,640,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,640,891
Retirement Fund	350,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000
Guam Economic Development Fund	220,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	220,000
Guam Community College	12,720,562	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,720,562
Guam Visitors' Bureau	-	15,276,324	-	-	-	-	-	-	-	-	15,276,324	-	-	-	-	-	15,276,324
Guam Memorial Hospital Authority	-	-	-	-	-	2,073,245	-	-	-	75,000	2,148,245	-	-	-	-	-	2,148,245
Guam Mass Transit Authority	-	-	-	3,312,239	-	-	-	-	-	-	3,312,239	-	-	-	-	-	3,312,239
Guam Waterworks Authority	-	-	-	-	-	2,773,038	-	-	-	-	2,773,038	-	-	-	-	-	2,773,038
Chamorro Land Trust Commission	272,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	272,200
Autonomous Agency-Typhoon Accounts	-	-	-	-	-	3,875,084	-	-	-	-	3,875,084	-	-	-	-	-	3,875,084
U.S. Comptroller/NonProfit Typhoon Accounts	-	-	-	-	-	2,502,378	-	-	-	-	2,502,378	-	-	-	-	-	2,502,378
Miscellaneous Transfers in	68,736	20,500	-	-	-	86,477	-	-	-	(75,000)	31,977	-	-	-	-	-	100,713
Total Transfers Out	\$ 169,268,266	\$ 36,097,255	\$ 16,840,739	\$ 19,918,690	\$ 2,000,000	\$ 11,310,222	\$ 246,092	\$ 365,120	\$ 2,256,565	\$ 236,449	\$ 89,271,132	\$ 8,770,148	\$ 8,909,711	\$ 17,679,859	\$ 2,103,975	\$ 317,859	\$ 278,641,091

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(8) Reconciliation – Budgetary Basis to Accounting Principles Generally Accepted in the United States of America (GAAP) Basis

Differences between the budgetary and GAAP basis of accounting for the following fund balances are shown below:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund deficit – beginning of year	\$ (132,330,689)	\$ (98,034,298)
Effect of GASB 33	33,059,514	3,051,856
Deficiency of revenues and other sources under budgetary expenditures and other uses	(29,807,073)	(6,812,044)
Change in reserve for specific purposes	-	(2,510,644)
Change in encumbrances	(2,258,739)	11,703,858
Change in continuing appropriations	(4,126,711)	(34,444,859)
Change in debt service	11,730,566	-
Change in related assets	<u>-</u>	<u>(4,921,013)</u>
Fund deficit - end of year	\$ <u>(123,733,132)</u>	\$ <u>(131,967,144)</u>

(9) Reserves For Related Assets

Reserves for related assets consist of the following:

General Fund (Miscellaneous)		\$ <u>48,858</u>
Special Revenue Funds:		
Guam Housing Corporation Revolving Fund (Loans)		\$ 13,725,084
Customs & Agriculture Inspection Fund (Receivables)		4,942,114
Farmers and Fisherman Loan Fund (Loans)		125,403
Territorial Educational Facilities Fund (Loans)		33,511
Farmers' Small Loan Revolving Fund (Loans)		13,581
Superior Court Operations (Miscellaneous)		<u>250</u>
		\$ <u>18,839,943</u>
Capital Projects Funds:		
Infrastructure Improvement Bond (Receivables)		\$ <u>1,780,725</u>
Debt Service Funds:		
General Obligation Bonds Series A 1994 (Receivables)		\$ <u>2,070,182</u>
Trust Funds:		
Superior Court Trust Fund		\$ <u>200</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2001

(10) Restricted Assets

As of September 30, 2001, restricted assets are generally as follows:

Component Units - Proprietary Funds

Guam International Airport Authority - Cash and investments held by trustees	\$ 101,172,992
Guam Housing Corporation - Borrower deposits and cash and investments held by trustees	52,482,380
Guam Power Authority - Bond reserve funds held by a trustee	111,110,589
Guam Educational Telecommunications Corporation	505,829
Guam Housing and Urban Renewal Authority – Collateral for loan reserves	720,613
Guam Waterworks Authority	<u>242,110</u>
	\$ <u>266,234,513</u>
<u>Higher Education Funds - Current Funds Restricted</u>	\$ <u>3,239,283</u>

(11) Subsequent Events

The Government of Guam issued the Series 2001A Bonds in December 2001 for the amount of \$76,895,000 which in essence defeased the Water System Revenue bonds Series 1989, paid off a note for the Guam Memorial Hospital Authority, and paid off the note to a local bank for the voluntary separation/early out retirement program.

The Government of Guam also borrowed \$10,000,000 from a local bank for Public Assistance and the Department of Education, executed in September 2002.

The Guam Memorial Hospital Authority was issued an order from a local court to pay for their outstanding liabilities to the GovGuam Retirement fund of approximately \$16,000,000.

In July 2002 there was a major typhoon (Chata'an) that caused major damage to the island of Guam's infrastructure, the final assessment of the dollar value of damage has not been completed as such is still ongoing.

The Guam Memorial Hospital Authority (GMHA) promissory note for \$20,767,568 was paid off in December 2001.

Guam Waterworks Authority (GWA) adhered to its debt plan for \$2,032,907 with its creditor up to January 2002, but made no payments thereafter. On June 21, 2002, the creditor sent GWA an official notice of default of the line of credit agreement. Accordingly, all unpaid principal at September 30, 2001 is classified as current in the accompanying balance sheet.

Another major typhoon (Pongsona) hit the island on December 8, 2002. The determination of the economic impact on the island of Guam's economy from this devastating typhoon has not yet been finalized.

GOVERNMENT OF GUAM

General Fund
Balance Sheet
September 30, 2001
(With Comparative Totals as of September 30, 2000)

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash and equivalents	\$ 38,075,988	\$ 84,064,334
Receivables:		
Income taxes	109,314,705	95,212,518
Gross receipts taxes	63,041,813	51,000,786
Reserve for uncollectible taxes	<u>(72,575,732)</u>	<u>(59,473,870)</u>
Net tax receivables	<u>99,780,786</u>	<u>86,739,434</u>
Receivable from federal agencies	<u>791,324</u>	<u>791,324</u>
Other receivables, net	<u>2,698,380</u>	<u>3,129,966</u>
Interfund receivables, net	<u>128,626,655</u>	<u>89,681,569</u>
Total assets	<u>\$ 269,973,133</u>	<u>\$ 264,406,627</u>
 <u>LIABILITIES AND FUND BALANCE (DEFICIT)</u> 		
Liabilities:		
Bank overdraft	\$ 4,424,560	\$ 4,001,578
Accounts payable	59,376,697	52,752,114
Accrued payroll and other	13,773,365	19,722,139
Interfund payables	28,845,187	30,950,629
Deferred tax revenue	70,176,270	88,073,588
Deferred federal revenue	49,649,611	42,119,630
Provision for tax refunds	98,799,034	95,823,388
Deposits and other liabilities	34,814,091	24,101,684
Vacation leave accrual	<u>6,694,296</u>	<u>6,694,296</u>
Total liabilities	<u>366,553,111</u>	<u>364,239,046</u>
Fund balance (deficit):		
Reserved for:		
Debt service	-	11,730,566
Related assets	48,858	48,858
Encumbrances	14,312,023	12,053,284
Continuing appropriations	12,792,273	8,665,562
Deficit	<u>(123,733,132)</u>	<u>(132,330,689)</u>
Total fund deficit	<u>(96,579,978)</u>	<u>(99,832,419)</u>
Total liabilities and fund deficit	<u>\$ 269,973,133</u>	<u>\$ 264,406,627</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund
Schedule of Revenues By Source
Year Ended September 30, 2001
(With Comparative Totals for the Year Ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes:		
Income	\$ 245,268,594	\$ 271,041,147
Gross receipts	137,394,940	146,488,598
Other	<u>9,525,572</u>	<u>4,013,664</u>
	392,189,106	421,543,409
Section 30 Funds	47,822,700	51,217,063
Licenses, fees and permits	1,861,843	2,106,075
Use of money and property	1,893,732	2,301,461
Federal contributions	1,285,750	1,767,014
Other	<u>1,795,088</u>	<u>1,615,406</u>
Total revenues	<u>\$ 446,848,219</u>	<u>\$ 480,550,428</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund
 Schedule of Budget and Actual Budgetary Expenditures By Function and Department
 Year Ended September 30, 2001
 (With Comparative Totals as of September 30, 2000)

	<u>Budget</u>	<u>2001 Actual</u>	<u>Variance</u>	<u>Actual Expenditures at September 30, 2000</u>
General Government:				
Governor's Office	\$ 6,868,034	\$ 6,861,378	\$ 6,656	\$ 7,734,789
Bureau of Budget and Management Research	1,645,936	1,509,828	136,108	1,248,010
Administration	7,999,284	7,237,755	761,529	8,564,929
Revenue and Taxation	8,444,174	7,752,007	692,167	7,760,628
Public Works	11,534,815	10,880,838	653,977	10,458,719
Civil Service Commission	1,177,583	1,200,232	(22,649)	1,078,482
Land Management	3,150,134	2,854,986	295,148	2,649,546
Total	40,819,960	38,297,024	2,522,936	39,495,103
Protection of life and property:				
Law	5,176,077	4,686,021	490,056	3,879,395
Guam Police Department	19,046,446	18,136,426	910,020	18,083,706
Guam Fire Department	18,727,756	19,574,416	(846,660)	18,314,416
Corrections	13,944,931	13,335,413	609,518	13,976,940
Youth Affairs	3,830,325	3,485,203	345,122	3,075,380
Chief Medical Examiner	414,688	330,434	84,254	297,934
Civil Defense Agency	-	-	-	200,434
Customs and Quarantine	3,689	24,744	(21,055)	-
Total	61,143,912	59,572,657	1,571,255	57,828,205
Public Health:				
Public Health and Social Services	13,678,228	12,577,168	1,101,060	12,328,268
Mental Health and Substance Abuse	7,765,098	6,434,696	1,330,402	5,321,441
Total	21,443,326	19,011,864	2,431,462	17,649,709
Community Services:				
Public Health and Social Services	3,084,246	2,543,530	540,716	2,493,166
Library and Museum	1,371,126	991,284	379,842	778,048
DISID (DVR) Health Planning	3,030,487	2,039,726	990,761	-
CAHA	113,522	113,221	301	70,163
Vocational Rehabilitation	-	-	-	1,714,702
Total	7,599,381	5,687,761	1,911,620	5,056,079
Recreation:				
Parks and Recreation	4,151,519	3,783,866	367,653	4,569,199
Total	4,151,519	3,783,866	367,653	4,569,199

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Expenditures By Function and Department, Continued
 Year Ended September 30, 2001
 (With Comparative Totals as of September 30, 2000)

	Budget	2001 Actual	Variance	Actual Expenditures at September 30, 2000
Individual and Collective Rights:				
Labor	2,518,103	1,991,821	526,282	2,102,284
Election Commission	814,874	619,225	195,649	763,692
Mayors' Council	8,515,617	7,231,390	1,284,227	6,066,719
Guam Veterans Affairs	-	-	-	-
Human Resources Development	131,720	262,666	(130,946)	55,214
Military Affairs	1,057,338	985,437	71,901	562,199
Chamoru Affairs/Guam Museum	1,060,117	1,034,532	25,585	695,831
Women's Affairs	-	1,859	(1,859)	-
Commission on Self-Determination	452,142	285,910	166,232	410,590
Total	14,549,911	12,412,840	2,137,071	10,656,529
Transportation:				
Public Works	3,068,879	2,767,586	301,293	2,779,300
Total	3,068,879	2,767,586	301,293	2,779,300
Public Education:				
Public Works	5,590,486	5,481,324	109,162	5,569,965
Guam Educational Tel. Corp.	553,861	530,579	23,282	790,293
Education	156,631,553	151,729,767	4,901,786	158,602,980
Chamorro Language Commission	12,619	38,448	(25,829)	37,734
Total	162,788,519	157,780,118	5,008,401	165,000,972
Environmental Protection:				
Public Works	263,509	25,980	237,529	898,040
Guam Environmental Protection Agency	610,137	377,220	232,917	21,870
Total	873,646	403,200	470,446	919,910
Economic Development:				
Commerce	2,198,654	1,745,362	453,292	1,710,681
Agriculture	2,324,092	2,256,349	67,743	1,834,404
Bureau of Planning	974,471	915,119	59,352	744,106
Total	5,497,217	4,916,830	580,387	4,289,191
Transfers To Persons	26,358,183	20,682,376	5,675,807	22,242,616
Capital Projects	1,483,052	366,755	1,116,297	4,359,598
Other expenditures	-	8,006,173	(8,006,173)	-
Interest and fiscal charges	-	1,950,065	(1,950,065)	1,742,705
Total expenditures	\$ 349,777,505	\$ 335,639,115	\$ 14,138,390	\$ 336,589,116

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
September 30, 2001

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of the Government's Special Revenue Funds as of September 30, 2001, follows.

Federal Grants Assistance Fund - This fund accounts for all activities of special federal assistance grants and contracts utilized by the Government of Guam to finance general government operations. This fund does not account for any special federal assistance for construction-type grants. Instead, such activity is encompassed within the Capital Projects Fund.

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

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

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

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

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

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

Abandoned Vehicle and Streetlight Fund - This fund is maintained to defray the cost of street lights and to fund the removal of abandoned vehicles. Funding of these programs is provided from a five dollar annual vehicle registration fee and local appropriations.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

Territorial Educational Facilities Fund (TEF) - TEF was established by P.L. 22-19 (as amended by P.L. 23-14) to account for all real property tax revenues received by or on behalf of the Government of Guam. These revenues are used for the debt service payments of the General Obligation Bonds, 1993 Series A and 1995 Series A. Such real property tax collections are not pledged to the payment of the general obligation bonds.

Tourist Attraction Fund - This fund was established to finance the improvement of the physical facilities of Guam's parks and recreation areas. Financing is provided by the imposition of a 10 percent tax on lodging provided to transients.

Veterans' Bonus Fund - This fund is maintained to pay benefits to Guam's veterans and Civil Scouts whose service was inadequately recognized. Funding is provided both from Government contributions and taxes imposed on greyhound racing. Revenue provided under this fund is appropriated under P.L. 20-196 to the University of Guam as an additional source of funding to prevent any proposed tuition increase.

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

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

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

Parks Fund - This fund was established by P.L. 16-44 for the development, improvement and maintenance of the Guam Territorial Park System. Expenditures are authorized and made by appropriations from the Legislature.

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

Typhoon Paka Emergency Fund – This fund was created under P.L. 24-117 to respond to the emergency needs of the people of Guam in the wake of the devastation of Supertyphoon Paka. This act appropriated funds that was considered necessary to meet the emergency recovery needs of Guam resulting from Supertyphoon Paka which struck the island on December 16, 1997.

Safe Streets Fund - This fund was established under Public Law 22-41 and created within the Superior Court of Guam. This fund shall be maintained separate and apart from the other funds of the Superior Court. All fines collected for any of the acts made unlawful under Subsections 18102, 18109, 18111, 18120, and 18121 of Title 16, Guam Code Annotated and for which punishment is prescribed, shall be deposited into this fund. Upon the accumulation of \$300,000 in the fund and upon notification from the Administrative Director of the Superior Court, the Director of the Department of Corrections may encumber and draw down money for the purpose of designing and constructing minimum security facilities for use primarily to incarcerate those persons convicted of misdemeanors and persons convicted of acts unlawful under Article 1 of Chapter 18 of Title 16, Guam Code Annotated.

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

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

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

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

Litter Control Revolving Fund - This fund was established by P.L. 17-87. The administrator of the Guam Environmental Protection Agency is responsible for the Fund's activities. All fines, assessments, bail forfeitures and other funds collected from violation of Territorial litter laws are deposited into this Fund. Expenditures made from the Fund are authorized for enforcement of the litter laws, educational programs, and clean-up of public areas. The requirements of the fund are described in Section 51204, 10 GCA Chapter 51, Article 2.

Recreation Revolving Fund - This fund was established by Executive Order 76-30 for the purpose of implementing the recreational sports program established by the Department of Parks and Recreation. Revenues are generated from registration fees of team participants. Expenditures are authorized for the purchase of trophies, awards, and fees paid to umpires and referees.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

GSA Liquidated Damages Fund - This fund was established by Executive Order 86-24 for the purchase of materials and other equipment necessary to support the procurement process. Revenue for this fund is provided by photocopying charges for bid documents and liquidated damages assessed vendors for delay or failure in the delivery of items ordered or in the performance of specific services.

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

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

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

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

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

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

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

Aquaculture Development and Training Fund - This fund was established by Executive Order 88-023 to cover the costs associated with production relating to the Aquaculture Development and Training Center. Revenues for this fund are generated from the sale of the Center's products, leased equipment and facilities and service fees. The fund is administered by the Department of Commerce.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

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

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

Farmers' and Fishermen's Loan Revolving Fund - This fund was established under P.L. 20-105 to grant loans to Farmers and Fishermen not to exceed \$50,000 and not to exceed 4% interest per annum per individual. The loans shall be used for improvement of farm lands and farming and fishing operating expenditures. Payments of principal and interest on the loans shall be deposited to the Fund.

Guam Museum Fund - This fund was established by Public Law 21-118 to provide benefits to Museum facility expansion and improvements. All revenues and other property of the Guam Museum are exempt from taxation by the Government of Guam. All donations to the Museum shall be tax deductible to the donors. The Board of Trustees of the Museum shall administer this fund.

Guam Environmental Trust Fund - This fund was established through Public Law 21-10. The fund is administered by the Guam Environment Protection Agency and was established to clean up hazardous materials and to restore and repair damage to the environment. Revenues are generated through collection of a 2% assessment fee on all commercial and industrial liability insurance premiums which will be collected by the Department of Revenue and Taxation.

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

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

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

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

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

1999 SPG Revolving Fund - This fund was established under Public Law 25-01 for planning, conducting and hosting the 1999 South Pacific Games. Disbursement of funds shall take a majority vote of the SPG Commission.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

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

Public Defender Service Corporation (PDSC) - PDSC was established to provide legal service to indigents in civil and criminal matters under P.L. 11-128 as amended. PDSC is governed by a board of trustees, whose members are set by law. Funding is provided through General Fund appropriations.

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

Superior Court Operations Fund - During 1984, the Superior Court of Guam was legally established as a separate special revenue fund. Funding is provided primarily through General Fund appropriations.

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

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

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

Health and Human Services Fund – This fund was established by P.L. 24-174 for settlements received from the tobacco industry.

Komitea Para Tiyan – This fund was established by Public Law 23-46 for the purpose of collecting proceeds from lease fees or rental of equipment and facilities within NAS. Money collected shall be used only for payment of utility expenses incurred by the common areas of Tiyan and not only for utility expenses incurred by any department or agency.

Off-Island Travel Fund – This fund was created by Public Law 25-98 Section 24, for the purpose of paying for off-island travel expenses incurred within the Executive Branch agencies, which are directly supported by the General Fund. The fund does not support off-island travel expenses incurred by autonomous agencies. Disbursements of the fund are determined by the Governor.

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 2001

Overtime Fund – This fund was created by Public Law 25-98 Section 23, for the purpose of paying for overtime expenses incurred within the Executive Branch agencies, which are directly supported by the General Fund. The fund does not support overtime expenses incurred by the autonomous agencies. Disbursements of overtime fund are determined by the Governor.

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

Carrier Off-Duty Services Revolving Fund – This fund was established by Public Law 25-138. Charges from this fund are from services performed by Customs and Quarantine Officers, in the performance of their duties on any day of the week upon special request by the Director of Customs and Quarantine, on Sundays, holidays, or between the hours of 5:00 p.m. of any other day and 6:00 a.m. of the following day when services are required.

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

Coastal Zone Management Fund – The fund was established by Executive Order 93-04 to defray costs for the Eleventh Pacific Basin Coastal Zone Management Conference hosted by the Bureau of Planning. Revenues are generated from the registration fees from participants of the conference.

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

Rainy Day Fund - This fund was established by Public Law 22-24 to reduce the accumulated general fund deficit.

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

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

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

Supreme Court of Guam – The fund was established by Public Law 21-147 as an independent judicial branch of the Government of Guam. The Supreme Court of Guam was established to determine the appropriate procedures for reviewing decisions rendered by the Superior Court of Guam. Funding is provided primarily through Government of Guam General Fund appropriations.

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued
September 30, 2001

Youth Tobacco Education Fund – This fund was established by Public Law 25-187 to be utilized by the Department of Mental Health and Substance Abuse, for youth compliance monitoring and tobacco and drug prevention and education programs.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Balance Sheet
September 30, 2001
(With Comparative Totals as of September 30, 2000)

	Federal Grants	Notary Public Revolving	StripperWell Overcharge	Exxon Fuel Overcharge	Southern Community Health Center	D.O.D. Contract	Housing Revolving	Abandoned Vehicle and Streetlight	Wildlife Conservation	Territorial Educational Facilities	Tourist Attraction (Unaudited)
ASSETS											
Cash and equivalents	\$ 2,600,192	\$ -	\$ 648,389	\$ 1,276,015	\$ -	\$ 1,764,187	\$ -	\$ -	\$ -	\$ 1,128,501	\$ -
Taxes receivable, net	-	-	-	-	-	-	-	-	-	1,282,469	1,278,429
Receivables, net	-	-	-	-	463,080	-	559,963	-	-	33,511	-
Receivables from federal agencies	44,757,181	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	890,950	-	-	-	244,209	-	-	117,490	174,833	-	8,921,603
Inventories	7,403,409	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
	<u>55,651,732</u>	<u>-</u>	<u>648,389</u>	<u>1,276,015</u>	<u>707,289</u>	<u>1,764,187</u>	<u>559,963</u>	<u>117,490</u>	<u>174,833</u>	<u>2,444,481</u>	<u>10,200,032</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 55,651,732</u>	<u>\$ -</u>	<u>\$ 648,389</u>	<u>\$ 1,276,015</u>	<u>\$ 707,289</u>	<u>\$ 1,764,187</u>	<u>\$ 559,963</u>	<u>\$ 117,490</u>	<u>\$ 174,833</u>	<u>\$ 2,444,481</u>	<u>\$ 10,200,032</u>
LIABILITIES AND FUND EQUITY (DEFICIENCY)											
Accounts payable	\$ 231,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,187
Accrued payroll and other	-	-	-	-	-	-	-	117,490	-	-	2,109,139
Interfund payables	37,425,400	-	37,289	106,932	-	659,024	603,713	-	-	1,112,216	8,399,636
Payable to federal agencies	10,290,225	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	7,403,409	-	-	-	-	402,139	-	-	-	1,094,394	178,139
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	301,424	-	-	-	-	748	7,717	-	-	-	-
Total liabilities	<u>55,651,732</u>	<u>-</u>	<u>37,289</u>	<u>106,932</u>	<u>-</u>	<u>1,061,911</u>	<u>611,430</u>	<u>117,490</u>	<u>-</u>	<u>2,206,610</u>	<u>10,703,101</u>
Fund equity:											
Contributed capital:											
Fund balances											
Reserved for:											
Specific purposes	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	33,511	-
Encumbrances	27,617,636	-	6,565	132,433	297,675	241,595	318	-	6,082	-	88,676
Continuing appropriations	95,081,928	-	545,671	1,036,537	763,695	580,319	-	-	79,555	-	132,344
Unreserved (deficit)	<u>(122,699,564)</u>	<u>-</u>	<u>58,864</u>	<u>113</u>	<u>(354,081)</u>	<u>(119,638)</u>	<u>(51,785)</u>	<u>-</u>	<u>89,196</u>	<u>204,360</u>	<u>(724,089)</u>
Total fund equity (deficiency)	<u>-</u>	<u>-</u>	<u>611,100</u>	<u>1,169,083</u>	<u>707,289</u>	<u>702,276</u>	<u>(51,467)</u>	<u>-</u>	<u>174,833</u>	<u>237,871</u>	<u>(503,069)</u>
Total liabilities and fund equity (deficiency)	<u>\$ 55,651,732</u>	<u>\$ -</u>	<u>\$ 648,389</u>	<u>\$ 1,276,015</u>	<u>\$ 707,289</u>	<u>\$ 1,764,187</u>	<u>\$ 559,963</u>	<u>\$ 117,490</u>	<u>\$ 174,833</u>	<u>\$ 2,444,481</u>	<u>\$ 10,200,032</u>

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Federal Grants	Notary Public Revolving	StripperWell Overcharge	Exxon Fuel Overcharge	Southern Community Health Center	D.O.D. Contract	Housing Revolving	Abandoned Vehicle and Streetlight	Wildlife Conservation	Territorial Educational Facilities	Tourist Attraction (Unaudited)
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,914,600	\$ 20,182,661
Licenses, fees and permits	-	9,171	-	-	869,222	-	-	957,296	47,026	-	-
Use of money and property	37,338	-	65,682	38,261	-	-	220,862	-	-	-	43,407
Federal contributions	88,283,086	-	-	-	-	45,897	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	88,320,424	9,171	65,682	38,261	869,222	45,897	220,862	957,296	47,026	16,914,600	20,226,068
Expenditures:											
General government	11,464,080	-	-	-	-	-	272,647	-	-	-	-
Protection of life and property	12,273,092	-	-	-	-	-	-	-	-	-	-
Public health	3,936,612	-	-	-	709,420	-	-	-	-	-	-
Community services	21,699,906	-	-	-	-	-	-	1,517,490	-	-	-
Recreation	186,718	-	-	-	-	-	-	-	-	-	433,542
Individual and collective rights	4,610,946	-	-	-	-	-	-	-	-	-	-
Transportation	14,501,256	-	-	-	-	-	-	-	-	-	-
Public education	580,213	-	-	-	-	281,167	-	-	-	-	-
Environmental protection	3,827,879	-	2,472	25,937	-	-	-	-	31,260	-	-
Economic development	3,812,362	-	-	-	-	-	-	-	-	-	-
Transfers to persons	42,883,031	-	-	-	-	-	-	-	-	-	-
Total expenditures	119,776,095	-	2,472	25,937	709,420	281,167	272,647	1,517,490	31,260	-	433,542
Excess (deficiency) of revenues over (under) expenditures	(31,455,671)	9,171	63,210	12,324	159,802	(235,270)	(51,785)	(560,194)	15,766	16,914,600	19,792,526
Other financing sources (uses):											
Transfers in	42,776,211	-	-	-	-	-	-	-	-	-	8,909,711
Transfers out	(11,310,222)	(9,171)	-	-	-	-	-	-	-	(16,840,739)	(36,097,255)
Other sources	-	-	-	-	-	-	-	-	-	-	-
Other uses	(144,803)	-	(761)	-	-	-	-	-	-	-	(19,322)
Total other financing sources (uses), net	31,321,186	(9,171)	(761)	-	-	-	-	-	-	(16,840,739)	(27,206,866)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(134,485)	-	62,449	12,324	159,802	(235,270)	(51,785)	(560,194)	15,766	73,861	(7,414,340)
Fund balances (deficit) at beginning of year	134,485	-	548,651	1,156,759	547,487	937,546	318	560,194	159,067	164,010	6,911,271
Fund balances (deficit) at end of year	\$ -	\$ -	\$ 611,100	\$ 1,169,083	\$ 707,289	\$ 702,276	\$ (51,467)	\$ -	\$ 174,833	\$ 237,871	\$ (503,069)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Balance Sheet, Continued
 September 30, 2001
 (With Comparative Totals as of September 30, 2000)

	Veterans' Bonus	Territorial Highway (Unaudited)	Land for the Landless	Plant Nursery Revolving	Parks	Contractors' License Board	DOC Inmate Revolving	Professional Engineers' Architects' and Surveyors'	Typhoon Paka Emergency	Safe Streets Act Fund	Individuals w/ Disabilities Disaster Recovery	Chamorro Language Commission
ASSETS												
Cash and equivalents	\$ -	\$ 2,744,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable, net	76,800	8,141,990	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	125,720	-	-	-	236,169	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	300,001	10,766,471	-	5,609	-	63,869	597,950	8,521	850,140	332,609	100,000	2,936
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
	<u>376,801</u>	<u>21,652,782</u>	<u>125,720</u>	<u>5,609</u>	<u>-</u>	<u>63,869</u>	<u>834,119</u>	<u>8,521</u>	<u>850,140</u>	<u>332,609</u>	<u>100,000</u>	<u>2,936</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 376,801</u>	<u>\$ 21,652,782</u>	<u>\$ 125,720</u>	<u>\$ 5,609</u>	<u>\$ -</u>	<u>\$ 63,869</u>	<u>\$ 834,119</u>	<u>\$ 8,521</u>	<u>\$ 850,140</u>	<u>\$ 332,609</u>	<u>\$ 100,000</u>	<u>\$ 2,936</u>
LIABILITIES AND FUND EQUITY												
Accounts payable	\$ -	\$ 19,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	290,267	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	5,190,136	-	-	15,819	-	890,950	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	76,800	7,033,214	125,720	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	14,667,171	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	2,936
Total liabilities	<u>76,800</u>	<u>27,199,838</u>	<u>125,720</u>	<u>-</u>	<u>15,819</u>	<u>-</u>	<u>890,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,936</u>
Fund equity:												
Contributed capital:												
Fund balances												
Reserved for:												
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	1,222,745	-	-	-	22,434	297,352	8,521	850,140	13,246	-	-
Continuing appropriations	300,001	640,174	-	5,609	-	82,399	-	-	-	320,305	-	-
Unreserved (deficit)	-	(7,409,975)	-	-	(15,819)	(40,964)	(354,183)	-	-	(942)	100,000	-
Total fund equity	<u>300,001</u>	<u>(5,547,056)</u>	<u>-</u>	<u>5,609</u>	<u>(15,819)</u>	<u>63,869</u>	<u>(56,831)</u>	<u>8,521</u>	<u>850,140</u>	<u>332,609</u>	<u>100,000</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 376,801</u>	<u>\$ 21,652,782</u>	<u>\$ 125,720</u>	<u>\$ 5,609</u>	<u>\$ -</u>	<u>\$ 63,869</u>	<u>\$ 834,119</u>	<u>\$ 8,521</u>	<u>\$ 850,140</u>	<u>\$ 332,609</u>	<u>\$ 100,000</u>	<u>\$ 2,936</u>

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit), Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Veterans' Bonus	Territorial Highway (Unaudited)	Land for the Landless	Plant Nursery Revolving	Parks	Contractors' License Board	DOC Inmate Revolving	Professional Engineers' Architects' and Surveyors'	Typhoon Paka Emergency	Safe Streets Act Fund	Individuals w/ Disabilities Disaster Recovery	Chamorro Language Commission
Revenues:												
Taxes	\$ 546,093	\$ 10,192,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	4,402,917	-	-	65,181	306,215	-	150,820	-	96,000	-	-
Use of money and property	-	172,228	26,894	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	18,788	-	-	3,624,030	-	-	-	-	-
Total revenues	546,093	14,767,150	26,894	18,788	65,181	306,215	3,624,030	150,820	-	96,000	-	-
Expenditures:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	3,057,800	-	-	26,953	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	81,000	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	253,999	-	54,971	-	-	-	-
Transportation	-	8,458,381	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	8,458,381	-	-	81,000	253,999	3,057,800	54,971	-	26,953	-	-
Excess (deficiency) of revenues over (under) expenditures	546,093	6,308,769	26,894	18,788	(15,819)	52,216	566,230	95,849	-	69,047	-	-
Other financing sources (uses):												
Transfers in	-	8,770,148	-	-	-	-	-	-	-	-	-	-
Transfers out	(246,092)	(19,918,690)	(26,894)	(20,546)	-	-	-	(94,342)	(112)	-	-	-
Other sources	-	373,816	-	-	-	-	-	-	-	-	-	-
Other uses	-	(692,445)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(246,092)	(11,467,171)	(26,894)	(20,546)	-	-	-	(94,342)	(112)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	300,001	(5,158,402)	-	(1,758)	(15,819)	52,216	566,230	1,507	(112)	69,047	-	-
Fund balances (deficit) at beginning of year	-	(388,654)	-	7,367	-	11,653	(623,061)	7,014	850,252	263,562	100,000	-
Fund balances (deficit) at end of year	\$ 300,001	\$ (5,547,056)	\$ -	\$ 5,609	\$ (15,819)	\$ 63,869	\$ (56,831)	\$ 8,521	\$ 850,140	\$ 332,609	\$ 100,000	\$ -

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 2001
(With Comparative Totals as of September 30, 2000)

	Printing Revolving	Land Survey Revolving	Litter Control Revolving	Recreation Revolving	General Services Agency	Village Streets	Manpower Development	Customs, Agriculture and Quarantine Inspection	Guam Housing Corporation Revolving	DPW Building and Design	Accessible Parking	Government House Revolving
ASSETS												
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,194,998	\$ 992,303	\$ 6,573,959	\$ -	\$ -	\$ -	\$ 1,531
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-	4,942,114	13,725,084	-	-	99
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	-	859,822	14,838	96,166	17,549	-	-	-	-	24,640	4,506	15,016
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>859,822</u>	<u>14,838</u>	<u>96,166</u>	<u>17,549</u>	<u>2,194,998</u>	<u>992,303</u>	<u>11,516,073</u>	<u>13,725,084</u>	<u>24,640</u>	<u>4,506</u>	<u>16,646</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 859,822</u>	<u>\$ 14,838</u>	<u>\$ 96,166</u>	<u>\$ 17,549</u>	<u>\$ 2,194,998</u>	<u>\$ 992,303</u>	<u>\$ 11,516,073</u>	<u>\$ 13,725,084</u>	<u>\$ 24,640</u>	<u>\$ 4,506</u>	<u>\$ 16,646</u>
LIABILITIES AND FUND EQUITY												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	5,013,397	1,072,198	5,908,676	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	21,617	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	62,685	36,828	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,013,397</u>	<u>1,156,500</u>	<u>5,945,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:												
Contributed capital:												
Fund balances												
Reserved for:												
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	4,942,114	13,725,084	-	-	-
Encumbrances	-	121,277	6,436	20,005	1,122	101,974	12,935	370,215	-	-	-	12,831
Continuing appropriations	-	291,276	8,402	79,803	43,985	537,497	139,413	-	-	24,640	5,422	3,815
Unreserved (deficit)	<u>-</u>	<u>447,269</u>	<u>-</u>	<u>(3,642)</u>	<u>(27,558)</u>	<u>(3,457,870)</u>	<u>(316,545)</u>	<u>258,240</u>	<u>-</u>	<u>-</u>	<u>(916)</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>859,822</u>	<u>14,838</u>	<u>96,166</u>	<u>17,549</u>	<u>(2,818,399)</u>	<u>(164,197)</u>	<u>5,570,569</u>	<u>13,725,084</u>	<u>24,640</u>	<u>4,506</u>	<u>16,646</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 859,822</u>	<u>\$ 14,838</u>	<u>\$ 96,166</u>	<u>\$ 17,549</u>	<u>\$ 2,194,998</u>	<u>\$ 992,303</u>	<u>\$ 11,516,073</u>	<u>\$ 13,725,084</u>	<u>\$ 24,640</u>	<u>\$ 4,506</u>	<u>\$ 16,646</u>

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit), Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	<u>Printing Revolving</u>	<u>Land Survey Revolving</u>	<u>Litter Control Revolving</u>	<u>Recreation Revolving</u>	<u>General Services Agency</u>	<u>Village Streets</u>	<u>Manpower Development</u>	<u>Customs, Agriculture and Quarantine Inspection</u>	<u>Guam Housing Corporation Revolving</u>	<u>DPW Building and Design</u>	<u>Accessible Parking</u>	<u>Government House Revolving</u>
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	590,965	-	85,402	-	-	105,270	9,796,927	-	389,760	-	4,100
Use of money and property	-	-	-	-	-	103,902	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	8,246	-	10,482	-	157	-	-	-	-	-	125	-
Total revenues	8,246	590,965	10,482	85,402	157	103,902	105,270	9,796,927	-	389,760	125	4,100
Expenditures:												
General government	-	180,610	-	-	-	-	-	-	-	-	-	316
Protection of life and property	-	-	-	-	-	-	-	7,131,886	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	29,798	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	1,116,355	163,381	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	180,610	-	29,798	-	1,116,355	163,381	7,131,886	-	-	-	316
Excess (deficiency) of revenues over (under) expenditures	8,246	410,355	10,482	55,604	157	(1,012,453)	(58,111)	2,665,041	-	389,760	125	3,784
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(8,246)	-	(5,980)	-	-	(2,000,000)	-	-	-	(365,120)	-	(4,100)
Other sources	-	-	-	-	-	297,729	-	-	-	-	-	-
Other uses	-	-	-	-	-	(15,891)	-	-	-	-	-	-
Total other financing sources (uses), net	(8,246)	-	(5,980)	-	-	(1,718,162)	-	-	-	(365,120)	-	(4,100)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	410,355	4,502	55,604	157	(2,730,615)	(58,111)	2,665,041	-	24,640	125	(316)
Fund balances (deficit) at beginning of year	-	449,467	10,336	40,562	17,392	(87,784)	(106,086)	2,905,528	13,725,084	-	4,381	16,962
Fund balances (deficit) at end of year	\$ -	\$ 859,822	\$ 14,838	\$ 96,166	\$ 17,549	\$ (2,818,399)	\$ (164,197)	\$ 5,570,569	\$ 13,725,084	\$ 24,640	\$ 4,506	\$ 16,646

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 2001
(With Comparative Totals as of September 30, 2000)

	<u>Aquaculture Development and Training</u>	<u>Health Professional Licensure</u>	<u>Air Pollution Control Fund</u>	<u>Farmers' and Fishermen's Loan Revolving</u>	<u>Guam Museum Fund</u>	<u>Guam Environmental Trust</u>	<u>Drivers' Education</u>	<u>Consumer Protection</u>	<u>Autonomous Agency Infrastructure Collections Fund</u>	<u>Farmers Small Loan Revolving</u>	<u>Taguag Memorial Cemetery</u>	<u>1999 SPG Revolving</u>
ASSETS												
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,012
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	125,403	-	-	-	-	-	13,581	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	43,947	65,776	82,082	-	-	550,971	154,423	5,480	460	3,053	-	76,924
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	8,066
	<u>43,947</u>	<u>65,776</u>	<u>82,082</u>	<u>125,403</u>	<u>-</u>	<u>550,971</u>	<u>154,423</u>	<u>5,480</u>	<u>460</u>	<u>16,634</u>	<u>-</u>	<u>177,002</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>43,947</u>	\$ <u>65,776</u>	\$ <u>82,082</u>	\$ <u>125,403</u>	\$ <u>-</u>	\$ <u>550,971</u>	\$ <u>154,423</u>	\$ <u>5,480</u>	\$ <u>460</u>	\$ <u>16,634</u>	\$ <u>-</u>	\$ <u>177,002</u>
LIABILITIES AND FUND EQUITY												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	-	2,185	-	-	-	18,023	175,591
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	152,218	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	<u>154,403</u>	-	-	<u>221</u>	<u>18,023</u>	<u>175,591</u>
Fund equity:												
Contributed capital:												
Fund balances												
Reserved for:												
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	125,403	-	-	-	-	-	13,581	-	-
Encumbrances	3,399	-	-	-	-	89,692	-	135	-	-	-	1,411
Continuing appropriations	40,548	65,776	6,250	-	-	265,745	-	5,480	-	-	34,876	-
Unreserved (deficit)	-	-	75,832	-	-	195,534	20	(135)	460	2,832	(52,899)	-
Total fund equity	<u>43,947</u>	<u>65,776</u>	<u>82,082</u>	<u>125,403</u>	<u>-</u>	<u>550,971</u>	<u>20</u>	<u>5,480</u>	<u>460</u>	<u>16,413</u>	<u>(18,023)</u>	<u>1,411</u>
Total liabilities and fund equity	\$ <u>43,947</u>	\$ <u>65,776</u>	\$ <u>82,082</u>	\$ <u>125,403</u>	\$ <u>-</u>	\$ <u>550,971</u>	\$ <u>154,423</u>	\$ <u>5,480</u>	\$ <u>460</u>	\$ <u>16,634</u>	\$ <u>-</u>	\$ <u>177,002</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit), Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Aquaculture Development and Training	Health Professional Licensure	Air Pollution Control Fund	Farmers' and Fishermen's Loan Revolving	Guam Museum Fund	Guam Environmental Trust	Drivers' Education	Consumer Protection	Autonomous Agency Infrastructure Collections Fund	Farmers Small Loan Revolving	Taguag Memorial Cemetery	1999 SPG Revolving
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	84,884	-	-	1,478	166,609	-	-	-	-	19,191	-
Use of money and property	47,799	-	-	1,324	-	-	-	-	-	202	-	3,126
Federal contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	45,665	-	-	-	-	-	-	-	-	-
Total revenues	47,799	84,884	45,665	1,324	1,478	166,609	-	-	-	202	19,191	3,126
Expenditures:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	20,375	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	4,183	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,183	-	-	-	-	20,375	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	43,616	84,884	45,665	1,324	1,478	146,234	-	-	-	202	19,191	3,126
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(34,888)	(19,108)	-	(4,036)	(1,478)	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	-	-	-	-	(3,126)
Total other financing sources (uses), net	(34,888)	(19,108)	-	(4,036)	(1,478)	-	-	-	-	-	-	(3,126)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	8,728	65,776	45,665	(2,712)	-	146,234	-	-	-	202	19,191	-
Fund balances (deficit) at beginning of year	35,219	-	36,417	128,115	-	404,737	20	5,480	460	16,211	(37,214)	1,411
Fund balances (deficit) at end of year	\$ 43,947	\$ 65,776	\$ 82,082	\$ 125,403	\$ -	\$ 550,971	\$ 20	\$ 5,480	\$ 460	\$ 16,413	\$ (18,023)	\$ 1,411

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 2001
(With Comparative Totals as of September 30, 2000)

	Police Services	Firefighter Equipment Replacement Fund	Public Defender	Board of Accountancy	Dededo Buffer Strip Revolving	Public Service Recovery	Health & Human Services	Komitea Para Tiyan	Off-Island Travel	Overtime	Enhanced 911 Emergency
ASSETS											
Cash and equivalents	\$ -	\$ -	\$ 660,021	\$ -	\$ -	\$ -	\$ 2,742,736	\$ -	\$ -	\$ -	\$ -
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	12,445	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	-	19,348	-	550,030	113,634	134,890	-	-	22,510	-	992,620
Inventories	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>19,348</u>	<u>660,021</u>	<u>550,030</u>	<u>113,634</u>	<u>147,335</u>	<u>2,742,736</u>	<u>-</u>	<u>22,510</u>	<u>-</u>	<u>992,620</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 19,348</u>	<u>\$ 660,021</u>	<u>\$ 550,030</u>	<u>\$ 113,634</u>	<u>\$ 147,335</u>	<u>\$ 2,742,736</u>	<u>\$ -</u>	<u>\$ 22,510</u>	<u>\$ -</u>	<u>\$ 992,620</u>
LIABILITIES AND FUND EQUITY											
Accounts payable	\$ -	\$ -	\$ 299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	228,916	-	-	-	-	-	-	-	-
Interfund payables	171,397	-	-	-	-	-	232,092	145,875	-	580,801	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	6,182	-	-	-	-	-	1,950	-	-
Total liabilities	<u>171,397</u>	<u>-</u>	<u>235,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,092</u>	<u>145,875</u>	<u>1,950</u>	<u>580,801</u>	<u>-</u>
Fund equity:											
Contributed capital:											
Fund balances											
Reserved for:											
Specific purposes	-	-	-	-	-	-	2,510,644	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	28,320	378,257	-	12,062	-	17,584	-	-	3,664
Continuing appropriations	123	19,348	952	44,468	633	135,363	-	-	289,914	1,566,091	37,004
Unreserved (deficit)	<u>(171,520)</u>	<u>-</u>	<u>395,352</u>	<u>127,305</u>	<u>113,001</u>	<u>(90)</u>	<u>-</u>	<u>(163,459)</u>	<u>(269,354)</u>	<u>(2,146,892)</u>	<u>951,952</u>
Total fund equity	<u>(171,397)</u>	<u>19,348</u>	<u>424,624</u>	<u>550,030</u>	<u>113,634</u>	<u>147,335</u>	<u>2,510,644</u>	<u>(145,875)</u>	<u>20,560</u>	<u>(580,801)</u>	<u>992,620</u>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 19,348</u>	<u>\$ 660,021</u>	<u>\$ 550,030</u>	<u>\$ 113,634</u>	<u>\$ 147,335</u>	<u>\$ 2,742,736</u>	<u>\$ -</u>	<u>\$ 22,510</u>	<u>\$ -</u>	<u>\$ 992,620</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit), Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	<u>Police Services</u>	<u>Firefighter Equipment Replacement Fund</u>	<u>Public Defender</u>	<u>Board of Accountancy</u>	<u>Dededo Buffer Strip Revolving</u>	<u>Public Service Recovery</u>	<u>Health & Human Services</u>	<u>Komitea Para Tiyan</u>	<u>Off-Island Travel</u>	<u>Overtime</u>	<u>Enhanced 911 Emergency</u>
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	288,479	-	-	597,476	-	-	-	-	-	-	767,090
Use of money and property	-	-	-	-	8,590	-	11,854	-	-	-	-
Federal contributions	-	-	43,375	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	288,479	-	43,375	597,476	8,590	-	11,854	-	-	-	767,090
Expenditures:											
General government	-	-	-	552,414	-	-	-	-	-	580,801	-
Protection of life and property	459,876	-	-	-	-	-	-	-	-	-	140,754
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	2,333,675	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	459,876	-	2,333,675	552,414	-	-	-	-	-	580,801	140,754
Excess (deficiency) of revenues over (under) expenditures	(171,397)	-	(2,290,300)	45,062	8,590	-	11,854	-	-	(580,801)	626,336
Other financing sources (uses):											
Transfers in	-	-	2,396,495	-	-	-	-	-	-	-	-
Transfers out	-	-	(7,548)	-	-	-	-	-	-	-	-
Other sources	-	-	7,548	-	-	-	2,575,028	-	-	-	-
Other uses	-	-	-	-	-	-	(76,238)	-	-	-	-
Total other financing sources (uses), net	-	-	2,396,495	-	-	-	2,498,790	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(171,397)	-	106,195	45,062	8,590	-	2,510,644	-	-	(580,801)	626,336
Fund balances (deficit) at beginning of year	-	19,348	318,429	504,968	105,044	147,335	-	(145,875)	20,560	-	366,284
Fund balances (deficit) at end of year	\$ (171,397)	\$ 19,348	\$ 424,624	\$ 550,030	\$ 113,634	\$ 147,335	\$ 2,510,644	\$ (145,875)	\$ 20,560	\$ (580,801)	\$ 992,620

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 2001
(With Comparative Totals as of September 30, 2000)

	Carrier	Rabies	Coastal Zone	Rainy	Water	Livestock	Water Research	Guam	Superior	Supreme	Youth Tobacco	Totals	
	Off-duty Services	Prevention	Management	Day	Protection		and Development	Legislature	Court Operations	Court	Education Fund	2001	2000
ASSETS													
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,704	\$ 2,444,669	\$ 506,693	\$ 2,160,802	\$ 29,101,033	\$ 23,235,784
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	10,779,688	36,958,607
Receivables, net	-	-	-	-	-	-	-	57,095	712,200	-	1,238	21,007,702	18,852,390
Receivables from federal agencies	-	-	-	-	-	-	-	-	573,991	-	-	45,331,172	52,511,532
Interfund receivables, net	-	42,235	313	-	83,671	10	319,228	-	-	-	-	27,671,333	41,696,725
Inventories	-	-	-	-	-	-	-	-	-	-	-	7,403,409	13,009,652
Deposits and other assets	-	-	-	-	-	-	-	3,975	86,827	-	-	98,868	177,126
	-	42,235	313	-	83,671	10	319,228	630,774	3,817,687	506,693	2,162,040	141,393,205	186,441,816
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 42,235	\$ 313	\$ -	\$ 83,671	\$ 10	\$ 319,228	\$ 630,774	\$ 3,817,687	\$ 506,693	\$ 2,162,040	\$ 141,393,205	\$ 186,441,816
LIABILITIES AND FUND EQUITY													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,976	\$ 73,345	\$ -	\$ -	\$ 443,352	\$ 319,417
Accrued payroll and other	-	-	-	-	-	-	-	-	2,319,665	-	-	5,065,477	4,592,475
Interfund payables	92,625	-	-	-	-	-	-	-	-	-	-	67,853,975	79,409,094
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	10,290,225	10,147,287
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	16,335,432	50,939,961
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	14,667,171	10,636,465
Deposits and other liabilities	-	-	-	-	-	-	-	123,248	-	-	-	695,936	595,292
Total liabilities	92,625	-	-	-	-	-	-	226,224	2,393,010	-	-	115,351,568	156,639,991
Fund equity:													
Contributed capital:													
Fund balances													
Reserved for:													
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	2,510,644	-
Related assets	-	-	-	-	-	-	-	-	250	-	-	18,839,943	13,918,930
Encumbrances	-	290	-	-	-	-	-	-	544,047	-	-	32,531,074	44,234,932
Continuing appropriations	-	31,379	-	-	-	-	-	-	880,380	-	-	104,127,120	69,682,261
Unreserved (deficit)	(92,625)	10,566	313	-	83,671	10	319,228	404,550	-	506,693	2,162,040	(131,967,144)	(98,034,298)
Total fund equity	(92,625)	42,235	313	-	83,671	10	319,228	404,550	1,424,677	506,693	2,162,040	26,041,637	29,801,825
Total liabilities and fund equity	\$ -	\$ 42,235	\$ 313	\$ -	\$ 83,671	\$ 10	\$ 319,228	\$ 630,774	\$ 3,817,687	\$ 506,693	\$ 2,162,040	\$ 141,393,205	\$ 186,441,816

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit), Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Carrier	Rabies	Coastal Zone	Rainy	Water	Livestock	Water Research	Guam	Superior	Supreme	Youth	Totals	
	Off-duty Services	Prevention	Management	Day	Protection		and Development	Legislature	Court Operations	Court	Education Fund	2001	2000
Revenues:													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	47,835,359	\$ 47,123,965
Licenses, fees and permits	269,906	1,000	-	-	-	-	-	-	-	-	-	20,072,385	19,128,211
Use of money and property	-	-	-	-	-	-	-	-	-	-	14,045	795,514	1,742,821
Federal contributions	-	-	-	-	-	-	-	-	1,143,137	-	-	89,515,495	102,273,954
Other	-	-	-	-	83,671	10	-	47,289	55,791	117,829	-	4,012,083	3,531,377
Total revenues	269,906	1,000	-	-	83,671	10	-	47,289	1,198,928	117,829	14,045	162,230,836	173,800,328
Expenditures:													
General government	318,186	-	-	-	-	-	-	8,977,928	-	-	-	22,346,982	20,004,471
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	23,110,736	22,290,353
Public health	-	35,926	-	-	-	-	-	-	-	-	-	4,681,958	15,645,138
Community services	-	-	-	2,093,407	-	-	-	-	-	-	-	25,310,803	16,646,741
Recreation	-	-	-	-	-	-	-	-	-	-	-	731,058	1,092,102
Individual and collective rights	-	-	-	-	-	-	-	-	17,544,157	1,885,175	-	27,962,659	26,953,783
Transportation	-	-	-	-	-	-	-	-	-	-	-	22,959,637	31,554,269
Public education	-	-	-	-	-	-	-	-	-	-	-	861,380	3,528,166
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	3,887,548	3,576,170
Economic development	-	-	-	-	-	-	-	-	-	-	-	3,816,545	7,517,911
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	42,883,031	44,957,168
Total expenditures	318,186	35,926	-	2,093,407	-	-	-	8,977,928	17,544,157	1,885,175	-	178,552,337	193,766,272
Excess (deficiency) of revenues over (under) expenditures	(48,280)	(34,926)	-	(2,093,407)	83,671	10	-	(8,930,639)	(16,345,229)	(1,767,346)	14,045	(16,321,501)	(19,965,944)
Other financing sources (uses):													
Transfers in	-	-	-	2,093,407	-	-	-	9,053,472	18,124,205	1,888,182	-	94,011,831	107,602,525
Transfers out	-	-	-	-	-	-	-	-	(2,256,565)	-	-	(89,271,132)	(88,400,239)
Other sources	-	-	-	-	-	-	319,228	-	-	-	2,147,995	5,721,344	1,796,658
Other uses	-	-	-	-	-	-	-	-	-	-	-	(952,586)	(42,181)
Total other financing sources (uses), net	-	-	-	2,093,407	-	-	319,228	9,053,472	15,867,640	1,888,182	2,147,995	9,509,457	20,956,763
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(48,280)	(34,926)	-	-	83,671	10	319,228	122,833	(477,589)	120,836	2,162,040	(6,812,044)	990,819
Fund balances (deficit) at beginning of year	(44,345)	77,161	313	-	-	-	-	281,717	1,902,266	385,857	-	32,853,681	28,811,006
Fund balances (deficit) at end of year	\$ (92,625)	\$ 42,235	\$ 313	\$ -	\$ 83,671	\$ 10	\$ 319,228	\$ 404,550	\$ 1,424,677	\$ 506,693	\$ 2,162,040	\$ 26,041,637	\$ 29,801,825

GOVERNMENT OF GUAM

Capital Projects Funds
Combining Balance Sheet
September 30, 2001

(With comparative totals as of September 30, 2000)

	2001 Series A Highway Bond Issue (Unaudited)	Infrastructure Improvement Bond (Unaudited)	Water Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Totals	
							2001	2000
<u>ASSETS:</u>								
Cash and equivalents	\$ 24,944,821	\$ 778,967	\$ 2,465,415	\$ 10,271	\$ 4,810,552	\$ 3,624,262	\$ 36,634,288	\$ 37,200,756
Investments	-	46,531,545	-	-	-	1,000,718	47,532,263	37,192,362
Receivables, net	101,237	6,340	567,911	29,181	-	467,230	1,171,899	4,452,009
Interfund receivables, net	-	-	-	948,460	-	-	948,460	9,281,841
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ 25,046,058	\$ 47,316,852	\$ 3,033,326	\$ 987,912	\$ 4,810,552	\$ 5,092,210	\$ 86,286,910	\$ 88,126,968
<u>LIABILITIES AND FUND EQUITY:</u>								
Liabilities:								
Accounts payable	\$ 230,607	\$ -	\$ 204,126	\$ -	\$ 5,300	\$ -	\$ 440,033	\$ 522,638
Accrued payroll and other	-	15,323	155,549	-	-	10,366	181,238	1,174,022
Interfund payables	848,655	1,539,168	-	-	236,152	-	2,623,975	10,882,573
Deferred revenue	-	-	-	-	-	467,231	467,231	3,442,130
Total liabilities	1,079,262	1,554,491	359,675	-	241,452	477,597	3,712,477	16,021,363
FUND EQUITY:								
Fund balances:								
Reserved for:								
Specific purposes	-	394,114	-	-	-	-	394,114	694,312
Related assets	-	1,780,725	-	-	-	-	1,780,725	-
Encumbrances	101,974	31,086,620	162,562	-	280,715	225,974	31,857,845	4,026,331
Continuing appropriations	537,497	12,500,902	489,803	948,460	591,083	-	15,067,745	50,769,182
Unreserved	23,327,325	-	2,021,286	39,452	3,697,302	4,388,639	33,474,004	16,615,780
Total fund equity	23,966,796	45,762,361	2,673,651	987,912	4,569,100	4,614,613	82,574,433	72,105,605
Total liabilities and fund balance	\$ 25,046,058	\$ 47,316,852	\$ 3,033,326	\$ 987,912	\$ 4,810,552	\$ 5,092,210	\$ 86,286,910	\$ 88,126,968

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended September 30, 2001
 (With comparative totals for the Year Ended September 30, 2000)

	2001	Infrastructure Improvement Bond (Unaudited)	Water Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Totals	
	Series A Highway Bond Issue (Unaudited)						2001	2000
Revenues:								
Use of money and property	\$ 1,155,365	\$ 1,820,189	\$ 101,657	\$ -	\$ 247,469	\$ 2,090,641	\$ 5,415,321	\$ 6,204,466
Total revenues	<u>1,155,365</u>	<u>1,820,189</u>	<u>101,657</u>	<u>-</u>	<u>247,469</u>	<u>2,090,641</u>	<u>5,415,321</u>	<u>6,204,466</u>
Expenditures:								
Public health	-	593,624	-	-	-	-	593,624	913,740
Community services	-	-	-	-	-	-	-	245,431
Recreation	-	333,251	-	-	-	-	333,251	406,108
Transportation	-	112,357	-	-	-	-	112,357	1,075,263
Public education	-	-	-	-	-	-	-	664,161
Environmental protection	-	-	337,879	-	-	-	337,879	209,807
Economic development	-	471,600	-	-	-	-	471,600	3,328,939
Capital projects	1,932	-	-	-	-	1,780,495	1,782,427	2,916,611
Debt service:								
Principal retirement	-	-	-	-	-	-	-	3,000,000
Total expenditures	<u>1,932</u>	<u>1,510,832</u>	<u>337,879</u>	<u>-</u>	<u>-</u>	<u>1,780,495</u>	<u>3,631,138</u>	<u>12,760,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,153,433</u>	<u>309,357</u>	<u>(236,222)</u>	<u>-</u>	<u>247,469</u>	<u>310,146</u>	<u>1,784,183</u>	<u>(6,555,594)</u>
Other financing sources (uses):								
Other sources	-	8,189,281	498,763	-	-	-	8,688,044	246,924
Other uses	-	(3,180)	-	-	(219)	-	(3,399)	(1,114)
Total other financing sources (uses), net	<u>-</u>	<u>8,186,101</u>	<u>498,763</u>	<u>-</u>	<u>(219)</u>	<u>-</u>	<u>8,684,645</u>	<u>245,810</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,153,433</u>	<u>8,495,458</u>	<u>262,541</u>	<u>-</u>	<u>247,250</u>	<u>310,146</u>	<u>10,468,828</u>	<u>(6,309,784)</u>
Fund balances at beginning of year	<u>22,813,363</u>	<u>37,266,903</u>	<u>2,411,110</u>	<u>987,912</u>	<u>4,321,850</u>	<u>4,304,467</u>	<u>72,105,605</u>	<u>78,415,389</u>
Fund balances at end of year	<u>\$ 23,966,796</u>	<u>\$ 45,762,361</u>	<u>\$ 2,673,651</u>	<u>\$ 987,912</u>	<u>\$ 4,569,100</u>	<u>\$ 4,614,613</u>	<u>\$ 82,574,433</u>	<u>\$ 72,105,605</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Debt Service Funds
Combining Balance Sheet
September 30, 2001

(With comparative totals as of September 30, 2000)

	Highway Limited Obligation Series 2001 (Unaudited)	Ltd. Obligation Infrastructure Improvement Bonds (Unaudited)	Water System Revenue Bonds Series 1989	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Voluntary Service/Early Out Retirement Fund	Tobacco Settlement Asset-Backed Bonds Series 2001	Totals	
									2001	2000
ASSETS										
Cash and equivalents	\$ 33,772,734	\$ 19,756,033	\$ 56,000,758	\$ 9,552,763	\$ 8	\$ 4,213,723	\$ -	\$ 3,236,869	\$ 126,532,888	\$ 58,081,487
Interfund receivables, net	5,832,694	4,454,084	53,367	-	2,070,174	-	-	-	12,410,319	39,825,950
Total assets	<u>\$ 39,605,428</u>	<u>\$ 24,210,117</u>	<u>\$ 56,054,125</u>	<u>\$ 9,552,763</u>	<u>\$ 2,070,182</u>	<u>\$ 4,213,723</u>	<u>\$ -</u>	<u>\$ 3,236,869</u>	<u>\$ 138,943,207</u>	<u>\$ 97,907,437</u>
LIABILITIES AND FUND EQUITY										
Accrued payroll and other	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Interfund payables	9,006,279	8,921,603	55,403,382	13,032	-	175,272	-	-	73,519,568	61,667,595
Total liabilities	<u>9,006,279</u>	<u>8,921,603</u>	<u>55,405,382</u>	<u>13,032</u>	<u>-</u>	<u>175,272</u>	<u>-</u>	<u>-</u>	<u>73,521,568</u>	<u>61,669,595</u>
Fund Equity:										
Fund balance reserved for:										
Debt service	30,599,149	15,288,514	648,743	9,539,731	-	4,038,451	-	3,236,869	63,351,457	34,167,660
Related assets	-	-	-	-	2,070,182	-	-	-	2,070,182	2,070,182
Total fund equity	<u>30,599,149</u>	<u>15,288,514</u>	<u>648,743</u>	<u>9,539,731</u>	<u>2,070,182</u>	<u>4,038,451</u>	<u>-</u>	<u>3,236,869</u>	<u>65,421,639</u>	<u>36,237,842</u>
Total liabilities and fund equity	<u>\$ 39,605,428</u>	<u>\$ 24,210,117</u>	<u>\$ 56,054,125</u>	<u>\$ 9,552,763</u>	<u>\$ 2,070,182</u>	<u>\$ 4,213,723</u>	<u>\$ -</u>	<u>\$ 3,236,869</u>	<u>\$ 138,943,207</u>	<u>\$ 97,907,437</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Debt Service Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended September 30, 2001
 (With comparative totals for the Year Ended September 30, 2000)

	Highway Limited Obligation Series 2001 (Unaudited)	Ltd. Obligation Infrastructure Improvement Bonds (Unaudited)	Water System Revenue Bonds Series 1989	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Voluntary Service/Early Out Retirement Fund	Tobacco Settlement Asset-Backed Bonds Series 2001	Totals	
									2001	2000
Revenues:										
Use of money and property	\$ 1,492,749	\$ 880,651	\$ 250,160	\$ 80,518	\$ -	\$ 125,842	\$ -	\$ -	\$ 2,829,920	\$ 2,161,091
Total revenues	<u>1,492,749</u>	<u>880,651</u>	<u>250,160</u>	<u>80,518</u>	<u>-</u>	<u>125,842</u>	<u>-</u>	<u>-</u>	<u>2,829,920</u>	<u>2,161,091</u>
Expenditures:										
Debt service:										
Principal retirement	2,935,000	3,560,000	2,510,000	4,930,000	-	13,550,000	2,500,000	-	29,985,000	23,605,000
Interest and fiscal charges	<u>3,093,205</u>	<u>3,803,751</u>	<u>2,104,200</u>	<u>7,754,085</u>	<u>-</u>	<u>4,448,469</u>	<u>2,526,286</u>	<u>-</u>	<u>23,729,996</u>	<u>22,534,283</u>
Total expenditures	<u>6,028,205</u>	<u>7,363,751</u>	<u>4,614,200</u>	<u>12,684,085</u>	<u>-</u>	<u>17,998,469</u>	<u>5,026,286</u>	<u>-</u>	<u>53,714,996</u>	<u>46,139,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,535,456)</u>	<u>(6,483,100)</u>	<u>(4,364,040)</u>	<u>(12,603,567)</u>	<u>-</u>	<u>(17,872,627)</u>	<u>(5,026,286)</u>	<u>-</u>	<u>(50,885,076)</u>	<u>(43,978,192)</u>
Other financing sources (uses):										
Transfers in	14,606,451	20,800,431	4,613,500	12,798,843	-	17,998,469	5,026,286	-	75,843,980	70,460,093
Transfers out	(8,770,148)	(8,909,711)	-	-	-	-	-	-	(17,679,859)	(30,660,927)
Other sources	49,958,470	-	-	-	-	-	-	3,236,869	53,195,339	-
Other uses	<u>(31,222,173)</u>	<u>(27,838)</u>	<u>(23,610)</u>	<u>(10,313)</u>	<u>-</u>	<u>(6,653)</u>	<u>-</u>	<u>-</u>	<u>(31,290,587)</u>	<u>(115,299)</u>
Total other financing sources (uses), net	<u>24,572,600</u>	<u>11,862,882</u>	<u>4,589,890</u>	<u>12,788,530</u>	<u>-</u>	<u>17,991,816</u>	<u>5,026,286</u>	<u>3,236,869</u>	<u>80,068,873</u>	<u>39,683,867</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>20,037,144</u>	<u>5,379,782</u>	<u>225,850</u>	<u>184,963</u>	<u>-</u>	<u>119,189</u>	<u>-</u>	<u>3,236,869</u>	<u>29,183,797</u>	<u>(4,294,325)</u>
Fund balances at beginning of year	<u>10,562,005</u>	<u>9,908,732</u>	<u>422,893</u>	<u>9,354,768</u>	<u>2,070,182</u>	<u>3,919,262</u>	<u>-</u>	<u>-</u>	<u>36,237,842</u>	<u>40,532,167</u>
Fund balances at end of year	<u>\$ 30,599,149</u>	<u>\$ 15,288,514</u>	<u>\$ 648,743</u>	<u>\$ 9,539,731</u>	<u>\$ 2,070,182</u>	<u>\$ 4,038,451</u>	<u>\$ -</u>	<u>\$ 3,236,869</u>	<u>\$ 65,421,639</u>	<u>\$ 36,237,842</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
September 30, 2001

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes. The government's enterprise operations are described below:

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

Solid Waste Management Fund - The fund was established in 1998 by Public Law 24-272, to account for all tipping, user and other fees collected in conjunction with the disposal of solid waste. The tipping and user fees are intended to provide a financing source for the Government of Guam's cost and expenses directly related to the closure of the existing solid waste landfill, the development, design, construction, operation and final closure of a new sanitary landfill, as well as other solid waste management facilities that are contracted or may be established by this Act in accordance with the plan and annual fiscal year appropriation for the Division of Solid Waste Management of the Department of Public Works.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
 Combining Balance Sheet
 September 30, 2001
 (With Comparative Totals as of September 30, 2000)

<u>ASSETS</u>	<u>Chamorro Commercial Loan Fund</u>	<u>Solid Waste Management Fund</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
Cash and equivalents	\$ 982,733	\$ 943,454	\$ 1,926,187	\$ 4,739,202
Interfund receivables	-	276,080	276,080	-
Other receivables, net	<u>350</u>	<u>2,509,334</u>	<u>2,509,684</u>	<u>932,586</u>
Total assets	<u>\$ 983,083</u>	<u>\$ 3,728,868</u>	<u>\$ 4,711,951</u>	<u>\$ 5,671,788</u>
 <u>LIABILITIES AND FUND EQUITY (DEFICIT)</u>				
Liabilities:				
Interfund payables	\$ 1,601,526	\$ -	\$ 1,601,526	\$ 5,192,715
Deposits and other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,037</u>
Total liabilities	<u>1,601,526</u>	<u>-</u>	<u>1,601,526</u>	<u>5,283,752</u>
Fund equity:				
Retained earnings (deficit):				
Restricted	149,092	3,140,075	3,289,167	2,556,217
Unrestricted	<u>(767,535)</u>	<u>588,793</u>	<u>(178,742)</u>	<u>(2,168,181)</u>
Total fund equity (deficit)	<u>(618,443)</u>	<u>3,728,868</u>	<u>3,110,425</u>	<u>388,036</u>
Total liabilities and fund equity (deficit)	<u>\$ 983,083</u>	<u>\$ 3,728,868</u>	<u>\$ 4,711,951</u>	<u>\$ 5,671,788</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Equity
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	<u>Chamorro Commercial Loan Fund</u>	<u>Solid Waste Management Fund</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
Operating revenues:				
Rental and service fees	\$ 12,945	\$ 5,362,609	\$ 5,375,554	\$ 5,221,844
Use of money and property	<u>48,048</u>	<u>-</u>	<u>48,048</u>	<u>53,597</u>
Total operating revenues	<u>60,993</u>	<u>5,362,609</u>	<u>5,423,602</u>	<u>5,275,441</u>
Operating expenses:				
Production and operations	406,189	1,618,498	2,024,687	1,799,261
Bad debt expense	-	-	-	1,864,900
Professional services	49,196	572,114	621,310	793,346
Utilities	50,254	-	50,254	64,182
Other	<u>4,962</u>	<u>-</u>	<u>4,962</u>	<u>3,427</u>
Total operating expenses	<u>510,601</u>	<u>2,190,612</u>	<u>2,701,213</u>	<u>4,525,116</u>
Operating (loss) income	<u>(449,608)</u>	<u>3,171,997</u>	<u>2,722,389</u>	<u>750,325</u>
Other expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Net (loss) income	(449,608)	3,171,997	2,722,389	(249,675)
Beginning retained earnings (deficit)	<u>(168,835)</u>	<u>556,871</u>	<u>388,036</u>	<u>637,711</u>
Ending retained earnings (deficit)	<u>\$ (618,443)</u>	<u>\$ 3,728,868</u>	<u>\$ 3,110,425</u>	<u>\$ 388,036</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
 Combining Statement of Cash Flows
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	<u>Chamorro Commercial Loan Fund</u>	<u>Solid Waste Management Fund</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
<u>Increase in cash and equivalents</u>				
Cash flows from operating activities:				
Operating (loss) income	\$ (449,608)	\$ 3,171,997	\$ 2,722,389	\$ 750,325
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Bad debt expense	-	-	-	1,864,900
 (Increase) decrease in assets:				
Other receivable	6,284	(1,859,462)	(1,853,178)	(2,559,638)
 Increase (decrease) in liabilities:				
Interfund payable	497,655	(4,088,844)	(3,591,189)	4,643,177
Deposits & other liabilities	-	(91,037)	(91,037)	91,037
Net cash provided by operating activities	<u>54,331</u>	<u>(2,867,346)</u>	<u>(2,813,015)</u>	<u>4,789,801</u>
 Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	-	<u>(1,000,000)</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
 Net increase (decrease) in cash and equivalents	54,331	(2,867,346)	(2,813,015)	3,789,801
 Cash and equivalents at beginning of year	<u>928,402</u>	<u>3,810,800</u>	<u>4,739,202</u>	<u>949,401</u>
 Cash and equivalents at end of year	<u>\$ 982,733</u>	<u>\$ 943,454</u>	<u>\$ 1,926,187</u>	<u>\$ 4,739,202</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds September 30, 2001

Component units - proprietary funds are legally separate organizations for which the elected officials of the Government of Guam are financially accountable. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. GAAP here is generally that applicable to similar businesses in the private sector: the measurement focus is on determination of net income, financial position and cash flows. The Government of Guam's component units - proprietary funds are described below.

Guam International Airport Authority - The Authority was created in 1975, by Public Law 13-57 from a division operating as part of the Guam Department of Commerce. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. The Authority supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements.

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

Guam Visitors Bureau (GVB) - The Guam Visitors Bureau is a public corporation established for the purpose of promoting the visitor industry in Guam. Funding is provided from transfers of appropriations from the Tourist Attraction Fund and interest income. The GVB is not included in the accompanying financial statement presentation.

Guam Power Authority - The Guam Power Authority was established in 1969 as a separate entity. The Authority operates the power system for the Government of Guam and has established a Power Pool Agreement with the United States Navy. Revenues are derived from sales of electricity.

Guam Rental Corporation - Guam Rental Corporation was established pursuant to the authority granted to the Guam Housing Corporation under Public Law 8-80 to promote the general welfare of the inhabitants of the Government of Guam by providing housing for low and moderate income families and families displaced because of urban renewal or as a result of government action. Revenues are derived from rental fees charged for housing.

Guam Memorial Hospital Authority (GMHA) - Guam Memorial Hospital Authority was created by Public Law 14-29 as an autonomous instrumentality of the Government of Guam on July 26, 1977. The law provides for control of the Authority to be vested with the Hospital's Board of Trustees. The hospital is the only non-military hospital in the Government of Guam. Revenues are primarily derived from fees charged to patients for medical services and General Fund subsidies. GMHA is included in the accompanying financial statement presentation as unaudited.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds, Continued September 30, 2001

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

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

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

Guam Telephone Authority (GTA) - Guam Telephone Authority was established as a Public Corporation created by Public Law 12-44, pursuant to which the assets and liabilities of the telephone division of the Public Utility Agency of Guam were transferred to Guam Telephone Authority effective April 1, 1974. The Authority's major source of revenues is derived from billings for local exchange services and tolls for non-local exchange services. GTA is included in the accompanying financial statement presentation as unaudited.

Guam Waterworks Authority (GWA) - Established in 1996 by Public Law 23-119, the Guam Waterworks Authority, formerly the Public Utility Agency of Guam (PUAG), is a public corporation and an autonomous instrumentality of the Government of Guam. GWA derives its operating revenues from water and wastewater fees to residential, commercial and government customers based on consumption. GWA is included in the accompanying financial statement presentation as unaudited.

Guam Mass Transit Authority (GMTA) - The Guam Mass Transit Authority was established on December 6, 1979, for the purpose of providing public transportation. P.L. 15-92 (Section 21947 of the Government Code of Guam) also gave the Authority broad powers to do any and all things necessary to carry out its lawful purposes. During fiscal year 1990, GMTA asserted its autonomy and now accounts for its activities separately.

Port Authority of Guam (PAG) - The Port Authority was established in 1975 as a public corporation under Public Law 13-87. The Authority is entrusted with providing for the needs of ocean commerce, shipping and navigation of the Government of Guam. The Authority derives its operating revenues from a tariff establishing fees for wharfage and use of its facilities. PAG is included in the accompanying financial statement presentation as unaudited.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds, Continued
September 30, 2001

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
Combining Balance Sheet
September 30, 2001
(With Comparative Totals as of September 30, 2000)

ASSETS	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Port	Totals	
	International Airport Authority	Housing Corporation	Power Authority	Rental Corporation	Memorial Hospital Authority (Unaudited)	Economic Development Authority	Telephone Authority (Unaudited)	Waterworks Authority (Unaudited)	Mass Transit Authority	Educational Telecommunications Corporation	Housing and Urban Renewal Authority	Authority of Guam (Unaudited)	2001	2000
Cash and equivalents	\$ 1,851,560	\$ 1,400,042	\$ 4,451,702	\$ 522,433	\$ 4,940,001	\$ 279,427	\$ 5,617,322	\$ 1,414,866	\$ 805,256	\$ 872,767	\$ 4,831,042	\$ 2,360,119	\$ 29,346,537	\$ 38,944,262
Investments	-	39,499	-	-	-	58,527	7,097,209	-	-	-	2,888,180	1,200,000	11,283,415	9,214,401
Receivables, net	6,155,399	40,428,496	42,471,336	132,626	28,065,690	1,301,793	7,432,990	13,752,691	56,015	64,821	128,198,168	2,495,365	270,555,390	135,249,930
Receivables from federal agencies	1,179,613	-	-	-	-	29,482	-	123,842	-	-	-	-	1,332,937	33,686,178
Notes receivable	-	-	17,312,391	-	-	46,411	-	-	-	-	-	-	17,358,802	23,879
Inventories	-	-	37,378,398	17,161	1,638,754	57,311	7,202,586	1,361,592	77,559	-	136,510	359,198	48,229,069	48,936,603
Prepayments	27,223	18,814	1,135,896	3,340	1,344,510	60,902	210,098	-	-	-	-	-	2,800,783	6,750,218
Deposits and other assets	-	1,988,246	35,332,840	465,822	-	426,786	-	-	-	-	6,899,109	517,195	45,629,998	52,926,504
	<u>9,213,795</u>	<u>43,875,097</u>	<u>138,082,563</u>	<u>1,141,382</u>	<u>35,988,955</u>	<u>2,260,639</u>	<u>27,560,205</u>	<u>16,652,991</u>	<u>938,830</u>	<u>937,588</u>	<u>142,953,009</u>	<u>6,931,877</u>	<u>426,536,931</u>	<u>325,731,975</u>
Restricted assets	<u>101,172,992</u>	<u>52,482,380</u>	<u>111,110,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,110</u>	<u>-</u>	<u>505,829</u>	<u>720,613</u>	<u>-</u>	<u>266,234,513</u>	<u>258,451,937</u>
Fixed assets:														
Support assets	900,327	912,838	-	308,478	18,359,287	682,537	12,371,417	15,618,386	3,143,812	746,188	1,604,722	20,438,839	75,086,831	74,313,595
Capital leases and improvements	-	208,027	-	-	3,201,832	129,642	-	-	-	18,000	-	-	3,557,501	3,514,697
Building and improvements	26,080,786	-	-	5,521,014	61,934,845	1,739,906	21,729,118	-	734,533	364,670	70,309,223	62,374,255	250,788,350	235,763,254
Plant in service	<u>360,656,208</u>	<u>-</u>	<u>551,337,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,245,242</u>	<u>335,835,363</u>	<u>-</u>	<u>1,120,386</u>	<u>-</u>	<u>-</u>	<u>1,467,194,778</u>	<u>1,427,657,114</u>
	<u>387,637,321</u>	<u>1,120,865</u>	<u>551,337,579</u>	<u>5,829,492</u>	<u>83,495,964</u>	<u>2,552,085</u>	<u>252,345,777</u>	<u>351,453,749</u>	<u>3,878,345</u>	<u>2,249,244</u>	<u>71,913,945</u>	<u>82,813,094</u>	<u>1,796,627,460</u>	<u>1,741,248,660</u>
Less: accumulated depreciation	<u>117,467,162</u>	<u>1,087,990</u>	<u>164,246,306</u>	<u>1,880,593</u>	<u>38,095,123</u>	<u>1,393,423</u>	<u>110,253,137</u>	<u>141,937,787</u>	<u>2,749,808</u>	<u>-</u>	<u>37,650,390</u>	<u>37,836,154</u>	<u>654,597,873</u>	<u>596,590,060</u>
	<u>270,170,159</u>	<u>32,875</u>	<u>387,091,273</u>	<u>3,948,899</u>	<u>45,400,841</u>	<u>1,158,662</u>	<u>142,092,640</u>	<u>209,515,962</u>	<u>1,128,537</u>	<u>2,249,244</u>	<u>34,263,555</u>	<u>44,976,940</u>	<u>1,142,029,587</u>	<u>1,144,658,600</u>
Construction-in-progress	25,180,109	-	54,531,631	-	240,324	-	16,123,590	36,619,118	-	-	-	196,168	132,890,940	137,478,061
Land	-	13,193,988	-	6,226,886	-	425,164	830,517	-	316,200	-	3,995,667	3,563,000	28,551,422	27,697,499
Other	<u>2,278,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,519,253</u>	<u>2,440,190</u>
	<u>297,628,584</u>	<u>13,226,863</u>	<u>441,622,904</u>	<u>10,175,785</u>	<u>45,641,165</u>	<u>1,583,826</u>	<u>159,287,684</u>	<u>246,135,080</u>	<u>1,444,737</u>	<u>2,249,244</u>	<u>38,259,222</u>	<u>48,736,108</u>	<u>1,305,991,202</u>	<u>1,312,274,350</u>
Total assets	<u>\$ 408,015,371</u>	<u>\$ 109,584,340</u>	<u>\$ 690,816,056</u>	<u>\$ 11,317,167</u>	<u>\$ 81,630,120</u>	<u>\$ 3,844,465</u>	<u>\$ 186,847,889</u>	<u>\$ 263,030,181</u>	<u>\$ 2,383,567</u>	<u>\$ 3,692,661</u>	<u>\$ 181,932,844</u>	<u>\$ 55,667,985</u>	<u>\$ 1,998,762,646</u>	<u>\$ 1,896,458,262</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Component Units - Proprietary Funds
Combining Balance Sheet, Continued
September 30, 2001
(With Comparative Totals as of September 30, 2000)

LIABILITIES AND FUND EQUITY	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Port	Totals	
	International Airport Authority	Housing Corporation	Power Authority	Rental Corporation	Memorial Hospital Authority (Unaudited)	Economic Development Authority	Telephone Authority (Unaudited)	Waterworks Authority (Unaudited)	Mass Transit Authority	Educational Telecommunications Corporation	Housing and Urban Renewal Authority	Authority of Guam (Unaudited)	2001	2000
Current liabilities:														
Current portion of long-term debt	\$ 4,375,000	\$ 2,796,263	\$ 6,634,000	\$ 62,790	\$ 3,855,062	\$ 1,250,528	\$ 4,691,691	\$ 2,032,907	\$ -	\$ -	\$ 35,000	\$ -	\$ 25,733,241	\$ 22,453,954
Accounts payable	6,641,752	12,131,306	20,572,675	49,849	14,447,652	451,723	7,680,091	22,211,048	443,885	87,042	132,783,551	2,421,717	219,922,291	99,226,184
Accrued payroll and other	-	-	1,702,600	52,542	949,786	303,128	1,061,848	310,029	-	37,897	665,195	423,333	5,506,358	9,957,977
Payable to federal agencies	-	-	-	-	-	286,145	-	8,381,347	-	-	-	-	8,667,492	8,586,723
Notes payable	-	-	26,217,174	-	-	-	-	-	-	-	-	-	26,217,174	29,917,174
Deferred revenue	4,038,394	-	19,444,037	-	-	215,064	-	-	-	376,566	446,246	-	24,520,307	6,993,865
Bank overdraft	-	-	2,200,460	-	-	-	-	-	-	-	-	-	2,200,460	-
Deposits and other liabilities	8,140,192	1,600,075	15,848,018	38,185	2,819,170	238,948	7,474,029	3,119,918	8,880	-	-	213,881	39,501,296	34,006,639
Total current liabilities	<u>23,195,338</u>	<u>16,527,644</u>	<u>92,618,964</u>	<u>203,366</u>	<u>22,071,670</u>	<u>2,745,536</u>	<u>20,907,659</u>	<u>36,055,249</u>	<u>452,765</u>	<u>501,505</u>	<u>133,929,992</u>	<u>3,058,931</u>	<u>352,268,619</u>	<u>211,142,516</u>
Long-term liabilities:														
Vacation leave accrual	528,982	-	1,712,968	-	1,690,999	-	864,412	1,170,594	46,218	76,029	319,230	1,666,809	8,076,241	8,237,310
Long-term portion of deferred income	10,000,000	-	-	-	-	-	-	-	-	-	-	-	10,000,000	-
Contracts and leases	-	-	-	-	-	-	-	-	-	-	-	-	-	4,216,107
Notes payable and bonds payable	215,280,243	78,778,735	405,132,541	339,896	26,841,868	1,081,514	110,032,328	-	-	-	1,650,089	-	839,137,214	859,700,956
Accrued unfunded retirement liability	2,815,827	1,245,248	11,036,475	225,848	15,750,999	784,549	-	7,715,874	122,681	429,800	-	11,288,081	51,415,382	63,300,705
Total long-term liabilities	<u>228,625,052</u>	<u>80,023,983</u>	<u>417,881,984</u>	<u>565,744</u>	<u>44,283,866</u>	<u>1,866,063</u>	<u>110,896,740</u>	<u>8,886,468</u>	<u>168,899</u>	<u>505,829</u>	<u>1,969,319</u>	<u>12,954,890</u>	<u>908,628,837</u>	<u>935,455,078</u>
Total liabilities	<u>251,820,390</u>	<u>96,551,627</u>	<u>510,500,948</u>	<u>769,110</u>	<u>66,355,536</u>	<u>4,611,599</u>	<u>131,804,399</u>	<u>44,941,717</u>	<u>621,664</u>	<u>1,007,334</u>	<u>135,899,311</u>	<u>16,013,821</u>	<u>1,260,897,456</u>	<u>1,146,597,594</u>
Fund equity (deficiency):														
Retained earnings:														
Restricted	-	-	-	-	2,427,652	-	-	-	-	2,249,244	1,251,236	-	5,928,132	5,893,621
Unrestricted (deficit)	156,194,981	13,032,713	180,315,108	10,548,057	12,846,932	(767,134)	55,043,490	218,088,464	1,761,903	436,083	44,782,297	39,654,164	731,937,058	743,967,047
Fund balances:														
Reserved for:														
Related assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity (deficiency)	<u>156,194,981</u>	<u>13,032,713</u>	<u>180,315,108</u>	<u>10,548,057</u>	<u>15,274,584</u>	<u>(767,134)</u>	<u>55,043,490</u>	<u>218,088,464</u>	<u>1,761,903</u>	<u>2,685,327</u>	<u>46,033,533</u>	<u>39,654,164</u>	<u>737,865,190</u>	<u>749,860,668</u>
Total liabilities and fund equity (deficiency)	<u>\$ 408,015,371</u>	<u>\$ 109,584,340</u>	<u>\$ 690,816,056</u>	<u>\$ 11,317,167</u>	<u>\$ 81,630,120</u>	<u>\$ 3,844,465</u>	<u>\$ 186,847,889</u>	<u>\$ 263,030,181</u>	<u>\$ 2,383,567</u>	<u>\$ 3,692,661</u>	<u>\$ 181,932,844</u>	<u>\$ 55,667,985</u>	<u>\$ 1,998,762,646</u>	<u>\$ 1,896,458,262</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Equity
 Year Ended September 30, 2001
 (With Comparative Totals for the year ended September 30, 2000)

	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Port	Totals	
	International Airport Authority	Housing Corporation	Power Authority	Rental Corporation	Memorial Hospital Authority (Unaudited)	Economic Development Authority	Telephone Authority (Unaudited)	Waterworks Authority (Unaudited)	Mass Transit Authority	Educational Telecommunications Corporation	Housing and Urban Renewal Authority	Authority of Guam (Unaudited)	2001	2000
Operating revenues:														
Charges for services	\$ 18,253,634	\$ 194,210	\$ 231,129,912	\$ -	\$ 72,128,002	\$ -	\$ 43,845,288	\$ 40,065,168	\$ 87,232	\$ -	\$ -	\$ 19,250,972	\$ 424,954,418	\$ 424,826,897
Contributions	-	-	-	-	-	-	-	-	443,192	874,647	28,853,050	-	30,170,889	20,685,395
Licenses, fees and permits	16,682,526	-	-	-	-	798,442	-	-	-	500	-	-	17,481,468	674,394
Investment, earnings and interest	-	2,044,299	-	24,797	-	-	-	-	27,967	42,067	314,041	-	2,453,171	1,968,603
Rental charges	7,358,299	-	-	881,735	-	2,075,710	-	-	-	-	1,450,934	3,939,204	15,705,882	15,336,307
Other	490,236	152,094	1,669,243	14,389	1,038,505	-	836,478	584,037	28,298	-	244,895	368,804	5,426,979	11,677,758
Total operating revenues	42,784,695	2,390,603	232,799,155	920,921	73,166,507	2,874,152	44,681,766	40,649,205	586,689	917,214	30,862,920	23,558,980	496,192,807	475,169,354
Operating expenses:														
Production and operations	-	35,644	167,408,919	-	-	957,704	21,524,629	25,804,642	2,673,414	166,648	12,563,549	4,601,978	235,737,127	251,884,828
Depreciation and amortization	15,699,524	49,754	19,234,960	155,692	3,531,704	106,670	16,097,020	13,149,613	231,310	-	2,029,480	3,325,808	73,611,535	69,511,877
Maintenance	1,178,763	-	-	87,000	-	5,417	-	-	247,791	-	6,270,868	5,656,007	13,445,846	12,937,810
Beneficiary related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	286,101	2,423,925	-	40,516	8,784,163	90,812	498,569	3,594,225	-	-	74,692	-	15,793,003	15,395,770
Stevedoring and related	-	-	-	-	-	-	-	-	-	-	-	2,263,353	2,263,353	2,079,669
General and administrative	25,374,163	1,825,762	29,222,192	477,543	19,313,471	1,446,071	9,455,827	5,912,445	869,428	1,232,451	4,293,849	11,505,747	110,928,949	113,455,759
Interest	-	-	-	-	48,600,994	-	-	-	-	-	91,480	-	48,692,474	-
Other	-	66,328	-	18,676	-	106,156	-	3,514,879	-	-	521,762	-	4,227,801	7,279,211
Total operating expenses	42,538,551	4,401,413	215,866,071	779,427	80,230,332	2,712,830	47,576,045	51,975,804	4,021,943	1,399,099	25,845,680	27,352,893	504,700,088	472,544,924
Operating income (loss)	246,144	(2,010,810)	16,933,084	141,494	(7,063,825)	161,322	(2,894,279)	(11,326,599)	(3,435,254)	(481,885)	5,017,240	(3,793,913)	(8,507,281)	2,624,430
Nonoperating revenues (expenses):														
Contribution from:														
General Fund	-	-	-	-	-	-	-	2,800,388	-	493,343	-	-	3,293,731	24,687,815
Federal agencies	2,159,279	-	-	-	-	-	-	4,448,825	-	-	-	-	6,608,104	13,875,408
In aid of construction	-	-	-	-	-	-	-	3,421,984	-	-	-	-	3,421,984	13,071,583
Other agencies	-	-	-	-	-	(330,806)	-	332,019	-	-	(2,050,508)	-	(2,049,295)	36,131
Other income (expenses), net	(5,251,768)	-	(25,223,856)	-	5,703,428	(73,350)	7,906,086	934,692	3,274,775	63,494	159,077	(2,255,299)	(14,762,721)	(12,610,246)
Total nonoperating revenues (expenses), net	(3,092,489)	-	(25,223,856)	-	5,703,428	(404,156)	7,906,086	11,937,908	3,274,775	556,837	(1,891,431)	(2,255,299)	(3,488,197)	39,060,691
Net income (loss)	(2,846,345)	(2,010,810)	(8,290,772)	141,494	(1,360,397)	(242,834)	5,011,807	611,309	(160,479)	74,952	3,125,809	(6,049,212)	(11,995,478)	41,685,121
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	6,827,791
Beginning fund equity (deficit)	159,041,326	15,043,523	188,605,880	10,406,563	16,634,981	(524,300)	50,031,683	217,477,155	1,922,382	2,610,375	42,907,724	45,703,376	749,860,668	698,079,329
Adjustments to beginning retained earnings														
Correction of prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-	3,268,427
Ending fund equity (deficit)	\$ 156,194,981	\$ 13,032,713	\$ 180,315,108	\$ 10,548,057	\$ 15,274,584	\$ (767,134)	\$ 55,043,490	\$ 218,088,464	\$ 1,761,903	\$ 2,685,327	\$ 46,033,533	\$ 39,654,164	\$ 737,865,190	\$ 749,860,668

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
 Combining Statement of Cash Flows
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Port	Totals	
	International Airport Authority	Housing Corporation	Power Authority	Rental Corporation	Memorial Hospital Authority (Unaudited)	Economic Development Authority	Telephone Authority (Unaudited)	Waterworks Authority (Unaudited)	Mass Transit Authority	Educational Telecommunications Corporation	Housing and Urban Renewal Authority	Authority of Guam (Unaudited)	2001	2000
<u>Increase (decrease) in cash and equivalents</u>														
Cash flows from operating activities:														
Operating income (loss)	\$ 246,144	\$ (2,010,810)	\$ 16,933,084	\$ 141,494	\$ (7,063,825)	\$ 161,322	\$ (2,894,279)	\$ (11,326,599)	\$ (3,435,254)	\$ (481,885)	\$ 5,017,240	\$ (3,793,913)	\$ (8,507,281)	\$ 2,624,430
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:														
Depreciation	15,699,524	49,754	19,234,960	155,692	3,531,704	106,670	16,097,020	13,149,613	231,310	-	2,029,480	3,325,808	73,611,535	69,511,877
Bad debt expense	286,101	2,423,925	-	40,516	8,784,163	90,812	498,569	3,594,225	-	-	74,692	-	15,793,003	15,395,770
Amortization of loan discount	-	15,541	-	-	-	-	-	-	-	-	-	-	15,541	9,497
Loss on investment	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,457,377)
Extraordinary item and other reconciling items	2,817,297	(5,148)	108,344	70,968	(28,983)	58,855	292,999	(481,270)	-	-	-	147,570	2,980,632	4,134,595
(Increase) decrease in assets:														
Accounts receivable	33,755	2,739,347	4,561,139	(90,197)	(7,876,173)	-	(104,608)	2,310,604	42,529	87,021	14,758,106	582,850	17,044,373	(37,545,070)
Inventory	-	-	5,314,210	(2,934)	(394,449)	(3,442)	(3,838,682)	(640,151)	-	-	21,156	(41,174)	414,534	(11,509,858)
Accrued interest and other	-	-	-	-	-	-	-	-	-	-	13,003	-	13,003	218,916
Prepaid expense	57,363	3,599	(576,378)	2,098	(1,297,071)	-	240,877	-	53,114	1,603	-	-	(1,514,795)	999,856
Notes receivable	-	-	-	-	-	(22,532)	-	-	-	-	-	-	(22,532)	(12,493)
Other assets	-	-	108,654	-	-	20,200	38,975	-	-	-	(97,642)	-	70,187	138,202
Other receivables	-	-	-	-	(337,033)	5,639	-	48,215	-	-	9,594	-	(273,585)	(1,085,442)
Due from other funds and governmental agencies	-	-	-	-	-	375,546	-	-	-	-	(6,765,284)	-	(6,389,738)	(41,174,592)
Due from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,093,195)
Increase (decrease) in liabilities:														
Accrued payroll	-	-	(14,051)	-	109,836	-	(365,593)	(776,914)	-	-	-	20,467	(1,026,255)	799,824
Annual leave	-	-	166,137	-	310,987	-	(89,784)	(141,745)	(20,211)	-	-	77,635	303,019	(829,256)
Accounts payable	223,055	(125,013)	(12,559,857)	10,850	2,835,044	(389,072)	(298,860)	1,240,075	257,219	(1,310)	(12,683,296)	1,097,420	(20,393,745)	48,674,408
Accrued pension cost	280,641	87,446	-	(13,584)	(277,369)	-	-	179,100	-	-	-	(212,181)	44,053	575,382
Accrued expense and other liabilities	(50,626)	-	-	(26,762)	308,031	140,032	583,400	(2,902,269)	(161,790)	3,745	326,981	-	(1,779,258)	(10,237,125)
Customer and security deposits	-	(327,634)	3,811,796	(8,883)	-	-	196,111	(504,294)	-	-	(1,949)	(281,051)	2,884,096	(423,497)
Deferred revenue	347,223	-	3,852	-	-	(4,049)	-	-	-	38,936	292,585	-	678,547	(263,064)
Contracts and leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds and governmental agencies	-	-	-	-	-	1,080	-	-	-	-	6,741,268	-	6,742,348	40,796,911
Due to federal agencies	-	-	127,304	-	-	37,648	-	-	-	-	-	-	164,952	23,766
Net cash provided by (used for) operating activities	19,940,477	2,851,007	37,219,194	279,258	(1,395,138)	578,709	10,356,145	3,748,590	(3,033,083)	(351,890)	9,735,934	923,431	80,852,634	78,272,465
Cash flows from noncapital financing activities:														
Proceeds from issuance of notes payable and bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	203,031
Proceeds from short term debt	-	-	-	-	2,016,892	-	-	-	-	-	-	-	2,016,892	3,700,000
Repayment of notes payable and short term debt	-	-	(3,700,000)	-	(2,257,149)	-	-	-	-	-	(35,000)	-	(5,992,149)	(1,681,836)
Interest paid on notes payable and short term debt	-	-	(1,556,136)	-	(2,382,129)	(162,335)	-	-	-	-	-	-	(4,100,600)	(4,019,699)
Local appropriations	-	-	-	-	5,651,175	-	-	-	3,274,775	556,837	-	-	9,482,787	6,860,028
Bank Overdraft	-	-	2,200,460	-	-	-	-	-	-	-	-	-	2,200,460	-
Contributions	10,000,000	-	-	-	171,445	(330,806)	-	69,960	-	-	-	-	9,910,599	118,584
Net cash provided by (used for) noncapital financing activities	10,000,000	-	(3,055,676)	-	3,200,234	(493,141)	-	69,960	3,274,775	556,837	(35,000)	-	13,517,989	5,180,108

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
 Combining Statement of Cash Flows, Continued
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Guam	Port	Totals	
	International Airport Authority	Housing Corporation	Power Authority	Rental Corporation	Memorial Hospital Authority (Unaudited)	Economic Development Authority	Telephone Authority (Unaudited)	Waterworks Authority (Unaudited)	Mass Transit Authority	Educational Telecommunications Corporation	Housing & Urban Renewal Authority	Authority of Guam (Unaudited)	2001	2000
Cash flows from capital and related financing activities:														
Proceeds from issuance of notes payable and bonds	-	35,868	-	-	-	-	179,642	186,529	-	-	-	-	402,039	679,805
Principal paid on bonds and other long term debt	(4,130,000)	(1,893,933)	(6,822,090)	(263,962)	-	-	(3,917,428)	(595,198)	-	-	(330,035)	(17,952,646)	(14,461,121)	
Interest paid on bonds and other long term debt	(13,352,968)	(2,648,442)	(22,602,032)	-	-	-	(6,529,781)	-	-	-	-	(45,133,223)	(42,077,231)	
Fixed asset (purchases) disposals/sale	(16,522,856)	(9,545)	(18,441,989)	(63,414)	(3,024,306)	(69,298)	(8,685,971)	(17,609,591)	(40,748)	(63,494)	(8,480,691)	(307,066)	(73,318,969)	(55,594,372)
Fixed asset improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,722,675)
Contributions	3,395,313	-	-	-	2,415,045	-	-	10,933,256	-	-	(1,690,398)	53,764	15,106,980	8,481,937
Debt issuance costs	-	-	(427,285)	-	-	-	-	-	-	-	-	-	(427,285)	483,400
Net deferred liability	-	-	12,740,500	-	-	-	-	-	-	-	-	-	12,740,500	-
Capital lease payments	-	-	-	-	(106,453)	-	-	-	-	-	-	-	(106,453)	(396,194)
Operating grants	-	-	-	-	-	-	-	-	-	-	159,076	-	159,076	29,631
Net cash used for capital and relating financing activities	<u>(30,610,511)</u>	<u>(4,516,052)</u>	<u>(35,552,896)</u>	<u>(327,376)</u>	<u>(715,714)</u>	<u>(69,298)</u>	<u>(18,953,538)</u>	<u>(7,085,004)</u>	<u>(40,748)</u>	<u>(63,494)</u>	<u>(10,012,013)</u>	<u>(583,337)</u>	<u>(108,529,981)</u>	<u>(104,576,820)</u>
Cash flows from investing activities:														
Decrease in bond reserve funds	-	-	750,680	-	-	-	-	-	-	-	-	-	750,680	548,490
Purchase of land held for development and resale	-	(21,131)	-	-	-	-	-	-	-	-	-	-	(21,131)	(8,033,836)
Proceeds from sale of investment	-	-	-	-	-	-	-	-	-	-	-	-	-	1,703,446
Purchase of investment securities	(4,282,820)	(106,813)	-	-	-	161,374	-	-	-	-	(139,559)	(1,200,000)	(5,567,818)	(239,427)
Interest and dividends on investments	4,903,821	2,501,604	4,288,781	-	-	-	719,126	42,092	-	-	-	210,271	12,665,695	15,241,714
Transfers from restricted fund	-	87,286	(6,173,929)	-	493,023	-	-	2,965,565	-	-	(144,715)	-	(2,772,770)	15,341,184
Net cash provided by (used for) investing activities	<u>621,001</u>	<u>2,460,946</u>	<u>(1,134,468)</u>	<u>-</u>	<u>493,023</u>	<u>161,374</u>	<u>719,126</u>	<u>3,007,657</u>	<u>-</u>	<u>-</u>	<u>(284,274)</u>	<u>(989,729)</u>	<u>5,054,656</u>	<u>24,561,571</u>
Net increase (decrease) in cash and equivalents	(49,033)	795,901	(2,523,846)	(48,118)	1,582,405	177,644	(7,878,267)	(258,797)	200,944	141,453	(595,353)	(649,635)	(9,104,702)	3,437,324
Cash and equivalents at beginning of year	<u>1,900,593</u>	<u>604,141</u>	<u>6,975,548</u>	<u>570,551</u>	<u>3,357,596</u>	<u>101,783</u>	<u>13,495,589</u>	<u>1,673,663</u>	<u>604,312</u>	<u>731,314</u>	<u>5,426,395</u>	<u>3,009,754</u>	<u>38,451,239</u>	<u>34,979,925</u>
Cash and equivalents at end of year	<u>\$ 1,851,560</u>	<u>\$ 1,400,042</u>	<u>\$ 4,451,702</u>	<u>\$ 522,433</u>	<u>\$ 4,940,001</u>	<u>\$ 279,427</u>	<u>\$ 5,617,322</u>	<u>\$ 1,414,866</u>	<u>\$ 805,256</u>	<u>\$ 872,767</u>	<u>\$ 4,831,042</u>	<u>\$ 2,360,119</u>	<u>\$ 29,346,537</u>	<u>\$ 38,944,262</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Internal Service Funds
Combining Balance Sheet
September 30, 2001

(With Comparative Totals as of September 30, 2000)

	Agana Fractional Lot Fund	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
					2001	2000
<u>ASSETS</u>						
Cash and equivalents	\$ -	\$ 312,446	\$ -	\$ 89,625	\$ 402,071	\$ 2,453,635
Receivables, net	-	19,733	-	-	19,733	1,457
Interfund receivables, net	126,426	-	1,955,980	114,535	2,196,941	595,401
Inventories	-	8,824,613	802,982	-	9,627,595	9,642,892
Deposits and other assets	430,394	-	-	-	430,394	430,394
Total assets	\$ <u>556,820</u>	\$ <u>9,156,792</u>	\$ <u>2,758,962</u>	\$ <u>204,160</u>	\$ <u>12,676,734</u>	\$ <u>13,123,779</u>
<u>LIABILITIES AND FUND EQUITY (DEFICIENCY)</u>						
Interfund payables	\$ -	\$ 145,406	\$ -	\$ -	\$ 145,406	\$ 1,102,109
Deposits and other liabilities	-	-	-	465,000	465,000	465,000
Total liabilities	-	145,406	-	465,000	610,406	1,567,109
Fund equity (deficiency):						
Retained earnings:						
Restricted	-	8,212,794	1,449,466	-	9,662,260	9,194,351
Unrestricted	556,820	798,592	1,309,496	(260,840)	2,404,068	2,362,319
Fund equity (deficiency)	556,820	9,011,386	2,758,962	(260,840)	12,066,328	11,556,670
Total liabilities and fund equity (deficiency)	\$ <u>556,820</u>	\$ <u>9,156,792</u>	\$ <u>2,758,962</u>	\$ <u>204,160</u>	\$ <u>12,676,734</u>	\$ <u>13,123,779</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Internal Service Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Equity
 Year Ended September 30, 2001
 (With Comparative Totals for the Year Ended September 30, 2000)

	Agana	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
	Fractional Lot Fund				2001	2000
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-
Investment earnings and interest	-	1,785	16,487	2,483	20,755	26,622
Rental charges	-	-	-	-	-	-
Other	-	4,973	1,225,245	-	1,230,218	1,720,898
Total operating revenues	-	6,758	1,241,732	2,483	1,250,973	1,747,520
Operating expenses:						
Production and operations	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Beneficiary related	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Stevedoring and related	-	-	-	-	-	-
General and administrative	-	-	741,315	-	741,315	1,234,542
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	20,182
Total operating expenses	-	-	741,315	-	741,315	1,254,724
Operating income	-	6,758	500,417	2,483	509,658	492,796
Nonoperating revenues:						
Contribution from:						
General fund	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-
Other income	-	-	-	-	-	61,072
Total nonoperating revenues	-	-	-	-	-	61,072
Net income (loss)	-	6,758	500,417	2,483	509,658	553,868
Beginning retained earnings (deficit)	556,820	791,834	2,258,545	(263,323)	3,343,876	2,790,008
Ending retained earnings (deficit)	556,820	798,592	2,758,962	(260,840)	3,853,534	3,343,876
Beginning contributed capital	-	8,212,794	-	-	8,212,794	8,212,794
Adjustment to contributed capital						
Contributions from:						
General fund	-	-	-	-	-	-
Federal government	-	-	-	-	-	-
Fund equity at end of year	\$ 556,820	\$ 9,011,386	\$ 2,758,962	\$ (260,840)	\$ 12,066,328	\$ 11,556,670

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds, Pension Fund and Agency Fund September 30, 2001

Trust funds are used to account for assets held by the Government of Guam in a fiduciary capacity. A brief description of each fund follows.

Expendable Trust Funds

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

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

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

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

Ocean Freight Legal Fund - This fund was established under P.L. 20-221 for the purpose of funding expenses incurred in determining whether ocean freight rates being assessed for cargo carriage between the U.S. mainland and Guam are just and reasonable and to develop a rate setting mechanism which would be acceptable to the shipping lines, the federal government and the Government of Guam.

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

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

Community Development Fund - The fund was established by P.L. 18-15 for the purpose of providing minor repairs and maintenance services to the communities in Guam. Revenues are provided through transfers from the Tourist Attraction Fund. Expenditures are made for salaries of employees performing minor repairs and maintenance, in accordance with Section 15009.5 of the Government Code and to purchase equipment and supplies.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds, Pension Fund and Agency Fund, Continued
September 30, 2001

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

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

Land Claims Fund - This fund was established by P.L. 16-111 to grant loans to those persons who are eligible to bring proceedings for additional compensation under the provisions of Section 204 of the Omnibus Territories Act of 1977 for land acquired by the United States between July 21, 1944 and August 23, 1963, other than through judicial condemnation proceedings in which the issue of compensation was adjudicated in a contested trial in the District Court of Guam.

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds, Pension Fund and Agency Fund, Continued
September 30, 2001

Health Security Trust Fund - This fund was established by P. L. 25-187 for the purpose of funding the operations and capital expenditures at the Guam Memorial Hospital.

Pension Fund

Government of Guam Retirement Fund - P.L. 1-88 and P.L. 9-251 (Section 4201 of the Government Code of Guam) created the Retirement Fund to provide retirement annuities and other benefits to employees of the Government who became aged or incapacitated or to dependents or survivors of these employees. The Retirement Fund is administered by a Board of Trustees who bear responsibility for the direction and operation of the affairs and business of the retirement system. The Retirement Fund is not included in the accompanying financial statements.

Agency Fund

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
 Combining Balance Sheet
 September 30, 2001
 (With Comparative Totals As Of September 30, 2000)

	Program	Government	Income	Income Tax	Ocean Freight	Workers'	Inmates Work	Community	Criminal	Off-Island	Land	Superior	Guam	Supreme	Health	Totals	
	Development	Claims	Tax Rebate	Refund Reserve	Legal	Compensation	Release	Development	Injuries	Treatment	Claims	Court Trust	Preservation Trust	Court	Security Trust Fund	2001	2000
ASSETS																	
Cash and equivalents	\$ 88,609	\$ -	\$ -	\$ 4,406,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,682	\$ 4,867,206	\$ 79,141	\$ 65,605	\$ 10,804,010	\$ 20,324,056	\$ 5,508,665
Receivables, net	-	-	-	-	-	-	-	-	-	-	-	7,374,945	1,601,137	140	-	8,976,222	7,116,116
Interfund receivables, net	-	124,659	2,840,535	785,462	-	-	7,658	-	81,452	1,350	-	-	319,770	-	-	4,160,886	8,855,079
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,090
Prepayments	-	-	-	-	-	-	1,261	-	-	-	-	-	108,865	-	-	110,126	111,868
Total assets	\$ 88,609	\$ 124,659	\$ 2,840,535	\$ 5,192,265	\$ -	\$ -	\$ 8,919	\$ -	\$ 81,452	\$ 1,350	\$ 12,682	\$ 12,242,151	\$ 2,108,913	\$ 65,745	\$ 10,804,010	\$ 33,571,290	\$ 21,632,818
LIABILITIES AND FUND EQUITY (DEFICIENCY)																	
Accounts payable	\$ -	\$ -	\$ 2,840,535	\$ -	\$ -	\$ -	\$ 8,919	\$ -	\$ 169	\$ -	\$ -	\$ -	\$ 11,981	\$ -	\$ -	\$ 2,861,604	\$ 3,425,791
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-	691,936	-	-	-	691,936	630,572
Interfund payables	86,617	-	-	-	-	1,544,747	-	69,673	-	-	-	-	-	-	-	1,701,037	731,850
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,108,770
Provision for tax refunds	-	-	-	5,192,265	-	-	-	-	-	-	-	-	-	-	-	5,192,265	5,192,014
Deposits and other liabilities	-	-	-	-	-	-	-	-	47,931	-	11,834	11,535,744	-	65,745	-	11,661,254	4,294,727
Total liabilities	86,617	-	2,840,535	5,192,265	-	1,544,747	8,919	69,673	48,100	-	11,834	12,227,680	11,981	65,745	-	22,108,096	20,383,724
Fund equity																	
Contributed capital:																	
Fund balances																	
Reserved for:																	
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,804,010	10,804,010	-
Related assets	-	-	-	-	-	-	-	-	-	-	-	200	-	-	-	200	200
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	14,271	-	-	-	14,271	10,260
Continuing appropriations	-	-	-	-	-	-	-	-	-	1,350	-	-	494,814	-	-	496,164	194,936
Unreserved (deficit)	1,992	124,659	-	-	-	(1,544,747)	-	(69,673)	33,352	-	848	-	1,602,118	-	-	148,549	1,043,698
Total fund equity (deficit)	1,992	124,659	-	-	-	(1,544,747)	-	(69,673)	33,352	1,350	848	14,471	2,096,932	-	10,804,010	11,463,194	1,249,094
Total liabilities and fund equity (deficit)	\$ 88,609	\$ 124,659	\$ 2,840,535	\$ 5,192,265	\$ -	\$ -	\$ 8,919	\$ -	\$ 81,452	\$ 1,350	\$ 12,682	\$ 12,242,151	\$ 2,108,913	\$ 65,745	\$ 10,804,010	\$ 33,571,290	\$ 21,632,818

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended September 30, 2001
 (With Comparative Totals For The Year Ended September 30, 2000)

	Program	Government	Income	Income Tax	Ocean Freight	Workers'	Inmates Work	Community	Criminal	Off-Island	Land	Superior	Guam	Supreme	Health	Totals	
	Development	Claims	Tax Rebate	Refund Reserve	Legal	Compensation	Release	Development	Injuries	Treatment	Claims	Court Trust	Preservation Trust	Court	Security Trust Fund	2001	2000
Revenues:																	
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467,015	\$ -	\$ -	\$ 467,015	\$ 885,391
Use of money and property	3,664	-	-	-	-	-	-	-	-	-	-	-	837,437	-	58,058	899,159	4,328
Other	-	-	-	-	-	228,976	-	-	47,488	-	-	114,093	94,279	-	-	484,836	245,041
Total revenues	3,664	-	-	-	-	228,976	-	-	47,488	-	-	114,093	1,398,731	-	58,058	1,851,010	1,134,760
Expenditures:																	
General government	-	988,912	-	-	5,740	-	-	-	-	-	-	-	-	-	-	994,652	165,259
Protection of life and property	-	-	-	-	-	-	-	-	14,136	-	-	-	956,728	-	-	970,864	5,268,984
Community services	-	-	-	-	-	-	-	109,666	-	2,087,895	-	-	-	-	-	2,197,561	1,290,898
Individual and collective rights	-	-	-	-	-	2,302,680	-	-	-	-	-	2,397,477	-	-	-	4,700,157	3,636,205
Total expenditures	-	988,912	-	-	5,740	2,302,680	-	109,666	14,136	2,087,895	-	2,397,477	956,728	-	-	8,863,234	10,361,346
Excess (deficiency) of revenue over (under) expenditures	3,664	(988,912)	-	-	(5,740)	(2,073,704)	-	(109,666)	33,352	(2,087,895)	-	(2,283,384)	442,003	-	58,058	(7,012,224)	(9,226,586)
Other financing sources (uses):																	
Transfers in	-	988,912	-	-	-	1,150,000	-	-	-	2,087,895	-	2,256,565	-	-	-	6,483,372	3,659,381
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44,533)
Other sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,752,141	10,752,141	-
Other uses	(3,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,189)	(9,189)	(76,372)
Total other financing sources (uses), net	(3,000)	988,912	-	-	-	1,150,000	-	-	-	2,087,895	-	2,256,565	-	-	10,745,952	17,226,324	3,538,476
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	664	-	-	-	(5,740)	(923,704)	-	(109,666)	33,352	-	-	(26,819)	442,003	-	10,804,010	10,214,100	(5,688,110)
Fund balances (deficit) at beginning of year	1,328	124,659	-	-	5,740	(621,043)	-	39,993	-	1,350	848	41,290	1,654,929	-	-	1,249,094	6,937,204
Fund balances (deficit) at end of year	\$ 1,992	\$ 124,659	\$ -	\$ -	\$ -	\$ (1,544,747)	\$ -	\$ (69,673)	\$ 33,352	\$ 1,350	\$ 848	\$ 14,471	\$ 2,096,932	\$ -	\$ 10,804,010	\$ 11,463,194	\$ 1,249,094

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of General Fixed Assets by Function and Activity
Year Ended September 30, 2001

	2000 Total Fixed Assets	2001 Acquisitions/(Disposal)	2001 Total Fixed Assets
General Government:			
Office of the Governor	\$ 2,176,555	\$ (109,261)	\$ 2,067,294
Office of the Lt. Governor	25,862	(25,862)	-
Bureau of Budget and Mgmt. Research	937,011	(628,951)	308,060
Civil Service Commission	246,883	(37,647)	209,236
Administration	8,599,065	(4,870,011)	3,729,054
Public Works	168,796,962	(21,392,605)	147,404,357
Revenue and Taxation	1,991,806	(204,719)	1,787,087
Territorial Auditors	961,852	(14,786)	947,066
Land Management	3,026,945	113,015	3,139,960
Total	<u>186,762,941</u>	<u>(27,170,827)</u>	<u>159,592,114</u>
Protection of life and property:			
Law	1,693,356	33,329	1,726,685
Guam Police Department	15,289,194	(1,066,509)	14,222,685
Guam Fire Department	6,722,641	(1,313,688)	5,408,953
Corrections	3,940,579	(326,670)	3,613,909
Youth Affairs	804,459	(135,209)	669,250
Civil Defense	611,476	14,425	625,901
Chief Medical Examiner	39,481	-	39,481
Territorial Crime Commission	42,342	(28,002)	14,340
Total	<u>29,143,528</u>	<u>(2,822,324)</u>	<u>26,321,204</u>
Public health:			
Public Health and Social Services	6,975,582	(1,266,399)	5,709,183
Mental Health and Substance Abuse	2,009,147	(130,831)	1,878,316
Guam Health Planning	46,552	858	47,410
Total	<u>9,031,281</u>	<u>(1,396,372)</u>	<u>7,634,909</u>
Community services:			
Council for the Arts and Humanities	161,661	2,635	164,296
Library and Museum	572,040	(70,146)	501,894
Vocational Rehabilitation	317,269	(58,237)	259,032
Total	<u>1,050,970</u>	<u>(125,748)</u>	<u>925,222</u>
Recreation:			
Parks and Recreation	3,043,882	(110,666)	2,933,216
Total	<u>3,043,882</u>	<u>(110,666)</u>	<u>2,933,216</u>
Individual and collective rights:			
Labor	1,397,264	(527,064)	870,200
Election Commission	1,972,697	(1,472,934)	499,763
Commissioner's Council	2,574,368	(115,748)	2,458,620
Superior Court	18,639,373	-	18,639,373
Human Resources Development	173,465	(25,222)	148,243
Veterans Affairs	45,795	(33,811)	11,984
Military Affairs	585,575	(389,965)	195,610
Women's Affairs	45,103	8,321	53,424
Chamorro Land Trust	1,602,180	(1,502,468)	99,712
Total	<u>27,035,820</u>	<u>(4,058,891)</u>	<u>22,976,929</u>
Education:			
Education	54,967,210	(15,895,937)	39,071,273
Chamorro Language Commission	42,662	(1,499)	41,163
Total	<u>55,009,872</u>	<u>(15,897,436)</u>	<u>39,112,436</u>
Environmental protection:			
Environmental Protection	1,216,638	104,856	1,321,494
Guam Energy Office	811,220	(593,876)	217,344
Total	<u>2,027,858</u>	<u>(489,020)</u>	<u>1,538,838</u>
Economic development:			
Commerce	2,164,884	(917,480)	1,247,404
Agriculture	3,067,787	(438,803)	2,628,984
Bureau of Planning	1,073,253	(37,931)	1,035,322
Total	<u>6,305,924</u>	<u>(1,394,214)</u>	<u>4,911,710</u>
Public Defender	245,246	(37,965)	207,281
PDSC Land Claims Fund	7,240	(3,438)	3,802
PDSC Family Violence Program	3,032	1,577	4,609
Total	<u>255,518</u>	<u>(39,826)</u>	<u>215,692</u>
Total general fixed assets	<u>\$ 319,667,594</u>	<u>\$ (53,505,324)</u>	<u>\$ 266,162,270</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
September 30, 2001

The Higher Education Fund group is used to account for the colleges and universities of the primary government. These funds are presented as blended component units as they are considered to be part of the primary government but are presented separately from the other fund types of the primary government. The Higher Education Fund is comprised of the University of Guam (UOG) and the Guam Community College (GCC). A brief discussion of the Government's Higher Education Funds as of September 30, 2001, follows.

University of Guam - The University of Guam was granted administrative autonomy with the enactment of Public Law 13-194, "The Higher Education Act of 1976," which became effective on November 3, 1976. The Act, with subsequent amendments, established the University as a non-membership, non-profit corporation of the Government of Guam, under the control and operation of a nine-member Board of Regents appointed by the Governor with the advice and consent of the Legislature. The University is presented as a blended component unit of the Government of Guam.

Guam Community College - The Guam Community College was established by the enactment of Public Law 14-77, "The Community College Act of 1977," which became effective on November 11, 1977. Administration and operation of the College are under the control of a nine-member Board of Trustees appointed by the Governor with the advice and consent of the Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union. The college is not presented in the accompanying financial statements.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet
September 30, 2001

ASSETS	UNIVERSITY OF GUAM					COLLEGE AND UNIVERISTY		College and University (Memorandum Only)
	CURRENT		PLANT	LOAN	ENDOWMENT	RESTRICTED	UNRESTRICTED	
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted			
Cash and equivalents	\$ 353,531	\$ 2,668,536	\$ 54,488	\$ -	\$ 369,538	\$ 353,531	\$ 3,092,562	\$ 3,446,093
Investments	-	712,165	-	-	9,174,800	-	9,886,965	9,886,965
Receivables, net	-	4,935,298	234,221	24,031	-	-	5,193,550	5,193,550
Receivables from federal agencies	1,823,439	-	-	418,017	-	1,823,439	418,017	2,241,456
Other receivables	858,931	1,031,509	-	56,295	2,732	858,931	1,090,536	1,949,467
Inventories	-	594,656	-	-	-	-	594,656	594,656
Prepayments	203,382	879,574	-	-	-	203,382	879,574	1,082,956
Deposits and other assets	-	-	-	-	-	-	-	-
	<u>3,239,283</u>	<u>10,821,738</u>	<u>288,709</u>	<u>498,343</u>	<u>9,547,070</u>	<u>3,239,283</u>	<u>21,155,860</u>	<u>24,395,143</u>
Amounts to be provided for retirement of debt	-	-	132,346	-	-	-	132,346	132,346
Fixed assets:								
Support Assets	-	-	10,099,071	-	-	-	10,099,071	10,099,071
Capital leases and improvements	-	-	-	-	-	-	-	-
Buildings and improvements	-	-	72,207,228	-	-	-	72,207,228	72,207,228
	-	-	82,306,299	-	-	-	82,306,299	82,306,299
Less: accumulated depreciation	-	-	18,561,181	-	-	-	18,561,181	18,561,181
	-	-	63,745,118	-	-	-	63,745,118	63,745,118
Construction-in-progress	-	-	1,422,517	-	-	-	1,422,517	1,422,517
Land	-	-	2,909,866	-	-	-	2,909,866	2,909,866
	-	-	68,077,501	-	-	-	68,077,501	68,077,501
Total assets	<u>\$ 3,239,283</u>	<u>\$ 10,821,738</u>	<u>\$ 68,498,556</u>	<u>\$ 498,343</u>	<u>\$ 9,547,070</u>	<u>\$ 3,239,283</u>	<u>\$ 89,365,707</u>	<u>\$ 92,604,990</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet, Continued
September 30, 2001

<u>LIABILITIES AND FUND EQUITY</u> <u>(DEFICIENCY)</u>	UNIVERSITY OF GUAM					COLLEGE AND UNIVERSITY		College and University (Memorandum Only)
	CURRENT		PLANT	LOAN	ENDOWMENT	RESTRICTED	UNRESTRICTED	
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted			
Current Liabilities:								
Accounts payable	\$ 2,362	\$ 5,778,506	\$ 246,743	\$ -	\$ -	\$ 2,362	\$ 6,025,249	\$ 6,027,611
Accrued payroll and other	546,434	2,284,114	-	-	-	546,434	2,284,114	2,830,548
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	4,395,685	-	-	-	-	4,395,685	4,395,685
Deposits and other liabilities	2,504,906	-	-	405,949	53,081	2,504,906	459,030	2,963,936
Total current liabilities	3,053,702	12,458,305	246,743	405,949	53,081	3,053,702	13,164,078	16,217,780
Long-term liabilities:								
Obligation under capital lease	-	-	948,218	-	-	-	948,218	948,218
Notes payable and bonds payable	-	-	585,000	-	-	-	585,000	585,000
Total long-term liabilities	-	-	1,533,218	-	-	-	1,533,218	1,533,218
Total liabilities	3,053,702	12,458,305	1,779,961	405,949	53,081	3,053,702	14,697,296	17,750,998
Fund equity:								
Investment in general fixed assets	-	-	66,304,283	-	-	-	66,304,283	66,304,283
Fund balances (deficit):								
Reserved for:								
Specific purposes	185,581	-	49,461	-	-	185,581	49,461	235,042
Debt service	-	-	132,346	-	-	-	132,346	132,346
Unreserved	-	(1,636,567)	232,505	92,394	9,493,989	-	8,182,321	8,182,321
Total fund equity (deficiency)	185,581	(1,636,567)	66,718,595	92,394	9,493,989	185,581	74,668,411	74,853,992
Total liabilities and fund equity (deficiency)	\$ 3,239,283	\$ 10,821,738	\$ 68,498,556	\$ 498,343	\$ 9,547,070	\$ 3,239,283	\$ 89,365,707	\$ 92,604,990

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Employee Count and Payroll Costs
Year Ended September 30, 2001

<u>Dept.</u>	<u>Department Name</u>	<u>Employee Count at PPE 09/22/01</u>	<u>Total Payroll Costs for FY 2001</u>
0200	Office of the Governor	188	\$ 7,703,185
0400	Bureau of Budget & Management Research	25	1,449,336
0500	Civil Service Commission	16	1,135,498
0600	Dept. of Administration	160	7,027,689
0700	Guam Election Commission	5	277,426
0800	Dept. of Revenue and Taxation	160	6,611,895
0900	Bureau of Planning	26	1,351,103
1000	Dept. of Public Works	536	21,974,434
1100	Dept. of Law	120	6,627,476
1200	Guam Police Dept.	349	17,361,900
1300	Dept. of Corrections	199	13,952,530
1400	Dept. of Commerce	34	1,289,621
1500	Agency for Human Resources Development	49	1,148,269
1600	Dept. of Agriculture	120	4,925,801
1700	Dept. of Public Health and Social Services	428	18,492,530
1800	Guam Public Library	25	718,929
1900	Dept. of Education	1	47,021
2000	Dept. of Youth Affairs	83	3,566,696
2200	Guam Environmental Protection Agency	48	2,338,795
2300	Department of Mental Health and Substance Abuse	140	5,502,449
2400	Dept. of Labor	214	3,557,120
2500	Dept. of Parks and Recreation	101	3,806,819
2600	Dept. of Integrated Services for Individuals	32	1,575,261
2700	Civil Defense	8	214,219
2800	Mayors' Council	192	6,412,880
2900	Dept. of Land Management	57	2,534,226
3000	Chief Medical Examiner	3	303,228
3100	Veterans' Affairs	3	197,393
3200	Dept. of Customs and Quarantine	135	5,582,726
3300	Guam Museum	10	250,964
3400	Guam Energy Office	9	424,536
3600	Dept. of Chamorro Affairs	16	362,423
3700	Dept. of Military Affairs	34	1,159,259
3800	Chamorro Language Commission	1	165,168
4000	CAHA	7	361,450
4200	Guam Fire Dept.	312	18,935,008
4400	Chamorro Land Trust Commission	14	662,298
5900	Office of the Public Auditor	9	326,063
6300	Guam Educational Telecommunications Corp.	10	432,584
TOTALS		3,879	\$ 170,766,208

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