

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

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

YEAR ENDED SEPTEMBER 30, 2001



INDEPENDENT AUDITORS' REPORT

Honorable Felix Camacho
Governor of Guam:

We have audited the accompanying balance sheets of the Territorial Highway Fund and of those funds and account groups related to the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A as of September 30, 2001, and the related statements of revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on these financial statements based on our audit.

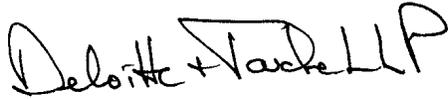
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

As described in note 1, the financial statements present only the Territorial Highway Fund and those funds and account groups related to the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A. They are not intended to present the financial position and the results of operations of the Government of Guam in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Territorial Highway Fund and funds and the account group related to the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A, as of September 30, 2001, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2003 on our consideration of the Territorial Highway Fund and of those funds and account groups related to the Government of Guam Limited Obligation Highway Refunding Bonds 2001 Series A's 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional 2001 information (construction project status and additional supplementary information) on pages 10 - 14 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional 2001 information is the responsibility of the Government of Guam's management. Such 2001 information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

December 3, 2003

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Balance Sheets
September 30, 2001

	Territorial Highway Fund	Capital Projects Fund	Debt Service Fund	General Long-Term Debt Account Group	Total (Memorandum Only) 2001	Total (Memorandum Only) 2000
<u>ASSETS</u>						
Cash and equivalents	\$ 4,504,513	24,944,821	15,376,296	-	\$ 44,825,630	\$ 54,325,381
Taxes receivable, net of allowance of \$27,389,931 and \$11,836,112 at September 30, 2001 and 2000, respectively	7,040,207	-	-	-	7,040,207	19,271,526
Due from other funds	10,766,471	-	5,832,694	-	16,599,165	15,428,026
Accrued interest receivable	-	-	-	-	-	101,237
Amount available in debt service fund	-	-	-	12,202,711	12,202,711	10,562,005
Amount to be provided for retirement of debt	-	-	-	39,502,289	39,502,289	39,267,995
Total assets	\$ 22,311,191	24,944,821	21,208,990	51,705,000	\$ 120,170,002	\$ 138,956,170
<u>LIABILITIES AND FUND BALANCES (DEFICIT)</u>						
Liabilities:						
Accounts payable	\$ 19,050	230,607	-	-	\$ 249,657	\$ 248,657
Due to other funds	5,190,136	848,655	9,006,279	-	15,045,070	26,575,939
Accrued expenditures	9,489,774	-	-	-	9,489,774	290,267
Deferred revenue	7,040,207	-	-	-	7,040,207	19,271,526
Tax drawbacks	14,293,356	-	-	-	14,293,356	10,636,465
Bonds payable	-	-	-	51,705,000	51,705,000	49,830,000
Total liabilities	36,032,523	1,079,262	9,006,279	51,705,000	97,823,064	106,852,854
Fund balances (deficit):						
Reserved for:						
Continuing appropriations	640,174	15,707,232	-	-	16,347,406	15,989,376
Debt service	-	-	12,202,711	-	12,202,711	10,562,005
Encumbrances	1,222,745	69,847	-	-	1,292,592	808,126
Unreserved fund balances (deficit)	(15,584,251)	8,088,480	-	-	(7,495,771)	4,743,809
Total fund balances (deficit)	(13,721,332)	23,865,559	12,202,711	-	22,346,938	32,103,316
Contingencies						
Total liabilities and fund balances (deficit)	\$ 22,311,191	24,944,821	21,208,990	51,705,000	\$ 120,170,002	\$ 138,956,170

See accompanying notes to financial statements.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Year Ended September 30, 2001

	Territorial Highway Fund	Capital Projects Fund	Debt Service Fund	Total (Memorandum Only) 2001	Total (Memorandum Only) 2000
Revenues:					
Taxes	\$ 10,266,252	-	-	\$ 10,266,252	\$ 10,722,617
Licenses, fees and permits	4,402,917	-	-	4,402,917	4,470,397
Use of money and property	172,228	1,054,127	1,088,107	2,314,462	2,229,121
	14,841,397	1,054,127	1,088,107	16,983,631	17,422,135
Expenditures:					
Capital projects	-	1,931	-	1,931	1,251,531
Interest	-	-	3,093,205	3,093,205	3,248,885
Principal	-	-	2,935,000	2,935,000	2,780,000
Operations and maintenance	17,657,888	-	-	17,657,888	8,003,737
General government	-	-	-	-	17,000
	17,657,888	1,931	6,028,205	23,688,024	15,301,153
Excess (deficiency) of revenues over expenditures	(2,816,491)	1,052,196	(4,940,098)	(6,704,393)	2,120,982
Other financing sources (uses):					
Operating transfers in	8,770,148	-	14,606,451	23,376,599	26,286,093
Operating transfers out	(19,918,690)	-	(8,770,148)	(28,688,838)	(29,598,338)
Other financing sources	1,536,652	-	975,427	2,512,079	-
Other financing uses	(20,899)	-	(230,926)	(251,825)	(62,564)
Proceeds from bond defeasance	-	-	60,102,919	60,102,919	-
Used for bond defeasance	-	-	(60,102,919)	(60,102,919)	-
Total other financing sources (uses)	(9,632,789)	-	6,580,804	(3,051,985)	(3,374,809)
Expenditures and other financing uses over (under) revenues and other financing sources	(12,449,280)	1,052,196	1,640,706	(9,756,378)	(1,253,827)
Fund balances (deficit) at beginning of year	(1,272,052)	22,813,363	10,562,005	32,103,316	33,357,143
Fund balances (deficit) at end of year	\$ (13,721,332)	23,865,559	12,202,711	\$ 22,346,938	\$ 32,103,316

See accompanying notes to financial statements.

GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies

- A. Territorial Highway Fund – This fund, created by 05 GCA 54102, was established for the purpose of performing maintenance of Guam’s highways and roadways, and implementing highway safety plans, programs and projects. Revenues are derived from Federal grants, liquid fuel taxes, vehicle registration fees and certain licenses.
- B. Fund Accounting - The assets, liabilities and fund balance of the Government of Guam Territorial Highway Fund and funds related to the Limited Obligation Highway Refunding Bonds, 2001 Series A, are reported in three self-balancing funds and an account group as follows:
- Special Revenue Fund - used to account for liquid fuel taxes and various vehicle fees pledged in support of the bond issue, various highway operation and maintenance expenditures, and certain capital improvement projects appropriated prior to the bond issue or funded with surplus revenues.
 - Capital Projects Fund - used to account for the construction of highway projects from bond proceeds.
 - Debt Service Fund - used to account for funds required by the bond indenture to redeem bond principal and to pay bond interest as such becomes due.
 - General Long-Term Debt Account Group - used to account for outstanding bonds payable and the amount available for payment of long-term debt. The Account Group is not a "fund" as it is only concerned with the measurement of financial position and is not involved with measurement of results of operations. Since the balances within the Account Group do not affect net current assets, these long-term amounts are not recognized as "fund" expenditures or liabilities until the corresponding amounts become due.

The Government of Guam has elected not to capitalize public domain or infrastructure fixed assets, which include highway and road improvements. This election is consistent with accounting principles generally accepted in the United States of America.

- C. Basis of Accounting - The Fund's accounts are presented on the modified accrual basis of accounting. Expenditures and transfers are recorded when the corresponding liability has been incurred, and upon final determination of liquid fuel tax drawback claims.

Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Cash basis accounting is utilized for revenue recognition as tax assessments are not considered both measurable and available until related payments are actually received and upon the final determination of liquid fuel tax drawback claims. Tax rates and fees are noted below:

Liquid Fuel Taxes:

Aviation Fuel Tax	\$.04 per gallon
Diesel Fuel Tax	\$.10 per gallon
All Other Fuel Tax	\$.11 per gallon

Automotive Surcharges:

Mass Transit Automotive Surcharge (Diesel Fuel)	\$.04 per gallon
Automotive Surcharge (all other fuel except fuel used for aviation)	\$.04 per gallon

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

C. Basis of Accounting, Continued

Motor Vehicle Fees and Registration:

Taxi Drivers	\$25.00 Identification Card
	<u>3.50</u> Endorsement
	\$28.50 Total for Taxi Drivers
 Driver's License (and all others)	 \$ 5.00

The amount of the annual license and registration fee shall be determined based on vehicle gross weight with fees ranging from \$10 to \$38 for vehicles weighing under 1,000 to 8,000 pounds and over plus two dollars and fifty cents (\$2.50) for each 500 pounds or fraction thereof in excess of 7,999 pounds. Additionally, fees are subject to percentage adjustments based on vehicle model year with respect to vehicles whose gross weight is not in excess of 7,999 pounds, as follows:

<u>Model Year</u>	<u>Percent of Fees</u>
1949 and earlier	50%
1950 through 1953	75%
1954 and subsequent	100%

Vehicles having a gross weight of one hundred forty thousand (140,000) pounds or more, and which are used temporarily or intermittently, may be issued a permit, in lieu of the annual license and registration, for a period not to exceed thirty (30) consecutive days. The fee for each thirty (30) consecutive day period or any fraction thereof shall be One Hundred Dollars (\$100.00).

In lieu of all other license and registration fees, implements of husbandry and road building and construction equipment other than motor trucks, trailers, semi-trailers and pole or pipe dollies, operated on highways only in moving from one site to another, shall be subject to annual registration. The fee for such registration shall be Three Dollars and Fifty Cents (\$3.50) for each one thousand pounds of gross weight of said vehicles.

D. Appropriations - The Attorney General of Guam has opined that legislative appropriations sufficient to cover debt service and operating and maintenance costs are consciously provided for under Public Law 18-2 and Resolution 75, adopted on April 23, 1985.

E. Cash and Equivalents - Cash and equivalents of \$44,825,630 represent purchased U.S. Government debt securities and commercial paper held by the Bond Trustee with a maturity of ninety days or less and are classified as Category 1 investments of the three credit risk categories promulgated in Governmental Accounting Standards Board (GASB), Statement No. 3 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.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2001

(1) Summary of Significant Accounting Policies, Continued

- F. Management Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- G. Total-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.

(2) Due From/To Government of Guam General Fund and Other Funds

Amounts due from/to the Government of Guam General Fund and other funds represent advances which are to be reimbursed at a later date. The amount due to the Special Revenue Fund from the Debt Service Fund represents operations and maintenance reimbursement. The interfund balances at September 30, 2001, are summarized below:

	Territorial Highway Fund		
	Special Revenue Fund	Highway Bond Capital Projects Fund	Debt Service Fund
Due From:			
General Fund	\$ 1,760,192	\$ -	\$ 5,832,694
Debt Service Fund	<u>9,006,279</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,766,471</u>	<u>\$ -</u>	<u>\$ 5,832,694</u>
Due To:			
Capital Projects Fund	\$ -	\$ -	\$ -
General Fund	<u>5,190,136</u>	<u>848,655</u>	<u>9,006,279</u>
	<u>\$ 5,190,136</u>	<u>\$ 848,655</u>	<u>\$ 9,006,279</u>

(3) Interfund Transfer Activity

Interfund transfers from the Special Revenue Fund to the Debt Service Fund represent the transfer of pledged revenues as required by the bond indenture. Interfund transfers from the Debt Service Fund to the Special Revenue Fund represent the amount necessary to reimburse the Special Revenue Fund for highway operation and maintenance costs incurred. The transfer to the Guam Mass Transit Authority represents available funds from the mass transit fuel surcharge. Interfund transfer activity during the year ended September 30, 2001, is summarized below:

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Notes to Financial Statements
September 30, 2001

(3) Interfund Transfer Activity, Continued

	<u>Special Revenue Fund</u>	<u>Highway Bond Capital Projects Fund</u>	<u>Debt Service Fund</u>
Transfers Out To:			
Debt Service Fund	\$ 14,606,451	\$ -	\$ -
General Fund	2,000,000	-	-
Guam Mass Transit Authority	3,312,239	-	-
Territorial Highway Fund	<u>-</u>	<u>-</u>	<u>8,770,148</u>
	\$ <u>19,918,690</u>	\$ <u>-</u>	\$ <u>8,770,148</u>
Transfers In From:			
Debt Service Fund	\$ 8,770,148	\$ -	\$ -
Capital Projects Fund	-	-	-
Territorial Highway Fund	<u>-</u>	<u>-</u>	<u>14,606,451</u>
	\$ <u>8,770,148</u>	\$ <u>-</u>	\$ <u>14,606,451</u>

The \$2,000,000 transfer out to the General Fund from the Special Revenue Fund was made in accordance with Public Law 26-31 for the purpose of payments of public assistance programs administered by the Department of Public Health and Social Services.

(4) Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are generally evidenced by outstanding purchase orders, contracts, and intradepartmental work requests. As of September 30, 2001, there were no outstanding interdepartmental work requests pertaining to land acquisitions. Encumbrances outstanding at year end are carried forward to the subsequent year and are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(5) Tax Drawback

Tax drawbacks exist as of the year ended September 30, 2001 for tax years as early as 1994. These drawbacks are currently in litigation and the final outcome is not determinable as of September 30, 2001. The following information relates to the drawback liability as of September 30, 2001:

<u>Tax Year</u>	<u>Amount</u>
1994	\$ 110,179
1996	3,794,369
1997	7,262,174
1998	3,121,528
2000	<u>5,106</u>
Total	\$ <u>14,293,356</u>

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2001

(6) Bonds Payable

Defeased Debt of the Government of Guam Limited Obligation Highway Bonds, 1992 Series A – on April 1, 2001, the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A (2001 Bonds) were issued to refund the Government of Guam Limited Obligation Highway Bonds, 1992 Series A (1992 Bonds), which were issued on June 1, 1992. The 1992 Bonds mature annually on May 1, 1994 through May 1, 2003, with a term bond maturity on May 1, 2012. Interest on the 1992 Bonds was payable semiannually on May 1 and November 1 of each year. The advance refunding met the requirements of an in-substance defeasance and the 1992 Bonds were removed from the Territorial Highway Fund's General Long-Term Debt Account Group. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$1,878,801 and a total reduction in the debt service by \$4,359,985.

The Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A (2001 Bonds) are serial bonds, dated April 1, 2001 and were issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest is variable between 3.125% to 5.5%. The 2001 Bonds maturing on May 1, 2012, are subject to redemption prior to their stated maturity, at the option of the Government, from any source of available funds, on any date on or after May 1, 2011.

Minimum debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 3,830,000	\$ 2,342,555	\$ 6,172,555
2003	3,985,000	2,042,671	6,027,671
2004	4,120,000	1,907,181	6,027,181
2005	4,265,000	1,762,981	6,027,981
2006	4,435,000	1,594,294	6,029,294
Thereafter	<u>31,070,000</u>	<u>5,095,150</u>	<u>36,165,150</u>
	\$ <u>51,705,000</u>	\$ <u>14,744,832</u>	\$ <u>66,449,832</u>

The 2001 Bonds are limited obligations of the Government of Guam payable entirely from a first lien pledge of revenues. Revenues are defined in the bond indentures as all amounts received by the Government, the Trustee, the Paying Agent, the Co-Trustee or the Depository as proceeds of liquid fuel taxes or as vehicle registration and license fees, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the indenture. Proceeds from the 2001 Bonds totaled \$60,012,919 used in the following manner: \$53,147,332 was deposited to the Escrow account; \$5,170,500 was deposited in the Bond Reserve Fund account which is accounted for in the Debt Service Fund; accrued interest of \$144,157 was deposited in the Bond Fund account; and bond issuance costs and other related expenditures totaling \$1,640,930 were paid to the respective recipients.

In accordance with the bond indentures, the depository has established trust accounts as follows:

- Construction Fund – amounts deposited therein are used for (1) the purpose of implementing capital improvement highway projects pursuant to Public Law 21-110 signed by the Governor on June 1, 1992, (2) the payment of principal of and interest on the bonds. The Construction Fund account is accounted for within the Capital Projects Fund.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2001

(6) Bonds Payable, Continued

- Costs of Issuance Fund – amounts deposited therein are used for the payment of costs of issuance of the series of bonds. The Cost of Issuance Fund account is accounted for within the Debt Service Fund.

All pledged revenues are to be deposited into a special fund designated as the Revenue Fund, except that all interest and other profit from the investment of moneys in the Construction Fund and the Rebate Fund shall be retained therein. The Revenue Fund account is accounted for within the Debt Service Fund. On or before the fifth day of each month following the month in which the 2001 Bonds are delivered, the depository shall transfer from the Revenue Fund for 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 during each interest accrual period and principal payment period upon all then outstanding bonds in equal monthly amounts, plus (2) an amount, which, is 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 bonds, 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 required for the mandatory sinking fund payments due.
- Bond Reserve Fund – an amount needed to increase the amount in the Bond Reserve Fund to meet the bond reserve fund requirement. The bond reserve fund requirement is defined as an amount to make up for any deficiency in the Bond Fund. The deficiency in the Bond Fund represents insufficiency of funds to pay the principal of the mandatory sinking account payments and interest on the bonds. The Bond Reserve Fund account is accounted for within the Debt Service Fund.
- Maintenance and Operation Fund – the amount of maintenance and operations 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 the Government of Guam highway maintenance and operation costs. The Maintenance and Operation Fund account is accounted for within the Debt Service Fund.
- Surplus Fund – the balance remaining in the Revenue Fund after 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. The Surplus Fund account is accounted for within the Debt Service Fund.

At September 30, 2001, management of the Funds is of the opinion that it is in compliance with the bond covenants as outlined in the bond indenture.

(7) Contingencies

On December 16, 1996, Public Law 23-128 was signed into law by the Governor of Guam. The Law authorizes fifty percent (50%) of all monies in the Surplus Fund of the Limited Obligation Highway Bonds, Series 1992 A Debt Service Fund to be paid to the Village Streets Fund. During the year ended September 30, 2001, total cash transferred to the Village Streets Fund was \$0.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2001

(8) Subsequent Events

On March 8, 2002, a judgment was entered into against the Department of Revenue and Taxation for \$3,656,891 of liquid fuel tax drawback plus interest.

On July 9, 2002, Substitute Bill No. 348 (COR) was passed to authorize the spending by the Governor of Guam of up to \$8 million beginning July 2, 2003 and for 45 days from the enactment of this Act, from the unreserved fund balance of the Territorial Highway Fund for Typhoon Chata'an and Typhoon Halong recovery efforts.

(9) Due to GPA

At September 30, 2001, power charges totaling \$9,489,774 were accrued, representing the obligation of the Government of Guam for electrical services to certain streetlights. There is a form of repayment agreement bearing interest at 4.35%, however, it has not yet been initiated and there is no appropriation to process payment. Management is of the opinion that this balance may change and may be charged to another fund. However, at this time, it is not possible to determine the ultimate outcome of this matter or the potential impact on the accompanying financial statements. Due to the aforementioned uncertainties, it is not possible to calculate future interest expense associated with this debt.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Construction Project Status
September 30, 2001

Project Title	Budget	Expenditures Year Ended September 30, 2001	Cumulative Expenditures	Outstanding Encumbrances	Budget Available
1985 Series A Construction Fund					
Projects:					
Rte 1 Y-Sengsong to Gayinero Road	\$ 5,935,357	\$ -	\$ 5,935,357	\$ -	-
Rte 2A Agat to Umatac Road	11,824,071	-	11,824,071	-	-
Rte 8 Phase I road widening	3,802,963	-	3,802,963	-	-
Aspinall Ave. and Rte 1 to Rte 8 and Rte 7A	7,423,020	-	7,423,020	-	-
Reconstruction Rte 1 to Rte 4	706,129	-	706,129	-	-
Reconstruction Rte 1 to Rte 11	451,016	-	451,016	-	-
Sub-total	<u>30,142,556</u>	<u>-</u>	<u>30,142,556</u>	<u>-</u>	<u>-</u>
1992 Series A Construction Fund					
Projects:					
Umatac Guardrail	2,500,000	-	1,975,264	-	524,736
Reconstruction Harmon Loop	2,000,000	-	615,319	6,800	1,377,881
Reconstruction Rte 1 from Polaris Intersection to Rte 2A	6,000,000	-	3,269,106	-	2,730,894
Reconstruction Rte 2 from Commissary Junction to Nana River	3,999,989	-	3,830,817	-	169,172
Design and reconstruction of three (3) lane highway from intersection of Rte 30 and Rte 1 to GMH	9,999,999	1,931	9,904,879	4,000	91,120
Design and construction of Harmon access road including land acquisition	2,999,999	-	102,454	2,450	2,895,095
Land acquisition for Agat-Umatac Project and unacquired land on Rte 1, Rte 6, Macheche Rd., Bello Rd, and Alegeta St.	4,000,000	-	1,897,222	-	2,102,778
Resurfacing of approximately 5 miles of Rte 4 through Merizo	3,000,000	-	2,803,493	33,389	163,118
Design and construction of San Ramon Hill roadway network covering Rte 7	2,000,000	-	1,999,000	-	1,000

See accompanying independent auditor's report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Construction Project Status, Continued
September 30, 2001

Project Title	Budget	Expenditures Year Ended September 30, 2001	Cumulative Expenditures	Outstanding Encumbrances	Budget Available
1992 Series A Construction Fund Projects, Continued:					
Sidewalk 6 feet in width on the South side of San Vitores Rd from JFK High School	500,000	-	-	-	500,000
Planning, design, and initial construction of bike/jogging paths island wide	1,000,000	-	-	-	1,000,000
Secondary road improvements in the village of Yigo	500,000	-	476,662	23,208	130
Secondary road improvements in the village of Dededo	500,000	-	499,032	-	968
Route 4 road improvements between Yona and Talofofo	800,000	-	699,660	-	100,340
Road construction into the new landfill	1,500,000	-	-	-	1,500,000
Expansion of Rte 26	1,000,000	-	-	-	1,000,000
Road improvements within the Umatac Sub-division	1,500,000	-	-	-	1,500,000
Construction of speed bumps on streets of municipalities	50,000	-	-	-	50,000
Sub-total	<u>43,849,987</u>	<u>1,931</u>	<u>28,072,908</u>	<u>69,847</u>	<u>15,707,232</u>
Typhoon Omar Homeless FEMA Projects:					
Roadway improvement, Dededo subdivision	2,408,248	-	2,408,248	-	-
Roadway improvement, Inarajan subdivision	-	-	-	-	-
Sub-total	<u>2,408,248</u>	<u>-</u>	<u>2,408,248</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 76,400,791</u>	<u>\$ 1,931</u>	<u>\$ 60,623,712</u>	<u>\$ 69,847</u>	<u>\$ 15,707,232</u>

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Supplementary Information - Balance Sheet
September 30, 2001 and 2000

	Territorial Highway Fund		Capital Projects Fund		Debt Service Fund		General Long-Term Debt Account Group	
	2001	2000	2001	2000	2001	2000	2001	2000
ASSETS								
Cash and equivalents	\$ 4,504,513	\$ 2,496,340	\$ 24,944,821	\$ 23,790,388	\$ 15,376,296	\$ 28,038,653	\$ -	\$ -
Taxes receivable	7,040,207	19,271,526	-	-	-	-	-	-
Due from other funds	10,766,471	11,613,494	-	-	5,832,694	3,814,532	-	-
Accrued interest receivable	-	-	-	101,237	-	-	-	-
Amount available in debt service fund	-	-	-	-	-	-	12,202,711	10,562,005
Amount to be provided for retirement of debt	-	-	-	-	-	-	39,502,289	39,267,995
Total assets	\$ 22,311,191	\$ 33,381,360	\$ 24,944,821	\$ 23,891,625	\$ 21,208,990	\$ 31,853,185	\$ 51,705,000	\$ 49,830,000
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ 19,050	\$ 19,050	\$ 230,607	\$ 229,607	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	290,267	-	-	-	-	-	-
Due to other funds	5,190,136	4,436,104	848,655	848,655	9,006,279	21,291,180	-	-
Accrued expenses	9,489,774	-	-	-	-	-	-	-
Deferred revenue	7,040,207	19,271,526	-	-	-	-	-	-
Tax drawbacks	14,293,356	10,636,465	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-	51,705,000	49,830,000
Total liabilities	36,032,523	34,653,412	1,079,262	1,078,262	9,006,279	21,291,180	51,705,000	49,830,000
Fund balances (deficit):								
Reserved for:								
Continuing appropriations	640,174	292,351	15,707,232	15,697,025	-	-	-	-
Debt service	-	-	-	-	12,202,711	10,562,005	-	-
Encumbrances	1,222,745	726,139	69,847	81,987	-	-	-	-
Unreserved fund balances (deficit)	(15,584,251)	(2,290,542)	8,088,480	7,034,351	-	-	-	-
Total fund balances (deficit)	(13,721,332)	(1,272,052)	23,865,559	22,813,363	12,202,711	10,562,005	-	-
Total liabilities and fund balances (deficit)	\$ 22,311,191	\$ 33,381,360	\$ 24,944,821	\$ 23,891,625	\$ 21,208,990	\$ 31,853,185	\$ 51,705,000	\$ 49,830,000

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Supplementary Information - Comparative Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit
Years Ended September 30, 2001 and 2000

	Territorial Highway Fund		Capital Projects Fund		Debt Service Fund	
	2001	2000	2001	2000	2001	2000
Revenues:						
Taxes	\$ 10,266,252	\$ 10,722,617	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	4,402,917	4,470,397	-	-	-	-
Use of money and property	172,228	123,059	1,054,127	1,216,842	1,088,107	889,220
Federal contributions	-	-	-	-	-	-
	<u>14,841,397</u>	<u>15,316,073</u>	<u>1,054,127</u>	<u>1,216,842</u>	<u>1,088,107</u>	<u>889,220</u>
Expenditures:						
Capital projects	-	-	1,931	1,251,531	-	-
Interest	-	-	-	-	3,093,205	3,248,885
Principal	-	-	-	-	2,935,000	2,780,000
Operations and maintenance	17,657,888	8,003,737	-	-	-	-
General government	-	17,000	-	-	-	-
	<u>17,657,888</u>	<u>8,020,737</u>	<u>1,931</u>	<u>1,251,531</u>	<u>6,028,205</u>	<u>6,028,885</u>
Excess (deficiency) of revenues over expenditures	<u>(2,816,491)</u>	<u>7,295,336</u>	<u>1,052,196</u>	<u>(34,689)</u>	<u>(4,940,098)</u>	<u>(5,139,665)</u>
Other financing sources (uses):						
Operating transfers in	8,770,148	11,467,674	-	-	14,606,451	14,818,419
Operating transfers out	(19,918,690)	(18,130,664)	-	-	(8,770,148)	(11,467,674)
Other financing sources	1,536,652	-	-	-	975,427	-
Other financing uses	(20,899)	(28,095)	-	-	(230,926)	(34,469)
Proceeds from bond defeasance	-	-	-	-	60,102,919	-
Used for bond defeasance	-	-	-	-	(60,102,919)	-
	<u>(9,632,789)</u>	<u>(6,691,085)</u>	<u>-</u>	<u>-</u>	<u>6,580,804</u>	<u>3,316,276</u>
Expenditures and other financing uses over (under) revenues and other financing sources	<u>(12,449,280)</u>	<u>604,251</u>	<u>1,052,196</u>	<u>(34,689)</u>	<u>1,640,706</u>	<u>(1,823,389)</u>
Fund balances (deficit) at beginning of year	<u>(1,272,052)</u>	<u>(1,876,303)</u>	<u>22,813,363</u>	<u>22,848,052</u>	<u>10,562,005</u>	<u>12,385,394</u>
Fund balances (deficit) at end of year	<u>\$ (13,721,332)</u>	<u>\$ (1,272,052)</u>	<u>\$ 23,865,559</u>	<u>\$ 22,813,363</u>	<u>\$ 12,202,711</u>	<u>\$ 10,562,005</u>

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Supplementary Schedule
Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Debt Service Fund Cash:		
Highway Bond Fund	\$ -	\$ 3,210,842
Highway Reserve Fund	5,171,347	7,683,285
Operations and Maintenance Fund	2,278,374	12,681,779
Surplus Fund	5,407,802	762,032
Revenue Fund	2,509,011	3,700,715
Cost of insurance fund	9,751	-
Escrow Fund	11	-
	<u>\$ 15,376,296</u>	<u>\$ 28,038,653</u>
Department of Public Works Maintenance Division:		
Salaries	\$ 2,418,980	\$ 2,026,241
Overtime	77,360	73,779
Benefits	509,908	521,109
	<u>\$ 3,006,248</u>	<u>\$ 2,621,129</u>
Employees at end of year	54	55
Operations and Maintenance Expenditures:		
Power	\$ 9,768,007	\$ 3,870,823
Liquid fuel tax drawback	3,656,891	-
Salaries, wages, and benefits	3,006,248	2,612,953
Contractual services	486,461	599,225
Supplies and materials	383,695	880,954
Others	356,586	56,771
	<u>\$ 17,657,888</u>	<u>\$ 8,020,726</u>
Bond Interest Rates at Maturity Dates:	<u>2001 Bonds</u>	<u>1992 Bonds</u>
May 2002	3.125%	5.900%
2003	3.400%	6.000%
2004	3.500%	6.250%
2005	3.500%	6.250%
2006	3.500%	6.250%
2007	4.000%	6.250%
2008	4.125%	6.300%
2009	4.250%	6.300%
2010	4.250%	6.300%
2011	4.250%	6.300%
2012	4.500%	6.300%

See accompanying independent auditors' report.