

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 2003

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2003, which collectively comprise GovGuam's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express opinions on the respective financial statements based on our audit. We did not audit the financial statements of the Guam Telephone Authority, the Guam Housing and Urban Renewal Authority, and the Guam Educational Telecommunications Corporation, which represent 10 percent and 16 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective 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 and the reports of other auditors provide a reasonable basis for our opinions.

While GovGuam's Department of Revenue and Taxation has provided the required data to reconcile to the records of GovGuam's Department of Administration - Division of Accounts, support for such data was insufficient 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 financial statements.

Because of the inadequacy of accounting records, we were unable to form an opinion regarding the amounts at which capital assets, net of accumulated depreciation, are recorded for governmental activities in the accompanying statement of net assets at September 30, 2003 (stated at \$686,582,494), or the amount of depreciation expense for the year then ended (stated at \$25,015,687).

Long-term liabilities 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 have not been recorded. Management has yet to determine the manner in which it will affect the closure and post closure and therefore, costs associated with the closure and post-closure of the landfill are not determinable and we were not able to satisfy ourselves with respect to the amount of the costs, if any, which should be recorded as a liability in the accompanying financial statements.

In accordance with GovGuam's request, our audit of the respective financial statements did not include the financial activities of the GovGuam Retirement Fund, whose financial activities are included in the Fiduciary Fund Type - Pension Trust Fund and represent 100 percent of the assets and revenues of that fund type, and the Guam Memorial Hospital Authority, the Guam Housing Corporation, the Guam Community College, the Guam Economic Development and Commerce Authority, and the Guam Visitors Bureau, whose financial activities are included in the aggregate discretely presented component units and represent 9 percent and 26 percent of the assets and revenues, respectively, of that fund type. The entities comprising these financial activities were not able to produce audited financial statements and the effect on the respective financial statements is unknown.

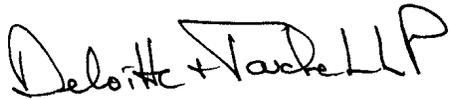
In our opinion, based on our audit and the reports of other auditors, except for the effects on the basic financial statements of such adjustments, if any, as might have been determined to be necessary had: 1) we been able to substantiate GovGuam's Revenue and Taxation records; 2) capital assets of the governmental activities, net of accumulated depreciation, and related depreciation expense been susceptible to satisfactory audit tests; and 3) we been able to determine the amount to be recorded for the closure and post-closure costs of the solid waste landfill, as discussed in the third, fourth and fifth paragraphs above, and had we obtained audited financial statements of the GovGuam Retirement Fund, the Guam Memorial Hospital Authority, the Guam Housing Corporation, the Guam Community College, the Guam Economic Development and Commerce Authority, and the Guam Visitors Bureau, as discussed in the sixth paragraph above, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GovGuam has adopted GASB Technical Bulletin No. 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, effective October 1, 2002, which addresses accounting by state and local governments in connection with settlements made by U.S. tobacco companies. Beginning net assets have been restated to reflect this change.

The Management's Discussion and Analysis, on pages 4 through 11, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, on pages 74 and 75, are not a required part of the basic financial statements but are supplementary information required by GASB. Such supplementary information is the responsibility of the management of GovGuam. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information (pages 78 through 137) is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the management of GovGuam. Such additional information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, except for the effects of the matters described in the third, fourth, fifth and sixth paragraphs above, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2004, on our consideration of the Government of Guam's (primary government only) internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

November 1, 2004

Our discussion and analysis of the Government of Guam (“GovGuam”) financial performance provides an overview of GovGuam’s financial activities for the fiscal year ended September 30, 2003. Please read it in conjunction with GovGuam’s basic financial statements, which follow this section. Fiscal year 2002 comparative information has been included, where appropriate. The amounts included for fiscal year 2002 for the purpose of comparisons have been restated, as further detailed in the fiscal year 2003 notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2003, GovGuam’s total net assets decreased by \$68.7 million, or 50.2%, with \$50 million, or 36.5% of the decrease relating to a special item expense regarding earned income tax credit refunds.
- During the year, GovGuam’s expenses for governmental activities were \$676.7 million, including expenses recorded for payments made or due to the autonomous agencies, and were funded in part by program revenues of \$252.1 million, further funded with taxes and other general revenues that totaled \$405.9 million. GovGuam also recorded the impact of a special item expense, related to a change in estimate of the Earned Income Tax Credit refund liability, totaling \$50 million, thus resulting in the decrease in net assets mentioned in the first highlight above.
- At September 30, 2003, the General Fund reported a total fund balance deficit of \$314.1 million, which is an increase of 39.5% from the prior year, but includes the aforementioned \$50 million special item expense as part of the increase in the deficit. Without considering the special item, the total fund balance deficit of the General Fund increased 17.3%.
- For budgetary reporting purposes, the General Fund reported revenues (including transfers in) in excess of final estimates of \$31.9 million, or 7.7%, while reported expenditures (including transfers out) were less than final appropriations by \$3.4 million, or .7%. Revenues exceeded estimates due to a few unique transactions, specifically the recognition of a one-time, non-recurring tax collection of approximately \$15.0 million, the collection of previous years’ tax withholding amounts from the Department of Education of approximately \$24.0 million, and approximately \$10.0 million in unanticipated federal grant contributions. All of these items were not included in the original or final revenue budget estimates. Without these unique transactions, reported revenues (including transfers in) would have been approximately \$395.8 million, which would have been short of final estimates by approximately \$17.1 million, or 4.1%. In addition, the special item expenditure of \$50.0 million mentioned previously was not budgeted in the General Fund’s final appropriations.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of GovGuam and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for the governmental activities of GovGuam, along with GovGuam’s discretely-presented component units. The government-wide financial statements present the complete financial picture of GovGuam from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of GovGuam (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

Reporting GovGuam as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most frequently asked questions about GovGuam's finances is, "Has GovGuam's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Assets and the Statement of Activities report information about GovGuam as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report GovGuam's net assets and changes in them from the prior year. You can think of GovGuam's net assets - the difference between assets and liabilities - as one way to measure GovGuam's financial condition, or position. Over time, increases or decreases in GovGuam's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services to assess the overall health and performance of GovGuam.

As mentioned above, in the Statement of Net Assets and the Statement of Activities, we divide GovGuam into two kinds of activities:

- Governmental activities - Most of GovGuam's basic services are reported here, including public safety, education, health care, general administration, streets, and parks. Income taxes, business gross receipt taxes, other taxes and fees, fines, and federal grants finance most of these activities.
- Discretely-presented component units - These account for activities of GovGuam's reporting entity that do not meet the criteria for blending within GovGuam's primary government. These discretely-presented component units are often referred to as autonomous agencies.

Reporting GovGuam's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not GovGuam as a whole. Some funds are required to be established by law or regulation and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

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

The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Fiduciary funds - When GovGuam is responsible for assets that - because of a trust arrangement or other fiduciary requirement - can be used only for trust beneficiaries or others parties, such as pensions, private-purpose trusts and agency funds. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from GovGuam's government-wide financial statements because GovGuam cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net Assets

GovGuam's governmental activities net assets decreased from \$137.0 million to \$68.3 million between fiscal years 2002 and 2003. This significant decline was in a large part due to the special item expense of \$50 million related to the revision of earned income tax credit refund liabilities.

Although the \$60.0 million revision of the earned income tax credit refund liability occurred during fiscal year 2003, \$50.0 million of the liability represented earned income tax credit refunds earned by the taxpayers in fiscal years previous to 2003. However, accounting principles require the recognition of a revision of an accounting estimate as a component of current year operations, leaving \$10.0 million to be reflected as a reduction of current year income tax revenue, and the remaining \$50.0 million to be recorded as a special item expense.

A summary of Net Assets (condensed) is presented below, with comparable balances for fiscal year 2002.

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 297,305,333	\$ 353,873,580
Capital assets	686,582,494	685,434,829
Total assets	983,887,827	1,039,308,409
Long-term liabilities	452,887,399	485,160,792
Other liabilities	462,717,915	417,141,872
Total liabilities	915,605,314	902,302,664
Net assets		
Invested in capital assets, net of related debt	328,285,860	291,110,234
Restricted net assets	109,091,751	166,060,086
Unrestricted net assets	(369,095,098)	(320,164,575)
Total net assets	\$ 68,282,513	\$ 137,005,745

Changes in Net Assets

For the year ended September 30, 2003, net assets of the primary government changed as follows, with comparable amounts for fiscal year 2002:

	Governmental Activities	Governmental Activities
	<u>2003</u>	<u>2002</u>
Revenues		
Program revenues:		
Charges for services	\$ 33,530,116	\$ 22,971,427
Operating grants and contributions	216,567,613	187,218,752
Capital grants and contributions	1,974,920	-
	<u>252,072,649</u>	<u>210,190,179</u>
General revenues:		
Income tax	192,726,268	136,288,809
Gross receipts tax	156,095,935	119,345,725
Other taxes	44,821,937	49,614,626
Investment earnings	4,149,736	3,921,991
Other	8,139,061	1,539,883
	<u>405,932,937</u>	<u>310,711,034</u>
Total revenues	<u>658,005,586</u>	<u>520,901,213</u>
Expenses		
General government	46,251,183	55,646,246
Protection of life and property	74,227,297	84,590,072
Public health	33,019,542	26,407,692
Community services	73,608,780	71,592,708
Recreation	4,176,247	5,243,766
Individual and collective rights	66,587,402	47,824,607
Transportation	9,639,967	36,200,101
Public education	223,105,565	194,507,376
Environmental protection	6,181,185	4,162,481
Economic development	29,519,215	10,109,637
Interest expense (unallocated)	18,919,840	20,484,794
Transfers to persons	21,709,178	34,437,361
Retirement payments	11,765,192	-
Payments to autonomous agencies	56,120,011	84,556,236
Payments to private purpose trusts	1,736,294	2,665,477
Other	161,920	29,066
Total expenses	<u>676,728,818</u>	<u>678,457,620</u>
Deficiency before special items	(18,723,232)	(157,556,407)
Special item - EITC refund	(50,000,000)	-
Decrease in net assets	<u>\$ (68,723,232)</u>	<u>\$ (157,556,407)</u>

GovGuam's governmental activities' decrease in net assets of \$68,723,232 represents a 50.2% decrease from the prior year. The results indicate the GovGuam's financial condition, as a whole, significantly declined from the prior year, although much of the decline can be traced to the special item expense related to the earned income tax credit refund liability revision.

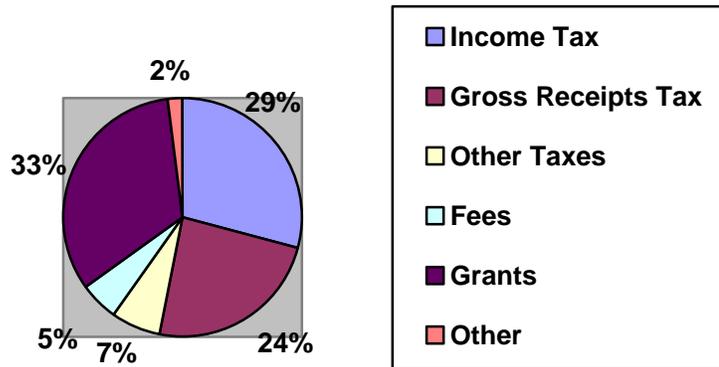
Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given.

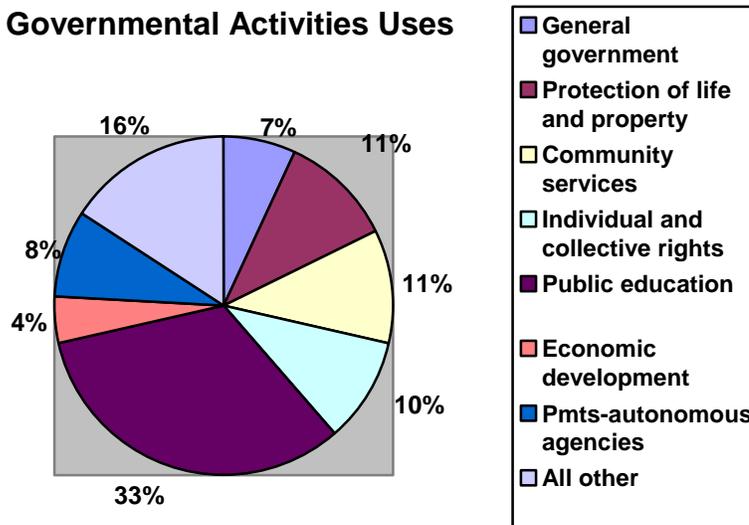
Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on GovGuam's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended September 30, 2003, GovGuam's governmental activities were funded as follows:

Governmental Activities Sources



Governmental Activities Uses



For the year ended September 30, 2003, total expenses for governmental activities amounted to \$676,728,818. Of these total expenses, taxpayers and other general revenues funded \$405,932,937 while those directly benefiting from the activities funded \$218,542,533 from grants and other contributions and \$33,530,116 from charges for services.

Net Revenue (Expense) of Governmental Activities

	<u>Total Expense of Services</u>	<u>Net Revenue (Expense) of Services</u>	<u>Total Expense of Services</u>	<u>Net Revenue (Expense) of Services</u>
	2003	2003	2002	2002
General government	\$ 46,251,183	\$ 5,103,023	\$ 55,646,246	\$ 8,527,782
Protection of life and property	74,227,297	(55,099,209)	84,590,072	(67,583,544)
Community services	73,608,780	(40,730,287)	71,592,708	(65,352,175)
Individual and collective rights	66,587,402	(31,078,204)	47,824,607	(34,361,263)
Public education	223,105,565	(182,916,112)	194,507,376	(162,312,396)
Economic development	29,519,215	(9,886,377)	10,109,637	(4,107,707)
Pymts. to autonomous agencies	56,120,011	(53,756,695)	84,556,236	(84,556,236)
All other	107,309,365	(56,292,308)	129,630,738	(58,521,902)
Total	<u>\$ 676,728,818</u>	<u>\$ (424,656,169)</u>	<u>\$ 678,457,620</u>	<u>\$ (468,267,441)</u>

A FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As GovGuam completed its 2003 fiscal year, the governmental funds reported a combined fund balance deficit of \$191,723,789 or a 103.3% increase from the prior year.

Individual governmental fund highlights include:

- For the year ended September 30, 2003, the General Fund's total fund balance deficit increased by \$88,890,973 or 39.5%, to a total deficit of \$314,122,342, while the total unreserved fund balance deficit increased by \$104,292,630 or 42.6%, for a total unreserved fund balance deficit of \$349,095,932.
- The Federal Grants Special Revenue Fund's total fund balance increased by \$29,219 for a total fund balance of \$41,491, while the unreserved fund balance deficit increased by \$10,298,548 or 41.2%, for a total unreserved fund balance deficit of \$35,296,075.
- Unaudited amounts for the Pension Trusts' Fiduciary Fund show an increase to net assets of the fund of \$66,543,523 or 4.9% for the year. This Fund includes both the defined benefit pension plan and the defined contribution pension plan.

General Fund Budgetary Highlights

Over the course of the year, management and elected officials revised the General Fund budget. The revised budget included a decrease in overall revenue projections of .8% or \$3,339,036, for a total revenue projection (including transfers from other funds) of \$412,939,878. The revised budget also included an increase in estimated appropriations of 59.7% or \$182,148,426, for total estimated appropriations (including transfers to other funds) of \$487,130,542. The reason for the significant revision upward of estimated appropriations was due to the original budget being only a temporary appropriation for the first four months of the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2003, GovGuam had \$686,582,494 invested in capital assets, net of depreciation, where applicable, including land, roads and bridges infrastructure, vehicles and other machinery and equipment, buildings, and various projects under construction. (See table below). This represents a net increase of \$1,147,665 or .2% over last year.

**Primary Government Capital Assets
(Net of accumulated depreciation, where applicable)**

	Governmental Activities	
	<u>2003</u>	<u>2002</u>
Land	\$ 8,199,638	\$ 8,199,638
Infrastructure	355,935,017	349,621,670
Buildings	241,695,422	241,640,489
Machinery and Equipment	41,806,333	33,949,402
Construction in progress	<u>278,837,621</u>	<u>266,899,480</u>
Totals - Cost	926,474,031	900,310,679
Accumulated depreciation	<u>(239,891,537)</u>	<u>(214,875,850)</u>
Total Capital Assets, net	<u><u>\$ 686,582,494</u></u>	<u><u>\$ 685,434,829</u></u>

See Note 1.M to the basic financial statements for more detailed information on GovGuam's capital assets and changes therein.

Long- Term Debt

At year-end, GovGuam had \$452,887,399 in long-term debt outstanding, which represents a \$32,273,393 or 6.7% decrease from the prior year mostly as a result of debt principal retirements. GovGuam's changes in long-term debt by type of debt are as follows:

	Governmental Activities	
	<u>2003</u>	<u>2002</u>
Accrued compensated absences	\$ 14,314,618	\$ 18,912,671
General obligation bonds	170,155,000	190,645,000
Limited obligation bonds, net	182,788,347	197,396,891
Notes payable	15,353,287	16,282,704
Due to component units	29,940,243	29,940,243
Unfunded pension obligations	<u>40,335,904</u>	<u>31,983,283</u>
Totals	<u>\$ 452,887,399</u>	<u>\$ 485,160,792</u>

See Note 3 to the basic financial statements for more detailed information on GovGuam's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic factors continue to play a large role in developing the tax and other revenue budgets for the General Fund of GovGuam. The local economy, slowed by the events related to September 11, 2001 and their lingering effects, has been following the same trend as many of its Pacific neighbors and the United States in a economic downturn that left government officials scrambling to figure out ways to fund recurring appropriations. However, the prospects for fiscal year 2004 appear brighter, with tourism on an upswing. So, in light of the economic conditions that surrounded us, the decision was made to prepare and adopt, by legislative action, an estimated revenue budget for the upcoming year (2004) that was a 3.6% increase from the final budget for fiscal year 2003. These revenue estimates were, in a large part, based upon an increase in the Gross Receipts Tax ("GRT") rate of 2%, for a total GRT rate of 6%. However, during fiscal year 2004, the GovGuam Legislature rolled the GRT rate back to 4%, and did not amend the 2004 estimated revenues downward for the change. The result is actual revenues from GRT are less than the amount estimated in the annual budget. Other than the GRT, management believes that the fiscal year 2004 estimated revenue budget (including transfers in) is indicative of revenue estimates for the next few years, holding everything constant.

Estimated appropriations (including transfers out and continuing appropriations) for fiscal year 2004 of \$445.9 million show an 8.5% decrease from the final budget for fiscal year 2003, and are in line with actual expenditures reported for fiscal year 2003. Again, however, the estimated appropriations were not amended downward for the rollback of the GRT rate to 4%.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of GovGuam's finances and to show GovGuam's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Administration at P.O. Box 884, Hagatna, Guam, 96932 or phone at (671) 475-1250.

GOVERNMENT OF GUAM

Statement of Net Assets
September 30, 2003

	Primary Government	Component Units
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 58,018,077	\$ 54,747,388
Time certificates of deposit	1,000,718	8,632,248
Investments	-	61,928
Receivables, net:		
Taxes	55,086,267	-
Federal agencies	15,775,202	-
Other	14,138,879	123,576,557
Due from primary government	-	10,757,525
Due from private purpose trusts	827,315	-
Inventories	23,597,350	43,349,196
Prepayments	-	7,288,692
Other current assets	882,356	10,632,504
Restricted assets:		
Cash and cash equivalents	117,364,312	64,327,740
Time certificates of deposit	-	411,923
Investments	6,230,000	7,938,138
Receivables	-	3,084,831
Total current assets	292,920,476	334,808,670
Noncurrent assets:		
Investments	-	42,190,723
Receivables, net	1,453,940	39,633,495
Due from primary government	-	19,182,718
Capital assets, net of accumulated depreciation	686,582,494	1,475,713,212
Deferred charges	2,930,917	18,591,763
Deposits and other assets	-	27,338,378
Restricted assets:		
Investments	-	51,563,056
Total noncurrent assets	690,967,351	1,674,213,345
Total assets	\$ 983,887,827	\$ 2,009,022,015
<u>LIABILITIES</u>		
Current liabilities:		
Bank overdraft	\$ 2,392,503	\$ -
Current portion of long-term obligations	37,533,511	39,069,778
Current portion of capital leases	-	4,076,790
Accounts payable	69,501,106	71,634,351
Accrued payroll and other	29,908,198	9,982,674
Accrued interest payable	6,559,953	-
Tax refunds	253,678,677	-
Payable to federal agencies	13,889,559	481,592
Due to component units	10,757,525	-
Deferred revenue	55,145,919	6,906,144
Deposits and other liabilities	31,642,000	57,563,152
Compensated absences payable	6,793,393	5,578,347
Total current liabilities	517,802,344	195,292,828
Noncurrent liabilities:		
Compensated absences payable	7,521,225	5,437,111
Capital leases, net of current portion	-	154,055,322
Unfunded pension liability	40,335,904	26,072,037
Long-term obligations, net of current portion	330,763,123	769,330,440
Due to component units	19,182,718	-
Other noncurrent liabilities	-	34,816,644
Total noncurrent liabilities	397,802,970	989,711,554
Total liabilities	915,605,314	1,185,004,382
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	328,285,860	563,753,805
Restricted for:		
Capital projects	53,755,135	-
Retirement of indebtedness	55,336,616	-
Other purposes	-	140,897,176
Unrestricted	(369,095,098)	119,366,652
Total net assets	68,282,513	824,017,633
Total liabilities and net assets	\$ 983,887,827	\$ 2,009,022,015

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary government:						
Governmental Activities:						
General government	\$ 46,251,183	\$ 7,664,541	\$ 43,689,665	\$ -	\$ 5,103,023	\$ -
Protection of life and property	74,227,297	10,100,697	9,027,391	-	(55,099,209)	-
Public health	33,019,542	638,410	8,888,134	-	(23,492,998)	-
Community services	73,608,780	8,359,164	24,519,329	-	(40,730,287)	-
Recreation	4,176,247	130,760	286,029	-	(3,759,458)	-
Individual and collective rights	66,587,402	1,437,997	34,071,201	-	(31,078,204)	-
Transportation	9,639,967	4,520,255	8,420,812	-	3,301,100	-
Public education	223,105,565	249,969	37,964,564	1,974,920	(182,916,112)	-
Environmental protection	6,181,185	428,323	5,959,030	-	206,168	-
Economic development	29,519,215	-	19,632,838	-	(9,886,377)	-
Interest (unallocated)	18,919,840	-	-	-	(18,919,840)	-
Transfer to persons	21,709,178	-	21,709,178	-	-	-
Payments to:						
Guam Visitors Bureau	10,075,623	-	407,064	-	(9,668,559)	-
Guam Memorial Hospital	2,629,837	-	1,529,033	-	(1,100,804)	-
University of Guam	31,092,538	-	322,290	-	(30,770,248)	-
Guam Community College	12,322,013	-	104,929	-	(12,217,084)	-
Retirement fund	11,765,192	-	36,126	-	(11,729,066)	-
Private purpose trusts	1,736,294	-	-	-	(1,736,294)	-
Other	161,920	-	-	-	(161,920)	-
Total primary government	\$ 676,728,818	\$ 33,530,116	\$ 216,567,613	\$ 1,974,920	\$ (424,656,169)	\$ -
Component Units:						
Guam International Airport Authority	\$ 68,480,010	\$ 40,984,292	\$ 2,166,798	\$ 5,485,613	\$ -	\$ (19,843,307)
Guam Power Authority	231,955,817	190,536,282	-	280,295	-	(41,139,240)
Guam Memorial Hospital	91,435,164	78,085,264	710,079	-	-	(12,639,821)
Guam Waterworks Authority	47,344,232	37,322,617	-	-	-	(10,021,615)
University of Guam	63,058,385	8,819,469	21,275,665	-	-	(32,963,251)
Guam Telephone Authority	52,916,106	42,855,794	-	-	-	(10,060,312)
Nonmajor component units	102,090,172	36,439,227	40,455,947	1,902,589	-	(23,292,409)
	\$ 657,279,886	\$ 435,042,945	\$ 64,608,489	\$ 7,668,497	\$ -	\$ (149,959,955)
General revenues:						
Taxes:						
Income					192,726,268	-
Gross receipts					156,095,935	-
Property					19,603,359	-
Hotel					13,126,814	-
Liquid fuel					9,375,673	-
Other taxes					2,716,091	-
Investment earnings					4,149,736	7,668,062
Contributions from primary government					-	77,569,932
Other					8,139,061	12,113,233
Special item - earned income tax credit refunds (Note 4R)					(50,000,000)	-
Total general revenues, and special items					355,932,937	97,351,227
Change in net assets					(68,723,232)	(52,608,728)
Net assets at beginning of year					137,005,745	876,626,361
Net assets at end of year					\$ 68,282,513	\$ 824,017,633

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2003

	General	Federal Grants	Solid Waste Operations	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 23,380,307	\$ 3,964,361	\$ 457,504	\$ 30,215,905	\$ 58,018,077
Time certificates of deposit	-	-	-	1,000,718	1,000,718
Receivables, net:					
Taxes	53,520,884	-	-	1,565,383	55,086,267
Federal agencies	1,246,581	9,928,601	-	4,600,020	15,775,202
Other	5,304,810	361,352	611,868	9,314,789	15,592,819
Due from other funds	62,092,452	1,330,363	-	67,933,061	131,355,876
Inventories	-	22,436,130	-	1,161,220	23,597,350
Prepayments	28,978	-	-	-	28,978
Deposits and other assets	-	-	-	853,378	853,378
Restricted assets:					
Cash and cash equivalents	-	-	-	117,364,312	117,364,312
Investments	-	-	-	6,230,000	6,230,000
Total assets	\$ 145,574,012	\$ 38,020,807	\$ 1,069,372	\$ 240,238,786	\$ 424,902,977
LIABILITIES					
Bank overdraft	\$ 2,041,941	\$ 224,906	\$ -	\$ 125,656	\$ 2,392,503
Accounts payable	59,350,170	96,516	-	10,054,420	69,501,106
Accrued payroll and other	14,363,705	1,966,972	125,397	13,452,124	29,908,198
Due to component units	19,188,065	-	-	10,752,178	29,940,243
Due to other funds	68,284,557	-	1,376,138	60,867,866	130,528,561
Payable to federal agencies	159,483	13,254,792	-	475,284	13,889,559
Deferred revenue	31,725,961	22,436,130	-	983,828	55,145,919
Provision for tax refunds	233,783,124	-	-	19,895,553	253,678,677
Deposits and other liabilities	30,799,348	-	-	842,652	31,642,000
Total liabilities	459,696,354	37,979,316	1,501,535	117,449,561	616,626,766
Fund balances (deficits):					
Reserved:					
Specific purpose	-	-	-	394,114	394,114
Encumbrances	9,360,449	35,337,566	-	21,133,646	65,831,661
Continuing appropriations	6,279,567	-	-	39,221,432	45,500,999
Related assets	19,333,574	-	-	11,738,556	31,072,130
Debt service	-	-	-	55,336,616	55,336,616
Unreserved (deficits), reported in:					
General fund	(349,095,932)	-	-	-	(349,095,932)
Special revenue funds	-	(35,296,075)	(432,163)	(39,633,967)	(75,362,205)
Capital projects funds	-	-	-	34,598,828	34,598,828
Total fund balances (deficits)	(314,122,342)	41,491	(432,163)	122,789,225	(191,723,789)
Total liabilities and fund balances	\$ 145,574,012	\$ 38,020,807	\$ 1,069,372	\$ 240,238,786	\$ 424,902,977

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2003

Total deficit - governmental funds \$ (191,723,789)

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

Bonds issued by GovGuam have associated costs that are paid from current available resources in the funds. However, these costs are deferred on the statement of net assets 2,930,917

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

Land	\$ 8,199,638	
Construction in progress	278,837,621	
Depreciable capital assets and infrastructure, net of \$239,891,537 of accumulated depreciation	<u>399,545,235</u>	
Capital assets, net of accumulated depreciation		686,582,494

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

Bonds payable	(368,296,634)	
Accrued interest payable	(6,559,953)	
Compensated absences payable	(14,314,618)	
Unfunded pension liability	<u>(40,335,904)</u>	

Long-term liabilities (429,507,109)

Net assets of governmental activities \$ 68,282,513

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Governmental Funds
Year Ended September 30, 2003

	General	Federal Grants	Solid Waste Operations	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 348,822,203	\$ -	\$ -	\$ 44,821,937	\$ 393,644,140
Licenses, fees and permits	2,383,700	-	6,426,359	24,720,057	33,530,116
Use of money and property	634,440	32,006	-	3,483,290	4,149,736
Federal contributions	65,222,931	113,616,809	-	37,727,873	216,567,613
Contributions from component units	1,974,920	-	-	-	1,974,920
Other	7,238,260	-	-	900,801	8,139,061
Total revenues	426,276,454	113,648,815	6,426,359	111,653,958	658,005,586
Expenditures:					
Current:					
General government	34,528,555	4,501,348	-	18,990,670	58,020,573
Protection of life and property	54,638,769	8,195,659	-	11,192,618	74,027,046
Public health	13,312,347	8,888,134	-	10,664,811	32,865,292
Community services	5,775,097	24,519,329	8,417,758	34,870,871	73,583,055
Recreation	3,173,113	286,029	-	667,249	4,126,391
Individual and collective rights	9,246,942	32,425,150	-	24,760,610	66,432,702
Transportation	763	7,945,468	-	3,737,267	11,683,498
Public education	157,793,372	3,189,818	-	38,692,212	199,675,402
Environmental protection	67,231	5,959,030	-	1,048,865	7,075,126
Economic development	8,568,690	19,632,838	-	2,216,149	30,417,677
Transfer to persons	-	21,709,178	-	-	21,709,178
Payments to Guam Visitors Bureau	-	407,064	-	9,668,559	10,075,623
Payments to Guam Memorial Hospital Authority	-	1,529,033	-	1,100,804	2,629,837
Payments to University of Guam	29,322,667	322,290	-	1,447,581	31,092,538
Payments to Guam Community College	12,217,084	104,929	-	-	12,322,013
Payments to retirement fund	11,729,066	36,126	-	-	11,765,192
Capital projects	161,920	-	-	-	161,920
Debt service:					
Principal retirement	-	-	-	34,595,000	34,595,000
Interest and fiscal charges	2,014,798	-	-	19,435,538	21,450,336
Total expenditures	342,550,414	139,651,423	8,417,758	213,088,804	703,708,399
Excess (deficiency) of revenues over (under) expenditures	83,726,040	(26,002,608)	(1,991,399)	(101,434,846)	(45,702,813)
Other financing sources (uses):					
Transfers in from other funds	18,552,659	26,141,537	-	147,149,897	191,844,093
Transfers out to other funds	(141,169,672)	(109,710)	-	(52,301,005)	(193,580,387)
Total other financing sources (uses), net	(122,617,013)	26,031,827	-	94,848,892	(1,736,294)
Special item:					
Earned income tax credit refunds (Note 4R)	(50,000,000)	-	-	-	(50,000,000)
Net change in fund balances (deficits)	(88,890,973)	29,219	(1,991,399)	(6,585,954)	(97,439,107)
Fund balances (deficits) at beginning of year	(225,231,369)	12,272	1,559,236	129,375,179	(94,284,682)
Fund balances (deficits) at end of year	\$ (314,122,342)	\$ 41,491	\$ (432,163)	\$ 122,789,225	\$ (191,723,789)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances (Deficits) to the Statement of Activities
September 30, 2003

Total net change in fund balances (deficits) - governmental funds \$ (97,439,107)

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

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

Capital outlay	\$ 26,163,352	
Depreciation expense	<u>(25,015,687)</u>	
		1,147,665

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

Long-term debt retirement		35,524,417
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year these activities consist of:

Accrued interest	2,355,477	
Compensated absences	(2,096,243)	
Unfunded pension costs	(8,352,621)	
Amortization of bond premiums and issuance costs	<u>137,180</u>	
		<u>(7,956,207)</u>

Change in net assets of governmental activities \$ (68,723,232)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2003

	<u>Pension Trusts (Unaudited)</u>	<u>Private Purpose Trusts</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,182,056	\$ 5,788,852	\$ -
Investments at fair value:			
Common stocks	529,489,480	-	-
U.S. Government securities	207,036,448	-	-
Corporate bonds and notes	342,432,781	-	-
Money market funds	54,539,441	-	-
Mutual funds	83,411,530	-	-
DC plan forfeitures	5,722,593	-	-
Total investments	<u>1,222,632,273</u>	<u>-</u>	<u>-</u>
Accounts receivable:			
Employer contributions, net	21,396,128	-	-
Member contributions	8,095,356	-	-
Accrued investment income	7,220,281	-	-
Due from brokers for unsettled trades	11,152,068	-	-
Notes receivable - service credits	8,807,252	-	-
Notes receivable - ERIP	12,498,071	-	-
Receivable - ERIP employer's share	17,080,487	-	-
Supplemental/COLA benefits receivables	117,528,886	-	-
Other receivables	13,201,572	9,178,852	-
Total receivables	<u>216,980,101</u>	<u>9,178,852</u>	<u>-</u>
Due from other funds	-	88,322	-
Deposits and other assets	419,722	-	13,473,213
Capital assets	1,440,829	-	-
Total assets	<u>1,457,654,981</u>	<u>15,056,026</u>	<u>13,473,213</u>
<u>LIABILITIES</u>			
Bank overdraft	411,663	-	-
Deferred revenue	38,385,810	-	-
Accounts payable and accrued expenses	3,679,955	-	-
Accrued payroll and other	-	12,513	-
Deposits and other liabilities	419,722	14,078,026	13,473,213
Due to other funds	-	915,637	-
Due to brokers for unsettled trades	2,730,786	-	-
Total liabilities	<u>45,627,936</u>	<u>15,006,176</u>	<u>\$ 13,473,213</u>
<u>NET ASSETS</u>			
Held in trust for retirement benefits	1,412,027,045	-	
Held in trust for other purposes	-	49,850	
Total net assets	<u>\$ 1,412,027,045</u>	<u>\$ 49,850</u>	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended September 30, 2003

	Pension Trusts (Unaudited)	Private Purpose Trusts
Additions:		
Contributions:		
Employer contribution	\$ 68,903,887	\$ -
Employee contribution	29,573,784	-
Use of money and property	-	255,723
Transfers in from other funds	-	1,736,294
Total contribution and revenues	98,477,671	1,992,017
Net investment income:		
Net appreciation in fair value	90,366,399	-
Interest	43,029,812	-
Dividends	8,441,013	-
Other	1,259,034	-
Total investment income	143,096,258	-
Less: investment expenses	2,727,823	-
Net investment income	140,368,435	-
Total additions	238,846,106	1,992,017
Deductions:		
Benefits	151,082,735	-
Refunds	16,647,937	-
Administrative and general expense	4,571,911	-
Individual and collective rights	-	1,954,680
Total deductions	172,302,583	1,954,680
Change in net assets	66,543,523	37,337
Net assets at beginning of year	1,345,483,522	12,513
Net assets at end of year	\$ 1,412,027,045	\$ 49,850

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets
Component Units
September 30, 2003

<u>ASSETS</u>	Guam International Airport Authority	Guam Power Authority	Guam Memorial Hospital Authority (Unaudited)	Guam Waterworks Authority	University of Guam	Guam Telephone Authority	Nonmajor Component Units	Total
Current assets:								
Cash and cash equivalents	\$ 4,956,063	\$ 6,315,558	\$ 1,671,236	\$ 3,299,883	\$ 6,156,371	\$ 9,784,246	\$ 22,564,031	\$ 54,747,388
Time certificates of deposit	-	-	-	-	65,219	-	8,567,029	8,632,248
Investments	-	-	-	-	-	-	61,928	61,928
Receivables, net	7,544,003	56,335,994	27,267,435	6,666,719	4,982,088	2,740,033	18,040,285	123,576,557
Due from primary government	-	3,337,869	-	-	4,502,701	-	2,916,955	10,757,525
Inventories	73,108	34,197,210	1,353,682	1,401,511	569,593	5,321,733	432,359	43,349,196
Prepayments	-	707,290	287,588	-	-	118,376	6,175,438	7,288,692
Deposits and other assets	1,517,170	8,326,862	-	-	788,472	-	-	10,632,504
Restricted assets:								
Cash and cash equivalents	-	54,838,398	-	164,398	-	-	9,324,944	64,327,740
Time certificates of deposit	-	-	-	-	-	-	411,923	411,923
Investments	-	-	-	-	-	-	7,938,138	7,938,138
Receivables	-	-	-	-	-	-	3,084,831	3,084,831
Total current assets	14,090,344	164,059,181	30,579,941	11,532,511	17,064,444	17,964,388	79,517,861	334,808,670
Noncurrent assets:								
Investments	30,856,366	-	-	-	10,397,057	933,800	3,500	42,190,723
Receivables, net	-	13,776,027	-	-	-	-	25,857,468	39,633,495
Due from primary government	-	19,182,718	-	-	-	-	-	19,182,718
Capital assets, net of accumulated depreciation	342,617,517	568,086,245	43,827,640	227,778,375	64,447,049	131,556,457	97,399,929	1,475,713,212
Deferred bond issuance costs	12,732,564	5,124,898	-	-	-	-	734,301	18,591,763
Other assets	-	12,613,061	-	-	-	155,900	14,569,417	27,338,378
Restricted assets:								
Investments	24,079,056	27,484,000	-	-	-	-	-	51,563,056
Total noncurrent assets	410,285,503	646,266,949	43,827,640	227,778,375	74,844,106	132,646,157	138,564,615	1,674,213,345
Total assets	\$ 424,375,847	\$ 810,326,130	\$ 74,407,581	\$ 239,310,886	\$ 91,908,550	\$ 150,610,545	\$ 218,082,476	\$ 2,009,022,015

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued
Component Units
September 30, 2003

<u>LIABILITIES AND NET ASSETS</u>	Guam International Airport Authority	Guam Power Authority	Guam Memorial Hospital Authority (Unaudited)	Guam Waterworks Authority	University of Guam	Guam Telephone Authority	Nonmajor Component Units	Total
Current liabilities:								
Current portion of long-term debt	\$ -	\$ 30,680,000	\$ 1,137,324	\$ 857,539	\$ 80,000	\$ 5,825,461	\$ 489,454	\$ 39,069,778
Current obligations under capital leases	-	3,903,260	-	-	173,530	-	-	4,076,790
Accounts payable	3,824,876	26,840,029	7,697,115	5,150,783	5,647,035	2,728,997	19,745,516	71,634,351
Accrued payroll and other	-	2,260,627	1,061,710	463,417	-	490,181	5,706,739	9,982,674
Payable to federal agencies	-	-	-	-	-	-	481,592	481,592
Deferred revenue	550,193	-	-	268,865	4,674,046	-	1,413,040	6,906,144
Compensated absences	490,571	1,231,124	1,314,725	597,125	-	514,183	1,430,619	5,578,347
Deposits and other liabilities	6,035,076	15,247,371	9,495,644	5,294,226	-	5,805,185	15,685,650	57,563,152
Total current liabilities	10,900,716	80,162,411	20,706,518	12,631,955	10,574,611	15,364,007	44,952,610	195,292,828
Noncurrent liabilities:								
Compensated absences	511,310	1,461,243	1,543,375	806,972	-	665,454	448,757	5,437,111
Capital leases	-	153,520,187	-	-	535,135	-	-	154,055,322
Noncurrent portion of long-term debt	218,168,694	395,460,691	5,133,704	8,626,590	345,000	100,342,811	41,252,950	769,330,440
Deposits	-	-	-	-	-	-	6,844	6,844
Other noncurrent liabilities	-	15,768,476	-	13,476,017	4,282,783	-	1,282,524	34,809,800
Accrued unfunded retirement liability	907,868	3,492,116	15,750,998	2,476,320	-	-	3,444,735	26,072,037
Total noncurrent liabilities	219,587,872	569,702,713	22,428,077	25,385,899	5,162,918	101,008,265	46,435,810	989,711,554
Total liabilities	230,488,588	649,865,124	43,134,595	38,017,854	15,737,529	116,372,272	91,388,420	1,185,004,382
Net Assets:								
Invested in capital assets, net of related debt	137,181,387	14,660,599	-	227,778,375	62,224,662	24,184,331	97,724,451	563,753,805
Restricted	33,880,508	72,713,032	-	164,398	6,623,863	-	27,515,375	140,897,176
Unrestricted (deficit)	22,825,364	73,087,375	31,272,986	(26,649,741)	7,322,496	10,053,942	1,454,230	119,366,652
Total net assets	193,887,259	160,461,006	31,272,986	201,293,032	76,171,021	34,238,273	126,694,056	824,017,633
Total liabilities and net assets	\$ 424,375,847	\$ 810,326,130	\$ 74,407,581	\$ 239,310,886	\$ 91,908,550	\$ 150,610,545	\$ 218,082,476	\$ 2,009,022,015

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
Year Ended September 30, 2003

	Guam International Airport Authority	Guam Power Authority	Guam Memorial Hospital Authority (Unaudited)	Guam Waterworks Authority	University of Guam	Guam Telephone Authority	Non-major Component Units	Total
Operating revenues:								
Charges for services	\$ 40,984,292	\$ 190,536,282	\$ 78,085,264	\$ 37,322,617	\$ 8,819,469	\$ 42,855,794	\$ 36,439,227	\$ 435,042,945
Contributions	-	-	-	-	-	-	40,455,947	40,455,947
Grants and contracts	2,166,798	-	710,079	-	21,275,665	-	-	24,152,542
Other	1,010,563	1,910,108	2,291,157	251,337	2,903,588	-	3,746,480	12,113,233
Total operating revenues	44,161,653	192,446,390	81,086,500	37,573,954	32,998,722	42,855,794	80,641,654	511,764,667
Operating expenses:								
Cost of services	15,380,537	115,447,550	85,750,294	30,728,283	46,142,600	13,740,310	66,578,039	373,767,613
Depreciation and amortization	17,475,156	24,135,225	3,714,119	10,035,700	2,344,233	18,041,328	6,011,198	81,756,959
General and administrative	11,337,009	24,349,885	367,792	6,292,966	10,308,903	8,521,200	26,378,856	87,556,611
Total operating expenses	44,192,702	163,932,660	89,832,205	47,056,949	58,795,736	40,302,838	98,968,093	543,081,183
Operating income (loss)	(31,049)	28,513,730	(8,745,705)	(9,482,995)	(25,797,014)	2,552,956	(18,326,439)	(31,316,516)
Nonoperating revenues (expenses):								
Contributions from the primary government	134,113	12,565,037	2,629,837	2,626,328	31,092,538	361,346	28,160,733	77,569,932
Contributions to the primary government	-	-	-	-	(1,921,641)	-	-	(1,921,641)
Investment income	2,012,878	2,720,686	-	12,684	1,481,624	-	1,440,190	7,668,062
Interest expense	(12,858,234)	(43,810,976)	-	(241,416)	(65,065)	(6,030,909)	(2,307,476)	(65,314,076)
Other income (expenses), net	(11,429,074)	(24,212,181)	(1,602,959)	(45,867)	(2,275,943)	(6,582,359)	(814,603)	(46,962,986)
Total nonoperating revenues (expenses), net	(22,140,317)	(52,737,434)	1,026,878	2,351,729	28,311,513	(12,251,922)	26,478,844	(28,960,709)
Net income (loss) before capital contributions	(22,171,366)	(24,223,704)	(7,718,827)	(7,131,266)	2,514,499	(9,698,966)	8,152,405	(60,277,225)
Capital grants from the United States government	5,485,613	280,295	-	-	-	-	1,902,589	7,668,497
Increase (decrease) in net assets	(16,685,753)	(23,943,409)	(7,718,827)	(7,131,266)	2,514,499	(9,698,966)	10,054,994	(52,608,728)
Total net assets at beginning of year	210,573,012	184,404,415	38,991,813	208,424,298	73,656,522	43,937,239	116,639,062	876,626,361
Total net assets at end of year	\$ 193,887,259	\$ 160,461,006	\$ 31,272,986	\$ 201,293,032	\$ 76,171,021	\$ 34,238,273	\$ 126,694,056	\$ 824,017,633

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

1. Blended Component Units

The following component units are blended within the Primary Government:

- (a) GovGuam Retirement Fund System, a Fiduciary Fund Type - Pension Trust Fund. The Fund was enacted to provide retirement amenities and other benefits to GovGuam employees, who upon entry to service are eligible for membership. The Fund is governed by a seven member Board of Trustees. Two members are elected by active Fund members; two members are elected by Fund members among the roster of retirees; and three members are appointed by the Governor of Guam.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

1. Blended Component Units, Continued

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

2. Discretely Presented Component Units

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

Major Component Units:

- (a) The Guam International Airport Authority (GIAA) was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. GIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven member Board of Directors, all of whom are appointed by the Governor of Guam.
- (b) The Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms.
- (c) 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 only non-military hospital. GMHA derives revenues primarily from fees charged to patients for medical services and General Fund subsidies and is governed by a seven member Board of Trustees, all of whom are appointed by the Governor of Guam.
- (d) The Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees to residential, commercial and government customers, based on consumption, and is governed by the CCU.
- (e) The University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine member Board of Regents, all of whom are appointed by the Governor of Guam.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Major Component Units, Continued:

- (f) Guam Telephone Authority (GTA), formerly a division of PUAG, was created as a Public Corporation by Public Law 12-44, pursuant to which the assets and liabilities of the telephone division of PUAG were transferred to GTA. GTA's major source of revenues is derived from billings for local exchange services and tolls for non-local exchange services.

Nonmajor Component Units:

Nonmajor component units are the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Port Authority of Guam, the Guam Economic Development and Commerce Authority, the Guam Educational Telecommunications Corporation (KGTF-TV), and the Guam Visitors Bureau.

GovGuam's component units, departments, and funds that are separately audited issue their own basic financial statements. These statements may be obtained by directly contacting the various entities administrative offices or at the web site of the Office of the Public Auditor - www.guamopa.com.

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

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

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

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

University of Guam
303 University Station
University Drive
Mangalio, GU 96929

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

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

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

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

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

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

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

Each discretely presented component unit has a September 30 year-end.

3. Omitted Component Units

GovGuam has omitted the Guam Rental Corporation (GRC) from the basic financial statements due to the lack of available financial information. GRC was created by Public Law 8-80 to promote the general welfare of the inhabitants of Guam by encouraging and engaging in investment in development of low-cost housing. GRC is principally engaged in the ownership and rental of a housing complex known as Lada Gardens and Guma As-Atdas and is governed by the Board of Directors of Guam Housing Corporation. The financial activities of this omitted component unit are not considered material to the basic financial statements.

4. Omitted Governmental Funds

The following funds are considered to be nonmajor governmental funds of GovGuam but are not included in the accompanying basic financial statements due to absence of account balances and financial activities. Accordingly, the omission of these funds are not considered material to either the nonmajor governmental funds or the governmental activities reporting units:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

4. Omitted Governmental Funds, Continued

Vocational Rehabilitation Revolving Fund
GFD Capital Outlay Revolving Fund
Municipal Litter Defacement Fund
District Improvement Fund
Land Acquisition Fund
Controlled Substance Diversion Fund
Healthcare Systems Privatization Fund
CAHA, OET & CEF Fund
Rainy Day Fund
Off-Island Sports Travel Fund
Tiyan Trust Fund
Ocean Freight Legal Fund
Land Claims Fund
Chamorro Home Loan Fund
Chamorro Home Repair Fund
Chamorro Home Development Fund
Chamorro Education Assistance Fund
Chamorro Loan Guarantee Fund

B. Government-Wide and Fund Financial Statements

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

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

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

- Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide and Fund Financial Statements, Continued

- Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.
- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, (for example, internally restricted), to indicate that management does not consider them to be available for general operations.

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

C. Fund Financial Statements

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

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

D. Measurement Focus and Basis of Accounting

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Revenues from other financing sources are recognized when received. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GovGuam reports the following fund types:

1. Governmental Fund Types

i. General Fund

This fund is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

ii. Special Revenue Funds

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

iii. Capital Projects Funds

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

iv. Debt Service Funds

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

2. Fiduciary Fund Types

i. Pension Trust Funds

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

ii. Private Purpose Funds

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

iii. Agency Fund

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

In addition to the General Fund within these fund types, GovGuam has created the following additional major funds:

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

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

E. Reporting Standards

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

F. Program and Other Revenue Recognition

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

Discretely presented component units distinguish operating revenues from nonoperating items. Operating revenues generally result from providing services and producing and delivering goods in connection with the entity's principal ongoing operations. All other revenues are reported as nonoperating.

G. 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.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

G. Budgetary Process, Continued

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

The Budget Act for fiscal year 2003, Public Law 26-152, as amended by Public Law 27-002 and Public Law 27-005 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.

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

H. Cash and Cash Equivalents and Time Certificates of Deposit

Cash and cash equivalents include cash held in demand accounts as well as short-term investments with a maturity date within three months of the date acquired by GovGuam. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the statement of net assets/balance sheet.

As of September 30, 2003, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was \$176,383,107 and the corresponding bank balances were \$187,665,863, which is primarily maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2003, bank deposits in the amount of \$642,654 were FDIC insured. Deposits in banks are required by section 114 of 5 GCA 21, *Investments and Deposits*, to be secured by qualified collateral in the amount of 110% or more of the deposit balance. However, GovGuam does not enforce the requirement on a consistent basis. Therefore, substantially all cash and cash equivalents of GovGuam are uncollateralized.

As of September 30, 2003, the carrying amount of the discretely presented component units' total cash and cash equivalents and time certificates of deposit were \$128,119,299, which are primarily maintained in financial institutions subject to FDIC insurance or collateralized by securities held by trustees in the name of financial institutions. As of September 30, 2003, bank deposits in the amount of \$93,588,145 were FDIC insured or collateralized with the remaining balances being uninsured or uncollateralized.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

H. Cash and Cash Equivalents and Time Certificates of Deposit, Continued

Restricted cash and cash equivalents as of September 30, 2003, for the primary government, represent amounts held and administered by GovGuam's trustees in accordance with various bond indentures for the purpose of funding debt service requirements and future capital projects, which amount to \$63,504,459 and \$53,859,853, respectively.

Restricted cash and cash equivalents and time certificates of deposit balances as of September 30, 2003, for the discretely presented component units are as follows:

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 1993 and 1999 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the monies. At September 30, 2003, cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	\$ 33,176,699
Interest and Principal Funds	16,918,602
Revenue Fund	3,670,961
Surplus Fund	<u>1,072,136</u>
Total Restricted	\$ <u>54,838,398</u>

Guam Waterworks Authority (GWA):

Public Law 19-47 authorized GWA to establish and implement a water and sewer development charge schedule, which assess a charge on each user who connects for the first time from any property onto the island's water or wastewater system, or to each builder if the density of development connected to the system is increased. These funds shall be expended only for expanding, upgrading or repairing water and wastewater systems on Guam. At September 30, 2003, cash and cash equivalents held in this fund are as follows:

Water and Sewer Development Fund	\$ <u>164,398</u>
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Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2003, cash and cash equivalents held for this purpose amounted to \$2,665,784.

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents and time certificate of deposit balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2003, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

H. Cash and Cash Equivalents and Time Certificates of Deposit, Continued

Guam Housing and Urban Renewal Authority (GHURA), Continued:

Community Development Block Grant Fund	\$ 1,052,480
Low Income Housing Fund	176,109
Housing Assistance Payments Fund	192,349
Guam Elderly Housing Project Fund	456,872
Other	<u>25,000</u>
Total Restricted	\$ <u>1,902,810</u>

Guam Housing Corporation (GHC):

The bond indenture agreement for GHC's mortgage revenue bonds requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of monies. At September 30, 2003, cash and cash equivalents held in trust under the bond indenture amounted to \$1,601,441.

Guam Economic Development and Commerce Authority (GEDCA):

The bond indenture agreement for GEDCA's tobacco revenue bonds requires the establishment of special funds and accounts to be held and administered by GEDCA's trustees for the accounting of monies. At September 30, 2003, cash and cash equivalents held in trust under the bond indenture amounted to \$3,566,832.

I. Investments

Investments are carried at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties.

J. Inventories

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

K. Receivables

In general, tax revenue is recognized on the government-wide financial statements when assessed or levied and on the governmental financial statements to the extent that it is both measurable and available. Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to GovGuam for expenditures on federally funded reimbursement and grant programs are reported as "receivables from federal agencies."

Receivables of the primary government and the discretely presented component units are primarily due from businesses and individuals residing on the island of Guam. The allowance for uncollectibles primarily represents those accounts that are more than ninety days delinquent as of September 30, 2003.

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

K. Receivables, Continued

Receivables as of September 30, 2003, for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate, including allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Federal Grants</u>	<u>Solid Waste Operations</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Receivables:					
Taxes	\$ 173,368,564	\$ -	\$ -	\$ 56,074,899	\$ 229,443,463
Federal grants	1,246,581	9,928,601	-	4,600,020	15,775,202
Other	<u>12,162,733</u>	<u>361,352</u>	<u>3,795,509</u>	<u>9,314,789</u>	<u>25,634,383</u>
	186,777,878	10,289,953	3,795,509	69,989,708	270,853,048
Less: allowance for uncollectibles	<u>(126,705,603)</u>	<u>-</u>	<u>(3,183,641)</u>	<u>(54,509,516)</u>	<u>(184,398,760)</u>
Net receivables	<u>\$ 60,072,275</u>	<u>\$ 10,289,953</u>	<u>\$ 611,868</u>	<u>\$ 15,480,192</u>	<u>\$ 86,454,288</u>

Receivables as of September 30, 2003, for the individual major discretely presented component units, and nonmajor component units in the aggregate, including allowances for uncollectible accounts, are as follows:

	<u>Guam International Airport Authority</u>	<u>Guam Power Authority</u>	<u>Guam Memorial Hospital Authority</u>	<u>Guam Waterworks Authority</u>	<u>University Of Guam</u>	<u>Guam Telephone Authority</u>	<u>Nonmajor Component Units</u>	<u>Totals</u>
Receivables:								
General	\$ 5,307,798	\$ 57,358,325	\$ 62,146,899	\$ 25,656,904	\$ 4,019,887	\$ 8,199,636	\$ 7,007,201	\$ 169,696,650
Loans	-	-	-	-	-	-	33,081,873	33,081,873
Federal grants	1,729,707	17,162,058	-	378,176	1,964,565	-	2,165,997	23,400,503
Other	<u>626,895</u>	<u>9,124,352</u>	<u>412,137</u>	<u>226,001</u>	<u>1,188,850</u>	<u>2,132,192</u>	<u>10,605,498</u>	<u>24,315,925</u>
	7,664,400	83,644,735	62,559,036	26,261,081	7,173,302	10,331,828	52,860,569	250,494,951
Less: allowance for uncollectibles	<u>(120,397)</u>	<u>(13,532,714)</u>	<u>(35,291,601)</u>	<u>(19,594,362)</u>	<u>(2,191,214)</u>	<u>(7,591,795)</u>	<u>(5,877,985)</u>	<u>(84,200,068)</u>
Net receivables	<u>\$ 7,544,003</u>	<u>\$ 70,112,021</u>	<u>\$ 27,267,435</u>	<u>\$ 6,666,719</u>	<u>\$ 4,982,088</u>	<u>\$ 2,740,033</u>	<u>\$ 46,982,584</u>	<u>\$ 166,294,883</u>

Loans receivable of the nonmajor component units are recorded by the Guam Housing Corporation (GHC). The details of these loans are as follows:

Loans receivable, collateralized by first mortgages on real estate, due in varying monthly installments and interest rates, with maturities extending to 2024. \$ 33,183,645

Loans receivable, collateralized by first mortgages on real estate, due in varying monthly installments and interest rates, with maturities to 2003 purchased from Citibank, N.A, which acts as a servicing agent, insured by the Federal Housing Administration. 17,747

Loan receivable from Guam Rental Corporation, due in monthly installments of \$6,675, including interest at 3% per annum, net of unamortized discount of \$78,710. 183,963

Less net deferred loan origination fees 33,385,355
(303,482)

Less current portion 33,081,873
(3,369,090)

\$ 29,712,783

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

K. Receivables, Continued

Significant portions of GHC's loans outstanding are assigned as collateral on notes payable.

Other receivables includes restricted receivable balances recorded by GHC in the amount of \$3,084,831 as of September 30, 2003, that relate to loans issued under the Community Affordable Housing Action Trust, Hazard Mitigation Program, Down-payment and Closing Assistance Program, and the Sagan Linayan Project. These programs are interest-free loans solely to assist first-time homeowners for purposes of retrofitting for typhoon proof homes.

Receivables recorded by the fiduciary funds are as follows:

GovGuam Retirement Fund (GGRF):

In March 1998, GGRF accepted a promissory note from Guam Memorial Hospital Authority (GMHA) in the amount of \$9,385,720 for the outstanding balance of contributions owed with related penalties and interest to GGRF. The note bears interest at the bank's prime rate plus 1%, with a floor amount of 8%. At September 30, 2003, the balance on the note was \$6,271,028. Management of GGRF has fully provided for this note in the allowance for uncollectibles. As payments are made against this note, GGRF decreases the allowance for uncollectibles with a corresponding offset included in bad debt recoveries.

Public Law 24-327, as amended, became effective December 30, 1998 relative to GovGuam's Early Retirement Incentive Program (ERIP). This law allowed GGRF members with at least twenty years of creditable service to retire and to purchase up to five years of creditable service. Those electing to participate in the ERIP must pay the members' share of the required contribution, plus interest, based on their salary at the time they made the election; the time period in which the member was required to make the election being December 30, 1998 to January 7, 2000. Payments can be made in full or can be financed through deductions from annuities over a period not to exceed fifteen years. Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly \$15 million. At September 30, 2003, the amount owed under these notes was \$12,498,071. There is a corresponding deferred revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from retirees. GovGuam's share of these contributions has been recognized in the amount of \$17,080,487 at September 30, 2003. This receivable has also been offset by deferred revenue in the same amount.

L. Interfund Receivables/Payables

During the course of its operations, GovGuam records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. Receivables and payables resulting from transactions between component units and the primary government are classified as "due to/from primary government" or "due to/from component units" on the governmental fund balance sheet and the statement of net assets. Interfund receivables and payables have been eliminated from the Statement of Net Assets.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

L. Interfund Receivables/Payables, Continued

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2003, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Federal Grants	General	\$ 1,330,363
General	Solid Waste Operations	1,376,138
General	Nonmajor governmental funds	60,716,314
Fiduciary Funds - Private		
Purpose Trusts	Nonmajor governmental funds	88,322
Nonmajor governmental funds	General	66,954,194
Nonmajor governmental funds	Fiduciary Funds - Private	
	Purpose Trusts	915,637
Nonmajor governmental funds	Nonmajor governmental funds	<u>63,230</u>
		<u>\$ 131,444,198</u>

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tourist Attraction (SRF)	\$ 17,360,017
General	Limited Obligation Highway	
	Bonds (CPF)	956,004
General	Limited Obligation Highway	
	Bonds (DSF)	968,695
Territorial Highway (SRF)	General	7,284,216
General Obligation Bonds 1994		
Series A (DSF)	General	<u>2,070,174</u>
		<u>\$ 28,639,106</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

L. Interfund Receivables/Payables, Continued

Balances reflected as due from primary government/due to component units in the statement of net assets at September 30, 2003, are summarized as follows:

Due from Primary Government

Guam Power Authority (GPA):	
General Fund	\$ 12,753,409
Nonmajor governmental funds	9,767,178
University of Guam:	
General Fund	4,502,701
Nonmajor component units:	
General Fund	1,931,955
Nonmajor governmental funds	<u>985,000</u>
	\$ <u>29,940,243</u>

Due to Component Units

General Fund:	
Guam Power Authority	\$ 12,753,409
University of Guam	4,502,701
Nonmajor component units	1,931,955
Nonmajor governmental funds:	
Guam Power Authority	9,767,178
Nonmajor component units	<u>985,000</u>
	\$ <u>29,940,243</u>

GPA has entered into payment agreements with the primary government to be paid over four to five years. Details of these payment agreements are as follows:

Receivable from primary government (Guam Department of Education), due in 84 monthly installments of \$100,000, beginning May 2002, including interest at 4.47% per annum, with the final installment payment due in April 2009, uncollateralized. \$ 12,753,409

Receivable from primary government (Department of Public Works), due in 60 monthly installments of \$75,000, beginning May 2002, including interest at 4.35% per annum, with the final installment payment due in April 2007, uncollateralized. 9,767,178

\$ 22,520,587

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

L. Interfund Receivables/Payables, Continued

Future obligations under these payment agreements are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2004	\$ 3,337,869
2005	1,572,758
2006	1,765,857
2007	6,680,825
2008	806,798
2009	<u>8,356,480</u>
	\$ <u>22,520,587</u>

M. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. All land and non-depreciable land improvements are capitalized, regardless of cost. Singular pieces of equipment, vehicles, computer equipment and software that equal or exceed \$500 are capitalized. Buildings and infrastructure projects with a cost that equals or exceeds \$500 are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation.

As a result of the absence of adequate records and documentation pertaining to capital assets acquired in prior years, management has elected to present only assets acquired subsequent to 1986. However, the asset lists do not include the detail of assets acquired in fiscal years 1999 through 2002 and disposals of fixed assets since 1987 have not been recorded. GovGuam 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.

Applicable capital assets are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. Estimated useful lives are as follows:

Buildings	40 - 60 years
Infrastructure - roads, and bridges	25 years
Furniture	7 years
Equipment, office equipment and specialized equipment	5 - 20 years
Computer hardware and software	5 - 7 years
Vehicles	5 - 20 years

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

M. Capital Assets, Continued

Capital assets of the discretely presented component units are capitalized upon purchase and are depreciated on a straight-line basis over the estimated useful lives of the assets. Interest incurred by discretely presented component units during construction is capitalized. However, due to the ongoing efforts at bringing the GovGuam's capital assets to an acceptable reporting level, GovGuam has not capitalized interest on construction in progress.

Capital asset activities of the primary government for the year ended September 30, 2003, are as follows.

	Balance October 1, 2002	<u>Additions</u>	<u>Retirements</u>	Balance September 30, 2003
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 8,199,638	\$ -	\$ -	\$ 8,199,638
Construction in progress	<u>266,899,480</u>	<u>11,938,141</u>	<u>-</u>	<u>278,837,621</u>
	<u>275,099,118</u>	<u>11,938,141</u>	<u>-</u>	<u>287,037,259</u>
Depreciable capital assets:				
Buildings	241,640,489	54,933	-	241,695,422
Machinery, equipment and Furniture	33,949,402	7,856,931	-	41,806,333
Infrastructure	<u>349,621,670</u>	<u>6,313,347</u>	<u>-</u>	<u>355,935,017</u>
	625,211,561	14,225,211	-	639,436,772
Less accumulated depreciation	<u>(214,875,850)</u>	<u>(25,015,687)</u>	<u>-</u>	<u>(239,891,537)</u>
Depreciable capital assets, net	<u>410,335,711</u>	<u>(10,790,476)</u>	<u>-</u>	<u>399,545,235</u>
	<u>\$ 685,434,829</u>	<u>\$ 1,147,665</u>	<u>\$ -</u>	<u>\$ 686,582,494</u>

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

General government	\$ 13,155,737
Protection of life and property	982,670
Public health	743,299
Community services	83,159
Recreation	83,971
Individual and collective rights	346,841
Transportation	4,306,557
Public education	4,971,220
Environmental protection	83,259
Economic development	<u>258,974</u>
	<u>\$ 25,015,687</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

M. Capital Assets, Continued

Capital asset activities of the discretely presented component units for the year ended September 30, 2003, are as follows.

	Balance October 1, 2002	Additions	Retirements	Balance September 30, 2003
Nondepreciable capital assets:				
Land	\$ 80,520,598	\$ -	\$ -	\$ 80,520,598
Construction in progress	<u>94,084,931</u>	<u>54,519,660</u>	<u>(75,038,964)</u>	<u>73,565,627</u>
	<u>174,605,529</u>	<u>54,519,660</u>	<u>(75,038,964)</u>	<u>154,086,225</u>
Depreciable capital assets:				
Buildings and plant	1,380,263,820	28,032,180	(6,262,885)	1,402,033,115
Machinery, equipment and furniture	751,906,469	24,717,796	(8,475,164)	768,149,101
Land improvements	<u>659,898</u>	<u>-</u>	<u>-</u>	<u>659,898</u>
	2,132,830,187	52,749,976	(14,738,049)	2,170,842,114
Less accumulated depreciation	<u>(774,938,628)</u>	<u>(81,581,465)</u>	<u>7,304,966</u>	<u>(849,215,127)</u>
	<u>1,357,891,559</u>	<u>(28,831,489)</u>	<u>(7,433,083)</u>	<u>1,321,626,987</u>
	<u>\$ 1,532,497,088</u>	<u>\$ 25,688,171</u>	<u>\$ (82,472,047)</u>	<u>\$ 1,475,713,212</u>

N. Deferred Revenues

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

O. Bond Premiums and Issuance Costs

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

P. Interfund/Intrafund Transactions

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

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2003, are as follows:

Source	Recipient	Transfers Out	Transfers In
<u>Major Governmental Funds</u>			
General	Federal Grants	\$ 26,141,537	\$ 26,141,537
General	Nonmajor governmental funds	115,028,135	18,552,659
Federal Grants	Nonmajor governmental funds	109,710	-
		141,279,382	44,694,196
<u>Nonmajor Governmental Funds</u>			
General	Nonmajor governmental funds	18,552,659	115,028,135
Federal Grants	Nonmajor governmental funds	-	109,710
Nonmajor governmental funds	Fiduciary Fund - Private Purpose Trusts	1,736,294	-
Nonmajor governmental funds	Nonmajor governmental funds	32,012,052	32,012,052
		52,301,005	147,149,897
<u>Fiduciary Funds</u>			
Nonmajor governmental funds	Fiduciary Fund - Private Purpose Trusts	-	1,736,294
		\$ 193,580,387	\$ 193,580,387

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid. During the year ended September 30, 2003, GovGuam made a one-time transfer from the General Fund to the Federal Grants Fund of \$7,410,614 representing a reduction in receivables from federal agencies that are not considered collectible.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

Q. Fund Equity/Net Assets

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

Net Assets have been restricted as follows:

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

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

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

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

The unreserved fund balances for the governmental funds represent the amount available for budgeting future operations. The reserve for related assets for the primary government’s individual major governmental funds and nonmajor governmental funds in the aggregate as of September 30, 2003, are as follows:

	<u>General</u>	<u>Federal Grants</u>	<u>Solid Waste Operations</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Receivables:					
Other	\$ 19,880	\$ -	\$ -	\$ 1,434,060	\$ 1,453,940
Due from other funds	19,284,716	-	-	9,354,390	28,639,106
Inventories	-	-	-	950,106	950,106
Prepayments	28,978	-	-	-	28,978
	<u>\$ 19,333,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,738,556</u>	<u>\$ 31,072,130</u>

R. Capital Projects Funds

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

S. Compensated Absences

Public Law 27-005 was enacted in February 2003 amending the accumulation of annual leave. The statute amended the vacation rates employees are credited to 104 and 156 hours per year, depending upon their length of service.

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

The statute further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Employees who have accumulated hours in excess of the 320 hours shall have up to September 30, 2004, to use the excess amount of leave or that portion permitted to be credited to sick leave and the remainder of excess leave will be lost. It is not known at this time the impact this will have on the basic financial statements.

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

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam is evaluating the impact of this law and accordingly no liability, if any, which may result, has been recorded in the accompanying basic financial statements.

T. Fund Deficits

Specific individual funds that had individual deficit fund balances as at September 30, 2003, are as follows:

Major Governmental Funds

General Fund	\$ 314,122,342
Solid Waste Operations Fund	\$ 432,163

Nonmajor Governmental Funds

Territorial Highway Fund	\$ 11,903,857
Tourist Attraction Fund	\$ 18,346,419
Abandoned Vehicle and Streetlight Fund	\$ 971,592

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

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

Primary Government

	<u>Governmental Fund Level</u>	<u>Government Wide Level</u>
Deficit/net assets, as previously reported September 30, 2002	\$ <u>(50,821,863)</u>	\$ <u>258,354,564</u>
Overstatement of capital assets previously reported for governmental activities	-	(26,254,579)
Understatement of deferred charges previously reported for governmental activities	-	3,297,281
Understatement of deferred bond premiums previously reported for governmental activities	-	(4,531,891)
Implementation of GASB Technical Bulletin 2004-1 requiring the recording of Tobacco Asset-Backed Bonds as debt of the Guam Economic Development and Commerce Authority	-	25,445,959
Inclusion of the following nonmajor governmental funds previously excluded in 2002:		
Health Security Trust Fund	8,421,556	8,421,556
Inclusion of Guam Department of Education as a line agency previously excluded in 2002:	(19,805,704)	(19,805,704)
Misstatement of assets and liabilities previously reported for the following governmental funds:		
General Fund	4,182,191	4,182,191
Territorial Highway Fund	(31,092,434)	(31,092,434)
Tourist Attraction Fund	(2,851,195)	(2,851,195)
Water System Revenue Bond Fund	(2,836,191)	(2,836,191)
Reclassification from business-type activity presentation to governmental fund presentation for the Solid Waste Operations Fund	1,559,236	-
Reclassification from business-type activity presentation to discretely presented component unit presentation for the University of Guam	-	(73,656,522)
Other	<u>(1,040,278)</u>	<u>(1,667,290)</u>
	<u>(43,462,819)</u>	<u>(121,348,819)</u>
Deficit/net assets, as restated September 30, 2002	\$ <u>(94,284,682)</u>	\$ <u>137,005,745</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

U. Restatement of Governmental Fund Deficit/Government-Wide Net Assets, Continued

Discretely Presented Component Units

	<u>Government Wide Level</u>
Net assets, as previously reported September 30, 2002	\$ <u>640,245,296</u>
Inclusion of the following component units previously excluded in 2002:	
Guam Telephone Authority	43,937,239
Guam Housing Corporation	26,911,700
Guam Memorial Hospital Authority	38,991,813
Guam Community College	14,304,770
Guam Visitors' Bureau	415,197
Reclassification from business-type activity presentation to discretely presented component unit presentation:	
University of Guam	73,656,522
Implementation of GASB Technical Bulletin 2004-1 requiring the recording of bonds payable and related accounts by the Tobacco Settlement Authority:	
Guam Economic Development and Commerce Authority	(20,297,405)
Revaluation of property at appraised value:	
Guam International Airport Authority	51,210,000
Implementation of GASB Statement No. 33 requiring the recording of restricted grant proceeds as restricted revenue previously recorded as deferred revenue:	
Guam International Airport Authority	10,584,032
Guam Waterworks Authority	317,000
Understatement of accrued payroll and other liabilities as a result of Public Law 26-35, as amended by Public Law 26-49:	
Guam Power Authority	(1,070,550)
Guam Waterworks Authority	(905,848)
Port Authority of Guam	(1,141,172)
Under/(over)statement of receivables and capital assets previously reported:	
Guam Waterworks Authority	(2,483,411)
Guam Housing Corporation	3,164,715
Port Authority of Guam	<u>(1,213,537)</u>
	<u>236,381,065</u>
Net assets, as restated September 30, 2002	\$ <u>876,626,361</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(1) Summary of Significant Accounting Policies, Continued

V. Estimates

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

W. New Accounting Standards

For fiscal year 2004, GovGuam will be implementing GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. For fiscal year 2005, GovGuam will be implementing GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GovGuam has not evaluated the financial statement impact of GASB Statement Nos. 39, 40 and 42.

(2) Investments

GASB Statement No. 3 requires government entities to categorize investments to give an indication of the level of credit risk assumed by the entity at year-end. The three categories are described below:

Category 1 Insured or registered, or securities held by GovGuam or its agent in GovGuam's name;

Category 2 Uninsured and unregistered, with securities held by the broker's or dealer's trust department or agent in GovGuam's name; or

Category 3 Uninsured and unregistered, with securities held by the broker or dealer, or by its trust department or agent but not in GovGuam's name.

Investments of the primary government and the discretely presented component units as of September 30, 2003, are as follows:

Nonmajor Governmental Funds

Territorial Highway Fund:

Investments in the amount of \$6,230,000 are comprised of U.S. Government debt securities and commercial paper held by the Bond Trustee with maturity dates in excess of ninety days. These investments are classified as Category 1 investments.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(2) Investments, Continued

Discretely Presented Component Units

Guam International Airport Authority (GIAA):

The bond indentures for GIAA require the establishment of special funds and accounts to be held and administered by GIAA's trustees for the accounting of the monies. At September 30, 2003, investments held by the trustees, in trust for GIAA, in these funds and accounts are as follows:

Federal Grant Fund	\$ 16,228,840
Capital Improvement Fund	251,608
Operations and Maintenance Reserve Fund	6,156,397
Self-insurance Fund	3,047,607
General Revenue Fund	3,824,676
Operations and Maintenance Fund	<u>1,347,238</u>
Total Restricted	<u>30,856,366</u>
Bond Reserve Funds	18,698,932
Bond Funds	162,011
Renewal and Replacement Fund	3,005,284
Passenger Facility Charge Fund	359,990
Cost of Issuance Fund	<u>1,852,839</u>
Total Restricted	<u>24,079,056</u>
	<u>\$ 54,935,422</u>

GIAA's investments are stated at amortized cost including accrued interest. The carrying value of investments is as follows:

Money market/trust funds	\$ 19,615,050
Investment agreements	18,698,932
Short-term investments (commercial paper and corporate bonds)	4,497,696
U.S. Treasury notes	<u>12,123,744</u>
	<u>\$ 54,935,422</u>

The bond funds and a portion of the federal grant fund amounting to \$157,294 as well as the self-insurance fund of \$2,999,626 have been classified as Category 3 investments. All other investments held by the trustees have been classified as Category 1 investments.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(2) Investments, Continued

Discretely Presented Component Units, Continued

Guam Power Authority (GPA):

The bond indentures for GPA require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the monies. At September 30, 2003, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Bond Reserve Funds	\$ <u>27,484,000</u>
Total Unrestricted	\$ <u>27,484,000</u>

GPA's investments are stated at amortized cost including accrued interest. The carrying value of investments is as follows:

Federal National Mortgage Association discount notes	\$ <u>27,484,000</u>
--	----------------------

The bond reserve funds have been classified as Category 3 investments.

University of Guam (UOG):

Investments held by UOG consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Money market funds	\$ 1,274,365
U.S. Treasury and agency obligations	123,737
Common stocks	<u>8,998,955</u>
	\$ <u>10,397,057</u>

Investments held by UOG have been classified as Category 2 investments.

Guam Telephone Authority (GTA):

Investments held by GTA consist of Rural Telephone Bank (RTB) stock that has been issued in accordance with the loan agreement between GTA and RTB. GTA's investment in RTB is carried at cost and consists of 933,800 shares of \$1 par value Class B stock.

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2003, investments in corporate bonds and notes held for this purpose amounted to \$1,740,000.

These investment funds have been classified as Category 3 investments.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(2) Investments, Continued

Discretely Presented Component Units, Continued

Guam Housing Corporation (GHC):

The bond indenture for GHC require the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of the monies. At September 30, 2003, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Foreclosure Protection Fund	\$ 375,921
Program Fund	5,722,923
Escrow Fund	15,536
Capitalized Interest Fund	219
Revenue Fund	<u>83,539</u>
	<u>\$ 6,198,138</u>

GHC's investments are stated at amortized cost including accrued interest. The carrying value of investments is as follows:

Money market/trust funds	\$ 5,913,276
U.S. Treasury notes	<u>284,862</u>
	<u>\$ 6,198,138</u>

The bond funds have been classified as Category 3 investments and the foreclosure protection fund has been classified as Category 1 investments.

Guam Economic Development and Commerce Authority (GEDCA):

Investments of GEDCA consist of consist of money market funds held with Merrill Lynch and an investment in common stock of the Bank of Guam, which is recorded at cost of \$3,500. The carrying value of investments is as follows:

Money market funds	\$ 61,928
Common stocks	<u>3,500</u>
	<u>\$ 65,428</u>

Investments held by GEDCA have been classified as Category 1 investments.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations

Primary Government

As of September 30, 2003, the primary government had the following long-term debt outstanding:

Limited Obligation (Section 30) Bonds, 2001 Series A (original issue of \$76,895,000), varying interest rates at 3.25% - 5.5% per annum, payable semiannually in June and December, principal fund payments due in varying annual installments commencing with a payment of \$6,220,000 in December 2002 and increasing to \$9,565,000 in December 2011. The bonds have been issued for the purpose of providing money to repay the outstanding amounts of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority and the voluntary service debt.	\$ 70,675,000
Add net unamortized premium on bonds	<u>4,028,347</u>
	<u>74,703,347</u>
General Obligation Bonds, 1993 Series A (original issue of \$175,000,000), varying interest rates at 3% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$2,490,000 in November 1994 and increasing to \$12,140,000 in November 2018. The bonds have been issued for the purpose of implementing capital projects.	135,235,000
General Obligation Bonds, 1995 Series A (original issue of \$115,000,000), varying interest rates at 4.6% - 6% per annum, payable semiannually in March and September, principal fund payments due in varying annual installments commencing with a payment of \$5,650,000 in September 1996 and increasing to \$16,785,000 in September 2005, with a final payment due of \$2,085,000 in September 2006. The bonds have been issued for the purpose of implementing certain capital projects and payment of certain general fund expenditures.	34,920,000
<u>Special Revenue Bonds - Territorial Highway Fund</u> : Limited Obligation Highway Refunding Bonds, 2001 Series A, in the amount of \$51,705,000, varying interest rates at 3.13% - 4.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$3,830,000 in May 2002 and increasing to \$5,765,000 in May 2012. The 2001 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, and are subject to redemption prior to their stated maturity, at the option of GovGuam, from any source of available funds, on any date on or after May 1, 2011.	43,890,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Primary Government, Continued

Special Revenue Bonds - Tourist Attraction Fund: Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, in the amount of \$76,275,000, varying interest rates at 4.75% - 5.5% per annum, payable annually in November, principal fund payments due in varying annual installments commencing with a payment of \$900,000 in November 1999 and increasing to \$4,625,000 in November 2017. The 1997 bonds are serial bonds and were issued in fully registered form in denominations of \$5,000 or multiples thereof. 64,195,000

Special Revenue Notes Payable - Judicial Building Fund: Promissory note payable to the Farmers Home Administration in the amount of \$11,000,000, interest rate at 7.75% per annum, principal and interest payable commencing December 1990 in quarterly installments of \$225,390. The note is collateralized by real property. 5,353,287

General Fund Notes Payable: Note payable to a local bank in the amount of \$10,000,000, interest rate is based on the banks' index rate and varies from 4.75% - 8% per annum, principal and interest payable commencing October 2003 in annual installments of \$1,281,818. This loan was used to fund public assistance programs and for the payment of the GovGuam Department of Education's monthly allotment backlog. The note is collateralized by the pledge and assignments of Section 30 revenues. 10,000,000

368,296,634
(37,533,511)

Less current maturities

\$ 330,763,123

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 37,533,511	\$ 18,580,638	\$ 56,114,149
2005	39,429,243	16,661,276	56,090,519
2006	25,733,656	14,556,798	40,290,454
2007	24,842,275	13,202,790	38,045,065
2008	26,081,607	11,957,940	38,039,547
2009 - 2013	125,502,995	38,665,301	164,168,296
2014 - 2018	73,005,000	13,844,483	86,849,483
2019	<u>12,140,000</u>	<u>327,780</u>	<u>12,467,780</u>
	<u>\$ 364,268,287</u>	<u>\$ 127,797,006</u>	<u>\$ 492,065,293</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Primary Government, Continued

As of September 30, 2003, \$55,336,616 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:

General Obligation Bonds:

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

General Obligation Bonds 1994 Series A - This bond was issued on August 15, 1994 for the purpose of discharging GovGuam's obligation to pay refunds owed to taxpayers who have filed their income tax forms with GovGuam. 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, 2003. 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 GovGuam prior to May 15, 1995 and to pay the costs of issuance of such borrowing. The Depository has created 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, 2003 is \$4,078,776.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Primary Government, Continued

General Obligation Bonds, Continued:

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2003.

Indentures to the 1997 Series A Bonds:

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

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

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

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all bonds then outstanding, plus (2) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such principal payment date, plus (3) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of the mandatory sinking fund payments required to be paid for the outstanding term bonds on such principal payment date.
- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 1997 Series A Bonds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Primary Government, Continued

Indentures to the 1997 Series A Bonds, Continued:

- Bond Reserve Fund - an amount, if any, needed to equal to the lesser of (1) the maximum annual debt service, (2) 10% of the proceeds received from the sale of the bonds and (3) 125% of average annual debt service on the bonds or an amount as may be specified by supplemental indentures providing for the issuance of a series of bonds. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling, due by their terms, and (3) the aggregate amount of all mandatory sinking payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.
- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

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

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

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Primary Government, Continued

Indentures to the 2001 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 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 GovGuam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying GovGuam highway maintenance and operation costs. This account is a component of the Debt Service Fund.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units

As of September 30, 2003, the discretely presented component units had the following long-term debt outstanding:

Guam International Airport Authority (GIAA):

General Revenue Bonds, Series 2003 (original issue of \$216,250,000), varying interest rates at 1.45% - 5.375% per annum, payable semiannually in October and April, principal fund payments due in varying annual installments of \$5,600,000 due in October 2004, and increasing to \$12,295,000 in October 2023.	\$ 216,250,000
Add net unamortized premium on bonds	9,856,046
Less deferred difference on refunding of 1993 bonds	<u>(7,937,352)</u>
	<u>218,168,694</u>

Guam Power Authority (GPA):

General Revenue Bonds, Series 1993 (original issue of \$100,000,000), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$1,725,000 in October 1996, and increasing to \$6,535,000 in October 2023. The bonds have been issued to finance acquisitions of additional generating capacity, to construct additional transmission facilities, and to upgrade and refurbish existing equipment.	86,255,000
General Revenue Bonds, Series 1999 (original issue to \$349,178,601), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of \$2,950,000 in October 2000, and increasing to \$26,110,000 in October 2034. The bonds have been issued to finance new projects as specified in the bond indenture and to retire certain outstanding bonds and the commercial paper issued for the purpose of financing certain commercial paper projects.	339,948,601
Tax-exempt commercial paper note issued in August 1998 with interest at 0.90% per annum, payable at maturity. The note is collateralized by a pledge of revenues subordinate to the bondholders under GPA's bond issues. The note had an original maturity date of October 7, 1998, but has been rolled over with a new maturity date of August 11, 2004.	20,000,000

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Guam Power Authority (GPA), Continued:

Ninety-day note payable drawn on a \$15,000,000 bank line of credit with interest at 1.25% per annum over index, payable at maturity. The note is uncollateralized, with an original maturity date of May 11, 2003, but has been rolled over with a new maturity date of February 10, 2004.

5,000,000

451,203,601

Less discount on bonds

(6,444,752)

Less deferred loss on defeasance

(18,618,158)

426,140,691

Guam Memorial Hospital Authority:

Promissory note payable to the GovGuam Retirement Fund, with interest at the bank's prime rate plus 1% with a floor amount of 8%, payable in equal quarterly installments of \$401,330, including interest, starting June 2001.

6,271,028

Guam Waterworks Authority:

Line of credit of \$3,500,000 with IBM Credit Corporation relating to installation of accounting and operating systems, with interest at 21.90% per annum, payable in equal monthly installments of \$42,170, including interest, through October 2004.

484,129

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

9,000,000

9,484,129

University of Guam (UOG):

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

425,000

Guam Telephone Authority (GTA):

Loan agreement with the Rural Utilities Service (RUS), with interest at 5% per annum, principal and interest payable semiannually on various dates and in various amounts totaling \$3,388,000, due and payable on various dates ranging from May 2011 through May 2025.

72,558,877

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Guam Telephone Authority (GTA), Continued:

Loan agreement with the Federal Financing Bank (FFB), varying interest rates at 5.621% - 7.887% per annum, principal and interest payable quarterly on various dates and in various amounts totaling \$561,800, due and payable on December 2014. 17,531,817

Loan agreement with the Rural Telephone Bank (RTB), varying interest rates at 5.33% - 9.57% per annum, principal and interest payable semiannually on various dates and in various amounts totaling \$750,541, due and payable on various dates ranging from October 2020 through July 2025. 16,077,578

106,168,272

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of \$10,540, including interest, through April 2030, collateralized by restricted cash balances. 1,640,651

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of \$50,000,000), varying interest rates at 4.45% to 5.75% per annum, payable semiannually in March and September, principal payments due in varying semiannual installments of \$45,000 due in March 2004, and increasing to \$75,000 in September 2013; \$74,931 due in March 2014, and increasing to \$95,420 in September 2018; \$108,434 due in March 2019, and increasing to \$119,511 in September 2021; and \$114,064 due in March 2022, and increasing to \$194,200 in September 2031. 5,695,000

Note payable to Citibank, N.A, interest rate at 9.625% per annum, payable in monthly installments of \$95,000, including interest, due in 2005, collateralized by proceeds received from mortgage loans made by GHC. 34,644

Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in 2014, collateralized by proceeds received from mortgage loans made by GHC. 9,846,344

15,575,988

Add net unamortized premium on bonds 1,134

15,577,122

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Guam Economic Development and Commerce Authority:

Tobacco Settlement Asset-Backed Bonds, 2001 Series A (original issue of \$11,982,980), varying interest rates at 5% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$580,000 in May 2002 and increasing to \$1,853,356 in May 2012. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.	10,662,980
Tobacco Settlement Asset-Backed Bonds, 2001 Series B (original issue of \$13,494,479), varying interest rates at 5.2% - 5.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of \$175,000 in May 2012 and increasing to \$3,580,000 in May 2017. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.	13,462,979
Note payable to the Guam Development Fund Act (GDFA), with interest at 4.5% per annum, payable in monthly installments of \$8,785, including interest, collateralized by real property with final payment due in 2019.	<u>1,019,116</u>
	25,145,075
Less discount on bonds	<u>(620,444)</u>
	<u>24,524,631</u>
	808,400,218
Less current maturities	<u>(39,069,778)</u>
	\$ <u>769,330,440</u>

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 39,069,778	\$ 33,678,925	\$ 72,748,703
2005	18,752,759	39,205,727	57,958,486
2006	20,532,744	38,361,003	58,893,747
2007	22,153,001	37,335,396	59,488,397
2008	23,987,883	36,588,895	60,576,778
2009 - 2013	131,799,643	168,234,608	300,034,251
2014 - 2018	153,275,567	132,715,402	285,990,969
2019 - 2023	157,830,983	99,248,202	257,079,185
2024 - 2028	105,975,582	58,232,094	164,207,676
2029 - 2033	107,865,804	31,018,363	138,884,167
2034 - 2038	<u>50,920,000</u>	<u>4,044,075</u>	<u>54,964,075</u>
	<u>\$ 832,163,744</u>	<u>\$ 678,662,690</u>	<u>\$ 1,510,826,434</u>

Indentures to the GIAA 2003 Series A Bonds:

On September 30, 2003, GIAA issued \$216,250,000 in Series 2003 General Revenue Bonds to retire \$216,185,000 of outstanding 1993 Series bonds. The net proceeds of \$192,699,547 (after payment of \$11,007,710 in underwriting fees, insurance, and other issuance costs) plus an additional \$30,969,034 of 1993 Series fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the refunding of the 1993 bonds on October 31, 2003. The refunding meets the requirements of a legal defeasance and as a result, the 1993 bonds and the related securities held by the escrow agent have been removed from the accompanying basic financial statements.

The refunding of the bonds resulted in a reduction of GIAA's aggregate debt service payments by almost \$17.6 million over the life of the bonds and an economic gain (difference between the present values of the old and new debt service payments) of \$14,512,596.

The refunding resulted in a difference on refunding of \$7,937,352 representing the difference between the reacquisition price and carrying amount of the 1993 bonds. This amount will be deferred and amortized over the remaining life of the 1993 bonds and is reflected as a reduction of the bond liability in the accompanying basic financial statements.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Indentures to the GPA 1993 and 1999 Series Bonds:

All gross revenues of GPA have been pledged to repay the 1993 and 1999 series bond principal and interest.

Discounts associated with 1993 and 1999 bond series are being amortized using the effective interest method over the lives of the bonds.

On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the US Bank Trust National Association and Bank of America. In connection with the agreement, GPA received cash totaling \$13.5 million in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

Based on the terms of the agreement, gross proceeds totaled \$17,521,029 while GPA incurred termination fees and closing costs totaling \$3,530,000 and \$1,250,529, respectively. The \$13.5 million in net proceeds received included \$759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs will be deferred and amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds. The gross proceeds, net of amortization, are reflected as deferred revenue in the amount of \$15,768,476 in the accompanying statement of net assets. The termination fees and closing costs amortization are reflected as deferred charges in the accompanying statement of net assets.

Indentures to the UOG Bonds:

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Indentures to the GTA Bonds:

Outstanding RUS, RTB and FFB bonds are special obligations of GTA payable from and collateralized by the proceeds of the bonds, all revenues, and all funds created by the bond indenture. These bonds do not constitute a general indebtedness of GTA or GovGuam. Revenues are defined in the bond indenture as all revenues, income, rents and receipts derived from the ownership, leasing and operation of the telephone system, the proceeds of any insurance covering business interruption loss relating to the system, and interest or dividends received on any moneys or securities (other than the Development Fund) held pursuant to the indenture and paid to the Revenue Fund.

In accordance with the indenture, GTA created the following trust accounts to be held and administered by the Trustee for the bondholders:

Development Fund - the proceeds of all bonds are to be deposited in the Development Fund. All costs of construction (including acquisitions) of all facilities are to be paid from this fund. Insurance proceeds from physical loss of or damage to any facilities of the system, and proceeds from contractors' performance bonds are to be deposited into this fund. Proceeds from sale or lease-sale of any facilities included in the system shall be maintained in this fund and used to finance future construction.

Revenue Fund - all revenues are to be deposited in the Revenue Fund. All costs relating to the system, in addition to the costs for the payment of which moneys from time to time shall have been deposited in the Development Fund and in the Debt Service Fund, are to be paid from the Revenue Fund. The Trustee shall transfer funds from the Revenue Fund to the Debt Service Fund on or before the twenty-fifth day of each calendar month, to the extent such amount is available in the Revenue Fund after paying the monthly operating expenses with respect to the system, an amount equal to one-twelfth of the Twelve-Month Debt Service Requirement, as defined in the Indenture. Deficiencies in any month shall be transferred to the Debt Service Fund on the earliest date on which funds become available in the Revenue Fund.

Debt Service Fund - the Trustee, on behalf of GTA, shall make all payments of principal and interest on the bonds from the Debt Service Fund.

Indentures to the GHC Series 1998 Bonds:

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

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2003

(3) Long-Term Obligations, Continued

Discretely Presented Component Units, Continued

Indentures to the GHC Series 1998 Bonds, Continued:

The bonds maturing in September 2031 are not subject to optional redemption prior to maturity. The bonds maturing after September 2008 but before September 2021 are subject to redemption on any date on or after September 2008, at the option of GHC, in whole, or in part from such maturities as are determined by GHC, from any source of available monies, at the redemption prices set forth in the Indenture.

The bonds maturing in September 2018, in September 2021, and in September 2031 are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest thereon to the date fixed for redemption, from sinking fund installments which are required to be made in amounts sufficient to redeem on dates set forth in the Indenture.

GHC had expended bond proceeds and originated loans totaling \$6,249,012 as of September 30, 2003, for which the Trustee had not disbursed such moneys from the Program Fund for the acquisition of Mortgage-Backed Securities.

The bond indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of GHC is of the opinion that GHC was in compliance with all significant covenants except for the full non-origination of the entire \$50 million mortgage revenue bond as of September 30, 2003.

Changes in Long-Term Liabilities

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2003, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net assets:

	Balance October 1, <u>2002</u>	<u>Additions</u>	<u>Reductions</u>	Balance September <u>30, 2003</u>	Due Within <u>One Year</u>
Bonds payable:					
Limited obligation bonds	\$ 76,895,000	\$ -	\$ (6,220,000)	\$ 70,675,000	\$ 6,435,000
General obligation bonds	190,645,000	-	(20,490,000)	170,155,000	21,600,000
Special revenue bonds	115,970,000	-	(7,885,000)	108,085,000	8,205,000
Loans payable	<u>16,282,704</u>	-	<u>(929,417)</u>	<u>15,353,287</u>	<u>1,293,511</u>
	399,792,704	-	(35,524,417)	364,268,287	37,533,511
Unamortized premium on bonds issued	<u>4,531,891</u>	-	<u>(503,544)</u>	<u>4,028,347</u>	<u>-</u>
	<u>404,324,595</u>	-	<u>(36,027,961)</u>	<u>368,296,634</u>	<u>37,533,511</u>
Other liabilities:					
Compensated absences	18,912,671	-	(4,598,053)	14,314,618	6,793,393
Unfunded pension	31,983,283	8,352,621	-	40,335,904	-
Due to component units	<u>29,940,243</u>	-	<u>-</u>	<u>29,940,243</u>	<u>10,757,525</u>
	<u>80,836,197</u>	<u>8,352,621</u>	<u>(4,598,053)</u>	<u>84,590,765</u>	<u>17,550,918</u>
	<u>\$ 485,160,792</u>	<u>\$ 8,352,621</u>	<u>\$ (40,626,014)</u>	<u>\$ 452,887,399</u>	<u>\$ 55,084,429</u>

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 2003

(3) Long-Term Obligations, Continued

Changes in Long-Term Liabilities, Continued

Changes in long-term liabilities of discretely presented component units for the year ended September 30, 2003, are as follows:

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003	Due Within One Year
Bonds payable	\$ 784,596,904	\$ 216,250,000	\$ (221,979,072)	\$ 778,867,832	\$ 11,975,461
Loans payable	<u>58,765,966</u>	<u>5,000,000</u>	<u>(10,470,054)</u>	<u>53,295,912</u>	<u>27,094,317</u>
	843,362,870	221,250,000	(232,449,126)	832,163,744	39,069,778
Deferred amounts:					
Unamortized premium on bonds issued	5,749	9,856,046	(4,615)	9,857,180	-
Unamortized discount on bonds issued	(7,427,369)	-	362,173	(7,065,196)	-
Difference on refundings	-	(7,937,352)	-	(7,937,352)	-
Loss on defeasance	<u>(21,989,950)</u>	<u>-</u>	<u>3,371,792</u>	<u>(18,618,158)</u>	<u>-</u>
	<u>813,951,300</u>	<u>223,168,694</u>	<u>(228,719,776)</u>	<u>808,400,218</u>	<u>39,069,778</u>
Other liabilities:					
Obligations under capital leases	161,720,818	49,914	(3,638,620)	158,132,112	4,076,790
Compensated absences	12,609,514	255,446	(1,849,502)	11,015,458	5,578,347
Unfunded pension	22,088,743	4,028,833	(45,539)	26,072,037	-
Other	<u>23,028,205</u>	<u>18,126,521</u>	<u>(3,637,151)</u>	<u>37,517,575</u>	<u>2,700,931</u>
	<u>219,447,280</u>	<u>22,460,714</u>	<u>(9,170,812)</u>	<u>232,737,182</u>	<u>12,356,068</u>
	<u>\$ 1,033,398,580</u>	<u>\$ 245,629,408</u>	<u>\$ (237,890,588)</u>	<u>\$ 1,041,137,400</u>	<u>\$ 51,425,846</u>

(4) Commitments and Contingencies

A. Leases

Guam Power Authority (GPA):

In September 1996, GPA entered into agreements to purchase electricity produced by generating plants constructed or refurbished and operated by three companies. The agreements have twenty-year terms. At the end of the agreements, ownership of the plants and the plant improvements reverts to GPA. Under each of the agreements, GPA pays capacity and operation and maintenance costs. GPA retroactively implemented the accounting guidance of EITF No. 01-8, effective October 1, 2001. EITF No. 01-8 provides guidance in determining when purchase agreements may be subject to lease accounting. In applying EITF No. 01-8, GPA determined that the agreements to purchase electricity were in fact capital leases to acquire the plants and that the capacity payments made under the agreements were lease payments. The operations and maintenance payments under the agreements continue to be reflected as operation and maintenance expenses.

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

A. Leases, Continued

Guam Power Authority (GPA), Continued:

<u>Year Ending</u> <u>September 30,</u>	
2004	\$ 23,084,304
2005	23,084,304
2006	23,084,304
2007	23,084,304
2008	23,084,304
2009 - 2013	115,421,520
2014 - 2018	115,421,520
2019	<u>1,883,857</u>
	348,148,417
Less amounts representing interest	<u>(190,724,970)</u>
	157,423,447
Less current portion	<u>(3,903,260)</u>
	\$ <u>153,520,187</u>

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

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

At September 30, 2003, future minimum lease payments for the aforementioned leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2004	\$ 1,813,880
2005	1,370,861
2006	1,323,188
2007	1,323,188
2008	1,323,188
2009	<u>2,766</u>
	\$ <u>7,157,071</u>

Rent expense under the aforementioned agreements totaled \$2,163,133 for the year ended September 30, 2003.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

A. Leases, Continued

University of Guam:

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

<u>Year Ending</u> <u>September 30,</u>	
2004	\$ 173,530
2005	173,530
2006	173,530
2007	173,530
2008	<u>130,151</u>
	824,271
Less amounts representing interest	<u>(115,606)</u>
	708,665
Less current portion	<u>(173,530)</u>
	\$ <u>535,135</u>

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

B. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2003 and prior year audits aggregate to a material amount. If the questioned costs were ultimately disallowed, the general fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements.

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

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

C. Sick Leave

It is the policy of GovGuam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2003. The estimated accumulated amount of unused sick leave at September 30, 2003, is \$37,844,315. Sick leave balances are only available for the line departments of the executive branch.

D. Litigation

GovGuam is unable to assess the actual claims outstanding as of the year ended September 30, 2003. The Attorney General is of the opinion that GovGuam's maximum liability in total for these cases is material to the financial statements as of September 30, 2003. 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 4E below, and therefore, no provision for any liability that may result has been made in the accompanying basic financial statements.

E. Self-Insurance

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

F. Deposits with Treasurer

Insurance companies doing business on Guam, are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2003, approximately \$13,473,213 was held by the GovGuam in bonds as security against possible claims.

G. Medicare

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

H. 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.

GovGuam 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 Federal Grants Assistance Fund, a Governmental Fund Type - Special Revenue 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, 2003 is \$22,436,130.

I. FEMA Receivables

As of September 30, 2003, GPA has a total of \$26,040,885 in outstanding FEMA claims for typhoon damages. GPA recorded \$17,162,058 of the outstanding claims as accounts receivable as September 30, 2003. The residual difference in claims has not been recorded, as collection of the full amount of the claims is uncertain. Receivables of \$10,209,382 at September 30, 2003 resulted from a typhoon claim during the year ended September 30, 1998. The amount ultimately to be collected against these claims is uncertain. In May 2004, FEMA agreed to pay GPA \$8,502,556 in settlement of this receivable. The difference of \$1,706,826 was charged-off in 2003. In connection with the \$10 million receivable from FEMA, GPA entered into a consulting contract to assist in settling the claims. Based on the settlement, GPA estimates that it owes \$991,965 in contingent fees on the contract, which has been accrued and recognized as an expense in 2003.

J. Plant Explosion

In February 2002, an explosion severely damaged one of GPA's generation plants. In 2003, repairs to the plant have been estimated at a cost of \$3.3 million. Insurance coverage has been determined to be \$2.9 million.

K. Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2003.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

L. Land Transfers

In fiscal year 2002, the Guam Legislature enacted legislation that provides for a study for the potential transfer of certain land entrusted to GIAA to original landowners. Final legislative action to implement the transfer has not occurred and it is presently not determined if such action will occur. The financial impact of any such actions on GIAA is presently not determinable.

M. Environmental Remediation

On August 4, 2001, the Tanguisson Pipeline in the Mongmong/Toto area ruptured spilling black oil that contaminated an approximately 60,000 square foot area. The pipeline is operated by GPA and owned by the United States Navy. The cause of the rupture has not yet been determined and GPA has engaged in a substantial clean-up effort of the affected area.

GPA has an insurance claim for the mitigation and remediation of the oil spill. The total estimated costs for complete clean-up of the affected area is expected to range from \$2 million to \$4 million depending on the method for treatment and disposal of the contaminated soil. The insurance adjuster for GPA's insurance policy has raised issues as to whether the cost of remediation will be covered by insurance contending that clean-up or remediation costs ordered by environmental authorities such as EPA and the USEPA, are not covered under the insurance policy. Thus, GPA could potentially incur substantial cost if there is no insurance coverage. However, management of GPA contends that these costs are covered under the insurance policy. Also, certain claims against GPA have been filed for damage to property totaling \$800,000. These claims are currently pending with the insurance company. In addition, GPA may be exposed to fines of up to \$2.1 million from Guam EPA. No provision for any liability that may result from these claims has been made in the financial statements and the final liability to result from the spill cannot presently be determined.

N. Environmental Monitoring

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

O. Aircraft Crash

In August 1997, an airliner crashed on approach to the Airport runways, resulting in over two hundred fatalities and numerous injuries. In 1999, six claims relating to the crash were filed against GIAA. GIAA has denied all six claims. GIAA understands that the claimants have settled their claims with the Airlines and the U.S. Government and do not intend to pursue any action against GIAA. If the claimants decide to further pursue these actions, GIAA's insurer will handle defense. Management of GIAA is of the opinion that GIAA will incur no liability as the result of these claims.

P. Ordot Dump

On December 2, 2003, the U.S. Environmental Protection Agency announced the terms of a consent decree with GovGuam to settle the Ordot Dump lawsuit against GovGuam, including a civil penalty of \$200,000. The consent decree includes deadlines for the opening of a new landfill and implementing an Ordot Dump closure plan. Commencing February 11, 2004, and within a period of forty-five months, GovGuam is required to complete an environmental impact statement analyzing at least three potential new landfill locations; complete design, permitting, and construction for the selected landfill location; begin operations at the new landfill; and properly and permanently close the Ordot Dump. In the event that GovGuam fails to meet any of the stipulated deadlines under the consent decree, GovGuam will be liable for additional civil penalties. GovGuam's liability for future costs associated with closing of the Ordot Dump is presently not determinable.

Q. Typhoon Damages

On July 5, 2002 and December 8, 2002, the island of Guam was struck by Typhoon Chata'an and Supertyphoon Pongsona, respectively. For the year ended September 30, 2003, the primary government has incurred costs related to typhoon damages in the amount of \$5.2 million. GovGuam has not yet performed an assessment of typhoon-related damages and, accordingly, a liability for accrued typhoon costs is presently not determinable.

A summary of the significant typhoon damages, net of anticipated federal reimbursements, for the discretely presented component units is as follows:

GIAA - estimated repair costs to GIAA's facilities as of September 30, 2003, amounted to \$6,013,783. As this amount is an estimate, actual costs may be materially different. In addition, the security fence surrounding GIAA's facilities was severely damaged and requires replacement. The estimated cost to replace and upgrade the security fence is approximately \$19 million. Approximately 90% of this replacement cost is expected to be covered by a Federal Aviation Administration grant.

GPA - estimated repair costs to GPA's utility plant and equipment as of September 30, 2003, amounted to \$9,308,068.

UOG - estimated repair costs to UOG's buildings and equipment as of September 30, 2003, amounted to \$1,335,175.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(4) Commitments and Contingencies, Continued

Q. Typhoon Damages, Continued

Guam Telephone Authority (GTA) - estimated repair costs to GTA's telecommunications system as of September 30, 2003, amounted to \$7,601,000. GTA expects much of the damage to be covered by insurance or reimbursements from FEMA. For the year ended September 30, 2003, typhoon casualty loss, in excess of recoverable amount totaled \$3,999,805.

Port Authority of Guam (PAG) - estimated repair costs to PAG's port facilities as of September 30, 2003, amounted to \$5,775,000. PAG's insurance coverage is expected to absorb the final loss amount, less \$3.0 million insurance deductible and \$2.5 million of required self-insurance. Management of PAG intends to seek reimbursement from federal sources for a portion of the deductible and self-insurance amounts.

R. Earned Income Tax Credit (EITC) Refunds

In June 2004, GovGuam agreed to pay \$60 million over nine years in settlement of unpaid Earned Income Tax Credit refunds as far back as 1996 to qualified taxpayers, with an allowance to "opt in" or "opt out" of the settlement agreement. Qualified taxpayers who disagree with the settlement agreement can file a request to opt out by August 9, 2004, or by such other date as the Court may approve as the "objection and opt out date". The settlement plan allowed for non-interest bearing tax credit refunds amounting to \$20 million over the next year, of which \$3 million shall be paid into the EITC Fund within thirty days from the approval of the Settlement Agreement, and approximately \$1.5 million per month for eleven months following the first installment. The remaining balance is to be paid at approximately \$5 million over the next eight years, beginning June 30, 2006. The full amount of the EITC was recognized as a tax liability as of September 30, 2003, with \$10 million allocated as EITC refunds for the year ended September 30, 2003. Because an estimate of potential tax liability for qualified taxpayers that may opt out cannot presently be determined at this time, no provision for any liability that may result from such claims has been made in the financial statements.

S. Guam Waterworks Authority (GWA) EPA Violation

In December 2002, the United States Government filed a complaint against GWA and GovGuam for alleged violations under the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). Because of GWA's non-compliance with the National Primary Drinking Water Regulations, the U.S. Government is seeking both civil penalties and injunctive relief to address such non-compliance. GWA and the U.S. Department of Justice, Environmental and Natural Resources Division, mutually agreed in the form of Stipulated Order to resolve the violation issues. On June 5, 2003, Stipulated Order For Preliminary Relief was filed before the District Court of Guam. The Stipulation requires implementation of short-term projects and initial planning measures by GWA. GWA is required to submit a final financial plan in the Master Plan, that generates sufficient revenues to cover the cost of all compliance activities and deliverables required by the Stipulated Order for Preliminary Relief, as well as any other anticipated expenses, including any measures necessary to ensure compliance with the CWA and the SDWA and costs related to the infrastructure improvements identified in the Master Plan.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(5) Unfunded Retirement Fund Contributions

As of the fiscal year ended September 30, 1994, the GovGuam Retirement Plan is a defined benefit, cost sharing multi-employer contributory pension plan created and administered by GovGuam. 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 GovGuam Retirement Fund to which all funds and agencies, including component units, as well as employees who are members of the Plan, contribute a fixed percentage of the payroll. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

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

As a result of the most recent actuarial valuation performed as of September 30, 2001, it has been determined that for the year ended September 30, 2003, a minimum combined employer and employee contribution rate of 37.59% (9.5% for employees and 28.09% for employer) of covered Defined Benefit Plan payroll is required to appropriately fund the current cost, amortize prior service costs and provide for interest on the unfunded accrued liability. Statutory contribution rates for employee and employer contributions were initially set at 9.5% and 26%, respectively, by the Guam Legislature for the year ended September 30, 2003. The employer contribution rate was reduced to 18% by legislative action, effective March 1, 2003.

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 7.5% and an assumed salary scale increase of 5.5% per annum. The actuarial valuation performed as of September 30, 2001, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation was performed for the primary government, as a separate sponsor, the accrued unfunded liability at September 30, 2003, may be materially different than that recorded in the accompanying financial statements.

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

Statutory employer contributions into the DCRS plan for the year ended September 30, 2003, are determined using the same rate as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 2003

(5) Unfunded Retirement Fund Contributions, Continued

GovGuam has adopted the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*. As the result of Public Law 21-03, the University of Guam's and the Guam Community College's unfunded pension liability is included within the governmental activities in the accompanying statement of net assets, which amounts to \$2,757,052 and \$1,242,985, respectively, as of September 30, 2003. Furthermore, as a result of Public Law 26-70, the Guam Telephone Authority's unfunded pension liability is included within the governmental activities in the accompanying statement of net assets, which amounts to \$1,694,724 as of September 30, 2003.

(6) Subsequent Events

On December 17, 2003, the U.S. President signed into law the Compact of Free Association Amendments Act of 2003 or House Joint Resolution 63, Public Law 108-188. A new provision in the law authorizes the President, at the request of the Governor, to release, reduce, or waive, in whole or in part, any amounts owed by GovGuam to the United States Government as an offset for past un-reimbursed Compact-Impact costs. On April 14, 2004, GovGuam issued a report to the U.S. Department of the Interior identifying \$269 million in un-reimbursed Compact-Impact costs. In August 2004, the Governor of Guam submitted a request to the President for debt relief of \$131 million in debt for obligations to five U.S. federal agencies and instrumentalities and \$61 million in Single Audit questioned costs. The total amount of debt and unresolved Single Audit questioned costs that may ultimately be offset is not currently determinable.

On February 4, 2004, the Legislature adopted Public Law 27-63 to amend certain sections of Public Law 26-70. The amendments were made to account for current economic and market concerns and permits the Guam Telephone Authority (GTA) to proceed with the privatization process. Bid openings for the privatization of GTA were held on June 7, 2004. TeleGuam Holdings, LLC, was awarded the bid. Management expects to have the negotiated documents by December 31, 2004, which will be submitted to the Governor and the Guam Legislature for approval. Thereafter the documents will be provided to the FCC for approval. On November 1, 2004, the Governor signed into law Public Law 27-109 approving the privatization and sale of GTA.

On September 20, 2004, GovGuam settled a liquid fuel tax refund dispute with a fuel supplier in the amount of \$6.5 million relating to refunds or "drawbacks" for taxes paid on liquid fuel imported into Guam and subsequently re-exported out of Guam. Under the terms of the agreement, the refund will be paid over a period of three years and will involve the offset against future liquid fuel tax payments.

GOVERNMENT OF GUAM

**REQUIRED SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2003

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Deficit - Budget and Actual
 General Fund
 Year Ended September 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 334,960,586	\$ 332,710,853	\$ 348,822,203	\$ 16,111,350
Licenses, fees and permits	1,627,092	996,585	2,383,700	1,387,115
Use of money and property	1,304,471	132,387	634,440	502,053
Federal contributions	56,307,694	56,835,187	65,222,931	8,387,744
Contributions from component units	1,974,920	1,974,920	1,974,920	-
Other	1,360,296	1,546,091	7,238,260	5,692,169
Total revenues	<u>397,535,059</u>	<u>394,196,023</u>	<u>426,276,454</u>	<u>32,080,431</u>
Expenditures:				
Current:				
General government	28,176,199	47,867,253	34,528,555	13,338,698
Protection of life and property	28,979,042	59,205,632	54,638,769	4,566,863
Public health	13,675,562	19,628,182	13,312,347	6,315,835
Community services	4,616,158	5,486,200	5,775,097	(288,897)
Recreation	2,252,170	4,209,346	3,173,113	1,036,233
Individual and collective rights	7,579,808	13,583,542	9,246,942	4,336,600
Transportation	151,535	151,535	763	150,772
Public education	59,913,062	148,215,883	157,793,372	(9,577,489)
Environmental protection	167,430	173,917	67,231	106,686
Economic development	1,958,122	12,973,190	8,568,690	4,404,500
Payments to:				
University of Guam	31,729,825	30,314,703	29,322,667	992,036
Guam Community College	6,863,798	12,703,798	12,217,084	486,714
Retirement fund	8,562,840	23,322,862	11,729,066	11,593,796
Capital projects	777,356	777,356	161,920	615,436
Debt service:				
Interest and fiscal charges	-	-	2,014,798	(2,014,798)
Total expenditures	<u>195,402,907</u>	<u>378,613,399</u>	<u>342,550,414</u>	<u>36,062,985</u>
Excess of revenues over expenditures	<u>202,132,152</u>	<u>15,582,624</u>	<u>83,726,040</u>	<u>68,143,416</u>
Other financing sources (uses):				
Transfers in from other funds	18,743,855	18,743,855	18,552,659	(191,196)
Transfers out to other funds	<u>(109,579,209)</u>	<u>(108,517,143)</u>	<u>(141,169,672)</u>	<u>(32,652,529)</u>
Total other financing sources (uses), net	<u>(90,835,354)</u>	<u>(89,773,288)</u>	<u>(122,617,013)</u>	<u>(32,843,725)</u>
Special item:				
Earned income tax credit refunds	-	-	<u>(50,000,000)</u>	<u>(50,000,000)</u>
Net change in deficit	111,296,798	(74,190,664)	(88,890,973)	(14,700,309)
Deficit at beginning of year	<u>(225,231,369)</u>	<u>(225,231,369)</u>	<u>(225,231,369)</u>	<u>-</u>
Deficit at end of year	<u>\$ (113,934,571)</u>	<u>\$ (299,422,033)</u>	<u>\$ (314,122,342)</u>	<u>\$ (14,700,309)</u>

See accompanying notes to required supplementary information - budgetary reporting.

GOVERNMENT OF GUAM

Note to Required Supplementary Information – Budgetary Reporting September 30, 2003

Budgetary Process

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

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

The Budget Act for fiscal year 2003, Public Law 26-252, amended by Public Law 27-002 and Public Law 27-005 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.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

**OTHER SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2003

GOVERNMENT OF GUAM

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2003

<u>ASSETS</u>	<u>Other Special Revenue</u>	<u>Other Capital Project</u>	<u>Other Debt Service</u>	<u>Total</u>
Cash and cash equivalents	\$ 28,996,779	\$ 1,219,118	\$ 8	\$ 30,215,905
Time certificates of deposit	-	1,000,718	-	1,000,718
Receivables, net:				
Taxes	1,565,383	-	-	1,565,383
Federal agencies	4,600,020	-	-	4,600,020
Other	8,905,200	409,589	-	9,314,789
Due from other funds	46,410,589	1,046,232	20,476,240	67,933,061
Inventories	1,161,220	-	-	1,161,220
Deposits and other assets	853,378	-	-	853,378
Restricted assets:				
Cash and cash equivalents	-	53,859,853	63,504,459	117,364,312
Investments	-	-	6,230,000	6,230,000
Total assets	<u>\$ 92,492,569</u>	<u>\$ 57,535,510</u>	<u>\$ 90,210,707</u>	<u>\$ 240,238,786</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Bank overdraft	\$ 125,656	\$ -	\$ -	\$ 125,656
Accounts payable	8,642,215	1,412,205	-	10,054,420
Accrued payroll and other	12,610,527	837,724	3,873	13,452,124
Due to component units	10,752,178	-	-	10,752,178
Due to other funds	26,911,445	1,156,377	32,800,044	60,867,866
Payable to federal agencies	475,284	-	-	475,284
Deferred revenue	609,759	374,069	-	983,828
Provision for tax refunds	19,895,553	-	-	19,895,553
Deposits and other liabilities	842,652	-	-	842,652
Total liabilities	<u>80,865,269</u>	<u>3,780,375</u>	<u>32,803,917</u>	<u>117,449,561</u>
Fund balances:				
Reserved:				
Specific purposes	-	394,114	-	394,114
Related assets	9,668,382	-	2,070,174	11,738,556
Encumbrances	8,708,468	12,425,178	-	21,133,646
Continuing appropriations	32,884,417	6,337,015	-	39,221,432
Debt service	-	-	55,336,616	55,336,616
Unreserved (deficits)	<u>(39,633,967)</u>	<u>34,598,828</u>	<u>-</u>	<u>(5,035,139)</u>
Total fund balances	<u>11,627,300</u>	<u>53,755,135</u>	<u>57,406,790</u>	<u>122,789,225</u>
Total liabilities and fund balances	<u>\$ 92,492,569</u>	<u>\$ 57,535,510</u>	<u>\$ 90,210,707</u>	<u>\$ 240,238,786</u>

See accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Nonmajor Governmental Funds
 Year Ended September 30, 2003

	<u>Other Special Revenue</u>	<u>Other Capital Project</u>	<u>Other Debt Service</u>	<u>Total</u>
Revenues:				
Taxes	\$ 44,821,937	\$ -	\$ -	\$ 44,821,937
Licenses, fees and permits	24,720,057	-	-	24,720,057
Use of money and property	859,375	1,785,633	838,282	3,483,290
Federal contributions	37,727,873	-	-	37,727,873
Other	900,801	-	-	900,801
Total revenues	<u>109,030,043</u>	<u>1,785,633</u>	<u>838,282</u>	<u>111,653,958</u>
Expenditures:				
Current:				
General government	18,990,670	-	-	18,990,670
Protection of life and property	11,192,618	-	-	11,192,618
Public health	934,066	9,730,745	-	10,664,811
Community services	34,870,871	-	-	34,870,871
Recreation	667,249	-	-	667,249
Individual and collective rights	24,760,610	-	-	24,760,610
Transportation	3,737,267	-	-	3,737,267
Public education	37,132,787	1,559,425	-	38,692,212
Environmental protection	312,105	736,760	-	1,048,865
Economic development	-	2,216,149	-	2,216,149
Payments to Guam Visitors Bureau	9,668,559	-	-	9,668,559
Payments to Guam Memorial Hospital	1,100,804	-	-	1,100,804
Payments to University of Guam	1,447,581	-	-	1,447,581
Debt service:				
Principal retirement	-	-	34,595,000	34,595,000
Interest and fiscal charges	-	-	19,435,538	19,435,538
Total expenditures	<u>144,815,187</u>	<u>14,243,079</u>	<u>54,030,538</u>	<u>213,088,804</u>
Deficiency of revenues under expenditures	<u>(35,785,144)</u>	<u>(12,457,446)</u>	<u>(53,192,256)</u>	<u>(101,434,846)</u>
Other financing sources (uses):				
Transfers in from other funds	75,036,691	-	72,113,206	147,149,897
Transfers out to other funds	<u>(42,988,586)</u>	<u>(5,300,000)</u>	<u>(4,012,419)</u>	<u>(52,301,005)</u>
Total other financing sources (uses), net	<u>32,048,105</u>	<u>(5,300,000)</u>	<u>68,100,787</u>	<u>94,848,892</u>
Net change in fund balances (deficits)	(3,737,039)	(17,757,446)	14,908,531	(6,585,954)
Fund balances (deficits) at beginning of year	<u>15,364,339</u>	<u>71,512,581</u>	<u>42,498,259</u>	<u>129,375,179</u>
Fund balances at end of year	<u>\$ 11,627,300</u>	<u>\$ 53,755,135</u>	<u>\$ 57,406,790</u>	<u>\$ 122,789,225</u>

See accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds September 30, 2003

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of GovGuam's nonmajor governmental funds - special revenue funds as of September 30, 2003, follows.

1999 SPG Revolving Fund – This fund was created by 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.

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.

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

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

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

Aquaculture Development and Training Fund - This fund was created 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.

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

Chamorro Education Assistance Fund – This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the Chamorro Home Loan Fund to be expended on educational projects, after consultation with the University of Guam and the Commission, which shall be directed primarily for the educational improvement of the children of lessees.

Chamorro Home Development Fund – This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the Chamorro Home Loan Fund to be made available, with the prior written approval of the Governor, for construction of sanitary sewage facilities, construction of roads through and over Chamorro homelands, and for other nonrevenue producing improvements.

Chamorro Home Loan Fund – This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the General Fund to be made available to extend loan benefits to native Chamorros.

Chamorro Home Repair Fund – This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the General Fund to be made available for loans in amounts not in excess of Five Thousand Dollars (\$5,000) to lessees for repairs to their existing homes and for necessary additions to such homes due to increase in family size. Such loans may be made for periods not to exceed five (5) years.

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

Chamorro Loan Guarantee Fund – This fund was created within the Chamorro Land Trust Commission to account for loan guarantees granted by governmental agencies or lending institutions to those holding leases or licenses issued under §75107 of the Chamorro Land Trust Commission Act. This guarantee may be for home or commercial loan purposes. The loan guarantees shall be subject to the restrictions imposed by §§75108 and 75113 of this Act.

Coastal Zone Management Fund – The fund was created 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.

CAHA, OET and CEF Fund - This fund was created 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

Community Development Fund - The fund was created by Public Law 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.

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

District Improvement Fund - This fund was created by Public Law 20-183 for the purposes of funding improvement projects to include, but is not limited to capital improvement projects, services, and other beautification tasks. Revenues are derived from taxes collected from the Real Estate Property Taxes. The fund contains nineteen district sub-accounts, and appropriations from a sub-account may be made upon request to the Legislature by resolution of the Municipal Planning Council of the requesting district.

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

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

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

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

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

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

Federal Grants Assistance Fund - This fund accounts for all activities of special federal assistance grants and contracts utilized by GovGuam 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

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

GSA Liquidated Damages Fund - This fund was created 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.

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

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

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

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

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

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

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

GFD Capital Outlay Revolving Fund – This fund was created to purchase essential emergency rescue and firefighting vehicles, and emergency life support and medical equipment, which is under the control of the Guam Fire Department and the Director of Administration.

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

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

Guam Museum Fund - This fund was created 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 GovGuam. All donations to the Museum shall be tax deductible to the donors. The Board of Trustees of the Museum shall administer this fund.

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

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

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

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

Healthcare Systems Privatization Fund – This fund was created by Public Law 26-35 for the purpose of funding agreements entered into by the Director of Public Health and Social Services with a private, qualified managed care health plan, HMO, PPO or insurance company to act as a Healthcare System Provider for the provision of applicable hospital, medical, dental, and mental health coverage to eligible members of one (1) or all of the Guam Children's Health Insurance Program, the Guam Medicaid Program, and the Guam Medically Indigent Program, (collectively, 'the Healthcare System').

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

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

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

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

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

Komitea Para Tiyan – This fund was created 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 for utility expenses incurred by any department or agency.

Land Acquisition Fund – This fund was created by Public Law 9-170 for the purposes of acquiring private land for public purposes. Initial capital in the amount of \$500,000 was appropriated to the fund, and shall be replenished by annual appropriations by the Legislature.

Land Claims Fund - This fund was created by Public Law 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

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

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

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

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

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

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

Municipal Litter and Defacement Fund - This fund was created by Public Law 25-119 to account for all funds received from the enforcement of litter laws and to be used by Mayors with the approval of the Municipal Planning Council for beautification and safety projects, including, but not limited to, the purchase of supplies.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

Ocean Freight Legal Fund - This fund was created by Public Law 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 GovGuam.

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

Off-Island 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, and who are directly supported by the General Fund. The fund does not support off-island travel expenses incurred by autonomous agencies. Disbursements of the fund is determined by the Governor.

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

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, and who are directly supported by the General Fund. The fund does not support overtime expenses incurred by the autonomous agencies. Disbursements of overtime fund is determined by the Governor.

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

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

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

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

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

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

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

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

Recreation Revolving Fund - This fund was created by Executive Order 76-30 for the purpose of implementing the recreational sports program created 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.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

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

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

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

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

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

Supreme Court of Guam – The fund was created by Public Law 21-147 as an independent judicial branch of GovGuam. The Supreme Court of Guam was created 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.

Taguag Memorial Cemetery Fund - The Taguag Memorial Cemetery Fund was created 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

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

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

Tiyan Trust Fund – This fund was created by Public Law 24-214 to set aside all net income derived from Tiyan into a trust fund to be administered for the benefit of the original owners of the Tiyan property and their descendants, since in this way, all of the original owners of Tiyan and their progeny can be fairly treated.

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

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

Typhoon Paka Emergency Fund – This fund was created by Public Law 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 were considered necessary to meet the emergency recovery needs of Guam resulting from Supertyphoon Paka, which struck the island on December 16, 1997.

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

UOG Higher Education Endowment Fund - This fund was created by Public Law 24-174 to account for 15% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be expended for the enhancement of learning resources and technology at the University of Guam.

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 Public Law 20-196 to the University of Guam as an additional source of funding to prevent any proposed tuition increase.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds, Continued September 30, 2003

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

Vocational Rehabilitation Revolving Fund – This fund was created by Executive Order 87-11 (E.O. 87-11) to be administered by the Department of Vocational Rehabilitation to pay the wages of Guam’s severely disabled workers and other expenses necessary for their employment, such as workmen’s compensation insurance. Revenues come from monies received from the sale of goods produced or service performed by severely disabled workers.

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

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

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

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

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

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds

September 30, 2003

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A brief discussion of GovGuam's nonmajor governmental funds - capital projects funds as of September 30, 2003, follows:

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds

September 30, 2003

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment. A brief discussion of GovGuam's nonmajor governmental funds - debt service funds as of September 30, 2003, follows:

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

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

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

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

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

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

Voluntary Service Early Out Retirement – This fund is used to account for funds required by the loan agreement to finance the Voluntary Separation with Compensation Early Retirement Incentive program to redeem loan principal and to pay loan interest as such becomes due.

Tobacco Settlement Asset-Backed Bonds Series 2001 – This fund is used to account for proceeds received from the Tobacco Settlement Asset-Backed Bonds Series 2001 for the UOG Higher Education Endowment Fund.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units September 30, 2003

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net assets, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2003, follows:

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units, Continued
September 30, 2003

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

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

Guam Rental Corporation (GRC) - GRC was created pursuant to the authority granted to the Guam Housing Corporation under Public Law 8-80 to promote the general welfare of the inhabitants 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds
September 30, 2003

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

Pension Trust Fund

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

Private Purpose Trust Funds

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

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

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

Agency Fund

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	1999 SPG Revolving	Abandoned Vehicle and Streetlight	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Aquaculture Development and Training	Autonomous Agency Infrastructure Collections	Board of Accountancy	Carrier Off-duty Services Revolving
ASSETS									
Cash and cash equivalents	\$ 93,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	5,566	126,426	462,287	-	460	1,353,408	75,136
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	84,990	-	-	430,394	-	-	-	-	-
Total assets	<u>\$ 178,815</u>	<u>\$ -</u>	<u>\$ 5,566</u>	<u>\$ 556,820</u>	<u>\$ 462,287</u>	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 1,353,408</u>	<u>\$ 75,136</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and other	-	335,212	-	-	-	-	-	-	40,838
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	175,591	636,380	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>175,591</u>	<u>971,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,838</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	8,695	-	-	-	-	-	572,476	-
Continuing appropriations	-	244,805	5,422	-	284,814	-	-	780,432	-
Unreserved (deficit)	<u>3,224</u>	<u>(1,225,092)</u>	<u>144</u>	<u>556,820</u>	<u>177,473</u>	<u>-</u>	<u>460</u>	<u>500</u>	<u>34,298</u>
Total fund balances (deficit)	<u>3,224</u>	<u>(971,592)</u>	<u>5,566</u>	<u>556,820</u>	<u>462,287</u>	<u>-</u>	<u>460</u>	<u>1,353,408</u>	<u>34,298</u>
Total liabilities and fund balances (deficit)	<u>\$ 178,815</u>	<u>\$ -</u>	<u>\$ 5,566</u>	<u>\$ 556,820</u>	<u>\$ 462,287</u>	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 1,353,408</u>	<u>\$ 75,136</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Chamorro Commercial Loan	Chamorro Language Commission	Coastal Zone Management	Community Development	Consumer Protection	Contractors' License Board	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	352,068	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1,514,586	-
Due from other funds	14,921	2,936	-	-	135	84,224	82,803	-	130,815
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 14,921</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 84,224</u>	<u>\$ 82,803</u>	<u>\$ 1,866,654</u>	<u>\$ 130,815</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	169	-	-
Accrued payroll and other	14,921	-	-	-	-	11,166	-	212,627	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	1,654,027	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	2,936	-	-	-	-	52,050	-	-
Total liabilities	<u>14,921</u>	<u>2,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,166</u>	<u>52,219</u>	<u>1,866,654</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	91,776	-	-	800	-	4,609	-	747,498	-
Continuing appropriations	256,763	-	-	-	135	-	10,136	1,289,513	37,499
Unreserved (deficit)	<u>(348,539)</u>	<u>-</u>	<u>-</u>	<u>(800)</u>	<u>-</u>	<u>68,449</u>	<u>20,448</u>	<u>(2,037,011)</u>	<u>93,316</u>
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>	<u>73,058</u>	<u>30,584</u>	<u>-</u>	<u>130,815</u>
Total liabilities and fund balances (deficit)	<u>\$ 14,921</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 84,224</u>	<u>\$ 82,803</u>	<u>\$ 1,866,654</u>	<u>\$ 130,815</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving
ASSETS									
Cash and cash equivalents	\$ -	\$ 112,590	\$ -	\$ -	\$ -	\$ -	\$ 204,878	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	236,168	-	-	-	-	-	78,970	106,594	11,425
Due from other funds	-	290,764	772,545	227,753	1,879,073	606,694	628,810	19,337	5,423
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 236,168</u>	<u>\$ 403,354</u>	<u>\$ 772,545</u>	<u>\$ 227,753</u>	<u>\$ 1,879,073</u>	<u>\$ 606,694</u>	<u>\$ 912,658</u>	<u>\$ 125,931</u>	<u>\$ 16,848</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	222
Accrued payroll and other	1,488	-	-	-	86,775	-	4,184	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	81,398	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	403,106	-	-	-	-	-	-	-
Provision for tax refunds	-	248	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>82,886</u>	<u>403,354</u>	<u>-</u>	<u>-</u>	<u>86,775</u>	<u>-</u>	<u>4,184</u>	<u>-</u>	<u>222</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	106,594	11,425
Encumbrances	467,829	57,755	-	-	36,660	-	27,634	-	-
Continuing appropriations	422,060	-	-	-	-	164,000	-	-	-
Unreserved (deficit)	<u>(736,607)</u>	<u>(57,755)</u>	<u>772,545</u>	<u>227,753</u>	<u>1,755,638</u>	<u>442,694</u>	<u>880,840</u>	<u>19,337</u>	<u>5,201</u>
Total fund balances (deficit)	<u>153,282</u>	<u>-</u>	<u>772,545</u>	<u>227,753</u>	<u>1,792,298</u>	<u>606,694</u>	<u>908,474</u>	<u>125,931</u>	<u>16,626</u>
Total liabilities and fund balances (deficit)	<u>\$ 236,168</u>	<u>\$ 403,354</u>	<u>\$ 772,545</u>	<u>\$ 227,753</u>	<u>\$ 1,879,073</u>	<u>\$ 606,694</u>	<u>\$ 912,658</u>	<u>\$ 125,931</u>	<u>\$ 16,848</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving	Group Life Insurance	Guam Based Trust	Guam Beautification
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	1,531	\$ 91,607	\$ 105,961	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	99	-	-	-
Due from other funds	138,447	13,668	16,923	2,756,751	124,659	10,252	373,393	-	50,729
Inventories	-	-	-	662,349	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 138,447</u>	<u>\$ 13,668</u>	<u>\$ 16,923</u>	<u>\$ 3,419,100</u>	<u>\$ 124,659</u>	<u>\$ 11,882</u>	<u>\$ 465,000</u>	<u>\$ 105,961</u>	<u>\$ 50,729</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and other	-	-	-	125,139	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	104,216	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	465,000	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,139</u>	<u>-</u>	<u>-</u>	<u>465,000</u>	<u>104,216</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	662,349	-	-	-	-	-
Encumbrances	13,094	9,646	-	1,651,230	-	4,565	-	-	-
Continuing appropriations	45,434	53,022	317	-	-	7,317	-	-	-
Unreserved (deficit)	<u>79,919</u>	<u>(49,000)</u>	<u>16,606</u>	<u>980,382</u>	<u>124,659</u>	<u>-</u>	<u>-</u>	<u>1,745</u>	<u>50,729</u>
Total fund balances (deficit)	<u>138,447</u>	<u>13,668</u>	<u>16,923</u>	<u>3,293,961</u>	<u>124,659</u>	<u>11,882</u>	<u>-</u>	<u>1,745</u>	<u>50,729</u>
Total liabilities and fund balances (deficit)	<u>\$ 138,447</u>	<u>\$ 13,668</u>	<u>\$ 16,923</u>	<u>\$ 3,419,100</u>	<u>\$ 124,659</u>	<u>\$ 11,882</u>	<u>\$ 465,000</u>	<u>\$ 105,961</u>	<u>\$ 50,729</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	GDOE Federal Grants	Guam Environmental Trust	GFD Lease-to- Purchase Program	Guam Housing Corporation Revolving	Guam Museum	Guam Preservation Trust	Health and Human Services	Healthy Futures	Health Professional Licensure
ASSETS									
Cash and cash equivalents	\$ 1,364,265	\$ -	\$ -	\$ -	\$ -	\$ 44,795	\$ 2,804,487	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	3,952,247	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,316,041	-	-	-
Due from other funds	-	444,653	600,000	88,777	1,478	1,060,161	-	2,360,219	65,558
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	103,262	-	-	-	-	102,859	-	-	-
Total assets	<u>\$ 5,419,774</u>	<u>\$ 444,653</u>	<u>\$ 600,000</u>	<u>\$ 88,777</u>	<u>\$ 1,478</u>	<u>\$ 2,523,856</u>	<u>\$ 2,804,487</u>	<u>\$ 2,360,219</u>	<u>\$ 65,558</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,089,512	-	-	-	-	1,329	-	-	-
Accrued payroll and other	825,380	-	-	-	-	12,203	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	3,029,598	-	-	-	-	-	225,084	-	-
Payable to federal agencies	475,284	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>5,419,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,532</u>	<u>225,084</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	1,316,041	-	-	-
Encumbrances	4,309,538	150	-	-	-	278	-	-	4,929
Continuing appropriations	-	275,843	600,000	-	-	4,500	75,000	-	60,629
Unreserved (deficit)	<u>(4,309,538)</u>	<u>168,660</u>	<u>-</u>	<u>88,777</u>	<u>1,478</u>	<u>1,189,505</u>	<u>2,504,403</u>	<u>2,360,219</u>	<u>-</u>
Total fund balances (deficit)	<u>-</u>	<u>444,653</u>	<u>600,000</u>	<u>88,777</u>	<u>1,478</u>	<u>2,510,324</u>	<u>2,579,403</u>	<u>2,360,219</u>	<u>65,558</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,419,774</u>	<u>\$ 444,653</u>	<u>\$ 600,000</u>	<u>\$ 88,777</u>	<u>\$ 1,478</u>	<u>\$ 2,523,856</u>	<u>\$ 2,804,487</u>	<u>\$ 2,360,219</u>	<u>\$ 65,558</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Individuals w/ Disabilities Disaster Recovery	Inmates Work Release	Komitea Para Tiyan	Land for the Landless
ASSETS									
Cash and cash equivalents	\$ 7,405,377	\$ -	\$ -	\$ -	\$ 17,662	\$ -	\$ -	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	251,081	-	-	-	-	-	-	125,720
Due from other funds	-	634,260	91,450	3,548,221	5,174,602	100,000	7,369	-	55,014
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	2,850	-	-
Total assets	<u>\$ 7,405,377</u>	<u>\$ 885,341</u>	<u>\$ 91,450</u>	<u>\$ 3,548,221</u>	<u>\$ 5,192,264</u>	<u>\$ 100,000</u>	<u>\$ 10,219</u>	<u>\$ -</u>	<u>\$ 180,734</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	3,548,221	-	-	10,219	-	-
Accrued payroll and other	-	7,973	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	125,720
Provision for tax refunds	-	-	-	-	5,192,264	-	-	-	-
Deposits and other liabilities	-	9,360	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>17,333</u>	<u>-</u>	<u>3,548,221</u>	<u>5,192,264</u>	<u>-</u>	<u>10,219</u>	<u>-</u>	<u>125,720</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	8,697	-	-	-	-	-	-
Continuing appropriations	-	-	79,417	-	-	-	-	-	-
Unreserved (deficit)	<u>7,405,377</u>	<u>868,008</u>	<u>3,336</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>55,014</u>
Total fund balances (deficit)	<u>7,405,377</u>	<u>868,008</u>	<u>91,450</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>55,014</u>
Total liabilities and fund balances (deficit)	<u>\$ 7,405,377</u>	<u>\$ 885,341</u>	<u>\$ 91,450</u>	<u>\$ 3,548,221</u>	<u>\$ 5,192,264</u>	<u>\$ 100,000</u>	<u>\$ 10,219</u>	<u>\$ -</u>	<u>\$ 180,734</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Medicaid and MIP Payment Assistance	Mental Health and Substance Abuse	Notary Public Revolving
ASSETS									
Cash and cash equivalents	\$ -	\$ 1,435,260	\$ -	\$ -	\$ 8,114	\$ -	\$ -	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	58,261	-	-	-	-	-	-	-
Due from other funds	513,751	-	-	3,275	155,410	9,507,236	-	-	7,011
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 513,751</u>	<u>\$ 1,493,521</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 163,524</u>	<u>\$ 9,507,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,011</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	49,000	-	-	-	1,816,256	-	-	-
Accrued payroll and other	3,359	-	-	-	11,012	7,690,980	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	4,133	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	138,965	-	-	148,379	-	-	-	-
Total liabilities	<u>3,359</u>	<u>187,965</u>	<u>-</u>	<u>-</u>	<u>163,524</u>	<u>9,507,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	77,790	-	-	-	5,054	4,695	-	4,794	-
Continuing appropriations	451,591	-	24,678	-	79,414	337,485	-	254,666	-
Unreserved (deficit)	<u>(18,989)</u>	<u>1,305,556</u>	<u>(24,678)</u>	<u>3,275</u>	<u>(84,468)</u>	<u>(342,180)</u>	<u>-</u>	<u>(259,460)</u>	<u>7,011</u>
Total fund balances (deficit)	<u>510,392</u>	<u>1,305,556</u>	<u>-</u>	<u>3,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,011</u>
Total liabilities and fund balances (deficit)	<u>\$ 513,751</u>	<u>\$ 1,493,521</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 163,524</u>	<u>\$ 9,507,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,011</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Off-Island Travel	Off-Island Treatment	Overtime	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers', Architects' and Surveyors'
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from other funds	22,510	154,829	-	21,611	4,795	-	163,918	8,230	45,807
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 22,510</u>	<u>\$ 154,829</u>	<u>\$ -</u>	<u>\$ 21,611</u>	<u>\$ 4,795</u>	<u>\$ -</u>	<u>\$ 163,918</u>	<u>\$ 8,230</u>	<u>\$ 45,807</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and other	-	139,449	-	21,611	-	-	163,918	-	3,933
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	1,950	14,030	-	-	-	-	-	-	-
Total liabilities	<u>1,950</u>	<u>153,479</u>	<u>-</u>	<u>21,611</u>	<u>-</u>	<u>-</u>	<u>163,918</u>	<u>-</u>	<u>3,933</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	6,345	2,485	2,032	-	-	3,893
Continuing appropriations	-	-	-	49,544	2,310	17,623	-	-	-
Unreserved (deficit)	20,560	1,350	-	(55,889)	-	(19,655)	-	8,230	37,981
Total fund balances (deficit)	<u>20,560</u>	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>4,795</u>	<u>-</u>	<u>-</u>	<u>8,230</u>	<u>41,874</u>
Total liabilities and fund balances (deficit)	<u>\$ 22,510</u>	<u>\$ 154,829</u>	<u>\$ -</u>	<u>\$ 21,611</u>	<u>\$ 4,795</u>	<u>\$ -</u>	<u>\$ 163,918</u>	<u>\$ 8,230</u>	<u>\$ 45,807</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Service Recovery	Public Transit	Rabies Prevention	Recreation Revolving	Safe Homes, Safe Streets
ASSETS									
Cash and cash equivalents	\$ 84,068	\$ 430,568	\$ 645,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	12,445	674,300	-	-	-
Due from other funds	-	-	-	249,969	-	-	72,085	-	355,872
Inventories	-	-	-	-	-	77,559	-	-	-
Deposits and other assets	-	5,835	31,094	-	-	1,716	-	-	-
Total assets	<u>\$ 84,068</u>	<u>\$ 436,403</u>	<u>\$ 676,810</u>	<u>\$ 249,969</u>	<u>\$ 12,445</u>	<u>\$ 753,575</u>	<u>\$ 72,085</u>	<u>\$ -</u>	<u>\$ 355,872</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	225,326	2,242	-	-	366,559	-	-	-
Accrued payroll and other	-	25,132	247,564	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	84,068	10,963	-	-	382	1,716	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	9,982	-	-	-	-	-	-
Total liabilities	<u>84,068</u>	<u>261,421</u>	<u>259,788</u>	<u>-</u>	<u>382</u>	<u>368,275</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	77,559	-	-	-
Encumbrances	-	-	-	-	-	-	16,636	-	-
Continuing appropriations	-	-	-	238,470	12,063	-	13,250	-	-
Unreserved (deficit)	-	174,982	417,022	11,499	-	307,741	42,199	-	355,872
Total fund balances (deficit)	<u>-</u>	<u>174,982</u>	<u>417,022</u>	<u>249,969</u>	<u>12,063</u>	<u>385,300</u>	<u>72,085</u>	<u>-</u>	<u>355,872</u>
Total liabilities and fund balances (deficit)	<u>\$ 84,068</u>	<u>\$ 436,403</u>	<u>\$ 676,810</u>	<u>\$ 249,969</u>	<u>\$ 12,445</u>	<u>\$ 753,575</u>	<u>\$ 72,085</u>	<u>\$ -</u>	<u>\$ 355,872</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Safe Streets	Solid Waste Management Plan	SW Medical Monitoring	Southern Community Health Center	Special Assets Forfeiture	State Agency for Surplus Property	StripperWell Overcharge	Superior Court Operations	Supreme Court of Guam
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,609	\$ 517,088	\$ 1,205,738	\$ 465,063
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	647,773	-	-	-	-	-
Other	-	-	-	-	-	19,469	44,984	4,377,019	-
Due from other funds	305,339	87,745	124,834	-	740,662	-	14,401	849,847	65,790
Inventories	-	-	-	-	-	195,961	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	90,378	-
Total assets	<u>\$ 305,339</u>	<u>\$ 87,745</u>	<u>\$ 124,834</u>	<u>\$ 647,773</u>	<u>\$ 740,662</u>	<u>\$ 528,039</u>	<u>\$ 576,473</u>	<u>\$ 6,522,982</u>	<u>\$ 530,853</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	1,500,407	-
Accrued payroll and other	-	-	-	22,613	-	-	-	1,994,018	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	625,160	-	137,465	-	151,552	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,773</u>	<u>-</u>	<u>137,465</u>	<u>-</u>	<u>3,645,977</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	195,961	-	-	-
Encumbrances	8,074	-	-	148,599	35,902	-	112,221	-	-
Continuing appropriations	117,120	-	-	702,360	248,496	-	-	-	-
Unreserved (deficit)	<u>180,145</u>	<u>87,745</u>	<u>124,834</u>	<u>(850,959)</u>	<u>456,264</u>	<u>194,613</u>	<u>464,252</u>	<u>2,877,005</u>	<u>530,853</u>
Total fund balances (deficit)	<u>305,339</u>	<u>87,745</u>	<u>124,834</u>	<u>-</u>	<u>740,662</u>	<u>390,574</u>	<u>576,473</u>	<u>2,877,005</u>	<u>530,853</u>
Total liabilities and fund balances (deficit)	<u>\$ 305,339</u>	<u>\$ 87,745</u>	<u>\$ 124,834</u>	<u>\$ 647,773</u>	<u>\$ 740,662</u>	<u>\$ 528,039</u>	<u>\$ 576,473</u>	<u>\$ 6,522,982</u>	<u>\$ 530,853</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Typhoon Paka Emergency	University of Guam Capital Improvements	UOG Higher Education Endowment
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,758,932	\$ -	\$ -	\$ -	\$ -	\$ 2,217,312
Receivables, net:									
Taxes	-	-	438,324	1,112,274	14,785	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from other funds	13,436	392,579	-	7,284,216	-	17,105	-	-	-
Inventories	-	-	225,351	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 13,436</u>	<u>\$ 392,579</u>	<u>\$ 663,675</u>	<u>\$ 13,155,422</u>	<u>\$ 14,785</u>	<u>\$ 17,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,217,312</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Bank overdraft	\$ -	\$ -	\$ 125,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	16,566	16,187	-	-	-	-
Accrued payroll and other	-	-	-	572,494	-	17,105	-	-	-
Due to component units	-	-	-	9,767,178	985,000	-	-	-	-
Due to other funds	-	-	538,019	-	17,360,017	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	14,703,041	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>663,675</u>	<u>25,059,279</u>	<u>18,361,204</u>	<u>17,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):									
Reserved for:									
Specific purposes	-	-	-	-	-	-	-	-	-
Related assets	-	-	14,237	7,284,216	-	-	-	-	-
Encumbrances	-	-	-	41,306	99,786	9,076	-	-	-
Continuing appropriations	35,507	231,627	-	24,342,188	-	356,883	500,000	-	-
Unreserved (deficit)	<u>(22,071)</u>	<u>160,952</u>	<u>(14,237)</u>	<u>(43,571,567)</u>	<u>(18,446,205)</u>	<u>(365,959)</u>	<u>-</u>	<u>(500,000)</u>	<u>2,217,312</u>
Total fund balances (deficit)	<u>13,436</u>	<u>392,579</u>	<u>-</u>	<u>(11,903,857)</u>	<u>(18,346,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,217,312</u>
Total liabilities and fund balances (deficit)	<u>\$ 13,436</u>	<u>\$ 392,579</u>	<u>\$ 663,675</u>	<u>\$ 13,155,422</u>	<u>\$ 14,785</u>	<u>\$ 17,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,217,312</u>

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2003

	Veterans' Bonus	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 2,095,809	\$ -	\$ -	\$ -	\$ -	\$ 2,221,456	\$ 28,996,779
Receivables, net:								
Taxes	-	-	-	-	-	-	-	1,565,383
Federal agencies	-	-	-	-	-	-	-	4,600,020
Other	76,800	-	-	-	-	-	1,238	8,905,200
Due from other funds	19,433	-	159,594	372,063	177,091	-	14,045	46,410,589
Inventories	-	-	-	-	-	-	-	1,161,220
Deposits and other assets	-	-	-	-	-	-	-	853,378
Total assets	<u>\$ 96,233</u>	<u>\$ 2,095,809</u>	<u>\$ 159,594</u>	<u>\$ 372,063</u>	<u>\$ 177,091</u>	<u>\$ -</u>	<u>\$ 2,236,739</u>	<u>\$ 92,492,569</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,656
Accounts payable	-	-	-	-	-	-	-	8,642,215
Accrued payroll and other	19,433	-	-	-	-	-	-	12,610,527
Due to component units	-	-	-	-	-	-	-	10,752,178
Due to other funds	-	2,095,809	-	-	-	-	-	26,911,445
Payable to federal agencies	-	-	-	-	-	-	-	475,284
Deferred revenue	76,800	-	-	-	-	-	-	609,759
Provision for tax refunds	-	-	-	-	-	-	-	19,895,553
Deposits and other liabilities	-	-	-	-	-	-	-	842,652
Total liabilities	<u>96,233</u>	<u>2,095,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,865,269</u>
Fund balances (deficit):								
Reserved for:								
Specific purposes	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	9,668,382
Encumbrances	-	104,306	-	-	7,615	-	-	8,708,468
Continuing appropriations	-	152,173	-	-	19,911	-	-	32,884,417
Unreserved (deficit)	-	(256,479)	159,594	372,063	149,565	-	2,236,739	(39,633,967)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>159,594</u>	<u>372,063</u>	<u>177,091</u>	<u>-</u>	<u>2,236,739</u>	<u>11,627,300</u>
Total liabilities and fund balances (deficit)	<u>\$ 96,233</u>	<u>\$ 2,095,809</u>	<u>\$ 159,594</u>	<u>\$ 372,063</u>	<u>\$ 177,091</u>	<u>\$ -</u>	<u>\$ 2,236,739</u>	<u>\$ 92,492,569</u>

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	1999 SPG Revolving	Abandoned Vehicle and Streetlight	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Aquaculture Development and Training	Autonomous Agency Infrastructure Collections	Board of Accountancy	Carrier Off-duty Services Revolving
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	1,777,940	-	-	177,473	-	-	1,483,724	309,451
Use of money and property	1,813	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	1,813	1,777,940	-	-	177,473	-	-	1,483,724	309,451
Expenditures:									
General government	-	-	-	-	-	-	-	1,077,998	364,135
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	1,495,740	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	5,828	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,495,740	-	-	5,828	-	-	1,077,998	364,135
Excess (deficiency) of revenues over (under) expenditures	1,813	282,200	-	-	171,645	-	-	405,726	(54,684)
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	28,892	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	28,892	-	-	-
Net change in fund balances (deficits)	1,813	282,200	-	-	171,645	28,892	-	405,726	(54,684)
Fund balances (deficits) at beginning of year	1,411	(1,253,792)	5,566	556,820	290,642	(28,892)	460	947,682	88,982
Fund balances (deficits) at end of year	\$ 3,224	\$ (971,592)	\$ 5,566	\$ 556,820	\$ 462,287	\$ -	\$ 460	\$ 1,353,408	\$ 34,298

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Chamorro Commercial Loan	Chamorro Language Commission	Coastal Zone Management	Community Development	Consumer Protection	Contractors' License Board	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	8,592	-	-	-	9	356,030	-	4,935,627	17,181
Use of money and property	8,052	-	-	-	-	-	-	740	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	1,360	-	-	-	17,730	-	-
Total revenues	16,644	-	1,360	-	9	356,030	17,730	4,936,367	17,181
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	8,404,438	-
Public health	-	-	-	-	-	-	-	-	-
Community services	344,330	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	221,816	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	344,330	-	-	-	-	221,816	-	8,404,438	-
Excess (deficiency) of revenues over (under) expenditures	(327,686)	-	1,360	-	9	134,214	17,730	(3,468,071)	17,181
Other financing sources (uses):									
Transfers in from other funds	334,468	-	-	69,673	-	-	-	2,163,465	-
Transfers out to other funds	-	-	(12,398)	-	(5,354)	-	-	-	-
Total other financing sources (uses), net	334,468	-	(12,398)	69,673	(5,354)	-	-	2,163,465	-
Net change in fund balances (deficits)	6,782	-	(11,038)	69,673	(5,345)	134,214	17,730	(1,304,606)	17,181
Fund balances (deficits) at beginning of year	(6,782)	-	11,038	(69,673)	5,480	(61,156)	12,854	1,304,606	113,634
Fund balances (deficits) at end of year	\$ -	\$ -	\$ -	\$ -	\$ 135	\$ 73,058	\$ 30,584	\$ -	\$ 130,815

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving	Farmers Small Loan Revolving
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	1,955,346	-	425,214	38,919	1,889,149	198,735	-	-	-
Use of money and property	-	243	-	-	-	-	3,146	499	100
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	85,144	-	-	-	-	-	-
Total revenues	<u>1,955,346</u>	<u>243</u>	<u>510,358</u>	<u>38,919</u>	<u>1,889,149</u>	<u>198,735</u>	<u>3,146</u>	<u>499</u>	<u>100</u>
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Protection of life and property	1,308,470	-	-	-	694,446	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	107,900	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	248,995	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,308,470</u>	<u>107,900</u>	<u>-</u>	<u>-</u>	<u>694,446</u>	<u>-</u>	<u>248,995</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>646,876</u>	<u>(107,657)</u>	<u>510,358</u>	<u>38,919</u>	<u>1,194,703</u>	<u>198,735</u>	<u>(245,849)</u>	<u>499</u>	<u>100</u>
Other financing sources (uses):									
Transfers in from other funds	-	545,863	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>-</u>	<u>545,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	<u>646,876</u>	<u>438,206</u>	<u>510,358</u>	<u>38,919</u>	<u>1,194,703</u>	<u>198,735</u>	<u>(245,849)</u>	<u>499</u>	<u>100</u>
Fund balances (deficits) at beginning of year	<u>(493,594)</u>	<u>(438,206)</u>	<u>262,187</u>	<u>188,834</u>	<u>597,595</u>	<u>407,959</u>	<u>1,154,323</u>	<u>125,432</u>	<u>16,526</u>
Fund balances (deficits) at end of year	<u>\$ 153,282</u>	<u>\$ -</u>	<u>\$ 772,545</u>	<u>\$ 227,753</u>	<u>\$ 1,792,298</u>	<u>\$ 606,694</u>	<u>\$ 908,474</u>	<u>\$ 125,931</u>	<u>\$ 16,626</u>

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving	Government Claims	Government House Revolving	Group Life Insurance	Guam Based Trust	Guam Beautification
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	1,974,755	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	659	1,745	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	118,367	-	-	-	-	-	-	-	-
Total revenues	118,367	-	-	1,974,755	-	-	659	1,745	-
Expenditures:									
General government	69,983	-	966	2,657,274	-	4,435	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	221,341	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	5,680	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	69,983	5,680	966	2,657,274	221,341	4,435	-	-	-
Excess (deficiency) of revenues over (under) expenditures	48,384	(5,680)	(966)	(682,519)	(221,341)	(4,435)	659	1,745	-
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	221,337	-	259,248	-	50,729
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	221,337	-	259,248	-	50,729
Net change in fund balances (deficits)	48,384	(5,680)	(966)	(682,519)	(4)	(4,435)	259,907	1,745	50,729
Fund balances (deficits) at beginning of year	90,063	19,348	17,889	3,976,480	124,663	16,317	(259,907)	-	-
Fund balances (deficits) at end of year	\$ 138,447	\$ 13,668	\$ 16,923	\$ 3,293,961	\$ 124,659	\$ 11,882	\$ -	\$ 1,745	\$ 50,729

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	GDOE Federal Grants	Guam Environmental Trust	GFD Lease-to- Purchase Program	Guam Housing Corporation Revolving	Guam Museum	Guam Preservation Trust	Health and Human Services	Healthy Futures	Health Professional Licensure
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,360,219	\$ -
Sales, licenses, fees and permits	-	168,660	-	-	-	700,993	-	-	204,538
Use of money and property	-	-	-	-	-	-	26,780	-	-
Federal contributions	34,774,746	-	-	-	-	-	-	-	-
Other	-	-	600,000	13,707	-	-	-	-	-
Total revenues	<u>34,774,746</u>	<u>168,660</u>	<u>600,000</u>	<u>13,707</u>	<u>-</u>	<u>700,993</u>	<u>26,780</u>	<u>2,360,219</u>	<u>204,538</u>
Expenditures:									
General government	-	-	-	-	-	-	-	-	20,619
Protection of life and property	-	600	-	-	-	200,604	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	13,650,014	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	37,022,618	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	<u>37,022,618</u>	<u>600</u>	<u>-</u>	<u>13,650,014</u>	<u>-</u>	<u>200,604</u>	<u>-</u>	<u>-</u>	<u>20,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,247,872)</u>	<u>168,060</u>	<u>600,000</u>	<u>(13,636,307)</u>	<u>-</u>	<u>500,389</u>	<u>26,780</u>	<u>2,360,219</u>	<u>183,919</u>
Other financing sources (uses):									
Transfers in from other funds	2,247,872	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	(204,539)
Total other financing sources (uses), net	<u>2,247,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(204,539)</u>
Net change in fund balances (deficits)	-	168,060	600,000	(13,636,307)	-	500,389	26,780	2,360,219	(20,620)
Fund balances (deficits) at beginning of year	-	276,593	-	13,725,084	1,478	2,009,935	2,552,623	-	86,178
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ 444,653</u>	<u>\$ 600,000</u>	<u>\$ 88,777</u>	<u>\$ 1,478</u>	<u>\$ 2,510,324</u>	<u>\$ 2,579,403</u>	<u>\$ 2,360,219</u>	<u>\$ 65,558</u>

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Individuals w/ Disabilities Disaster Recovery	Inmates Work Release	Komitea Para Tiyan	Land for the Landless
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	41,349	-	-	-	-	-	55,014
Use of money and property	84,625	578,025	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	84,625	578,025	41,349	-	-	-	-	-	55,014
Expenditures:									
General government	-	-	25,335	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	271,832	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	1,100,804	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	1,100,804	271,832	25,335	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,016,179)	306,193	16,014	-	-	-	-	-	55,014
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	145,875	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	145,875	-
Net change in fund balances (deficits)	(1,016,179)	306,193	16,014	-	-	-	-	145,875	55,014
Fund balances (deficits) at beginning of year	8,421,556	561,815	75,436	-	-	100,000	-	(145,875)	-
Fund balances (deficits) at end of year	\$ 7,405,377	\$ 868,008	\$ 91,450	\$ -	\$ -	100,000	\$ -	\$ -	\$ 55,014

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development	Medically Indigent Program Payment Revolving	Medicaid and MIP Payment Assistance	Mental Health and Substance Abuse	Notary Public Revolving
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	717,357	-	1,053	-	62,525	-	-	-	7,011
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	40,498	-	1,755	-	-	-	-	-
Total revenues	717,357	40,498	1,053	1,755	62,525	-	-	-	7,011
Expenditures:									
General government	205,449	7,623,542	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	396,838	-	-	-	16,418,062	-	39,824	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	231,730	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	205,449	8,020,380	-	-	231,730	16,418,062	-	39,824	-
Excess (deficiency) of revenues over (under) expenditures	511,908	(7,979,882)	1,053	1,755	(169,205)	(16,418,062)	-	(39,824)	7,011
Other financing sources (uses):									
Transfers in from other funds	-	8,803,874	30,978	-	599,850	16,418,062	-	67,955	-
Transfers out to other funds	-	-	(50,729)	-	-	-	-	-	-
Total other financing sources (uses), net	-	8,803,874	(19,751)	-	599,850	16,418,062	-	67,955	-
Net change in fund balances (deficits)	511,908	823,992	(18,698)	1,755	430,645	-	-	28,131	7,011
Fund balances (deficits) at beginning of year	(1,516)	481,564	18,698	1,520	(430,645)	-	-	(28,131)	-
Fund balances (deficits) at end of year	\$ 510,392	\$ 1,305,556	\$ -	\$ 3,275	\$ -	\$ -	\$ -	\$ -	\$ 7,011

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Off-Island Travel	Off-Island Treatment	Overtime	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services	Printing Revolving	Professional Engineers', Architects' and Surveyors'
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	-	-	130,760	16,839	-	369,585	8,230	181,884
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	130,760	16,839	-	369,585	8,230	181,884
Expenditures:									
General government	-	-	6,843	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	8,732	463,234	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	1,700,094	-	-	-	-	-	-	-
Recreation	-	-	-	667,249	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	145,721
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	1,903	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,700,094	6,843	667,249	1,903	8,732	463,234	-	145,721
Excess (deficiency) of revenues over (under) expenditures	-	(1,700,094)	(6,843)	(536,489)	14,936	(8,732)	(93,649)	8,230	36,163
Other financing sources (uses):									
Transfers in from other funds	-	1,700,094	6,843	491,627	-	8,732	428,036	-	-
Transfers out to other funds	-	-	-	-	(15,751)	-	-	-	-
Total other financing sources (uses), net	-	1,700,094	6,843	491,627	(15,751)	8,732	428,036	-	-
Net change in fund balances (deficits)	-	-	-	(44,862)	(815)	-	334,387	8,230	36,163
Fund balances (deficits) at beginning of year	20,560	1,350	-	44,862	5,610	-	(334,387)	-	5,711
Fund balances (deficits) at end of year	\$ 20,560	\$ 1,350	\$ -	\$ -	\$ 4,795	\$ -	\$ -	\$ 8,230	\$ 41,874

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Service Recovery	Public Transit	Rabies Prevention	Recreation Revolving	Safe Homes, Safe Streets
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	355,872
Sales, licenses, fees and permits	-	-	-	249,969	-	108,493	36,771	-	-
Use of money and property	443	2,952	-	-	-	-	-	-	-
Federal contributions	-	-	45,663	-	-	475,344	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	443	2,952	45,663	249,969	-	583,837	36,771	-	355,872
Expenditures:									
General government	3,000	933,975	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	1,866	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	2,393,377	-	-	-	-	-	-
Transportation	-	-	-	-	-	3,737,267	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	3,000	933,975	2,393,377	-	-	3,737,267	1,866	-	-
Excess (deficiency) of revenues over (under) expenditures	(2,557)	(931,023)	(2,347,714)	249,969	-	(3,153,430)	34,905	-	355,872
Other financing sources (uses):									
Transfers in from other funds	2,549	889,277	2,298,489	-	-	3,538,730	-	-	-
Transfers out to other funds	-	-	-	-	(135,272)	-	-	(143,559)	-
Total other financing sources (uses), net	2,549	889,277	2,298,489	-	(135,272)	3,538,730	-	(143,559)	-
Net change in fund balances (deficits)	(8)	(41,746)	(49,225)	249,969	(135,272)	385,300	34,905	(143,559)	355,872
Fund balances (deficits) at beginning of year	8	216,728	466,247	-	147,335	-	37,180	143,559	-
Fund balances (deficits) at end of year	\$ -	\$ 174,982	\$ 417,022	\$ 249,969	\$ 12,063	\$ 385,300	\$ 72,085	\$ -	\$ 355,872

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Safe Streets	Solid Waste Management Plan	SW Medical Monitoring	Southern Community Health Center	Special Assets Forfeiture	State Agency for Surplus Property	StripperWell Overcharge	Superior Court Operations	Supreme Court of Guam
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	-	79,595	124,834	601,639	-	-	-	-	81,337
Use of money and property	-	-	-	-	-	927	13,964	-	-
Federal contributions	-	-	-	-	831,732	-	-	1,600,388	-
Other	-	8,150	-	-	-	-	-	-	-
Total revenues	-	87,745	124,834	601,639	831,732	927	13,964	1,600,388	81,337
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Protection of life and property	21,024	-	-	-	91,070	-	-	-	-
Public health	-	-	-	932,200	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	17,105,011	2,432,323
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	43,397	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	21,024	-	-	932,200	91,070	-	43,397	17,105,011	2,432,323
Excess (deficiency) of revenues over (under) expenditures	(21,024)	87,745	124,834	(330,561)	740,662	927	(29,433)	(15,504,623)	(2,350,986)
Other financing sources (uses):									
Transfers in from other funds	-	-	-	133,289	-	-	-	18,890,002	2,382,015
Transfers out to other funds	-	-	-	-	-	-	-	(1,736,294)	-
Total other financing sources (uses), net	-	-	-	133,289	-	-	-	17,153,708	2,382,015
Net change in fund balances (deficits)	(21,024)	87,745	124,834	(197,272)	740,662	927	(29,433)	1,649,085	31,029
Fund balances (deficits) at beginning of year	326,363	-	-	197,272	-	389,647	605,906	1,227,920	499,824
Fund balances (deficits) at end of year	\$ 305,339	\$ 87,745	\$ 124,834	\$ -	\$ 740,662	\$ 390,574	\$ 576,473	\$ 2,877,005	\$ 530,853

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong	Typhoon Paka Emergency	University of Guam Capital Improvements	UOG Higher Education Endowment
Revenues:									
Taxes	\$ -	\$ -	\$ 19,603,359	\$ 9,375,673	\$ 13,126,814	\$ -	\$ -	\$ -	\$ -
Sales, licenses, fees and permits	18,500	399,422	-	4,411,762	-	-	-	-	-
Use of money and property	-	-	16	56,316	-	-	-	-	28,024
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	55	-	-	-	-	-	-
Total revenues	18,500	399,422	19,603,430	13,843,751	13,126,814	-	-	-	28,024
Expenditures:									
General government	-	6,843	-	5,990,273	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	554,137	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	2,269	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	9,668,559	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	400,000	-	-	-	-	1,047,581
Total expenditures	-	6,843	2,269	6,390,273	9,668,559	554,137	-	-	1,047,581
Excess (deficiency) of revenues over (under) expenditures	18,500	392,579	19,601,161	7,453,478	3,458,255	(554,137)	-	-	(1,019,557)
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	1,157,138	-	100,000	3,236,869
Transfers out to other funds	-	-	(18,179,345)	(9,265,793)	(13,239,552)	-	-	-	-
Total other financing sources (uses), net	-	-	(18,179,345)	(9,265,793)	(13,239,552)	1,157,138	-	100,000	3,236,869
Net change in fund balances (deficits)	18,500	392,579	1,421,816	(1,812,315)	(9,781,297)	603,001	-	100,000	2,217,312
Fund balances (deficits) at beginning of year	(5,064)	-	(1,421,816)	(10,091,542)	(8,565,122)	(603,001)	-	(100,000)	-
Fund balances (deficits) at end of year	\$ 13,436	\$ 392,579	\$ -	\$ (11,903,857)	\$ (18,346,419)	\$ -	\$ -	\$ -	\$ 2,217,312

(continued)

GOVERNMENT OF GUAM

NonMajor Governmental Funds - Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Veterans' Bonus	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	44,821,937
Sales, licenses, fees and permits	-	-	40,114	-	35,276	318,402	-	24,720,057
Use of money and property	-	15,291	-	-	-	-	35,015	859,375
Federal contributions	-	-	-	-	-	-	-	37,727,873
Other	-	-	-	14,035	-	-	-	900,801
Total revenues	-	15,291	40,114	14,035	35,276	318,402	35,015	109,030,043
Expenditures:								
General government	-	-	-	-	-	-	-	18,990,670
Protection of life and property	-	-	-	-	-	-	-	11,192,618
Public health	-	-	-	-	-	-	-	934,066
Community services	-	-	-	-	-	-	-	34,870,871
Recreation	-	-	-	-	-	-	-	667,249
Individual and collective rights	-	697,310	-	-	-	1,311,981	-	24,760,610
Transportation	-	-	-	-	-	-	-	3,737,267
Public education	-	-	-	-	-	-	-	37,132,787
Environmental protection	-	-	-	-	6,302	-	-	312,105
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	9,668,559
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	1,100,804
Payments to University of Guam	-	-	-	-	-	-	-	1,447,581
Total expenditures	-	697,310	-	-	6,302	1,311,981	-	144,815,187
Excess (deficiency) of revenues over (under) expenditures	-	(682,019)	40,114	14,035	28,974	(993,579)	35,015	(35,785,144)
Other financing sources (uses):								
Transfers in from other funds	-	6,791,281	-	-	-	993,579	-	75,036,691
Transfers out to other funds	-	-	-	-	-	-	-	(42,988,586)
Total other financing sources (uses), net	-	6,791,281	-	-	-	993,579	-	32,048,105
Net change in fund balances (deficits)	-	6,109,262	40,114	14,035	28,974	-	35,015	(3,737,039)
Fund balances (deficits) at beginning of year	-	(6,109,262)	119,480	358,028	148,117	-	2,201,724	15,364,339
Fund balances (deficits) at end of year	\$ -	\$ -	\$ 159,594	\$ 372,063	\$ 177,091	\$ -	\$ 2,236,739	\$ 11,627,300

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2003

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Total
<u>ASSETS:</u>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,272	\$ -	\$ 1,208,846	\$ 1,219,118
Time certificates of deposit	-	-	-	-	-	1,000,718	1,000,718
Receivables, net:							
Other	-	6,340	-	29,180	-	374,069	409,589
Due from other funds	-	34,542	-	948,460	-	63,230	1,046,232
Restricted assets:							
Cash and cash equivalents	25,519,784	20,682,556	4,282,576	-	3,374,937	-	53,859,853
Total assets	\$ 25,519,784	\$ 20,723,438	\$ 4,282,576	\$ 987,912	\$ 3,374,937	\$ 2,646,863	\$ 57,535,510
<u>LIABILITIES AND FUND BALANCES:</u>							
Liabilities:							
Accounts payable	\$ 157,453	\$ 956,901	\$ 289,092	\$ -	\$ 8,759	\$ -	\$ 1,412,205
Accrued payroll and other	-	642,550	-	-	195,174	-	837,724
Due to other funds	956,004	-	82,856	-	117,517	-	1,156,377
Deferred revenue	-	-	-	-	-	374,069	374,069
Total liabilities	1,113,457	1,599,451	371,948	-	321,450	374,069	3,780,375
Fund balances:							
Reserved for:							
Specific purposes	-	394,114	-	-	-	-	394,114
Encumbrances	42,639	11,313,633	163,917	-	904,989	-	12,425,178
Continuing appropriations	2,018,740	-	1,682,586	948,460	1,687,229	-	6,337,015
Unreserved	22,344,948	7,416,240	2,064,125	39,452	461,269	2,272,794	34,598,828
Total fund balances	24,406,327	19,123,987	3,910,628	987,912	3,053,487	2,272,794	53,755,135
Total liabilities and fund balances	\$ 25,519,784	\$ 20,723,438	\$ 4,282,576	\$ 987,912	\$ 3,374,937	\$ 2,646,863	\$ 57,535,510

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended September 30, 2003

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	\$ 230,974	\$ 355,679	\$ 43,046	\$ -	\$ 61,339	\$ 1,094,595	\$ 1,785,633
Total revenues	<u>230,974</u>	<u>355,679</u>	<u>43,046</u>	<u>-</u>	<u>61,339</u>	<u>1,094,595</u>	<u>1,785,633</u>
Expenditures:							
Public education	-	-	-	-	1,559,425	-	1,559,425
Capital projects	36,741	-	-	-	-	2,179,408	2,216,149
Public Health	-	9,730,745	-	-	-	-	9,730,745
Environmental protection	-	-	736,760	-	-	-	736,760
Total expenditures	<u>36,741</u>	<u>9,730,745</u>	<u>736,760</u>	<u>-</u>	<u>1,559,425</u>	<u>2,179,408</u>	<u>14,243,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>194,233</u>	<u>(9,375,066)</u>	<u>(693,714)</u>	<u>-</u>	<u>(1,498,086)</u>	<u>(1,084,813)</u>	<u>(12,457,446)</u>
Other financing sources (uses):							
Transfers out to other funds	-	(5,300,000)	-	-	-	-	(5,300,000)
Total other financing sources (uses), net	<u>-</u>	<u>(5,300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,300,000)</u>
Net change in fund balances	194,233	(14,675,066)	(693,714)	-	(1,498,086)	(1,084,813)	(17,757,446)
Fund balances at beginning of year	<u>24,212,094</u>	<u>33,799,053</u>	<u>4,604,342</u>	<u>987,912</u>	<u>4,551,573</u>	<u>3,357,607</u>	<u>71,512,581</u>
Fund balances at end of year	<u>\$ 24,406,327</u>	<u>\$ 19,123,987</u>	<u>\$ 3,910,628</u>	<u>\$ 987,912</u>	<u>\$ 3,053,487</u>	<u>\$ 2,272,794</u>	<u>\$ 53,755,135</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
Combining Balance Sheet
September 30, 2003

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Voluntary Service Early Out Retirement	Tobacco Settlement Asset-Backed Bonds Series 2001	Total
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 8
Due from other funds	-	16,426,621	-	-	2,070,174	1,979,445	-	-	20,476,240
Restricted assets:									
Cash and cash equivalents	4,336,422	15,575,680	31,797,767	9,695,259	-	2,099,331	-	-	63,504,459
Investments	6,230,000	-	-	-	-	-	-	-	6,230,000
Total assets	\$ <u>10,566,422</u>	\$ <u>32,002,301</u>	\$ <u>31,797,767</u>	\$ <u>9,695,259</u>	\$ <u>2,070,182</u>	\$ <u>4,078,776</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>90,210,707</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>									
Accrued payroll and other	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 1,873	\$ -	\$ -	\$ 3,873
Due to other funds	968,695	-	31,795,767	35,582	-	-	-	-	32,800,044
Total liabilities	968,695	-	31,797,767	35,582	-	1,873	-	-	32,803,917
Fund balances (deficits):									
Reserved for:									
Debt service	9,597,727	32,002,301	-	9,659,677	8	4,076,903	-	-	55,336,616
Related assets	-	-	-	-	2,070,174	-	-	-	2,070,174
Total fund balance (deficits)	9,597,727	32,002,301	-	9,659,677	2,070,182	4,076,903	-	-	57,406,790
Total liabilities and fund balances (deficits)	\$ <u>10,566,422</u>	\$ <u>32,002,301</u>	\$ <u>31,797,767</u>	\$ <u>9,695,259</u>	\$ <u>2,070,182</u>	\$ <u>4,078,776</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>90,210,707</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Voluntary Service Early Out Retirement	Tobacco Settlement Asset-Backed Bonds Series 2001	Total
Revenues:									
Use of money and property	\$ 759,153	\$ 19,659	\$ 28,714	\$ 16,092	\$ -	\$ 14,664	\$ -	\$ -	\$ 838,282
Total revenues	<u>759,153</u>	<u>19,659</u>	<u>28,714</u>	<u>16,092</u>	<u>-</u>	<u>14,664</u>	<u>-</u>	<u>-</u>	<u>838,282</u>
Expenditures:									
Debt service:									
Principal retirement	3,985,000	3,900,000	6,220,000	5,390,000	-	15,100,000	-	-	34,595,000
Interest and fiscal charges	2,048,921	3,439,774	3,615,084	7,432,634	-	2,899,125	-	-	19,435,538
Total expenditures	<u>6,033,921</u>	<u>7,339,774</u>	<u>9,835,084</u>	<u>12,822,634</u>	<u>-</u>	<u>17,999,125</u>	<u>-</u>	<u>-</u>	<u>54,030,538</u>
Deficiency of revenues under expenditures	<u>(5,274,768)</u>	<u>(7,320,115)</u>	<u>(9,806,370)</u>	<u>(12,806,542)</u>	<u>-</u>	<u>(17,984,461)</u>	<u>-</u>	<u>-</u>	<u>(53,192,256)</u>
Other financing sources (uses):									
Transfers in from other funds	5,727,063	18,539,552	17,054,316	12,793,208	-	17,999,067	-	-	72,113,206
Transfers out to other funds	<u>(775,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,236,869)</u>	<u>(4,012,419)</u>
Total other financing sources (uses), net	<u>4,951,513</u>	<u>18,539,552</u>	<u>17,054,316</u>	<u>12,793,208</u>	<u>-</u>	<u>17,999,067</u>	<u>-</u>	<u>(3,236,869)</u>	<u>68,100,787</u>
Net change in fund balances (deficits)	(323,255)	11,219,437	7,247,946	(13,334)	-	14,606	-	(3,236,869)	14,908,531
Fund balances (deficits) at beginning of year	<u>9,920,982</u>	<u>20,782,864</u>	<u>(7,247,946)</u>	<u>9,673,011</u>	<u>2,070,182</u>	<u>4,062,297</u>	<u>-</u>	<u>3,236,869</u>	<u>42,498,259</u>
Fund balances (deficits) at end of year	<u>\$ 9,597,727</u>	<u>\$ 32,002,301</u>	<u>\$ -</u>	<u>\$ 9,659,677</u>	<u>\$ 2,070,182</u>	<u>\$ 4,076,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,406,790</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
September 30, 2003

	<u>Defined Benefit (Unaudited)</u>	<u>Defined Contribution (Unaudited)</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,409,299	\$ 772,757	\$ 16,182,056
Investments at fair value:			
Common stocks	529,489,480	-	529,489,480
U.S. Government securities	207,036,448	-	207,036,448
Corporate bonds and notes	342,432,781	-	342,432,781
Money market funds	54,539,441	-	54,539,441
Mutual funds	-	83,411,530	83,411,530
DC plan forfeitures	-	5,722,593	5,722,593
Total investments	<u>1,133,498,150</u>	<u>89,134,123</u>	<u>1,222,632,273</u>
Accounts receivable:			
Employer contributions, net	20,479,533	916,595	21,396,128
Member contributions	7,872,191	223,165	8,095,356
Accrued investment income	7,220,281	-	7,220,281
Due from brokers for unsettled trades	11,152,068	-	11,152,068
Notes receivable - service credits	8,807,252	-	8,807,252
Notes receivable - ERIP	12,498,071	-	12,498,071
Receivable-ERIP employer's share	17,080,487	-	17,080,487
Supplemental/COLA benefits receivables	117,528,886	-	117,528,886
Other receivables	12,854,115	347,457	13,201,572
Due from DC plan	419,722	-	419,722
Total receivables	<u>215,912,606</u>	<u>1,487,217</u>	<u>217,399,823</u>
Capital assets	<u>1,440,829</u>	<u>-</u>	<u>1,440,829</u>
Total assets	<u>1,366,260,884</u>	<u>91,394,097</u>	<u>1,457,654,981</u>
<u>LIABILITIES</u>			
Bank overdraft	411,663	-	411,663
Deferred revenue	38,385,810	-	38,385,810
Accounts payable and accrued expenses	3,224,330	455,625	3,679,955
Due to DB plan	-	419,722	419,722
Due to brokers for unsettled trades	2,730,786	-	2,730,786
Total liabilities	<u>44,752,589</u>	<u>875,347</u>	<u>45,627,936</u>
<u>NET ASSETS</u>			
Held in trust for retirement benefits	<u>\$ 1,321,508,295</u>	<u>\$ 90,518,750</u>	<u>\$ 1,412,027,045</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2003

	<u>Defined Benefit (Unaudited)</u>	<u>Defined Contribution (Unaudited)</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 61,667,848	\$ 7,236,039	\$ 68,903,887
Employee	<u>22,339,675</u>	<u>7,234,109</u>	<u>29,573,784</u>
Total contributions	<u>84,007,523</u>	<u>14,470,148</u>	<u>98,477,671</u>
Net investment income:			
Net appreciation in fair value	82,808,777	7,557,622	90,366,399
Interest	41,147,525	1,882,287	43,029,812
Dividends	8,441,013	-	8,441,013
Other	<u>631,605</u>	<u>627,429</u>	<u>1,259,034</u>
Total investment income	133,028,920	10,067,338	143,096,258
Less: investment expenses	<u>2,727,823</u>	-	<u>2,727,823</u>
Net investment income	<u>130,301,097</u>	<u>10,067,338</u>	<u>140,368,435</u>
Total additions	<u>214,308,620</u>	<u>24,537,486</u>	<u>238,846,106</u>
Deductions:			
Benefits	151,082,735	-	151,082,735
Refunds	10,239,383	6,408,554	16,647,937
Balance transfer to DC plan	1,640,404	(1,640,404)	-
Administrative and general expenses	<u>3,527,171</u>	<u>1,044,740</u>	<u>4,571,911</u>
Total deductions	<u>166,489,693</u>	<u>5,812,890</u>	<u>172,302,583</u>
Change in net assets	47,818,927	18,724,596	66,543,523
Net assets at beginning of year	<u>1,273,689,368</u>	<u>71,794,154</u>	<u>1,345,483,522</u>
Net assets at end of year	<u>\$ 1,321,508,295</u>	<u>\$ 90,518,750</u>	<u>\$ 1,412,027,045</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
September 30, 2003

	Superior Court	Public Defender	Supreme Court	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,700,795	\$ 13,361	\$ 74,696	\$ 5,788,852
Receivables, net:				
Other	9,178,852	-	-	9,178,852
Due from other funds	88,322	-	-	88,322
Total assets	14,967,969	13,361	74,696	15,056,026
<u>LIABILITIES</u>				
Accrued payroll and other	-	12,513	-	12,513
Deposits and other liabilities	14,078,026	-	-	14,078,026
Due to other funds	849,847	-	65,790	915,637
Total liabilities	14,927,873	12,513	65,790	15,006,176
<u>NET ASSETS</u>				
Held in trust for other purposes	\$ 40,096	\$ 848	\$ 8,906	\$ 49,850

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
Year Ended September 30, 2003

	<u>Superior Court</u>	<u>Public Defender</u>	<u>Supreme Court</u>	<u>Total</u>
Additions:				
Use of money and property	\$ 246,817	\$ -	\$ 8,906	\$ 255,723
Transfers in from other funds	<u>1,736,294</u>	<u>-</u>	<u>-</u>	<u>1,736,294</u>
Total additions	<u>1,983,111</u>	<u>-</u>	<u>8,906</u>	<u>1,992,017</u>
Deductions:				
Individual and collective rights	<u>1,954,680</u>	<u>-</u>	<u>-</u>	<u>1,954,680</u>
Total deductions	<u>1,954,680</u>	<u>-</u>	<u>-</u>	<u>1,954,680</u>
Changes in net assets	28,431	-	8,906	37,337
Net assets at beginning of year	<u>11,665</u>	<u>848</u>	<u>-</u>	<u>12,513</u>
Net assets at end of year	<u>\$ 40,096</u>	<u>\$ 848</u>	<u>\$ 8,906</u>	<u>\$ 49,850</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Balance Sheet
September 30, 2003

<u>ASSETS</u>	Guam Community College (Unaudited)	Guam Housing and Urban Renewal Authority	Guam Housing Corporation (Unaudited)	Port Authority of Guam	Guam Economic Development and Commerce Authority (Unaudited)	Guam Visitors Bureau (Unaudited)	Guam Educational Telecomm- unications Corporation	Total
Current assets:								
Cash and cash equivalents	\$ 5,659,708	\$ 3,102,026	\$ 1,540,033	\$ 10,786,885	\$ 138,999	\$ 505,400	\$ 830,980	\$ 22,564,031
Time certificates of deposit	-	4,899,712	-	-	-	3,667,317	-	8,567,029
Investments	-	-	-	-	61,928	-	-	61,928
Receivables, net	3,199,293	1,396,858	6,504,120	5,390,124	1,478,127	23,424	48,339	18,040,285
Due from primary government	1,931,955	-	-	-	-	985,000	-	2,916,955
Inventories	102,171	122,205	-	193,674	14,309	-	-	432,359
Prepayments	-	5,806,028	7,371	-	3,838	358,201	-	6,175,438
Restricted assets:								
Cash and cash equivalents	2,665,784	1,490,887	1,601,441	-	3,566,832	-	-	9,324,944
Time certificates of deposit	-	411,923	-	-	-	-	-	411,923
Investments	1,740,000	-	6,198,138	-	-	-	-	7,938,138
Receivables	-	-	3,084,831	-	-	-	-	3,084,831
Total current assets	15,298,911	17,229,639	18,935,934	16,370,683	5,264,033	5,539,342	879,319	79,517,861
Noncurrent assets:								
Investments	-	-	-	-	3,500	-	-	3,500
Receivables, net	-	-	25,836,445	-	21,023	-	-	25,857,468
Capital assets, net of accumulated depreciation	6,291,467	37,113,072	21,552	43,935,017	1,422,042	7,758,175	858,604	97,399,929
Deferred bond issuance costs	-	-	-	-	734,301	-	-	734,301
Other assets	-	347,237	13,737,753	-	-	-	484,427	14,569,417
Total noncurrent assets	6,291,467	37,460,309	39,595,750	43,935,017	2,180,866	7,758,175	1,343,031	138,564,615
Total assets	\$ 21,590,378	\$ 54,689,948	\$ 58,531,684	\$ 60,305,700	\$ 7,444,899	\$ 13,297,517	\$ 2,222,350	\$ 218,082,476

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Balance Sheet, Continued
September 30, 2003

<u>LIABILITIES AND NET ASSETS</u>	Guam Community College (Unaudited)	Guam Housing and Urban Renewal Authority	Guam Housing Corporation (Unaudited)	Port Authority of Guam	Guam Economic Development and Commerce Authority (Unaudited)	Guam Visitors Bureau (Unaudited)	Guam Educational Telecomm- unications Corporation	Total
Current liabilities:								
Current portion of long-term debt	\$ -	\$ 29,000	\$ 9,649	\$ -	\$ 450,805	\$ -	\$ -	\$ 489,454
Accounts payable	253,256	2,886,255	10,802,959	2,038,290	365,342	3,316,964	82,450	19,745,516
Accrued payroll and other	719,930	1,409,173	-	430,007	617,913	2,507,024	22,692	5,706,739
Payable to federal agencies	-	-	-	-	-	-	481,592	481,592
Deferred revenue	891,358	368,481	-	-	114,506	-	38,695	1,413,040
Compensated absences	-	326,653	34,568	910,564	-	139,258	19,576	1,430,619
Deposits and other liabilities	3,240,350	1,449,830	657,097	9,840,395	497,978	-	-	15,685,650
Total current liabilities	<u>5,104,894</u>	<u>6,469,392</u>	<u>11,504,273</u>	<u>13,219,256</u>	<u>2,046,544</u>	<u>5,963,246</u>	<u>645,005</u>	<u>44,952,610</u>
Noncurrent liabilities:								
Compensated absences	-	-	28,094	366,036	-	-	54,627	448,757
Noncurrent portion of long-term debt	-	1,611,651	15,567,473	-	24,073,826	-	-	41,252,950
Deposits	-	-	-	-	6,844	-	-	6,844
Other noncurrent liabilities	-	-	1,282,524	-	-	-	-	1,282,524
Accrued unfunded retirement liability	-	-	130,366	2,318,766	123,354	442,449	429,800	3,444,735
Total noncurrent liabilities	<u>-</u>	<u>1,611,651</u>	<u>17,008,457</u>	<u>2,684,802</u>	<u>24,204,024</u>	<u>442,449</u>	<u>484,427</u>	<u>46,435,810</u>
Total liabilities	<u>5,104,894</u>	<u>8,081,043</u>	<u>28,512,730</u>	<u>15,904,058</u>	<u>26,250,568</u>	<u>6,405,695</u>	<u>1,129,432</u>	<u>91,388,420</u>
Net Assets:								
Invested in capital assets, net of related debt	3,291,467	40,884,310	-	43,935,017	996,878	7,758,175	858,604	97,724,451
Restricted	4,383,604	1,712,841	21,418,930	-	-	-	-	27,515,375
Unrestricted (deficit)	8,810,413	4,011,754	8,600,024	466,625	(19,802,547)	(866,353)	234,314	1,454,230
Total net assets	<u>16,485,484</u>	<u>46,608,905</u>	<u>30,018,954</u>	<u>44,401,642</u>	<u>(18,805,669)</u>	<u>6,891,822</u>	<u>1,092,918</u>	<u>126,694,056</u>
Total liabilities and net assets	<u>\$ 21,590,378</u>	<u>\$ 54,689,948</u>	<u>\$ 58,531,684</u>	<u>\$ 60,305,700</u>	<u>\$ 7,444,899</u>	<u>\$ 13,297,517</u>	<u>\$ 2,222,350</u>	<u>\$ 218,082,476</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended September 30, 2003

	Guam Community College (Unaudited)	Guam Housing and Urban Renewal Authority	Guam Housing Corporation (Unaudited)	Port Authority of Guam	Guam Economic Development and Commerce Authority (Unaudited)	Guam Visitors Bureau (Unaudited)	Guam Educational Telecomm- unications Corporation	Total
Operating revenues:								
Charges for services	\$ 3,119,539	\$ 161,950	\$ 2,563,898	\$ 28,318,701	\$ 2,275,124	\$ -	\$ 15	\$ 36,439,227
Contributions	4,333,729	35,405,030	-	-	-	4,573	712,615	40,455,947
Other	827,296	614,636	73,225	295,640	1,629,630	297,282	8,771	3,746,480
Total operating revenues	<u>8,280,564</u>	<u>36,181,616</u>	<u>2,637,123</u>	<u>28,614,341</u>	<u>3,904,754</u>	<u>301,855</u>	<u>721,401</u>	<u>80,641,654</u>
Operating expenses:								
Cost of services	16,848,104	30,723,228	1,036,231	17,880,557	-	-	89,919	66,578,039
Depreciation and amortization	416,328	2,519,240	7,247	2,591,988	90,301	92,393	293,701	6,011,198
General and administrative	1,807,093	5,138,386	971,903	6,674,097	2,780,798	7,960,086	1,046,493	26,378,856
Total operating expenses	<u>19,071,525</u>	<u>38,380,854</u>	<u>2,015,381</u>	<u>27,146,642</u>	<u>2,871,099</u>	<u>8,052,479</u>	<u>1,430,113</u>	<u>98,968,093</u>
Operating income (loss)	<u>(10,790,961)</u>	<u>(2,199,238)</u>	<u>621,742</u>	<u>1,467,699</u>	<u>1,033,655</u>	<u>(7,750,624)</u>	<u>(708,712)</u>	<u>(18,326,439)</u>
Nonoperating revenues (expenses):								
Contributions from the primary government	12,217,084	61,414	-	945,287	273,108	14,267,002	396,838	28,160,733
Investment income	754,591	75,657	340,823	145,185	111,961	11,973	-	1,440,190
Interest expense	-	(108,136)	(1,090,919)	-	(1,108,421)	-	-	(2,307,476)
Other income (expenses), net	-	(61,414)	70,893	(2,143,538)	1,371,182	(51,726)	-	(814,603)
Total nonoperating revenues (expenses), net	<u>12,971,675</u>	<u>(32,479)</u>	<u>(679,203)</u>	<u>(1,053,066)</u>	<u>647,830</u>	<u>14,227,249</u>	<u>396,838</u>	<u>26,478,844</u>
Net income (loss) before capital contributions	2,180,714	(2,231,717)	(57,461)	414,633	1,681,485	6,476,625	(311,874)	8,152,405
Capital grants from the United States government	-	1,542,589	-	360,000	-	-	-	1,902,589
Increase (decrease) in net assets	2,180,714	(689,128)	(57,461)	774,633	1,681,485	6,476,625	(311,874)	10,054,994
Net assets at beginning of year	14,304,770	47,298,033	30,076,415	43,627,009	(20,487,154)	415,197	1,404,792	116,639,062
Net assets at end of year	<u>\$ 16,485,484</u>	<u>\$ 46,608,905</u>	<u>\$ 30,018,954</u>	<u>\$ 44,401,642</u>	<u>\$ (18,805,669)</u>	<u>\$ 6,891,822</u>	<u>\$ 1,092,918</u>	<u>\$ 126,694,056</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Governmental Funds
Year Ended September 30, 2003

Source/Recipient	Transfers Out	Transfers In
<u>General Fund</u>		
From General Fund to:		
Federal Grants Fund	\$ 26,141,537	\$ -
Aquaculture Development and Training Fund	28,892	-
Chamorro Commercial Loan Fund	334,468	-
Community Development Fund	69,673	-
Customs, Agriculture and Quarantine Inspection Services Fund	2,163,465	-
D.O.D. Contract Fund	545,863	-
Government Claims Fund	221,337	-
Group Life Insurance Fund	259,248	-
GDOE Federal Grants Fund	2,247,872	-
Komitea Para Tiyan Fund	145,875	-
Legislature Operations Fund	8,795,689	-
Litter Revolving Fund	30,978	-
Manpower Development Fund	599,850	-
Medically Indigent Program Fund	16,418,062	-
Mental Health and Substance Abuse Fund	67,955	-
Off-Island Treatment Fund	1,700,094	-
Overtime Fund	6,843	-
Parks and Recreations Revolving Fund	348,068	-
Plant Protection and Quarantine Revolving Fund	8,732	-
Police Services Fund	428,036	-
Program Development Fund	2,549	-
Public Auditor Fund	887,859	-
Public Defender Fund	2,298,489	-
Southern Community Health Center Fund	133,289	-
Superior Court Operations Fund	18,789,895	-
Supreme Court of Guam Fund	2,382,015	-
Typhoon Chata'an and Halong Fund	1,157,138	-
UOG Capital Improvements Fund	100,000	-
Village Streets Fund	6,015,731	-
Workers' Compensation Fund	993,579	-
Water Systems Revenue Bond Fund	17,054,316	-
General Obligations Bond Series A 1993 Fund	12,793,208	-
General Obligations Bond Series A 1995 Fund	17,999,067	-
To General Fund from:		
Coastal Zone Management Fund	-	12,398
Consumer Protection Fund	-	5,354
Health Professional Licensure Fund	-	204,539
Plant Nursery Revolving Fund	-	15,751
Public Service Recovery Fund	-	135,272
Territorial Educational Facilities Fund	-	18,179,345
	<u>\$ 141,169,672</u>	<u>\$ 18,552,659</u>
<u>Federal Grants Assistance Fund</u>		
From Federal Grants Fund to:		
Superior Court of Guam Fund	\$ 100,107	\$ -
Legislature Operations Fund	8,185	-
Public Auditor Fund	1,418	-
To Federal Grants Fund from General Fund	-	26,141,537
	<u>\$ 109,710</u>	<u>\$ 26,141,537</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Governmental Funds, Continued
Year Ended September 30, 2003

Source/Recipient	Transfers Out	Transfers In
<u>Other Governmental Funds</u>		
Special Revenue Funds:		
To General Fund from:		
Coastal Zone Management Fund	\$ 12,398	\$ -
Consumer Protection Fund	5,354	-
Health Professional Licensure Fund	204,539	-
Plant Nursery Revolving Fund	15,751	-
Public Service Recovery Fund	135,272	-
Territorial Educational Facilities Fund	18,179,345	-
From Superior Court Operations Fund to Superior Court Trust Fund	1,736,294	-
From Litter Revolving Fund to Guam Beautification Fund	50,729	50,729
From Territorial Highway Fund to:		
Public Transit Fund	3,538,730	3,538,730
Highway Limited Obligation Series 2001 Fund	5,727,063	-
From Tourist Attraction Fund to Limited Obligation Infrastructure Improvement Bonds Fund		
	13,239,552	-
From General Fund to:		
Aquaculture Development and Training Fund	-	28,892
Chamorro Commercial Loan Fund	-	334,468
Community Development Fund	-	69,673
Customs, Agriculture and Quarantine Inspection Services Fund	-	2,163,465
D.O.D. Contract Fund	-	545,863
Government Claims Fund	-	221,337
Group Life Insurance Fund	-	259,248
GDOE Federal Grants Fund	-	2,247,872
Komitea Para Tiyan Fund	-	145,875
Legislature Operations Fund	-	8,795,689
Litter Revolving Fund	-	30,978
Manpower Development Fund	-	599,850
Medically Indigent Program Fund	-	16,418,062
Mental Health and Substance Abuse Fund	-	67,955
Off-Island Treatment Fund	-	1,700,094
Overtime Fund	-	6,843
Parks and Recreations Revolving Fund	-	348,068
Plant Protection and Quarantine Revolving Fund	-	8,732
Police Services Fund	-	428,036
Program Development Fund	-	2,549
Public Auditor Fund	-	887,859
Public Defender Fund	-	2,298,489
Southern Community Health Center Fund	-	133,289
Superior Court Operations Fund	-	18,789,895
Supreme Court of Guam Fund	-	2,382,015
Typhoon Chata'an and Halong Fund	-	1,157,138
UOG Capital Improvements Fund	-	100,000
Village Streets Fund	-	6,015,731
Workers' Compensation Fund	-	993,579
From Federal Grants Assistance Fund to:		
Legislature Fund	-	8,185
Public Auditor Fund	-	1,418
Superior Court Operations Fund	-	100,107
To Parks and Recreation Revolving Fund from Recreation Revolving Fund	143,559	143,559
To UOG Trust and Endowment Fund from Tobacco Settlement Asset-Backed Bonds Series 2001 Fund	-	3,236,869
To Village Streets Fund from Highway Limited Obligation Series 2001 Fund	-	775,550
Capital Projects Funds:		
From Infrastructure Improvement Bond Fund to Limited Obligation Infrastructure Improvement Bonds Fund	5,300,000	-

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Governmental Funds, Continued
Year Ended September 30, 2003

Source/Recipient	Transfers Out	Transfers In
Debt Service Funds:		
From Highway Limited Obligation Series 2001 Fund to Village Streets Fund	775,550	-
From Tobacco Settlement Asset-Backed Bonds Series 2001 to UOG Trust and Endowment Fund	3,236,869	-
To Highway Limited Obligation Series 2001 Fund from Territorial Highway Fund	-	5,727,063
To Limited Obligation Infrastructure Improvement Bonds Fund from:		
Tourist Attraction Fund	-	13,239,552
Infrastructure Improvement Bond Fund	-	5,300,000
From General Fund to:		
Water Systems Revenue Bond Fund	-	17,054,316
General Obligations Bond Series A 1993 Fund	-	12,793,208
General Obligations Bond Series A 1995 Fund	-	17,999,067
	<u>\$ 52,301,005</u>	<u>\$ 147,149,897</u>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Tobacco Settlement Funds
Combining Balance Sheet
September 30, 2003

	Governmental Fund types						Total
	Special Revenue				Debt Service	GCC Endowment (Unaudited)	
	Health and Human Services	Health and Security Trust	UOG Higher Education Endowment	Youth Tobacco Education and Prevention	Tobacco Settlement Asset-Backed Bonds Series 2001		
<u>ASSETS</u>							
Cash and equivalents	\$ 2,804,487	\$ 7,405,377	\$ 2,217,312	\$ 2,221,456	\$ -	\$ 3,330,714	\$ 17,979,346
Receivables, net:							
Other	-	-	-	1,238	-	-	1,238
Due from other funds	-	-	-	14,045	-	-	14,045
Total assets	<u>\$ 2,804,487</u>	<u>\$ 7,405,377</u>	<u>\$ 2,217,312</u>	<u>\$ 2,236,739</u>	<u>\$ -</u>	<u>\$ 3,330,714</u>	<u>\$ 17,994,629</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Due to other funds	\$ 225,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,084
Total liabilities	<u>225,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,084</u>
Fund balances:							
Reserved for:							
Continuing appropriations	75,000	-	-	-	-	-	75,000
Unreserved	2,504,403	7,405,377	2,217,312	2,236,739	-	3,330,714	17,694,545
Total fund balances	<u>2,579,403</u>	<u>7,405,377</u>	<u>2,217,312</u>	<u>2,236,739</u>	<u>-</u>	<u>3,330,714</u>	<u>17,769,545</u>
Total liabilities and fund balances	<u>\$ 2,804,487</u>	<u>\$ 7,405,377</u>	<u>\$ 2,217,312</u>	<u>\$ 2,236,739</u>	<u>\$ -</u>	<u>\$ 3,330,714</u>	<u>\$ 17,994,629</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Tobacco Settlement Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
 Year Ended September 30, 2003

	Governmental Fund Types						Total
	Special Revenue				Debt Service	GCC Endowment (Unaudited)	
	Health and Human Services	Health and Security Trust	UOG Higher Education Endowment	Youth Tobacco Education and Prevention	Tobacco Settlement Asset-Backed Bonds Series 2001		
Revenues:							
Use of money and property	\$ 26,780	\$ 84,625	\$ 28,024	\$ 35,015	\$ -	\$ 34,742	\$ 209,186
Total revenues	<u>26,780</u>	<u>84,625</u>	<u>28,024</u>	<u>35,015</u>	<u>-</u>	<u>34,742</u>	<u>209,186</u>
Expenditures:							
Payments to Guam Memorial Hospital	-	1,100,804	-	-	-	-	1,100,804
Payments to University of Guam	-	-	1,047,581	-	-	-	1,047,581
Total expenditures	<u>-</u>	<u>1,100,804</u>	<u>1,047,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,148,385</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,780</u>	<u>(1,016,179)</u>	<u>(1,019,557)</u>	<u>35,015</u>	<u>-</u>	<u>34,742</u>	<u>(1,939,199)</u>
Other financing sources (uses):							
Transfers in from other funds	-	-	3,236,869	-	-	-	3,236,869
Transfers out to other funds	-	-	-	-	(3,236,869)	-	(3,236,869)
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>3,236,869</u>	<u>-</u>	<u>(3,236,869)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,780	(1,016,179)	2,217,312	35,015	(3,236,869)	34,742	(1,939,199)
Fund balances at beginning of year	<u>2,552,623</u>	<u>8,421,556</u>	<u>-</u>	<u>2,201,724</u>	<u>3,236,869</u>	<u>3,295,972</u>	<u>19,708,744</u>
Fund balances at end of year	<u>\$ 2,579,403</u>	<u>\$ 7,405,377</u>	<u>\$ 2,217,312</u>	<u>\$ 2,236,739</u>	<u>\$ -</u>	<u>\$ 3,330,714</u>	<u>\$ 17,769,545</u>

See Accompanying Independent Auditors' Report.