

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 1998

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Carl T.C. Gutierrez
Governor
Government of Guam:

We have audited the accompanying general purpose financial statements of the Government of Guam, as set forth in Section II of the foregoing table of contents, as of and for the year ended September 30, 1998. These general purpose financial statements are the responsibility of the management of the Government of Guam. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Guam Housing Corporation, the Guam Rental Corporation, the Guam Territorial Law Library, and the Guam Educational Telecommunications Corporation which represent 5.2%, 0.6%, .07%, and .02%, respectively, of the assets and operating revenues of the Component Units - Proprietary Funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Units - Proprietary Funds is based solely on the reports of the other auditors.

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

The Department of Revenue and Taxation has taken the position that access to tax records and documents is to be restricted because of the confidentiality of that information. While we were able to access required data in a manner that would be acceptable to the Department of Revenue and Taxation, this data lacked details sufficient for us to perform procedures to satisfy ourselves as to the effectiveness of the systems surrounding tax related balances, nor could we perform other procedures to enable us to satisfy ourselves with respect to tax related balances in the accompanying general purpose financial statements. Additionally, we were unable to obtain written representations from the Department of Revenue and Taxation with respect to additional tax related liabilities, if any, which may be unrecorded.

The General Fixed Assets Account Group has only recorded assets acquired during fiscal years 1987 and thereafter. Assets acquired prior to fiscal year 1987 and disposals since fiscal year 1987 have not been recorded. We were unable to ensure the physical presence of recorded assets and the Government has not performed a comprehensive inventory of its fixed assets or of its land holdings. Additionally, the Guam Community College does not maintain a comprehensive listing of fixed assets substantiating balances and we were unable to satisfy ourselves with respect to these balances by means of other auditing procedures.

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

Our audit of the general purpose financial statements did not include the financial activities of the Guam Memorial Hospital Authority (GMHA), which represents 5.0% and 16.1% of total assets and operating revenues, respectively, of the Component Units - Proprietary Funds, the Guam Visitors' Bureau (GVB) which represents .93% and .44% of total assets and operating revenues respectively of the Component Units - Proprietary funds, and the Guam Preservation Trust Fund which represents 20.5% and 84% of total assets and operating revenues of the Fiduciary Fund Type - Expendable Trust.

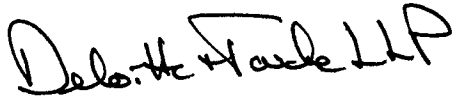
The general purpose financial statements referred to above do not include the Pension Trust Fund, the Guam Housing and Urban Renewal Authority (GHURA), the Guam Council on the Arts and Humanities Agency (CAHA), a special revenue fund, the Port Authority of Guam (PAG), a component unit - proprietary fund, and the Department of Education (DOE), a higher education fund which, in our opinion, should be included in order to conform with generally accepted accounting principles.

In our opinion, based on our audit and the reports of other auditors, except for the effects on the general purpose financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to access Revenue and Taxation records, had we been able to assure ourselves as to the propriety of the General Fixed Assets Account Group, had we been able to determine the amount to be recorded for the closure and post-closure costs of the solid waste landfill in the General Long-Term Debt Account Group, had we audited the financial statements of the GMHA, GVB, and the Guam Preservation Trust Fund, as discussed in the third through sixth paragraphs above, and the omission of the Pension Trust Fund, GHURA, CAHA, PAG and DOE, as discussed in the seventh paragraph, such general purpose financial statements, as set forth in Section II of the table of contents, with the exception of the General Fixed Assets Account Group upon which we are unable to express an opinion because of the matters set forth in the fourth paragraph above, present fairly, in all material respects, the financial position of the Government of Guam, as of September 30, 1998, and the results of its operations and the cash flows of its Proprietary Fund Types for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information listed in Section III of the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Government of Guam is or will become year 2000 compliant, that the Government of Guam's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Government of Guam does business will be year 2000 ready.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 1999 on our consideration of the Government of Guam's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP", written in a cursive, stylized script.

October 15, 1999

GOVERNMENT OF GUAM															
Combined Balance Sheet															
All Fund Types, Account Groups and Discretely Presented Component Units															
September 30, 1998															
(With Comparative Totals As Of September 30, 1997)															
ASSETS	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Higher Education Funds	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Expendable Trust	Agency Fund	General Fixed Assets	General Long-Term Debt	College and University			1998	1997
Cash and equivalents	\$ 43,641,290	\$ 34,736,749	\$ 25,343,511	\$ 95,480,793	\$ 822,752	\$ 2,272,651	\$ 9,127,676	\$ -	\$ -	\$ -	\$ 2,781,449	\$ 214,206,871	\$ 34,207,307	\$ 248,414,178	\$ 279,355,750
Investments	-	6,135,391	81,540,119	-	-	-	-	-	-	-	13,612,646	101,288,156	3,470,899	104,759,055	107,341,902
Taxes receivable, net	43,601,642	10,929,324	-	1,403,631	-	-	-	-	-	-	-	55,934,597	-	55,934,597	21,595,007
Receivables, net	1,582,618	30,229,519	1,940,170	105,416	-	122,451	9,201,635	-	-	-	6,034,820	49,216,629	156,465,107	205,681,736	207,597,152
Receivables from federal agencies	302,823	20,907,872	62,942	-	-	-	-	-	-	-	262,402	21,536,039	11,379,813	32,915,852	20,122,699
Interfund receivables, net	84,540,985	38,438,264	1,537,520	5,375,610	-	327,401	9,315,262	-	-	-	-	139,535,042	-	139,535,042	125,698,460
Other receivables	-	-	-	-	-	-	-	-	-	-	2,161,306	2,161,306	-	2,161,306	1,123,223
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	14,749	14,749	870
Inventories	-	10,678,918	-	-	-	9,812,975	-	-	-	-	747,097	21,238,990	38,992,861	60,231,851	58,814,732
Prepayments	-	-	-	-	-	-	290	-	-	-	212,031	212,321	1,796,731	2,009,052	2,671,335
Deposits and other assets	-	186,538	-	-	-	322,767	117,876	12,504,481	-	-	82,859	13,214,521	407,642	13,622,163	13,488,105
	173,669,358	152,242,575	110,424,262	102,365,450	822,752	12,858,245	27,762,739	12,504,481	-	-	25,894,610	618,544,472	246,735,109	865,279,581	837,809,235
Restricted assets (note 11)	-	-	-	-	-	-	-	-	-	-	3,863,850	3,863,850	282,304,735	286,168,585	222,046,465
Fixed assets (net, where applicable, of accumulated depreciation):															
Support assets	-	-	-	-	-	-	-	-	165,542,653	-	16,029,221	181,571,874	44,064,264	225,636,138	185,644,816
Capital leases and improvements	-	-	-	-	-	-	-	-	-	-	-	-	496,560	496,560	508,508
Building and improvements	-	-	-	-	-	-	-	-	128,660,889	-	77,508,926	206,169,815	113,152,243	319,322,058	613,558,235
Plant in service	-	-	-	-	-	-	-	-	-	-	-	-	1,373,219,947	1,373,219,947	864,178,390
	-	-	-	-	-	-	-	-	294,203,542	-	93,538,147	387,741,689	1,530,933,014	1,918,674,703	1,663,889,949
Less: Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	13,743,519	13,743,519	413,069,543	426,813,062	348,371,725
	-	-	-	-	-	-	-	-	294,203,542	-	79,794,628	373,998,170	1,117,863,471	1,491,861,641	1,315,518,224
Construction-in-progress	-	-	-	-	-	-	-	-	-	-	549,972	549,972	86,572,809	87,122,781	181,599,513
Land	-	-	-	-	-	-	-	-	8,199,639	-	4,492,112	12,691,751	18,606,010	31,297,761	34,463,989
Other	-	-	-	-	-	-	-	-	358,857	-	-	358,857	12,130,440	12,489,297	19,657,404
	-	-	-	-	-	-	-	-	302,762,038	-	84,836,712	387,598,750	1,235,172,730	1,622,771,480	1,551,239,130
Other debits:															
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	641,480,805	53,618	641,534,423	-	641,534,423	628,911,398
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	35,505,843	-	35,505,843	-	35,505,843	31,802,675
Total assets	\$ 173,669,358	\$ 152,242,575	\$ 110,424,262	\$ 102,365,450	\$ 822,752	\$ 12,858,245	\$ 27,762,739	\$ 12,504,481	\$ 302,762,038	\$ 676,986,648	\$ 114,648,790	\$ 1,687,047,338	\$ 1,764,212,574	\$ 3,451,259,912	\$ 3,271,808,903
See accompanying notes to financial statements.															

GOVERNMENT OF GUAM															
Combined Balance Sheet, Continued															
All Fund Types, Account Groups and Discretely Presented Component Units															
September 30, 1998															
(With Comparative Totals As Of September 30, 1997)															
LIABILITIES AND FUND EQUITY (DEFICIENCY)	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Higher Education Funds	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Expendable Trust	Agency Fund	General Fixed Assets	General Long-Term Debt	College and University			1998	1997
Liabilities:															
Bank overdraft	\$ 10,107,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,107,708	\$ -	\$ 10,107,708	\$ 11,416,557
Current portion of long-term debt (note 2)	-	-	-	-	-	-	-	-	-	-	-	-	19,561,654	19,561,654	17,804,859
Notes payable (note 2)	-	-	-	-	-	-	-	-	-	-	-	-	71,217,174	71,217,174	28,984,517
Notes payable and bonds payable (note 2)	-	-	-	-	-	-	-	-	-	446,810,719	805,000	447,615,719	809,144,884	1,256,760,603	1,144,699,806
Accounts payable	27,141,152	2,284,135	1,243,889	-	-	-	6,633,864	-	-	-	6,469,135	43,772,175	72,150,836	115,923,011	132,546,402
Accrued payroll and other	28,386,197	4,971,291	2,207,987	920	-	3,885	202,056	-	-	-	3,596,111	39,368,447	21,490,582	60,859,029	66,005,238
Interfund payables	31,090,492	37,566,576	2,786,504	66,858,687	170,364	800,542	261,877	-	-	-	-	139,535,042	2,661,367	142,196,409	125,933,015
Payable to federal agencies	-	7,151,937	-	-	-	-	-	-	-	-	-	7,151,937	-	7,151,937	3,142,394
Deferred revenue	74,887,792	39,876,016	422,144	-	-	-	3,414,243	-	-	-	5,777,629	124,377,824	4,497,104	128,874,928	97,205,178
Provision for tax refunds	76,424,859	11,781,036	-	-	-	-	5,192,264	-	-	-	-	93,398,159	-	93,398,159	77,492,134
Deposits and other liabilities	12,629,959	210,772	-	-	-	264,152	3,993,465	12,504,481	-	-	962,325	30,565,154	22,537,858	53,103,012	45,266,077
Vacation leave accrual	7,361,709	-	-	-	-	-	-	-	-	13,845,354	-	21,207,063	8,011,954	29,219,017	28,609,456
Contracts and leases	-	-	-	-	-	-	-	-	-	-	-	-	1,943,715	1,943,715	656,154
Accrued unfunded retirement liability (note 5)	-	-	-	-	-	-	-	-	-	216,330,575	-	216,330,575	57,016,205	273,346,780	311,135,569
Total liabilities	268,029,868	103,841,763	6,660,524	66,859,607	170,364	1,068,579	19,697,769	12,504,481	-	676,986,648	17,610,200	1,173,429,803	1,090,233,333	2,263,663,136	2,090,897,356
Fund equity (deficiency):															
Investment in general fixed assets	-	-	-	-	-	-	-	-	302,762,038	-	83,189,643	385,951,681	-	385,951,681	353,120,242
Contributed capital:															
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-	189,178,305	189,178,305	226,870,348
Federal government	-	-	-	-	-	8,212,794	-	-	-	-	-	8,212,794	146,730,272	154,943,066	214,147,143
In aid of construction	-	-	-	-	-	-	-	-	-	-	-	-	61,097,095	61,097,095	10,849,635
Retained earnings:															
Restricted	-	-	-	-	82,383	1,143,285	-	-	-	-	-	1,225,668	4,692,293	5,917,961	7,043,754
Unrestricted	-	-	-	-	570,005	2,433,587	-	-	-	-	-	3,003,592	272,281,276	275,284,868	229,029,480
Fund balances:															
Reserved for:															
Specific purposes	-	-	-	-	-	-	-	-	-	-	1,036,379	1,036,379	-	1,036,379	820,619
Debt service	-	-	-	35,505,843	-	-	-	-	-	-	53,618	35,559,461	-	35,559,461	32,311,991
Related assets (note 9)	48,858	16,039,175	-	-	-	-	742,773	-	-	-	-	16,830,806	-	16,830,806	14,196,997
Encumbrances	16,370,741	59,886,161	25,625,117	-	-	-	104,153	-	-	-	-	101,986,172	-	101,986,172	69,963,638
Continuing appropriations (note 1Q)	49,702,609	105,621,234	65,600,971	-	-	-	1,750,342	-	-	-	-	222,675,156	-	222,675,156	169,105,938
Unreserved (deficit)	(160,482,718)	(133,145,758)	12,537,650	-	-	-	5,467,702	-	-	-	12,758,950	(262,864,174)	-	(262,864,174)	(146,548,238)
Fund equity (deficiency)	(94,360,510)	48,400,812	103,763,738	35,505,843	652,388	11,789,666	8,064,970	-	302,762,038	-	97,038,590	513,617,535	673,979,241	1,187,596,776	1,180,911,547
Commitments and contingencies (note 3)															
Total liabilities and fund equity (deficiency)	\$ 173,669,358	\$ 152,242,575	\$ 110,424,262	\$ 102,365,450	\$ 822,752	\$ 12,858,245	\$ 27,762,739	\$ 12,504,481	\$ 302,762,038	\$ 676,986,648	\$ 114,648,790	\$ 1,687,047,338	\$ 1,764,212,574	\$ 3,451,259,912	\$ 3,271,808,903

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
All Governmental Fund Types and Expendable Trust Funds
Year Ended September 30, 1998
(With Comparative Totals For The Year Ended September 30, 1997)

	Governmental Fund Types				Fiduciary Fund Type	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust	1998	1997
Revenues:							
Taxes	\$ 451,139,103	\$ 54,454,040	\$ -	\$ -	\$ -	\$ 505,593,143	\$ 516,534,756
Licenses, fees and permits	1,942,125	9,397,545	16,250	-	1,528,517	12,884,437	12,860,168
Use of money and property	2,897,332	3,056,905	9,583,565	4,044,453	93,851	19,676,106	18,197,537
Federal contributions	46,085,094	175,613,678	-	-	-	221,698,772	143,597,107
Other	1,593,245	11,984,616	-	-	305,464	13,883,325	16,571,525
Total revenues	503,656,899	254,506,784	9,599,815	4,044,453	1,927,832	773,735,783	707,761,093
Expenditures:							
General government	55,338,483	27,898,983	-	-	83,659	83,321,125	74,178,413
Protection of life and property	71,777,622	25,429,165	386,539	-	2,151,769	99,745,095	84,095,929
Public health	19,751,481	13,933,530	550,066	-	-	34,235,077	29,903,154
Community services	5,930,276	14,805,218	-	-	1,951	20,737,445	18,802,086
Recreation	3,275,425	4,200,912	1,694,167	-	192,562	9,363,066	6,918,592
Individual and collective rights	8,673,311	33,935,075	-	-	7,479,509	50,087,895	42,811,015
Transportation	1,330,436	20,184,357	491,365	-	-	22,006,158	22,760,421
Public education	10,148,108	6,817,913	22,613,835	-	-	39,579,856	147,969,248
Environmental protection	5,151,769	8,504,193	8,678,716	-	-	22,334,678	11,240,317
Economic development	5,792,984	6,924,324	3,340,008	-	-	16,057,316	13,739,754
Transfers to persons	17,709,916	102,516,865	-	-	-	120,226,781	84,539,426
Capital projects	-	-	6,001,450	-	-	6,001,450	3,980,522
Claims projects	-	-	-	-	-	-	599,848
Debt service:							
Principal retirement	-	-	-	29,065,000	-	29,065,000	27,725,000
Interest and fiscal charges	1,250,602	29,214	-	23,946,401	-	25,226,217	25,824,481
Total expenditures	206,130,413	265,179,749	43,756,146	53,011,401	9,909,450	577,987,159	595,088,206
Excess (deficiency) of revenues over (under) expenditures	297,526,486	(10,672,965)	(34,156,331)	(48,966,948)	(7,981,618)	195,748,624	112,672,887
Other financing sources (uses):							
Additions to long-term debt	-	-	78,386,241	-	-	78,386,241	-
Transfers in (notes 4 and 7)	32,656,888	128,875,646	1,720,408	112,758,117	8,173,624	284,184,683	231,302,213
Transfers out (note 7)	(349,260,135)	(135,782,379)	(27,572,295)	(38,950,421)	(77,088)	(551,642,318)	(403,773,905)
Other sources	35,286	87	-	-	309	35,682	10,632,098
Other uses	(1,390,294)	(39,022)	(2,774,475)	(21,137,580)	-	(25,341,371)	(977,664)
Total other financing sources (uses), net	(317,958,255)	(6,945,668)	49,759,879	52,670,116	8,096,845	(214,377,083)	(162,817,258)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(20,431,769)	(17,618,633)	15,603,548	3,703,168	115,227	(18,628,459)	(50,144,371)
Fund balances (deficit) at beginning of year	(73,928,741)	66,019,445	88,160,190	31,802,675	7,949,743	120,003,312	170,147,683
Fund balances (deficit) at end of year	\$ (94,360,510)	\$ 48,400,812	\$ 103,763,738	\$ 35,505,843	\$ 8,064,970	\$ 101,374,853	\$ 120,003,312

See accompanying notes to financial statements.

GOVERNMENT OF GUAM
Statement of Revenues, Expenditures and Changes in Deficit
Budget and Actual (Budgetary Basis)
General Fund
Year Ended September 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 506,852,000	\$ 451,139,103	\$ (55,712,897)
Licenses, fees and permits	1,500,000	1,942,125	442,125
Use of money and property	1,500,000	2,897,332	1,397,332
Federal contributions	2,712,000	46,085,094	43,373,094
Other	1,500,000	1,593,245	93,245
	<u>514,064,000</u>	<u>503,656,899</u>	<u>(10,407,101)</u>
Total revenues			
Expenditures - Budgetary Basis			
General Government	87,313,171	55,338,483	31,974,688
Protection of Life and Property	74,697,708	71,777,622	2,920,086
Community services	6,439,470	5,930,276	509,194
Recreation	3,566,399	3,275,425	290,974
Public Health	23,304,864	19,751,481	3,553,383
Individual and Collective Rights	10,258,849	8,673,311	1,585,538
Transportation	1,370,421	1,330,436	39,985
Public Education	11,258,129	10,148,108	1,110,021
Environmental Protection	5,600,467	5,151,769	448,698
Economic Development	6,685,287	5,792,984	892,303
Transfers to persons	19,636,080	17,709,916	1,926,164
Debt Service	-	1,250,602	(1,250,602)
	<u>250,130,845</u>	<u>206,130,413</u>	<u>44,000,432</u>
Total expenditures			
Excess of revenues over expenditures	<u>263,933,155</u>	<u>297,526,486</u>	<u>33,593,331</u>
Other financing sources (uses):			
Transfers in	-	32,656,888	32,656,888
Transfers out	(380,578,549)	(349,260,135)	31,318,414
Other sources	-	35,286	35,286
Other uses	-	(1,390,294)	(1,390,294)
	<u>(380,578,549)</u>	<u>(317,958,255)</u>	<u>62,620,294</u>
Total other financing sources (uses), net			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(116,645,394)	(20,431,769)	96,213,625
Deficit at beginning of year	<u>(112,172,715)</u>	<u>(73,928,741)</u>	<u>38,243,974</u>
Deficit at end of year	\$ <u>(228,818,109)</u>	\$ <u>(94,360,510)</u>	\$ <u>134,457,599</u>

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Revenues, Expenses and Changes in
Fund Equity - All Proprietary Fund Types
and Discretely Presented Component Units
Year Ended September 30, 1998
(With comparative totals for the year ended September 30, 1997)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service			1998	1997
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 368,491,208	\$ 368,491,208	\$ 393,988,377
Contributions	-	485,372	485,372	763,592	1,248,964	2,213,697
Licenses, fees and permits	-	30,095	30,095	532,134	562,229	386,396
Investment earnings and interest	287,704	5,656	293,360	5,107,656	5,401,016	16,114,768
Use of money and property	-	-	-	-	-	294,318
Rental charges	-	-	-	10,641,089	10,641,089	7,244,195
Other	-	5,905,608	5,905,608	6,768,841	12,674,449	14,735,880
Total operating revenues	287,704	6,426,731	6,714,435	392,304,520	399,018,955	434,977,631
Operating expenses:						
Production and operations	85,027	-	85,027	208,297,423	208,382,450	223,347,162
Depreciation and amortization	-	-	-	56,198,685	56,198,685	48,698,255
Maintenance	-	-	-	1,719,423	1,719,423	5,419,964
Professional fees	419,975	-	419,975	-	419,975	60,800
Utilities	29,828	-	29,828	-	29,828	6,493
Bad debts	-	-	-	41,027,592	41,027,592	3,693,786
Stevedoring and related	-	-	-	-	-	2,812,279
General and administrative	-	5,592,681	5,592,681	107,606,204	113,198,885	113,578,876
Interest	-	-	-	2,988,243	2,988,243	37,787,358
Other	43,776	-	43,776	4,551,589	4,595,365	733,553
Total operating expenses	578,606	5,592,681	6,171,287	422,389,159	428,560,446	436,138,526
Operating income (loss)	(290,902)	834,050	543,148	(30,084,639)	(29,541,491)	(1,160,895)
Nonoperating revenues (expenses):						
Contribution (to) from:						
General Fund	-	(3,067,355)	(3,067,355)	23,086,916	20,019,561	8,731,452
Federal agencies	-	-	-	-	-	148,022
Extraordinary item (note 13)	-	-	-	240,448	240,448	(7,454,397)
Other income (expenses), net	-	-	-	(33,561,832)	(33,561,832)	3,417,864
Total nonoperating revenues (expenses), net	-	(3,067,355)	(3,067,355)	(10,234,468)	(13,301,823)	4,842,941
Net (loss) income	(290,902)	(2,233,305)	(2,524,207)	(40,319,107)	(42,843,314)	3,682,046
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	-	7,943,562	7,943,562	158,530
Beginning retained earnings (deficit) (note 6)	943,290	5,810,177	6,753,467	228,853,598	235,607,065	213,211,453
Adjustments to beginning retained earnings: Correction of prior year errors (note 12)	-	-	-	80,495,516	80,495,516	19,021,205
Ending retained earnings	652,388	3,576,872	4,229,260	276,973,569	281,202,829	236,073,234
Beginning contributed capital	-	8,212,794	8,212,794	139,471,864	147,684,658	137,792,317
Adjustments to contributed capital	-	-	-	(28,666)	(28,666)	-
Contribution from (to):						
General Fund	-	-	-	126,839,595	126,839,595	164,248,139
Federal agencies	-	-	-	69,709,117	69,709,117	139,060,368
In-aid of construction	-	-	-	61,013,762	61,013,762	10,766,302
Fund equity at end of year	\$ 652,388	\$ 11,789,666	\$ 12,442,054	\$ 673,979,241	\$ 686,421,295	\$ 687,940,360

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Units
Year Ended September 30, 1998
(With Comparative Totals for the year Ended September 30, 1997)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service			1998	1997
<u>Increase (decrease) in cash and equivalents</u>						
Cash flows from operating activities:						
Operating income (loss)	\$ (290,902)	\$ 834,050	\$ 543,148	\$ (30,084,639)	\$ (29,541,491)	\$ (1,160,895)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	-	-	-	56,198,685	56,198,685	48,698,255
Bad debt expense	-	-	-	41,027,592	41,027,592	3,717,786
Amortization of loan discount	-	-	-	(30,000)	(30,000)	(30,000)
Extraordinary loss and other reconciling items	-	-	-	1,261,177	1,261,177	25,608,191
(Increase) decrease in assets:						
Accounts receivable	-	4,865	4,865	(44,892,725)	(44,887,860)	2,921,849
Inventory	-	230,629	230,629	(62,758)	167,871	(4,254,125)
Investments	752,781	-	752,781	-	752,781	-
Accrued interest and other	-	-	-	207,734	207,734	(800,949)
Prepaid expense	-	-	-	451,694	451,694	115,501
Notes receivable	-	-	-	-	-	-
Other assets	-	-	-	(81,618)	(81,618)	(5,326,307)
Other receivables	-	-	-	(141,723)	(141,723)	41,946
Due from other funds and governmental agencies	190,509	1,568,592	1,759,101	(8,064)	1,751,037	(226,947)
Loss on investment	-	-	-	(723,634)	(723,634)	-
Increase (decrease) in liabilities:						
Accrued payroll	-	3,885	3,885	(1,205,809)	(1,201,924)	427,339
Annual leave	-	-	-	416,618	416,618	3,672,812
Accounts payable	-	-	-	(12,564,824)	(12,564,824)	5,231,336
Accrued pension cost	-	-	-	(4,239,996)	(4,239,996)	2,898,156
Accrued expense and other liabilities	-	-	-	546,153	546,153	1,006,666
Customer and security deposits	-	-	-	(1,433,755)	(1,433,755)	7,908,877
Deferred revenue	-	-	-	5,658,956	5,658,956	361,328
Due to other funds and governmental agencies	170,364	666,524	836,888	-	836,888	(3,209,157)
Capitalized labor	-	-	-	-	-	-
Net cash provided by operating activities	<u>822,752</u>	<u>3,308,545</u>	<u>4,131,297</u>	<u>10,299,064</u>	<u>14,430,361</u>	<u>87,601,662</u>
Cash flows from noncapital financing activities:						
Proceeds from issuance of notes payable and bonds	-	-	-	59,454,256	59,454,256	6,200,000
Proceeds from short-term debt	-	-	-	20,000,000	20,000,000	1,122,607
Repayment of notes payable and short-term debt	-	-	-	(22,273,879)	(22,273,879)	(1,945,488)
Interest paid on notes payable and short-term debt	-	-	-	(3,037,002)	(3,037,002)	(2,162,432)
Operating grants received	-	-	-	23,263,028	23,263,028	15,095,294
Net transfers (to) restricted fund	-	-	-	-	-	(1,480,718)
Bank overdraft	-	-	-	1,359,650	1,359,650	-
Contributions (to) from	-	(3,067,355)	(3,067,355)	-	(3,067,355)	2,907,396
Net cash (used for) provided by noncapital financing activities	<u>-</u>	<u>(3,067,355)</u>	<u>(3,067,355)</u>	<u>78,766,053</u>	<u>75,698,698</u>	<u>19,736,659</u>
Cash flows from capital and related financing activities:						
Proceeds from issuance of notes payable and bonds	-	-	-	84,714,511	84,714,511	1,201,200
Principal paid on bonds and other long-term debt	-	-	-	(13,658,226)	(13,658,226)	(17,828,603)
Interest paid on bonds and other long-term debt	-	-	-	(39,299,660)	(39,299,660)	(39,672,951)
Fixed asset (purchases) disposal/sale	-	-	-	(93,174,744)	(93,174,744)	(114,831,976)
Fixed asset improvements	-	-	-	-	-	(22,500)
Contributions	-	-	-	24,547,327	24,547,327	(2,120,935)
Debt issuance cost	-	-	-	(1,758,560)	(1,758,560)	-
Replacement parts inventories	-	-	-	-	-	27,609
Capital lease payments	-	-	-	-	-	(413,949)
Restricted assets	-	-	-	(81,393,463)	(81,393,463)	13,489,305
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,022,815)</u>	<u>(120,022,815)</u>	<u>(160,172,800)</u>
Cash flows from investing activities:						
Payments received on notes receivable	-	-	-	(13,879)	(13,879)	(9,268)
Increase in bond reserve funds	-	-	-	(35,766)	(35,766)	79,440
Purchase of land held for development and resale	-	-	-	(396,877)	(396,877)	(795,890)
Proceeds from sale of investments	-	-	-	26,995,799	26,995,799	27,558,075
Purchase of investment securities	-	-	-	(910,842)	(910,842)	(3,365,477)
Withdrawal of investment	-	-	-	-	-	84,282
Interest and dividends on investments	-	-	-	10,784,719	10,784,719	11,250,351
Net decrease in loan receivable	-	-	-	-	-	(1,766,029)
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,423,154</u>	<u>36,423,154</u>	<u>33,035,484</u>
Net increase (decrease) in cash and equivalents	<u>822,752</u>	<u>241,190</u>	<u>1,063,942</u>	<u>5,465,456</u>	<u>6,529,398</u>	<u>(19,798,995)</u>
Cash and equivalents at beginning of year	-	2,031,461	2,031,461	24,568,505	26,599,966	66,776,300
Restricted assets	-	-	-	4,173,346	4,173,346	-
Cash and equivalents at end of year	<u>\$ 822,752</u>	<u>\$ 2,272,651</u>	<u>\$ 3,095,403</u>	<u>\$ 34,207,307</u>	<u>\$ 37,302,710</u>	<u>\$ 46,977,305</u>

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Statement of Changes in Fund Balances
Year ended September 30, 1998

	UNIVERSITY OF GUAM					GUAM COMMUNITY COLLEGE			College and University (Memorandum Only)
	CURRENT		PLANT	LOAN	ENDOWMENT	CURRENT		PLANT	
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Unrestricted	Unrestricted	
Revenues and other additions									
Unrestricted current fund revenues	\$ -	\$ 41,731,139	\$ -	\$ -	\$ -	\$ -	\$ 12,889,664	\$ -	\$ 54,620,803
Government of Guam appropriations - restricted	2,977,040	-	-	482,960	-	2,097,600	-	-	5,557,600
Government of Guam contracts - restricted	1,324,605	-	-	-	-	1,639,811	-	-	2,964,416
Federal grants and contracts - restricted	8,097,012	-	88,752	1,512,809	-	622,480	-	389,168	10,710,221
Private gifts, grants and contracts - restricted	1,339,385	-	1,025	-	-	-	-	-	1,340,410
Other restricted receipts	294,184	-	-	4,545	-	-	-	-	298,729
Endowment income	-	1,072,573	-	-	-	-	-	-	1,072,573
Recovery on student loans and miscellaneous receipts	-	-	-	539,026	-	-	-	-	539,026
Expended for plant facilities	-	-	897,434	-	-	-	-	340,074	1,237,508
Retirement of indebtedness	-	-	92,969	-	-	-	-	-	92,969
Total revenues and other additions	14,032,226	42,803,712	1,080,180	2,539,340	-	4,359,891	12,889,664	729,242	78,434,255
Expenditures and other deductions									
Educational and general expenditures	15,634,809	36,640,009	-	-	-	4,222,075	11,893,048	-	68,389,941
Auxiliary enterprise expenditures	-	2,255,838	-	-	-	-	511,085	-	2,766,923
Loans awarded	-	-	-	-	-	-	-	-	-
Plant repairs and maintenance	-	-	239,368	1,995,770	-	-	-	-	2,235,138
Depreciation of plant facilities	-	-	1,840,617	-	-	-	-	-	1,840,617
Investment fees	-	-	-	-	164,565	-	-	-	164,565
Retirement of indebtedness	-	-	92,969	-	-	-	-	-	92,969
Interest on indebtedness	-	-	46,664	-	-	-	-	-	46,664
Disposal of plant facilities	-	-	-	-	-	-	-	79,512	79,512
Total expenditures and other deductions	15,634,809	38,895,847	2,219,618	1,995,770	164,565	4,222,075	12,404,133	79,512	75,616,329
Transfers among funds-additions/(deductions):									
Mandatory									
Principal and interest	-	(96,250)	96,250	-	-	-	-	-	-
Renewals and replacements	-	(144,191)	144,191	-	-	-	(50,000)	50,000	-
Government of Guam bonds	-	(2,027,613)	-	-	-	-	-	-	(2,027,613)
Contributed capital	-	-	2,990,089	-	-	-	-	-	2,990,089
Restricted fund matching grants	1,876,796	(1,876,796)	-	-	-	(333)	333	-	-
Non-mandatory transfers, net	(690,840)	310,309	43,382	(652,831)	(80,959)	-	19,678	-	(1,051,261)
Total transfers	1,185,956	(3,834,541)	3,273,912	(652,831)	(80,959)	(333)	(29,989)	50,000	(88,785)
Net increase (decrease) for the year	(416,627)	73,324	2,134,474	(109,261)	(245,524)	137,483	455,542	699,730	2,729,141
Cumulative effect of a change in accounting principles (note 1B)	-	-	-	-	2,559,852	-	-	-	2,559,852
Beginning fund balance	199,308	(4,048,518)	66,057,824	798,091	9,418,801	269,098	3,045,218	14,755,192	90,495,014
Ending fund balance (deficit)	\$ (217,319)	\$ (3,975,194)	\$ 68,192,298	\$ 688,830	\$ 11,733,129	\$ 406,581	\$ 3,500,760	\$ 15,454,922	\$ 95,784,007

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Statement of Current Funds Revenues, Expenditures and Other Changes
Year Ended September 30, 1998

	University of Guam (UOG)		Guam Community College (GCC)		College and University (Memorandum Only)
	Unrestricted	Restricted	Unrestricted	Restricted	
Revenues:					
Tuition and fees	\$ 6,859,095	\$ -	\$ 2,149,587	\$ -	\$ 9,008,682
Government of Guam appropriations	29,529,211	2,702,827	10,168,000	2,051,521	44,451,559
Federal grants and contracts	543,672	8,097,012	33,104	1,639,811	10,313,599
GovGuam grants and contracts	-	1,324,605	-	530,743	1,855,348
Private gifts, grants and contracts	854,858	1,339,385	-	-	2,194,243
Endowment Income	1,072,573	-	-	-	1,072,573
Sales, services and other sources	3,944,303	294,184	538,973	-	4,777,460
Total current revenue	<u>42,803,712</u>	<u>13,758,013</u>	<u>12,889,664</u>	<u>4,222,075</u>	<u>73,673,464</u>
Expenditures and mandatory transfers:					
Instruction	14,576,934	1,361,078	5,010,906	2,305,484	23,254,402
Research	1,586,079	4,213,203	-	-	5,799,282
Public service	120,032	5,155,851	-	-	5,275,883
Academic support	5,872,973	982	1,006,515	339,053	7,219,523
Student services	2,645,592	409,131	1,589,050	738,225	5,381,998
Institutional support	7,042,366	-	2,620,744	193,393	9,856,503
Operation and maintenance of plant	4,751,896	-	1,541,495	-	6,293,391
Scholarships and fellowship	44,137	4,494,564	98,933	628,926	5,266,560
Indirect cost	-	-	25,405	16,994	42,399
Restricted fund matching grants	<u>1,876,796</u>	<u>(1,876,796)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total educational and general	38,516,805	13,758,013	11,893,048	4,222,075	68,389,941
Auxiliary enterprise expenditures	2,255,838	-	511,085	-	2,766,923
Mandatory transfers:					
Principal and interest	96,250	-	-	-	96,250
Renewals and replacement	144,191	-	50,000	-	194,191
GovGuam bonds	<u>2,027,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,027,613</u>
Total expenditures and mandatory transfers	<u>43,040,697</u>	<u>13,758,013</u>	<u>12,454,133</u>	<u>4,222,075</u>	<u>73,474,918</u>
Other transfers and additions/ (deductions)					
Excess of restricted receipts over transfers	-	274,213	-	137,816	412,029
Transfer from restricted fund classifications to unrestricted funds	-	-	333	(333)	-
Net appreciation in fair value of investments	37,753	-	-	-	37,753
Non-mandatory transfer, net	<u>272,556</u>	<u>(690,840)</u>	<u>19,678</u>	<u>-</u>	<u>(398,606)</u>
	<u>310,309</u>	<u>(416,627)</u>	<u>20,011</u>	<u>137,483</u>	<u>51,176</u>
Net increase (decrease) in fund balances	\$ <u>73,324</u>	\$ <u>(416,627)</u>	\$ <u>455,542</u>	\$ <u>137,483</u>	\$ <u>249,722</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies

A. Reporting Entity

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

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

1. Blended Component Units

- (a) The Chamorro Commercial Loan Fund (CCLF) makes loans to persons holding leases under the Chamorro Land Trust Act. The Chamorro Land Trust Commission oversees the activities of CCLF and consists of five members appointed by the Governor of the Government of Guam. CCLF is reported as a blended component unit - proprietary fund type, enterprise fund.
- (b) The Higher Education Fund is comprised of the University of Guam (UOG) and the Guam Community College (GCC). The Department of Education (DOE) was reported as a blended component unit – higher education fund in the fiscal year 1997 presentation. For the current 1998 fiscal year, financial statements are not available for DOE and is therefore not presented. UOG is governed by a nine member Board of Regents appointed by the Governor of Guam. GCC is governed by a nine member Board of Trustees which are appointed by the Governor. DOE is governed by eight voting members who are elected by the school districts.
- (c) The Fiduciary Fund Type - Pension Trust Fund is comprised of the Government of Guam Retirement Fund System (the Fund). The Fund was enacted to provide retirement amenities and other benefits to the employees of the Government of Guam, who upon entry to service, are eligible for membership. The Fund is governed by a five member Board of Trustees appointed by the Governor of Guam. The Fund is not included in the 1998 presentation.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units

- (a) The Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG) is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within the Government of Guam. GWA is established as a separate legal entity and is governed by an appointed Board of Directors. GWA is reported as a component unit – proprietary fund.
- (b) The Guam International Airport Authority (GIAA) was created by Public Law 13-57 (as amended) as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Guam International Air Terminal. GIAA is governed by a seven member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. The GIAA is reported as a component unit - proprietary fund.
- (c) The Guam Housing Corporation was created by Public Law 8-80 to promote the general welfare of the Government of Guam by encouraging investment in and development of low-cost housing. The Corporation is principally engaged in financing homes for low and moderate income families. The Guam Housing Corporation is governed by a seven member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. The Guam Housing Corporation is reported as a component unit - proprietary fund.
- (d) The Port Authority of Guam (PAG) is responsible for the operation of seaport facilities of the Government of Guam. The PAG is governed by a five member Board of Directors, all of whom are appointed by the Governor of the Government of Guam. The PAG is not included in the accompanying financial statements.
- (e) The Guam Power Authority (GPA) is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within the Government of Guam. GPA is governed by a five member Board of Directors appointed by the Governor of the Government of Guam. The GPA is reported as a component unit - proprietary fund.
- (f) The Guam Rental Corporation was created by Public Law 8-80 to promote the general welfare of the inhabitants of the Government of Guam by encouraging and engaging in investment in development of low-cost housing. The Corporation is principally engaged in the ownership and rental of a housing complex known as Lada Gardens and Guma As-Atdas. The Guam Rental Corporation is governed by the Board of Directors of Guam Housing Corporation. The Guam Rental Corporation is reported as a component unit - proprietary fund.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

- (g) The Guam Territorial Law Library was created by Public law 14-155 to provide resource materials to professionals within the Government of Guam. It is administered by an eight member Board of Directors. One is appointed by the Judge of the District Court, one by the Judges of the Superior Court, one by the Judicial Council, one by the Chairman of the Committee on Criminal Justice of the Guam Legislature, one by the Governor of the Government of Guam, two by the President of the Guam Bar Association and the Territorial Librarian who shall be a trustee ex officio. The law library is reported as a component unit - proprietary fund.
- (h) The Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 on July 26, 1977 and provides for control over and operations of Guam's hospital. The Authority is governed by a seven member Board of Trustees who are appointed by the Governor of the Government of Guam. The GMHA is reported as a component unit - proprietary fund.
- (i) The Guam Economic Development Authority (GEDA) was created to assist in the implementation of an integrated program for the economic development of Guam. GEDA is administered by a seven member Board of Directors who are appointed by the Governor of the Government of Guam. The GEDA is reported as a component unit - proprietary fund.
- (j) The Guam Telephone Authority (GTA) was created by Public Law 12-44 to operate local telecommunications and cellular operations in the Government of Guam and contracts out overseas services to Guam-based private telecommunications companies. The GTA is administered by a seven member Board of Directors who are appointed by the Governor of the Government of Guam. The GTA is reported as a component unit - proprietary fund.
- (k) The Guam Visitors Bureau (GVB) was created by Public Law 17-32 to promote the visitor industry program in Guam. The GVB is administered by a twelve member Board of Directors. Five members are appointed by the Governor of the Government of Guam, two by the Speaker of the Legislature, four elected by the general membership of GVB and one member appointed by the eleven members. The GVB is reported as a component unit - proprietary fund.
- (l) The Guam Mass Transit Authority (GMTA) was created by Public Law 15-92 on December 1979 for the purpose of primary public transportation services. The GMTA is administered by a five member Board of Directors who are appointed by the Governor of the Government of Guam. The GMTA is reported as a component unit-proprietary fund.
- (m) The Guam Educational Telecommunications Corporation (KGTF-TV) was established by Public Law 12-194 on January 2, 1975 to present educational television to the people of Guam. KGTF-TV is administered by a six member Board of Directors who are appointed by the Governor of the Government of Guam. The KGTF-TV is reported as a component unit-proprietary fund.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Complete financial statements for each of the individual component units may be obtained at the units' administrative offices.

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

Guam Housing Corporation
P.O. Box 3457
Agana, GU 96910

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

Guam Power Authority
P.O. Box 2977
Agana, GU 96910

Guam Rental Corporation
P.O. Box 3457
Agana, GU 96910

Guam Territorial Law Library
141 San Ramon Rd.
Agana, GU 96910

Guam Memorial Hospital Authority
850 Governor Carlos G. Camacho Rd.
Tamuning, GU 96911

Guam Mass Transit Authority
236 East O'Brien Drive
Agana, Guam 96910

Guam Economic Development Authority
Suite 511, ITC Bldg.
590 S. Marine Drive
Tamuning, Guam 96911

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

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Guam Visitors Bureau
401 Pale San Vitores Road
Tumon, GU 96911

University of Guam
Financial Services Affairs
UOG Station
Mangilao, GU 96923

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

Guam Community College
Sesame Street
Mangilao, Guam 96923

The following entities are considered to be special revenue funds and enterprise funds of the Government of Guam, but are not included in the accompanying general purpose financial statements due to absence of account balances and transactions, therefore, no material impact on the accompanying general purpose financial statements results from this noninclusion:

	<u>Fund</u>	<u>Fund Type</u>
N/A	Rainy Day Fund	Special Revenue
Fund 204	Summer School Fund	Special Revenue
Fund 230	Vocational Rehab Revolving Fund	Special Revenue
Fund 231	GFD Capital Outlay Revolving Fund	Special Revenue
Fund 248	Guam Beautification Fund	Special Revenue
Fund 249	Municipal Litter Defacement Fund	Special Revenue
Fund 320	Deficit Elimination Fund	Special Revenue
Fund 328	District Improvement Fund	Special Revenue
Fund 410	Chamorro Home Loan Fund	Enterprise
Fund 412	Chamorro Home Repair Fund	Enterprise
Fund 413	Chamorro Home Development Fund	Enterprise
Fund 414	Guam Educational Assistance Fund	Enterprise
Fund 415	Chamorro Loan Guarantee	Enterprise
Fund 416	Solid Waste Management Fund	Enterprise

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting

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

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

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

The Governmental Funds include:

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

Governmental funds are presented on the modified accrual basis of accounting. In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. However, the Government of Guam has elected to record substantially all general fund tax revenues only when collected in cash due to difficulties in projecting when assessed taxes may ultimately be collected. Revenues from U.S. federal programs are recorded at the time that expenditures are recorded. Expenditures are recorded at the time liabilities are incurred, except that:

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting, Continued

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

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

The Proprietary Funds include:

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

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

The Fiduciary Funds include:

1. The Expendable Trust Funds and the Pension Trust Fund are used to account for assets held by the Government as trustee. The Pension Trust Fund is accounted for on the accrual basis of accounting. The Pension Trust Fund is not included in the 1998 presentation. Expendable Trust Funds are accounted for on the modified accrual basis of accounting.
2. The Agency funds are normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

1. Current Funds are used to account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds which may be utilized only in accordance with externally-restricted purposes;

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

B. Measurement Focus and Basis of Accounting, Continued

2. Fiduciary Funds are used to account for assets held by loan, endowment, life income and agency funds in which the universities act in a fiduciary capacity; and
3. Plant Funds are used to account for institutional property acquisition, renewal, replacement, debt service and investment.

The above higher education funds are accounted for on the accrual basis of accounting. However, for the Student Loan Fund of the University of Guam, the amount of outstanding loans are fully reserved with repayments recognized only on a cash basis. In addition, the University adopted Statement No. 31 of the Governmental Accounting Standards Board (GASB No. 31), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, effective for the year ended September 30, 1998, which among other provisions, resulted in a change from reporting investments at cost to reporting investments at fair value. This adoption resulted in a cumulative effect of a change in accounting principles of \$2,559,852 reflected in the Endowment Funds.

The Account Groups include:

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

C. Budgetary Process

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

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

C. 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. In fiscal year 1998, the Governor is authorized to transfer funds to or from any appropriation of the Executive Branch, provided that not more than 15% of the total Executive Branch line agencies budget is transferred and that notice of each transfer and justification shall be delivered within seven days prior to the transfer taking place to the Speaker of the Guam Legislature. During the year ended September 30, 1998, there were no such transfers of prior year appropriations into 1998. 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 1998, Public Law 24-59, 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.

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

D. Cash and Equivalents

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

E. Deposits in Banks

Deposits in banks are required by local statute to be secured by qualified collateral in the amount of 110 percent or more of the deposit balance. However, the Government does not enforce the requirement on a consistent basis. Therefore, substantially all cash and equivalents of the Government of Guam are uncollateralized.

F. Investments

In the proprietary, fiduciary and governmental fund types, except as noted in the following paragraph, investments primarily consist of time certificates of deposit whose maturity exceeds ninety days at the date of placement held in banks on Guam insured by the Federal Deposit Insurance Corporation (FDIC). Individual certificates, however, are in denominations and accounts exceeding insured coverage of \$100,000. Uninsured and uncollateralized deposits recorded in governmental funds are estimated to aggregate \$222,679,841 at September 30, 1998. FDIC insured and collateralized deposits of the component units-proprietary funds aggregate \$6,614,362 as of September 30, 1998, with the remaining balance being unsecured and uncollateralized.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

F. Investments, Continued

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

Investments in the Infrastructure Improvement Bonds (Debt Service and Capital Projects Funds), the General Obligation Bond, 1993 Series A (Capital Project Fund), representing U.S. Government Securities, are carried at market value, adjusted for premium amortization or discount accumulation for the term of the applicable investment. Net unrealized gains and losses on investment securities are not recognized currently, but are recorded only upon disposition.

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

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

G. Receivables

Receivables in the Government's governmental and fiduciary funds primarily consist of taxes and federal revenues. Since few governmental fund revenues are susceptible to accrual prior to receipt, substantially all taxes, licenses, fees, permits and similar revenues are recognized on the cash basis. When taxes are measurable but collection will not occur in a timely manner, so as to be available to finance expenditures of the current period, these assessments are classified as deferred revenues within the accompanying general purpose financial statements. Although generally accepted accounting principles permit the recognition of property and other taxes which are assessed and due as of year-end and collectible within 60 days thereafter in current year revenues, the Government has chosen to record property and other taxes on a cash basis due to matters associated with obtaining data allowing the estimation of the amount to be collected within that time period. Deferred tax revenues aggregate \$85,376,387 as of September 30, 1998. These deferred tax revenues are recorded in the general fund and in the Territorial Education Facilities Fund - a special revenue fund. Allowances for uncollectible accounts as of September 30, 1998, are as follows:

General Fund:	
Taxes	\$ 59,469,664
Other	<u>4,178,940</u>
	\$ <u>63,648,604</u>

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

G. Receivables, Continued

Special Revenue Funds	\$ <u>16,305,302</u>
Component Units - Proprietary Funds	\$ <u>68,147,509</u>
Higher Education Funds (Student Loans)	\$ <u>14,763,297</u>

The Government conducts virtually all of its business activity within the island of Guam. As of September 30, 1998, substantially all trade accounts receivable for the Government's proprietary funds are due from companies and individuals located within the island of Guam.

H. Interfund Transactions

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

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

For all funds, with the exception of the component units - proprietary funds, the combining balance sheets separately classify interfund activity with the General Fund. The interfund activity with the General Fund was not available, or material, to the component units - proprietary funds.

GOVERNMENT OF GUAM

Notes to Financial Statements
September 30, 1998

NOTE 1 - Summary of Significant Accounting Policies, Continued

H. Interfund Transactions, Continued

		Interfund Receivable From:												Total
		General Fund	Federal Grants Assistance Fund	Tourist Attraction Fund	Territorial Highway Fund	Customs Agriculture & Quarantine Inspection Fund	Dept. of Defense Contract Fund	Territorial Ed. Facilities Fund	CPF Infrastructure Improvement Bond 89 Series A	DSF Infrastructure Improvement Bond 89 Series A	DSF-Highway Bond '92 Series A	DSF-G.O. Bond '95 Series A	Miscellaneous Interfund Payables	
Interfund	General Fund	\$ -	\$ 15,493,182	\$ 9,341,640	\$ -	\$ 4,512,485	\$ 1,256,199	\$ 941,186	\$ 2,284,834	\$ -	\$ 14,378,603	\$ 32,639,072	\$ 3,693,784	\$ 84,540,985
Payable To	Tourist Attraction Fund	2,670,515	-	-	-	-	-	-	-	19,412,171	-	-	-	22,082,686
	Territorial Highway Fund	10,341,662	-	-	-	-	-	-	-	-	-	-	-	10,341,662
	DOC Inmates Revolving Fund	510,841	-	-	-	-	-	-	-	-	-	-	-	510,841
	Land Survey Fund	513,446	-	-	-	-	-	-	-	-	-	-	-	513,446
	Guam Housing Corporation Revolving Fund	1,180,823	-	-	-	-	-	-	-	-	-	-	-	1,180,823
	Southern Community Health Ctr Fund	404,596	-	-	-	-	-	-	-	-	-	-	-	404,596
	Wildlife Conservation Fund	302,658	-	-	-	-	-	-	-	-	-	-	-	302,658
	Community Development Fund	375,085	-	-	-	-	-	-	-	-	-	-	-	375,085
	Income Tax Rebate Fund	5,529,363	-	-	-	-	-	-	-	-	-	-	-	5,529,363
	Typhoon Paka Fund	1,156,760	-	-	-	-	-	-	-	-	-	-	-	1,156,760
	Income Tax Reserve Fund	2,420,280	-	-	-	-	-	-	-	-	-	-	-	2,420,280
	Land for landless Fund	431,863	-	-	-	-	-	-	-	-	-	-	-	431,863
	PUAG Capital Projects Fund	948,460	-	-	-	-	-	-	-	-	-	-	-	948,460
	DSF - Infrastructure Impr. '89 Series	-	-	2,670,515	-	-	-	-	-	-	-	-	-	2,670,515
	DSF G.O. Bond '92 Series A	-	-	-	1,403,631	-	-	-	-	-	-	-	-	1,403,631
	DSF G.O. Bond '94 Series A	1,301,464	-	-	-	-	-	-	-	-	-	-	-	1,301,464
	Program Development Fund	509,515	-	-	-	-	-	-	-	-	-	-	-	509,515
	Miscellaneous Interfund Receivables	2,493,161	-	-	-	-	-	-	-	71,074	344,735	-	1,439	2,910,409
Total		\$ 31,090,492	\$ 15,493,182	\$ 12,012,155	\$ 1,403,631	\$ 4,512,485	\$ 1,256,199	\$ 941,186	\$ 2,284,834	\$ 19,483,245	\$ 14,723,338	\$ 32,639,072	\$ 3,695,223	\$ 139,535,042

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

I. Inventories

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

J. Fixed Assets and Depreciation

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

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

Proprietary Fund Type - Enterprise, Internal Service Fund and Component Units fixed assets are stated at cost. Donated assets are recorded at their fair market value at the date of donation. Purchased and constructed fixed assets are stated at historical cost or estimated historical cost. The assets are depreciated principally on a straight-line basis over estimated useful lives ranging from 7 to 40 years for Structures and Improvements and from 3 to 20 years for Machinery and Equipment. Proprietary fund - component units follow the generally accepted accounting principle of capitalizing interest on construction activities. During the year ended September 30, 1998, proprietary funds - component units reported \$4,507,730 of interest that was so capitalized.

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

K. Restricted Assets

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

L. Fund Balance Reserves and Designations

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

L. Fund Balance Reserves and Designations, Continued

Encumbrances

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

Continuing Appropriations

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

M. Governmental Operations

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

N. 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.

O. Accrued Annual Leave

Employees are credited with vacation at rates of 104, 156 or 208 hours per fiscal year, depending upon their length of service. Accumulation of such vacation credits is limited to 480 hours at fiscal year-end and is convertible to pay upon termination of employment. Annual leave which is expected to be paid out within the next fiscal year is accrued in the General Fund to the extent of available funds within the related appropriation account. Accrued annual leave in excess of this amount is included in the General Long-Term Debt Account Group.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

P. Fund Deficits

The following funds have deficit fund balances as of September 30, 1998:

<u>Fund Type</u>	<u>Fund</u>	<u>Deficit</u>
Special Revenue - Governmental Funds	Territorial Highway Fund	\$ <u>(1,763,372)</u>
Component Units - Proprietary Fund	Guam Waterworks Authority (GWA)	\$ <u>(17,111,580)</u>
Component Units - Proprietary Fund	Guam Economic Development Authority	\$ <u>(1,072,550)</u>
Expendable Trust - Fiduciary Funds	Workers' Compensation	\$ <u>(194,642)</u>
Higher Education Funds	University of Guam: Current Funds Restricted	\$ <u>(217,319)</u>
Higher Education Funds	University of Guam Current Funds Unrestricted	\$ <u>(3,975,194)</u>

However, the Guam Waterworks Authority has \$244,317,864 of contributed capital which when offset with the above, provides for net equity of \$227,206,284 and the Guam Economic Development Authority has \$2,100,863 of contributed capital which when offset with the above, provides for net equity of \$1,028,313

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

Q. Continuing Appropriations

Continuing appropriations at September 30, 1998, are as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Expendable Trust Funds	Total
General Government	\$ 26,022,490	\$ 27,834,758	\$ 35,491,889	\$ 331	\$ 89,349,468
Protection of Life And Property	1,125,372	5,672,376		1,387,381	8,185,129
Individual and Collective Rights	174,854	9,384,212	-	291,290	9,850,356
Public Health	320,348	305,387	-	-	625,735
Community Service	980,605	20,243,342	-	-	21,223,947
Parks and Recreation	150,408	-	-		150,408
Public Education	682,258	4,944,613	-	-	5,626,871
Environmental Protection	152,061	6,573,464	-	-	6,725,525
Economic Development	45,293	5,855,444	-	-	5,900,737
Capital Projects	-	-	-	-	-
Transfers to other funds/agencies	20,048,920	24,807,638	30,109,082	71,340	75,036,980
Totals	\$ <u>49,702,609</u>	\$ <u>105,621,234</u>	\$ <u>65,600,971</u>	\$ <u>1,750,342</u>	\$ <u>222,675,156</u>

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(1) Summary of Significant Accounting Policies, Continued

R. Totals - Memorandum Only

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

S. Reclassifications

Certain items in the 1997 balance sheets have been reclassified to conform with the 1998 presentation.

T. Estimates

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

(2) Long-Term Debt

Component Units-Proprietary Funds:

Guam Airport Authority:

General Revenue Bonds, Series 1993 (original issue of \$240,015,000), varying interest rates at 5.2% - 6.7%, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments of \$405,000 due in October, 1994, and increasing to \$17,800,000 by October, 2023. \$ 232,305,000

Guam Rental Corporation:

Note payable to Guam Housing Corporation (a component unit - proprietary fund), 3%, payable in monthly installments of \$6,675 including interest, to the year 2010, collateralized by real property. 725,517

Guam Telephone Authority:

Revenue bonds to Rural Electrification Administration, Series 1, 2, 3, 4 and 5, at 5%, due in equal amounts of semi-annual installments, including interest, ranging from annual amounts of \$324,000 to \$3,114,000 through 2025. 86,174,565

Note payable to Rural Telephone Bank, varying interest at 5.56% to 9.5%, due in semi-annual installments, including interest, ranging from annual amounts of \$24,000 to \$354,000 through 2025. 17,506,212

Notes payable to Federal Financing Bank, varying interest at 5.621% to 7.887%, payable in quarterly installments with interest in annual amounts ranging from \$1,200 to \$622,000 through 2014. 21,945,232

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Power Authority:

1992 Series, interest at varying rates from 2.65% to 6.3% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments with a payment of \$2,305,000 in October, 1994, and increasing to \$11,040,000 in October, 2022. 146,365,000

1993 Series, interest at varying rates from 3.90% to 5.25% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,725,000 in October, 1996, and increasing to \$6,535,000 in October, 2023. 96,485,000

1994 Series, interest at varying rates from 5.20% to 6.75% payable semiannually in October and April, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$1,500,000 in October, 1997, and increasing to \$7,630,000 in October, 2024. 101,400,000

MDI Guam non-interest bearing note payable in exchange for funds received for the construction of Manenggon Hills substation. The note is being repaid by deducting 80% of MDI's non-fuel charges from future power billings. 2,754,723

IBM long-term financing relating to the purchase and installation of GPA's accounting and operating systems, payable in equal monthly installments of \$95,941 until 2003, including interest ranging from 4.45% to 7.41%. 3,357,515

All gross revenues of GPA have been pledged to repay the 1992, 1993 and 1994 Series bond principal and interest. Discounts associated with the 1992, 1993 and 1994 bond series are being amortized using the interest method over the lives of the bonds.

Guam Housing Corporation:

Note payable to a bank in monthly installments of \$95,000, including interest at 9.625% per annum, due December, 2005. 4,105,744

Note payable to a bank at 7% interest, principal and interest payable in monthly installments equivalent to payments received from collateralized Farmer's Home Administration mortgage loans, due December, 2003. 835,419

Note payable to a bank, 8% interest, principal and interest payable in monthly installments of \$18,639, due 2003. 1,531,695

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Note payable to Federal Home Loan Bank, 6.99% interest, payable in monthly installments of \$41,667, plus interest, principal due 2011.	6,247,126
Notes payable to Federal Home Loan Bank of Seattle, interest at varying rates from 6.6% to 6.83%, interest payable monthly, principal due 2017.	4,200,000
Note payable to Federal Home Loan Bank of Seattle, 6.16% interest, interest payable monthly, principal due 2008.	1,495,746
Notes payable to Federal Home Loan Bank of Seattle, interest at varying rates from 5.670% to 6.09%, interest payable monthly, principal due 2003.	3,944,894
Note payable to a Special Revenue Fund (Guam Housing Corporation Revolving Fund), payable in monthly installments of \$107,258 including interest at 4%, due 2011 through 2017.	14,447,433
Under the note agreement with the banks, the borrowings are collateralized by mortgage loans made by the Corporation from the proceeds of the borrowings. As of September 30, 1998, the Corporation has pledged as collateral for this borrowing approximately \$34,382,457 of related outstanding mortgage loans.	
Single Family Mortgage Revenue Bonds 1998 Series A, varying interest rates at 4.25% to 5.25%, payable semiannually in March and September, principal payments due in varying semiannual installments of \$225,000 due in March, 2002, and increasing to \$630,000 by 2013.	10,965,000
Single Family Mortgage Revenue Bonds 1998 Series A, 5.35% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$640,000 due in March, 2014, and increasing to \$815,000 by 2018.	7,260,000
Single Family Mortgage Revenue Bonds 1998 Series A, 4.7% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$930,000 due in March, 2019, and increasing to \$1,025,000 by 2021.	5,875,000
Single Family Mortgage Revenue Bonds 1998 Series A, 5.75% interest, payable semiannually in March and September, principal and mandatory sinking fund payments due in varying semiannual installments of \$975,000 due in March, 2022, and increasing to \$1,660,000 by 2031.	25,900,000

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Guam Memorial Hospital Authority (GMHA):

Note payable to a bank in monthly installment of \$292,260, including interest at a variable rate based on the bank's index rate less ½% point per annum, due in 2002 with an extension of promissory note for seven additional years, collateralized by a pledge and assignment of medical services revenue and property mortgage upon the hospital facility.

25,749,644

Note payable to a medical equipment vendor, payable in quarterly installments of \$60,195 including interest at prime rate plus 2%, due December, 2001.

467,124

Balance due on several capital leases of computer hardware and software with a computer manufacturer, payable in total monthly installments of \$87,869 including interest rates ranging from 6.2% to 7.8%, collateralized by the computer hardware and software, with a bargain purchase option of \$1 at the end of the lease in 1999.

835,929

Non-interest bearing, uncollateralized advance from the Government of Guam (GovGuam), to be repaid by endorsing back to GovGuam, 50% of the payments received by GMHA for approved and adjudicated Medically Indigent Program charges.

2,901,446

Promissory note payable to the Government of Guam Retirement Fund in equal quarterly installments of \$366,064 including interest at prime rate plus 1% (9.5% at September 30, 1997) starting March 1998 with a balloon payment in March 2003.

7,149,334

Guam Economic Development Authority:

Note payable to the Guam Development Fund Act, 4.5% interest, payable in monthly installment of \$8,785 including interest, commencing in 1999 with the final payment due in 2019.

1,223,089

Guam Waterworks Authority:

Balance against a \$2.6 million credit line with IBM Credit Corporation relating to installation of accounting and operating systems, payable in equal monthly installments of \$26,398 until 2003, including interest ranging from 5.25% to 7.07%.

1,318,813

835,472,200

Less current maturities

19,561,654

Less unamortized bank discount

6,765,662

Total long-term debt - component units - proprietary funds

\$ 809,144,884

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

The annual requirements to amortize all debt of the proprietary funds - component units outstanding as of September 30, 1998, excluding interest payments, are as follows:

1999	\$ 19,561,654
2000	20,527,160
2001	21,349,922
2002	22,873,512
2003	27,296,653
Thereafter	<u>723,863,299</u>
	\$ <u>835,472,200</u>

Higher Education Funds:

University of Guam:

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

\$ 805,000

General Long-Term Debt Account Group:

General Obligation Bonds:

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

34,600,000

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

159,950,000

On August 25, 1994, the Government of Guam issued general obligation bonds 1994 Series A in the amount of \$45,000,000. The bonds have been issued for the purpose of paying tax refunds owed to taxpayers. The bonds are collateralized by a lien of revenues as defined under the bond indenture. The bonds are payable in 1996, 1997 and 1999 for \$6,420,000, \$8,505,000 and \$30,075,000, respectively. Interest is payable semi-annually on February 15 and August 15 in each year, ranging from 5.3% to 5.75%. 13,310,000

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

General Long-Term Debt Account Group, Continued:

General Obligation Bonds, Continued:

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

97,240,000

Special Revenue Bonds - Territorial Highway Fund - On June 1, 1992, the Government of Guam issued limited obligation Highway Bonds, 1992 Series A in the amount of \$68,500,000. The bonds are collateralized by a first lien and pledge of certain revenues as defined under the bond indenture. The bonds mature annually on May 1, 1993 through May 1, 2003, with a term bond maturity on May 1, 2012. Interest is payable semi-annually on May 1 and November 1, in each year, ranging from 3% to 6.3%.

55,245,000

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

76,275,000

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

10,190,719

Total general long-term debt account group

\$ 446,810,719

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

The annual requirement to amortize all debt of the governmental fund types outstanding as of September 30, 1998, is as follows:

<u>Year Ending September 30,</u>	<u>General Obligation Bonds</u>	<u>Special Revenue Bonds</u>	<u>Interest Payable On Term Debt</u>	<u>Notes Payable</u>	<u>Total</u>
1999	\$ 26,545,000	\$ 2,635,000	\$ 24,258,981	\$ 93,329	\$ 53,532,310
2000	19,925,000	3,680,000	22,638,123	100,775	46,343,898
2001	20,990,000	6,495,000	21,314,635	108,815	48,908,450
2002	22,130,000	6,825,000	19,825,523	117,496	48,898,019
2003	23,365,000	7,190,000	18,222,884	126,870	48,904,754
Thereafter	<u>192,145,000</u>	<u>104,695,000</u>	<u>115,806,095</u>	<u>9,643,434</u>	<u>422,289,529</u>
	\$ <u>305,100,000</u>	\$ <u>131,520,000</u>	\$ <u>222,066,241</u>	\$ <u>10,190,719</u>	\$ <u>668,876,960</u>

As of September 30, 1998, \$35,505,843 is available in the Debt Service Funds to service the General Obligation and Special Revenue Bonds. There are a number of limitations and restrictions placed on the bonds as specified below:

Indentures to the 1992 Series A Bonds (Special Revenue Bonds)

The 1992 Series A bonds are limited obligations of the Government of Guam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of vehicle registration fees, license fees and certain penalties, and from taxes on the sale of gasoline, aviation and diesel fuels. The Government of Guam has pledged to maintain these revenues at a level sufficient to equal annual budgeted highway maintenance and operating expenses plus 1.2 times the aggregate debt service becoming due within the next fiscal year.

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

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

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

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

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

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

Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1 1/2 percent of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay Government of Guam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Debt Service Fund.

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

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

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(2) Long-Term Debt, Continued

Defeased Debt of Special Revenue Funds, Continued - As a result of the advance refunding, the Government reduced its debt service requirements on the 1989 Bonds by \$9,048,665 which resulted in an economic gain (difference between the present rate of the debt service payments of the old and new debt) of \$4,017,911.

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

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

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

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

Indentures to General Obligation Bonds:

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(2) Long-Term Debt, Continued

Indentures to General Obligation Bonds, Continued:

- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

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

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

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(2) Long-Term Debt, Continued

Indentures to General Obligation Bonds, Continued:

General Obligation Bonds 1994 Series A - This bond was issued on August 15, 1994 for the purpose of discharging the Government of Guam's obligation to pay refunds owed to taxpayers who have filed their income tax forms with the Government. All revenues are specifically pledged to secure the payment of the principal and interest on the Bonds in accordance to the terms and provisions of the indenture. The Depository has established a Tax Refund Fund to be used solely for (1) the purpose of discharging the obligation to pay refunds owed to taxpayers who have filed their income tax forms, and (2) the payment of costs of issuance. On or before the fifth day of October in each year, the Trustee shall transfer amounts into a Bond Fund the amount necessary to increase the amount in the Bond Fund to an amount equal to the sum of (a) the aggregate amount of interest to accrue on the Bonds, plus (b) the aggregate amount of principal becoming due and payable, plus (c) the aggregate amount of Mandatory Sinking Account payments.

General Obligation Bond 1995 Series A - This bond was issued on June 1, 1995 for the purpose of discharging obligations for income tax refunds, supplemental retirement benefits, transfer payments to government agencies and to vendors to the extent obligations were incurred or previously obligated by the Government prior to May 15, 1995 and to pay the costs of issuance of such borrowing. The Depository has established a Bond Fund to be used solely (1) to pay General Fund expenses pursuant to the indenture, (2) to pay costs of issuance, and (3) to be held as a reserve for the payment of principal of and interest on the Bonds. The amount in the Bond Fund as of September 30, 1998 is \$33,514,055.

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

Public Law 23-14 was created to authorize the Governor of Guam to issue general bonds for the purposes of constructing and refurbishing territorial educational facilities, paying certain General Fund expenses, and creating a funding source for repayment of such bonds. Further, this Public Law required a budgetary cap that the Legislature shall not appropriate from the General Fund more than ninety-five percent (95%) of the total revenues projected for the General Fund for fiscal year 1998. This General Fund appropriations cap shall be in effect until the General Obligation Bond 1995 Series A is paid in full.

Management of the Government of Guam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 1998.

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(2) Long-Term Debt, Continued

Short-Term Notes Payable

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

Guam Power Authority

Balance against a \$15 million credit facility, thirty day notes payable at maturity, collateralized by a financing statement against receivables with the Bank as lienholder subordinate to the bondholders under GPA's bond issues, interest between 7.56875% and 7.71625% \$ 6,217,174

Tax exempt commercial paper notes, varying interest from 2.9% to 4%, rolled over maturity date from May, 1999 through July, 1999 (original maturity from October, 1998 through January, 1999), collateralized by pledge of revenues subordinate to the bondholders under GPA's bond issues. The notes provide \$20 million for working capital and \$45 million for capital projects. 65,000,000

\$ 71,217,174

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(2A) COMPONENT UNIT INFORMATION

The following constitutes selected information applicable to material Component Units - Proprietary Funds
as of and for the year ended September 30, 1998.

	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Mass Transit Authority	Guam Educational Telecommunications Corporation	TOTALS (Memorandum Only)
Revenues	\$ 51,398,511	\$ 5,249,811	\$ 1,726,780	\$ 181,056,731	\$ 923,740	\$ 578,275	\$ 63,226,053	\$ 2,289,617	\$ 46,825,965	\$ 37,641,642	\$ 524,772	\$ 862,623	\$ 392,304,520
Expenses	\$ 37,384,668	\$ 5,160,861	\$ 20,044,023	\$ 159,304,673	\$ 765,675	\$ 458,563	\$ 92,832,159	\$ 3,150,936	\$ 40,799,553	\$ 58,102,236	\$ 3,090,397	\$ 1,295,415	\$ 422,389,159
Transfer from General Fund	\$ -	\$ -	\$ 19,782,755	\$ -	\$ -	\$ -	\$ 528,888	\$ -	\$ -	\$ -	\$ 2,300,000	\$ 475,273	\$ 23,086,916
Operating income (loss)	\$ 14,013,843	\$ 88,950	\$ (18,317,243)	\$ 21,752,058	\$ 158,065	\$ 119,712	\$ (29,606,106)	\$ (861,319)	\$ 6,026,412	\$ (20,460,594)	\$ (2,565,625)	\$ (432,792)	\$ (30,084,639)
Other income (expense)	\$ (5,488,979)	\$ -	\$ -	\$ (18,211,032)	\$ 4,638	\$ -	\$ (3,261,780)	\$ 296,365	\$ (7,480,697)	\$ (129,074)	\$ 705,000	\$ 3,727	\$ (33,561,832)
Net income (loss)	\$ 8,360,817	\$ 88,950	\$ 1,465,512	\$ 3,541,026	\$ 162,703	\$ 119,712	\$ (32,338,998)	\$ (564,954)	\$ (1,454,285)	\$ (20,589,668)	\$ 843,870	\$ 46,208	\$ (40,319,107)
Net working capital (deficiency)	\$ (9,386,375)	\$ 44,619,390	\$ 3,668,809	\$ (33,153,616)	\$ 688,222	\$ 344,535	\$ 21,588,993	\$ 1,308,383	\$ 12,565,920	\$ (9,582,560)	\$ (370,577)	\$ 327,410	\$ 32,618,534
Total assets	\$ 418,274,774	\$ 107,874,273	\$ 16,464,678	\$ 640,116,568	\$ 11,335,487	\$ 904,308	\$ 87,531,069	\$ 4,331,167	\$ 209,779,347	\$ 262,498,809	\$ 1,937,653	\$ 3,164,441	\$ 1,764,212,574
Long-term notes and bonds payable	\$ 227,501,018	\$ 85,589,090	\$ -	\$ 336,326,715	\$ 668,124	\$ -	\$ 34,744,475	\$ 1,179,847	\$ 122,119,143	\$ 1,016,472	\$ -	\$ -	\$ 809,144,884
Fund equity	\$ 160,102,192	\$ 16,016,780	\$ 11,547,313	\$ 164,574,213	\$ 10,193,846	\$ 874,220	\$ 19,555,938	\$ 1,028,313	\$ 59,190,884	\$ 227,206,284	\$ 1,289,791	\$ 2,399,467	\$ 673,979,241
Fixed asset additions /(disposals)	\$ (42,577,325)	\$ (10,737)	\$ -	\$ (20,553,170)	\$ (65,604)	\$ (33,757)	\$ (2,038,498)	\$ (71,210)	\$ (6,681,042)	\$ (20,363,636)	\$ (779,765)	\$ -	\$ (93,174,744)
Depreciation expense	\$ 12,513,172	\$ 122,265	\$ 129,132	\$ 17,963,315	\$ 156,916	\$ 60,848	\$ 3,795,316	\$ 128,612	\$ 10,614,096	\$ 10,537,899	\$ 177,114	\$ -	\$ 56,198,685
Contributed Capital	\$ 72,985,818	\$ 5,123,752	\$ 8,145,193	\$ 40,764,440	\$ 8,981,250	\$ -	\$ -	\$ 2,100,863	\$ 13,557,529	\$ 244,317,864	\$ 1,028,963	\$ -	\$ 397,005,672
Retained Earnings (Deficit)	\$ 87,116,374	\$ 10,893,028	\$ 3,402,120	\$ 123,809,773	\$ 1,212,596	\$ 874,220	\$ 19,555,938	\$ (1,072,550)	\$ 45,633,355	\$ (17,111,580)	\$ 260,828	\$ 2,399,467	\$ 276,973,569

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(3) Commitments and Contingencies

A. Sick Leave

It is the policy of the Government of Guam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 1998. The estimated accumulated amount of unused sick leave at September 30, 1998, is \$40,485,589. Sick leave balances are only available for the line departments of the executive branch.

B. Leases

The component units - proprietary funds have entered into various operating leases for buildings. Substantially all leases terminate annually at the end of the Government's fiscal year (September 30). It is expected that in the normal course of business, these leases will be replaced by similar ones. Expenditures for component units - proprietary funds' rent under leases for the year ended September 30, 1998, and projected expenditures thereafter are as follows:

1999	\$ 865,428
2000	865,428
2001	865,428
	<u>\$ 2,596,284</u>

C. Federal Grants

The Government has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 1998 and prior year audits aggregate to a material amount. If the questioned costs are ultimately disallowed, the general fund would be liable for the return of such funds. However, no liability which may arise from the ultimate outcome of this matter has been provided for in the accompanying general purpose financial statements.

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

D. Litigation

The Government of Guam is unable to assess the actual claims outstanding as of the year ended September 30, 1998. The Attorney General is of the opinion that the Government's maximum liability in total for these cases is material to the financial statements as of September 30, 1998. However, it is not possible to predict a reasonable estimation of these claims and therefore, no provision for any liability that may result has been made in the accompanying general purpose financial statements.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(3) Commitments and Contingencies, Continued

E. Self-Insurance

The Government of Guam does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, the General Fund would be required to pay the majority of these losses. The Government of Guam has not experienced material prior year losses as a result of this policy.

F. Receivable

In 1980, the Public Defender Service Corporation (PDSC) loaned \$350,000 to the Guam Landowner's Association. The note to be repaid to the General Fund was due December 31, 1983. The loan currently appears doubtful as to collectibility and has been fully reserved. Additionally, the Attorney General has been asked to provide an opinion on the legality of the loan. No determination has yet been made.

G. 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, 1998, approximately \$12,504,481 was held by the Government of Guam in bonds as security against possible claims.

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.

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

The Department issues prenumbered "Authorization to Purchase" (ATP) cards to eligible individuals. The individuals use ATP's to obtain food stamp coupons from the Department's distribution agent. The coupons are used to purchase food in participating stores, and redemption of the coupons is performed by FNS directly with such stores. The book value of coupons held in custody by the Department's agent at September 30, 1998, is \$10,678,918.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(3) Commitments and Contingencies, Continued

I. Medicare

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

J. Closure of Landfill

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

K. Guam International Airport Authority (GIAA)

The Government of Guam has signed a memo of understanding with GIAA which stipulates that the amount of \$3,261,257 paid by GIAA to the General Fund is subject to FAA approval and audit requirements. These requirements have not yet been met. If such amount is not approved by the FAA or audited, the Government may have to return some or all of the amount. However, the amount to be returned by the General Fund, if any, cannot be determined. Therefore no liability, which may arise from this matter, has been recorded in the accompanying financial statements.

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

Included within transfers in to the General Fund, Special Revenue Funds, Debt Service Funds and Expendable Trust Funds during the year ended September 30, 1998, are the following:

General Fund:

Territorial Education Facilities Fund	\$ 17,261,500
GSA Revolving Fund	3,067,355
University of Guam	2,027,738
Port Authority of Guam	2,000,000
Historic Preservation Trust Fund	1,546,706
GO Bond 1994 Series A Debt Service Fund	1,356,165
Abandoned Vehicle & Streetlights Fund	1,022,311
DPW Building & Design	871,842
Police Services	659,797
Health Professional Licensure Fund	536,689

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

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

General Fund (continued):

AAICF200,000	
Drivers' Education Fund	190,680
Guam Environmental Trust Fund	175,716
Printing Revolving Fund	163,584
Farmers' & Fishermen's Loan Fund	153,239
Typhoon Paka Emergency Fund	149,519
Farmers' Small Loan Revolving Fund	144,532
Dededo Buffer Strip Revolving Fund	124,370
Guam Contractor's License Board Fund	113,474
Safe Streets Fund	112,000
PEALS Fund	111,817
Taguag Memorial Cemetery Fund	108,655
Plant Nursery Revolving Fund	108,094
GSA Liquidated Damages Fund	61,386
Community Development Fund	59,649
Recreation Revolving Fund	57,692
Other various Funds	<u>272,378</u>

\$ 32,656,888

Special Revenue Funds:

Federal Grants Assistance	\$ 34,090,645
Tourist Attraction Fund	22,362,679
Superior Court Operations Fund	22,346,206
Guam Legislature	12,950,000
Territorial Highway Fund	13,291,950
Typhoon Paka Emergency	11,808,962
Public Defender Service Corporation	2,450,000
CAHA OET & CEF	57,562
Public Service Recovery Fund	7,517,441
Village Streets Fund	1,650,201
Printing Revolving Fund	250,000
Individuals w/Disabilities Disaster Recovery Fund	<u>100,000</u>

\$ 128,875,646

Debt Service Funds:

L.O. Infrastructure Improvement Bonds, 1989 Series A	\$ 49,530,256
General Obligation Bonds, 1995 Series A	11,997,836
L.O. Highway Bond, 1992 Series A	19,399,972
General Obligation Bonds, 1993 Series A	12,794,580
General Obligation Bonds, 1994 Series A	14,422,938
Water System Revenue Bonds, 1989 Series A	<u>4,612,535</u>

\$ 112,758,117

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

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

Expendable Trust Funds:

Community Development Fund	\$ 3,276,168
Government Claims Fund	155,000
Workmen's Compensation Fund	790,000
Off-Island Sports Fund	190,000
Superior Court Trust Fund	<u>3,762,456</u>
	\$ <u>8,173,624</u>

Capital Project Fund:

L.O. Infrastructure Imp. Bonds, 1989 Series A, Capital Project	\$ 618,059
Judicial Building Fund	<u>1,102,349</u>
	\$ <u>1,720,408</u>

(5) Unfunded Retirement Fund Contribution

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

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

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

The assumption regarding employees who will elect to transfer is:

1. 6% of participants with less than five years of service as of September 30, 1995 and still active members of the DB plan as of September 30, 1997 will elect to transfer.
2. 3% of participants with between five and twenty years of service as of September 30, 1995 and still active members of the DB plan as of September 30, 1997 will elect to transfer.

The window period for election is the two year period ending September 30, 1998; therefore, all transfers are assumed to occur prior to September 30, 1998.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(5) Unfunded Retirement Fund Contribution, Continued

The latest actuary's report indicates that the Plan has 11,181 active members, 3,714 service retirees, 534 disability retirees, 876 spouse pensioners and 209 child pensioners.

The Plan utilizes the actuarial cost method termed "entry age normal" with an assumed rate of return of 8% and an assumed salary scale increase of 5 1/2% per annum. The most recent actuarial valuation performed as of September 30, 1997, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

According to the latest actuary's report, the actuarial value of benefits (vested and non-vested) for employees of all funds and agencies participating in the Retirement Plan at September 30, 1997, is \$1,824,867,699. This represents an increase of \$407,677,419 over the previous actuarial valuation performed as of September 30, 1995. The latest actuarial valuation also determined that the Retirement Fund has an unfunded accrued liability which increased from \$552,175,841 at September 30, 1995, to \$611,161,413 at September 30, 1997.

The total (memorandum only) accrued liability on the balance sheet of \$273,346,780 represents only that portion of the total unfunded liability accrued by the component units enterprise funds, college and university funds and the General Fund, and unpaid to the Retirement Fund as of September 1998. This liability, which is also a deferred obligation of the participating funds and agencies, resulted primarily from changes in retirement benefits, service credits, and compensation levels with only a minor change (decrease) in the statutory contribution rate to the Retirement Fund for the employer of .09%. Hence, the actuarial survey concluded that additional contributions were needed beyond the normal annual contributions to make up for the lack of adequate contributions in past years. Based on the actuarial valuation performed as of September 30, 1997, it is estimated that for the fiscal year ended September 30, 1998, the minimum employer contribution rate is changed to 18.51% of covered payroll, plus the statutory employee contribution rate of 9.5% of covered payroll which is necessary to fund current retirement costs, to amortize the unfunded liability over 20 years, and to provide for interest on the unfunded accrued liability.

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

(6) Reconciliation of Retained Earnings, Beginning of Year

Component Units - Proprietary Funds - The Port Authority of Guam (PAG) was previously presented in the prior 1997 general purpose financial statements, however; such financial statements are not available for the current year and is therefore not presented in the accompanying financial statements. The Guam Educational Radio Foundation (GERF) was also presented in the prior 1997 general purpose financial statements; however GERF has since established its' own retirement fund separate from the Government of Guam and is therefore not considered to be part of the Government as a component unit; hence it is not presented in the accompanying general purpose financial statements

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(6) Reconciliation of Retained Earnings, Beginning of Year, Continued

Accordingly, the retained earnings, beginning of year, for this fund type does not reconcile to the 1997 ending retained earnings. The following is a reconciliation of retained earnings, beginning of year, to reflect these adjustments:

	Component Units <u>Proprietary Funds</u>
Ending retained earnings at September 30, 1997	\$ 229,319,767
Port Authority of Guam	(304,818)
Guam Educational Radio Foundation	<u>(161,351)</u>
Beginning retained earnings at September 30, 1998	\$ <u>228,853,598</u>

(7) Interfund Transfers

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

NOTE 7 Interfund Transfers, Continued

B. Schedule of Interfund Transfers

		Special Revenue Funds												Debt Service Funds				Capital Projects		
		General Fund	Tourist Attraction	Territorial Education Facilities	Territorial Highway	Dept. of Defense Contract Fund	DPW Building and Design	Public Service Recovery Fund	Superior Court Operations Fund	Federal Grants Assistance Fund	Abandoned Vehicle and Streetlight	Miscellaneous	Total	Limited Obligation Highway Bonds 1992, Series A Debt Service	Limited Obligation Infrastructure Improvement 1989, Series A Debt Service	General Obligation 1994, Series A Debt Service	Total	Limited Obligation Infrastructure Improvement Bond Series 1997 A Capital Projects	Miscellaneous Transfers	TOTAL
Transfers in to:	General Fund	\$ -	\$ -	\$ 17,261,500	\$ -	\$ -	\$ 871,842	\$ -	\$ -	\$ -	\$ 1,022,311	\$ 5,084,565	\$ 24,240,218	\$ -	\$ -	\$ 1,356,165	\$ 1,356,165	\$ -	\$ 7,060,505	\$ 32,656,888
	L.O. Infrastructure Improvement Bonds, 1997 Series A, Debt Service	-	23,388,943	-	-	-	-	-	-	-	-	-	23,388,943	-	-	-	-	26,141,313	-	49,530,256
	Tourist Attraction Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	22,034,046	-	22,034,046	328,633	-	22,362,679
	Federal Grants Assistance Fund	32,414,763	468,955	-	-	-	-	-	-	-	-	1,206,927	1,675,882	-	-	-	-	-	-	34,090,645
	Superior Court Operations Fund	22,346,206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,346,206
	Superior Court Trust Fund	-	-	-	-	-	-	-	3,762,456	-	-	-	3,762,456	-	-	-	-	-	-	3,762,456
	Guam Legislature	12,950,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,950,000
	General Obligation Bonds, 1994 Series A, Debt Service	14,422,938	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,422,938
	L.O. Infrast. Imp. Bond, 1989 Series A, Cap. Proj.	-	-	-	-	-	-	-	-	-	-	-	-	-	618,059	-	618,059	-	-	618,059
	L.O. Highway Bond, 1992 Series A, Debt Service	-	-	-	19,399,972	-	-	-	-	-	-	-	19,399,972	-	-	-	-	-	-	19,399,972
	General Obligation Bonds, 1993 Series A, Debt Service	12,794,580	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,794,580
	General Obligation Bonds, 1995 Series A, Debt Service	11,997,836	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,997,836
	Territorial Highway Fund	-	-	-	-	-	-	-	-	-	-	-	-	13,291,950	-	-	13,291,950	-	-	13,291,950
	Public Service Recovery Fund	-	-	-	-	7,517,441	-	-	-	-	-	-	7,517,441	-	-	-	-	-	-	7,517,441
	Water System Revenue Bonds, 1989 Series A, Debt Service	4,612,535	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,612,535
	Public Defender Service Corporation	2,450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,450,000
	Community Development Fund	3,276,168	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,276,168
	Workmen's Compensation Fund	790,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	790,000
	Individuals w/Disabilities Disaster Recovery Fund	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
	CAHA Off-Island Education, Training, and Cultural Enhancement	-	57,562	-	-	-	-	-	-	-	-	-	57,562	-	-	-	-	-	-	57,562
	Typhoon Paka Fund	2,438,962	8,000,000	-	-	-	-	-	-	-	-	1,370,000	9,370,000	-	-	-	-	-	-	11,808,962
	Printing Revolving Fund	250,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000
	Village Streets Fund	-	-	-	-	-	-	-	-	-	-	-	-	1,650,201	-	-	1,650,201	-	-	1,650,201
	Off-Island Sports Fund	190,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	190,000
	Superior Court Judicial Building Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,102,349	1,102,349
	Government Claims Fund	155,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,000
Total Governmental and Expendable Trust Funds Transfers In		121,188,988	31,915,460	17,261,500	19,399,972	7,517,441	871,842	-	3,762,456	-	1,022,311	7,661,492	89,412,474	14,942,151	22,652,105	1,356,165	38,950,421	26,469,946	8,162,854	284,184,683
Department of Education		151,840,246	-	-	-	5,802,443	-	1,800,000	-	-	-	-	7,602,443	-	-	-	-	-	-	159,442,689
University of Guam		33,867,000	679,684	-	-	-	-	-	-	-	-	-	679,684	-	-	-	-	-	-	34,546,684
Government of Guam Employee's Retirement Fund		28,322,547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,322,547
Guam Community College		9,468,000	1,318,400	-	-	-	-	-	-	-	-	-	1,318,400	-	-	-	-	-	-	10,786,400
Guam Visitors' Bureau		-	21,112,605	-	-	-	-	-	-	-	-	-	21,112,605	-	-	-	-	-	-	21,112,605
Guam Waterworks Authority		2,909,543	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000	-	-	-	-	-	-	3,909,543
Office of the Public Auditor		473,797	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	473,797
Guam Mass Transit Authority		-	-	-	3,005,000	-	-	-	-	-	-	-	3,005,000	-	-	-	-	-	-	3,005,000
Chamorro Land Trust Commission		452,033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	452,033
Sanctuary, Inc.		450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	450,000
Miscellaneous Transfers in		287,981	105,060	-	-	-	-	-	-	11,546,713	-	-	11,651,773	-	-	-	-	1,102,349	(8,085,766)	4,956,337
Total Transfers Out		\$ 349,260,135	\$ 55,131,209	\$ 17,261,500	\$ 22,404,972	\$ 13,319,884	\$ 871,842	\$ 2,800,000	\$ 3,762,456	\$ 11,546,713	\$ 1,022,311	\$ -	\$ 135,782,379	\$ 14,942,151	\$ 22,652,105	\$ 1,356,165	\$ 38,950,421	\$ 27,572,295	\$ 77,088	\$ 551,642,318

GOVERNMENT OF GUAM

Notes to Financial Statements September 30, 1998

NOTE (8) Reconciliation-Budgetary Basis To Generally Accepted Accounting Principles (GAAP) Basis

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund deficit - beginning of year	\$ (130,592,083)	\$ (54,721,449)
Excess (deficiency) of revenues and other sources over (under) budgetary expenditures and other uses	(20,431,769)	(17,618,633)
Change in encumbrances	16,350,972	(34,365,153)
Change in continuing appropriations	(25,809,838)	(24,549,287)
Change in related assets	<u>-</u>	<u>(1,891,236)</u>
Fund deficit - end of year	\$ <u><u>(160,482,718)</u></u>	\$ <u><u>(133,145,758)</u></u>

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1998

(9) Reserves For Related Assets

Reserves for related assets consist of the following:

General Fund (Miscellaneous)	\$ <u>48,858</u>
Special Revenue Funds:	
Guam Housing Corporation Revolving Fund (Loans)	\$ 14,447,434
Customs, Agriculture & Quarantine Inspection Services Fund (Loans)	1,276,639
Farmers and Fisherman Loan Fund (Loans)	155,074
Housing Revolving Fund (Loans)	96,422
Territorial Educational Facilities Fund (Loans)	43,739
Farmers' Small Loan Revolving Fund (Loans)	19,367
Superior Court Operations (Miscellaneous)	<u>500</u>
	\$ <u>16,039,175</u>
Trust Funds:	
Superior Court Trust Fund	\$ 200
Criminal Injuries Fund	146,919
Program Development Fund	<u>595,654</u>
	\$ <u>742,773</u>

(10) Subsequent Events

A. General Long-Term Debt

On March 25, 1999, P.L. 25-03 was signed into law which among other provisions authorized and approved the refinancing of the Water System Revenue Bonds, Series 1989 and the Limited Obligation Highway Bonds, 1992 Series A. Also on October 13, 1999, P.L. 25-72 was passed by the Guam Legislature which among other provisions authorized the Governor of Guam to borrow no more than \$20M dollars to be used exclusively for the purposes of funding the voluntary separation payments of eligible employees from the Government of Guam. This public law also authorized the Governor of Guam to borrow no more than \$20M for no more than 20 year in order to fund payments to eligible employees for early retirement from GovGuam.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1998

(11) Restricted Assets

As of September 30, 1998, restricted assets are generally as follows:

Component Units - Proprietary Funds

Guam Airport Authority - Cash and investments held by trustees	\$ 100,586,119
Guam Housing Corporation - Borrower deposits and cash and investments held by trustees	52,445,916
Guam Visitors Bureau - Assets restricted by a third party for construction and maintenance projects	230,399
Guam Power Authority - Bond reserve funds held by a trustee	122,266,796
Guam Educational Telecommunications Corporation	429,800
Guam Waterworks Authority - Savings and time certificate of deposits for expanding, upgrading or repairing water and wastewater facilities	3,474,098
Guam Telephone Authority - construction funds	136,374
Guam Memorial Hospital Authority	<u>2,735,233</u>
	\$ <u>282,304,735</u>
<u>Higher Education Funds - Current Funds Restricted</u>	\$ <u>3,863,850</u>

(12) Correction of Prior Year Errors

Correction of prior year errors for the component units - proprietary funds relate to the Guam Waterworks Authority which primarily represent correction of capital contributions from the Government of Guam, Federal agencies and private developers, due to the non-recognition of accumulated depreciation on contributed assets in prior years. Other adjustments principally represent the recording of assets at estimated historical cost. The Guam Mass Transit Authority and the Guam Memorial Hospital Authority, primarily involve the reconciliation of beginning retained earnings.

(13) Extraordinary Item

Extraordinary items for the component units - proprietary fund relates to the Guam International Airport Authority (GIAA) and Guam Mass Transit Authority (GMTA) for typhoon loss of \$164,047 and pardoned debts of \$404,495, respectively.

In December 1997, Supertyphoon Paka struck Guam. As a result GIAA incurred estimated related typhoon damages of \$887,681 and expects to receive \$723,634 from the Federal Emergency Management Agency. The damages and recoveries are based on currently available information. Actual results may differ from the above estimates.

During 1998, the Guam Legislature forgave previously recorded liabilities at the Department of Administration through Public Law 24-319. The transaction resulted in extraordinary income of \$404,495 to GMTA.

GOVERNMENT OF GUAM

Supplementary Year 2000 Issue Information
September 30, 1998

Shortcomings in many data processing and computer systems and other electronic equipment may adversely affect the Government of Guam operations as early as fiscal year 1999 and as the year 2000 (Y2K) approaches. The Government of Guam has identified the data processing and computer systems and other electronic equipment that may be affected by the Y2K issue, and has established the Guam Council on the Year 2000 to oversee government-wide remediation efforts and the development and contingency plans. Mission critical systems that directly affect the health, safety and livelihoods of Guam's citizens have been prioritized.

The Government of Guam is currently in the remediation stage of addressing many of the Y2K issues that have been identified. In some cases, such as with the Department of Administration and the department of Public Health and Social Services, their entire computer systems are being replaced by modern systems that are deemed to be Y2K compliant.

Because of the unprecedented nature of the Y2K issue and its potential impacts, the success of Y2K remediation efforts will not be able to be fully determined until the year 2000 and thereafter. Management cannot assure that the Government of Guam will be fully Y2K compliant, or that the Government of Guam's remediation efforts will be successful in whole or in part. Management likewise cannot assure that all of the parties with whom the government does business will be Y2K compliant, although assurances have been received by many of the major institutions with which the Government of Guam does business.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund
Balance Sheet
September 30, 1998
(With Comparative Totals as of September 30, 1997)

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash and equivalents	\$ <u>43,641,290</u>	\$ <u>23,416,551</u>
Receivables:		
Income taxes	49,431,646	50,990,057
Gross receipts taxes	53,639,660	12,849,457
Reserve for uncollectible taxes	<u>(59,469,664)</u>	<u>(59,469,664)</u>
Net tax receivables	<u>43,601,642</u>	<u>4,369,850</u>
Receivable from Federal Agencies	<u>302,823</u>	<u>-</u>
Other receivables, net	<u>1,582,618</u>	<u>2,999,903</u>
Interfund receivables, net	<u>84,540,985</u>	<u>56,170,374</u>
Total assets	\$ <u>173,669,358</u>	\$ <u>86,956,678</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Bank overdraft	\$ 10,107,708	\$ 11,416,557
Accounts payable	27,141,152	14,361,091
Accrued payroll and other	28,386,197	25,364,116
Interfund payables	31,090,492	25,034,467
Deferred tax revenue	43,601,642	33,049,977
Deferred federal revenue	31,286,150	4,369,850
Provision for tax refunds	76,424,859	30,827,230
Deposits and other liabilities	12,629,959	9,073,574
Vacation leave accrual	<u>7,361,709</u>	<u>7,388,557</u>
Total liabilities	<u>268,029,868</u>	<u>160,885,419</u>
Fund balance (deficit):		
Reserved for:		
Related assets	48,858	48,858
Encumbrances	16,370,741	32,721,713
Continuing appropriations	49,702,609	23,892,771
Deficit	<u>(160,779,718)</u>	<u>(130,592,083)</u>
Total fund balance (deficit)	<u>(94,360,510)</u>	<u>(73,928,741)</u>
Total liabilities and fund balance (deficit)	\$ <u>173,669,358</u>	\$ <u>86,956,678</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund
Schedule of Revenues By Source
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	<u>1998</u>	<u>1997</u>
Revenues:		
Taxes:		
Income	\$ 272,562,844	\$ 271,066,959
Gross receipts	172,063,088	184,500,199
Other	<u>6,513,171</u>	<u>5,950,225</u>
	451,139,103	461,517,383
Section 30 Funds	38,839,662	37,970,894
Licenses, fees and permits	1,942,125	2,650,944
Use of money and property	2,897,332	2,455,240
Federal contributions	7,245,432	8,217,773
Other	<u>1,593,245</u>	<u>2,761,645</u>
Total revenues	\$ <u>503,656,899</u>	\$ <u>515,573,879</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund
Schedule of Expenditures By Function and Department
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	<u>1998</u>	<u>1997</u>
General Government:		
Governor's Office	\$ 9,669,133	\$ 12,335,548
Bureau of Budget and Management Research	1,498,376	1,470,292
Administration	11,531,496	9,901,127
Revenue and Taxation	10,191,201	9,717,786
Public Works	18,492,091	15,989,856
Civil Service Commission	1,206,911	1,223,785
Land Management	<u>2,749,275</u>	<u>3,657,881</u>
Total	<u>55,338,483</u>	<u>54,296,275</u>
Protection of life and property:		
Law	5,554,319	5,710,488
Guam Police Department	26,443,248	23,377,803
Guam Fire Department	19,914,770	19,575,232
Corrections	15,255,661	15,167,353
Youth Affairs	4,052,535	3,845,898
Chief Medical Examiner	351,121	305,016
Civil Defense Agency	169,981	167,005
Customs and Quarantine	<u>35,987</u>	<u>26,316</u>
Total	<u>71,777,622</u>	<u>68,175,111</u>
Public Health:		
Public Health and Social Services	14,118,557	12,499,718
Mental Health and Substance Abuse	5,632,924	6,397,113
Health Planning	<u>-</u>	<u>246,752</u>
Total	<u>19,751,481</u>	<u>19,143,583</u>
Community Services:		
Public Health and Social Services	2,763,315	2,919,215
Library and Museum	1,265,343	1,300,320
Vocational Rehabilitation	<u>1,901,618</u>	<u>185,201</u>
Total	<u>5,930,276</u>	<u>4,404,736</u>
Recreation:		
Parks and Recreation	<u>3,275,425</u>	<u>4,007,582</u>
Total	<u>3,275,425</u>	<u>4,007,582</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund Schedule of Expenditures By Function And Department, Continued Year Ended September 30, 1998 (With Comparative Totals for the Year Ended September 30, 1997)

	<u>1998</u>	<u>1997</u>
Individual and Collective Rights:		
Labor	2,470,901	2,236,590
Election Commission	597,349	631,134
Mayors' Council	4,010,920	4,319,740
Guam Veterans Affairs	226,321	226,103
Human Resources Development	202,214	295,808
Military Affairs	446,993	363,817
Women's Affairs	27,967	395,526
Commission on Self-Determination	<u>690,646</u>	<u>556,339</u>
Total	<u>8,673,311</u>	<u>9,025,057</u>
Transportation:		
Public Works	<u>1,330,436</u>	<u>3,462,622</u>
Total	<u>1,330,436</u>	<u>3,462,622</u>
Public Education:		
Public Works	9,516,704	7,214,060
Guam Educational Tele. Corp.	481,068	524,893
Education	448	82,255,754
Chamorro Language Commission	<u>149,888</u>	<u>166,151</u>
Total	<u>10,148,108</u>	<u>90,160,858</u>
Environmental Protection:		
Public Works	4,730,514	4,362,233
Guam Energy Office	13,796	-
Guam Environmental Protection Agency	<u>407,459</u>	<u>83</u>
Total	<u>5,151,769</u>	<u>4,362,316</u>
Economic Development:		
Commerce	1,886,160	1,855,479
Agriculture	2,773,198	2,912,069
Bureau of Planning	<u>1,133,626</u>	<u>1,210,250</u>
Total	<u>5,792,984</u>	<u>5,977,798</u>
Transfers To Persons	<u>17,709,916</u>	<u>20,474,451</u>
Claims Projects	<u>-</u>	<u>599,848</u>
Debt Service:		
Interest and fiscal charges	<u>1,250,602</u>	<u>1,049,159</u>
Total expenditures	\$ <u>206,130,413</u>	\$ <u>285,139,396</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds September 30, 1998

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of the Government's Special Revenue Funds as of September 30, 1998, follows.

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

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

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

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

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

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

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

Parks and Recreational Revolving Fund - This fund was established by P.L. 16-144 for the development, improvement and maintenance of the Guam Territorial Park System. Expenditures are authorized and made by appropriations from the Legislature.

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

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

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

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

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

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

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

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

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

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

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

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

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

Public Transit Fund - This fund was established by Public Law 18-33 for the purpose of receiving the proceeds of liquid fuel taxes and mass transit automotive surcharge levied. All revenues in the Public Transit Fund are transferred to the Guam Mass Transit Authority within 60 days of the last day of the month in which the revenues are collected.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

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

Land Acquisition Fund - This fund was established by P.L. 9-170 for the purpose of accounting for the costs of acquiring private land for public purposes. The requirement for the separate fund is delineated by Section 13977 of the Government Code. The Fund is financed by appropriations from the General Fund.

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

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

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1998

Guam Legislature Operations Fund - The Guam Legislature was created by the Organic Act of Guam, as amended. It is a unicameral body of 21 members elected bi-annually. It meets in two regular year-round sessions. Funding is provided through General Fund appropriations.

Guam Council of the Arts and Humanities Fund - The fund was established by P.L. 16-22 for the purpose of furthering art projects on Guam. Revenues are generated from gallery commissions, season tickets, and fund raising activities. Expenditures are for projects designed for the advancement of the arts (i.e., art shows, concerts, etc.). The Guam Council of the Arts and Humanities Fund is not presented in the accompanying financial statements.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	Federal Grants	Notary Public Revolving	StripperWell Overcharge	Exxon Fuel Overcharge	Southern Community Health Center	D.O.D. Contract	Housing Revolving	Abandoned Vehicle and Streetlight	Wildlife Conservation	Territorial Educational Facilities
<u>ASSETS</u>										
Cash and equivalents	\$ 2,179,380	\$ -	\$ 1,017,352	\$ 1,936,871	\$ -	\$ 3,509,255	\$ -	\$ -	\$ -	\$ 941,185
Investments	-	-	-	-	-	6,135,391	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	69,891	96,422	-	-	10,532,335
Receivables from federal agencies	20,492,419	-	-	-	7,892	-	-	-	-	-
Interfund receivables, net	-	7,045	-	-	404,596	-	6,966	1,075	302,658	-
Notes receivable	-	-	-	-	-	-	-	-	-	-
Inventories	10,678,918	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-
	<u>33,350,717</u>	<u>7,045</u>	<u>1,017,352</u>	<u>1,936,871</u>	<u>412,488</u>	<u>9,714,537</u>	<u>103,388</u>	<u>1,075</u>	<u>302,658</u>	<u>11,473,520</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>33,350,717</u>	\$ <u>7,045</u>	\$ <u>1,017,352</u>	\$ <u>1,936,871</u>	\$ <u>412,488</u>	\$ <u>9,714,537</u>	\$ <u>103,388</u>	\$ <u>1,075</u>	\$ <u>302,658</u>	\$ <u>11,473,520</u>
<u>LIABILITIES AND FUND EQUITY</u>										
Accounts payable	\$ 8,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	32	-	-	-	-	-	-	-	-	-
Interfund payables	15,493,182	-	140,323	33,690	-	1,256,199	-	-	-	941,186
Payable to federal agencies	7,151,937	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Deferred revenue	10,678,918	-	-	-	-	7,118,482	-	-	-	10,488,595
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	6,165	-	-	-
Total liabilities	<u>33,333,038</u>	<u>-</u>	<u>140,323</u>	<u>33,690</u>	<u>-</u>	<u>8,374,681</u>	<u>6,165</u>	<u>-</u>	<u>-</u>	<u>11,429,781</u>
Fund equity:										
Contributed capital:										
Government of Guam	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-
Fund balances										
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	96,422	-	-	43,739
Encumbrances	49,610,556	700	141,720	597,581	63,327	2,331,085	801	-	104,272	-
Continuing appropriations	88,014,516	6,345	320,846	331,039	174,340	4,812,590	-	1,075	170,586	-
Unreserved (deficit)	(137,607,393)	-	414,463	974,561	174,821	(5,803,819)	-	-	27,800	-
Total fund equity	<u>17,679</u>	<u>7,045</u>	<u>877,029</u>	<u>1,903,181</u>	<u>412,488</u>	<u>1,339,856</u>	<u>97,223</u>	<u>1,075</u>	<u>302,658</u>	<u>43,739</u>
Total liabilities and fund equity	\$ <u>33,350,717</u>	\$ <u>7,045</u>	\$ <u>1,017,352</u>	\$ <u>1,936,871</u>	\$ <u>412,488</u>	\$ <u>9,714,537</u>	\$ <u>103,388</u>	\$ <u>1,075</u>	\$ <u>302,658</u>	\$ <u>11,473,520</u>

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	Tourist Attraction	Veterans' Bonus	Territorial Highway	Land for the Landless	Plant Nursery Revolving	Parks	Contractors' License Board	DOC Revolving	Professional Engineers' and Architects' and Surveyors'	Typhoon Paka Emergency	Safe Streets Act Fund
<u>ASSETS</u>											
Cash and equivalents	\$ 4,723,149	\$ -	\$ 2,300,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	10,929,324	-	-	-	-	-	-	-	-
Receivables, net	175,914	13,200	-	125,721	-	-	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	22,082,686	75,000	10,341,662	431,863	7,367	71,668	14,552	510,841	11,399	1,156,760	209,803
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
	<u>26,981,749</u>	<u>88,200</u>	<u>23,571,136</u>	<u>557,584</u>	<u>7,367</u>	<u>71,668</u>	<u>14,552</u>	<u>510,841</u>	<u>11,399</u>	<u>1,156,760</u>	<u>209,803</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>26,981,749</u>	\$ <u>88,200</u>	\$ <u>23,571,136</u>	\$ <u>557,584</u>	\$ <u>7,367</u>	\$ <u>71,668</u>	\$ <u>14,552</u>	\$ <u>510,841</u>	\$ <u>11,399</u>	\$ <u>1,156,760</u>	\$ <u>209,803</u>
<u>LIABILITIES AND FUND EQUITY</u>											
Accounts payable	\$ 42,046	\$ -	\$ 19,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	1,248,549	-	1,201,467	-	-	-	2,053	476,459	-	85,478	-
Interfund payables	12,012,155	-	1,403,631	-	-	969	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	175,914	13,200	10,929,324	125,720	-	-	-	-	-	-	-
Provision for tax refunds	-	-	11,781,036	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>13,478,664</u>	<u>13,200</u>	<u>25,334,508</u>	<u>125,720</u>	<u>-</u>	<u>969</u>	<u>2,053</u>	<u>476,459</u>	<u>-</u>	<u>85,478</u>	<u>-</u>
Fund equity:											
Contributed capital:											
Government of Guam	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-
Fund balances											
Reserved for:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	2,657,248	-	364,477	-	-	8,034	12,499	287,953	11,399	1,071,282	35,265
Continuing appropriations	5,872,072	75,000	292,201	-	7,367	-	-	221,390	-	-	174,538
Unreserved (deficit)	<u>4,973,765</u>	<u>-</u>	<u>(2,420,050)</u>	<u>431,864</u>	<u>-</u>	<u>62,665</u>	<u>-</u>	<u>(474,961)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>13,503,085</u>	<u>75,000</u>	<u>(1,763,372)</u>	<u>431,864</u>	<u>7,367</u>	<u>70,699</u>	<u>12,499</u>	<u>34,382</u>	<u>11,399</u>	<u>1,071,282</u>	<u>209,803</u>
Total liabilities and fund equity	\$ <u>26,981,749</u>	\$ <u>88,200</u>	\$ <u>23,571,136</u>	\$ <u>557,584</u>	\$ <u>7,367</u>	\$ <u>71,668</u>	\$ <u>14,552</u>	\$ <u>510,841</u>	\$ <u>11,399</u>	\$ <u>1,156,760</u>	\$ <u>209,803</u>

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	Individuals w/ Disabilities Disaster Recovery	Chamorro Language Commission	Printing Revolving	Land Survey Revolving	Litter Control Revolving	Recreation Revolving	General Services Agency	Village Streets	Manpower Development	Customs, Agriculture and Quarantine Inspection	Guam Housing Corporation Revolving
<u>ASSETS</u>											
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,300,153	\$ 1,716,327	\$ 4,850,502	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-	-	-	3,127,101	14,447,434
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	100,000	25,790	163,290	513,446	43,088	268,089	61,550	-	-	-	1,180,823
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-
	<u>100,000</u>	<u>25,790</u>	<u>163,290</u>	<u>513,446</u>	<u>43,088</u>	<u>268,089</u>	<u>61,550</u>	<u>2,300,153</u>	<u>1,716,327</u>	<u>7,977,603</u>	<u>15,628,257</u>
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>100,000</u>	<u>25,790</u>	\$ <u>163,290</u>	\$ <u>513,446</u>	\$ <u>43,088</u>	\$ <u>268,089</u>	\$ <u>61,550</u>	\$ <u>2,300,153</u>	\$ <u>1,716,327</u>	\$ <u>7,977,603</u>	\$ <u>15,628,257</u>
<u>LIABILITIES AND FUND EQUITY</u>											
Accounts payable	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	-	-	541,903	310,670	4,512,485	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	345,863	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	2,936	-	-	-	-	-	-	183,535	-	-
Total liabilities	<u>-</u>	<u>2,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>541,903</u>	<u>840,068</u>	<u>4,512,485</u>	<u>-</u>
Fund equity:											
Contributed capital:											
Government of Guam	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-
Fund balances											
Reserved for:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	1,276,639	14,447,434
Encumbrances	-	-	162,605	72,160	15,944	8,770	3,273	-	28,342	235,060	-
Continuing appropriations	100,000	22,854	685	518,835	27,144	259,319	58,277	-	275,874	-	-
Unreserved (deficit)	-	-	-	(77,549)	-	-	-	1,758,250	572,043	1,953,419	1,180,823
Total fund equity	<u>100,000</u>	<u>22,854</u>	<u>163,290</u>	<u>513,446</u>	<u>43,088</u>	<u>268,089</u>	<u>61,550</u>	<u>1,758,250</u>	<u>876,259</u>	<u>3,465,118</u>	<u>15,628,257</u>
Total liabilities and fund equity	\$ <u>100,000</u>	<u>25,790</u>	\$ <u>163,290</u>	\$ <u>513,446</u>	\$ <u>43,088</u>	\$ <u>268,089</u>	\$ <u>61,550</u>	\$ <u>2,300,153</u>	\$ <u>1,716,327</u>	\$ <u>7,977,603</u>	\$ <u>15,628,257</u>

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	DPW Building and Design	Accessible Parking	Government House Revolving	Aquaculture Development and Training	Health Professional License	Coastal Zone Management	Farmers' and Fishermen's Loan Revolving	Guam Museum Fund	Environmental Trust	Drivers' Education	Consumer Protection	Autonomous Agency Infrastructure Collections Fund
<u>ASSETS</u>												
Cash and equivalents	\$ -	\$ -	\$ 1,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	99	-	-	-	155,074	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	-	24,190	4,724	77,987	-	-	-	-	183,917	-	8,347	460
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	24,190	6,354	77,987	-	-	155,074	-	183,917	-	8,347	460
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 24,190	\$ 6,354	\$ 77,987	\$ -	\$ -	\$ 155,074	\$ -	\$ 183,917	\$ -	\$ 8,347	\$ 460
<u>LIABILITIES AND FUND EQUITY</u>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	63,917	-	-	-
Interfund payables	-	-	-	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	63,917	-	-	-
Fund equity:												
Contributed capital:												
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	155,074	-	-	-	-	-
Encumbrances	-	-	-	1,000	-	-	-	-	-	-	135	460
Continuing appropriations	-	24,190	4,777	76,987	-	-	-	-	-	-	8,212	-
Unreserved (deficit)	-	-	1,577	-	-	-	-	-	120,000	-	-	-
Total fund equity	-	24,190	6,354	77,987	-	-	155,074	-	120,000	-	8,347	460
Total liabilities and fund equity	\$ -	\$ 24,190	\$ 6,354	\$ 77,987	\$ -	\$ -	\$ 155,074	\$ -	\$ 183,917	\$ -	\$ 8,347	\$ 460

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	Farmers Small Loan Revolving	Public Transit	Taguag Memorial Cemetery	Land Acquisition	Police Services	Public Defender	CAHA OET/CEF	Superior Court Operations	Board of Accountancy	Dededo Buffer Strip Revolving	Public Service Recovery	Health & Human Services	Guam Legislature Operations	Totals	
														1998	1997
<u>ASSETS</u>															
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,818	\$ -	\$ 4,459,673	\$ -	\$ -	\$ 2,754,529	\$ 50,396	\$ 1,445,478	\$ 34,736,749	\$ 33,651,349
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	6,135,391	17,019,683
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-	-	10,929,324	11,422,409
Receivables, net	19,367	-	-	-	-	-	-	1,418,504	-	-	10,860	-	37,597	30,229,519	22,630,214
Receivables from federal agencies	-	-	-	-	-	-	-	407,561	-	-	-	-	-	20,907,872	13,887,240
Interfund receivables, net	-	-	16,650	-	-	-	43,410	-	30,257	56,305	-	-	-	38,438,264	53,359,617
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	10,678,918	8,907,720
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	725
Deposits and other assets	-	-	-	-	-	-	-	149,245	-	-	-	-	37,293	186,538	105,705
	19,367	-	16,650	-	-	550,818	43,410	6,434,983	30,257	56,305	2,765,389	50,396	1,520,368	152,242,575	160,984,662
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 19,367	\$ -	\$ 16,650	\$ -	\$ -	\$ 550,818	\$ 43,410	\$ 6,434,983	\$ 30,257	\$ 56,305	\$ 2,765,389	\$ 50,396	\$ 1,520,368	\$ 152,242,575	\$ 160,984,662
<u>LIABILITIES AND FUND EQUITY</u>															
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,959	\$ -	\$ 1,882,669	\$ -	\$ -	\$ -	\$ -	\$ 55,442	\$ 2,284,135	\$ 685,015
Accrued payroll and other	-	-	-	-	-	196,447	-	1,640,682	-	-	1,550	-	54,657	4,971,291	3,425,358
Interfund payables	-	-	-	-	-	-	-	-	-	-	920,183	-	-	37,566,576	28,204,296
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	7,151,937	2,881,445
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,740,240
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	39,876,016	48,854,959
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	11,781,036	8,823,714
Deposits and other liabilities	-	-	-	-	-	18,136	-	-	-	-	-	-	-	210,772	350,190
Total liabilities	-	-	-	-	-	490,542	-	3,523,351	-	-	921,733	-	110,099	103,841,763	94,965,217
Fund equity:															
Contributed capital:															
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances															
Reserved for:															
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	19,367	-	-	-	-	-	-	500	-	-	-	-	-	16,039,175	14,147,939
Encumbrances	-	-	-	-	-	-	10,309	875,864	2,725	-	1,083,398	-	87,917	59,886,161	25,521,008
Continuing appropriations	-	-	-	-	-	60,276	33,101	2,035,268	27,532	56,305	235,341	-	1,322,352	105,621,234	81,071,947
Unreserved (deficit)	-	-	16,650	-	-	-	-	-	-	-	524,917	50,396	-	(133,145,758)	(54,721,449)
Total fund equity	19,367	-	16,650	-	-	60,276	43,410	2,911,632	30,257	56,305	1,843,656	50,396	1,410,269	48,400,812	66,019,445
Total liabilities and fund equity	\$ 19,367	\$ -	\$ 16,650	\$ -	\$ -	\$ 550,818	\$ 43,410	\$ 6,434,983	\$ 30,257	\$ 56,305	\$ 2,765,389	\$ 50,396	\$ 1,520,368	\$ 152,242,575	\$ 160,984,662

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	Federal Grants	Notary Public Revolving	StripperWell Overcharge	Exxon Fuel Overcharge	Southern Community Health Center	D.O.D. Contract	Housing Revolving	Abandoned Vehicle and Streetlight	Wildlife Conservation	Territorial Educational Facilities
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,234,493
Licenses, fees and permits	-	7,983	-	-	-	-	-	1,022,311	41,526	-
Use of money and property	15,833	-	56,553	95,554	-	564,116	400,279	-	-	56,509
Federal contributions	155,476,267	-	37,506	1,875	419,598	19,071,787	-	-	-	-
Other	-	-	-	-	265,480	-	-	-	-	-
Total revenues	155,492,100	7,983	94,059	97,429	685,078	19,635,903	400,279	1,022,311	41,526	17,291,002
Expenditures:										
General government	10,618,175	-	-	-	-	-	364,422	-	-	-
Protection of life and property	8,011,627	4,777	-	-	-	-	-	-	-	-
Public health	9,600,947	-	-	-	477,988	-	-	-	-	-
Community services	14,539,897	-	-	-	-	-	-	-	-	-
Recreation	663,657	-	-	-	-	-	-	-	-	-
Individual and collective rights	8,068,935	-	-	-	-	-	-	-	-	-
Transportation	10,994,942	-	-	-	-	-	-	-	-	-
Public education	168,422	-	-	-	-	6,614,242	-	-	-	-
Environmental protection	6,259,186	-	391,754	67,569	-	-	-	-	19,048	-
Economic development	6,577,390	-	-	-	-	-	-	-	-	-
Transfers to persons	102,516,188	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principle retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	178,019,366	4,777	391,754	67,569	477,988	6,614,242	364,422	-	19,048	-
Excess (deficiency) of revenues over (under) expenditures	(22,527,266)	3,206	(297,695)	29,860	207,090	13,021,661	35,857	1,022,311	22,478	17,291,002
Other financing sources (uses):										
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	34,090,645	-	-	-	-	-	-	-	-	-
Transfers out	(11,546,713)	(6,952)	-	-	-	(13,319,884)	-	(1,022,311)	-	(17,261,500)
Other sources	-	-	-	-	-	-	-	-	-	-
Other uses	(832)	-	(5,906)	(9,474)	-	-	(491)	-	-	-
Total other financing sources (uses), net	22,543,100	(6,952)	(5,906)	(9,474)	-	(13,319,884)	(491)	(1,022,311)	-	(17,261,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	15,834	(3,746)	(303,601)	20,386	207,090	(298,223)	35,366	-	22,478	29,502
Fund balances at beginning of year	1,845	10,791	1,180,630	1,882,795	205,398	1,638,079	61,857	1,075	280,180	14,237
Fund balances at end of year	\$ 17,679	\$ 7,045	\$ 877,029	\$ 1,903,181	\$ 412,488	\$ 1,339,856	\$ 97,223	\$ 1,075	\$ 302,658	\$ 43,739

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	Tourist Attraction	Veterans' Bonus	Territorial Highway	Land for the Landless	Plant Nursery Revolving	Parks	Contractors' License Board	DOC Revolving	Professional Engineers' and Surveyors'	Typhoon Paka Emergency	Safe Streets Act Fund
Revenues:											
Taxes	\$ 23,388,943	\$ 816,052	\$ 12,715,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	4,863,337	-	-	81,171	448,984	-	166,368	-	96,000
Use of money and property	217,792	-	107,187	98,843	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	22,603	-	-	2,212,865	-	-	-
Total revenues	23,606,735	816,052	17,686,323	98,843	22,603	81,171	448,984	2,212,865	166,368	-	96,000
Expenditures:											
General government	-	-	-	-	-	-	-	-	-	2,539,688	-
Protection of life and property	25,500	-	25,500	-	-	-	-	2,808,763	-	2,104,685	62,197
Public health	-	-	-	-	-	-	-	-	-	541,334	-
Community services	-	-	-	-	-	-	-	-	-	62,155	-
Recreation	2,993,510	-	-	-	-	352,999	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	347,872	-	55,721	2,812,857	-
Transportation	-	-	9,189,415	-	-	-	-	-	-	-	-
Public education	35,249	-	-	-	-	-	-	-	-	-	-
Environmental protection	703,180	-	-	-	-	-	-	-	-	979,133	-
Economic development	-	-	-	-	-	-	-	-	-	341,300	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principle retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	29,214	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,786,653	-	9,214,915	-	-	352,999	347,872	2,808,763	55,721	9,381,152	62,197
Excess (deficiency) of revenues over (under) expenditures	19,820,082	816,052	8,471,408	98,843	22,603	(271,828)	101,112	(595,898)	110,647	(9,381,152)	33,803
Other financing sources (uses):											
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	22,362,679	-	13,291,950	-	-	-	-	-	-	11,808,962	-
Transfers out	(55,131,209)	(809,113)	(22,404,972)	-	(108,094)	-	(113,474)	-	(111,817)	(1,356,528)	(112,000)
Other sources	-	-	-	-	-	-	-	-	-	-	-
Other uses	-	-	(11,159)	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(32,768,530)	(809,113)	(9,124,181)	-	(108,094)	-	(113,474)	-	(111,817)	10,452,434	(112,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(12,948,448)	6,939	(652,773)	98,843	(85,491)	(271,828)	(12,362)	(595,898)	(1,170)	1,071,282	(78,197)
Fund balances at beginning of year	26,451,533	68,061	(1,110,599)	333,021	92,858	342,527	24,861	630,280	12,569	-	288,000
Fund balances at end of year	\$ 13,503,085	\$ 75,000	\$ (1,763,372)	\$ 431,864	\$ 7,367	\$ 70,699	\$ 12,499	\$ 34,382	\$ 11,399	\$ 1,071,282	\$ 209,803

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	Individuals w/ Disabilities Disaster Recovery	Chamorro Language Commission	Printing Revolving	Land Survey Revolving	Litter Control Revolving	Recreation Revolving	General Services Agency	Village Streets	Manpower Development	Customs, Agriculture and Quarantine Inspection	Guam Housing Corporation Revolving
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	158,111	-	189,126	-	-	703,365	-	-
Use of money and property	-	-	-	30,078	-	-	-	107,190	-	127,976	567,983
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	24,002	-	16,014	-	20,933	-	-	9,274,887	-
Total revenues	-	-	24,002	188,189	16,014	189,126	20,933	107,190	703,365	9,402,863	567,983
Expenditures:											
General government	-	-	-	907,054	-	-	63,062	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	12,377,961	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	190,746	-	-	-	-	-
Individual and collective rights	-	-	90,157	72,926	-	-	-	-	7,226	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	20,406	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principle retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	90,157	979,980	20,406	190,746	63,062	-	7,226	12,377,961	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(66,155)	(791,791)	(4,392)	(1,620)	(42,129)	107,190	696,139	(2,975,098)	567,983
Other financing sources (uses):											
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	100,000	-	250,000	-	-	-	-	1,650,201	-	-	-
Transfers out	-	(92)	(163,584)	-	-	(57,692)	(61,386)	-	(779,200)	-	-
Other sources	-	-	-	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	(11,160)	-	-	-
Total other financing sources (uses), net	100,000	(92)	86,416	-	-	(57,692)	(61,386)	1,639,041	(779,200)	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	100,000	(92)	20,261	(791,791)	(4,392)	(59,312)	(103,515)	1,746,231	(83,061)	(2,975,098)	567,983
Fund balances at beginning of year	-	22,946	143,029	1,305,237	47,480	327,401	165,065	12,019	959,320	6,440,216	15,060,274
Fund balances at end of year	\$ 100,000	\$ 22,854	\$ 163,290	\$ 513,446	\$ 43,088	\$ 268,089	\$ 61,550	\$ 1,758,250	\$ 876,259	\$ 3,465,118	\$ 15,628,257

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	DPW Building and Design	Accessible Parking	Government House Revolving	Aquaculture Development and Training	Health Professional License	Coastal Zone Management	Farmers' and Fishermen's Loan Revolving	Guam Museum Fund	Environmental Trust	Drivers' Education	Consumer Protection	Autonomous Agency Infrastructure Collections Fund
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,753	\$ -	\$ -	\$ -
Licenses, fees and permits	871,842	775	21,781	-	87,329	-	-	2,577	-	39,639	4,924	-
Use of money and property	-	-	-	42,877	-	-	3,239	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	871,842	775	21,781	42,877	87,329	-	3,239	2,577	298,753	39,639	4,924	-
Expenditures:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	8,155	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	75,706	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	63,917	-	-	-
Economic development	-	-	-	5,634	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	677
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principle retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	75,706	-	5,634	-	-	-	-	63,917	-	8,155	677
Excess (deficiency) of revenues over (under) expenditures	871,842	(74,931)	21,781	37,243	87,329	-	3,239	2,577	234,836	39,639	(3,231)	(677)
Other financing sources (uses):												
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(871,842)	(3,130)	(43,067)	-	(536,689)	(3,199)	(153,239)	(13,865)	(1,545,716)	(190,680)	(32,297)	(200,000)
Other sources	-	-	-	-	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(871,842)	(3,130)	(43,067)	-	(536,689)	(3,199)	(153,239)	(13,865)	(1,545,716)	(190,680)	(32,297)	(200,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(78,061)	(21,286)	37,243	(449,360)	(3,199)	(150,000)	(11,288)	(1,310,880)	(151,041)	(35,528)	(200,677)
Fund balances at beginning of year	-	102,251	27,640	40,744	449,360	3,199	305,074	11,288	1,430,880	151,041	43,875	201,137
Fund balances at end of year	\$ -	\$ 24,190	\$ 6,354	\$ 77,987	\$ -	\$ -	\$ 155,074	\$ -	\$ 120,000	\$ -	\$ 8,347	\$ 460

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	Farmers Small Loan Revolving	Public Transit	Taguag Memorial Cemetery	Land Acquisition	Police Services	Public Defender	CAHA OET/CEF	Superior Court Operations	Board of Accountancy	Dededo Buffer Strip Revolving	Public Service Recovery	Health & Human Services	Guam Legislature Operations	Totals 1998	Totals 1997
Revenues:															
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,454,040	\$ 55,017,373
Licenses, fees and permits	-	-	16,650	-	460,871	-	-	-	62,875	-	-	50,000	-	9,397,545	8,951,730
Use of money and property	654	-	-	-	-	-	-	-	-	124,370	439,476	396	-	3,056,905	2,967,787
Federal contributions	-	-	-	-	-	37,415	-	569,230	-	-	-	-	-	175,613,678	97,408,440
Other	-	-	-	-	-	-	-	111,661	-	-	-	-	36,171	11,984,616	13,384,012
Total revenues	654	-	16,650	-	460,871	37,415	-	680,891	62,875	124,370	439,476	50,396	36,171	254,506,784	177,729,342
Expenditures:															
General government	-	-	-	-	-	-	-	-	39,298	-	-	-	13,367,284	27,898,983	19,882,138
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-	-	25,429,165	13,702,103
Public health	-	-	-	-	-	-	-	-	-	-	3,313,261	-	-	13,933,530	7,749,338
Community services	-	-	-	-	-	-	127,460	-	-	-	-	-	-	14,805,218	13,511,816
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	4,200,912	2,911,010
Individual and collective rights	-	-	-	-	-	2,327,886	-	20,115,770	-	35,725	-	-	-	33,935,075	26,676,571
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	20,184,357	19,297,799
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-	6,817,913	10,714,323
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	8,504,193	4,212,641
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	6,924,324	7,761,956
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-	-	102,516,865	64,064,975
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	511,257
Debt service:															
Principle retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	29,214	125,192
Total expenditures	-	-	-	-	-	2,327,886	127,460	20,115,770	39,298	35,725	3,313,261	-	13,367,284	265,179,749	191,121,119
Excess (deficiency) of revenues over (under) expenditures	654	-	16,650	-	460,871	(2,290,471)	(127,460)	(19,434,879)	23,577	88,645	(2,873,785)	50,396	(13,331,113)	(10,672,965)	(13,391,777)
Other financing sources (uses):															
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,450,000	57,562	22,346,206	-	-	7,517,441	-	12,950,000	128,875,646	112,137,631
Transfers out	(144,532)	(26,766)	(108,655)	(36,148)	(659,796)	(114,459)	(14,702)	(3,762,456)	(30,250)	(124,370)	(2,800,000)	-	-	(135,782,379)	(92,836,295)
Other sources	-	-	-	-	-	87	-	-	-	-	-	-	-	87	2,934
Other uses	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,022)	(425,723)
Total other financing sources (uses), net	(144,532)	(26,766)	(108,655)	(36,148)	(659,796)	2,335,628	42,860	18,583,750	(30,250)	(124,370)	4,717,441	-	12,950,000	(6,945,668)	18,878,547
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(143,878)	(26,766)	(92,005)	(36,148)	(198,925)	45,157	(84,600)	(851,129)	(6,673)	(35,725)	1,843,656	50,396	(381,113)	(17,618,633)	5,486,770
Fund balances at beginning of year	163,245	26,766	108,655	36,148	198,925	15,119	128,010	3,762,761	36,930	92,030	-	-	1,791,382	66,019,445	60,532,675
Fund balances at end of year	\$ 19,367	\$ -	\$ 16,650	\$ -	\$ -	\$ 60,276	\$ 43,410	\$ 2,911,632	\$ 30,257	\$ 56,305	\$ 1,843,656	\$ 50,396	\$ 1,410,269	\$ 48,400,812	\$ 66,019,445

GOVERNMENT OF GUAM

Capital Projects Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 1998
(With comparative totals for the Year Ended September 30, 1997)

	1992 Series A Highway Bond Issue	Infrastructure Improvement Bond	Water Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Totals	
							1998	1997
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	16,250	-	16,250	-
Use of money and property	1,639,195	3,664,876	323,045	-	1,416,325	2,540,124	9,583,565	8,304,348
Federal contribution	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	1,639,195	3,664,876	323,045	-	1,432,575	2,540,124	9,599,815	8,304,348
Expenditures:								
General government	-	-	-	-	-	-	-	-
Protection of life and property	-	-	386,539	-	-	-	386,539	943,863
Public health	-	550,066	-	-	-	-	550,066	3,010,233
Community services	-	-	-	-	-	-	-	-
Recreation	-	1,694,167	-	-	-	-	1,694,167	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	491,365	-	-	-	-	491,365	-
Public education	-	141,468	-	-	22,472,367	-	22,613,835	47,094,067
Environmental protection	-	-	3,766,248	-	4,912,468	-	8,678,716	2,665,360
Economic development	-	3,340,008	-	-	-	-	3,340,008	-
Transfers to persons	-	-	-	-	-	-	-	-
Capital projects	3,438,439	-	-	-	-	2,563,011	6,001,450	3,469,265
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	3,438,439	6,217,074	4,152,787	-	27,384,835	2,563,011	43,756,146	57,182,788
Excess (deficiency) of revenues over (under) expenditures	(1,799,244)	(2,552,198)	(3,829,742)	-	(25,952,260)	(22,887)	(34,156,331)	(48,878,440)
Other financing sources (uses):								
Additions to long-term debt	-	78,386,241	-	-	-	-	78,386,241	-
Transfers in	-	618,059	-	-	-	1,102,349	1,720,408	656,223
Transfers out	-	(26,469,946)	-	-	-	(1,102,349)	(27,572,295)	(377,714)
Other sources	-	-	-	-	-	-	-	168,166
Other uses	(5,668)	(2,545,388)	(223,419)	-	-	-	(2,774,475)	(5,508)
Unrealized loss due to decline in market value	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(5,668)	49,988,966	(223,419)	-	-	-	49,759,879	441,167
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,804,912)	47,436,768	(4,053,161)	-	(25,952,260)	(22,887)	15,603,548	(48,437,273)
Fund balances at beginning of year	30,157,866	6,516,698	8,316,115	948,460	35,961,591	6,259,460	88,160,190	136,597,463
Fund balances at end of year	\$ 28,352,954	\$ 53,953,466	\$ 4,262,954	\$ 948,460	\$ 10,009,331	\$ 6,236,573	\$ 103,763,738	\$ 88,160,190

GOVERNMENT OF GUAM

Capital Projects Fund
Combining Balance Sheet
September 30, 1998
(With comparative totals as of September 30, 1997)

	1992				General			
	Series A	Infrastructure	Water	PUAG	Obligation	Judicial	Totals	
	Highway	Improvement	Revenue	Capital	Bond Series A	Building	1998	1997
	Bond Issue	Bond	Bond	Projects	1993			
<u>ASSETS:</u>								
Cash and equivalents	\$ 3,044,573	\$ 1,194,529	\$ 4,749,718	\$ -	\$ 10,851,537	\$ 5,503,154	\$ 25,343,511	\$ 56,868,457
Investments	25,921,970	54,716,045	-	-	-	902,104	81,540,119	38,886,373
Receivables, net	354,525	1,163,501	-	-	-	422,144	1,940,170	1,116,942
Receivable from Federal Agencies	-	-	-	-	-	62,942	62,942	-
Interfund receivables, net	344,735	243,673	652	948,460	-	-	1,537,520	1,506,505
Deposits and other assets	-	-	-	-	-	-	-	47,751
Total assets	<u>\$ 29,665,803</u>	<u>\$ 57,317,748</u>	<u>\$ 4,750,370</u>	<u>\$ 948,460</u>	<u>\$ 10,851,537</u>	<u>\$ 6,890,344</u>	<u>\$ 110,424,262</u>	<u>\$ 98,426,028</u>
<u>LIABILITIES AND FUND EQUITY:</u>								
Accounts payable	\$ 243,304	\$ 108,113	\$ 298,388	\$ -	\$ 362,457	\$ 231,627	\$ 1,243,889	\$ 4,379,761
Accrued payroll and other	599,864	971,335	189,028	-	447,760	-	2,207,987	3,684,686
Interfund payables	469,681	2,284,834	-	-	31,989	-	2,786,504	1,853,205
Deferred revenue	-	-	-	-	-	422,144	422,144	348,186
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>1,312,849</u>	<u>3,364,282</u>	<u>487,416</u>	<u>-</u>	<u>842,206</u>	<u>653,771</u>	<u>6,660,524</u>	<u>10,265,838</u>
FUND EQUITY:								
Fund balances:								
Reserved for:								
Specific purposes	-	-	-	-	-	-	-	-
Encumbrances	7,533,356	11,488,389	849,492	-	5,322,312	431,568	25,625,117	11,562,379
Continuing appropriations	16,160,423	42,938,547	3,156,772	377,386	2,967,843	-	65,600,971	61,670,740
Unreserved (deficit)	<u>4,659,175</u>	<u>(473,470)</u>	<u>256,690</u>	<u>571,074</u>	<u>1,719,176</u>	<u>5,805,005</u>	<u>12,537,650</u>	<u>14,927,071</u>
Total fund equity	<u>28,352,954</u>	<u>53,953,466</u>	<u>4,262,954</u>	<u>948,460</u>	<u>10,009,331</u>	<u>6,236,573</u>	<u>103,763,738</u>	<u>88,160,190</u>
Total liabilities and fund balance	<u>\$ 29,665,803</u>	<u>\$ 57,317,748</u>	<u>\$ 4,750,370</u>	<u>\$ 948,460</u>	<u>\$ 10,851,537</u>	<u>\$ 6,890,344</u>	<u>\$ 110,424,262</u>	<u>\$ 98,426,028</u>

GOVERNMENT OF GUAM

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 1998
(With comparative totals for the Year Ended September 30, 1997)

	Highway Limited Obligation Series 1992	Ltd. Obligation Infrastructure Improvement Bonds	Water System Revenue Bonds Series 1989	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Totals	
							1998	1997
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	-
Use of money and property	876,535	1,870,013	139,226	189,011	749,069	220,599	4,044,453	4,371,401
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	876,535	1,870,013	139,226	189,011	749,069	220,599	4,044,453	4,371,401
Expenditures:								
General government	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	2,505,000	1,045,000	2,055,000	4,345,000	12,915,000	6,200,000	29,065,000	27,725,000
Interest and fiscal charges	3,526,576	2,196,996	2,557,275	8,359,686	1,507,937	5,797,931	23,946,401	24,650,130
Total expenditures	6,031,576	3,241,996	4,612,275	12,704,686	14,422,937	11,997,931	53,011,401	52,375,130
Excess (deficiency) of revenues over (under) expenditures	(5,155,041)	(1,371,983)	(4,473,049)	(12,515,675)	(13,673,868)	(11,777,332)	(48,966,948)	(48,003,729)
Other financing sources (uses):								
Transfers in	19,399,972	49,530,256	4,612,535	12,794,580	14,422,938	11,997,836	112,758,117	85,862,127
Transfers out	(14,942,151)	(22,652,105)	-	-	(1,356,165)	-	(38,950,421)	(40,484,457)
Other sources	-	-	-	-	-	-	-	-
Other uses	(19,657)	(21,057,747)	(19,103)	(33,882)	(686)	(6,505)	(21,137,580)	(210,713)
Total other financing sources (uses), net	4,438,164	5,820,404	4,593,432	12,760,698	13,066,087	11,991,331	52,670,116	45,166,957
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(716,877)	4,448,421	120,383	245,023	(607,781)	213,999	3,703,168	(2,836,772)
Fund balances at beginning of year	10,665,949	7,480,852	4,653,679	6,057,477	1,955,889	988,829	31,802,675	34,639,447
Fund balances at end of year	\$ 9,949,072	\$ 11,929,273	\$ 4,774,062	\$ 6,302,500	\$ 1,348,108	\$ 1,202,828	\$ 35,505,843	\$ 31,802,675

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Debt Service Funds
Combining Balance Sheet
(With comparative totals as of September 30, 1997)

	Highway Limited Obligation Series 1992	Ltd. Obligation Infrastructure Improvement Bonds	Water System Revenue Bonds Series 1989	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Totals	
							1998	1997
<u>ASSETS</u>								
Cash and equivalents	\$ 21,865,148	\$ 28,637,507	\$ 4,774,062	\$ 6,315,532	\$ 46,644	\$ 33,841,900	\$ 95,480,793	\$ 96,527,651
Investments	-	-	-	-	-	-	-	2,515,428
Taxes Receivable, net	1,403,631	-	-	-	-	-	1,403,631	-
Receivables, net	-	105,416	-	-	-	-	105,416	245,570
Receivables from federal agencies	-	-	-	-	-	-	-	-
Interfund receivables, net	1,403,631	2,670,515	-	-	1,301,464	-	5,375,610	2,124,395
Notes receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	\$ <u>24,672,410</u>	\$ <u>31,413,438</u>	\$ <u>4,774,062</u>	\$ <u>6,315,532</u>	\$ <u>1,348,108</u>	\$ <u>33,841,900</u>	\$ <u>102,365,450</u>	\$ <u>101,413,044</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	6,890
Accrued payroll and other	-	920	-	-	-	-	920	-
Interfund payables	14,723,338	19,483,245	-	13,032	-	32,639,072	66,858,687	69,603,479
Payable to federal agencies	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Vacation leave accrual	-	-	-	-	-	-	-	-
Contracts and leases	-	-	-	-	-	-	-	-
Notes payable and bonds payable	-	-	-	-	-	-	-	-
Accrued unfunded retirement benefit	-	-	-	-	-	-	-	-
Total liabilities	<u>14,723,338</u>	<u>19,484,165</u>	<u>-</u>	<u>13,032</u>	<u>-</u>	<u>32,639,072</u>	<u>66,859,607</u>	<u>69,610,369</u>
Fund Equity:								
Contributed Capital:								
Government of Guam	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-
Retained earnings:								
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Fund balance reserved for:								
Debt service	9,949,072	11,929,273	4,774,062	6,302,500	1,348,108	1,202,828	35,505,843	31,802,675
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-
Total fund equity	<u>9,949,072</u>	<u>11,929,273</u>	<u>4,774,062</u>	<u>6,302,500</u>	<u>1,348,108</u>	<u>1,202,828</u>	<u>35,505,843</u>	<u>31,802,675</u>
Total liabilities and fund equity	\$ <u>24,672,410</u>	\$ <u>31,413,438</u>	\$ <u>4,774,062</u>	\$ <u>6,315,532</u>	\$ <u>1,348,108</u>	\$ <u>33,841,900</u>	\$ <u>102,365,450</u>	\$ <u>101,413,044</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
September 30, 1998

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds Combining Balance Sheet September 30, 1998 (With Comparative Totals as of September 30, 1997)

<u>ASSETS</u>	Chamorro Commercial Loan Fund	<u>Totals</u>	
		1998	1997
Cash and equivalents	\$ 822,752	\$ 822,752	\$ -
Investments	-	-	752,781
Interfund receivables, net	-	-	190,509
	<u>822,752</u>	<u>822,752</u>	<u>943,290</u>
Total assets	\$ <u><u>822,752</u></u>	\$ <u><u>822,752</u></u>	\$ <u><u>943,290</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Interfund payables	\$ <u>170,364</u>	\$ <u>170,364</u>	\$ <u>-</u>
Total liabilities	<u>170,364</u>	<u>170,364</u>	<u>-</u>
Fund equity:			
Retained earnings:			
Restricted	82,383	82,383	283,376
Unrestricted	<u>570,005</u>	<u>570,005</u>	<u>659,914</u>
Total fund equity	<u>652,388</u>	<u>652,388</u>	<u>943,290</u>
Total liabilities and fund equity	\$ <u><u>822,752</u></u>	\$ <u><u>822,752</u></u>	\$ <u><u>943,290</u></u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Fund Equity Year Ended September 30, 1998 (With Comparative Totals for the Year Ended September 30, 1997)

	Chamorro Commercial Loan Fund	Totals	
		1998	1997
Operating revenues:			
Use of money and property	\$ 287,704	\$ 287,704	\$ 294,318
Total operating revenues	<u>287,704</u>	<u>287,704</u>	<u>294,318</u>
Operating expenses:			
Production and operations	85,027	85,027	23,321
Professional services	419,975	419,975	60,800
Utilities	29,828	29,828	6,493
Other	<u>43,776</u>	<u>43,776</u>	<u>45,254</u>
Total operating expenses	<u>578,606</u>	<u>578,606</u>	<u>135,868</u>
Operating (loss) income	<u>(290,902)</u>	<u>(290,902)</u>	<u>158,450</u>
Net (loss) income	(290,902)	(290,902)	158,450
Beginning retained earnings	943,290	943,290	784,840
Adjustments to beginning retained earnings	<u>-</u>	<u>-</u>	<u>-</u>
Ending retained earnings	<u>652,388</u>	<u>652,388</u>	<u>943,290</u>
Fund equity at end of year	<u>\$ 652,388</u>	<u>\$ 652,388</u>	<u>\$ 943,290</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds Combining Statement of Cash Flows Year Ended September 30, 1998 (With Comparative Totals for the Year Ended September 30, 1997)

	Chamorro Commercial Loan Fund	Totals	
		1998	1997
<u>Increase in cash and equivalents</u>			
Cash flows from operating activities:			
Operating (loss) income	\$ (290,902)	\$ (290,902)	\$ 158,450
(Increase) decrease in assets:			
Interfund receivable	190,509	190,509	(158,450)
Investments	752,781	752,781	-
Increase (decrease) in liabilities:			
Interfund payable	170,364	170,364	-
Net cash provided by operating activities	822,752	822,752	-
Net increase in cash and equivalents	822,752	822,752	-
Cash and equivalents at beginning of year	-	-	-
Cash and equivalents at end of year	\$ 822,752	\$ 822,752	\$ -

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds September 30, 1998

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

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

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

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

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

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

Territorial Law Library - Guam Territory Law Library is a non-profit public corporation created by Public Law 14-155 to provide resource materials to professionals within the Government of Guam. Revenues are primarily derived from filing fees and fines.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds, Continued September 30, 1998

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

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

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

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

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

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

Port Authority of Guam - The Port Authority was established in 1975 as a public corporation under Public Law 13-87. The Authority is entrusted with providing for the needs of ocean commerce, shipping and navigation of the Government of Guam. The Authority derives its operating revenues from a tariff establishing fees for wharfage and use of its facilities. The Authority is not included in the accompanying financial statements.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Component Units - Proprietary Funds
Combining Balance Sheet
September 30, 1998
(With Comparative Totals as of September 30, 1997)

ASSETS	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Mass Transit Authority	Guam Educational Telecommunications Corporation	Totals	
													1998	1997
Cash and equivalents	\$ 1,641,421	\$ 2,355,435	\$ 2,174,552	\$ 8,394,335	\$ 415,428	\$ 327,305	\$ 4,398,485	\$ 184,951	\$ 12,613,206	\$ 1,099,413	\$ 15,590	\$ 587,186	\$ 34,207,307	\$ 44,945,844
Investments	-	55,467	-	-	-	-	-	187,885	3,227,547	-	-	-	3,470,899	7,965,842
Receivables, net	8,311,206	46,919,033	5,625,183	50,122,201	69,354	10,123	28,854,705	2,058,374	5,951,377	8,481,015	-	62,536	156,465,107	157,662,657
Receivables from federal agencies	8,895,608	-	-	-	-	-	-	-	-	2,408,854	75,351	-	11,379,813	4,218,028
Interfund receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	14,749	-	-	-	-	14,749	870
Inventories	-	-	-	31,919,489	5,930	-	2,328,058	82,871	4,231,870	424,643	-	-	38,992,861	39,254,023
Prepayments	6,849	20,931	165,061	646,037	25,942	-	89,057	9,722	820,270	-	-	12,862	1,796,731	2,530,029
Deposits and other assets	-	-	-	-	370,447	37,195	-	-	-	-	-	-	407,642	1,063,086
	18,855,084	49,350,866	7,964,796	91,082,062	887,101	374,623	35,670,305	2,538,552	26,844,270	12,413,925	90,941	662,584	246,735,109	257,640,379
Amount to be provided for retirement of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount available in Debt Service Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	100,586,119	52,445,916	230,399	122,266,796	-	-	2,735,233	-	136,374	3,474,098	-	429,800	282,304,735	217,177,465
Fixed assets:														
Support assets	3,894,174	908,081	413,029	-	295,920	299,056	19,964,985	522,670	14,020,284	-	3,021,388	724,677	44,064,264	35,748,230
Capital leases and improvements	-	208,072	140,846	-	-	-	-	129,642	-	-	-	18,000	496,560	508,508
Building and improvements	19,496,600	-	2,500,000	-	5,391,113	749,430	59,751,040	1,733,426	22,267,855	-	946,027	316,752	113,152,243	410,130,084
Plant in service	344,612,744	-	-	479,919,868	-	-	-	-	208,917,466	338,757,241	-	1,012,628	1,373,219,947	864,178,390
	368,003,518	1,116,153	3,053,875	479,919,868	5,687,033	1,048,486	79,716,025	2,385,738	245,205,605	338,757,241	3,967,415	2,072,057	1,530,933,014	1,310,565,212
Less: accumulated depreciation	82,535,070	913,623	776,807	111,955,549	1,465,434	548,801	31,256,287	1,018,287	69,510,341	110,652,441	2,436,903	-	413,069,543	336,457,773
	285,468,448	202,530	2,277,068	367,964,319	4,221,599	499,685	48,459,738	1,367,451	175,695,264	228,104,800	1,530,512	2,072,057	1,117,863,471	974,107,439
Construction-in-progress	10,597,785	-	-	50,530,323	-	-	665,793	-	6,272,922	18,505,986	-	-	86,572,809	181,180,212
Land	-	4,787,103	5,992,415	-	6,224,611	30,000	-	425,164	830,517	-	316,200	-	18,606,010	21,772,238
Other	2,767,338	1,087,858	-	8,273,068	2,176	-	-	-	-	-	-	-	12,130,440	19,298,547
	298,833,571	6,077,491	8,269,483	426,767,710	10,448,386	529,685	49,125,531	1,792,615	182,798,703	246,610,786	1,846,712	2,072,057	1,235,172,730	1,196,358,436
Total assets	\$ 418,274,774	\$ 107,874,273	\$ 16,464,678	\$ 640,116,568	\$ 11,335,487	\$ 904,308	\$ 87,531,069	\$ 4,331,167	\$ 209,779,347	\$ 262,498,809	\$ 1,937,653	\$ 3,164,441	\$ 1,764,212,574	\$ 1,671,176,280

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Component Units - Proprietary Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals as of September 30, 1997)

LIABILITIES AND FUND EQUITY	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Mass Transit Authority	Guam Educational Telecommunications Corporation	Totals	
													1998	1997
Current liabilities:														
Current portion of long-term debt	\$ 3,705,000	\$ 2,384,663	\$ -	\$ 7,203,147	\$ 57,393	\$ -	\$ 2,359,002	\$ 43,242	\$ 3,506,866	\$ 302,341	\$ -	\$ -	\$ 19,561,654	\$ 17,804,859
Accounts payable	19,064,766	1,162,717	4,284,344	21,264,616	21,036	-	9,102,106	273,948	1,314,088	15,194,876	450,140	18,199	72,150,836	88,586,497
Accrued payroll and other	1,422,500	-	-	15,323,453	57,903	29,188	481,100	171,957	2,842,971	1,062,044	-	99,466	21,490,582	25,119,687
Interfund payables	-	-	11,643	-	-	-	2,139,104	510,620	-	-	-	-	2,661,367	234,555
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	71,217,174	-	-	-	-	-	-	-	-	71,217,174	27,244,277
Deferred revenue	4,049,193	-	-	-	-	-	-	230,402	-	-	-	217,509	4,497,104	3,426,956
Deposits and other liabilities	-	1,184,096	-	9,227,288	62,547	900	-	-	6,614,425	5,437,224	11,378	-	22,537,858	19,152,679
Total current liabilities	28,241,459	4,731,476	4,295,987	124,235,678	198,879	30,088	14,081,312	1,230,169	14,278,350	21,996,485	461,518	335,174	214,116,575	181,569,510
Long-term liabilities:														
Vacation leave accrual	-	-	134,544	1,852,786	-	-	2,968,991	-	968,391	2,026,988	60,254	-	8,011,954	8,529,398
Contracts and leases	-	-	-	-	-	-	-	-	-	1,943,715	-	-	1,943,715	656,154
Notes payable and bonds payable	227,501,018	85,589,090	-	336,326,715	668,124	-	34,744,475	1,179,847	122,119,143	1,016,472	-	-	809,144,884	724,253,815
Accrued unfunded retirement liability	2,430,105	1,536,927	486,834	13,127,176	274,638	-	16,180,353	892,838	13,222,579	8,308,865	126,090	429,800	57,016,205	83,193,304
Total long-term liabilities	229,931,123	87,126,017	621,378	351,306,677	942,762	-	53,893,819	2,072,685	136,310,113	13,296,040	186,344	429,800	876,116,758	816,632,671
Total liabilities	258,172,582	91,857,493	4,917,365	475,542,355	1,141,641	30,088	67,975,131	3,302,854	150,588,463	35,292,525	647,862	764,974	1,090,233,333	998,202,181
Fund equity:														
Contributed capital:														
Government of Guam	1,477,683	4,952,252	8,145,193	27,898,440	5,278,650	-	-	2,040,978	13,557,529	124,798,617	1,028,963	-	189,178,305	226,870,348
Federal government	71,508,135	171,500	-	12,866,000	3,702,600	-	-	59,885	-	58,422,152	-	-	146,730,272	205,934,349
In-Aid of Construction	-	-	-	-	-	-	-	-	-	59,885,171	-	-	59,885,171	10,849,635
Other Agencies	-	-	-	-	-	-	-	-	-	1,211,924	-	-	1,211,924	-
Retained earnings:														
Restricted	-	-	-	-	-	-	2,607,374	-	-	-	-	2,084,919	4,692,293	4,055,760
Unrestricted (deficit)	87,116,374	10,893,028	3,402,120	123,809,773	1,212,596	874,220	16,948,564	(1,072,550)	45,633,355	(17,111,580)	260,828	314,548	272,281,276	225,264,007
Fund balances:														
Reserved for:														
Related assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing appropria-tions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity	160,102,192	16,016,780	11,547,313	164,574,213	10,193,846	874,220	19,555,938	1,028,313	59,190,884	227,206,284	1,289,791	2,399,467	673,979,241	672,974,099
Total liabilities and fund equity	\$ 418,274,774	\$ 107,874,273	\$ 16,464,678	\$ 640,116,568	\$ 11,335,487	\$ 904,308	\$ 87,531,069	\$ 4,331,167	\$ 209,779,347	\$ 262,498,809	\$ 1,937,653	\$ 3,164,441	\$ 1,764,212,574	\$ 1,671,176,280

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM														
Component Units - Proprietary Funds														
Combining Statement of Revenues, Expenses and Changes in Fund Equity														
Year Ended September 30, 1998														
(With Comparative Totals for the Year Ended September 30, 1997)														
	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Mass Transit Authority	Guam Educational Telecommunications Corporation	Totals	
													1998	1997
Operating revenues:														
Charges for services	\$ 42,286,428	\$ 146,467	\$ 1,108,875	\$ 179,774,048	\$ -	\$ 101,559	\$ 61,224,310	\$ 211,855	\$ 45,865,306	\$ 37,602,029	\$ 170,331	\$ -	\$ 368,491,208	\$ 393,988,377
Contributions	-	-	-	-	-	-	-	-	-	-	340,208	423,384	763,592	2,213,697
Licenses, fees and permits	-	-	62,850	-	-	467,624	-	-	-	-	-	1,660	532,134	290,608
Investment, earnings and interest	-	4,967,859	101,674	-	-	9,092	-	-	-	-	-	29,031	5,107,656	16,110,296
Rental charges	8,086,697	-	-	-	900,630	-	-	1,653,762	-	-	-	-	10,641,089	7,244,195
Other	1,025,386	135,485	453,381	1,282,683	23,110	-	2,001,743	424,000	960,659	39,613	14,233	408,548	6,768,841	10,027,619
Total operating revenues	51,398,511	5,249,811	1,726,780	181,056,731	923,740	578,275	63,226,053	2,289,617	46,825,965	37,641,642	524,772	862,623	392,304,520	429,874,792
Operating expenses:														
Production and operations	12,846,290	-	16,471,965	115,545,188	-	182,440	25,874,833	1,095,915	20,142,578	14,121,164	1,882,913	134,137	208,297,423	223,323,841
Depreciation and amortization	12,513,172	122,265	129,132	17,963,315	156,916	60,848	3,795,316	128,612	10,614,096	10,537,899	177,114	-	56,198,685	48,698,255
Maintenance	1,348,878	-	-	-	254,179	30,493	-	23,529	-	-	62,344	-	1,719,423	5,419,964
Beneficiary related	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	374,789	-	-	-	-	-	29,659,250	83,250	3,605,429	7,304,874	-	-	41,027,592	3,693,786
Stevedoring and related	-	-	-	-	-	-	-	-	-	-	-	-	-	2,812,279
General and administrative	10,301,539	1,839,381	3,428,656	25,796,170	338,389	183,521	33,502,760	1,786,399	6,437,450	21,928,205	902,456	1,161,278	107,606,204	109,682,500
Interest	-	2,988,228	-	-	-	15	-	-	-	-	-	-	2,988,243	37,787,358
Other	-	210,987	14,270	-	16,191	1,246	-	33,231	-	4,210,094	65,570	-	4,551,589	688,299
Total operating expenses	37,384,668	5,160,861	20,044,023	159,304,673	765,675	458,563	92,832,159	3,150,936	40,799,553	58,102,236	3,090,397	1,295,415	422,389,159	432,106,282
Operating income (loss)	14,013,843	88,950	(18,317,243)	21,752,058	158,065	119,712	(29,606,106)	(861,319)	6,026,412	(20,460,594)	(2,565,625)	(432,792)	(30,084,639)	(2,231,490)
Nonoperating revenues (expenses):														
Contribution from:														
General Fund	-	-	19,782,755	-	-	-	528,888	-	-	-	2,300,000	475,273	23,086,916	8,731,452
Federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	148,022
Extraordinary item	(164,047)	-	-	-	-	-	-	-	-	-	404,495	-	240,448	(7,454,397)
Other income (expenses), net	(5,488,979)	-	-	(18,211,032)	4,638	-	(3,261,780)	296,365	(7,480,697)	(129,074)	705,000	3,727	(33,561,832)	3,417,864
Total nonoperating revenues (expenses), net	(5,653,026)	-	19,782,755	(18,211,032)	4,638	-	(2,732,892)	296,365	(7,480,697)	(129,074)	3,409,495	479,000	(10,234,468)	4,842,941
Net income (loss)	8,360,817	88,950	1,465,512	3,541,026	162,703	119,712	(32,338,998)	(564,954)	(1,454,285)	(20,589,668)	843,870	46,208	(40,319,107)	2,611,451
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	83,333	-	-	-	-	-	-	7,831,563	28,666	-	7,943,562	158,530
Beginning retained earnings (deficit) (note 6)	78,755,557	10,804,078	1,853,275	120,268,747	1,049,893	754,508	49,266,751	(507,596)	47,087,640	(82,163,826)	(668,688)	2,353,259	228,853,598	207,528,581
Adjustments to beginning retained earnings:														
Correction of prior year errors	-	-	-	-	-	-	2,628,185	-	-	77,810,351	56,980	-	80,495,516	19,021,205
Ending retained earnings (deficit)	87,116,374	10,893,028	3,402,120	123,809,773	1,212,596	874,220	19,555,938	(1,072,550)	45,633,355	(17,111,580)	260,828	2,399,467	276,973,569	229,319,767
Beginning contributed capital	65,632,838	4,952,252	8,228,526	40,764,440	5,278,650	-	-	-	13,557,529	-	1,057,629	-	139,471,864	132,477,970
Adjustments to contributed capital	-	-	-	-	-	-	-	-	-	-	(28,666)	-	(28,666)	-
Contribution from:														
General Fund	-	-	-	-	-	-	-	2,040,978	-	124,798,617	-	-	126,839,595	164,248,139
Federal agencies	7,352,980	171,500	-	-	3,702,600	-	-	59,885	-	58,422,152	-	-	69,709,117	136,161,921
In Aid of Construction	-	-	-	-	-	-	-	-	-	59,885,171	-	-	59,885,171	10,766,302
Other Agencies	-	-	(83,333)	-	-	-	-	-	-	1,211,924	-	-	1,128,591	-
Fund equity at end of year	\$ 160,102,192	\$ 16,016,780	\$ 11,547,313	\$ 164,574,213	\$ 10,193,846	\$ 874,220	\$ 19,555,938	\$ 1,028,313	\$ 59,190,884	\$ 227,206,284	\$ 1,289,791	\$ 2,399,467	\$ 673,979,241	\$ 672,974,099

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM							
Component Units - Proprietary Funds							
Combining Statement of Cash Flows							
Year Ended September 30, 1998							
(With Comparative Totals for the Year Ended September 30, 1997)							
	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Territorial Law Library	Guam Memorial Hospital Authority
<u>Increase (decrease) in cash and equivalents</u>							
Cash flows from operating activities:							
Operating income (loss)	\$ 14,013,843	\$ 88,950	\$ (18,317,243)	\$ 21,752,058	\$ 158,065	\$ 119,712	\$ (29,606,106)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	12,513,172	122,265	129,132	17,963,315	156,916	60,848	3,795,316
Bad debt expense	374,789	-	-	-	-	-	29,659,250
Amortization of loan discount	-	(30,000)	-	-	-	-	-
Extraordinary item and other reconciling items	(164,047)	80,000	-	6,021,479	(78,299)	-	(5,624,779)
(Increase) decrease in assets:							
Accounts receivable	873,447	(6,462,934)	(5,606,808)	(18,842,124)	(11,553)	-	(4,858,165)
Inventory	-	-	-	(1,628,740)	365	-	157,131
Accrued interest and other	-	(293,723)	-	-	-	(1,226)	-
Prepaid expense	-	4,504	(11,297)	194,715	(21,432)	-	(39,142)
Notes receivable	-	-	-	-	-	-	-
Other assets	-	-	-	(151,618)	-	-	70,000
Other receivables	-	(142,416)	-	-	-	693	-
Due from other funds and governmental agencies	-	-	-	-	-	(8,064)	-
Due from federal agencies	(723,634)	-	-	-	-	-	-
Loss on investment	-	-	-	-	-	-	-
Increase (decrease) in liabilities:							
Accrued payroll				346,633	16,956		(1,980,071)
Annual leave				278,124			66,948
Accounts payable	(2,495,593)	77,227	3,689,749	3,891,210	(5,487)		(23,296,839)
Accrued pension cost	(127,900)	(99,071)			(20,310)		(2,422,523)
Accrued expense and other liabilities	4,564	81,480	1,100	(1,530,447)	(65)	25,241	2,139,104
Customer and security deposits		21,540		(336,224)	913	(2,800)	(1,503,614)
Deferred revenue	1,199,241			5,025,917			
Capitalized labor							
Contracts and leases							
Net cash provided by (used for) operating activities	<u>25,467,882</u>	<u>(6,552,178)</u>	<u>(20,115,367)</u>	<u>32,984,298</u>	<u>196,069</u>	<u>194,404</u>	<u>(33,443,490)</u>
Cash flows from noncapital financing activities:							
Proceeds from issuance of notes payable and bonds	-	59,454,256	-	-	-	-	-
Proceeds from short term debt	-	-	-	20,000,000	-	-	-
Repayment of notes payable and short term debt	-	(2,476,078)	-	(19,797,801)	-	-	-
Interest paid on notes payable and short term debt	-	(1,014,073)	-	(2,022,929)	-	-	-
Local appropriations	-	-	19,782,755	-	-	-	-
Net transfers from restricted fund	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	1,359,650	-	-	-
Contributions	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>55,964,105</u>	<u>19,782,755</u>	<u>(461,080)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Proceeds from issuance of notes payable and bonds	-	-	-	45,000,000	-	-	34,988,448
Principal paid on bonds and other long term debt	(3,451,544)	-	-	(6,745,040)	(113,092)	-	-
Interest paid on bonds and other long term debt	(11,758,438)	-	-	(20,328,235)	-	-	-
Fixed asset (purchases) disposals/sale	(42,577,325)	(10,737)	-	(20,553,170)	(65,604)	(33,757)	(2,038,498)
Fixed asset improvements	-	-	-	-	-	-	-
Contributions	2,599,150	-	-	-	-	-	-
Replacement parts inventories	-	-	-	-	-	-	-
Debt issuance costs	-	(925,681)	-	(832,879)	-	-	-
Capital lease payments	-	-	-	-	-	-	-
Restricted assets	-	(51,909,145)	683,464	(29,477,118)	-	-	2,735,233
Net cash provided by (used for) capital and related financing activities	<u>(55,188,157)</u>	<u>(52,845,563)</u>	<u>683,464</u>	<u>(32,936,442)</u>	<u>(178,696)</u>	<u>(33,757)</u>	<u>35,685,183</u>
Cash flows from investing activities:							
Payments received on notes receivable	-	-	-	-	-	-	-
Decrease(increase) in bond reserve funds	-	-	-	(35,766)	-	-	-
Purchase of land held for development and resale	-	(396,877)	-	-	-	-	-
Proceeds from sale of investments	21,790,015	3,928,312	-	-	-	-	-
Purchase of investment securities	-	-	-	-	-	-	-
Withdrawal of investment securities	-	-	-	-	-	-	-
Interest and dividends on investments	5,872,633	1,014,073	-	4,507,822	-	-	-
Net (increase)decrease in loan receivable	-	-	-	-	-	-	-
Net cash provided by (used for) investing activities	<u>27,662,648</u>	<u>4,545,508</u>	<u>-</u>	<u>4,472,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and equivalents	(2,057,627)	1,111,872	350,852	4,058,832	17,373	160,647	2,241,693
Cash and equivalents at beginning of year	3,699,048	1,243,563	1,823,700	4,335,503	398,055	166,658	2,156,792
Restricted cash	-	-	-	-	-	-	-
Cash and equivalents at end of year	<u>\$ 1,641,421</u>	<u>\$ 2,355,435</u>	<u>\$ 2,174,552</u>	<u>\$ 8,394,335</u>	<u>\$ 415,428</u>	<u>\$ 327,305</u>	<u>\$ 4,398,485</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM							
Component Units - Proprietary Funds							
Combining Statement of Cash Flows, continued							
Year Ended September 30, 1998							
(With Comparative Totals for the Year Ended September 30, 1997)							
	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Mass Transit Authority	Guam Educational 'elecommunicatior Corporation	Totals	
						1998	1997
<u>Increase (decrease) in cash and equivalents</u>							
Cash flows from operating activities:							
Operating income (loss)	\$ (861,319)	\$ 6,026,412	\$ (20,460,594)	\$ (2,565,625)	\$ (432,792)	\$ (30,084,639)	\$ (2,231,490)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						-	
Depreciation	128,612	10,614,096	10,537,899	177,114	-	56,198,685	48,698,255
Bad debt expense	83,250	3,605,429	7,304,874	-	-	41,027,592	3,717,786
Amortization of loan discount	-	-	-	-	-	(30,000)	(30,000)
Extraordinary loss and other reconciling items	712,625	314,198	-	-	-	1,261,177	25,608,191
(Increase) decrease in assets:						-	
Accounts receivable	(1,124,583)	(1,735,495)	(7,042,514)	(64,372)	(17,624)	(44,892,725)	2,947,366
Inventory	(22,599)	841,681	589,404	-	-	(62,758)	(1,097,762)
Accrued interest and other	-	18,723	483,960	-	-	207,734	(800,949)
Prepaid expense	-	325,602	-	-	(1,256)	451,694	115,501
Notes receivable	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	(81,618)	(5,326,307)
Other receivables	-	-	-	-	-	(141,723)	41,946
Due from other funds and governmental agencies	-	-	-	-	-	(8,064)	-
Due from federal agencies	-	-	-	-	-	(723,634)	-
Loss on investment	-	-	-	-	-	-	-
Increase (decrease) in liabilities:						-	
Accrued payroll	-	271,199	136,790	-	2,684	(1,205,809)	427,339
Annual leave	-	-	71,546	-	-	416,618	3,672,812
Accounts payable	339,125	(2,283,234)	7,336,046	209,734	(26,762)	(12,564,824)	5,231,336
Accrued pension cost	(50,571)	(1,508,003)	-	(11,618)	-	(4,239,996)	2,898,156
Accrued expense and other liabilities	28,436	1,351,984	248,301	(10,784)	-	2,338,914	1,081,666
Customer and security deposits	-	231,279	155,151	-	-	(1,433,755)	7,908,877
Deferred revenue	(60,614)	-	(437,109)	-	(68,479)	5,658,956	552,048
Capitalized labor	-	-	-	-	-	-	-
Contracts and leases	-	-	(1,792,761)	-	-	(1,792,761)	(3,343,009)
Net cash provided by (used for) operating activities	(827,638)	18,073,871	(2,869,007)	(2,265,551)	(544,229)	10,299,064	90,071,762
Cash flows from noncapital financing activities:							
Proceeds from issuance of notes payable and bonds						59,454,256	6,200,000
Proceeds from short term debt						20,000,000	1,122,607
Repayment of notes payable and short term debt						(22,273,879)	(1,945,488)
Interest paid on notes payable and short term debt						(3,037,002)	(2,162,432)
Local appropriations				3,005,000	475,273	23,263,028	15,095,294
Net transfers from restricted fund						-	(1,480,718)
Bank Overdraft						1,359,650	
Contributions					-	-	8,949
Net cash provided by (used for) noncapital financing activities	-	-	-	3,005,000	475,273	78,766,053	16,838,212
Cash flows from capital and related financing activities:							
Proceeds from issuance of notes payable and bonds	-	3,407,250	1,318,813	-	-	84,714,511	1,201,200
Principal paid on bonds and other long term debt	-	(3,348,550)	-	-	-	(13,658,226)	(17,828,603)
Interest paid on bonds and other long term debt	-	(7,016,535)	(196,452)	-	-	(39,299,660)	(39,672,951)
Fixed asset (purchases) disposals/sale	(71,210)	(6,681,042)	(20,363,636)	(779,765)	-	(93,174,744)	(114,831,976)
Fixed asset improvements	-	-	-	-	-	-	(22,500)
Contributions	-	-	21,948,177	-	-	24,547,327	(2,120,935)
Replacement parts inventories	-	-	-	-	-	-	27,609
Debt issuance costs	-	-	-	-	-	(1,758,560)	
Capital lease payments	-	-	-	-	-	-	(413,949)
Restricted assets	-	48,201	(3,474,098)	-	-	(81,393,463)	13,489,305
Net cash provided by (used for) capital and related financing activities	(71,210)	(13,590,676)	(767,196)	(779,765)	-	(120,022,815)	(160,172,800)
Cash flows from investing activities:							
Payments received on notes receivable	(13,879)	-	-	-	-	(13,879)	(9,268)
Increase in bond reserve funds	-	-	-	-	-	(35,766)	79,440
Purchase of land held for development and resale	-	-	-	-	-	(396,877)	(795,890)
Proceeds from sale of investment	1,277,472	-	-	-	-	26,995,799	27,558,075
Purchase of investment securities	(61,700)	(849,142)	-	-	-	(910,842)	(3,365,477)
Withdrawal of investment securities	-	-	-	-	-	-	84,282
Interest and dividends on investments	(216,260)	(460,927)	67,378	-	-	10,784,719	11,250,351
Net decrease in loan receivable	-	-	-	-	-	-	(1,766,029)
Net cash provided by investing activities	985,633	(1,310,069)	67,378	-	-	36,423,154	33,035,484
Net increase (decrease) in cash and equivalents	86,785	3,173,126	(3,568,825)	(40,316)	(68,956)	5,465,456	(20,227,342)
Cash and equivalents at beginning of year	98,166	9,440,080	494,892	55,906	656,142	24,568,505	65,173,186
Restricted assets	-	-	4,173,346		-	4,173,346	-
Cash and equivalents at end of year	\$ 184,951	\$ 12,613,206	\$ 1,099,413	\$ 15,590	\$ 587,186	\$ 34,207,307	\$ 44,945,844

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Internal Service Funds
Combining Balance Sheet
September 30, 1998
(With Comparative Totals as of September 30, 1997)

	Agana Fractional Lot Fund	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
					1998	1997
ASSETS						
Cash and equivalents	\$ -	\$ 141,651	\$ 2,048,966	\$ 82,034	\$ 2,272,651	\$ 2,031,461
Investments	-	-	-	-	-	-
Receivables, net	90,170	32,281	-	-	122,451	127,316
Receivables from federal agencies	-	-	-	-	-	-
Interfund receivables, net	126,426	1,440	-	199,535	327,401	1,895,993
Notes receivable	-	-	-	-	-	-
Inventories	-	8,824,619	988,356	-	9,812,975	10,043,604
Prepayments	-	-	-	-	-	-
Deposits and other assets	322,767	-	-	-	322,767	322,767
	539,363	8,999,991	3,037,322	281,569	12,858,245	14,421,141
Amount available in debt service fund	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Long-term assets:						
Support assets	-	-	-	-	-	-
Capital leases and improvements	-	-	-	-	-	-
Building and improvement	-	-	-	-	-	-
Plant in service	-	-	-	-	-	-
	-	-	-	-	-	-
Less: Accumulated depreciation	-	-	-	-	-	-
Construction-in-progress	-	-	-	-	-	-
Land	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-
Total assets	\$ 539,363	\$ 8,999,991	\$ 3,037,322	\$ 281,569	\$ 12,858,245	\$ 14,421,141
LIABILITIES AND FUND EQUITY (DEFICIENCY)						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	3,885	-	3,885	-
Interfund payables	-	16,042	784,500	-	800,542	134,018
Payables to federal agencies	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	264,152	264,152	264,152
Vacation leave accrual	-	-	-	-	-	-
Contracts and leases	-	-	-	-	-	-
Notes payable and bonds payable	-	-	-	-	-	-
Accrued unfunded retirement benefit	-	-	-	-	-	-
Total liabilities	-	16,042	788,385	264,152	1,068,579	398,170
Fund equity (deficiency):						
Contributed capital:						
Government of Guam	-	-	-	-	-	-
Federal government	-	8,212,794	-	-	8,212,794	8,212,794
Retained earnings:						
Restricted	-	2,013	1,141,272	-	1,143,285	2,704,618
Unrestricted	539,363	769,142	1,107,665	17,417	2,433,587	3,105,559
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	-	-
Related assets	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Fund equity (deficiency)	539,363	8,983,949	2,248,937	17,417	11,789,666	14,022,971
Total liabilities and fund equity (deficiency)	\$ 539,363	\$ 8,999,991	\$ 3,037,322	\$ 281,569	\$ 12,858,245	\$ 14,421,141
See Accompanying Independent Auditors' Report.						

GOVERNMENT OF GUAM

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended September 30, 1998
(With Comparative Totals for the Year Ended September 30, 1997)

	Agana Fractional Lot Fund	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
					1998	1997
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	485,372	-	-	485,372	-
Licenses, fees and permits	-	30,095	-	-	30,095	95,788
Investment earnings and interest	-	2,970	-	2,686	5,656	4,472
Rental charges	-	-	-	-	-	-
Other	-	-	5,905,608	-	5,905,608	4,708,261
Total operating revenues	-	518,437	5,905,608	2,686	6,426,731	4,808,521
Operating expenses:						
Production and operations	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Beneficiary related	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Stevedoring and related	-	-	-	-	-	-
General and administrative	-	55,082	5,537,599	-	5,592,681	3,896,376
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total operating expenses	-	55,082	5,537,599	-	5,592,681	3,896,376
Operating income (loss)	-	463,355	368,009	2,686	834,050	912,145
Nonoperating revenues (expenses):						
Contribution from/(to):						
General fund	-	-	(3,067,355)	-	(3,067,355)	-
Federal agencies	-	-	-	-	-	-
Other income (expense), net	-	-	-	-	-	-
Total nonoperating revenues (expenses), net	-	-	(3,067,355)	-	(3,067,355)	-
Net income (loss)	-	463,355	(2,699,346)	2,686	(2,233,305)	912,145
Beginning retained earnings (deficit)	539,363	307,800	4,948,283	14,731	5,810,177	4,898,032
Ending retained earnings (deficit)	539,363	771,155	2,248,937	17,417	3,576,872	5,810,177
Beginning contributed capital	-	8,212,794	-	-	8,212,794	5,314,347
Adjustment to contributed capital						
Contributions (to) from:						
General fund	-	-	-	-	-	-
Federal government	-	-	-	-	-	2,898,447
Fund equity at end of year	\$ 539,363	\$ 8,983,949	\$ 2,248,937	\$ 17,417	\$ 11,789,666	\$ 14,022,971

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund September 30, 1998

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

Expendable Trust Funds:

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

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

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

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

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

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

Inmates Work Release Fund - This fund was established by P.L. 21-75 for the purpose of providing gainful employment to the person who, having been sentenced after convictions of a crime, are 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.

Off-Island Sports Fund - This fund was established for the purpose of providing grants primarily for transportation expenses to civilian sports organizations. Funding is provided by local appropriations.

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund, Continued September 30, 1998

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

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

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

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

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

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund, Continued September 30, 1998

Pension Fund:

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

Agency Fund:

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

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
Combining Balance Sheet
September 30, 1998
(With Comparative Totals As Of September 30, 1997)

	<u>Program Development</u>	<u>Government Claims</u>	<u>Income Tax Rebate</u>	<u>Income Tax Refund Reserve</u>	<u>Ocean Freight Legal</u>	<u>Workers' Compensation</u>	<u>Inmates Work Release</u>	<u>Off-Island Sports</u>	<u>Community Development</u>
<u>ASSETS</u>									
Cash and equivalents	\$ 86,139	\$ -	\$ -	\$ 2,771,984	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	66,985	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-
Interfund receivables, net	509,515	71,341	5,529,363	2,420,280	5,740	-	8,338	-	375,085
Notes receivable	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 595,654</u>	<u>\$ 71,341</u>	<u>\$ 5,529,363</u>	<u>\$ 5,192,264</u>	<u>\$ 5,740</u>	<u>\$ 66,985</u>	<u>\$ 8,338</u>	<u>\$ -</u>	<u>\$ 375,085</u>
<u>LIABILITIES AND FUND EQUITY</u>									
Accounts payable	\$ -	\$ -	\$ 5,529,363	\$ -	\$ -	\$ -	\$ 2,340	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	261,627	-	-	250
Payables to federal agencies	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	5,192,264	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	5,998	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5,529,363</u>	<u>5,192,264</u>	<u>-</u>	<u>261,627</u>	<u>8,338</u>	<u>-</u>	<u>250</u>
Fund equity									
Contributed capital:									
Government of Guam	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-
Fund balances									
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	-
Related assets	595,654	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	1,880	-	-	-	83,546
Continuing appropriations	-	71,341	-	-	3,860	-	-	-	291,289
Unreserved (deficit)	-	-	-	-	-	(194,642)	-	-	-
Total fund equity	<u>595,654</u>	<u>71,341</u>	<u>-</u>	<u>-</u>	<u>5,740</u>	<u>(194,642)</u>	<u>-</u>	<u>-</u>	<u>374,835</u>
Total liabilities and fund equity	<u>\$ 595,654</u>	<u>\$ 71,341</u>	<u>\$ 5,529,363</u>	<u>\$ 5,192,264</u>	<u>\$ 5,740</u>	<u>\$ 66,985</u>	<u>\$ 8,338</u>	<u>\$ -</u>	<u>\$ 375,085</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
Combining Balance Sheet, Continued
September 30, 1998
(With Comparative Totals As Of September 30, 1997)

	Criminal Injuries	Off-Island Treatment	Land Claims	Superior Court Trust	Guam Preservation Trust	Totals	
						1998	1997
<u>ASSETS</u>							
Cash and equivalents	\$ -	\$ -	\$ 41,659	\$ 4,980,930	\$ 1,246,964	\$ 9,127,676	\$ 13,208,405
Investments	-	-	-	-	-	-	31,188,190
Receivables, net	-	-	-	4,815,141	4,319,509	9,201,635	5,802,748
Receivables from federal agencies	-	-	-	-	-	-	-
Interfund receivables, net	178,676	212,424	-	-	4,500	9,315,262	10,451,067
Notes receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepayments	-	-	-	-	290	290	296
Deposits and other assets	-	-	-	-	117,876	117,876	123,882
Total assets	<u>\$ 178,676</u>	<u>\$ 212,424</u>	<u>\$ 41,659</u>	<u>\$ 9,796,071</u>	<u>\$ 5,689,139</u>	<u>\$ 27,762,739</u>	<u>\$ 60,774,588</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Accounts payable	\$ 169	\$ -	\$ -	\$ 1,074,359	\$ 27,633	\$ 6,633,864	\$ 6,996,086
Accrued payroll and other	-	202,056	-	-	-	202,056	186,793
Interfund payables	-	-	-	-	-	261,877	868,995
Payables to federal agencies	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	3,414,243	-	3,414,243	3,004,031
Provision for tax refunds	-	-	-	-	-	5,192,264	37,841,190
Deposits and other liabilities	<u>31,588</u>	<u>8,687</u>	<u>40,821</u>	<u>3,906,371</u>	<u>-</u>	<u>3,993,465</u>	<u>3,927,750</u>
Total liabilities	<u>31,757</u>	<u>210,743</u>	<u>40,821</u>	<u>8,394,973</u>	<u>27,633</u>	<u>19,697,769</u>	<u>52,824,845</u>
Fund equity							
Contributed capital:							
Government of Guam	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-
Fund balances							
Reserved for:							
Debt service	-	-	-	-	-	-	-
Related assets	146,919	-	-	200	-	742,773	200
Encumbrances	-	1,350	-	17,377	-	104,153	158,538
Continuing appropriations	-	331	-	1,383,521	-	1,750,342	2,470,480
Unreserved (deficit)	<u>-</u>	<u>-</u>	<u>838</u>	<u>-</u>	<u>5,661,506</u>	<u>5,467,702</u>	<u>5,320,525</u>
Total fund equity	<u>146,919</u>	<u>1,681</u>	<u>838</u>	<u>1,401,098</u>	<u>5,661,506</u>	<u>8,064,970</u>	<u>7,949,743</u>
Total liabilities and fund equity	<u>\$ 178,676</u>	<u>\$ 212,424</u>	<u>\$ 41,659</u>	<u>\$ 9,796,071</u>	<u>\$ 5,689,139</u>	<u>\$ 27,762,739</u>	<u>\$ 60,774,588</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 1998
(With Comparative Totals For The Year Ended September 30, 1997)

	<u>Program Development</u>	<u>Government Claims</u>	<u>Income Tax Rebate</u>	<u>Income Tax Refund Reserve</u>	<u>Ocean Freight Legal</u>	<u>Workers' Compensation</u>	<u>Inmates Work Release</u>	<u>Off-Island Sports</u>	<u>Community Development</u>
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	-	-
Use of money and property	4,004	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	285,274	-	-	-
	<u>4,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues									
Expenditures:									
General government	-	83,659	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	29,569	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	192,562	-
Individual and collective rights	-	-	-	-	-	1,693,124	-	-	3,400,790
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>83,659</u>	<u>-</u>	<u>-</u>	<u>29,569</u>	<u>1,693,124</u>	<u>-</u>	<u>192,562</u>	<u>3,400,790</u>
Total expenditures									
Excess (deficiency) of revenue over (under) expenditures	<u>4,004</u>	<u>(83,659)</u>	<u>-</u>	<u>-</u>	<u>(29,569)</u>	<u>(1,407,850)</u>	<u>-</u>	<u>(192,562)</u>	<u>(3,400,790)</u>
Other financing sources (uses):									
Additions to long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	155,000	-	-	-	790,000	-	190,000	3,276,168
Transfers out	-	-	-	-	-	-	-	(17,438)	(59,650)
Other sources	-	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,000</u>	<u>-</u>	<u>172,562</u>	<u>3,216,518</u>
Total other financing sources (uses), net									
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,004	71,341	-	-	(29,569)	(617,850)	-	(20,000)	(184,272)
Fund balances at beginning of year	<u>591,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,309</u>	<u>423,208</u>	<u>-</u>	<u>20,000</u>	<u>559,107</u>
Fund balances at end of year	<u>\$ 595,654</u>	<u>\$ 71,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,740</u>	<u>\$ (194,642)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,835</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1998
(With Comparative Totals For The Year Ended September 30, 1997)

	Criminal Injuries	Off-Island Treatment	Land Claims	Superior Court Trust	Guam Preservation Trust	Totals	
						1998	1997
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	1,528,517	1,528,517	1,257,494
Use of money and property	-	-	-	-	89,847	93,851	98,761
Federal contributions	-	-	-	-	-	-	-
Other	19,830	-	-	-	360	305,464	425,868
Total revenues	19,830	-	-	-	1,618,724	1,927,832	1,782,123
Expenditures:							
General government	-	-	-	-	-	83,659	-
Protection of life and property	-	-	-	-	2,122,200	2,151,769	1,274,852
Public health	-	-	-	-	-	-	-
Community services	-	1,951	-	-	-	1,951	885,534
Recreation	-	-	-	-	-	192,562	-
Individual and collective rights	19,211	-	19	2,366,365	-	7,479,509	7,109,387
Transportation	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total expenditures	19,211	1,951	19	2,366,365	2,122,200	9,909,450	9,269,773
Excess (deficiency) of revenue over (under) expenditures	619	(1,951)	(19)	(2,366,365)	(503,476)	(7,981,618)	(7,487,650)
Other financing sources (uses):							
Additions to long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	3,762,456	-	8,173,624	5,519,557
Transfers out	-	-	-	-	-	(77,088)	(2,408,266)
Other sources	-	-	309	-	-	309	332,722
Other uses	-	-	-	-	-	-	(335,720)
Total other financing sources (uses), net	-	-	309	3,762,456	-	8,096,845	3,108,293
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	619	(1,951)	290	1,396,091	(503,476)	115,227	(4,379,357)
Fund balances at beginning of year	146,300	3,632	548	5,007	6,164,982	7,949,743	12,329,100
Fund balances at end of year	\$ 146,919	\$ 1,681	\$ 838	\$ 1,401,098	\$ 5,661,506	\$ 8,064,970	\$ 7,949,743

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of General Fixed Assets by Function and Activity
Year Ended September 30, 1998

	1997 Total Fixed Assets	1998 Acquisitions	1998 Total Fixed Assets
General Government:			
Office of the Governor	\$ 1,531,636	\$ 166,862	\$ 1,698,498
Office of Lt. Governor	25,862	-	25,862
Bureau of Budget and Mgmt. Research	902,050	15,456	917,506
Civil Service Commission	193,235	4,229	197,464
Administration	7,803,189	385,599	8,188,788
Public Works	142,634,596	23,086,405	165,721,001
Revenue and Taxation	1,342,889	205,552	1,548,441
Territorial Auditors	663,784	180,081	843,865
Land Management	2,784,172	201,148	2,985,320
Total	<u>157,881,413</u>	<u>24,245,332</u>	<u>182,126,745</u>
Protection of life and property:			
Law	1,587,816	53,742	1,641,558
Guam Police Department	10,932,565	2,344,603	13,277,168
Guam Fire Department	5,081,717	123,740	5,205,457
Corrections	2,429,841	366,645	2,796,486
Youth Affairs	599,599	64,599	664,198
Civil Defense	494,880	108,286	603,166
Chief Medical Examiner	38,131	1,350	39,481
Territorial Crime Commission	9,762	4,578	14,340
Total	<u>21,174,311</u>	<u>3,067,543</u>	<u>24,241,854</u>
Public health:			
Public Health and Social Services	4,614,641	814,600	5,429,241
Mental Health and Substance Abuse	1,720,308	30,031	1,750,339
Guam Health Planning	42,488	4,064	46,552
Total	<u>6,377,437</u>	<u>848,695</u>	<u>7,226,132</u>
Community services:			
Council for the Arts and Humanities	153,748	2,939	156,687
Library and Museum	442,853	16,011	458,864
Vocational Rehabilitation	208,120	42,396	250,516
Total	<u>804,721</u>	<u>61,346</u>	<u>866,067</u>
Recreation:			
Parks and Recreation	2,674,416	189,137	2,863,553
Total	<u>2,674,416</u>	<u>189,137</u>	<u>2,863,553</u>
Individual and collective rights:			
Labor	817,824	54,709	872,533
Election Commission	1,719,772	-	1,719,772
Commissioner's Council	2,150,965	244,269	2,395,234
Superior Court	18,639,373	-	18,639,373
Human Resources Development	151,839	8,775	160,614
Veterans Affairs	7,146	4,838	11,984
Military Affairs	155,074	2,400	157,474
Women's Affairs	29,713	15,390	45,103
Chamorro Land Trust	1,559,737	38,458	1,598,195
Total	<u>25,231,443</u>	<u>368,839</u>	<u>25,600,282</u>
Education:			
Education	52,423,626	2,700	52,426,326
Chamorro Language Commission	33,044	8,119	41,163
Total	<u>52,456,670</u>	<u>10,819</u>	<u>52,467,489</u>
Environmental protection:			
Environmental Protection	1,067,880	66,983	1,134,863
Guam Energy Office	208,696	4,131	212,827
Total	<u>1,276,576</u>	<u>71,114</u>	<u>1,347,690</u>
Economic development:			
Commerce	2,105,353	10,790	2,116,143
Agriculture	2,315,325	344,073	2,659,398
Bureau of Planning	920,713	92,122	1,012,835
Total	<u>5,341,391</u>	<u>446,985</u>	<u>5,788,376</u>
Public Defender	204,513	14,784	219,297
PDSC Land Claims Fund	11,521	-	11,521
PDSC Family Violence Program	3,032	-	3,032
	<u>219,066</u>	<u>14,784</u>	<u>233,850</u>
Total general fixed assets	\$ <u>273,437,444</u>	\$ <u>29,324,594</u>	\$ <u>302,762,038</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds September 30, 1998

The Higher Education Fund group is used to account for the colleges and universities of the primary government. These funds are presented as blended component units as they are considered to be part of the primary government but are presented separately from the other fund types of the primary government. The Higher Education Fund is comprised of the University of Guam (UOG) and the Guam Community College (GCC). A brief discussion of the Government's Higher Education Funds as of September 30, 1998, follows.

In the prior fiscal year 1997 presentation for the Higher Education Fund, the Department of Education (DOE) was presented; however, due to the unavailability of financial statements for the current year, DOE is not included in the accompanying general-purpose financial statements.

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

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

Department of Education - Public Law 24-17 was signed into law by the Governor of Guam on April 28, 1997. The law created a fund known as the "School Operations Fund" with a separate source of funding which consists of 88% of all gross receipts taxes collected in the Government of Guam. This law allows DOE to operate separately from the Government of Guam general fund as all existing accounts for DOE shall be deposited or transferred to the school operations fund for use by DOE in fiscal year 1997. DOE is not presented in the accompanying general-purpose financial statements.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet
September 30, 1998

ASSETS	UNIVERSITY OF GUAM					GUAM COMMUNITY COLLEGE			COLLEGE AND UNIVERISTY		College and
	CURRENT		PLANT	LOAN	ENDOWMENT	CURRENT		PLANT	RESTRICTED	UNRESTRICTED	University
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Unrestricted	Unrestricted			(Memorandum Only)
Cash and equivalents	\$ 184,288	\$ 315,500	\$ 865,862	\$ -	\$ 876,473	\$ 1,191,572	\$ 673,617	\$ 49,997	\$ 1,375,860	\$ 2,781,449	\$ 4,157,309
Investments	-	280,466	-	-	10,780,728	-	2,551,452	-	-	13,612,646	13,612,646
Receivables, net	141,943	2,416,524	555,212	514,598	9,857	444,127	2,133,215	405,414	586,070	6,034,820	6,620,890
Receivables from federal agencies	1,710,496	196,581	59	65,762	-	-	-	-	1,710,496	262,402	1,972,898
Other receivables	98,201	2,044,284	1,464	108,470	2,088	-	-	5,000	98,201	2,161,306	2,259,507
Inventories	-	549,272	-	-	-	-	197,825	-	-	747,097	747,097
Prepayments	93,223	212,031	-	-	-	-	-	-	93,223	212,031	305,254
Deposits and other assets	-	18,876	-	-	63,983	-	-	-	-	82,859	82,859
	<u>2,228,151</u>	<u>6,033,534</u>	<u>1,422,597</u>	<u>688,830</u>	<u>11,733,129</u>	<u>1,635,699</u>	<u>5,556,109</u>	<u>460,411</u>	<u>3,863,850</u>	<u>25,894,610</u>	<u>29,758,460</u>
Amounts to be provided for retirement of debt	-	-	53,618	-	-	-	-	-	-	53,618	53,618
Fixed assets:											
Support Assets	-	-	9,381,910	-	-	-	-	6,647,311	-	16,029,221	16,029,221
Capital leases and improvements	-	-	-	-	-	-	-	-	-	-	-
Buildings and improvements	-	-	71,064,726	-	-	-	-	6,444,200	-	77,508,926	77,508,926
	-	-	80,446,636	-	-	-	-	13,091,511	-	93,538,147	93,538,147
Less: accumulated depreciation	-	-	13,743,519	-	-	-	-	-	-	13,743,519	13,743,519
	-	-	66,703,117	-	-	-	-	13,091,511	-	79,794,628	79,794,628
Construction-in-progress	-	-	549,972	-	-	-	-	-	-	549,972	549,972
Land	-	-	2,589,112	-	-	-	-	1,903,000	-	4,492,112	4,492,112
	-	-	69,842,201	-	-	-	-	14,994,511	-	84,836,712	84,836,712
Total assets	<u>\$ 2,228,151</u>	<u>\$ 6,033,534</u>	<u>\$ 71,318,416</u>	<u>\$ 688,830</u>	<u>\$ 11,733,129</u>	<u>\$ 1,635,699</u>	<u>\$ 5,556,109</u>	<u>\$ 15,454,922</u>	<u>\$ 3,863,850</u>	<u>\$ 110,784,940</u>	<u>\$ 114,648,790</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet, continued
September 30, 1998

LIABILITIES AND FUND EQUITY	UNIVERSITY OF GUAM					GUAM COMMUNITY COLLEGE		COLLEGE AND UNIVERSITY		College and University (Memorandum Only)	
	CURRENT		PLANT	LOAN	ENDOWMENT	CURRENT		PLANT	RESTRICTED		UNRESTRICTED
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Unrestricted	Unrestricted			
Current Liabilities:											
Accounts payable	\$ 1,968,622	\$ 1,664,374	\$ 1,066,535	\$ -	\$ -	\$ 1,229,118	\$ 540,486	\$ -	\$ 3,197,740	\$ 3,271,395	\$ 6,469,135
Accrued payroll and other	476,848	3,119,263	-	-	-	-	-	-	476,848	3,119,263	3,596,111
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	5,225,091	-	-	-	-	552,538	-	-	5,777,629	5,777,629
Deposits and other liabilities	-	-	-	-	-	-	962,325	-	-	962,325	962,325
Total current liabilities	2,445,470	10,008,728	1,066,535	-	-	1,229,118	2,055,349	-	3,674,588	13,130,612	16,805,200
Long-term liabilities:											
Obligation under capital lease	-	-	1,254,583	-	-	-	-	-	-	1,254,583	1,254,583
Notes payable and bonds payable	-	-	805,000	-	-	-	-	-	-	805,000	805,000
Total long-term liabilities	-	-	2,059,583	-	-	-	-	-	-	2,059,583	2,059,583
Total liabilities	2,445,470	10,008,728	3,126,118	-	-	1,229,118	2,055,349	-	3,674,588	15,190,195	18,864,783
Fund equity:											
Investment in general fixed assets	-	-	66,940,549	-	-	-	-	14,994,511	-	81,935,060	81,935,060
Fund balances:											
Reserved for:											
Specific purposes	(217,319)	-	847,117	-	-	406,581	-	-	189,262	847,117	1,036,379
Debt service	-	-	53,618	-	-	-	-	-	-	53,618	53,618
Unreserved	-	(3,975,194)	351,014	688,830	11,733,129	-	3,500,760	460,411	-	12,758,950	12,758,950
Total fund equity	(217,319)	(3,975,194)	68,192,298	688,830	11,733,129	406,581	3,500,760	15,454,922	189,262	95,594,745	95,784,007
Total liabilities and fund equity	\$ 2,228,151	\$ 6,033,534	\$ 71,318,416	\$ 688,830	\$ 11,733,129	\$ 1,635,699	\$ 5,556,109	\$ 15,454,922	\$ 3,863,850	\$ 110,784,940	\$ 114,648,790

See Accompanying Independent Auditors' Report.

