

GOVERNMENT OF GUAM

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

YEAR ENDED SEPTEMBER 30, 1997

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, 1997. 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 Territorial Law Library and the Guam Educational Telecommunications Corporation which represent 0.2% and 0.2%, respectively, of the assets and operating revenues of the Component Units - Proprietary Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 6.5% and 13.7% of total assets and operating revenues, respectively, of the Component Units - Proprietary Funds, the Guam Waterworks Authority (GWA) formerly the Public Utility Agency of Guam (PUAG), which represents 12.4% and 7.8% of the assets and operating revenues, respectively, of the Component Units - Proprietary Funds, the Port Authority of Guam (PAG) which represents 3.7% and 4.4% of total assets and operating revenues of the Component Units - Proprietary Funds and the Guam Preservation Trust Fund which represents 10% and 76% of total assets and operating revenues of the Fiduciary Fund Type - Expendable Trust.

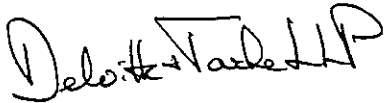
The general purpose financial statements referred to above do not include the Pension Trust Fund, the Guam Housing and Urban Renewal Authority (GHURA) and the Guam Council on the Arts and Humanities Agency (CAHA), a special revenue fund which, in our opinion, should be included in order to conform with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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Government of Guam has included such disclosures in note 3K. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Government of Guam's disclosures with respect to the year 2000 issue made in note 3K. Further, we do not provide assurance that the Government of Guam is or will be year 2000 ready, 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.

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, GWA, PAG and the Guam Preservation Trust Fund, as discussed in the third through sixth paragraphs above, and the omission of the Pension Trust Fund, GHURA and CAHA, 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 and the Primary Government's year 2000 compliance upon which we are unable to express an opinion because of the matters set forth in the fourth and eighth paragraphs above, present fairly, in all material respects, the financial position of the Government of Guam, as of September 30, 1997, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in Section III of the forgoing 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 19, 1998 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.



October 19, 1998

GOVERNMENT OF GUAM

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
September 30, 1997
(With Comparative Totals As Of September 30, 1996)

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	Department of Education	234,409,906	\$ 44,945,844	\$ 279,355,750	\$ 107,341,902	\$ 286,377,765	157,662,657	4,218,028	123,698,460	1,123,223	870	39,254,023	2,530,029	141,306	1,083,086	13,488,105	837,809,235	232,046,465	831,890,078	258,799,361
	\$ 23,416,551	\$ 33,651,349	\$ 56,868,457	\$ 96,527,651	\$ 752,781	\$ 2,031,461	\$ 13,208,405	\$ -	\$ -	\$ -	\$ 2,920,197	\$ 5,785,835	\$ 234,409,906	\$ 44,945,844	\$ 279,355,750	\$ 107,341,902	\$ 286,377,765	157,662,657	4,218,028	123,698,460	1,123,223	870	39,254,023	2,530,029	141,306	1,083,086	13,488,105	837,809,235	232,046,465	831,890,078	258,799,361
Cash and equivalents	-	-	-	-	-	-	31,188,190	-	-	-	9,013,605	-	99,376,060	7,965,842	107,341,902	21,322,114	143,232,114	21,595,007	26,716,058	20,122,699	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Investments	4,369,850	17,019,683	38,886,373	2,515,438	-	-	5,802,748	-	-	-	6,076,575	16,737,875	49,934,495	157,662,657	207,397,152	167,213,992	267,163,058	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Taxes receivable, net	2,999,903	22,650,214	-	-	-	127,316	-	-	-	-	1,123,223	1,909,670	15,904,671	157,662,657	207,397,152	167,213,992	267,163,058	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Receivables, net	13,887,240	53,359,617	1,506,505	2,124,395	190,509	1,895,593	10,451,067	-	-	-	1,123,223	1,909,670	15,904,671	157,662,657	207,397,152	167,213,992	267,163,058	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	56,170,374	53,359,617	1,506,505	2,124,395	190,509	1,895,593	10,451,067	-	-	-	1,123,223	1,909,670	15,904,671	157,662,657	207,397,152	167,213,992	267,163,058	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	8,907,720	-	-	-	10,043,604	-	-	-	-	609,385	-	19,560,709	39,254,023	58,814,732	52,616,395	58,814,732	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Prepayments	-	725	-	-	-	222,767	-	-	-	-	140,285	-	141,306	2,530,029	2,671,335	3,124,629	3,124,629	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
Deposits and other assets	-	105,705	47,751	-	-	322,767	123,882	11,750,709	-	-	74,205	-	12,425,019	1,083,086	13,488,105	11,887,052	11,887,052	20,122,699	26,716,058	123,698,460	1,123,223	870	58,814,732	2,671,335	3,124,629	-	-	-	-	-	
	86,956,678	160,984,662	98,426,028	101,413,044	943,290	14,421,141	60,774,588	11,750,709	-	-	20,063,316	24,433,380	580,168,566	257,640,379	837,809,235	232,046,465	831,890,078	258,799,361													
Restricted assets (note 11)																															
Fixed assets (net, where applicable, of accumulated depreciation):																															
Support assets	-	-	-	-	-	-	-	-	136,218,059	-	13,678,527	-	149,896,586	35,748,230	185,644,816	179,773,431	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247	205,423,247
Capital assets and improvements	-	-	-	-	-	-	-	-	128,660,889	-	74,767,262	-	203,428,151	410,130,084	613,558,235	491,242,627	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683	729,382,683
Building and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	864,178,390	
Plant in service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	264,878,948	-	88,445,789	-	353,324,737	1,310,565,212	1,663,889,949	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650	1,400,695,650
Less: Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	11,913,952	-	11,913,952	336,657,773	348,371,725	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018	298,994,018
	-	-	-	-	-	-	-	-	264,878,948	-	76,531,837	-	341,410,785	974,107,439	1,315,518,224	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632	1,101,701,632
Construction-in-progress	-	-	-	-	-	-	-	-	-	-	419,301	-	419,301	181,180,212	181,599,513	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906	251,376,906
Land	-	-	-	-	-	-	-	-	8,199,639	-	4,492,112	-	12,691,751	21,772,238	34,463,989	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003	31,624,003
Other	-	-	-	-	-	-	-	-	358,837	-	-	-	358,837	19,298,547	19,657,404	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071	22,056,071
Other debits:																															
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	273,437,444	-	81,443,250	-	354,880,694	1,196,398,436	1,551,239,130	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612	1,406,758,612
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount available in debt service funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 86,956,678	\$ 160,984,662	\$ 98,426,028	\$ 101,413,044	\$ 943,290	\$ 14,421,141	\$ 60,774,588	\$ 11,750,709	\$ 273,437,444	\$ 660,204,757	\$ 106,886,902	\$ 24,433,380	\$ 1,600,632,623	\$ 1,671,176,280	\$ 3,271,808,903	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373	\$ 3,196,209,373

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, 1997
(With Comparative Totals As Of September 30, 1996)

LIABILITIES AND FUND EQUITY (DEFICIENCY)	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Higher Education Funds		Totals Primary Government (Non-Expendable Obl.)	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	Department of Education						1997	1996
Liabilities:																			
Bank overdraft	\$ 11,416,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,416,557	\$ 17,804,859	\$ -	\$ 11,416,557	\$ 1,342,247
Current portion of long-term debt (note 2)	-	1,740,240	-	-	-	-	-	-	-	-	-	-	-	-	-	17,804,859	-	28,984,517	18,562,254
Notes payable (note 2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,244,277	-	-	26,121,670
Accounts payable	14,361,091	685,015	4,779,761	6,890	-	-	6,996,086	-	-	419,570,991	875,000	-	-	-	420,445,991	724,233,815	1,184,573,909	1,184,573,909	1,184,573,909
Accrued payroll and other	14,361,091	3,435,238	3,884,686	-	-	-	186,793	-	-	-	6,892,175	10,631,887	-	-	43,959,905	88,586,497	132,546,402	131,771,273	131,771,273
Unearned revenues	22,094,467	28,304,286	1,853,205	69,603,479	-	-	868,795	-	-	-	3,089,150	5,135,448	-	-	25,119,687	132,546,402	64,541,233	64,541,233	64,541,233
Payable to Federal agencies	2,281,445	-	-	-	-	134,018	-	-	-	-	-	-	-	-	125,933,015	234,555	126,602,531	126,602,531	126,602,531
Deferred revenue	37,419,827	48,854,959	348,186	-	-	-	3,004,031	-	-	-	4,151,219	260,949	-	-	93,778,222	3,142,394	3,047,842	3,047,842	3,047,842
Provision for tax refunds	30,827,330	8,823,714	-	-	-	-	37,841,190	-	-	-	-	-	-	-	77,492,134	19,152,679	54,132,181	54,132,181	54,132,181
Prepaid and other liabilities	9,073,524	350,190	-	-	-	264,152	3,927,750	11,750,709	-	12,691,501	689,430	57,603	-	-	26,113,398	45,266,077	30,669,854	30,669,854	30,669,854
Unearned interest	7,388,557	-	-	-	-	-	-	-	-	-	-	-	-	-	20,080,058	8,529,398	24,528,854	24,528,854	24,528,854
Contractual retirement liability (note 5)	-	-	-	-	-	-	-	-	-	227,942,265	-	-	-	-	227,942,265	83,193,204	656,154	4,380,303	4,380,303
Total liabilities	160,845,419	94,865,217	10,265,838	69,610,369	-	398,170	52,824,845	11,750,709	-	660,204,757	15,703,964	16,085,887	-	-	1,092,695,175	998,202,181	2,090,897,156	2,090,897,156	2,090,897,156
Fund equity (deficiency):																			
Investment in general fixed assets	-	-	-	-	-	-	-	-	273,437,444	-	79,682,798	-	-	-	353,120,242	-	353,120,242	262,382,201	262,382,201
Contributed capital:																			
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	226,870,348	226,870,348	240,157,508	240,157,508
Federal government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	203,934,349	214,147,143	211,616,440	211,616,440
In aid of construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,449,635	10,449,635	-	-
Retained earnings:																			
Restricted	-	-	-	-	283,376	2,704,618	-	-	-	-	-	-	-	-	2,987,994	4,055,760	7,043,754	6,313,369	6,313,369
Unrestricted	-	-	-	-	659,914	3,105,559	-	-	-	-	-	-	-	-	3,763,473	225,264,007	225,039,480	206,898,084	206,898,084
Fund balances:																			
Reserved for:																			
Specific purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	820,619	820,619	14,535,827	14,535,827
Debt service	-	-	-	31,802,675	-	-	-	-	-	-	820,619	-	-	-	32,311,991	-	32,311,991	34,763,329	34,763,329
Related assets (note 9)	48,854	14,147,959	11,453,379	-	-	-	200	-	-	-	509,316	-	-	-	14,196,997	-	14,196,997	11,537,192	11,537,192
Endowments	32,727,713	25,211,008	61,670,710	-	-	-	158,538	-	-	-	-	-	-	-	69,963,638	-	69,963,638	119,565,991	119,565,991
Continuing appropriations (note 10)	25,872,711	8,115,147	14,927,071	-	-	-	2,470,480	-	-	-	-	-	-	-	169,105,938	-	169,105,938	232,140,739	232,140,739
Unreserved (deficit)	(139,572,083)	(94,721,459)	-	-	-	-	5,320,525	-	-	-	10,170,205	8,347,693	-	-	(146,548,238)	-	(146,548,238)	(235,111,202)	(235,111,202)
Fund equity (deficiency)	(73,918,741)	66,019,445	88,160,190	31,802,675	943,290	14,022,971	7,949,743	-	273,437,444	-	91,182,938	8,347,693	-	-	507,937,448	673,974,099	1,180,911,347	1,103,999,478	1,103,999,478
Commitments and contingencies (note 3)																			
Total liabilities and fund equity (deficiency)	\$ 86,926,678	\$ 160,984,662	\$ 98,426,028	\$ 101,413,044	\$ 943,290	\$ 14,421,141	\$ 60,774,588	\$ 11,750,709	\$ 273,437,444	\$ 660,204,757	\$ 106,886,902	\$ 24,433,580	\$ -	\$ -	\$ 1,600,632,623	\$ 1,671,176,280	\$ 3,271,808,503	\$ 3,196,209,373	\$ 3,196,209,373

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, 1997
(With Comparative Totals For The Year Ended September 30, 1996)

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals Reporting Entity (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service		1997	1996
Revenues:							
Taxes	\$ 461,517,383	\$ 55,017,373	\$ -	\$ -	\$ -	\$ 516,534,756	\$ 528,802,678
Licenses, fees and permits	2,650,944	8,951,730	-	-	1,257,494	12,860,168	11,201,304
Use of money and property	2,455,240	2,967,787	8,304,348	4,371,401	98,761	18,197,537	22,062,482
Federal contributions	46,188,667	97,408,440	-	-	-	143,597,107	145,620,787
Other	2,761,645	13,384,012	-	-	425,868	16,571,525	9,385,109
Total revenues	515,573,879	177,729,342	8,304,348	4,371,401	1,782,123	707,761,093	717,072,360
Expenditures:							
General government	54,296,275	19,882,138	-	-	-	74,178,413	60,060,152
Protection of life and property	68,175,111	13,702,103	943,863	-	1,274,852	84,095,929	76,181,179
Public health	19,143,583	7,749,338	3,010,233	-	-	29,903,154	30,075,809
Community services	4,404,736	13,511,816	-	-	885,534	18,802,086	19,952,620
Recreation	4,007,582	2,911,010	-	-	-	6,918,592	7,118,537
Individual and collective rights	9,025,057	26,676,571	-	-	7,109,387	42,811,015	38,731,237
Transportation	3,462,622	19,297,799	-	-	-	22,760,421	7,648,319
Public education	90,160,858	10,714,323	47,094,067	-	-	147,969,248	169,346,173
Environmental protection	4,362,316	4,212,641	2,665,360	-	-	11,240,317	8,713,643
Economic development	5,977,798	7,761,956	-	-	-	13,739,754	12,819,389
Transfers to persons	20,474,451	64,064,975	-	-	-	84,539,426	136,227,609
Capital projects	-	511,257	3,469,265	-	-	3,980,522	16,000,421
Claims projects	599,848	-	-	-	-	599,848	-
Debt service:							
Principal retirement	-	-	-	27,725,000	-	27,725,000	30,153,712
Interest and fiscal charges	1,049,159	125,192	-	24,650,130	-	25,824,481	25,150,287
Total expenditures	285,139,396	191,121,119	57,182,788	52,375,130	9,269,773	595,088,206	638,179,087
Excess (deficiency) of revenues over (under) expenditures	230,434,483	(13,391,777)	(48,878,440)	(48,003,729)	(7,487,650)	112,672,887	78,893,273
Other financing sources (uses):							
Transfers in (notes 4 and 7)	27,126,675	112,137,631	656,223	85,862,127	5,519,557	231,302,213	207,093,936
Transfers out (note 7)	(267,667,173)	(92,836,295)	(377,714)	(40,484,457)	(2,408,266)	(403,773,905)	(314,538,257)
Other sources	10,128,276	2,934	168,166	-	332,722	10,632,098	1,153,521
Other uses	-	(425,723)	(5,508)	(210,713)	(335,720)	(977,664)	(1,044,976)
Total other financing sources (uses), net	(230,412,222)	18,878,547	441,167	45,166,957	3,108,293	(162,817,258)	(107,335,776)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	22,261	5,486,770	(48,437,273)	(2,836,772)	(4,379,357)	(50,144,371)	(28,442,503)
Fund balances (deficit) at beginning of year (note 6)	(73,951,002)	60,532,675	136,597,463	34,639,447	12,329,100	170,147,683	197,899,489
Fund balances (deficit) at end of year	\$ (73,928,741)	\$ 66,019,445	\$ 88,160,190	\$ 31,802,675	\$ 7,949,743	\$ 120,003,312	\$ 169,456,986

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, 1997

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 523,679,000	\$ 461,517,383	\$ (62,161,617)
Licenses, fees and permits	4,400,000	2,650,944	(1,749,056)
Use of money and property	1,510,000	2,455,240	945,240
Federal contributions	5,720,000	46,188,667	40,468,667
Other	<u>3,980,000</u>	<u>2,761,645</u>	<u>(1,218,355)</u>
Total revenues	<u>539,289,000</u>	<u>515,573,879</u>	<u>(23,715,121)</u>
Expenditures - Budgetary Basis			
General Government	81,647,872	54,296,275	27,351,597
Protection of Life and Property	71,012,426	68,175,111	2,837,315
Community services	5,155,563	4,404,736	750,827
Recreation	4,096,381	4,007,582	88,799
Public Health	24,011,989	19,143,583	4,868,406
Individual and Collective Rights	10,696,061	9,025,057	1,671,004
Transportation	3,880,383	3,462,622	417,761
Public Education	94,043,743	90,160,858	3,882,885
Environmental Protection	4,737,216	4,362,316	374,900
Economic Development	6,440,593	5,977,798	462,795
Transfers to persons	19,946,104	20,474,451	(528,347)
Claims projects	-	599,848	(599,848)
Debt Service	<u>-</u>	<u>1,049,159</u>	<u>(1,049,159)</u>
Total expenditures	<u>325,668,331</u>	<u>285,139,396</u>	<u>40,528,935</u>
Excess of revenues over expenditures	<u>213,620,669</u>	<u>230,434,483</u>	<u>16,813,814</u>
Other financing sources (uses):			
Transfers in	-	27,126,675	27,126,675
Transfers out	(297,010,102)	(267,667,173)	29,342,929
Other sources	<u>-</u>	<u>10,128,276</u>	<u>10,128,276</u>
Total other financing sources (uses), net	<u>(297,010,102)</u>	<u>(230,412,222)</u>	<u>66,597,880</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(83,389,433)	22,261	83,411,694
Deficit at beginning of year	<u>(112,172,715)</u>	<u>(73,951,002)</u>	<u>38,221,713</u>
Deficit at end of year	\$ <u>(195,562,148)</u>	\$ <u>(73,928,741)</u>	\$ <u>121,633,407</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, 1997
(With comparative totals for the year ended September 30, 1996)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service			1997	1996
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 393,988,377	\$ 393,988,377	\$ 372,253,864
Contributions	-	-	-	2,213,697	2,213,697	2,543,105
Licenses, fees and permits	-	95,788	95,788	290,608	386,396	634,674
Investment earnings and interest	-	4,472	4,472	16,110,296	16,114,768	23,383,065
Use of money and property	294,318	-	294,318	-	294,318	-
Rental charges	-	-	-	7,244,195	7,244,195	3,181,036
Other	-	4,708,261	4,708,261	10,027,619	14,735,880	19,911,610
Total operating revenues	294,318	4,808,521	5,102,839	429,874,792	434,977,631	421,907,354
Operating expenses:						
Production and operations	23,321	-	23,321	223,323,841	223,347,162	228,126,768
Depreciation and amortization	-	-	-	48,698,255	48,698,255	-
Maintenance	-	-	-	5,419,964	5,419,964	-
Professional fees	60,800	-	60,800	-	60,800	41,452,788
Utilities	6,493	-	6,493	-	6,493	5,383,840
Bad debts	-	-	-	3,693,786	3,693,786	3,289,387
Stevedoring and related	-	-	-	2,812,279	2,812,279	2,645,925
General and administrative	-	3,896,376	3,896,376	109,682,500	113,578,876	118,743,045
Interest	-	-	-	37,787,358	37,787,358	40,238,001
Other	45,254	-	45,254	688,299	733,553	695,286
Total operating expenses	135,868	3,896,376	4,032,244	432,106,282	436,138,526	440,575,040
Operating income (loss)	158,450	912,145	1,070,595	(2,231,490)	(1,160,895)	(18,667,686)
Nonoperating revenues (expenses):						
Contribution from:						
General Fund	-	-	-	8,731,452	8,731,452	34,166,535
Federal agencies	-	-	-	148,022	148,022	-
Extraordinary loss (note 13)	-	-	-	(7,454,397)	(7,454,397)	(2,177,236)
Other income (expenses), net	-	-	-	3,417,864	3,417,864	11,654,398
Total nonoperating revenues (expenses), net	-	-	-	4,842,941	4,842,941	43,643,697
Net income	158,450	912,145	1,070,595	2,611,451	3,682,046	24,976,011
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	-	158,530	158,530	244,371
Beginning retained earnings (deficit) (note 6)	784,840	4,898,032	5,682,872	207,528,581	213,211,453	175,797,778
Adjustments to beginning retained earnings: Correction of prior year errors (note 12)	-	-	-	19,021,205	19,021,205	12,193,293
Ending retained earnings	943,290	5,810,177	6,753,467	229,319,767	236,073,234	213,211,453
Beginning contributed capital	-	5,314,347	5,314,347	132,477,970	137,792,317	383,198,108
Adjustments to contributed capital	-	-	-	-	-	-
Contribution from (to):						
General Fund	-	-	-	164,248,139	164,248,139	35,026,846
Federal agencies	-	2,898,447	2,898,447	136,161,921	139,060,368	33,548,994
In-aid of construction	-	-	-	10,766,302	10,766,302	-
Fund equity at end of year	\$ 943,290	\$ 14,022,971	\$ 14,966,261	\$ 672,974,099	\$ 687,940,360	\$ 664,985,401

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, 1997
(With Comparative Totals for the year Ended September 30, 1996)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)		Component Units Proprietary Funds		Totals Reporting Entity (Memorandum Only)	
	Enterprise	Internal Service					1997	1996
Increase (decrease) in cash and equivalents								
Cash flows from operating activities:								
Operating income (loss)	\$ 158,450	\$ 912,145	\$ 1,070,595	\$	(2,231,490)	\$	(1,160,895)	\$ (18,667,686)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	-	-	-		48,698,255		48,698,255	41,452,788
Bad debt expense	-	-	-		3,717,786		3,717,786	3,548,469
Amortization of loan discount	-	-	-		(30,000)		(30,000)	(30,000)
Extraordinary loss and other reconciling items	-	-	-		25,608,191		25,608,191	27,565,437
(Increase) decrease in assets:								
Accounts receivable	-	(25,517)	(25,517)		2,947,366		2,921,849	(13,696,730)
Inventory	-	(3,156,363)	(3,156,363)		(1,097,762)		(4,254,125)	(9,279,496)
Investments	-	-	-		-		-	(752,780)
Accrued interest and other	-	-	-		(800,949)		(800,949)	46,343
Prepaid expense	-	-	-		115,501		115,501	1,349,694
Notes receivable	-	-	-		-		-	(112,350)
Other assets	-	-	-		(5,326,307)		(5,326,307)	580,470
Other receivables	-	-	-		41,946		41,946	(64,820)
Due from other funds and governmental agencies	(158,450)	(68,497)	(226,947)		-		(226,947)	1,299,335
Loss on investment	-	-	-		-		-	(43,247)
Increase (decrease) in liabilities:								
Accrued payroll	-	-	-		427,339		427,339	(432,368)
Annual leave	-	-	-		3,672,812		3,672,812	33,553
Accounts payable	-	-	-		5,231,336		5,231,336	12,180,320
Accrued pension cost	-	-	-		2,898,156		2,898,156	(3,049,337)
Accrued expense and other liabilities	-	(75,000)	(75,000)		1,081,666		1,006,666	640,352
Customer and security deposits	-	-	-		7,908,877		7,908,877	884,777
Deferred revenue	-	(190,720)	(190,720)		552,048		361,328	(11,696,583)
Due to other funds and governmental agencies	-	133,852	133,852		(3,343,009)		(3,209,157)	(34,673)
Capitalized labor	-	-	-		-		-	1,355,700
Net cash provided by (used for) operating activities	-	(2,470,100)	(2,470,100)		90,071,762		87,601,662	33,077,168
Cash flows from noncapital financing activities:								
Proceeds from issuance of notes payable and bonds	-	-	-		6,200,000		6,200,000	8,873,614
Proceeds from short-term debt	-	-	-		1,122,607		1,122,607	-
Repayment of notes payable and short-term debt	-	-	-		(1,945,488)		(1,945,488)	(2,200,450)
Interest paid on notes payable and short-term debt	-	-	-		(2,162,432)		(2,162,432)	(1,285,320)
Operating grants received	-	-	-		15,095,294		15,095,294	13,527,608
Net transfers from restricted fund	-	-	-		(1,480,718)		(1,480,718)	-
Contributions	-	2,898,447	2,898,447		8,949		2,907,396	25,299,019
Net cash provided by noncapital financing activities	-	2,898,447	2,898,447		16,838,212		19,736,659	44,214,471
Cash flows from capital and related financing activities:								
Proceeds from issuance of notes payable and bonds	-	-	-		1,201,200		1,201,200	7,100,100
Principal paid on bonds and other long-term debt	-	-	-		(17,828,603)		(17,828,603)	(5,648,909)
Interest paid on bonds and other long-term debt	-	-	-		(39,672,951)		(39,672,951)	(38,393,225)
Fixed asset purchases	-	-	-		(114,831,976)		(114,831,976)	(178,337,921)
Fixed asset improvements	-	-	-		(22,500)		(22,500)	-
Contributions	-	-	-		(2,120,935)		(2,120,935)	25,241,519
Replacement parts inventories	-	-	-		27,609		27,609	72,977
Capital lease payments	-	-	-		(413,949)		(413,949)	(458,371)
Restricted assets	-	-	-		13,489,305		13,489,305	(80,223,146)
Net cash used for capital and related financing activities	-	-	-		(160,172,800)		(160,172,800)	(270,646,976)
Cash flows from investing activities:								
Payments received on notes receivable	-	-	-		(9,268)		(9,268)	(11,388)
Increase in bond reserve funds	-	-	-		79,440		79,440	(28,578)
Purchase of land held for development and resale	-	-	-		(795,890)		(795,890)	-
Proceeds from sale of investments	-	-	-		27,558,075		27,558,075	60,995,752
Purchase of investment securities	-	-	-		(3,365,477)		(3,365,477)	(748,854)
Withdrawal of investment	-	-	-		84,282		84,282	-
Interest and dividends on investments	-	-	-		11,250,351		11,250,351	20,308,908
Net decrease in loan receivable	-	-	-		(1,766,029)		(1,766,029)	3,174,451
Net cash provided by investing activities	-	-	-		33,035,484		33,035,484	83,690,291
Net increase (decrease) in cash and equivalents	-	428,347	428,347		(20,227,342)		(19,798,995)	(109,665,046)
Cash and equivalents at beginning of year	-	1,603,114	1,603,114		65,173,186		66,776,300	176,873,773
Restricted assets	-	-	-		-		-	(432,427)
Cash and equivalents at end of year	\$ -	\$ 2,031,461	\$ 2,031,461	\$	44,945,844	\$	46,977,305	\$ 66,776,300

See accompanying notes to financial statements.

GOVERNMENT OF GUAM

Higher Education Funds
Combined Statement of Changes in Fund Balances
September 30, 1997

	<u>College and University (Memorandum Only)</u>	<u>Department of Education</u>
Revenues and other additions		
Unrestricted current fund revenues	\$ 52,493,106	\$ 1,918,805
Government of Guam appropriations - restricted	5,513,274	164,881,021
Government of Guam contracts - restricted	1,491,085	-
Federal grants and contracts - restricted	10,403,741	16,511,136
Private gifts, grants and contracts - restricted	615,461	-
Other restricted receipts	329,180	-
Endowment income	982,170	-
Recovery on student loans and miscellaneous receipts	360,679	-
Expended for plant facilities	1,341,325	-
Retirement of indebtedness	65,000	-
Interest income	-	90,330
	<hr/>	<hr/>
Total revenues and other additions	73,595,021	183,401,292
Expenditures and other deductions		
Educational and general expenditures	62,827,251	151,109,580
Auxiliary enterprise expenditures	3,172,547	-
Loans awarded	1,603,964	23,705,206
Plant repairs and maintenance	299,915	-
Depreciation of plant facilities	1,698,725	-
Investment fees	102,865	-
Retirement of indebtedness	65,000	-
Interest on indebtedness	28,200	-
Disposal of plant facilities	18,535	-
	<hr/>	<hr/>
Total expenditures and other deductions	69,817,002	174,814,786
Transfers among funds-additions/(deductions):		
Mandatory		
Government of Guam bonds	(2,027,602)	(441,510)
Contributed capital	1,824,790	-
Restricted fund matching grants	-	-
Non-mandatory transfers, net	(193,045)	-
	<hr/>	<hr/>
Total transfers	(395,857)	(441,510)
Net increase (decrease) for the year	3,382,162	8,144,996
Beginning fund balance	87,800,776	202,497
	<hr/>	<hr/>
Ending fund balance	\$ 91,182,938	\$ 8,347,493
	<hr/>	<hr/>

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Higher Education Funds
Combined Statement of Current Funds Revenues, Expenditures and Other Changes
September 30, 1997

	College and University (Memorandum Only)
Revenues:	
Tuition and fees	\$ 8,376,808
Government of Guam appropriations	43,074,642
Federal grants and contracts	9,647,403
GovGuam grants and contracts	1,491,085
Sales, services and other sources	6,646,415
Total current revenue	69,236,353
Expenditures and mandatory transfers:	
Instruction	22,451,028
Research	4,534,933
Public service	5,207,097
Academic support	7,218,323
Student services	5,474,047
Institutional support	7,539,892
Operation and maintenance of plant	5,630,249
Scholarships and fellowship	4,721,788
Indirect cost	49,894
Restricted fund matching grants	-
Total educational and general	62,827,251
Auxiliary enterprise expenditures	3,172,547
Mandatory transfers:	
Principal and interest	93,200
Renewals and replacement	115,694
GovGuam bonds	2,027,602
Total expenditures and mandatory transfers	68,236,294
Other transfers and additions/ (deductions):	
Excess of restricted receipts over transfers	403,515
Transfer from restricted fund classifications to unrestricted funds	100
Non-mandatory transfer, net	(1,527,597)
	(1,123,982)
Net increase (decrease) in fund balances	\$ (123,923)

See Accompanying Independent Auditors' Report. 11

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies

A. Reporting Entity

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), the Guam Community College (GCC) and the Department of Education (DOE). 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 1997 presentation.

2. Discretely Presented Component Units

- (a) The Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG) is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within the Government of Guam. GWA is established as a separate legal entity and is governed by an appointed Board of Directors. GWA was reported as a blended component unit - proprietary fund type, enterprise fund, in the fiscal year 1996 presentation. GWA is reported as a component unit - proprietary fund in the 1997 presentation. Public Law 23-119 authorized the creation of the Guam Waterworks Authority, which also abolished the Public Utility Agency of Guam in fiscal year 1997.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

- (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 reported as a component unit - proprietary fund.
- (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.
- (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.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

- (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 Educational Radio Foundation (GERF) was initiated in February 1992 as a non-profit, public benefit corporation and is governed by a seven member Board of Trustees. The Foundation's employees are participants with employees of the Government of Guam in retirement and health benefits.
- (m) 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.
- (n) 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.

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

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, 1997

(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 Educational Radio Foundation
13 Dean's Circle, UOG Station
Mangilao, GU 96923

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

Guam Community College
Sesame Street
Mangilao, Guam 96913

Department of Education
P.O. Box DE
Agana, Guam 96932

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:

	<u>Fund</u>	<u>Fund Type</u>
	Rainy Day Fund	Special Revenue
Fund 230	Vocational Rehab Revolving fund	Special Revenue
Fund 233	Customs Inspection 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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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, 1997

(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. 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, Guam Community College and the Department of Education, include:

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, 1997

(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.

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.

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 1997, the Governor is authorized to transfer funds to or from any appropriation of the Executive Branch, without restriction as to the year an appropriation was made, provided that no more than 5% is transferred out of any territorial agency. During the year ended September 30, 1997, there were no such transfers of prior year appropriations into 1997. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

C. Budgetary Process, Continued

The Budget Act for Fiscal Year 1997, Public Law 23-128, 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 \$206,914,508 at September 30, 1997. FDIC insured and collateralized deposits of the component units-proprietary funds aggregate \$9,481,276 as of September 30, 1997, with the remaining balance being unsecured and uncollateralized.

Investments in the University of Guam, a higher education fund, exclusive of physical plant are recorded at cost; 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. The carrying amounts and quoted market values of investments at September 30, 1997, are as follows:

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

F. Investments, Continued

	<u>Cost</u>	<u>Market Value</u>
Unrestricted Current Funds	\$ 138,457	\$ 177,779
Endowment Funds	<u>8,875,148</u>	<u>11,395,678</u>
	\$ <u>9,013,605</u>	\$ <u>11,573,457</u>

Investments in the various component units - proprietary funds, which are stated at the lower of cost or market, aggregating \$7,965,842, consist of the following categories:

	<u>Cost</u>	<u>Market Value</u>
<u>U.S. Government securities:</u>		
Guam Housing Corporation	\$ 3,983,779	\$ 3,983,779
Guam Economic Development Authority	1,604,015	1,603,658
<u>Long-Term Money Market Fund:</u>		
Guam Telephone Authority	<u>2,378,405</u>	<u>2,378,405</u>
	\$ <u>7,966,199</u>	\$ <u>7,965,842</u>

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 cost, 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.

For purposes of comparison, the carrying amount and market values include accrued interest.

	<u>Cost</u>	<u>Market Value</u>
<u>Capital Projects Fund:</u>		
<u>Infrastructure Improvement Bond</u>		
Held by Depositary/Trustee:		
Franklin Investment securities	\$ <u>6,231,688</u>	\$ <u>6,320,138</u>
Total Investment Held by Trustee	\$ <u>6,231,688</u>	\$ <u>6,320,138</u>
<u>General Obligation Bond, 1993 Series A</u>		
Held by Trustee:		
U.S. Treasury Notes	\$ <u>31,933,437</u>	\$ <u>32,064,410</u>
Total Investment Held by Trustee	\$ <u>31,933,437</u>	\$ <u>32,064,410</u>
Total Investments - Capital Projects Funds	\$ <u>38,165,125</u>	\$ <u>38,384,548</u>

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

F. Investments, Continued

<u>Debt Service Fund:</u>	<u>Cost</u>	<u>Market Value</u>
<u>Infrastructure Improvement Bond</u>		
Certificates of Deposit (maturing on 11/15/99)	\$ <u>2,515,428</u>	\$ <u>2,515,428</u>
Total investment held by Depository/Trustee	\$ <u>2,515,428</u>	\$ <u>2,515,428</u>
Total Investments - Debt Service Funds	\$ <u>2,515,428</u>	\$ <u>2,515,428</u>

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 \$44,358,432 as of September 30, 1997. 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, 1997, 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, 1997

(1) Summary of Significant Accounting Policies, Continued

G. Receivables, Continued

Special Revenue Funds	\$ <u>16,305,302</u>
Component Units - Proprietary Funds	\$ <u>39,654,813</u>
Higher Education Funds (Student Loans)	\$ <u>14,004,949</u>

The Government conducts virtually all of its business activity within the Government of Guam. As of September 30, 1997, substantially all trade accounts receivable for the Government's proprietary funds are due from companies and individuals located within the Government 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, 1997

NOTE 1 - Summary of Significant Accounting Policies, Continued

H. Interfund Transactions, Continued

Interfund Receivable From:													
Interfund Payable To:	Federal				CPF		DSF		DSF-G.O.		Miscellaneous		
	General Fund	Grants Assistance Fund	Tourist Attraction Fund	Territorial Highway Fund	Village Streets Fund	Infrastructure Improvement Bond 89 Series A	Infrastructure Improvement Bond 89 Series A	DSF-Highway Bond '92 Series A	DSF-G.O. Bond '93 Series A	DSF-G.O. Bond '95 Series A	Interfund Payables	Total	
General Fund	\$ -	\$ 10,403,757	\$ 10,196,109	\$ 1,351,560	\$ -	\$ 696,180	\$ -	\$ -	\$ 1,314,470	\$ 30,516,368	\$ 1,691,930	\$ 56,170,374	
Tourist Attraction Fund	1,524,670	-	-	-	-	-	32,253,140	-	-	-	12,611	33,790,421	
Territorial Highway Fund	-	-	-	-	2,192,103	-	-	5,174,766	-	-	-	7,366,869	
DOC Inmates Revolving Fund	637,804	-	-	-	-	-	-	-	-	-	-	637,804	
Land Survey Fund	1,315,777	-	-	-	-	-	-	-	-	-	-	1,315,777	
Guam Housing Corporation													
Revolving Fund	1,430,083	-	-	-	-	-	-	-	-	-	-	1,430,083	
Guam Environmental Trust Fund	1,430,880	-	-	-	-	-	-	-	-	-	-	1,430,880	
Guam Preservation Trust Fund	1,404,500	-	-	-	-	-	-	-	-	-	-	1,404,500	
Customs and Quarantine Overtime Fund	1,333,052	-	-	-	-	-	-	-	-	-	-	1,333,052	
Income Tax Rebate Fund	6,987,519	-	-	-	-	-	-	-	-	-	-	6,987,519	
DSF L.O. Infrastructure Improvement Bond '89 Series A	-	-	1,524,670	-	-	-	-	-	-	-	-	1,524,670	
Community Development Fund	695,486	-	-	-	-	-	-	-	-	-	-	695,486	
GSA Inventory Revolving Fund	-	821,880	36,231	196,999	-	-	-	-	-	-	483,108	1,538,218	
PUAG Capital Projects Fund	948,460	-	-	-	-	-	-	-	-	-	-	948,460	
DSF G.O. Bond '94 Series A	599,725	-	-	-	-	-	-	-	-	-	-	599,725	
Program Development Fund	509,515	-	-	-	-	-	-	-	-	-	-	509,515	
Miscellaneous Interfund Receivables	6,216,996	-	-	-	-	-	-	344,735	-	-	1,453,376	8,015,107	
Total	\$ 25,034,467	\$ 11,225,637	\$ 11,757,010	\$ 1,548,559	\$ 2,192,103	\$ 696,180	\$ 32,253,140	\$ 5,519,501	\$ 1,314,470	\$ 30,516,368	\$ 3,641,025	\$ 125,698,460	

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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, 1997, proprietary funds - component units reported \$5,555,461 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 five to fifty 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, 1997

(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, 1997

(1) Summary of Significant Accounting Policies, Continued

P. Fund Deficits

The following funds have deficit fund balances as of September 30, 1997:

<u>Fund Type</u>	<u>Fund</u>	<u>Deficit</u>
Special Revenue - Governmental Funds	Territorial Highway Fund	\$ <u>(1,110,599)</u>
Component Units - Proprietary Fund	Guam Waterworks Authority (GWA)	\$ <u>(82,163,826)</u>
Component Units - Proprietary Fund	Guam Economic Development Authority	\$ <u>(507,596)</u>
Component Units - Proprietary Fund	Guam Mass Transit Authority	\$ <u>(668,688)</u>
Higher Education Funds	University of Guam: Current Funds Unrestricted	\$ <u>(4,048,518)</u>

However, the Guam Waterworks Authority has \$262,334,020 of contributed capital which when offset with the above, provides for net equity of \$180,170,194, the Guam Economic Development Authority has \$2,100,863 of contributed capital which when offset with the above, provides for net equity of \$1,593,267, and the Guam Mass Transit Authority has beginning contributed capital of \$1,057,629 which when offset with the above provides for net equity of \$388,941.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(1) Summary of Significant Accounting Policies, Continued

Q. Continuing Appropriations

Continuing appropriations at September 30, 1997, are as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Expendable Trust Funds	Total
General Government	\$ 8,867,228	47,681,844	53,597,304	331	\$ 110,146,707
Protection of Life And Property	132,793	2,779,506	2,950,565	1,979,992	7,842,856
Individual and Collective Rights	374,906	4,041,366	-	470,157	4,886,429
Public Health	264,603	9,260,548	-	-	9,525,151
Community Service	2,624	2,982,355	-	-	2,984,979
Parks and Recreation	3,696	654,930	-	20,000	678,626
Public Education	178,499	7,674,556	-	-	7,853,055
Environmental Protection	-	1,900,286	-	-	1,900,286
Economic Development	-	2,568,306	-	-	2,568,306
Capital Projects	-	-	-	-	-
Transfers to other funds/agencies	14,068,422	1,528,250	5,122,871	-	20,719,543
Totals	\$ 23,892,771	81,071,947	61,670,740	2,470,480	\$ 169,105,938

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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 1996 balance sheets have been reclassified to conform with the 1997 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 3.9% - 6.0%, 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.

\$ 235,830,000

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.

838,609

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.

88,519,245

Note payable to Rural Telephone Bank, interest at 6.04% to 9.5%, due in semi-annual installments, including interest, ranging from annual amounts of \$24,000 to \$354,000 through 2025.

14,367,359

Notes payable to Federal Financing Bank, interest at 5.62% to 7.887%, payable in quarterly installments with interest in annual amounts ranging from \$1,200 to \$622,000 through 2014.

22,663,906

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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.

148,950,000

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.

98,275,000

1994 Series, interest at varying rates from 5.20% to 6.20% 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.

102,900,000

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.

3,454,286

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 bank in monthly installments of \$95,000, including interest at 9.625% per annum, due December, 2003.

4,808,708

Note payable to 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.

1,192,857

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

1,755,359

Note payable to a bank, 6.99% interest, payable in monthly installments of \$41,667, plus interest, principal due 2011.

6,747,126

Note payable to a bank, 6.83%, interest payable in monthly installments, principal due 2017.

2,200,000

Note payable to a bank, 6.72%, interest payable in monthly, principal due 2017.

1,000,000

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(2) Long-Term Debt, Continued

Component Units-Proprietary Funds, Continued:

Note payable to a Special Revenue Fund (Guam Housing Corporation Revolving Fund), payable in monthly installments of \$98,168 including interest at 4%, due 2011 thru 2016.

13,630,190

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, 1997, the Corporation has pledged as collateral for this borrowing approximately \$26,033,890 of related outstanding mortgage loans and \$4,001,304 of loan commitments.

Guam Memorial Hospital Authority (GMHA):

On November 24, 1993, GMHA signed a promissory note payable to the Government of Guam Retirement Fund for the principal sum of \$3,047,947 at 8% per annum so that GMHA would be relieved of payments to the Retirement Fund for its outstanding member, employer and service deposits. Beginning October 30, 1993, GMHA pays equal monthly installments of \$95,512 for 36 months until September 30, 1996. The total amount due to the Retirement fund was subsequently increased to \$3,118,956, with the additional \$71,009 due in one lump sum payment on October 31, 1996. No payment was made during FY97.

812,680

On April 28, 1995, GMHA entered into a term lease agreement with a purchase option and to purchase various hospital information software upgrades and accessories. Total monthly installments as of September 30, 1997 is \$79,018, including interest at effective rates ranging from 6.2% to 7.8%, with various lease start dates starting from April 1995 maturing 1999. The lease rates vary from \$23.5679 per thousand to \$26.75 per thousand.

1,302,349

Less current maturities

749,247,674
17,804,859

Less unamortized bank discount

7,189,000

Total long-term debt - component units - proprietary funds

\$ 724,253,815

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(2) Long-Term Debt, Continued

The annual requirements to amortize all debt of the proprietary funds - component units outstanding as of September 30, 1997, excluding interest payments, are as follows:

1998	\$ 17,804,859
1999	16,124,730
2000	16,726,747
2001	17,606,259
2002	18,504,722
Thereafter	<u>662,480,357</u>
	\$ <u>749,247,674</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. The bonds mature in varying dates with annual amounts from \$30,000 to \$90,000 through October, 2008.

\$ 875,000

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%.

36,655,000

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.

164,295,000

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%.

26,225,000

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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%.

103,440,000

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%.

57,750,000

Special Revenue Bonds - Tourist Attraction Fund: On November 15, 1989, the Government of Guam issued limited obligation Infrastructure Improvement Bonds, 1989 Series A in the amount of \$26,620,000. The bonds are collateralized by a first lien and pledge of certain revenues as defined under the bond indenture. The bonds mature annually on November 15, 1990, through November 15, 1999, and subsequently on November 15, 2004 and 2009 (term bonds). Interest on the bonds is payable semiannually on May 15 and November 15, each year.

20,915,000

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.

10,290,991

Total general long-term debt account group

\$ 419,570,991

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(2) Long-Term Debt, Continued

The annual requirement to amortize all debt of the governmental fund types outstanding as of September 30, 1997, 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>
1998	\$ 12,600,000	\$ 3,550,000	\$ 23,270,413	\$ 86,433	\$ 39,506,846
1999	39,460,000	3,745,000	21,686,813	93,329	64,985,142
2000	19,925,000	3,970,000	20,709,726	100,775	44,705,501
2001	20,990,000	4,205,000	18,706,599	108,815	44,010,414
2002	22,130,000	4,465,000	17,302,986	117,496	44,015,482
Thereafter	<u>215,510,000</u>	<u>58,730,000</u>	<u>109,616,155</u>	<u>9,784,143</u>	<u>393,640,298</u>
	\$ <u>330,615,000</u>	\$ <u>78,665,000</u>	\$ <u>211,292,692</u>	\$ <u>10,290,991</u>	\$ <u>630,863,683</u>

As of September 30, 1997, \$31,802,675 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 depository has established a trust account to be known as the "Construction Fund". Amounts deposited therein are used to (1) implement highway capital improvement projects based on Public Law 21-110 signed by the Governor on June 1, 1992, (2) pay the costs of bond issuance, and (3) pay the principal and interest on the bonds should other sources be insufficient. The "Construction Fund" account is accounted for within the Highway Bond Projects Capital Projects Fund.

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

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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.

Indentures to the 1989 Series A Bonds (Special Revenue Bonds)

The 1989 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 annual budgeted Guam Visitors Bureau expenses and operation expenses plus 1.2 times the aggregate debt service becoming due within the next fiscal year.

In accordance with the bond indenture, the depository has established a trust account known as the "Construction Fund." Amounts deposited therein are used to (1) implement capital improvement projects prescribed in Public Law 20-14, adopted on June 8, 1989, (2) pay the cost of bond issuance and letter of credit fees and (3) pay the principal and interest on the bonds should other sources be insufficient.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(2) Long-Term Debt, Continued

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund." In addition, all interest and other profit derived from investments, except those in the "Construction Fund," are to be transferred monthly to the "Revenue Fund." Transactions of the "Revenue Fund" account are accounted for in the Debt Service Fund. On the fifth day of each month following the month the revenues are deposited, the depository 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 prior to the next November 15, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such November 15, plus (3) an amount which, if paid in equal monthly installments in each month prior to the next November 15, would aggregate to the amount of the mandatory sinking fund payments required to be paid for outstanding term bonds on such November 15. Amounts in the Bond Fund are to be used to pay bond interest and the principal of the serial and term bonds.
- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 1989 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. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling, due by their terms, and (3) the aggregate amount of all mandatory sinking payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.
- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.
- Guam Visitors Bureau Fund - the amount of Guam Visitors Bureau expenses budgeted by the Government of Guam to be paid during the next succeeding calendar month.
- Surplus Fund - the balance remaining in the "Revenue Fund" after all of the foregoing deposits. Amounts in the Surplus Fund are to be paid by the depository to the Government of Guam for deposit in the Tourist Attraction Fund, unless otherwise required by law, free and clear of the pledge and lien of the bond indenture. Prior to any such payment to the Government of Guam, amounts in the Surplus Fund shall be used and withdrawn by the depository solely for the purpose of the payment of principal or interest on the bonds in the event of a deficiency in the Bond Fund in the order of priority as specified in the bond indenture.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(2) Long-Term Debt, Continued

Indentures to General Obligation Bonds, Continued:

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.

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 Depositary 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.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(2) Long-Term Debt, Continued

Indentures to General Obligation Bonds, Continued:

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, 1997 is \$31,370,904.

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 22-140 has authorized the creation of the Income Tax Refund Reserve Fund. Pursuant to this law, a formula for reserving funds for payment of income tax refunds has been established whereby, each year, the Director of Revenue and Taxation, in consultation with the Director of Administration and the Director of the Bureau of Budget and Management Research, calculates a reserve derived from the statistical average of income tax refunds issued in the previous three years, and further provides for reserving income tax receipts, on a percentage basis, in order to accumulate sufficient cash reserves to pay projected income tax refunds in a timely manner.

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 1997. 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, 1997.

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, 1997

(2) Long-Term Debt, Continued

Short-Term Notes Payable

The short-term note payable recorded in the Governmental Fund type - Special Revenue Funds is as follows:

Tourist Attraction Fund

During fiscal year 1997, the Tourist Attraction Fund entered into a loan agreement with a financial institution in an amount not to exceed \$15 million. The loan bears interest at either the institution's base rate or LIBOR +.5%. The loan is subject to a security interest in a debt service fund, other fund deposits, and all fund revenues, funds and moneys. The Fund initially requested a drawdown in the amount of \$1,740,240 during fiscal year 1997 of which \$1,654,082 was held in a debt service fund as of September 30, 1997. This balance in the debt service fund was used to repay the related drawdown during the closing of their bond issue.

\$ 1,740,240

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 7.625% and 6.875%

\$ 15,000,000

Balance against a \$15 million fuel credit facility, ninety 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 7.71875% and 7.75%

11,014,975

Guam Economic Development Authority

Note payable to Guam Economic Development Fund

1,229,302

\$ 27,244,277

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(3) COMPONENT UNIT INFORMATION

The following constitutes selected information applicable to material Component Units - Proprietary Funds as of and for the year ended September 30, 1996.

	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors Bureau	Guam Power Authority	Guam Rental Corporation	Guam Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Wireless Authority	Guam Educational Radio Foundation	Guam Mass Transit Authority	Port Authority of Guam	Guam Educational Telecommunications Corporation	TOTALS (Memorandum Only)
Revenues	\$ 59,754,945	\$ 4,063,521	\$ 2,616,571	\$ 203,680,676	\$ 934,007	\$ 372,384	\$ 59,072,699	\$ 1,869,873	\$ 43,381,307	\$ 33,663,746	\$ 462,121	\$ 472,544	\$ 18,755,119	\$ 775,217	\$ 429,874,792
Expenses	\$ 44,339,093	\$ 4,049,738	\$ 15,599,260	\$ 190,308,464	\$ 817,627	\$ 535,539	\$ 59,294,899	\$ 2,719,080	\$ 37,158,660	\$ 45,666,150	\$ 516,894	\$ 3,108,060	\$ 26,895,217	\$ 1,298,081	\$ 432,106,282
Transfer from General Fund	\$ -	\$ -	\$ 12,219,750	\$ -	\$ -	\$ -	\$ (1,887,431)	\$ -	\$ -	\$ -	\$ -	\$ 2,300,000	\$ (4,238,410)	\$ 525,543	\$ 8,321,452
Operating income (loss)	\$ 15,415,852	\$ 13,783	\$ (12,782,689)	\$ 13,372,212	\$ 116,380	\$ (163,175)	\$ (222,200)	\$ (849,207)	\$ 6,223,307	\$ (12,002,404)	\$ (54,871)	\$ (2,635,516)	\$ (8,140,098)	\$ (532,864)	\$ (2,231,490)
Other income (expense)	\$ -	\$ -	\$ 1,000	\$ 938,173	\$ (5,064)	\$ -	\$ 587,640	\$ 100,677	\$ (5,754,740)	\$ -	\$ -	\$ -	\$ 7,332,237	\$ 47,831	\$ 3,177,864
Net income (loss)	\$ 15,415,852	\$ 13,783	\$ (61,782,689)	\$ 14,310,385	\$ 111,316	\$ (163,175)	\$ (1,693,969)	\$ (748,530)	\$ 488,567	\$ (12,002,404)	\$ (54,871)	\$ (335,516)	\$ (12,318,578)	\$ 440,530	\$ 2,611,451
Net working capital (deficiency)	\$ (13,854,913)	\$ 40,821,371	\$ 1,389,601	\$ (2,099,138)	\$ 280,067	\$ 197,732	\$ 19,938,927	\$ 686,660	\$ 11,721,593	\$ 319,790	\$ (17,373)	\$ (600,178)	\$ 17,001,801	\$ 284,529	\$ 76,070,869
Total assets	\$ 408,872,215	\$ 51,064,634	\$ 11,108,317	\$ 586,560,364	\$ 11,293,869	\$ 763,155	\$ 109,250,429	\$ 4,639,745	\$ 213,076,186	\$ 207,488,441	\$ 203,133	\$ 1,253,966	\$ 62,187,136	\$ 3,210,790	\$ 1,671,176,260
Long-term notes and bonds payable	\$ 231,132,562	\$ 28,747,272	\$ -	\$ 341,302,940	\$ 783,049	\$ -	\$ -	\$ -	\$ 122,287,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 724,233,815
Fund equity	\$ 144,388,395	\$ 15,927,850	\$ 10,081,801	\$ 161,033,187	\$ 10,031,143	\$ 754,508	\$ 49,266,751	\$ 1,592,267	\$ 60,645,169	\$ 180,170,194	\$ 161,331	\$ 388,941	\$ 36,178,503	\$ 2,353,259	\$ 672,974,098
Flood asset additions	\$ 54,506,160	\$ 40,995	\$ -	\$ 25,971,861	\$ 56,397	\$ 1,300	\$ -	\$ 103,981	\$ 15,506,738	\$ 17,183,895	\$ -	\$ 10,119	\$ 1,869,937	\$ 32,200	\$ 115,282,603
Depreciation expense	\$ 11,165,535	\$ 151,379	\$ 149,975	\$ 16,247,845	\$ 155,982	\$ 66,309	\$ 3,133,225	\$ 122,574	\$ 10,041,691	\$ 4,239,902	\$ 58,964	\$ 184,066	\$ 2,980,808	\$ -	\$ 48,698,255
Contributed Capital	\$ 65,612,838	\$ 5,133,752	\$ 8,238,526	\$ 40,764,440	\$ 8,981,250	\$ -	\$ -	\$ 2,100,863	\$ 13,557,529	\$ 262,334,020	\$ -	\$ 1,027,629	\$ 35,872,485	\$ -	\$ 441,654,332
Retained Earnings (Deficit)	\$ 78,755,557	\$ 10,894,078	\$ 1,853,275	\$ 120,268,747	\$ 1,049,893	\$ 754,508	\$ 49,266,751	\$ (507,586)	\$ 47,087,640	\$ (82,163,826)	\$ 161,331	\$ (668,689)	\$ 304,818	\$ 2,353,259	\$ 228,319,767

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(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, 1997. The estimated accumulated amount of unused sick leave at September 30, 1997, is \$37,092,591. 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, 1997, and projected expenditures thereafter are as follows:

1998	\$ 3,192,281
1999	2,212,657
2000	1,631,465
2001	52,440
2002	52,440
Thereafter	<u>125,400</u>
	<u>\$ 7,266,683</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 1997 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.

D. Litigation

The Government of Guam is unable to assess the actual claims outstanding as of the year ended September 30, 1997. 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, 1997. 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.

E. Self-Insurance

The Governmental fund types are 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.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(3) Commitments and Contingencies, Continued

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, 1997, approximately \$11,750,709 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, 1997, is \$8,907,720.

I. Medicare

The Government of Guam does not withhold or remit funds to the U.S. Social Security System for the health insurance component. If the Government is found to be liable for such amounts, an indeterminate liability could result. It has been the practice of the Government of Guam and its component units that Guam is excluded from the requirements of this health insurance component. Therefore, no liability for any amount which may ultimately arise from this matter has been recorded in the accompanying general purpose financial statements.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(3) Commitments and Contingencies, Continued

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. Year 2000 Compliance

The Government of Guam is of the opinion that its systems are in compliance with the requirements of the year 2000 issue; except for personnel and payroll systems. The Department of Administration is unable to determine the amount necessary to ensure that these systems are in compliance with year 2000 requirements. 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, 1997, are the following:

General Fund:

Territorial Education Facilities Fund	\$ 16,993,431
University of Guam	2,042,652
DPW Building and Design Fund	1,528,052
Instructional Personnel Fund	1,348,072
GO Bond 1993 Series A Debt Service Fund	1,310,670
GO Bond 1995 Series A Debt Service Fund	1,133,856
Water System Revenue Bond 1989 Series A Debt Service Fund	665,030
Option 1 Retro Fund	565,008
PUAG Capital Project Fund	377,714
Abandoned Vessel Fund	304,937
Hazardous Substance Fund	250,000
Off-Island Sports Fund	135,999
Public Defender	156,591
PCB Recovery fund	108,949
Chamorro Heritage Institute	52,415
Manpower Development Fund	47,154
Guam Contractor's License Board Fund	47,124
Lost Book Fund	37,408
PEALS Fund	21,375
Government Claims Fund	238
	<u>\$ 27,126,675</u>

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

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

Special Revenue Funds:

Federal Grants Assistance	\$ 34,789,768
Tourist Attraction Fund	27,812,986
Superior Court Operations Fund	18,409,416
Guam Legislature	16,124,245
Territorial Highway Fund	8,905,693
Autonomous Agency Infrastructure Collections Fund	3,500,000
Public Defender Service Corporation	2,391,863
CAHA OET & CEF	175,000
Board of Accountancy Fund	28,660
	<u>\$ 112,137,631</u>

Debt Service Funds:

L.O. Infrastructure Improvement Bonds, 1989 Series A	\$ 28,182,352
General Obligation Bonds, 1995 Series A	14,552,088
L.O. Highway Bond, 1992 Series A	13,723,340
General Obligation Bonds, 1993 Series A	12,794,515
General Obligation Bonds, 1994 Series A	11,997,557
Water System Revenue Bonds, 1989 Series A	4,612,275
	<u>\$ 85,862,127</u>

Expendable Trust Funds:

Community Development Fund	\$ 2,133,855
Workmen's Compensation Fund	1,690,500
Off-Island Residential Treatment Fund	455,202
Superior Court Trust Fund	1,240,000
	<u>\$ 5,519,557</u>

Capital Project Fund:

Water System Revenue Bonds, 1989 Series A, Capital Project	<u>\$ 656,223</u>
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(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.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(5) Unfunded Retirement Fund Contribution, Continued

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 benefit nor are they allowed to transfer back to the DB plan.

The Board approved assumption regarding employees who will elect to transfer is:

1. 35% of participants with less than five years of services will elect to transfer.
2. 25% of participants with between five and twenty years of service 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.

The latest actuary's report indicates that the Plan has 13,340 active members, 3,128 service retirees, 464 disability retirees, 803 spouse pensioners and 312 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, 1995, 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, 1995, is \$1,417,190,280. This represents a decrease of \$12,647,874 over the previous actuarial valuation performed as of September 30, 1993. The latest actuarial valuation also determined that the Retirement Fund has an unfunded accrued liability which decreased from \$726,395,380 at September 30, 1993, to \$552,175,841 at September 30, 1995.

The total (memorandum only) accrued liability on the balance sheet of \$311,135,569 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 1996. 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 without corresponding changes in statutory contribution rates to the Retirement Fund for either the employee or employer. 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, 1995, it is estimated that for the fiscal year ended September 30, 1996, the minimum employer contribution rate is unchanged at 18.60% 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.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(5) Unfunded Retirement Fund Contribution, Continued

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

Governmental Fund Types - Special Revenue - The Customs, Agriculture and Inspection Fund was transferred from Expendable Trust Funds to Special Revenue Funds in the accompanying general purpose financial statements and the Guam Legislature was not previously presented in the 1996 presentation.

Component Units - Proprietary Funds - The Guam Waterworks Authority was presented as an enterprise fund - proprietary funds in the 1996 presentation but is included as a component unit-proprietary fund in the accompanying general purpose financial statements.

Accordingly, the retained earnings, beginning of year, for these fund types do not reconcile to the 1996 ending retained earnings. The following is a reconciliation of retained earnings, beginning of year, to reflect these adjustments:

	Expendable Trust Funds	Special Revenue Funds	Component Units Proprietary Funds
Ending fund balances at September 30, 1996	\$ 14,390,539	\$57,780,539	\$291,723,641
Customs, Agriculture and Quarantine Inspection Fund	(2,061,439)	2,061,439	-
Guam Legislature	-	731,251	-
Guam Council on the Arts and Humanities	-	(1,102)	-
Wastewater Connection Revolving	-	(39,452)	-
Guam Waterworks Authority	-	-	(84,195,060)
Beginning retained earnings at September 30, 1997	\$ <u>12,329,100</u>	\$ <u>60,532,675</u>	\$ <u>207,528,581</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, 1997

NOTE 7 - Interfund Transfers, Continued

B. Schedule of Interfund Transfers

Transfers out of:

Transfers in to:	Special Revenue Funds										Debt Service Funds					TOTAL		
	Autonomous																	
	General Fund	Tourist Attraction	Territorial Education Facilities	Territorial Highway	Veterans' Bonus	DPW Building and Design	Infrastructure Collections 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 Highway Bonds 1989, Series A Debt Service	Other Debt Service			
General Fund	\$ -	\$ -	\$ 16,993,431	\$ -	\$ -	\$ 1,528,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,521,483	\$ -	\$ -	\$ 3,109,555	\$ 3,109,555	\$ 5,495,637	\$ 27,126,675
L.O. Infrastructure Improvement Bonds, 1989 Series A, Debt Service	-	28,182,352	-	-	-	-	-	-	-	-	-	28,182,352	-	-	-	-	-	28,182,352
Tourist Attraction Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,812,986
Federal Grants Assistance Fund	32,478,986	448,194	-	-	-	-	1,862,588	-	-	-	-	2,310,782	-	27,812,986	-	-	-	34,789,768
Superior Court Operations Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	418,255	-	18,409,416
Guam Legislature	-	-	-	-	-	-	-	1,240,000	-	-	-	1,240,000	-	-	-	-	-	1,240,000
General Obligation Bonds, 1994 Series A, Debt Service	16,124,245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,124,245
L.O. Highway Bond, 1992 Series A, Debt Service	14,535,088	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,535,088
L.O. Highway Bond, 1993 Series A, Debt Service	12,794,315	-	-	13,723,341	-	-	-	-	-	-	-	13,723,341	-	-	-	-	-	13,723,341
General Obligation Bonds, 1993 Series A, Debt Service	12,794,315	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,794,315
General Obligation Bonds, 1995 Series A, Debt Service	11,997,356	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,997,356
Territorial Highway Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,905,693
Autonomous Agency Infrastructure Collections Fund	-	-	-	-	-	-	-	-	-	-	-	-	8,905,693	-	-	-	-	8,905,693
Water System Revenue Bonds, 1989 Series A, Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500,000
Public Defender Service Corporation	4,612,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,612,275
Community Development Fund	2,307,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	84,828	-	2,391,863
Workers' Compensation Fund	2,133,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,133,855
Water System Revenue Bonds, 1989 Series A, Capital Projects Debt Service	1,690,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,690,500
Capital Projects Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off Island Residential Treatment Fund	455,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	656,223	-	656,223
CALIA Off-Island Education, Training, and Cultural Enhancement	175,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455,202	-	455,202
Board of Accountancy Fund	28,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,000
Total Governmental and Expendable Trust Funds Transfers In	117,341,078	28,630,546	16,993,431	13,723,341	-	1,528,032	1,862,588	1,240,000	-	-	-	63,977,958	8,905,693	27,812,986	3,765,778	40,484,457	9,498,720	231,302,313
Department of Education	78,917,290	-	-	-	599,786	-	-	-	-	-	-	790,551	-	-	-	-	-	81,267,627
University of Guam	30,573,226	359,402	-	-	3,326,054	-	-	-	-	-	-	3,685,456	-	-	-	-	-	34,658,732
Government of Guam Employees' Retirement Fund	26,572,028	-	-	-	-	2,835,679	-	-	-	-	-	4,529,533	-	-	-	-	-	30,686,835
Guam Community College	9,734,178	1,318,414	-	-	1,073,946	-	-	-	-	-	-	2,819,811	-	-	-	-	-	12,573,989
Guam Visitor Bureau	-	12,319,750	-	-	-	-	-	-	-	-	-	12,319,750	-	-	-	-	-	12,319,750
Guam Waterworks Authority	1,605,106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,605,106
Guam Preservation Trust Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Public Auditor	780,135	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	780,135
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Mass Transit Authority	-	-	-	2,300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,300,000
Chamorro Land Trust Commission	456,308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	456,308
Sacchary, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Educational Radio Foundation	136,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136,000
Commission on Persons with Disabilities	110,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,500
Miscellaneous Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Transfers Out	\$ 267,667,173	\$ 42,628,112	\$ 16,993,431	\$ 16,023,341	\$ 4,999,786	\$ 4,563,231	\$ 1,862,588	\$ 1,240,000	\$ 1,216,276	\$ 1,145,721	\$ 2,363,309	\$ 92,836,293	\$ 8,905,693	\$ 27,812,986	\$ 3,765,778	\$ 40,484,457	\$ 2,785,980	\$ 403,773,905

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

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	\$ (168,381,597)	\$ (76,888,352)
Fund balances of funds added in the current year:		
Customs, Agriculture and Quarantine Inspection Fund	-	2,061,439
Guam Legislature	-	731,251
Fund balances of funds not included in the current year:		
Guam Council of Arts and Humanities	-	(1,102)
Wastewater Connection Revolving Fund	-	(39,452)
Excess (deficiency) of revenues and other sources over (under) budgetary expenditures and other uses	22,261	5,486,770
Change in encumbrances	9,462,537	15,932,456
Change in continuing appropriations	28,304,716	655,346
Change in related assets	<u>-</u>	<u>(2,659,805)</u>
Fund deficit - end of year	\$ <u><u>(130,592,083)</u></u>	\$ <u><u>(54,721,449)</u></u>

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

(9) Reserves For Related Assets

Reserves for related assets consist of the following:

General Fund (Miscellaneous)	\$ <u>48,858</u>
Special Revenue Funds:	
Territorial Educational Facilities Fund (Loans)	\$ 14,237
Housing Revolving Fund (Loans)	54,691
Guam Housing Corporation Revolving Fund (Loans)	13,630,192
Farmers and Fisherman Loan Fund (Loans)	199,955
Farmers' Small Loan Revolving Fund (Loans)	24,676
Customs, Agriculture & Quarantine Inspection Services Fund (Loans)	223,438
Superior Court Operations (Miscellaneous)	<u>750</u>
	\$ <u>14,147,939</u>
Trust Funds:	
Superior Court Trust Fund	\$ <u>200</u>

(10) Subsequent Events

A. Medicare

The Government of Guam will begin payment of the Medicare Tax beginning October, 1998. The Government is excluded from the requirement of the Medicare and Social Security components of the FICA tax for nearly all employees, except temporary and those others deemed ineligible for the Government of Guam Retirement System. The Government has reevaluated this position and has commenced payment of such health insurance component in fiscal year 1999. The Government does not believe that this situation will result in a material liability related to prior year nonpayments.

B. Guam Memorial Hospital Authority (GMHA) Loan Agreement

In November 1997, GMHA and the Bank of Guam signed a credit agreement with respect to a \$27 million loan to GMHA guaranteed by the Government of Guam and required a pledge of the Hospital's medical services and Section 30 revenues. The loan is indexed based on a current bank base rate and payable in sixty monthly installments over a period of five years. The amount of \$22 million was disbursed to GMHA in November 26, 1997 and the balance shall be disbursed not later than June 1, 1998.

C. Guam Power Authority Debt Issuance

On August 20, 1998, GPA received \$65 million from a bank to issue tax exempt commercial paper.

GOVERNMENT OF GUAM

Notes To Financial Statements September 30, 1997

(11) Restricted Assets

As of September 30, 1997, restricted assets are generally as follows:

Component Units - Proprietary Funds

Guam Airport Authority - Cash and investments held by trustees - includes \$69,057,628 of construction funds	\$ 122,071,033
Guam Housing Corporation - Borrower deposits	536,771
Guam Visitors Bureau - Assets restricted by a third party for construction and maintenance projects	913,864
Guam Power Authority - Bond reserve funds held by a trustee	92,753,912
Guam Educational Telecommunications Corporation	429,800
Guam Rental Corporation	287,510
Guam Telephone Authority - construction funds	184,575

\$ 217,177,465

Higher Education Funds - Current Funds Restricted

\$ 4,869,000

(12) Correction of Prior Year Errors

Correction of prior year errors for the component units - proprietary funds relate to the Guam Airport Authority which involves adjustment to the Authority's passenger facility charge income underreported by certain airlines during the year ended September 30, 1997, the Guam Waterworks Authority which primarily involves the accounting for certain receivables, and the Guam Memorial Hospital Authority, which involves the reconciliation of beginning retained earnings.

(13) Extraordinary Loss

Extraordinary loss for the component units - proprietary fund relate to the Port Authority of Guam (the Port) and involve capital improvements and related repairs performed for the Port due to extensive damage suffered from a major earthquake on August 8, 1993. The net effect of the insurance claims and related expenses is shown as an extraordinary item in the combined statement of revenues, expenses and changes in fund equity.

GOVERNMENT OF GUAM

Notes To Financial Statements
September 30, 1997

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GOVERNMENT OF GUAM

General Fund Balance Sheet September 30, 1997 (With Comparative Totals as of September 30, 1996)

<u>ASSETS</u>	<u>1997</u>	<u>1996</u>
Cash and equivalents	\$ 23,416,551	\$ 42,373,526
Receivables:		
Income taxes	50,990,057	37,392,897
Gross receipts taxes	12,849,457	14,909,091
Reserve for uncollectible taxes	<u>(59,469,664)</u>	<u>(37,950,733)</u>
Net tax receivables	<u>4,369,850</u>	<u>14,351,255</u>
Other receivables, net	<u>2,999,903</u>	<u>1,570,964</u>
Interfund receivables, net	<u>56,170,374</u>	<u>52,657,835</u>
Total assets	<u>\$ 86,956,678</u>	<u>\$ 110,953,580</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Bank overdraft	\$ 11,416,557	\$ 466,489
Accounts payable	14,361,091	23,777,211
Accrued payroll and other	25,364,116	26,480,697
Interfund payables	25,034,467	39,785,319
Deferred tax revenue	33,049,977	14,351,255
Deferred federal revenue	4,369,850	36,068,000
Provision for tax refunds	30,827,230	29,984,097
Deposits and other liabilities	9,073,574	6,623,974
Vacation leave accrual	<u>7,388,557</u>	<u>7,367,540</u>
Total liabilities	<u>160,885,419</u>	<u>184,904,582</u>
Fund balance (deficit):		
Reserved for:		
Related assets	48,858	48,858
Encumbrances	32,721,713	42,184,250
Continuing appropriations	23,892,771	52,197,487
Deficit	<u>(130,592,083)</u>	<u>(168,381,597)</u>
Total fund balance (deficit)	<u>(73,928,741)</u>	<u>(73,951,002)</u>
Total liabilities and fund balance (deficit)	<u>\$ 86,956,678</u>	<u>\$ 110,953,580</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund Schedule of Revenues By Source Year Ended September 30, 1997 (With Comparative Totals for the Year Ended September 30, 1996)

	<u>1997</u>	<u>1996</u>
Revenues:		
Taxes:		
Income	\$ 271,066,959	\$ 283,365,742
Gross receipts	184,500,199	180,377,835
Other	<u>5,950,225</u>	<u>5,414,731</u>
	461,517,383	469,158,308
Section 30 Funds	37,970,894	46,181,826
Licenses, fees and permits	2,650,944	1,665,299
Use of money and property	2,455,240	2,561,702
Federal contributions	8,217,773	7,220,634
Other	<u>2,761,645</u>	<u>3,219,362</u>
Total revenues	\$ <u>515,573,879</u>	\$ <u>530,007,131</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund Schedule of Expenditures By Function and Department Year Ended September 30, 1997 (With Comparative Totals for the Year Ended September 30, 1996)

	<u>1997</u>	<u>1996</u>
General Government:		
Governor's Office	\$ 12,335,548	\$ 14,250,750
Bureau of Budget and Management Research	1,470,292	1,515,056
Administration	9,901,127	9,413,406
Revenue and Taxation	9,717,786	11,549,032
Public Works	15,989,856	15,613,853
Civil Service Commission	1,223,785	1,268,161
Land Management	<u>3,657,881</u>	<u>3,519,050</u>
Total	<u>54,296,275</u>	<u>57,129,308</u>
Protection of life and property:		
Law	5,710,488	6,643,793
Guam Police Department	23,377,803	23,074,006
Guam Fire Department	19,575,232	18,667,441
Corrections	15,167,353	13,430,895
Youth Affairs	3,845,898	3,736,742
Chief Medical Examiner	305,016	320,597
Civil Defense Agency	167,005	199,685
Customs and Quarantine	<u>26,316</u>	<u>3,362,060</u>
Total	<u>68,175,111</u>	<u>69,435,219</u>
Public Health:		
Public Health and Social Services	12,499,718	12,585,058
Mental Health and Substance Abuse	6,397,113	5,890,779
Health Planning	<u>246,752</u>	<u>312,871</u>
Total	<u>19,143,583</u>	<u>18,788,708</u>
Community Services:		
Council for the Arts and Humanities	-	12,991
Public Health and Social Services	2,919,215	2,689,446
Library and Museum	1,300,320	1,274,306
Vocational Rehabilitation	<u>185,201</u>	<u>367,984</u>
Total	<u>4,404,736</u>	<u>4,344,727</u>
Recreation:		
Parks and Recreation	<u>4,007,582</u>	<u>3,749,032</u>
Total	<u>4,007,582</u>	<u>3,749,032</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

General Fund Schedule of Expenditures By Function And Department, Continued Year Ended September 30, 1997 (With Comparative Totals for the Year Ended September 30, 1996)

	1997	1996
Individual and Collective Rights:		
Labor	\$ 2,236,590	1,968,683
Election Commission	631,134	580,349
Mayors' Council	4,319,740	3,967,137
Guam Veterans Affairs	226,103	244,717
Human Resources Development	295,808	351,697
Military Affairs	363,817	346,662
Women's Affairs	395,526	260,128
Commission on Self-Determination	556,339	640,066
Chamorro Land Trust Commission	-	471,920
Total	<u>9,025,057</u>	<u>8,831,359</u>
Transportation:		
Public Works	<u>3,462,622</u>	<u>2,474,500</u>
Total	<u>3,462,622</u>	<u>2,474,500</u>
Public Education:		
Public Works	7,214,060	8,870,538
Guam Educational Tele. Corp.	524,893	504,680
Education	82,255,754	148,223,117
Chamorro Language Commission	<u>166,151</u>	<u>154,176</u>
Total	<u>90,160,858</u>	<u>157,752,511</u>
Environmental Protection:		
Public Works	4,362,233	4,247,119
Guam Energy Office	-	15,358
Guam Environmental Protection Agency	<u>83</u>	<u>70,284</u>
Total	<u>4,362,316</u>	<u>4,332,761</u>
Economic Development:		
Commerce	1,855,479	1,634,079
Agriculture	2,912,069	3,215,182
Bureau of Planning	<u>1,210,250</u>	<u>1,208,948</u>
Total	<u>5,977,798</u>	<u>6,058,209</u>
Transfers To Persons	<u>20,474,451</u>	<u>15,966,865</u>
Capital Projects	-	<u>2,825,421</u>
Claims Projects	<u>599,848</u>	-
Debt Service:		
Interest and fiscal charges	<u>1,049,159</u>	<u>1,075,778</u>
Total expenditures	\$ <u>285,139,396</u>	\$ <u>352,764,398</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds September 30, 1997

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, 1997, 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.

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.

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.

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, 1997

Summer School Fund - The Summer School Fund was originally created by Executive Order Number 63-006 and was abolished and any money remaining was transferred to the newly established fund per Public Law 18-10 Section 4. The fund was created for the deposit of fees collected from students enrolled in the Summer School Program. The fees collected shall be appropriated by the Legislature for the operation of the Summer School Program.

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.

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.

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.

Abandoned Vessel Fund - The purpose of this fund is to finance the removal of abandoned vessels found in Guam or when none are found, it may be used to establish boating facilities on Guam. Revenues are derived from boating registration fees.

Junior ROTC Fund - This fund is maintained to account for monies received from the U.S. Department of Defense to administer a JROTC program on Guam. Virtually all revenues are Defense Department contributions.

Lost Book Fund - The Lost Book Fund was created by Public Law 16-85 to collect fines for lost books. Such fines received by schools shall be used to purchase new textbooks and replace lost textbooks.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued
September 30, 1997

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

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

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

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

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

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.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1997

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

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

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

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

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.

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.

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.

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

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

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1997

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 was 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds, Continued September 30, 1997

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.

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.

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 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 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.

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.

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.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Balance Sheet
September 30, 1997

(With Comparative Totals as of September 30, 1996)

<u>ASSETS</u>										
	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
Cash and equivalents	\$ 91,576	\$ -	\$ 1,198,093	\$ 1,876,805	\$ -	\$ 11,326,865	\$ -	\$ -	\$ -	\$ 392,585
Investments	-	-	-	-	-	17,019,683	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	6,938,606
Receivables, net	234,057	-	5,148	7,719	-	145,523	68,147	-	-	14,237
Receivables from federal agencies	13,879,346	-	-	-	7,894	-	-	-	-	-
Interfund receivables, net	-	10,791	-	-	208,432	-	9,186	285,925	280,180	-
Notes receivable	-	-	-	-	-	-	-	-	-	-
Inventories	8,907,720	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-
	23,112,699	10,791	1,203,241	1,884,524	216,326	28,492,071	77,333	285,925	280,180	7,345,428
Total assets	\$ 23,112,699	\$ 10,791	\$ 1,203,241	\$ 1,884,524	\$ 216,326	\$ 28,492,071	\$ 77,333	\$ 285,925	\$ 280,180	\$ 7,345,428
<u>LIABILITIES AND FUND EQUITY</u>										
Accounts payable	\$ 6,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	206	-	-	-	-	-	-	284,850	-	-
Interfund payables	11,225,637	-	22,611	1,729	10,928	663,723	10,480	-	-	392,585
Payable to federal agencies	2,881,445	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Deferred revenue	8,996,592	-	-	-	-	26,190,269	-	-	-	6,938,606
Provision for tax refunds	-	-	-	-	-	-	4,996	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-
	23,110,854	-	22,611	1,729	10,928	26,853,992	15,476	284,850	-	7,331,191
Total liabilities	\$ 23,110,854	\$ -	\$ 22,611	\$ 1,729	\$ 10,928	\$ 26,853,992	\$ 15,476	\$ 284,850	\$ -	\$ 7,331,191
<u>Fund equity:</u>										
Contributed capital:										
Government of Guam	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	54,691	-	-	14,237
Encumbrances	16,581,869	1,733	40,910	234,476	29,960	4,699,762	7,166	1,075	10,996	-
Continuing appropriations	59,914,019	3,276	377,458	664,582	197,419	-	-	-	64,210	-
Unreserved (deficit)	(76,494,043)	5,782	762,262	983,737	(21,981)	(3,061,683)	-	-	204,874	-
	1,845	10,791	1,180,630	1,882,795	205,398	1,638,079	61,857	1,075	280,180	14,237
Total fund equity	\$ 1,845	\$ 10,791	\$ 1,203,241	\$ 1,884,524	\$ 216,326	\$ 28,492,071	\$ 77,333	\$ 285,925	\$ 280,180	\$ 7,345,428
Total liabilities and fund equity	\$ 23,112,699	\$ 10,791	\$ 1,203,241	\$ 1,884,524	\$ 216,326	\$ 28,492,071	\$ 77,333	\$ 285,925	\$ 280,180	\$ 7,345,428

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals as of September 30, 1996)

ASSETS													
Cash and equivalents	\$ 6,169,781	-	\$ 2,195,544	\$ -	\$ -	-	\$ -	-	\$ -	-	-	\$ -	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	4,483,803	-	-	-	-	-	-	-	-	-	-
Receivables, net	230,997	13,200	8,578	125,720	-	-	-	-	-	-	-	-	-
Receivables from Federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	33,790,421	68,061	7,366,870	333,021	92,858	364,197	34,015	637,804	17,046	-	-	288,000	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	40,191,199	81,261	14,054,795	458,741	92,858	364,197	34,015	637,804	17,046	-	-	288,000	-
Total assets	\$ 40,191,199	\$ 81,261	\$ 14,054,795	\$ 458,741	\$ 92,858	\$ 364,197	\$ 34,015	\$ 637,804	\$ 17,046	\$ -	\$ -	\$ 288,000	\$ -
LIABILITIES AND FUND EQUITY													
Accounts payable	\$ 11,419	-	\$ 19,051	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Accrued payroll and other	-	-	290,267	-	-	-	-	-	-	-	-	-	-
Interfund payables	11,757,010	-	1,548,559	-	-	21,670	9,154	7,524	4,477	-	-	-	-
Payable to Federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	1,740,240	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	230,997	13,200	4,483,803	125,720	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	8,823,714	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	13,739,666	13,200	15,165,394	125,720	-	21,670	9,154	7,524	4,477	-	-	-	-
Fund equity:													
Contributed capital:													
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for:													
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	469,667	-	1,160,840	-	-	5,610	3,602	24,861	465,827	12,569	-	-	-
Contingent appropriations	17,940,823	-	-	-	-	1,757	-	-	164,453	-	-	272,000	-
Unreserved (deficit)	8,041,043	68,061	(2,271,439)	333,021	85,491	338,925	-	-	-	-	-	16,000	-
Total fund equity	26,451,533	68,061	(1,110,599)	333,021	92,858	362,527	24,861	630,280	12,569	-	-	288,000	-
Total liabilities and fund equity	\$ 40,191,199	\$ 81,261	\$ 14,054,795	\$ 458,741	\$ 92,858	\$ 364,197	\$ 34,015	\$ 637,804	\$ 17,046	\$ -	\$ -	\$ 288,000	\$ -

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals as of September 30, 1996)

	Junior ROTC	Lost Book	Chamorro Language Commission	Printing Revolving	Land Survey Revolving	Liter Control Revolving	Recreation Revolving	General Services Agency	Village Streets	Manpower Development	Customs, Agriculture and Quarantine Inspection	Guam Housing Corporation Revolving
ASSETS												
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,195,544	\$ 1,511,570	\$ 662,602	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-	-	8,578	-	4,491,820	13,630,191
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	-	-	26,337	146,932	1,315,777	52,655	391,266	194,156	-	-	1,333,052	1,430,083
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	26,337	146,932	1,315,777	52,655	391,266	194,156	2,204,122	1,511,570	6,487,474	15,060,274
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 26,337	\$ 146,932	\$ 1,315,777	\$ 52,655	\$ 391,266	\$ 194,156	\$ 2,204,122	\$ 1,511,570	\$ 6,487,474	\$ 15,060,274
LIABILITIES AND FUND EQUITY												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	1,771	-
Interfund payables	-	-	905	3,903	10,540	5,175	63,865	29,091	2,192,103	58,677	45,487	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	309,279	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	2,486	-	-	-	-	-	-	184,294	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	3,391	3,903	10,540	5,175	63,865	29,091	2,192,103	552,250	47,258	-
Total liabilities	-	-	\$ 3,391	\$ 3,903	\$ 10,540	\$ 5,175	\$ 63,865	\$ 29,091	\$ 2,192,103	\$ 552,250	\$ 47,258	\$ -
Fund equity:												
Contributed capital:												
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	223,438	13,630,192
Encumbrances	-	-	14,850	30,435	113,465	-	49,860	5,446	-	43,500	584,804	-
Continuing appropriations	-	-	8,004	94,872	235,000	4,234	237,355	118,240	-	99,741	-	142,500
Unreserved (deficit)	-	-	92	17,722	956,772	43,246	40,186	41,379	12,019	816,079	5,631,974	1,287,582
	-	-	22,946	143,029	1,305,237	47,480	327,401	165,065	12,019	959,320	6,440,216	15,060,274
Total fund equity	-	-	\$ 26,337	\$ 146,932	\$ 1,315,777	\$ 52,655	\$ 391,266	\$ 194,156	\$ 2,204,122	\$ 1,511,570	\$ 6,487,474	\$ 15,060,274
Total liabilities and fund equity	\$ -	\$ -	\$ 26,337	\$ 146,932	\$ 1,315,777	\$ 52,655	\$ 391,266	\$ 194,156	\$ 2,204,122	\$ 1,511,570	\$ 6,487,474	\$ 15,060,274

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals as of September 30, 1996)

	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
ASSETS												
Cash and equivalents	\$ -	\$ -	\$ 1,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	99	-	-	-	199,935	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	-	102,251	26,009	42,790	449,360	3,199	105,119	11,288	1,430,880	151,041	43,875	201,137
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 102,251	\$ 27,640	\$ 42,790	\$ 449,360	\$ 3,199	\$ 305,074	\$ 11,288	\$ 1,430,880	\$ 151,041	\$ 43,875	\$ 201,137
LIABILITIES AND FUND EQUITY												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	2,046	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	2,046	-	-	-	-	-	-	-	-
Fund equity:												
Contributed capital:												
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	99,896	1,577	235	-	-	199,935	-	-	-	-	1,137
Continuing appropriations	-	1,011	18,459	-	-	-	-	-	146,708	-	-	-
Unreserved (deficit)	-	2,355	25,052	22,050	449,360	3,199	105,119	11,288	1,284,172	151,041	27,273	200,000
Total fund equity	-	102,251	27,640	40,744	449,360	3,199	305,074	11,288	1,430,880	151,041	43,875	201,137
Total liabilities and fund equity	\$ -	\$ 102,251	\$ 27,640	\$ 42,790	\$ 449,360	\$ 3,199	\$ 305,074	\$ 11,288	\$ 1,430,880	\$ 151,041	\$ 43,875	\$ 201,137

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals as of September 30, 1996)

	Farmers Small Loan Revolving	Public Transit	Tagung Memorial Century	Land Acquisition	Police Services	Public Defender	CAHA OET/CEF	Superior Court Operations	Board of Accountancy	Dededo Buffer Strip Revolving	Guam Legislature Operations	Totals	
												1997	1996
ASSETS													
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,693	\$ -	\$ 4,118,172	\$ -	\$ -	\$ 1,459,987	\$ 33,651,349	\$ 20,942,238
Investments	-	-	-	-	-	-	-	-	-	-	-	17,019,683	23,321,473
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	11,422,409	12,364,803
Receivables, net	24,676	-	-	-	-	7,133	-	2,270,926	-	-	1,143,510	22,630,214	12,929,057
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-	-	13,887,240	10,426,089
Interfund receivables, net	138,569	26,766	108,655	36,148	198,925	-	128,010	1,349,570	36,930	92,030	-	53,359,617	49,734,228
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	8,907,720	6,870,456
Deposits and other assets	-	-	-	-	-	-	-	76,438	-	-	29,267	105,705	70,757
	163,245	26,766	108,655	36,148	198,925	457,826	128,010	7,815,106	36,930	92,030	2,633,489	160,984,662	136,659,101
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 163,245	\$ 26,766	\$ 108,655	\$ 36,148	\$ 198,925	\$ 457,826	\$ 128,010	\$ 7,815,106	\$ 36,930	\$ 92,030	\$ 2,633,489	\$ 160,984,662	\$ 136,659,101
LIABILITIES AND FUND EQUITY													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,121	\$ -	\$ 301,796	\$ -	\$ -	\$ 165,654	\$ 685,015	\$ 725,221
Accrued payroll and other	-	-	-	-	-	254,998	-	2,067,639	-	-	525,627	3,425,358	2,245,765
Interfund payables	-	-	-	-	-	-	-	116,417	-	-	-	28,204,296	25,516,545
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-	2,881,445	3,047,862
Notes payable	-	-	-	-	-	-	-	-	-	-	-	1,740,240	-
Deferred revenue	-	-	-	-	-	-	-	1,566,493	-	-	-	48,854,959	42,435,336
Provision for tax refunds	-	-	-	-	-	-	-	-	-	-	-	8,823,714	4,642,721
Deposits and other liabilities	-	-	-	-	-	7,588	-	-	-	-	150,826	350,190	265,132
	-	-	-	-	-	442,707	-	4,052,345	-	-	842,107	94,965,217	78,878,562
Total liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund equity:													
Contributed capital:													
Government of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for:													
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Related assets	24,676	-	-	-	-	-	-	750	-	-	-	14,147,939	11,488,134
Encumbrances	-	-	-	-	-	15,119	6,860	720,664	-	-	182,133	25,521,008	41,433,464
Contributing appropriations	-	-	-	36,148	-	-	121,150	-	-	92,030	-	81,071,947	81,727,293
Unreserved (deficit)	138,569	26,766	108,655	-	198,925	-	-	3,041,347	36,930	-	1,609,249	(54,721,449)	(76,888,352)
	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	57,780,539
Total fund equity	\$ 163,245	\$ 26,766	\$ 108,655	\$ 36,148	\$ 198,925	\$ 457,826	\$ 128,010	\$ 7,815,106	\$ 36,930	\$ 92,030	\$ 2,633,489	\$ 160,984,662	\$ 136,659,101
Total liabilities and fund equity	\$ 163,245	\$ 26,766	\$ 108,655	\$ 36,148	\$ 198,925	\$ 457,826	\$ 128,010	\$ 7,815,106	\$ 36,930	\$ 92,030	\$ 2,633,489	\$ 160,984,662	\$ 136,659,101

GOVERNMENT OF GUAM
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Federal Grants	Notary Public Revolving	Striped Well Overcharge	Exxon Fuel Overcharge	Southern Community Health Center	D.O.D. Contract	Housing Revolving	Abandoned Vehicle and Streetlight	Wildlife Conservation	Summer School	Territorial Educational Facilities
Revenues:											
Taxes	-	9,032	-	-	-	-	-	-	-	-	16,930,400
Licenses, fees and permits	1,846	-	-	-	224,984	1,085,293	436,145	980,400	39,773	-	77,268
Use of money and property	87,557,337	-	92,999	90,904	73,918	8,828,784	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	87,559,183	9,032	92,999	90,904	298,902	9,914,077	436,145	980,400	39,773	-	17,007,668
Expenditures:											
General government	3,868,735	-	-	-	-	-	510,561	-	-	-	-
Protection of life and property	5,370,373	2,052	-	-	-	-	-	-	-	-	-
Public health	7,425,069	-	-	-	324,269	-	-	287,649	-	-	-
Community services	13,169,975	-	-	-	-	-	-	-	-	-	-
Recreation	274,158	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	6,039,358	-	-	-	-	-	-	-	-	-	-
Transportation	11,041,148	-	-	-	-	-	-	-	-	-	-
Public education	3,210	-	-	-	-	10,404,937	-	-	-	-	-
Environmental protection	3,601,191	-	390,181	52,283	-	-	-	-	150	-	-
Economic development	7,688,673	-	-	-	-	-	-	-	-	-	-
Transfers to persons	62,628,700	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	121,130,830	2,052	390,181	52,283	324,269	10,404,937	510,561	287,649	150	-	-
Excess (deficiency) of revenues over (under) expenditures	(33,571,647)	6,980	(297,182)	38,621	(25,367)	(490,860)	(74,410)	(692,751)	39,623	-	17,007,668
Other financing sources (uses):											
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	34,789,768	-	-	-	-	-	-	-	-	-	-
Transfers out	(1,216,276)	-	-	-	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	33,573,492	-	-	-	-	(44,715)	-	(1,145,721)	-	(548,433)	(16,993,431)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,845	6,980	(297,182)	38,621	(25,367)	(535,575)	(74,410)	(452,970)	39,623	(548,433)	14,237
Fund balances at beginning of year	-	3,811	1,477,812	1,844,174	230,765	2,173,654	136,273	454,045	240,557	548,433	-
Fund balances at end 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

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Tourist Attraction	Veterans' Bonus	Territorial Highway	Land for the Landless	Plant Nursery Revolving	Parks	Contractors' License Board	DOC Revolving	Professional Engineers' Architects' and Surveyors'	Abandoned Vessel	Safe Streets Act Fund
Revenues:											
Taxes	\$ 28,182,352	1,047,873	8,663,148	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	5,060,192	-	-	90,673	384,990	-	69,853	27,600	96,000
Use of money and property	197,401	-	12,018	35,585	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	24,162	-	-	1,008,076	-	-	-
Total revenues	28,379,753	1,047,873	13,735,358	35,585	24,162	90,673	384,990	1,008,076	69,853	27,600	96,000
Expenditures:											
General government	9,063	-	16,500	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	742,288	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-
Recreation	2,270,162	-	-	-	-	91,683	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	320,409	-	44,054	-	-
Transportation	-	-	8,256,651	-	-	-	-	-	-	-	-
Public education	306,176	-	-	-	-	-	-	-	-	-	-
Environmental protection	166,766	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	20,017	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-
Capital projects	511,257	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-
Principle retirement	125,192	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,388,616	-	8,273,151	-	20,017	91,683	320,409	742,288	44,054	-	-
Excess (deficiency) of revenues over (under) expenditures	24,991,137	1,047,873	5,462,207	35,585	4,145	(1,010)	64,581	265,788	25,799	27,600	96,000
Other financing sources (uses):											
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-
Transfers in	27,812,986	-	8,905,693	-	-	-	-	-	-	-	-
Transfers out	(42,628,112)	(4,999,786)	(16,023,341)	-	-	-	(47,124)	-	(21,375)	(304,937)	-
Other sources	-	-	-	-	-	-	-	-	-	-	-
Other uses	(10,220)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(14,825,346)	(4,999,786)	(7,117,648)	-	-	-	(47,124)	-	(21,375)	(304,937)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,165,791	(3,951,913)	(1,655,441)	35,585	4,145	(1,010)	17,457	265,788	4,424	(277,337)	96,000
Fund balances at beginning of year	16,285,742	4,019,974	544,842	297,436	88,713	343,537	7,404	364,492	8,145	277,337	192,000
Fund balances at end of year	\$ 26,451,533	\$ 68,061	\$ (1,110,599)	\$ 333,021	\$ 92,858	\$ 342,527	\$ 24,861	\$ 630,280	\$ 12,569	\$ -	\$ 288,000

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Junior ROTC	Lost Book	Chamorro Language Commission	Printing Revolving	Land Survey Revolving	Liter 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	-	-	-	-	159,918	-	219,589	-	-	605,836	-	-
Use of money and property	-	-	-	-	29,104	-	-	-	12,019	-	18,066	525,778
Federal contributions	94,260	-	-	-	-	-	-	-	-	-	-	-
Other	-	99	92	31,907	-	8,303	-	434	-	-	12,091,879	-
Total revenues	94,260	99	92	31,907	189,022	8,303	219,589	434	12,019	605,836	12,109,945	525,778
Expenditures:												
General government	-	-	-	-	180,220	-	-	23,044	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	7,578,642	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	35,643	-	-	275,007	-	-	48,944	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	2,070	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	35,643	180,220	2,070	275,007	23,044	-	48,944	7,578,642	-
Excess (deficiency) of revenues over (under) expenditures	94,260	99	92	(3,736)	8,802	6,233	(55,418)	(22,610)	12,019	555,892	4,531,303	525,778
Other financing sources (uses):												
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	(750,551)	(37,408)	-	-	-	-	-	-	-	(494,605)	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	(132,526)	2,768
Other uses	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(750,551)	(37,408)	-	-	-	-	-	-	-	(712,867)	(132,526)	2,768
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(656,291)	(37,309)	92	(3,736)	8,802	6,233	(55,418)	(22,610)	12,019	(156,975)	4,378,777	528,546
Fund balances at beginning of year	656,291	37,309	22,854	146,765	1,296,435	41,247	382,819	187,675	-	1,116,295	2,061,439	14,531,728
Fund balances at end 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

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,600	\$ -	\$ -	\$ -
Licenses, fees and permits	797,394	700	27,346	29,232	78,853	-	-	6,432	-	43,031	27,373	-
Use of money and property	-	-	-	-	-	-	5,783	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	1,000	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	797,394	700	27,346	29,232	78,853	-	5,783	7,432	193,600	43,031	27,373	-
Expenditures:												
General government	-	-	9,846	-	-	-	-	-	-	-	8,548	-
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	53,266	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-
Principle retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	9,846	53,266	-	-	-	-	-	-	8,548	1,436,275
Excess (deficiency) of revenues over (under) expenditures	797,394	700	17,500	(24,034)	78,853	-	5,783	7,432	193,600	43,031	18,825	(1,436,275)
Other financing sources (uses):												
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	(4,363,731)	-	-	-	-	-	-	-	-	-	-	3,500,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(1,862,588)
Other sources	-	-	-	-	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(4,363,731)	-	-	-	-	-	-	-	-	-	-	1,637,412
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,566,337)	700	17,500	(24,034)	78,853	-	5,783	7,432	193,600	43,031	18,825	201,137
Fund balances at beginning of year	3,566,337	101,351	10,140	64,778	370,507	3,199	299,291	3,856	1,237,280	108,010	25,050	-
Fund balances at end 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

GOVERNMENT OF GUAM

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Farmers Small Loan Revolving	Public Transit	Taguag Memorial Cemetery	Land Acquisition	Police Services	Public Defender	CAHA OET/CEP	Superior Court Operations	Board of Accountancy	Delito Strip Revolving	Guam Legislature Operations	Totals	
												1997	1996
Revenues:													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,017,373	\$ 59,644,370
Licenses, fees and permits	-	-	19,550	-	198,925	-	-	-	8,270	92,030	-	8,951,730	8,239,344
Use of money and property	1,332	-	-	-	-	35,873	-	818,268	-	-	-	2,967,787	3,411,668
Federal contributions	-	-	-	-	-	-	-	18,045	-	-	200,015	97,408,440	92,218,327
Other	-	-	-	-	-	-	-	-	-	-	-	13,384,012	1,245,446
Total revenues	1,332	-	19,550	-	198,925	35,873	-	836,313	8,270	92,030	200,015	177,779,342	164,759,155
Expenditures:													
General government	-	-	-	-	-	-	-	-	-	-	15,264,129	19,882,138	2,927,844
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	13,702,103	3,591,531
Public health	-	-	-	-	-	-	-	-	-	-	-	7,749,338	11,287,101
Community services	-	-	-	-	-	-	54,192	-	-	-	-	13,511,816	14,564,481
Recreation	-	-	-	-	-	-	-	-	-	-	-	2,911,010	3,369,505
Individual and collective rights	-	-	-	-	-	2,277,939	-	-	-	-	-	26,676,571	23,842,914
Transportation	-	-	-	-	-	-	-	17,889,224	-	-	-	19,297,799	5,173,819
Public education	-	-	-	-	-	-	-	-	-	-	-	10,714,323	11,593,662
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	4,212,641	4,380,882
Economic development	-	-	-	-	-	-	-	-	-	-	-	7,761,956	4,320,734
Transfers to persons	-	-	-	-	-	-	-	-	-	-	-	64,064,975	56,909,247
Capital projects	-	-	-	-	-	-	-	-	-	-	-	511,257	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	125,192	13,175,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	15,264,129	191,121,119
Total expenditures	-	-	-	-	-	2,277,939	54,192	17,889,224	-	-	15,264,129	191,121,119	155,485,720
Excess (deficiency) of revenues over (under) expenditures	1,332	-	19,550	-	198,925	(2,242,066)	(54,192)	(17,052,911)	8,270	92,030	(15,064,114)	(13,391,777)	9,273,435
Other financing sources (uses):													
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment from refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,391,863	175,000	18,409,416	28,660	-	16,124,245	112,137,631	85,311,646
Transfers out	-	-	-	-	-	(158,876)	-	(1,240,000)	-	-	-	(92,836,295)	(82,267,845)
Other sources	-	-	-	-	-	166	-	-	-	-	-	2,934	993,879
Other uses	-	-	-	-	-	-	-	-	-	-	-	(425,723)	(502,048)
Total other financing sources (uses), net	-	-	-	-	-	2,233,133	175,000	17,169,416	28,660	-	16,124,245	18,878,547	3,535,632
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,332	-	19,550	-	198,925	(8,913)	120,808	116,505	36,930	92,030	1,060,131	5,486,770	12,809,067
Fund balances at beginning of year	161,913	26,766	89,105	36,148	-	24,032	7,202	3,646,256	-	-	731,231	60,532,675	44,971,472
Fund balances at end 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	\$ 57,780,539

GOVERNMENT OF GUAM

Capital Projects Fund
Combining Balance Sheet

September 30, 1997

(With comparative totals as of September 30, 1996)

	1992	Infrastructure Improvement Bond	Water Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Totals
							1997 1996
ASSETS:							
Cash and equivalents	\$ 30,752,348	\$ 1,014,910	\$ 8,916,623	\$ -	\$ 10,029,410	\$ 6,155,166	\$ 60,154,013
Investments	-	6,231,688	-	-	31,933,437	721,248	38,886,373
Receivables, net	120,142	4,934	35,666	-	608,014	348,186	1,116,942
Interfund receivables, net	445,781	-	654	-	-	111,610	1,409,607
Deposits and other assets	-	-	-	948,460	-	-	3,794,759
					47,751	47,751	101,959
Total assets	\$ 31,318,271	\$ 7,251,532	\$ 8,952,943	\$ 948,460	\$ 42,618,612	\$ 7,336,210	\$ 98,426,028
							\$ 154,506,299
LIABILITIES AND FUND EQUITY:							
Accounts payable	\$ 1,158,694	\$ 38,654	\$ 276,848	\$ -	\$ 2,793,955	\$ 111,610	\$ 4,379,761
Accrued payroll and other	-	-	359,980	-	3,324,706	-	3,684,686
Interfund payables	1,711	696,180	-	-	538,360	616,954	1,853,205
Deferred revenue	-	-	-	-	-	348,186	348,186
Deposits and other liabilities	-	-	-	-	-	-	-
Total liabilities	\$ 1,160,405	\$ 734,834	\$ 636,828	\$ -	\$ 6,657,021	\$ 1,076,750	\$ 10,265,838
							\$ 17,908,836
FUND EQUITY:							
Fund balances:							
Reserved for:							
Specific purposes	-	-	-	-	-	-	5,343,047
Encumbrances	10,344	866,226	785,914	-	9,181,001	718,894	34,988,605
Continuing appropriations	28,122,114	4,974,320	5,752,420	948,460	18,922,861	2,950,565	61,670,740
Unreserved (deficit)	2,025,408	676,152	1,777,781	-	7,857,729	2,590,001	14,927,071
							(781,967)
Total fund equity	\$ 30,157,866	\$ 6,516,698	\$ 8,316,115	\$ 948,460	\$ 35,961,591	\$ 6,259,460	\$ 136,597,463
Total liabilities and fund balance	\$ 31,318,271	\$ 7,251,532	\$ 8,952,943	\$ 948,460	\$ 42,618,612	\$ 7,336,210	\$ 98,426,028
							\$ 154,506,299

GOVERNMENT OF GUAM

Capital Projects Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended September 30, 1997 (With comparative totals for the Year Ended September 30, 1996)

	1992	1992	Water	PUAG	General	Judicial	Totals	Totals
	Series A	Infrastructure	Revenue	Capital	Obligation	Building	1997	1996
	Highway	Improvement	Bond	Projects	Bond Series A			
	Bond Issue	Bond			1993			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	-
Use of money and property	1,427,949	347,891	514,979	-	3,942,950	2,070,579	8,304,348	12,778,861
Federal contribution	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	1,427,949	347,891	514,979	-	3,942,950	2,070,579	8,304,348	12,778,861
Expenditures:								
General government	-	-	-	-	943,863	-	943,863	-
Protection of life and property	-	-	3,010,233	-	-	-	3,010,233	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	47,094,067	-	47,094,067	-
Environmental protection	-	-	2,665,360	-	-	-	2,665,360	-
Economic development	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-
Capital projects	1,201,596	188,200	-	-	-	2,079,469	3,469,265	63,351,497
Debt service:	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	1,201,596	188,200	5,675,593	-	48,037,930	2,079,469	57,182,788	63,351,497
Excess (deficiency) of revenues over (under) expenditures	226,353	159,691	(5,160,614)	-	(44,094,980)	(8,890)	(48,878,440)	(50,572,636)
Other financing sources (uses):								
Additions to long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	656,223	-	-	-	656,223	-
Transfers out	-	-	-	(377,714)	-	-	(377,714)	-
Other sources	-	-	168,166	-	-	-	168,166	-
Other uses	-	-	(5,508)	-	-	-	(5,508)	-
Unrealized loss due to decline in market value	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	818,881	(377,714)	-	-	441,167	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	226,353	159,691	(4,341,733)	(377,714)	(44,094,980)	(8,890)	(48,437,273)	(50,572,636)
Fund balances at beginning of year	29,931,513	6,357,007	12,657,848	1,326,174	80,056,571	6,268,350	136,597,463	187,170,099
Fund balances at end 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

GOVERNMENT OF GUAM

Debt Service Funds
Combining Balance Sheet

(With comparative totals as of September 30, 1996)

	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	
							1997	1996
ASSETS								
Cash and equivalents	\$ 16,128,613	\$ 15,549,609	\$ 4,652,248	\$ 7,348,770	\$ 1,349,398	\$ 31,499,013	\$ 96,527,651	\$ 77,872,779
Investments	-	2,515,428	-	-	-	-	2,515,428	8,466,428
Receivables, net	56,837	144,285	1,431	30,067	6,766	6,184	245,570	331,378
Receivables from federal agencies	-	-	-	-	-	-	-	-
Interfund receivables, net	-	1,524,670	-	-	599,725	-	2,124,395	5,780,881
Notes receivable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	7,252
Deposits and other assets	-	-	-	-	-	-	-	2,711
Total assets	\$ 16,185,450	\$ 39,733,992	\$ 4,653,679	\$ 7,378,837	\$ 1,955,889	\$ 31,505,197	\$ 101,413,044	\$ 92,461,429
LIABILITIES AND FUND EQUITY								
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	6,890	-	-	6,890	34,879
Accrued payroll and other	-	-	-	-	-	-	-	-
Interfund payables	5,519,501	32,253,140	-	1,314,470	-	30,516,368	69,603,479	57,787,103
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	5,519,501	32,253,140	-	1,321,360	-	30,516,368	69,610,369	57,821,982
Fund Equity:								
Contributed Capital:								
Government of Guam	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-
Retained earnings:								
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Fund balance reserved for:								
Debt service	10,665,949	7,480,852	4,653,679	6,057,477	1,955,889	988,829	31,802,675	34,639,447
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-
Total fund equity	10,665,949	7,480,852	4,653,679	6,057,477	1,955,889	988,829	31,802,675	34,639,447
Total liabilities and fund equity	\$ 16,185,450	\$ 39,733,992	\$ 4,653,679	\$ 7,378,837	\$ 1,955,889	\$ 31,505,197	\$ 101,413,044	\$ 92,461,429

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 1997
(With comparative totals for the Year Ended September 30, 1996)

	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	
							1997	1996
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	-
Use of money and property	1,092,908	1,479,054	155,577	262,832	1,156,604	224,426	4,371,401	3,232,519
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>1,092,908</u>	<u>1,479,054</u>	<u>155,577</u>	<u>262,832</u>	<u>1,156,604</u>	<u>224,426</u>	<u>4,371,401</u>	<u>3,232,519</u>
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	2,380,000	975,000	1,925,000	4,180,000	12,355,000	5,910,000	27,725,000	30,153,712
Interest and fiscal charges	<u>3,647,955</u>	<u>1,499,961</u>	<u>2,686,250</u>	<u>8,531,355</u>	<u>2,197,088</u>	<u>6,087,521</u>	<u>24,650,130</u>	<u>24,074,509</u>
Total expenditures	<u>6,027,955</u>	<u>2,474,961</u>	<u>4,611,250</u>	<u>12,711,355</u>	<u>14,552,088</u>	<u>11,997,521</u>	<u>52,375,130</u>	<u>54,228,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,935,047)</u>	<u>(995,907)</u>	<u>(4,455,673)</u>	<u>(12,448,523)</u>	<u>(13,395,484)</u>	<u>(11,773,095)</u>	<u>(48,003,729)</u>	<u>(50,995,702)</u>
Other financing sources (uses):								
Transfers in	13,723,340	28,182,352	4,612,275	12,794,515	14,552,088	11,997,557	85,862,127	80,253,848
Transfers out	(8,905,693)	(27,812,986)	(1,321,252)	(1,310,670)	-	(1,133,856)	(40,484,457)	(39,704,207)
Other sources	-	-	-	-	-	-	-	-
Other uses	<u>(27,738)</u>	<u>(112,368)</u>	<u>(12,141)</u>	<u>(49,323)</u>	<u>(2,438)</u>	<u>(6,505)</u>	<u>(210,713)</u>	<u>(249,047)</u>
Total other financing sources (uses), net	<u>4,789,909</u>	<u>256,798</u>	<u>3,278,882</u>	<u>11,434,522</u>	<u>14,549,650</u>	<u>10,857,196</u>	<u>45,166,957</u>	<u>40,300,594</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(145,138)</u>	<u>(739,109)</u>	<u>(1,176,791)</u>	<u>(1,014,001)</u>	<u>1,154,166</u>	<u>(915,899)</u>	<u>(2,836,772)</u>	<u>(10,695,108)</u>
Fund balances at beginning of year	<u>10,811,087</u>	<u>8,219,961</u>	<u>5,830,470</u>	<u>7,071,478</u>	<u>801,723</u>	<u>1,904,728</u>	<u>34,639,447</u>	<u>45,334,555</u>
Fund balances at end of year	<u>\$ 10,665,949</u>	<u>\$ 7,480,852</u>	<u>\$ 4,653,679</u>	<u>\$ 6,057,477</u>	<u>\$ 1,955,889</u>	<u>\$ 988,829</u>	<u>\$ 31,802,675</u>	<u>\$ 34,639,447</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
September 30, 1997

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:

In the prior fiscal year 1996 presentation GWA (Guam Waterworks Authority), formerly PUAG (Public Utility Agency of Guam) was presented as part of the Proprietary Funds - Enterprise Funds; however, Public Law 23-119 abolished PUAG and created GWA and is therefore presented as part of Component Units - Proprietary Fund in the accompanying fiscal year 1997 general purpose financial statement presentation.

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, 1997
(With Comparative Totals as of September 30, 1996)

<u>ASSETS</u>	Chamorro Commercial Loan Fund	Totals	
		1997	1996
Cash and equivalents	\$ -	\$ -	\$ 4,257,164
Investments	752,781	752,781	752,780
Receivables, net	-	-	15,626,773
Receivables from federal agencies	-	-	1,602,570
Interfund receivables, net	190,509	190,509	32,060
Inventories	-	-	709,288
	<u>943,290</u>	<u>943,290</u>	<u>22,980,635</u>
Plant in service	-	-	128,987,895
Less accumulated depreciation	-	-	44,619,528
	-	-	84,368,367
Construction-in-progress	-	-	92,789,711
	-	-	177,158,078
Total assets	<u>\$ 943,290</u>	<u>\$ 943,290</u>	<u>\$ 200,138,713</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,997,386
Accrued payroll and other	-	-	1,905,739
Interfund payables	-	-	-
Deposits and other liabilities	-	-	525,794
Vacation leave accrual	-	-	-
Contracts and leases	-	-	3,343,009
Accrued unfunded retirement liability	-	-	5,229,401
Total liabilities	<u>-</u>	<u>-</u>	<u>13,001,329</u>
Fund equity:			
Contributed capital:			
Government of Guam	-	-	110,255,967
Federal Government	-	-	-
Retained earnings:			
Restricted	283,376	283,376	160,291,637
Unrestricted	659,914	659,914	(83,410,220)
Total fund equity	<u>943,290</u>	<u>943,290</u>	<u>187,137,384</u>
Total liabilities and fund equity	<u>\$ 943,290</u>	<u>\$ 943,290</u>	<u>\$ 200,138,713</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, 1997

(With Comparative Totals for the Year Ended September 30, 1996)

	Chamorro Commercial Loan Fund	Totals	
		1997	1996
Operating revenues:			
Charges for services	\$ -	\$ -	\$ 40,848,592
Investment and interest	-	-	2,815,677
Use of money and property	294,318	294,318	93,484
Total operating revenues	294,318	294,318	43,757,753
Operating expenses:			
Production and operations	23,321	23,321	39,297,910
Professional services	60,800	60,800	7,323,324
Utilities	6,493	6,493	-
General and administrative	-	-	17,695,473
Other	45,254	45,254	-
Total operating expenses	135,868	135,868	64,316,707
Operating income (loss)	158,450	158,450	(20,558,954)
Nonoperating revenues (expenses):			
Contribution from:			
General Fund	-	-	18,538,800
Other income (expense), net	-	-	38,357
Total nonoperating revenues (expenses), net	-	-	18,577,157
Net income (loss)	158,450	158,450	(1,981,797)
Beginning retained earnings (deficit)	784,840	784,840	(92,952,324)
Adjustments to beginning retained earnings	-	-	11,523,901
Ending retained earnings (deficit)	943,290	943,290	(83,410,220)
Beginning contributed capital	-	-	250,606,318
Adjustments to contributed capital:			
Contribution from:			
General Fund	-	-	18,395,831
Federal agencies	-	-	1,545,455
Fund equity at end of year	\$ 943,290	\$ 943,290	\$ 187,137,384

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Enterprise Funds
Combining Statement of Cash Flows
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Chamorro Commercial Loan Fund	Totals	
		1997	1996
<u>Increase (decrease) in cash and equivalents</u>			
Cash flows from operating activities:			
Operating income (loss)	\$ 158,450	\$ 158,450	\$ (20,558,954)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Depreciation	-	-	7,323,324
Bad debts	-	-	-
Other reconciling items	-	-	-
(Increase) decrease in assets:			
Interfund receivable	(158,450)	(158,450)	(11,984,944)
Inventory	-	-	856,760
Investments	-	-	(752,780)
Increase (decrease) in liabilities:			
Accrued payroll	-	-	(1,114,720)
Annual leave	-	-	(203,550)
Accounts payable	-	-	(2,178,545)
Accrued pension cost	-	-	(3,926,422)
Accrued expense and other liabilities	-	-	6,001
Customer and security deposits	-	-	(339,842)
Net cash used for operating activities	-	-	(32,873,672)
Cash flows from noncapital financing activities:			
Contributions from the Government of Guam	-	-	18,569,164
Net cash provided by noncapital financing activities	-	-	18,569,164
Cash flows from capital and related financing activities:			
Fixed asset purchases	-	-	(7,052,589)
Contributions	-	-	19,941,286
Net cash provided by capital and related financing activities	-	-	12,888,697
Net increase (decrease) in cash and equivalents	-	-	(1,415,811)
Cash and equivalents at beginning of year	-	-	5,672,975
Cash and equivalents at end of year	\$ -	\$ -	\$ 4,257,164

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds September 30, 1997

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.

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.

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

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

Guam 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.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds, Continued September 30, 1997

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.

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 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 Educational Radio Foundation - The Guam Educational Radio Foundation (GERF) was founded in February 1992 as a non-profit, public benefit corporation, which operates under its own Board of Trustees. The primary purpose of GERF is to build and operate KPRG-FM, the National Public Radio affiliate on Guam under license from the Federal Communication Commission (FCC). GERF follows the laws of the Government of Guam and the laws of the United States applicable to Guam for educational, scientific and charitable purposes.

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 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, 1997

(With Comparative Totals as of September 30, 1996)

ASSETS	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Rental Corporation	Guam Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Educational Radio Foundation	Guam Mass Transit Authority	Port Authority of Guam	Guam Educational Telecommunications Corporation	Totals
Cash and equivalents	\$ 3,699,048	\$ 1,241,563	\$ 1,823,700	\$ 4,335,503	\$ 398,055	\$ 166,658	\$ 2,156,792	\$ 98,166	\$ 9,440,080	\$ 4,668,238	\$ 24,409	\$ 55,906	\$ 16,179,584	\$ 656,142	\$ 44,945,844
Investments	-	3,983,779	-	-	-	-	-	1,603,638	2,378,405	-	-	-	-	-	7,965,842
Receivables, net	9,559,442	40,331,823	18,375	31,280,077	57,801	9,590	53,655,790	1,017,041	7,341,316	10,431,220	-	-	3,952,270	44,912	157,662,657
Receivables from federal agencies	3,418,143	-	-	-	-	-	-	-	-	798,906	-	10,579	-	-	4,218,028
Interfund receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	870	-	-	-	-	-	-	870
Notes receivable	-	-	-	30,390,749	6,295	-	2,485,189	69,994	5,387,749	1,014,497	-	-	-	-	39,254,033
Prepayments	266,707	25,435	153,764	840,752	2,645	29,131	49,915	69,994	1,143,872	-	-	-	33,333	11,606	2,530,029
Deposits and other assets	-	-	-	-	-	-	70,000	-	479,995	483,560	-	-	-	-	1,063,086
	16,943,340	45,574,600	1,995,839	66,747,081	464,796	205,379	58,417,686	2,789,729	26,173,417	17,386,771	24,409	66,485	20,138,187	712,660	257,640,379
Amount to be provided for retirement of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount available in Debt Service Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	122,071,033	538,771	913,864	92,753,912	287,510	-	-	-	184,275	-	-	-	-	433,800	217,177,465
Flood assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Support assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital leases and improvements	-	872,213	413,029	-	274,615	265,360	-	454,360	13,968,032	-	24,782	2,561,735	17,192,891	721,273	35,748,230
Building and improvements	277,413,460	205,276	140,846	-	5,365,609	749,430	59,307,865	179,642	18,486,184	-	14,744	-	47,041,920	18,000	508,508
Plant in service	-	276,905	2,500,000	-	-	-	19,035,455	1,725,932	186,263,869	-	353,145	946,027	-	316,752	410,130,084
	277,413,460	1,354,394	3,053,875	434,723,108	5,640,224	1,014,790	78,343,320	2,309,934	217,718,085	222,790,508	392,671	3,507,762	64,234,811	2,068,330	864,178,390
Less: accumulated depreciation	70,206,849	791,357	647,676	96,813,134	1,337,419	487,954	27,510,577	885,082	58,907,802	48,859,431	213,947	2,636,881	27,170,664	-	1,310,565,212
	203,206,611	563,037	2,406,199	337,910,974	4,312,805	526,776	50,832,743	1,424,852	158,810,283	173,931,077	178,724	870,881	37,064,147	2,068,330	336,457,773
Construction-in-progress	63,703,942	-	-	71,617,808	-	-	-	-	22,077,394	16,170,993	-	-	610,075	-	974,107,439
Land	-	-	-	-	-	30,000	-	-	830,517	-	-	-	3,543,000	-	181,180,212
Other	2,932,280	-	-	15,530,489	4,048	-	-	435,164	-	-	-	-	811,727	-	21,772,218
	269,862,842	4,953,263	8,398,014	427,059,271	10,541,563	556,776	50,832,743	1,850,016	186,718,194	190,102,070	178,724	1,187,081	42,048,949	2,068,330	1,963,338,436
Total assets	\$ 408,877,215	\$ 51,064,634	\$ 11,308,317	\$ 586,560,264	\$ 11,293,869	\$ 782,155	\$ 109,250,429	\$ 4,639,745	\$ 213,076,186	\$ 207,488,441	\$ 203,133	\$ 1,253,966	\$ 62,187,116	\$ 3,210,790	\$ 1,671,176,280
															\$ 1,458,889,916

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals as of September 30, 1996)

LIABILITIES AND FUND EQUITY	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors' Bureau	Guam Power Authority	Guam Retail Corporation	Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks Authority	Guam Educational Radio Foundation	Guam Mass Transit Authority	Port Authority of Guam	Guam Educational Telecommunications Corporation	Totals	
															1997	1996
Current liabilities:																
Current portion of long-term debt	\$ 3,552,000	\$ 2,586,663	\$ -	\$ 6,259,784	\$ 55,560	\$ -	\$ 2,115,029	\$ -	\$ 3,263,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,804,859	\$ 18,562,354
Accounts payable	23,005,363	-	594,595	17,373,406	26,523	-	32,398,945	248,674	3,597,323	8,898,582	37,782	404,494	1,995,847	44,961	88,586,497	93,179,516
Accrued payroll and other	1,417,936	-	-	16,020,109	40,947	3,947	2,461,171	143,521	2,580,516	1,375,004	-	240,407	759,347	96,782	25,119,687	22,792,482
Interfund payable	-	-	11,643	-	-	-	-	-	-	222,512	-	-	-	-	234,555	29,459
Payable to federal agencies	-	-	-	-	-	-	-	1,229,302	-	-	-	-	-	-	37,244,277	26,121,670
Notes payable	-	-	-	26,014,975	-	-	-	291,016	-	-	-	-	-	-	3,426,956	2,874,809
Deferred revenue	2,849,932	-	-	-	-	-	1,503,614	170,556	5,031,162	6,630,083	4,000	22,162	381,192	-	19,152,679	9,480,259
Deposits and other liabilities	-	2,166,566	-	3,177,945	61,699	3,700	-	-	-	-	-	-	-	-	-	-
Total current liabilities	30,794,233	4,753,229	606,238	68,846,219	184,729	7,647	38,478,759	2,103,069	14,451,824	17,066,681	41,782	667,663	3,136,386	427,731	181,269,510	173,041,319
Long-term liabilities:																
Vacation leave accrual	-	-	133,444	1,594,483	-	-	2,902,043	-	960,924	1,505,692	-	60,354	1,372,638	-	8,529,388	5,246,722
Contracts and leases	-	-	-	-	-	-	-	-	-	-	-	-	656,154	-	656,154	1,037,284
Notes payable and bonds payable	231,131,562	28,747,577	-	341,302,940	783,049	-	-	-	122,287,687	-	-	-	-	-	724,253,815	716,236,662
Accrued unfunded retirement liability	2,558,005	-	486,834	13,783,535	244,948	-	18,602,876	943,409	14,730,512	8,745,974	-	137,708	20,843,635	429,800	83,193,304	75,692,271
Total long-term liabilities	233,690,567	30,383,575	620,278	356,680,858	1,077,997	-	21,504,919	943,409	137,979,193	10,251,666	-	197,862	22,872,447	429,800	816,632,671	818,212,449
Total liabilities	264,484,820	35,136,804	1,226,516	425,527,077	1,262,726	7,647	59,983,678	3,046,478	152,431,017	27,318,347	41,782	865,025	26,008,833	857,531	998,202,181	991,254,278
Fund equity:																
Contributed capital:																
Government of Guam	1,477,683	5,123,732	8,238,526	27,898,440	5,278,650	-	-	2,940,978	13,557,529	146,319,154	-	1,057,629	13,887,807	-	226,870,348	79,865,871
Federal government	64,155,155	-	-	12,866,000	3,702,600	-	-	59,885	-	103,165,031	-	-	21,985,678	-	205,934,349	96,046,126
In-Aid of Construction	-	-	-	-	-	-	-	-	-	10,849,635	-	-	-	-	10,849,635	-
Retained earnings:																
Restricted:																
Unrestricted (deficit)	78,755,557	10,804,078	1,853,275	120,268,747	1,049,893	754,508	1,987,400	(307,396)	47,087,640	(82,163,826)	161,351	(668,683)	304,818	2,684,330	4,055,760	3,675,578
Fund balances:																
Reserved for:																
Related assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity	144,388,395	15,927,820	10,081,801	161,033,187	10,031,143	754,508	49,266,751	1,593,267	60,645,169	186,170,194	161,351	388,941	36,178,303	2,353,259	672,971,099	467,635,638
Total liabilities and fund equity	\$ 408,873,215	\$ 51,064,624	\$ 11,308,317	\$ 586,560,264	\$ 11,293,869	\$ 762,155	\$ 109,250,429	\$ 4,639,745	\$ 213,076,186	\$ 207,488,441	\$ 203,133	\$ 1,253,966	\$ 62,187,136	\$ 3,310,790	\$ 1,671,176,280	\$ 1,458,889,916

See Accompanying Independent Auditor's Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Guam International Airport Authority	Guam Housing Corporation	Guam Visitors Bureau	Guam Power Authority	Guam Retail Corporation	Guam Territorial Law Library	Guam Memorial Hospital Authority	Guam Economic Development Authority	Guam Telephone Authority	Guam Waterworks	Guam Educational Radio Foundation	Guam Mass Transit Authority	Port Authority of Guam	Guam Telecommunications Corporation	Totals
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997
Operating revenues:															
Charges for services	\$ 47,843,098	\$ 148,717	\$ -	\$ 194,374,459	\$ -	\$ 72,978	\$ 58,254,641	\$ 220,205	\$ 42,290,720	\$ 33,611,653	\$ 48,000	\$ 154,484	\$ 16,969,422	\$ -	\$ 393,988,377
Contributions	-	-	1,433,753	-	-	-	-	-	-	-	48,582	312,569	-	429,102	2,213,697
Licenses, fees and permits	-	-	-	-	-	290,333	-	-	-	-	-	-	-	275	2,543,105
Investment, earnings and interest	6,222,599	3,808,998	85,101	4,818,301	-	9,073	-	-	-	27,914	236	-	1,110,477	27,597	290,608
Rental charges	4,680,466	-	-	-	914,061	-	-	1,649,668	-	-	-	-	-	-	16,110,296
Other	1,008,782	103,806	1,107,717	4,487,916	19,946	-	818,038	-	1,090,647	24,179	365,305	5,800	675,220	318,243	20,553,995
Total operating revenues	59,754,945	4,063,521	2,616,571	203,680,676	934,007	372,384	59,072,699	1,869,873	43,381,367	33,663,746	462,123	472,544	18,755,119	775,217	429,874,792
Operating expenses:															
Production and operations	-	-	-	115,358,830	-	170,366	36,837,868	1,131,793	19,016,310	39,891,821	296,533	1,456,949	9,009,576	151,795	221,323,841
Depreciation and amortization	11,163,535	151,379	149,975	16,247,845	155,982	66,309	3,133,225	122,574	10,043,691	4,239,002	58,964	184,066	2,900,808	-	34,129,464
Maintenance	1,121,189	-	-	-	268,463	21,047	-	25,977	-	-	-	228,948	3,152,340	-	48,692,555
Beneficiary related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,419,964
Bad debts	114,922	-	-	-	-	-	2,721,879	47,804	601,234	287,547	-	-	(80,000)	-	3,693,786
Steering and related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,812,279
General and administrative	20,185,770	1,965,970	15,249,285	34,805,148	377,127	274,672	16,963,962	1,253,937	7,496,825	861,139	161,497	850,790	8,089,102	1,146,286	109,682,500
Interest	11,753,677	1,803,803	-	23,896,641	125	125	(362,033)	134,995	-	385,351	-	387,307	331,112	-	10,047,572
Other	-	125,586	-	-	16,035	1,040	-	-	-	-	-	-	-	-	37,787,358
Total operating expenses	44,339,093	4,040,738	15,399,260	190,308,464	817,627	535,259	59,294,899	2,719,080	37,158,060	45,666,150	516,994	3,108,060	26,895,217	1,298,081	412,106,232
Operating income (loss)	15,415,852	13,783	(12,782,689)	13,372,212	116,380	(163,175)	(222,200)	(849,207)	6,223,307	(12,002,404)	(54,871)	(2,635,516)	(8,140,098)	(522,864)	(2,231,490)
Nonoperating revenues (expenses):															
Contributions from:															
General Fund	-	-	12,210,750	-	-	-	(1,987,431)	-	-	-	-	2,300,000	(4,236,410)	525,540	8,731,452
Federal agencies	-	-	-	-	-	-	148,022	-	-	-	-	-	(7,454,397)	-	148,022
Extraordinary loss	-	-	-	-	-	-	-	-	(5,754,740)	-	-	-	7,332,327	-	(7,454,397)
Other income (expenses), net	-	-	1,000	938,173	(5,064)	-	367,640	100,677	-	-	-	-	-	437,851	3,417,864
Total nonoperating revenues (expenses), net	-	-	12,210,750	938,173	(5,064)	-	(1,471,769)	100,677	(5,754,740)	-	-	2,300,000	(4,448,480)	963,394	4,842,941
Net income (loss)	15,415,852	13,783	(561,939)	14,310,385	111,316	(163,175)	(1,693,569)	(748,530)	468,567	(12,002,404)	(54,871)	(335,516)	(12,588,578)	440,530	2,611,451
Add depreciation on fixed assets acquired by grant externally restricted for capital acquisitions and construction that reduces contributed capital	-	-	83,333	-	-	-	-	-	-	-	-	75,197	-	-	158,530
Beginning retained earnings (deficit)	61,808,288	10,790,295	2,391,881	105,958,362	938,577	917,683	47,494,770	250,334	46,619,073	(84,195,060)	216,222	(408,369)	12,893,396	1,912,729	207,528,581
Adjustments to beginning retained earnings:															
Correction of prior year errors	1,331,417	-	-	-	-	-	3,466,150	(10,000)	-	-	-	-	-	-	19,021,205
Ending retained earnings (deficit)	78,155,557	10,804,078	1,833,275	120,268,747	1,049,893	754,508	49,266,751	(907,596)	47,087,640	(82,163,826)	161,351	(668,688)	304,818	2,333,259	229,318,767
Beginning contributed capital	58,555,611	4,952,252	8,311,859	40,764,440	5,278,630	-	-	-	13,557,529	-	-	1,057,629	-	-	132,477,970
Adjustments to contributed capital:															
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Fund	-	-	-	-	-	-	-	2,040,278	-	148,319,354	-	-	13,882,897	-	164,248,139
Federal agencies	7,077,227	171,500	-	-	3,702,600	-	-	59,885	-	103,165,091	-	-	21,985,078	-	136,161,921
In-Aid of Construction	-	-	(83,333)	-	-	-	-	-	-	10,847,835	-	-	-	-	10,847,835
Fund equity at end of year	\$ 144,388,395	\$ 15,927,830	\$ 10,081,801	\$ 141,033,187	\$ 10,031,143	\$ 754,508	\$ 49,266,751	\$ 1,593,267	\$ 60,645,169	\$ 180,170,194	\$ 161,351	\$ 388,941	\$ 36,178,303	\$ 2,333,259	\$ 672,974,699

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds
Combining Statement of Cash Flows
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	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
Increase (decrease) in cash and equivalents								
Cash flows from operating activities:								
Operating income (loss)	\$ 15,415,852	\$ 13,783	\$ (12,782,689)	\$ 13,372,212	\$ 116,380	\$ (163,175)	\$ (222,200)	\$ (849,207)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	11,163,535	151,379	149,975	16,247,845	155,982	66,309	3,133,225	122,574
Bad debt expense	114,922	-	-	-	-	-	2,721,879	47,804
Amortization of loan discount	-	(30,000)	-	-	-	-	-	-
Extraordinary loss and other reconciling items	5,531,078	(1,131,527)	-	26,154,923	-	-	(577,803)	-
(Increase) decrease in assets:								
Accounts receivable	(1,192,687)	62,373	31,752	630,547	(20,212)	7,453	(13,178,927)	(177,250)
Inventory	-	-	-	(791,604)	6,244	-	278,109	(14,134)
Accrued interest and other	-	(131,414)	-	-	-	-	-	-
Prepaid expense	-	(3,939)	(127,447)	148,856	1,656	-	210,360	-
Notes receivable	-	-	-	-	-	-	-	-
Other assets	-	-	-	(5,349,859)	-	23,552	-	-
Other receivables	-	-	112,350	-	(70,404)	-	-	-
Due from other funds and governmental agencies	-	-	-	-	-	-	-	-
Loss on investment	-	-	-	-	-	-	-	-
Increase (decrease) in liabilities:								
Accrued payroll	-	-	-	29,485	(16,928)	(40,254)	1,026,842	-
Annual leave	-	-	-	68,915	-	-	1,563,820	-
Accounts payable	2,528,688	-	208,594	(18,914,615)	(142,164)	-	12,315,100	(147,210)
Accrued pension cost	(127,900)	122,383	-	-	21,940	-	(1,164,308)	(64,760)
Accrued expense and other liabilities	204,270	542,085	14,202	(635,989)	898	3,700	-	(3,452)
Customer and security deposits	-	122,406	-	(255,644)	(7,704)	-	1,503,614	-
Deferred revenue	483,528	-	-	-	-	-	-	10,104
Capitalized labor	-	-	-	-	-	-	-	-
Contracts and leases	-	-	-	-	-	-	-	-
Net cash provided by (used for) operating activities	34,121,286	(282,471)	(12,393,263)	30,705,072	45,688	(102,415)	7,609,711	(1,075,531)
Cash flows from noncapital financing activities:								
Proceeds from issuance of notes payable and bonds	-	6,200,000	-	-	-	-	-	-
Proceeds from short term debt	-	-	-	1,122,607	-	-	-	-
Repayment of notes payable and short term debt	-	(2,383,339)	-	-	-	-	-	-
Interest paid on notes payable and short term debt	-	-	-	(2,162,432)	-	-	-	-
Operating grants received	-	-	12,219,751	-	-	-	-	50,000
Net transfers from restricted fund	-	-	-	-	-	-	(1,480,718)	-
Contributions	-	-	-	-	-	-	8,949	-
Net cash provided by (used for) noncapital financing activities	-	3,816,661	12,219,751	(1,039,825)	-	-	(1,471,769)	50,000
Cash flows from capital and related financing activities:								
Proceeds from issuance of notes payable and bonds	-	-	-	-	-	-	-	-
Principal paid on bonds and other long term debt	(3,285,923)	-	-	(4,272,019)	(54,055)	-	(7,035,092)	-
Interest paid on bonds and other long term debt	(11,762,499)	-	-	(20,680,758)	-	-	-	-
Fixed asset (purchases) disposals	(54,506,160)	(40,995)	-	(25,971,861)	(56,397)	(1,300)	450,626	(102,981)
Fixed asset improvements	-	(22,500)	-	-	-	-	-	-
Contributions	6,092,649	-	-	-	-	-	-	-
Replacement parts inventories	-	-	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-	-	-
Restricted assets	-	638,672	(199,862)	12,243,285	-	-	989,158	-
Net cash provided by (used for) capital and related financing activities	(63,461,933)	575,177	(199,862)	(38,681,353)	(110,452)	(1,300)	(5,595,308)	(102,981)
Cash flows from investing activities:								
Payments received on notes receivable	-	-	-	-	-	-	-	(9,268)
Decrease(increase) in bond reserve funds	-	-	-	79,440	-	-	-	-
Purchase of land held for development and resale	-	(842,855)	-	-	-	-	-	46,965
Proceeds from sale of investments	27,089,667	-	-	-	-	-	-	468,408
Purchase of investment securities	-	(2,846,530)	-	-	-	-	-	-
Withdrawal of investment securities	-	84,282	-	-	-	-	-	-
Interest and dividends on investments	5,556,042	-	-	4,818,301	(5,064)	-	-	101,677
Net (increase)decrease in loan receivable	-	(1,766,029)	-	-	-	-	-	-
Net cash provided by (used for) investing activities	32,645,709	(5,371,132)	-	4,897,741	(5,064)	-	-	607,782
Net increase (decrease) in cash and equivalents	3,305,062	(1,261,765)	(373,374)	(4,118,365)	(69,828)	(103,715)	542,634	(520,730)
Cash and equivalents at beginning of year	393,986	2,505,328	2,197,074	8,453,868	467,883	270,373	1,614,158	618,896
Restricted assets	-	-	-	-	-	-	-	-
Cash and equivalents at end of year	\$ 3,699,048	\$ 1,243,563	\$ 1,823,700	\$ 4,335,503	\$ 398,055	\$ 166,658	\$ 2,156,792	\$ 98,166

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Component Units - Proprietary Funds

Combining Statement of Cash Flows

Year Ended September 30, 1997

(With Comparative Totals for the Year Ended September 30, 1996)

	Guam Telephone Authority	Guam Waterworks Authority	Guam Educational Radio Foundation	Guam Mass Transit Authority	Port Authority of Guam	Guam Educational Telecommunications Corporation	Totals	
							1997	1996
Increase (decrease) in cash and equivalents								
Cash flows from operating activities:								
Operating income (loss)	\$ 6,223,307	\$ (12,002,404)	\$ (54,871)	\$ (2,635,516)	\$ (8,140,098)	\$ (522,864)	\$ (2,231,490)	\$ 1,768,231
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation	10,043,691	4,239,902	58,964	184,066	2,980,808	-	48,698,255	34,129,464
Bad debt expense	625,234	287,947	-	-	(80,000)	-	3,717,786	3,548,469
Amortization of loan discount	-	-	-	-	-	-	(30,000)	(30,000)
Extraordinary loss and other reconciling items	-	-	-	-	(4,368,480)	-	25,608,191	27,658,012
(Increase) decrease in assets:								
Accounts receivable	(2,984,977)	19,754,907	-	-	47,614	(33,227)	2,947,366	(1,734,822)
Inventory	(271,618)	(304,759)	-	-	-	-	(1,097,762)	(7,248,168)
Accrued interest and other	(185,578)	(483,957)	-	-	-	-	(800,949)	46,343
Prepaid expense	(75,492)	-	-	-	(33,333)	(5,160)	115,501	1,349,694
Notes receivable	-	-	-	-	-	-	-	(112,350)
Other assets	-	-	-	-	-	-	(5,326,307)	426,771
Other receivables	-	-	-	-	-	-	41,946	(64,820)
Due from other funds and governmental agencies	-	-	-	-	-	-	-	(54,000)
Loss on investment	-	-	-	-	-	-	-	(43,247)
Increase (decrease) in liabilities:								
Accrued payroll	169,660	(980,485)	-	-	155,356	83,663	427,339	750,390
Annual leave	-	1,955,441	-	15,955	68,681	-	3,672,812	237,103
Accounts payable	1,978,111	7,064,108	7,985	79,761	233,960	19,018	5,231,336	14,358,865
Accrued pension cost	(639,819)	3,516,573	-	(11,903)	1,224,985	20,965	2,898,156	877,085
Accrued expense and other liabilities	952,490	-	-	3,462	-	-	1,081,666	679,351
Customer and security deposits	441,917	6,104,288	-	-	-	-	7,908,877	1,224,619
Deferred revenue	-	-	-	-	-	58,416	552,048	(11,697,688)
Capitalized labor	-	-	-	-	-	-	-	1,355,700
Contracts and leases	-	(3,343,009)	-	-	-	-	(3,343,009)	-
Net cash provided by (used for) operating activities	16,276,926	25,808,552	12,078	(2,364,175)	(7,910,507)	(379,189)	90,071,762	67,425,002
Cash flows from noncapital financing activities:								
Proceeds from issuance of notes payable and bonds	-	-	-	-	-	-	6,200,000	8,873,614
Proceeds from short term debt	-	-	-	-	-	-	1,122,607	-
Repayment of notes payable and short term debt	-	-	-	-	-	437,851	(1,945,488)	(2,200,450)
Interest paid on notes payable and short term debt	-	-	-	-	-	-	(2,162,432)	(1,285,320)
Operating grants received	-	-	-	2,300,000	-	525,543	15,095,294	13,527,608
Net transfers from restricted fund	-	-	-	-	-	-	(1,480,718)	-
Contributions	-	-	-	-	-	-	8,949	3,841,766
Net cash provided by (used for) noncapital financing activities	-	-	-	2,300,000	-	963,394	16,838,212	22,757,218
Cash flows from capital and related financing activities:								
Proceeds from issuance of notes payable and bonds	1,201,200	-	-	-	-	-	1,201,200	7,100,100
Principal paid on bonds and other long term debt	(3,181,514)	-	-	-	-	-	(17,828,603)	(5,648,909)
Interest paid on bonds and other long term debt	(7,229,694)	-	-	-	-	-	(39,672,951)	(38,393,225)
Fixed asset purchases	(15,506,758)	(17,183,894)	-	(10,119)	(1,869,937)	(32,200)	(114,831,976)	(171,285,332)
Fixed asset improvements	-	-	-	-	-	-	(22,500)	-
Contributions	-	(8,213,584)	-	-	-	-	(2,120,935)	5,300,233
Replacement parts inventories	-	-	-	-	27,609	-	27,609	72,977
Capital lease payments	-	-	-	-	(413,949)	-	(413,949)	(458,371)
Restricted assets	247,852	-	-	-	-	(429,800)	13,489,305	(80,223,146)
Net cash provided by (used for) capital and related financing activities	(24,468,914)	(25,397,478)	-	(10,119)	(2,256,277)	(462,000)	(160,172,800)	(283,535,673)
Cash flows from investing activities:								
Payments received on notes receivable	-	-	-	-	-	-	(9,268)	(11,388)
Increase in bond reserve funds	-	-	-	-	-	-	79,440	(28,578)
Purchase of land held for development and resale	-	-	-	-	-	-	(795,890)	-
Proceeds from sale of investment	-	-	-	-	-	-	27,558,075	60,995,752
Purchase of investment securities	(518,947)	-	-	-	-	-	(3,365,477)	(748,854)
Withdrawal of investment securities	-	-	-	-	-	-	84,282	-
Interest and dividends on investments	779,395	-	-	-	-	-	11,250,351	20,308,908
Net decrease in loan receivable	-	-	-	-	-	-	(1,766,029)	3,174,451
Net cash provided by investing activities	260,448	-	-	-	-	-	33,035,484	83,690,291
Net increase (decrease) in cash and equivalents	(7,931,540)	411,074	12,078	(74,294)	(10,166,784)	122,205	(20,227,342)	(109,663,162)
Cash and equivalents at beginning of year	17,371,620	4,257,164	12,331	130,200	26,346,368	533,937	65,173,186	171,011,611
Restricted assets	-	-	-	-	-	-	-	(432,427)
Cash and equivalents at end of year	\$ 9,440,080	\$ 4,668,238	\$ 24,409	\$ 55,906	\$ 16,179,584	\$ 656,142	\$ 44,945,844	\$ 60,916,022

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Internal Service Funds
Combining Balance Sheet
September 30, 1997
(With Comparative Totals as of September 30, 1996)

	Agana Fractional Lot Fund	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
					1997	1996
ASSETS						
Cash and equivalents	\$ -	\$ 112,393	\$ 1,839,720	\$ 79,348	\$ 2,031,461	\$ 1,603,114
Investments	-	-	-	-	-	-
Receivables, net	90,170	37,146	-	-	127,316	101,799
Receivables from federal agencies	-	-	-	-	-	-
Interfund receivables, net	126,426	31,814	1,538,218	199,535	1,895,993	1,827,496
Notes receivable	-	-	-	-	-	-
Inventories	-	8,339,241	1,704,363	-	10,043,604	6,887,241
Prepayments	-	-	-	-	-	-
Deposits and other assets	322,767	-	-	-	322,767	322,767
	<u>539,363</u>	<u>8,520,594</u>	<u>5,082,301</u>	<u>278,883</u>	<u>14,421,141</u>	<u>10,742,417</u>
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	\$ <u>539,363</u>	\$ <u>8,520,594</u>	\$ <u>5,082,301</u>	\$ <u>278,883</u>	\$ <u>14,421,141</u>	\$ <u>10,742,417</u>
LIABILITIES AND FUND EQUITY (DEFICIENCY)						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-
Interfund payables	-	-	134,018	-	134,018	166
Payables to federal agencies	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	190,720
Deposits and other liabilities	-	-	-	264,152	264,152	339,152
Vacation leave accrual	-	-	-	-	-	-
Contracts and leases	-	-	-	-	-	-
Notes payable and bonds payable	-	-	-	-	-	-
Accrued unfunded retirement benefit	-	-	-	-	-	-
	-	-	-	-	-	-
Total liabilities	-	-	134,018	264,152	398,170	530,038
Fund equity (deficiency):						
Contributed capital:						
Government of Guam	-	-	-	-	-	-
Federal government	-	8,212,794	-	-	8,212,794	5,314,347
Retained earnings:						
Restricted	-	128,147	2,576,471	-	2,704,618	2,637,791
Unrestricted	539,363	179,653	2,371,812	14,731	3,105,559	2,260,241
Fund balances:						
Reserved for:						
Debt service	-	-	-	-	-	-
Related assets	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Continuing appropriations	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Fund equity (deficiency)	<u>539,363</u>	<u>8,520,594</u>	<u>4,948,283</u>	<u>14,731</u>	<u>14,022,971</u>	<u>10,212,379</u>
Total liabilities and fund equity (deficiency)	\$ <u>539,363</u>	\$ <u>8,520,594</u>	\$ <u>5,082,301</u>	\$ <u>278,883</u>	\$ <u>14,421,141</u>	\$ <u>10,742,417</u>

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Equity
Year Ended September 30, 1997
(With Comparative Totals for the Year Ended September 30, 1996)

	Agana Fractional Lot Fund	State Agency Surplus Fund	GSA Inventory Revolving Fund	Group Life Insurance Fund	Totals	
					1997	1996
Operating revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-	-
Licenses, fees and permits	-	95,788	-	-	95,788	-
Investment earnings and interest	-	1,929	-	2,543	4,472	13,993
Rental charges	-	-	-	-	-	-
Other	-	-	4,708,261	-	4,708,261	5,208,226
Total operating revenues	-	97,717	4,708,261	2,543	4,808,521	5,222,219
Operating expenses:						
Production and operations	-	-	-	-	-	5,099,182
Depreciation	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Beneficiary related	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Stevedoring and related	-	-	-	-	-	-
General and administrative	-	47,541	3,848,835	-	3,896,376	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total operating expenses	-	47,541	3,848,835	-	3,896,376	5,099,182
Operating income (loss)	-	50,176	859,426	2,543	912,145	123,037
Nonoperating revenues (expenses):						
Contribution from:						
General fund	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-
Other income (expense), net	-	-	-	-	-	(92,575)
Total nonoperating revenues (expenses), net	-	-	-	-	-	(92,575)
Net income (loss)	-	50,176	859,426	2,543	912,145	30,462
Beginning retained earnings (deficit)	539,363	257,624	4,088,857	12,188	4,898,032	4,867,570
Ending retained earnings (deficit)	539,363	307,800	4,948,283	14,731	5,810,177	4,898,032
Beginning contributed capital	-	5,314,347	-	-	5,314,347	2,426,258
Adjustment to contributed capital	-	-	-	-	-	-
Contributions (to) from:						
General fund	-	-	-	-	-	-
Federal government	-	2,898,447	-	-	2,898,447	2,888,089
Fund equity at end of year	\$ 539,363	\$ 8,520,594	\$ 4,948,283	\$ 14,731	\$ 14,022,971	\$ 10,212,379

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund September 30, 1997

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.

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.

Instructional Personnel Fund - This fund was established by P.L. 18-33. Revenues collected are from a business privileged tax on poker machines. The purpose of this fund is to increase salary payments to Department of Education and Guam Community College employees.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund, Continued September 30, 1997

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.

Option 1 Retroactive Pay Fund - This fund was established by P.L. 20-136 to make retroactive payment of wages to Government of Guam employees. Funding for this fund is provided by appropriations from the general fund.

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.

Hazardous Substance Fund - This fund was established by P.L. 20-110 to make payment for health claims against the Government of Guam for injuries due to exposure to hazardous substances. Funding was received from appropriations from the general fund.

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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Expendable Trust Funds, Pension Fund and Agency Fund, Continued September 30, 1997

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.

PCB Recovery Fund - This fund was established by P.L. 20-32 for the purpose of giving financial assistance to employees and their families and to the American Federation of Government Employees in obtaining the necessary legal, consultant, and medical support services needed to secure compensation and other remedies.

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 support other activities directly related to increasing the public appreciation of the benefit from historical places.

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, 1997

(With Comparative Totals As Of September 30, 1996)

	Program Development	Government Claims	Income Tax Rebate	Income Refund Reserve	Ocean Freight Legal	Workers' Compensation	Inmates Work Release	Off-Island Sports	Instructional Personnel	Community Development
ASSETS										
Cash and equivalents	\$ 81,815	\$ -	\$ -	\$ 6,653,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	31,188,190	-	-	-	-	-	-
Receivables, net	320	-	-	-	-	-	-	-	-	-
Receivables from federal agencies	-	-	-	-	-	-	-	-	-	-
Interfund receivables, net	509,515	-	6,987,519	-	35,309	423,208	7,529	20,000	-	695,486
Notes receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 591,650	\$ -	\$ 6,987,519	\$ 37,841,190	\$ 35,309	\$ 423,208	\$ 7,529	\$ 20,000	\$ -	\$ 695,486

LIABILITIES AND FUND EQUITY

Accounts payable	\$ -	\$ -	\$ 6,987,519	\$ -	\$ -	\$ -	\$ 2,444	\$ -	\$ -	\$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	-	-	-	-	136,379
Payables to federal agencies	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	37,841,190	-	-	5,085	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ 6,987,519	\$ 37,841,190	\$ -	\$ -	\$ 7,529	\$ -	\$ -	\$ 136,379

Fund equity

Contributed capital:										
Government of Guam	-	-	-	-	-	-	-	-	-	-
Federal government	-	-	-	-	-	-	-	-	-	-
Fund balances	-	-	-	-	-	-	-	-	-	-
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Related assets	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	35,309	-	-	-	-	105,631
Continuing appropriations	-	-	-	-	-	16,680	-	20,000	-	453,476
Unreserved (deficit)	591,650	-	-	-	-	406,528	-	-	-	-
Total fund equity	\$ 591,650	\$ -	\$ -	\$ -	\$ 35,309	\$ 423,208	\$ -	\$ 20,000	\$ -	\$ 559,107
Total liabilities and fund equity	\$ 591,650	\$ -	\$ 6,987,519	\$ 37,841,190	\$ 35,309	\$ 423,208	\$ 7,529	\$ 20,000	\$ -	\$ 695,486

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Fund Type - Expendable Trust Funds
Combining Balance Sheet, Continued
September 30, 1997
(With Comparative Totals As Of September 30, 1996)

	Option 1 Retro Pay	Hazardous Substance	Criminal Injuries	Off-Island Treatment	Land Claims	Superior Court Trust	PCB Recovery	Guam Preservation Trust	Totals
									1997 1996
ASSETS									
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ 42,185	\$ 4,587,489	\$ -	\$ 1,843,916	\$ 13,208,405 \$ 16,719,875
Investments	-	-	-	-	-	-	-	-	31,188,190 8,658,000
Receivables, net	-	-	-	-	-	3,004,031	-	2,798,397	5,802,748 5,556,094
Receivables from federal agencies	-	-	-	-	-	-	-	-	- 110
Interfund receivables, net	-	-	167,741	195,453	-	4,807	-	1,404,500	10,451,067 12,745,813
Notes receivable	-	-	-	-	-	-	-	-	- -
Inventories	-	-	-	-	-	-	-	296	- 1,350
Prepayments	-	-	-	-	-	-	-	123,882	- 126,467
Deposits and other assets	-	-	-	-	-	-	-	-	- -
Total assets	\$ -	\$ -	\$ 167,741	\$ 195,453	\$ 42,185	\$ 7,596,327	\$ -	\$ 6,170,991	\$ 60,774,588 \$ 43,807,709
LIABILITIES AND FUND EQUITY									
Accounts payable	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ -	\$ -	\$ 6,009	\$ 6,996,086 \$ 2,431,822
Accrued payroll and other	-	-	-	184,069	2,724	-	-	-	186,793 43,762
Interfund payables	-	-	-	-	-	732,616	-	-	868,995 2,102,042
Payables to federal agencies	-	-	-	-	-	-	-	-	- -
Notes payable	-	-	-	-	-	-	-	-	- -
Deferred revenue	-	-	-	-	-	3,004,031	-	-	3,004,031 2,514,808
Provision for tax refunds	-	-	-	-	-	-	-	-	37,841,190 19,505,363
Deposits and other liabilities	-	-	21,327	7,752	38,913	3,854,673	-	-	3,927,750 2,819,373
Total liabilities	\$ -	\$ -	\$ 21,441	\$ 191,821	\$ 41,637	\$ 7,591,320	\$ -	\$ 6,009	\$ 52,824,845 \$ 29,417,170
Fund equity									
Contributed capital:									
Government of Guam	-	-	-	-	-	-	-	-	- -
Federal government	-	-	-	-	-	-	-	-	- -
Fund balances	-	-	-	-	-	-	-	-	- -
Reserved for:									
Debt service	-	-	-	-	-	-	-	-	- 123,882
Related assets	-	-	-	-	-	200	-	-	- 200
Encumbrances	-	-	-	3,300	-	14,298	-	-	158,538 739,672
Continuing appropriations	-	-	-	332	-	1,979,992	-	-	2,470,480 1,168,181
Unreserved (deficit)	-	-	146,300	-	548	(1,989,483)	-	6,164,982	5,320,525 12,358,604
Total fund equity	\$ -	\$ -	\$ 146,300	\$ 3,632	\$ 548	\$ 5,007	\$ -	\$ 6,164,982	\$ 7,949,743 \$ 14,390,539
Total liabilities and fund equity	\$ -	\$ -	\$ 167,741	\$ 195,453	\$ 42,185	\$ 7,596,327	\$ -	\$ 6,170,991	\$ 60,774,588 \$ 43,807,709

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, 1997
(With Comparative Totals For The Year Ended September 30, 1996)

	Program Development	Government Claims	Income Tax Rebate	Income Refund Reserve	Ocean Freight Legal	Workers' Compensation	Inmates Work Release	Off-Island Sports	Instructional Personnel	Community Development
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-
Use of money and property	3,078	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	391,792	-	-	-	-
Total revenues	3,078	-	-	-	-	391,792	-	-	-	-
Expenditures:										
General government	-	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	27,690	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	2,076,611	-	-	-	3,066,698
Transportation	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	27,690	2,076,611	-	-	-	3,066,698
Excess (deficiency) of revenue over (under) expenditures	3,078	-	-	-	(27,690)	(1,684,819)	-	-	-	(3,066,698)
Other financing sources (uses):										
Additions to long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,690,500	-	-	-	2,133,855
Transfers out	-	(238)	-	-	-	-	-	(135,999)	(1,348,072)	-
Other sources	-	-	-	-	-	-	-	-	-	-
Other uses	(3,000)	-	-	-	-	-	-	-	-	(332,720)
Total other financing sources (uses) net	(3,000)	(238)	-	-	-	1,690,500	-	(135,999)	(1,348,072)	1,801,135
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	78	(238)	-	-	(27,690)	5,681	-	(135,999)	(1,348,072)	(1,265,563)
Fund balances at beginning of year	591,572	238	-	-	62,999	417,527	-	155,999	1,348,072	1,824,670
Fund balances at end of year	\$ 591,650	\$ -	\$ -	\$ -	\$ 35,309	\$ 423,208	\$ -	\$ 20,000	\$ -	\$ 559,107

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, 1997
(With Comparative Totals For The Year Ended September 30, 1996)

	Option 1 Retro Pay	Hazardous Substance	Criminal Injuries	Off-Island Treatment	Land Claims	Superior Court Trust	PCB Recovery	Guam Preservation Trust	Totals
									1997 1996
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	-	-	1,257,494	1,296,661
Use of money and property	-	-	-	-	-	1,500	-	94,183	77,732
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	32,626	-	-	-	-	1,450	4,920,301
Total revenues	-	-	32,626	-	-	1,500	-	1,353,127	6,294,694
Expenditures:									
General government	-	-	-	-	-	-	-	-	3,000-
Protection of life and property	-	-	-	-	-	-	-	1,247,162	2,814,429
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	885,534	-	-	-	-	885,534
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	1,884	1,964,194	-	-	6,056,964
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Transfers to persons	-	-	-	-	-	-	-	-	2,431,446
Capital projects	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	32,626	(885,534)	1,884	1,964,194	-	1,247,162	12,349,251
	-	-	32,626	(885,534)	(1,884)	(1,962,694)	-	105,965	(6,054,557)
Other financing sources (uses):									
Additions to long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	455,202	-	1,240,000	-	-	5,519,557
Transfers out	(565,008)	(250,000)	-	-	-	-	(108,949)	-	(2,408,266)
Other sources	-	-	-	332,722	-	-	-	-	332,722
Other uses	-	-	-	-	-	-	-	-	(335,720)
Total other financing sources (uses), net	(565,008)	(250,000)	-	787,924	-	1,240,000	(108,949)	-	3,108,293
	(565,008)	(250,000)	-	787,924	-	1,240,000	(108,949)	-	6,422,690
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(565,008)	(250,000)	32,626	(97,610)	(1,884)	(722,694)	(108,949)	105,965	(4,379,357)
Fund balances at beginning of year	565,008	250,000	113,674	101,242	2,432	727,701	108,949	6,059,017	14,022,406
Fund balances at end of year	\$ -	\$ -	\$ 146,300	\$ 3,632	\$ 548	\$ 5,007	\$ -	\$ 6,164,982	\$ 14,390,539

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of General Fixed Assets by Function and Activity
Year Ended September 30, 1997

	1996 Total Fixed Assets	1997 Acquisitions	1997 Total Fixed Assets
General Government:			
Office of the Governor	\$ 1,377,181	\$ 154,455	\$ 1,531,636
Office of Lt. Governor	25,862	-	25,862
Bureau of Budget and Mgmt. Research	752,729	149,321	902,050
Civil Service Commission	192,646	589	193,235
Administration	3,706,381	4,096,808	7,803,189
Public Works	86,227,476	56,407,120	142,634,596
Revenue and Taxation	1,186,438	156,451	1,342,889
Territorial Auditors	119,897	543,887	663,784
Land Management	2,677,028	107,144	2,784,172
Total	96,265,638	61,615,775	157,881,413
Protection of life and property:			
Law	1,535,417	52,399	1,587,816
Guam Police Department	9,740,137	1,192,428	10,932,565
Guam Fire Department	4,588,560	493,157	5,081,717
Corrections	2,375,852	53,989	2,429,841
Youth Affairs	502,970	96,629	599,599
Civil Defense	457,500	37,380	494,880
Chief Medical Examiner	38,131	-	38,131
Territorial Crime Commission	4,993	4,769	9,762
Total	19,243,560	1,930,751	21,174,311
Public health:			
Public Health and Social Services	4,322,948	291,693	4,614,641
Mental Health and Substance Abuse	1,669,556	50,752	1,720,308
Guam Health Planning	42,488	-	42,488
Total	6,034,992	342,445	6,377,437
Community services:			
Council for the Arts and Humanities	144,173	9,575	153,748
Library and Museum	387,277	55,576	442,853
Vocational Rehabilitation	181,314	26,806	208,120
Total	712,764	91,957	804,721
Recreation:			
Parks and Recreation	2,345,761	328,655	2,674,416
Total	2,345,761	328,655	2,674,416
Individual and collective rights:			
Labor	713,835	103,989	817,824
Election Commission	246,838	1,472,934	1,719,772
Commissioner's Council	1,983,794	167,171	2,150,965
Superior Court	18,639,373	-	18,639,373
Human Resources Development	143,731	8,108	151,839
Veterans Affairs	7,146	-	7,146
Military Affairs	139,304	15,770	155,074
Women's Affairs	29,713	-	29,713
Chamorro Land Trust	-	1,559,737	1,559,737
Total	21,903,734	3,327,709	25,231,443
Education:			
Education	47,110,172	5,313,454	52,423,626
Chamorro Language Commission	33,044	-	33,044
Total	47,143,216	5,313,454	52,456,670
Environmental protection:			
Environmental Protection	929,959	137,921	1,067,880
Guam Energy Office	208,696	-	208,696
Total	1,138,655	137,921	1,276,576
Economic development:			
Commerce	1,085,695	1,019,658	2,105,353
Agriculture	2,091,298	224,027	2,315,325
Bureau of Planning	821,799	98,914	920,713
Total	3,998,792	1,342,599	5,341,391
Public Defender	171,017	33,496	204,513
PDSC Land Claims Fund	11,521	-	11,521
PDSC Family Violence Program	-	3,032	3,032
Total	182,538	36,528	219,066
Total general fixed assets	\$ 198,969,650	\$ 74,467,794	\$ 273,437,444

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
HIGHER EDUCATION FUNDS
SEPTEMBER 30, 1997

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), the Guam Community College (GCC) and the Department of Education (DOE). A brief discussion of the Government's Higher Education Funds as of September 30, 1997, follows.

In the prior fiscal year 1996 presentation for the Higher Education Fund, only UOG was presented as financial statements for GCC were not available and DOE was part of the primary government as a line agency. Therefore no column for 1996 amounts is presented, and no statement of current fund revenues, expenditures and other changes for DOE is presented, as there were no financial statements prepared for DOE in 1996.

For the current year, financial statements for GCC are available and as discussed below, Public 24-17 allowed DOE to operate separately from the Government of Guam and is therefore presented as part of the Higher Education Fund.

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 - As mentioned above, 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.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet
September 30, 1997

ASSETS	UNIVERSITY OF GUAM				GUAM COMMUNITY COLLEGE				COLLEGE AND UNIVERSITY		College and University (Memorandum Only)
	CURRENT		PLANT		LOAN		ENDOWMENT		PLANT		
	Restricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	
Cash and equivalents	\$ 107,478	\$ 1,139,658	\$ 397,800	\$ -	\$ 506,118	\$ 1,698,707	\$ 876,621	\$ -	\$ 1,806,185	\$ 2,920,197	\$ 4,726,382
Investments	-	138,457	-	-	8,875,148	-	-	-	-	9,013,605	9,013,605
Receivables, net	269,661	1,326,038	320,154	691,220	-	983,831	3,638,507	100,756	1,253,492	6,076,675	7,330,167
Receivables from federal agencies	1,150,168	-	890	106,871	-	365,298	-	-	1,515,466	107,761	1,623,227
Other receivables	104,275	829,185	1,464	-	7,102	64,992	285,472	-	169,267	1,123,223	1,292,490
Inventories	-	424,039	-	-	-	-	185,346	-	-	609,385	609,385
Prepayments	124,590	140,285	-	-	-	-	-	-	124,590	140,285	264,875
Deposits and other assets	-	10,222	-	-	63,983	-	-	-	-	74,205	74,205
	1,756,172	4,007,884	720,308	798,091	9,452,351	3,112,828	4,985,946	100,756	4,869,000	20,065,336	24,934,336
Amounts to be provided for retirement of debt	-	-	509,316	-	-	-	-	-	-	509,316	509,316
Fixed assets:											
Support Assets	-	-	7,348,646	-	-	-	-	6,329,881	-	13,678,527	13,678,527
Capital leases and improvements	-	-	-	-	-	-	-	-	-	-	-
Buildings and improvements	-	-	68,345,707	-	-	-	-	6,421,555	-	74,767,262	74,767,262
	-	-	75,694,353	-	-	-	-	12,751,436	-	88,445,789	88,445,789
Less: accumulated depreciation	-	-	11,913,952	-	-	-	-	-	-	11,913,952	11,913,952
	-	-	63,780,401	-	-	-	-	12,751,436	-	76,531,837	76,531,837
Construction-in-progress	-	-	419,301	-	-	-	-	-	-	419,301	419,301
Land	-	-	2,589,112	-	-	-	-	1,903,000	-	4,492,112	4,492,112
	-	-	66,788,814	-	-	-	-	14,654,436	-	81,443,250	81,443,250
Total assets	\$ 1,756,172	\$ 4,007,884	\$ 68,018,438	\$ 798,091	\$ 9,452,351	\$ 3,112,828	\$ 4,985,946	\$ 14,755,192	\$ 4,869,000	\$ 102,017,902	\$ 106,886,902

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Balance Sheet
September 30, 1997

LIABILITIES AND FUND EQUITY	UNIVERSITY OF GUAM				GUAM COMMUNITY COLLEGE				COLLEGE AND UNIVERSITY		College and University (Memorandum Only)
	CURRENT		PLANT		CURRENT		PLANT		RESTRICTED	UNRESTRICTED	
	Restricted	Unrestricted	Unrestricted	Unrestricted	Restricted	Unrestricted	Unrestricted	Unrestricted			
Current Liabilities:											
Accounts payable	\$ 1,011,979	\$ 1,768,811	\$ 1,085,614	\$ -	\$ 33,550	\$ 2,880,538	\$ 118,683	\$ -	\$ 3,892,517	\$ 3,006,658	\$ 6,899,175
Accrued payroll and other	544,885	2,542,443	-	-	-	-	1,822	-	544,885	2,544,265	3,089,150
Payable to federal agencies	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	3,745,148	-	-	-	-	406,071	-	-	4,151,219	4,151,219
Deposits and other liabilities	-	-	-	-	-	-	689,420	-	-	689,420	689,420
Total current liabilities	1,556,864	8,056,402	1,085,614	-	33,550	2,880,538	1,215,996	-	4,437,402	10,391,562	14,828,964
Long-term liabilities:											
Notes payable and bonds payable	-	-	875,000	-	-	-	-	-	-	875,000	875,000
Total long-term liabilities	-	-	875,000	-	-	-	-	-	-	875,000	875,000
Total liabilities	1,556,864	8,056,402	1,960,614	-	33,550	2,880,538	1,215,996	-	4,437,402	11,266,562	15,703,964
Fund equity:											
Investment in general fixed assets	-	-	65,028,362	-	-	-	-	14,654,436	-	79,682,798	79,682,798
Fund balances:											
Reserved for:											
Specific purposes	199,308	-	389,021	-	-	232,290	-	-	431,598	389,021	820,619
Debt service	-	-	509,316	-	-	-	-	-	-	509,316	509,316
Unreserved	-	(4,048,518)	131,125	798,091	9,418,801	-	3,769,950	100,756	-	10,170,205	10,170,205
Total fund equity	199,308	(4,048,518)	66,057,824	798,091	9,418,801	232,290	3,769,950	14,755,192	431,598	90,751,340	91,182,938
Total liabilities and fund equity	\$ 1,756,172	\$ 4,007,884	\$ 68,018,438	\$ 798,091	\$ 9,452,351	\$ 3,112,828	\$ 4,985,946	\$ 14,755,192	\$ 4,869,000	\$ 102,017,902	\$ 106,886,902

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Statement of Changes in Fund Balances
September 30, 1997

	UNIVERSITY OF GUAM				GUAM COMMUNITY COLLEGE				College and University (Memorandum Only)
	CURRENT		LOAN	ENDOWMENT	PLANT	CURRENT		PLANT	
	Restricted	Unrestricted				Restricted	Unrestricted		
Revenues and other additions									
Unrestricted current fund revenues	\$ -	\$ 38,566,703	\$ -	\$ -	\$ -	\$ -	\$ 13,926,403	\$ -	\$ 52,493,106
Government of Guam appropriations - restricted	2,949,680	-	-	822,392	-	1,741,202	-	-	5,513,274
Government of Guam contracts - restricted	821,475	-	-	-	-	669,610	-	-	1,491,085
Federal grants and contracts - restricted	7,722,697	-	1,107	1,036,979	-	1,535,289	-	107,669	10,403,741
Private gifts, grants and contracts - restricted	615,461	-	-	-	-	-	-	-	615,461
Other restricted receipts	195,161	-	1,369	4,729	127,921	-	-	-	329,180
Endowment income	-	982,170	-	-	-	-	-	-	982,170
Recovery on student loans and miscellaneous receipts	-	-	-	360,679	-	-	-	-	360,679
Expended for plant facilities	-	-	1,029,465	-	-	-	-	-	1,341,325
Retirement of indebtedness	-	-	65,000	-	-	-	-	-	65,000
Total revenues and other additions	12,304,474	39,548,873	1,096,941	2,224,779	127,921	3,946,101	13,926,403	419,529	73,595,021
Expenditures and other deductions									
Educational and general expenditures	13,731,595	33,308,939	-	-	-	3,946,101	11,840,616	-	62,827,251
Auxiliary enterprise expenditures	-	2,601,811	-	-	-	-	570,736	-	3,172,547
Loans awarded	-	-	-	1,603,964	-	-	-	-	1,603,964
Plant repairs and maintenance	-	-	285,015	-	-	-	-	14,900	299,915
Depreciation of plant facilities	-	-	1,698,725	-	-	-	-	-	1,698,725
Investment fees	-	-	-	-	102,865	-	-	-	102,865
Retirement of indebtedness	-	-	65,000	-	-	-	-	-	65,000
Interest on indebtedness	-	-	28,200	-	-	-	-	-	28,200
Disposal of plant facilities	-	-	18,535	-	-	-	-	-	18,535
Total expenditures and other deductions	13,731,595	35,910,750	2,095,475	1,603,964	102,865	3,946,101	12,411,352	14,900	69,817,002
Transfers among funds-additions/(deductions):									
Mandatory									
Principal and interest	-	(93,200)	93,200	-	-	-	-	-	-
Renewals and replacements	-	(115,694)	115,694	-	-	-	-	-	-
Government of Guam bonds	-	(2,027,602)	-	-	-	-	-	-	(2,027,602)
Contributed capital	-	-	1,824,790	-	-	-	-	-	1,824,790
Restricted fund matching grants	1,916,619	(1,916,619)	-	-	-	-	-	-	-
Non-mandatory transfers, net	95,201	(1,515,636)	428,487	-	991,948	99,117	(292,162)	-	(193,045)
Total transfers	2,011,820	(5,668,751)	2,462,171	-	991,948	99,117	(292,162)	-	(395,857)
Net increase (decrease) for the year	584,699	(2,030,628)	1,463,637	620,815	1,017,004	99,117	1,222,889	404,629	3,382,162
Beginning fund balance	(385,391)	(2,017,890)	64,594,187	177,276	8,401,797	133,173	2,547,061	14,350,563	87,800,776
Ending fund balance (deficit)	\$ 199,308	\$ (4,048,518)	\$ 66,057,824	\$ 798,091	\$ 9,418,801	\$ 232,290	\$ 3,769,950	\$ 14,755,192	\$ 91,182,938

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Higher Education Funds
Combining Statement of Current Funds Revenues, Expenditures and Other Changes
September 30, 1997

	University of Guam (UOG)		Guam Community College (GCC)		College and University (Memorandum Only)
	Restricted	Unrestricted	Restricted	Unrestricted	
Revenues:					
Tuition and fees	\$ -	\$ 6,175,265	\$ -	\$ 2,201,543	\$ 8,376,808
Government of Guam appropriations	2,460,182	27,745,467	1,741,202	11,127,791	43,074,642
Federal grants and contracts	7,722,697	340,678	1,535,289	48,739	9,647,403
GovGuam grants and contracts	821,475	-	669,610	-	1,491,085
Sales, services and other sources	810,622	5,287,463	-	548,330	6,646,415
Total current revenue	11,814,976	39,548,873	3,946,101	13,926,403	69,236,353
Expenditures and mandatory transfers:					
Instruction	797,856	14,201,681	2,095,475	5,356,016	22,451,028
Research	3,451,776	1,083,157	-	-	4,534,933
Public service	5,016,354	190,743	-	-	5,207,097
Academic support	-	6,024,743	237,426	956,154	7,218,323
Student services	356,021	2,647,131	886,320	1,584,575	5,474,047
Institutional support	-	4,740,422	249,283	2,550,187	7,539,892
Operation and maintenance of plant	-	4,367,971	-	1,262,278	5,630,249
Scholarships and fellowship	4,109,588	53,091	460,573	98,536	4,721,788
Indirect cost	-	-	17,024	32,870	49,894
Restricted fund matching grants	(1,916,619)	1,916,619	-	-	-
Total educational and general	11,814,976	35,225,558	3,946,101	11,840,616	62,827,251
Auxiliary enterprise expenditures	-	2,601,811	-	570,736	3,172,547
Mandatory transfers:					
Principal and interest	-	93,200	-	-	93,200
Renewals and replacement	-	115,694	-	-	115,694
GovGuam bonds	-	2,027,602	-	-	2,027,602
Total expenditures and mandatory transfers	11,814,976	40,063,865	3,946,101	12,411,352	68,236,294
Other transfers and additions/ (deductions)					
Excess of restricted receipts over transfers	489,498	-	(85,983)	-	403,515
Transfer from restricted fund classifications to unrestricted funds	-	-	185,100	(185,000)	100
Non-mandatory transfer, net	95,201	(1,515,636)	-	(107,162)	(1,527,597)
	584,699	(1,515,636)	99,117	(292,162)	(1,123,982)
Net increase (decrease) in fund balances	\$ 584,699	\$ (2,030,628)	\$ 99,117	\$ 1,222,889	\$ (123,923)

See Accompanying Independent Auditors' Report.