

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

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

YEAR ENDED SEPTEMBER 30, 2007

INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho
Governor of Guam:

We have audited the accompanying financial statements of the Territorial Highway Fund and of those funds related to the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A (THF), as of and for the year ended September 30, 2007. These financial statements are the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on these financial statements based on our audit.

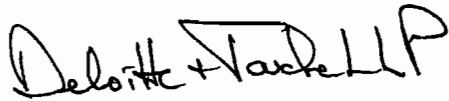
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, such financial statements present fairly, in all material respects, the respective financial position of the Territorial Highway Fund and those funds related to the Government of Guam Limited Obligation Highway Refunding Bonds, 2001 Series A, as of September 30, 2007, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional supplementary information on pages 15 to 23 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Government of Guam's management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2008, on our consideration of the THF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

March 26, 2008

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Balance Sheet
September 30, 2007

	Territorial Highway Fund	Capital Projects Fund	Debt Service Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,343	\$ -	\$ 1,553,455	\$ 1,556,798
Restricted assets:				
Cash and cash equivalents	-	2,681,109	1,058,298	3,739,407
Investments	-	-	6,603,362	6,603,362
Taxes receivable	779,244	-	-	779,244
Due from General Fund	-	4,000,000	-	4,000,000
Total assets	<u>\$ 782,587</u>	<u>\$ 6,681,109</u>	<u>\$ 9,215,115</u>	<u>\$ 16,678,811</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 341,115	\$ -	\$ 341,115
Accrued payroll and other	278,408	-	-	278,408
Due to Guam Power Authority	3,070,392	-	-	3,070,392
Tax drawback claims payable	391,190	-	-	391,190
Total liabilities	<u>3,739,990</u>	<u>341,115</u>	<u>-</u>	<u>4,081,105</u>
Commitments				
<u>FUND BALANCES (DEFICITS)</u>				
Fund balances (deficits):				
Reserved for:				
Continuing appropriations	500,000	2,266,410	-	2,766,410
Debt service	-	-	7,661,660	7,661,660
Encumbrances	296,732	1,968,695	-	2,265,427
Unreserved (deficit)	<u>(3,754,135)</u>	<u>2,104,889</u>	<u>1,553,455</u>	<u>(95,791)</u>
Total fund balances (deficits)	<u>(2,957,403)</u>	<u>6,339,994</u>	<u>9,215,115</u>	<u>12,597,706</u>
Total liabilities and fund balances (deficits)	<u>\$ 782,587</u>	<u>\$ 6,681,109</u>	<u>\$ 9,215,115</u>	<u>\$ 16,678,811</u>

See accompanying notes to financial statements.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Year Ended September 30, 2007

	Territorial Highway Fund	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	\$ 10,022,114	\$ -	\$ -	\$ 10,022,114
Licenses, fees and permits	5,793,675	-	-	5,793,675
Use of money and property	3,669	419,559	98,686	521,914
Total revenues	<u>15,819,458</u>	<u>419,559</u>	<u>98,686</u>	<u>16,337,703</u>
Expenditures:				
Current:				
General government	182,816	2,750	5,000	190,566
Transportation	9,455,041	-	-	9,455,041
Payments to UOG Capital Improvement Fund	500,000	-	-	500,000
Payments to Village Streets Fund	-	-	292,500	292,500
Capital projects	-	7,842,275	-	7,842,275
Debt service:				
Principal	-	-	4,660,000	4,660,000
Interest	-	-	1,366,863	1,366,863
Total expenditures	<u>10,137,857</u>	<u>7,845,025</u>	<u>6,324,363</u>	<u>24,307,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,681,601</u>	<u>(7,425,466)</u>	<u>(6,225,677)</u>	<u>(7,969,542)</u>
Other financing sources (uses):				
Transfers in from other funds	11,064,775	-	-	11,064,775
Operating transfers in	-	-	6,545,982	6,545,982
Operating transfers out	(6,545,982)	-	-	(6,545,982)
Total other financing sources (uses), net	<u>4,518,793</u>	<u>-</u>	<u>6,545,982</u>	<u>11,064,775</u>
Net change in fund balances (deficits)	10,200,394	(7,425,466)	320,305	3,095,233
Fund balances (deficits) at the beginning of the year	<u>(13,157,797)</u>	<u>13,765,460</u>	<u>8,894,810</u>	<u>9,502,473</u>
Fund balances (deficits) at the end of the year	<u>\$ (2,957,403)</u>	<u>\$ 6,339,994</u>	<u>\$ 9,215,115</u>	<u>\$ 12,597,706</u>

See accompanying notes to financial statements.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the Territorial Highway Fund.

A. Reporting Entity

The Government of Guam (GovGuam) Territorial Highway Fund, created by 5 GCA 54102, was established for the purpose of performing maintenance of Guam's highways and roadways, and implementing highway safety plans, programs and projects. Revenues are derived from Federal grants, liquid fuel taxes, vehicle registration fees and certain licenses. On April 1, 2001, Limited Obligation Highway Refunding Bonds, 2001 Series A, were issued to refund Limited Obligation Highway Bonds, 1992 Series A, which were issued on June 1, 1992. The Capital Projects Fund is used to account for the construction of highway projects from bond proceeds. The Debt Service Fund is used to account for funds required by the bond indenture to redeem bond principal and to pay bond interest as such becomes due.

B. Fund Accounting

The accompanying financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances (deficit). The assets, liabilities and fund balances (deficit) of the Territorial Highway Fund and funds related to the Limited Obligation Highway Refunding Bonds, 2001 Series A, are reported in self-balancing funds. Transactions between funds, if any, have not been eliminated.

C. Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include liquid fuel taxes and automotive surcharges. Miscellaneous revenues from other financing sources, including motor vehicle license and registration fees, are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting, with the exception of debt service expenditures, which are recorded only when payment is due. Tax rates levied and fees imposed are as follows:

Liquid Fuel Taxes:

Aviation Fuel Tax	\$ 0.04 per gallon
Diesel Fuel Tax	\$ 0.10 per gallon
All Other Fuel Tax	\$ 0.11 per gallon

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Automotive Surcharges:

Mass Transit Automotive Surcharge (Diesel Fuel)	\$ 0.04 per gallon
Automotive Surcharge (all other fuel except fuel used for aviation)	\$ 0.04 per gallon

Motor Vehicle Registration Fees:

Taxi Drivers - Identification Card	\$ 25.00
Endorsement	<u>3.50</u>

Total for Taxi Drivers \$ 28.50

Driver's License (and all others) \$ 25.00

The amount of the annual license and registration fee shall be determined based on vehicle gross weight with fees ranging from \$10 to \$38 for vehicles weighing under 1,000 pounds to 8,000 pounds and over plus three dollars and fifty cents (\$3.50) for each 500 pounds or fraction thereof in excess of 7,999 pounds. Additionally, fees are subject to percentage adjustments based on vehicle model year with respect to vehicles whose gross weight is not in excess of 7,999 pounds, as follows:

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

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

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

D. Appropriations

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

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

E. 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.

Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are generally evidenced by outstanding purchase orders, contracts, and intradepartmental work requests. As of September 30, 2007, there were no outstanding interdepartmental work requests pertaining to land acquisitions. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

F. Cash and Cash Equivalents

Cash and cash equivalents include short-term investments in U.S. Treasury obligations and commercial paper with maturity dates within three months of the date acquired.

G. Investments

Investments and related investment earnings are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

H. Receivables

Receivables are due from businesses residing on the island of Guam and are uncollateralized and non-interest bearing.

I. Interfund Receivables/Payables

During the course of its operations, GovGuam's General Fund records transactions between individual funds for goods provided or services rendered.

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

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(1) Summary of Significant Accounting Policies, Continued

I. Interfund Receivables/Payables, Continued

The interfund balances at September 30, 2007, are summarized below:

	<u>Territorial Highway Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Due from General Fund	\$ <u>-</u>	\$ <u>4,000,000</u>	\$ <u>-</u>

On October 31, 2006, Public Law 28-151 was signed into law, which appropriated \$4,000,000 from the Construction Fund. On November 2, 2006, \$4,000,000 was transferred to GovGuam's General Fund pursuant to the Public Law. On December 4, 2007, an agreement was entered into for repayment of the \$4,000,000 to the Construction Fund pursuant to the bond indentures. The repayment agreement establishes that GovGuam's General Fund will pay \$500,000 monthly to the Construction Fund until May 2008 at which time all funds shall have been repaid to the Construction Fund.

J. Restricted Assets

The bond indenture relating to the Limited Obligation Highway Refunding Bonds, 2001 Series A, requires amounts to be restricted for capital projects and set aside for debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

K. Fund Balance

In the accompanying financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose, which includes continuing appropriations, amounts reserved for debt service, and amounts committed to liquidate contracts and purchase orders of the prior period. Designations of fund balance represent tentative management plans that are subject to change. The unreserved fund balances represent the amount available for future operations.

L. Management Estimates

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

(2) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

**GOVERNMENT OF GUAM
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Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

The deposit and investment policies of GovGuam are governed by 5 GCA 21, Investments and Deposits, in conjunction with applicable bond indentures. The Director of Administration is responsible for the safekeeping of all monies paid into the Treasury of Guam. The Director of Administration invests any monies of GovGuam that are deemed not necessary for immediate use. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificate of deposit of, or bankers' acceptances issued by, any eligible institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by the governmental entity or its agent in the entity's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GovGuam does not have a deposit policy for custodial credit risk.

As of September 30, 2007, the carrying amount of cash and cash equivalents was \$5,296,205 and the corresponding bank balances were \$5,296,205, which represent short-term investments held and administered by GovGuam's trustees in accordance with various trust agreements and bond indentures. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2007.

B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

- Category 1 Investments that are insured or registered, or securities held by the governmental entity or its agent in the entity's name;
- Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the entity's name; or
- Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2007.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Bond indentures limit investments in commercial paper rated in the highest rating category issued by Standard and Poor's and which mature no more than 270 days after the date of purchase.

At September 30, 2007, the Debt Service Fund relating to the Limited Obligation Highway Refunding Bonds, 2001 Series A, recorded fixed income securities as follows:

	<u>S & P Credit Rating</u>	<u>Maturity Date</u>	<u>Total</u>
U.S. government agencies:			
Federal National Mortgage Association	AA-	10/31/2007	\$ 362,683
Corporate notes:			
General Electric Capital Corporation	A-1+	11/01/2007	766,635
Mitsubishi International Corporation	A-1	11/01/2007	4,380,772
Intesa Funding LLC	A-1+	10/31/2007	364,470
Nestle Capital Corporation	A-1+	11/02/2007	364,401
Rhein-Main Securitisation Ltd.	A-1+	11/01/2007	<u>364,401</u>
			\$ <u>6,603,362</u>

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(2) Deposits and Investments, Continued

B. Investments, Continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. There was no interest rate risk for investments as of September 30, 2007. GovGuam does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(3) Interfund Transfer Activity

Interfund transfers from the Territorial Highway Fund to the Debt Service Fund represent the transfer of pledged revenues as required by the bond indenture. Interfund transfer activity during the year ended September 30, 2007, is summarized below:

	<u>Territorial Highway Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Transfers Out To:			
Debt Service Fund	\$ <u>6,545,982</u>	\$ <u>-</u>	\$ <u>-</u>
Transfers In From:			
Territorial Highway Fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,545,982</u>

In addition, the Territorial Highway Fund recorded a transfer in from GovGuam's General Fund of \$11,064,775. Of this amount, \$7,970,686 represents the transfer of a streetlight liability from the Territorial Highway Fund to GovGuam's General Fund. Refer to note 6 for additional discussion. The remaining amount of \$3,094,089 represents reimbursement by the General Fund of interfund receivable balances previously written off.

(4) Tax Drawback

The tax drawback liability as of September 30, 2007 totaled \$391,190, which represents claims in litigation for which the outcome is currently not determinable.

(5) Bonds Payable

Defeased Debt of the Government of Guam Limited Obligation Highway Bonds, 1992 Series A

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

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(5) Bonds Payable, Continued

Defeased Debt of the Government of Guam Limited Obligation Highway Bonds, 1992 Series A, Continued

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

Minimum future debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 4,850,000	\$ 1,180,462	\$ 6,030,462
2009	5,050,000	980,400	6,030,400
2010	5,260,000	765,775	6,025,775
2011	5,485,000	542,225	6,027,225
2012	5,765,000	259,425	6,024,425
	<u>\$ 26,410,000</u>	<u>\$ 3,728,287</u>	<u>\$ 30,138,287</u>

The 2001 Bonds are limited obligations of GovGuam payable entirely from a first lien pledge of revenues. Revenues are defined in the bond indentures as all amounts received by GovGuam, the Trustee, the Paying Agent, the Co-Trustee or the Depositary as proceeds of liquid fuel taxes or as vehicle registration and license fees, all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the indenture. Proceeds from the 2001 Bonds totaled \$60,102,919 and were used in the following manner: \$53,147,332 was deposited into the Escrow account; \$5,170,500 was deposited in the Bond Reserve Fund account which is accounted for in the Debt Service Fund; accrued interest of \$144,157 was deposited in the Bond Fund account. Bond issuance costs and other related expenditures totaling \$1,640,930 were paid to the respective recipients.

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

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

All pledged revenues are to be deposited into a special fund designated as the Revenue Fund, except that all interest and other profit from the investment of moneys in the Construction Fund and the Rebate Fund shall be retained therein. The Revenue Fund account is accounted for within the Debt Service Fund. On or before the fifth day of each month following the month in which the 2001 Bonds are delivered, the depositary shall transfer from the Revenue Fund for deposit into the following funds the specified amounts in the following order of priority:

**GOVERNMENT OF GUAM
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Notes to Financial Statements
September 30, 2007

(5) Bonds Payable, Continued

Defeased Debt of the Government of Guam Limited Obligation Highway Bonds, 1992 Series A, Continued

- Bond Fund – an amount equal to the sum of (1) the aggregate amount of interest to accrue during each interest accrual period and principal payment period upon all then outstanding bonds in equal monthly amounts, plus (2) an amount, which, 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 bonds, plus (3) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount required for the mandatory sinking fund payments due. The Bond Fund account is accounted for within the Debt Service Fund.
- Bond Reserve Fund – an amount needed to increase the amount in the Bond Reserve Fund to meet the bond reserve fund requirement. The bond reserve fund requirement is defined as an amount to make up for any deficiency in the Bond Fund. The deficiency in the Bond Fund represents insufficiency of funds to pay the principal of the mandatory sinking account payments and interest on the bonds. The Bond Reserve Fund account is accounted for within the Debt Service Fund.
- Maintenance and Operation Fund – the amount of maintenance and operations expenditures budgeted by GovGuam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying GovGuam highway maintenance and operation costs. The Maintenance and Operation Fund account is accounted for within the Debt Service Fund.
- Surplus Fund – the balance remaining in the Revenue Fund after the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenditures budgeted by GovGuam. The Surplus Fund account is accounted for within the Debt Service Fund.

During the year ended September 30, 2007, payments were made to the trustee totaling \$6,026,863 of which \$4,660,000 represents payment on principal and \$1,366,863 as interest:

Bonds payable at September 30, 2006	\$ 31,070,000
Principal repayment	<u>4,660,000</u>
Bonds payable at September 30, 2007	\$ <u>26,410,000</u>

At September 30, 2007, \$7,661,660 of the fund balance in the Debt Service Fund is reserved for debt service purposes.

At September 30, 2007, management of the Funds is of the opinion that it is in compliance with the bond covenants as outlined in the bond indenture.

(6) Due to Guam Power Authority (GPA)

At September 30, 2002, power charges totaling \$9,249,423 were accrued, representing an obligation of the Territorial Highway Fund for electrical services provided by GPA pertaining to certain streetlights. A formal repayment agreement exists bearing interest at 4.35%; however, repayment was not initiated and no appropriation exists to allow payment to be processed. As of September 30, 2006, management recorded this balance along with accrued interest of \$1,661,368.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Notes to Financial Statements
September 30, 2007

(6) Due to Guam Power Authority (GPA), Continued

During the fiscal year ended September 30, 2007, management determined that only a portion of this streetlight liability, amounting to \$2,492,419, was an obligation of the Territorial Highway Fund with the remaining amount of \$6,757,004 representing a liability of and being transferred to GovGuam's General Fund. In addition, accrued interest of \$1,213,682 was concurrently transferred to GovGuam's General Fund. At September 30, 2007, the remaining principal obligation of the Territorial Highway Fund is \$2,492,419 with accrued interest payable of \$577,973. Management is of the opinion that the streetlight liability will be liquidated either through an increase in the annual vehicle registration fees collected or through a transfer to the GovGuam General Fund. Management is of the opinion that resolution of this matter will occur during fiscal year 2008.

(7) Payments to Other Funds

Public Law 26-48 authorizes reimbursement to the University of Guam (UOG) for debt service on a U.S. Department of Agriculture (USDA) loan obtained for construction of the College of Business and Public Administration building. During the year ended September 30, 2007, \$500,000 was transferred to the UOG Capital Improvements Fund for payment to UOG. This amount is appropriated to UOG until such time that the USDA loan is repaid in full. Accordingly, this amount is included within the reserve for continuing appropriations of the Territorial Highway Fund.

(8) Commitments

Construction Contracts

During the year ended September 30, 2006, the Capital Projects Fund entered into various construction contracts as follows:

Islandwide Village Street Restoration (Design-Build)	\$ 17,823,299
Islandwide Pothole Repairs - Southern Region	1,743,910
Islandwide Pothole Repairs - Northern Region	<u>3,605,291</u>
	\$ <u>23,172,500</u>

Capital-related expenditures of \$7,842,275 were incurred under these contracts during the year ended September 30, 2007. At September 30, 2007, outstanding commitments under these contracts amounted to \$3,368,106.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Comparative Balance Sheets
September 30, 2007 and 2006

	Territorial Highway Fund		Capital Projects Fund		Debt Service Fund	
	2007	2006	2007	2006	2007	2006
<u>ASSETS</u>						
Cash and cash equivalents	\$ 3,343	\$ 23,734	\$ -	\$ -	\$ 1,553,455	\$ -
Restricted assets:						
Cash and cash equivalents	-	-	2,681,109	17,325,881	1,058,298	2,000,810
Investments	-	-	-	-	6,603,362	6,894,000
Taxes receivable	779,244	587,047	-	-	-	-
Due from General Fund	-	-	4,000,000	-	-	-
Total assets	\$ 782,587	\$ 610,781	\$ 6,681,109	\$ 17,325,881	\$ 9,215,115	\$ 8,894,810
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ -	341,115	3,560,421	\$ -	\$ -
Accrued payroll and other	278,408	252,141	-	-	-	-
Due to Guam Power Authority	3,070,392	10,910,791	-	-	-	-
Deferred revenue	-	2,011,589	-	-	-	-
Tax drawback claims payable	391,190	594,057	-	-	-	-
Total liabilities	3,739,990	13,768,578	341,115	3,560,421	-	-
<u>FUND BALANCES (DEFICITS)</u>						
Fund balances (deficits):						
Reserved for:						
Continuing appropriations	500,000	555,037	2,266,410	867,000	-	-
Debt service	-	-	-	-	7,661,660	8,894,810
Encumbrances	296,732	967,570	1,968,695	11,210,381	-	-
Unreserved fund balances (deficits)	(3,754,135)	(14,680,404)	2,104,889	1,688,079	1,553,455	-
Total fund balances (deficits)	(2,957,403)	(13,157,797)	6,339,994	13,765,460	9,215,115	8,894,810
Total liabilities and fund balances (deficits)	\$ 782,587	\$ 610,781	\$ 6,681,109	\$ 17,325,881	\$ 9,215,115	\$ 8,894,810

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Comparative Schedules of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Years Ended September 30, 2007 and 2006

	Territorial Highway Fund		Capital Projects Fund		Debt Service Fund	
	2007	2006	2007	2006	2007	2006
Revenues:						
Taxes	\$ 10,022,114	\$ 9,534,236	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	5,793,675	4,603,926	-	-	-	-
Use of money and property	3,669	2,228	419,559	1,003,055	98,686	92,155
Total revenues	15,819,458	14,140,390	419,559	1,003,055	98,686	92,155
Expenditures:						
Current:						
General government	182,816	486,661	2,750	3,520	5,000	5,178
Transportation	9,455,041	7,314,404	-	-	-	-
Payments to General Fund	-	7,568,455	-	-	-	-
Payments to UOG Capital Improvement Fund	500,000	500,000	-	-	-	-
Payments to Village Streets Fund	-	1,500,000	-	-	292,500	205,000
Capital projects	-	-	7,842,275	11,962,119	-	-
Debt service:						
Principal	-	-	-	-	4,660,000	4,435,000
Interest	-	-	-	-	1,366,863	1,594,294
Total expenditures	10,137,857	17,369,520	7,845,025	11,965,639	6,324,363	6,239,472
Excess (deficiency) of revenues over (under) expenditures	5,681,601	(3,229,130)	(7,425,466)	(10,962,584)	(6,225,677)	(6,147,317)
Other financing sources (uses)						
Transfers in from other funds	11,064,775	-	-	-	-	-
Operating transfers in	-	-	-	-	6,545,982	5,527,636
Operating transfers out	(6,545,982)	(5,527,636)	-	-	-	-
Total other financing sources (uses), net	4,518,793	(5,527,636)	-	-	6,545,982	5,527,636
Net change in fund balances (deficits)	10,200,394	(8,756,766)	(7,425,466)	(10,962,584)	320,305	(619,681)
Fund balances (deficits) at the beginning of the year	(13,157,797)	(4,401,031)	13,765,460	24,728,044	8,894,810	9,514,491
Fund balances (deficits) at the end of the year	\$ (2,957,403)	\$ (13,157,797)	\$ 6,339,994	\$ 13,765,460	\$ 9,215,115	\$ 8,894,810

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Comparative Schedules of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Years Ended September 30, 2007 and 2006

	Territorial Highway Fund		Capital Projects Fund		Debt Service Fund	
	2007	2006	2007	2006	2007	2006
Revenues:						
Taxes	\$ 10,022,114	\$ 9,534,236	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	5,793,675	4,603,926	-	-	-	-
Use of money and property	3,669	2,228	419,559	1,003,055	98,686	92,155
Total revenues	15,819,458	14,140,390	419,559	1,003,055	98,686	92,155
Expenditures:						
Salaries and wages - regular	4,652,891	3,111,142	-	-	-	-
Salaries and wages - overtime	36,139	151,061	-	-	-	-
Salaries and wages - fringe benefits	1,369,364	918,084	-	-	-	-
Travel	1,104	2,591	-	-	-	-
Contractual services	2,877,360	2,475,194	-	-	-	-
Supplies	273,302	293,374	-	-	-	-
Equipment	15,095	29,577	-	-	-	-
Utilities - power and water	188,309	312,105	-	-	-	-
Communications	45,708	41,080	-	-	-	-
Capital outlays	47,499	2,480	7,842,275	11,962,119	-	-
Grants and subsidies	500,000	9,568,455	-	-	292,500	205,000
Principal retirement	-	-	-	-	4,660,000	4,435,000
Interest and fiscal charges	-	-	-	-	1,366,863	1,594,294
Miscellaneous	131,086	464,377	2,750	3,520	5,000	5,178
Total expenditures	10,137,857	17,369,520	7,845,025	11,965,639	6,324,363	6,239,472
Excess (deficiency) of revenues over (under) expenditures	5,681,601	(3,229,130)	(7,425,466)	(10,962,584)	(6,225,677)	(6,147,317)
Other financing sources (uses)						
Transfers in from other funds	11,064,775	-	-	-	-	-
Operating transfers in	-	-	-	-	6,545,982	5,527,636
Operating transfers out	(6,545,982)	(5,527,636)	-	-	-	-
Total other financing sources (uses), net	4,518,793	(5,527,636)	-	-	6,545,982	5,527,636
Net change in fund balances (deficits)	10,200,394	(8,756,766)	(7,425,466)	(10,962,584)	320,305	(619,681)
Fund balances (deficits) at the beginning of the year	(13,157,797)	(4,401,031)	13,765,460	24,728,044	8,894,810	9,514,491
Fund balances (deficits) at the end of the year	\$ (2,957,403)	\$ (13,157,797)	\$ 6,339,994	\$ 13,765,460	\$ 9,215,115	\$ 8,894,810

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Schedule of Expenditures by Department by Object
Years Ended September 30, 2007 and 2006

	2007	2006
Department of Administration:		
Division of Accounts:		
Contractual services	\$ 18,750	\$ 17,000
Grants and subsidies	500,000	8,068,455
Principal retirement	4,660,000	4,435,000
Interest and fiscal charges	1,366,863	1,594,294
Miscellaneous	138,788	473,075
	<u>6,684,401</u>	<u>14,587,824</u>
Public Transit:		
Salaries and wages - regular	173,196	224,868
Salaries and wages - fringe benefits	54,252	63,292
Travel	1,104	-
Contractual services	2,248,426	1,997,049
Supplies	1,080	2,449
Equipment	-	-
Utilities - power and water	232	7,105
Communications	4,408	3,449
Capital outlays	22,499	-
	<u>2,505,197</u>	<u>2,298,212</u>
Total Department of Administration	<u>9,189,598</u>	<u>16,886,036</u>
Department of Revenue and Taxation:		
Regulatory Division:		
Contractual Services	3,801	-
Supplies	2,320	-
Equipment	-	-
Capital outlays	-	2,480
Total Department of Revenue and Taxation	<u>6,121</u>	<u>2,480</u>
Department of Public Works:		
Highway Maintenance Division:		
Salaries and wages - regular	4,479,695	2,886,274
Salaries and wages - overtime	36,139	151,061
Salaries and wages - fringe benefits	1,315,112	854,792
Travel	-	2,591
Contractual services	606,383	461,145
Supplies	269,902	290,925
Equipment	15,095	29,577
Utilities - power and water	188,077	305,000
Communications	41,300	37,631
Capital outlays	25,000	-
Miscellaneous	48	-
	<u>6,976,751</u>	<u>5,018,996</u>
Transportation Division:		
Capital outlays	7,842,275	11,962,119
Total Department of Public Works	<u>14,819,026</u>	<u>16,981,115</u>
Mayor's Council of Guam:		
Operations:		
Grants and subsidies	292,500	1,705,000
	<u>\$ 24,307,245</u>	<u>\$ 35,574,631</u>

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Other Supplementary Information
Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Employees at end of year:		
Department of Administration	5	5
Department of Public Works	113	96
	<u>118</u>	<u>101</u>
Debt Service Fund Cash and Investments:		
Highway Bond Fund	\$ 2,513,753	\$ 3,059,648
Highway Bond Reserve Fund	5,147,907	5,170,501
Operations and Maintenance Fund	643,309	15,529
Surplus Fund	899,895	586,562
Revenue Fund	8,318	60,669
Cost of issuance fund	1,933	1,901
	<u>\$ 9,215,115</u>	<u>\$ 8,894,810</u>
Bond Interest Rates at Maturity Dates:	<u>2001 Bonds</u>	<u>2001 Bonds</u>
May 2007	-	4.000%
2008	4.125%	4.125%
2009	4.250%	4.250%
2010	4.250%	4.250%
2011	4.250%	4.250%
2012	4.500%	4.500%

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

**Schedule of Construction Project Status
Year Ended September 30, 2007**

	Total Budget	Cumulative Prior Year Expenditures	Expenditures Year Ended September 30, 2007	Outstanding Encumbrances	Continuing Appropriations
Islandwide Village Street Restoration (Design-Build):					
Agana Heights Road Repair Projects:					
Agana Heights road repair - Tutujan	\$ 60,000	\$ 11,372	\$ 48,628	\$ -	\$ -
Agana Heights road repair - J Cruz Street	71,400	15,200	56,200	-	-
Agana Heights road repair - Fonte Drive	34,700	3,357	-	31,343	-
Agana Heights road repair - Vicente Salamon	26,900	4,805	22,095	-	-
Agana Heights road repair - Niyog Drive	39,500	5,041	22,062	12,397	-
Sub-Total	232,500	39,775	148,985	43,740	-
Agat Road Repair Projects:					
Agat road repair - Kalachucha Street	83,995	-	83,607	388	-
Agat road repair - Umang Street	104,335	-	104,335	-	-
Agat road repair - Kiko Chela Road	57,492	-	42,424	15,068	-
Agat road repair - South Pering Street	44,055	-	5,280	38,775	-
Agat road repair - Kiko Chela Street	41,125	-	32,615	8,510	-
Agat road repair - Perry Street	24,200	4,936	119	19,145	-
Agat road repair - Erskin Drive / Osborne Street	25,169	24,555	614	-	-
Agat road repair - San Vicente Avenue	25,239	24,744	495	-	-
Agat road repair - Calle De Los Marterez	16,158	15,841	317	-	-
Agat road repair - Father Follard Street	28,914	28,419	495	-	-
Agat road repair - Duenas Street	15,031	14,694	337	-	-
Agat road repair - San Roque Street	91,926	25,483	614	65,829	-
Agat road repair - San Isidro Street	48,500	9,046	218	39,236	-
Agat road repair - West Santa Ana Avenue	221,163	17,922	203,241	-	-
Agat road repair - Bruce Street	27,700	5,185	119	22,396	-
Sub-Total	855,002	170,825	474,830	209,347	-
Asan-Maina Road Repair Projects:					
Asan-Maina road repair - Maria Candelaria Street	74,600	17,632	56,968	-	-
Asan-Maina road repair - Seneso Field Road	44,800	9,162	-	35,638	-
Sub-Total	119,400	26,794	56,968	35,638	-
Barrigada Road Repair Projects:					
Barrigada road repair - Chalan Brandi	135,567	74,491	(2,933)	64,009	-
Barrigada road repair - Aspenagao Street	103,076	107,300	(4,224)	-	-
Barrigada road repair - Canada Toto Road	78,334	19,445	(766)	59,655	-
Barrigada road repair - Leyang Road	480,236	325,692	154,544	-	-
Barrigada road repair - Anderson Street	106,383	23,287	(917)	84,013	-
Barrigada road repair - Leon Guerrero Street	72,241	24,753	19,773	-	27,715
Barrigada road repair - Kaila Street	68,346	21,686	(854)	47,514	-
Barrigada road repair - San Antonio Street	201,432	201,142	290	-	-
Barrigada road repair - Manibusan Street	101,383	23,287	26,491	51,605	-
Sub-Total	1,346,998	821,083	191,404	306,796	27,715
Ordot Chalan Pago Road Repair Projects:					
Ordot Chalan Pago road repair - Chalan Famha	1,643,000	190,650	1,163,656	288,694	-
Ordot Chalan Pago road repair - Dero Road	179,600	41,233	138,367	-	-
Ordot Chalan Pago road repair - Victorian Road	74,900	17,179	57,721	-	-
Sub-Total	1,897,500	249,062	1,359,744	288,694	-
Dededo Road Repair Projects:					
Dededo road repair - Castro Street	110,840	90,000	558	20,282	-
Dededo road repair - Machananao Area	345,965	345,965	-	-	-
Dededo road repair - South Caldiola Street	180,000	176,061	-	3,939	-
Dededo road repair - Swamp Road	262,077	238,958	143	22,976	-
Dededo road repair - East / West Liguan Avenue	250,663	117,969	120,721	11,973	-
Dededo road repair - Never Mind Road	178,000	177,964	-	36	-
Dededo road repair - Alageta Street	241,148	-	-	-	241,148
Dededo road repair - West Nandez Street	106,306	-	105,126	1,180	-
Sub-Total	1,674,999	1,146,917	226,548	60,386	241,148
Hagatna Road Repair Projects:					
Hagatna road repair - Murray Blvd Road	80,877	66,700	325	13,852	-
Hagatna road repair - Tenth Street Road	66,700	66,700	-	-	-
Hagatna road repair - East / West O'Brien Drive	450,000	-	448,534	1,466	-
Hagatna road repair - Seaton Boulevard	76,461	-	76,461	-	-
Hagatna road repair - Hessler Place	97,394	77,700	19,694	-	-
Hagatna road repair - Aspinall Avenue	463,500	463,486	-	14	-
Hagatna road repair - Chalan Santo Papa Road	207,814	105,400	102,414	-	-
Hagatna road repair - West Soledad Avenue	217,200	80,800	28,739	107,661	-

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Schedule of Construction Project Status, Continued
Year Ended September 30, 2007

	Total Budget	Cumulative Prior Year Expenditures	Expenditures Year Ended September 30, 2007	Outstanding Encumbrances	Continuing Appropriations
Islandwide Village Street Restoration (Design-Build), Continued:					
Hagatna Road Repair Projects, Continued:					
Hagatna road repair - Archbishop Flores Street	177,700	177,700	-	-	-
Hagatna road repair - Dulce Nombre De Maria	78,286	73,900	-	4,386	-
Hagatna road repair - Olaiz Street	50,735	9,266	41,469	-	-
Hagatna road repair - Bradley Place	79,400	79,400	-	-	-
Hagatna road repair - Santa Cruz Lane	83,460	74,200	213	9,047	-
Hagatna road repair - Hernan Cortez Avenue	52,386	9,266	43,120	-	-
Sub-Total	2,181,913	1,284,518	760,969	136,426	-
Inarajan Road Repair Projects:					
Inarajan road repair - Ija Subdivision	1,478,000	1,415,000	-	63,000	-
Inarajan road repair - Y Peca Lane	22,000	22,000	-	-	-
Inarajan road repair - Y Peca Lane Realignment	42,000	42,000	-	-	-
Inarajan road repair - Tun Santiago / N Paulino	101,400	101,400	-	-	-
Sub-Total	1,643,400	1,580,400	-	63,000	-
Mangilao Road Repair Projects:					
Mangilao road repair - Farfan Street	188,873	98,400	-	90,473	-
Mangilao road repair - Koko Lane	27,000	22,869	-	4,131	-
Mangilao road repair - Sengsong Street	130,999	130,325	-	674	-
Mangilao road repair - Spanish	127,898	65,600	-	62,298	-
Mangilao road repair - Santos	288,446	288,446	-	-	-
Mangilao road repair - Sabana Maagas	215,885	215,885	-	-	-
Mangilao road repair - Lemon Lane	36,800	3,375	-	33,425	-
Mangilao road repair - Suni Lane	26,582	26,582	-	-	-
Sub-Total	1,042,483	851,482	-	191,001	-
Merizo Road Repair Projects:					
Merizo road repair - Joseph A Cruz	320,900	289,138	31,762	-	-
Merizo road repair - Benny Espinosa Avenue	176,200	93,741	82,459	-	-
Merizo road repair - Jesus Quinene	306,800	73,668	233,132	-	-
Merizo road repair - Jose Baza Street	32,100	19,622	12,478	-	-
Merizo road repair - Geronimo Tainatongo Street	59,800	40,211	19,589	-	-
Sub-Total	895,800	516,380	379,420	-	-
Mongmong-Toto-Maite Road Repair Projects:					
MTM road repair - Clara Street	1,450,000	1,407,884	42,116	-	-
MTM road repair - Tuba Street	91,600	36,533	32,844	22,223	-
MTM road repair - Taluba Street	98,500	75,976	225	22,299	-
Sub-Total	1,640,100	1,520,393	75,185	44,522	-
Piti Road Repair Projects:					
Piti road repair - Oceanview Street	52,847	12,629	40,218	-	-
Piti road repair - Chalan Soling	34,267	8,513	24,620	1,134	-
Piti road repair - Chalan Sabana	59,752	32,677	27,075	-	-
Piti road repair - Masso Court	45,624	11,771	33,853	-	-
Piti road repair - Edward Lane	51,551	13,345	38,206	-	-
Piti road repair - Jesus Alig Drive	50,446	12,628	37,818	-	-
Piti road repair - Ocean Summit Drive	74,213	43,458	30,755	-	-
Sub-Total	368,700	135,021	232,545	1,134	-
Santa Rita Road Repair Projects:					
Santa Rita road repair - Blas Dela Cruz Street	84,328	19,136	65,192	-	-
Santa Rita road repair - Joaquin Diaz Drive	24,831	11,362	13,469	-	-
Santa Rita road repair - Pale Ferdinand Way	159,703	39,002	120,701	-	-
Santa Rita road repair - Cross Island Road Atenta	26,657	12,499	14,158	-	-
Santa Rita road repair - Felix T Dydasco Drive	29,178	5,883	23,295	-	-
Santa Rita road repair - Vicente Borja Drive	42,717	20,205	22,512	-	-
Santa Rita road repair - Juan Cruz Drive	80,170	40,384	39,786	-	-
Santa Rita road repair - Pale Medina Street	30,281	14,283	15,998	-	-
Santa Rita road repair - Sgt E Cruz Street	74,684	16,935	57,749	-	-
Santa Rita road repair - Namo Falls Road	60,451	13,242	47,209	-	-
Sub-Total	613,000	192,931	420,069	-	-
Sinajana Road Repair Projects:					
Sinajana road repair - A fame Road	205,388	108,898	96,490	-	-
Sinajana road repair - Daso Street	111,229	60,011	49,830	1,388	-
Sinajana road repair - Spring Lane	71,290	38,135	30,383	2,772	-
Sinajana road repair - Alvarez Road	37,093	5,543	31,550	-	-
Sub-Total	425,000	212,587	208,253	4,160	-

See accompanying independent auditors' report. 21

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Schedule of Construction Project Status, Continued
Year Ended September 30, 2007

	Total Budget	Cumulative Prior Year Expenditures	Expenditures Year Ended September 30, 2007	Outstanding Encumbrances	Continuing Appropriations
Islandwide Village Street Restoration (Design-Build), Continued:					
Talofofo Road Repair Projects:					
Talofofo road repair - Route 4 Ernest P Santos	96,500	93,310	3,190	-	-
Talofofo road repair - Route 4A Jose P Cruz Street	136,000	131,475	4,525	-	-
Talofofo road repair - West Johnny Taitague	30,800	29,957	843	-	-
Talofofo road repair - Mariano M Blas Street	31,500	30,655	845	-	-
Talofofo road repair - Cabrera Lane	40,100	39,049	1,051	-	-
Talofofo road repair - Nauta Lane	36,000	35,158	842	-	-
Talofofo road repair - Ralph Santos Street	42,600	41,323	1,277	-	-
Talofofo road repair - Ralph Benavente Street	36,200	35,143	1,057	-	-
Talofofo road repair - Route 4 Anti-Skid Jeff	117,000	-	-	-	117,000
Sub-Total	566,700	436,070	13,630	-	117,000
Tamuning-Tumon Road Repair Projects:					
Tamuning-Tumon road repair - Authurium Lane	103,000	9,623	-	93,377	-
Tamuning-Tumon road repair - Tun Pedro Cruz Street	134,700	12,830	-	121,870	-
Tamuning-Tumon road repair - Milendes Court / St John	405,800	167,375	-	238,425	-
Tamuning-Tumon road repair - Taitano Road	200,300	200,300	-	-	-
Tamuning-Tumon road repair - Harmon Industrial Park	366,100	355,840	-	10,260	-
Sub-Total	1,209,900	745,968	-	463,932	-
Umatac Road Repair Projects:					
Umatac road repair - S-7 Mahamok Area	194,300	142,373	15,479	36,448	-
Umatac road repair - Jagan Drive	33,300	18,639	14,029	632	-
Umatac road repair - Jose Quinata Street Cemetry	100,800	48,282	27,258	25,260	-
Umatac road repair - Jose Q Aguon Street	107,800	31,604	42,391	33,805	-
Umatac road repair - George S Sanchez Court	49,400	11,630	16,652	21,118	-
Umatac road repair - Jesus A Quidachay Street	22,600	22,071	-	529	-
Sub-Total	508,200	274,599	115,809	117,792	-
Yigo Road Repair Projects:					
Yigo road repair - West Gayinero Road	20,000	20,000	-	-	-
Yigo road repair - Lamenta Subdivision Road	60,000	60,000	-	-	-
Yigo road repair - Laguna Plains Subdivision	210,000	210,000	-	-	-
Yigo road repair - La Chance Area	149,800	149,772	-	28	-
Yigo road repair - I Sengsong Mayot	149,800	149,792	-	8	-
Yigo road repair - Mataguac Area	509,800	509,790	-	10	-
Yigo road repair - J Jacinto / Wusstig Road	63,500	63,500	-	-	-
Sub-Total	1,162,900	1,162,854	-	46	-
Yona Road Repair Projects:					
Yona road repair - Balajadia & Pangelinan Road	37,653	7,194	29,202	1,257	-
Yona road repair - Willy Quichocho Road	56,967	28,513	28,454	-	-
Yona road repair - Teleforo Road	173,143	95,612	77,531	-	-
Yona road repair - Fair Way Drive	38,040	20,164	17,876	-	-
Sub-Total	305,803	151,483	153,063	1,257	-
Total - Islandwide Village Street Restoration (Design-Build)	\$ 18,690,298	\$ 11,519,142	\$ 4,817,422	\$ 1,967,871	\$ 385,863

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM
TERRITORIAL HIGHWAY FUND**

Schedule of Construction Project Status, Continued
Year Ended September 30, 2007

	Total Budget	Cumulative Prior Year Expenditures	Expenditures Year Ended September 30, 2007	Outstanding Encumbrances	Continuing Appropriations
Islandwide Pothole Repairs - Northern Region:					
Pothole repair route 29 - Northern	\$ 6,204	\$ 6,204	\$ -	\$ -	\$ -
Pothole repair temp traffic - Northern	207,400	207,400	-	-	-
Pothole repair pardon sign - Northern	6,000	-	6,000	-	-
Pothole repair route 3A - Northern	13,905	-	-	-	13,905
Pothole repair route 7 & 7A - Northern	286,935	-	-	-	286,935
Pothole repair route 8 - Northern	231,362	19,129	212,233	-	-
Pothole repair route 10 & 10A - Northern	462,715	42,394	-	-	420,321
Pothole repair route 15 - Northern	2,215,507	36,190	2,178,493	824	-
Pothole repair route 16 - Northern	63,074	-	-	-	63,074
Pothole repair route 25 - Northern	33,605	-	-	-	33,605
Pothole repair route 26 - Northern	78,584	-	-	-	78,584
Total - Northern Region Islandwide Pothole Repairs	\$ 3,605,291	\$ 311,317	\$ 2,396,726	\$ 824	\$ 896,424
Islandwide Pothole Repairs - Southern Region:					
Pothole repair pardon sign - Southern	\$ 8,400	\$ -	\$ 8,400	\$ -	\$ -
Pothole repair route 2 - Southern	112,800	19,800	-	-	93,000
Pothole repair route 11 & 11A - Southern	91,200	17,400	-	-	73,800
Pothole repair route 12 - Southern	325,200	26,400	-	-	298,800
Pothole repair route 12A - Southern	21,600	-	-	-	21,600
Pothole repair route 17 - Southern	1,038,000	2,400	619,727	-	415,873
Pothole repair route 19 - Southern	61,800	-	-	-	61,800
Pothole repair road restor bey3'	19,250	-	-	-	19,250
Pothole repair temp traffic - Southern	65,660	65,660	-	-	-
Total - Southern Region Islandwide Pothole Repairs	\$ 1,743,910	\$ 131,660	\$ 628,127	\$ -	\$ 984,123
Grand Total	\$ 24,039,499	\$ 11,962,119	\$ 7,842,275	\$ 1,968,695	\$ 2,266,410

See accompanying independent auditors' report.