

GUAM PRESERVATION TRUST

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 1998 AND 1997

**Deloitte
Touche
Tohmatsu**

Independent Auditors' Report

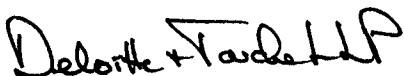
The Board of Directors
Guam Preservation Trust:

We have audited the accompanying balance sheets of the Guam Preservation Trust, a component unit of the Government of Guam, as of September 30, 1998 and 1997, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements referred to above present fairly, in all material respects, the financial position of Guam Preservation Trust as of September 30, 1998 and 1997, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2000, on our consideration of the Guam Preservation Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



December 31, 2000

GUAM PRESERVATION TRUST

Balance Sheets September 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash (note 2)	\$ 1,246,966	\$ 1,843,917
Due from Government of Guam General Fund, net (note 3)	513,204	1,400,000
Leasehold interest, net (note 4)	117,876	120,879
Interest receivable	-	7,405
Prepaid expense	290	296
	<u>\$ 1,878,336</u>	<u>\$ 3,372,497</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 27,633	\$ 6,009
Fund balances:		
Reserved for leasehold interest (note 4)	117,876	120,879
Reserved for encumbrances (note 5)	300,873	390,324
Unreserved and undesignated	<u>1,431,954</u>	<u>2,855,285</u>
Total fund balances	<u>1,850,703</u>	<u>3,366,488</u>
Commitments (notes 4 and 5)	<u>\$ 1,878,336</u>	<u>\$ 3,372,497</u>

See accompanying notes to financial statements.

GUAM PRESERVATION TRUST

Statements of Revenues, Expenditures and Changes in Fund Balance Years Ended September 30, 1998 and 1997

	1998	1997
Revenues:		
Building permit fees	\$ 1,528,517	\$ 1,257,494
Interest income	89,847	94,183
Other income	360	1,450
	<u>1,618,724</u>	<u>1,353,127</u>
Total revenues		
Expenditures:		
Projects	1,609,589	901,691
Bad debt expense (note 3)	1,015,313	2,795,492
Grants	209,767	22,287
Administrative services	171,225	252,899
Contract services	23,385	934
Office supplies	23,359	11,930
Advertising	15,894	1,436
Accounting services	14,306	24,005
Legal and professional fees	11,944	9,027
Communication and power	7,114	5,420
Amortization	3,003	3,003
Meals and entertainment	1,717	1,024
Repairs and maintenance	1,527	744
Travel	-	6,306
Miscellaneous	26,366	9,459
	<u>3,134,509</u>	<u>4,045,657</u>
Total expenditures		
Deficiency of revenues over expenditures	(1,515,785)	(2,692,530)
Decrease in reserve for encumbrances	89,451	171,546
Decrease in reserve for leasehold interest	3,003	3,003
	<u>(1,423,331)</u>	<u>(2,517,981)</u>
Net change in unreserved and undesignated fund balance		
Fund balance - unreserved and undesignated at beginning of year	2,855,285	5,373,266
Fund balance - unreserved and undesignated at end of year	<u>\$ 1,431,954</u>	<u>\$ 2,855,285</u>

See accompanying notes to financial statements.

GUAM PRESERVATION TRUST

Notes to Financial Statements
September 30, 1998 and 1997

(1) Summary of Significant Accounting Policies

Purpose

Guam Preservation Trust (the Trust), an expendable trust fund, was established as a tax exempt non-profit public corporation by Public Law 20-151 dated March 21, 1990 (as amended by Public Law 21-07 on April 19, 1991). The Trust is a component unit of the Government of Guam. The following are the purposes of the Trust:

- (1) To seek grants and donations;
- (2) To acquire title to threatened Guam properties for the preservation of their historical value whether in fee simple, leasehold, or by easement, through donation, transfer, dedication, purchase and eminent domain;
- (3) To award grants for archaeological investigations; and
- (4) To support other activities directly related to increasing the public appreciation of and benefit from historical places.

Sources of Fund

Public Law 20-151, Section 13, provides that the Trust will receive building permit fees and reinspection fees collected by Department of Public Works and fines for vandalism and unlawful taking of historic properties.

Basis of Accounting

The Fund's accounts are presented on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the corresponding liability has been incurred.

(2) Cash

The Trust had \$9,345 and \$4,200 deposited in an interest-bearing checking account at September 30, 1998 and 1997, respectively. The total deposits were insured by the Federal Deposit Insurance Corporation.

As of September 30, 1998 and 1997, the Trust also had \$1,237,621 and \$1,839,717, respectively, deposited in an interest bearing money market account which can be liquidated within 24 hours notice to the bank. The account is backed by short term U.S. treasury securities but is not insured by the Federal Deposit Insurance Corporation.

GUAM PRESERVATION TRUST

Notes to Financial Statements
September 30, 1998 and 1997

(3) Due from Government of Guam General Fund

The due from the Government of Guam General Fund balance represents accumulated building permit fees and reinspection fees collected and deposited with the Treasurer of Guam by the Department of Public Works but not yet transferred to the Trust. Issues relating to this outstanding balance exist at September 30, 1998. Management of the Trust is of the opinion that such balances are due and payable to the Trust. However, this amount is currently being disputed by General Fund management. Accordingly, the Trust has recorded an allowance for uncollectible revenues of \$3,810,805 and \$2,795,492 as of September 30, 1998 and 1997, respectively.

(4) Leasehold Interest

In 1991, the Trust acquired a leasehold interest in a Guam property of historical significance. The leasehold cost, \$141,900, will be amortized on a straight line basis over the period of the lease which expires on December 31, 2037.

Future noncancelable rental payments under the lease as of September 30, 1998, are as follows:

Year ending September 30:	
1999	\$ 8,712
2000	8,712
2001	8,712
2002	8,712
2003	8,712
Thereafter	<u>372,197</u>
	\$ <u>415,757</u>

(5) Encumbrances

Encumbrances represent grants which will be honored in subsequent fiscal years.