

# **TERRITORY OF AMERICAN SAMOA**

## **Basic Financial Statements**

**Year ended September 30, 2006**



**PREPARED BY  
DEPARTMENT OF TREASURY**

**Velega Savali, Jr.  
Treasurer**

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**TERRITORY OF AMERICAN SAMOA  
BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2006**

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**TERRITORY OF AMERICAN SAMOA**  
**BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2006**

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## INTRODUCTORY SECTION

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HON. TOGIOLA T.A. TULAFONO  
GOVERNOR

HON. AI TOFELE T.F. SUNIA  
LT. GOVERNOR

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VELEGA SAVALI, JR.  
TREASURER

FRANCIS LEASIOLAGI  
DEPUTY TREASURER

September 20, 2007

The Honorable Togiola Tulafono  
Governor of American Samoa

The Basic Financial Statements of the Territory of American Samoa (the Territory) for the fiscal year 2006 are submitted herewith. These financial statements were prepared by the Treasury Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report. The report is prepared to show the financial position and operating results of the Territory. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the Territory's financial activities have been included in this report.

#### Independent Audit

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America which are applicable to governmental entities. The Territory requires an annual audit of all financial records and transactions by an independent Certified Public Accountant. Additionally, an audit of federal financial assistance is required. This Single Audit report of Federal Financial Assistance is issued under separate cover.

#### Method of Presentation

In addition to the government-wide financial statements, the Territory has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the Territory's General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds is similar to that previously presented in the Territory's financial statements.

The report is divided into an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section provides information on the general contents of the report. The Financial Section is comprised of Management's Discussion and Analysis, the Government-Wide Financial Statements (Statement of Net Assets and Statement of Activities) and the Fund Financial Statements that present funds by fund type to provide an overview of the Territorial financial position and results of operations, and reconciliations of the Government-Wide Financial Statements to the Fund Financial Statements. The Statistical Section provides various financial, economic and demographic data about the Territory.

## Reporting Entity

American Samoa is an unincorporated Territory of the United States and operates under the jurisdiction of the United States Interior Department. A Constitution was adopted in 1966, and in 1977 the Secretary of Interior provided for the election by popular vote of a Governor and Lieutenant Governor. The members of the Territory's House of Representatives are also elected by popular vote, while its Senators are chosen by village councils.

The Territory is a group of islands in the Pacific Ocean just south of the Equator, approximately 2600 miles south of the Hawaiian Islands and 1800 miles north of New Zealand. The seat of government is located near Pago Pago Harbor on the island of Tutuila. The Territory has an estimated population of 57,663.

For financial reporting purposes, the Territorial reporting entity consists of: (1) the primary government, (2) component unit organizations for which the government is financially accountable and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The funds of all agencies, boards, commissions, foundations and authorities that have been identified as part of the primary government or as a component unit are included in this report.

The Territory provides a range of services in the areas of agriculture, education, health and social services, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, utility systems and general administration.

## Major Initiatives

### Accounting System and Budgetary Control

The Territory's fund financial statements for general government operations and agency funds were prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations throughout the fiscal year, or to liquidate liabilities at the end of the fiscal year. Expenditures are recognized when a liability is incurred except principal and interest on long term debt for which liabilities are recorded when due or when amounts have been accumulated in the debt service fund for payments to be made immediately in the following fiscal year. The proprietary and pension trust funds are accounted for on the accrual basis. A summary of the significant accounting policies and other necessary disclosures are included in the notes to the financial statements.

The Government adopts an annual budget on the modified accrual basis of accounting for governmental type funds and on the accrual basis for proprietary type funds. Budgetary controls are used to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the Legislature (FONO) and approved by the Governor prior to the beginning of the fiscal year. If the appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process as the original appropriations. Budgetary control is maintained at the departmental level. Unexpended appropriations lapse at the end of each appropriation year except for project length capital improvement projects and grants controlled by guidelines issued by the agencies of the United States Government.



Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve part of the appropriation is employed for purposes of budgetary control and contract compliance. Encumbrances at year end do not constitute expenditures or liabilities.

#### Cash Management

In November 1997, a cash management system was implemented. All cash not legally required to be in separate accounts is pooled for operations. The purpose of the system is to provide greater internal control of cash, and to maximize the amount available for investment purposes, thereby increasing investment revenues. Zero balance disbursement accounts are used and funded from a central depository account. All funds in excess of a compensating balance for bank services provided are invested in Certificate of Deposits. Negative (deficit) equity in pooled cash is shown as a liability; payable to treasurer's pooled cash. .

#### Risk Management

The Territory currently assumes substantially all risks associated with the following:

- Liability claims against the Territory or its agencies resulting from property or operation of motor vehicles and watercraft.
- Claims of employees for medical expenses.
- Liability claims actionable under the law that parties may file against the Territory, its officials, employees or appointees.

#### Acknowledgments

We wish to express our sincere appreciation to the staff of the various Territorial agencies and organizational units, who provided necessary financial information. Special recognition is given to the Finance Staff and TOFR Office whose efforts are primarily responsible for the CAFR preparation. We also thank the Auditing Staff of RC Holsinger & Associates for their technical assistance in the preparation of these Basic Financial Statements.

Sincerely,



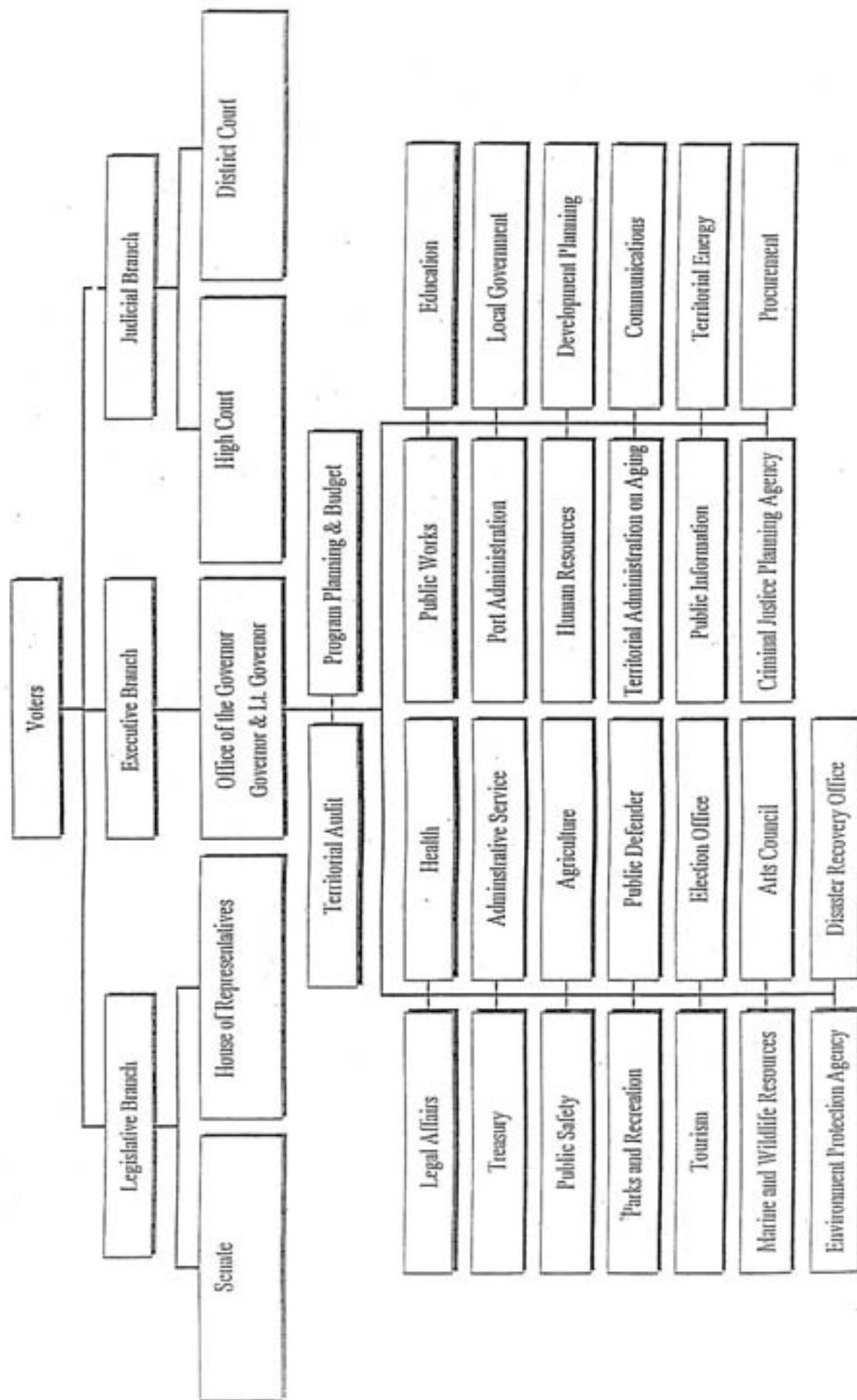
Velega Savali, Jr.  
ASG Treasurer



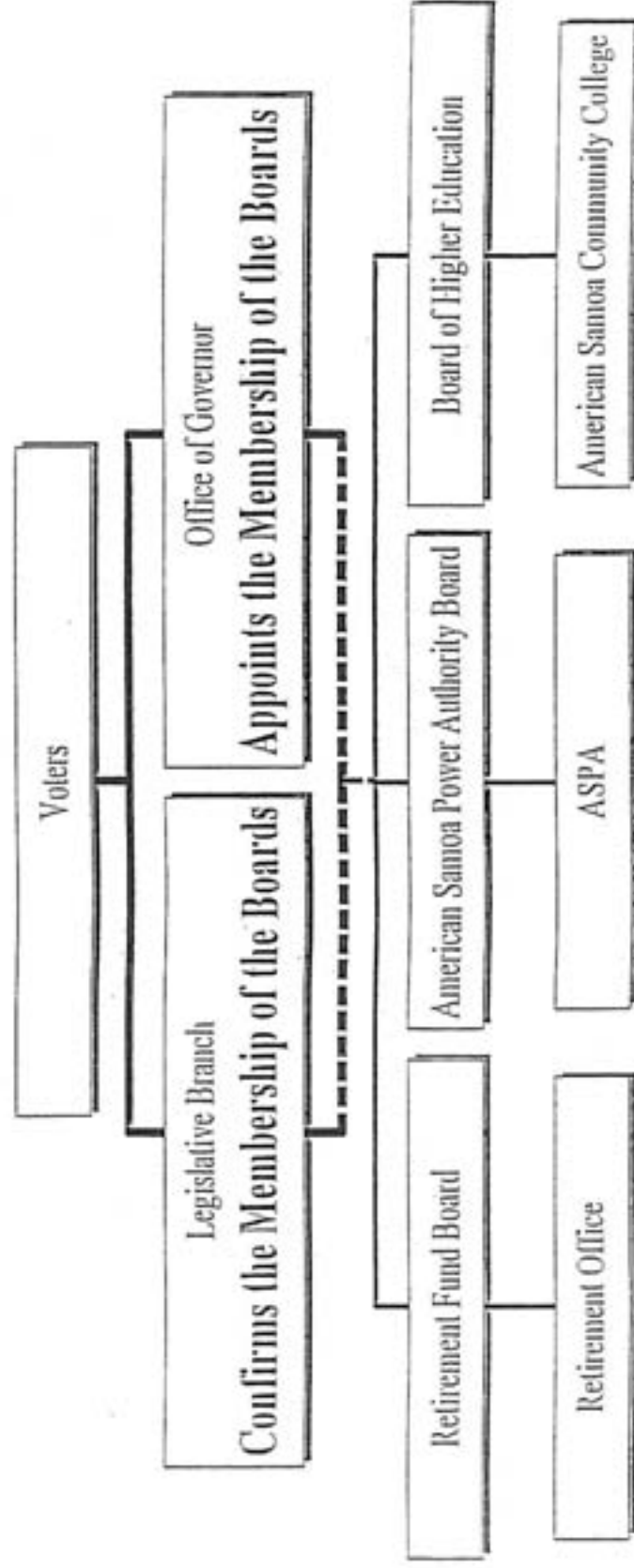
Ueligitone Pele Tonumaip'e  
Deputy Treasurer

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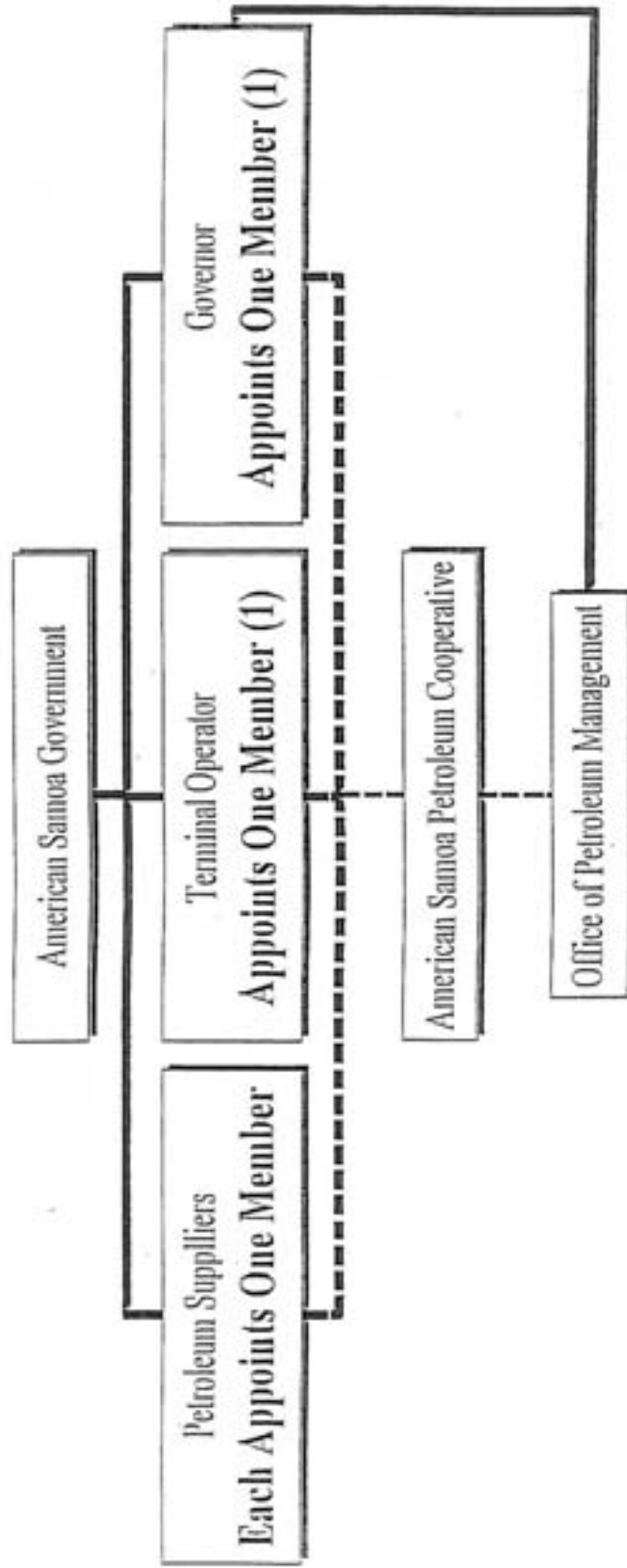
# Territory of American Samoa Organization Chart



# **Territory of American Samoa Component Units & Retirement Fund Organizational Chart**



# Territory of American Samoa Petroleum Cooperative Organizational Chart



(1) The Members appointed by Office of Governor and the Terminal Operator jointly appoint one more member.

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT ON**  
**BASIC FINANCIAL STATEMENTS**

Governor of the Territory of American Samoa  
Pago Pago, American Samoa

We have audited the accompanying Statement of Net Assets, Balance Sheet - Governmental Funds, Reconciliation of the Statement of Net Assets to the Balance Sheet - Governmental Funds, Statement of Net Assets - Proprietary Funds, and Statement of Fiduciary Net Assets - Fiduciary Fund, of the Territory of American Samoa (the "Territory") at September 30, 2006. These financial statements are the responsibility of the Territory's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following fiduciary fund and component units:

- American Samoa Government Employee Retirement Fund, a fiduciary fund, which statement reflects assets comprising 100 percent of total assets at September 30, 2006 of the related Fiduciary Fund Pension Trust totals and 100 percent of the additions to the plan assets of the Fiduciary Fund Types - Pension Trust for the year then ended.
- American Samoa Power Authority, American Samoa Community College, and American Samoa Telecommunications Authority, which statements reflect 88.53 percent of assets and 83.35 percent of operating revenues of discretely presented component units.

The financial statements of the American Samoa Power Authority, American Samoa Community College, and American Samoa Telecommunications Authority, were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for them, is based solely upon the reports of the other auditors.

Except as discussed in the following six paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 audit and the reports of other auditors provides reasonable basis for our opinion. The financial statements of the American Samoa Government Employee Retirement Fund were not audited in accordance with *Government Auditing Standards* by their auditors.

We were unable to verify the accuracy of Due To/Form Other Funds - Pooled Cash due to an inability to rely on the internal control system.

We were unable to verify the accuracy of the physical inventory records as of September 30, 2006 since the Territory did not maintain adequate perpetual records to verify the quantities and value of inventory.

We were unable to obtain and test supporting detail schedules of the immigration deposits that are received and recorded by the Territory's Attorney General.

We were engaged to audit the Territory's financial statements for the year ended September 30, 2006; however the system of financial accounting and reporting in operation for the Territory for the year ended September 30, 2006 was inadequate. There were significant failures in the internal control structure related to general accounting and grants administration. We noted evidence of a failure of identified controls in preventing or detecting misstatements of accounting information and a lack of appropriate management oversight and review and approval of transactions. The Territory had difficulty in locating documentation supporting some accounting records resulting in significant adjustments to various accounts. Adequate evidential matter in support of various recorded transactions was not provided. It was impracticable to extend our procedures sufficiently to determine the extent to which these conditions have affected the financial statements as of and for the years ended September 30, 2006. The Balance Sheet accounts at September 30, 2006 enter into the determination of excess of expenses and other uses over revenues and other sources for the year ended September 30, 2006.

As more fully discussed in Note 1 to the financial statements of the American Samoa Telecommunications Authority, property, plant, and equipment is reported on the balance sheets based on the estimates of an outside consultant. In the American Samoa Telecommunications Authority's auditor's opinion, property, plant, and equipment should be recorded at cost to conform to accounting principles generally accepted in the United States of America. In addition, the American Samoa Telecommunications Authority's auditor's opinion indicated there was a lack of supporting documentation for materials and supplies reported in the financial statements. They also noted that the Authority has not adequately tracked and reconciled the material and supplies activity including the material being received and reimbursed by FEMA in a timely and accurate manner during 2006.

Because of the matter discussed in the preceding five paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Statement of Activities, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities, Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds, Statement of Cash Flows - Proprietary Funds and Statement of Changes in Fiduciary Net Assets - Fiduciary Fund for the year ended September 30, 2006.

In our opinion, based upon our audit and the reports of the other auditors, except for:

- the effects on the basic purpose financial statements, if any, as might have been determined to be necessary had we been able to satisfy ourselves about:
  - i. the amount of the Due to/from Other Funds - Pooled Cash as discussed in paragraph five of this report;
  - ii. the accuracy of physical inventory records;
  - iii. the balance of immigration bond deposits received and recorded;
  - iv. the accuracy of the beginning fund balances as described in paragraph seven of this report.

- the effects on the discretely presented component units, if any, as might have been determined to be necessary had we been able to satisfy ourselves about:
  - i. the financial position and activity of the American Samoa Telecommunication Authority as discussed in paragraph eight of this report.

the Statement of Net Assets, Balance Sheet - Governmental Funds, Reconciliation of the Statement of Net Assets to the Balance Sheet - Governmental Funds, Statement of Net Assets - Proprietary Funds and Statement of Fiduciary Net Assets - Fiduciary Funds, the respective financial position of the governmental activities, the business-like activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Territory of American Samoa as of September 30, 2006, are fairly stated 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 September 20, 2007, on our consideration of the Territory of American Samoa's internal control over financial reporting and on 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.

The Management's Discussion and Analysis on pages 4 through 12 and budgetary comparison information on pages 55 through 56 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Territory's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section and statistical section of this report have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*RC Holsinger Associates, P.C.*

Wexford, Pennsylvania  
September 20, 2007

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**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

Our discussion and analysis of the Territory of American Samoa's (the "Territory") financial performance provides an overview of the Territory's financial activities for the fiscal year ended September 30, 2006. Please read it in conjunction with the Territory's financial statements, which follow this section. Fiscal year 2005 comparative information has been included, where appropriate.

**FINANCIAL HIGHLIGHTS**

- For the fiscal year ended September 30, 2006, the Territory's total net assets of the primary government increased by \$5,082,265 or 2.3% from the prior year.
- During the year, the Territory's expenses for governmental activities were \$183,737,651 and were funded by program revenues of \$116,349,096 and further funded with taxes, grants and other general revenues that totaled \$71,217,451.
- In the Territory's business-type activities, which include the airport and industrial park, program revenues, including grants, exceeded program expenses by \$157,327.
- At September 30, 2006, the General Fund reported total fund balance of \$10,263,024 of which \$1,419,056 is reserved and \$8,843,968 is unreserved representing an increase of \$779,126 from the prior year total fund balance of \$9,483,898.
- For budgetary reporting purposes, the General Fund reported revenues better than final estimates of \$5,634,981 or 7.5%, while expenditures exceeded final appropriations by \$13,908,571 or 18.4%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include, to the extent information was available, all of the activities of the Territory of American Samoa (the "Territory") and its included component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type, along with a separate category for discretely-presented component units. The government-wide financial statements present the most complete financial picture of the Territory from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the Territory (including infrastructure capital assets) as well as all liabilities (including all long-term debt).

***Reporting the Territory as a Whole***

***The Statement of Net Assets and the Statement of Activities***

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

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

These two government-wide statements report the Territory's net assets and changes in them from the prior year. You can think of the Territory's net assets - the difference between assets and liabilities - as one way to measure the Territory's financial condition, or position. Over time, increases or decreases in the Territory's net assets are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

However, you must consider other nonfinancial factors, such as changes in the Territory's overall economic environment, the condition of the Territory's roads and other infrastructure, and the quality of services to assess the overall health and performance of the Territory.

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

- **Governmental activities** - Most of the Territory's basic services are reported here, including the public safety, health and welfare, education, culture, general administration, and public works. Income taxes and federal grants finance most of these activities.
- **Business-type activities** - The Territory charges various fees to recover the costs of operating certain services it provides. The Territory's airport and industrial park are activities reported here.
- **Discretely-presented component units** - These account for activities of the Territory's reporting entity that do not meet the criteria for blending, specifically the American Samoa Power Authority, the American Samoa Community College, the Lyndon B. Johnson Hospital and the American Samoa Telecommunications Authority.

***Reporting the Territory's Most Significant Funds***

**Fund Financial Statements**

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

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

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

*Proprietary funds* - When the Territory charges customers for the services it provides - whether to outside customers or to other units of the Territory - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the Territory's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - The Territory is responsible for assets of these funds that - because of a trust arrangement or other fiduciary requirement - can be used only for trust beneficiaries or others parties, such as the American Samoa Government Employee Retirement Fund. These are the types of assets reported in fiduciary funds. The Territory is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the Territory's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Territory's government-wide financial statements because the Territory cannot use these assets to finance operations.

**A FINANCIAL ANALYSIS OF THE TERRITORY AS A WHOLE**

***Net Assets***

The Territory's combined net assets increased from \$217,660,597 to \$222,742,862 between fiscal years 2005 and 2006. Looking at the net assets of governmental and business-type activities separately, governmental assets had a larger increase largely due to the additional of the M.V. Sili, a water transportation vessel between the Territory's islands, and renovations to several facilities. Ongoing airport renovations contributed to the increase in business-type activities.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
Capital assets, net	\$169,689,052	\$186,168,509	\$59,721,406	\$61,150,919	\$229,410,458	\$247,319,428
Other assets	71,689,935	72,628,923	504,862	558,791	72,194,797	73,187,714
<b>Total assets</b>	<b>241,378,987</b>	<b>258,797,432</b>	<b>60,226,268</b>	<b>61,709,710</b>	<b>301,605,255</b>	<b>320,507,142</b>
Current liabilities	47,187,821	47,946,171	4,332,881	4,562,954	51,520,702	52,509,125
Non-current liabilities	32,423,956	45,255,155	0	0	32,423,956	45,255,155
<b>Total liabilities</b>	<b>79,611,777</b>	<b>93,201,326</b>	<b>4,332,881</b>	<b>4,562,954</b>	<b>83,944,658</b>	<b>97,764,280</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	163,174,052	181,738,509	59,721,406	61,150,919	222,895,458	242,889,428
Unrestricted	(1,406,842)	(16,142,403)	(3,828,019)	(4,004,163)	(5,234,861)	(20,146,566)
<b>Total net assets</b>	<b>\$ 161,767,210</b>	<b>\$165,596,106</b>	<b>\$ 55,893,387</b>	<b>\$57,146,756</b>	<b>\$217,660,597</b>	<b>\$222,742,862</b>

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

***Changes in Net Assets***

For the years ended September 30, 2006 and 2005, net assets of the primary government changed as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>						
Program revenues	\$103,046,152	\$116,349,096	\$9,776,709	\$6,473,042	\$112,822,861	\$122,822,138
Taxes and other general revenues	76,069,155	72,289,069	27,481	24,424	76,096,636	72,313,493
<b>Total revenues</b>	<u>179,115,307</u>	<u>188,638,165</u>	<u>9,804,190</u>	<u>6,497,466</u>	<u>188,919,497</u>	<u>195,135,631</u>
<b>Expenses</b>						
General government	46,306,203	55,217,836	-	-	46,306,203	55,217,836
Public safety	11,724,185	12,923,496	-	-	11,724,185	12,923,496
Health and welfare	31,106,745	32,342,999	-	-	31,106,745	32,342,999
Public works	5,751,650	18,741,111	-	-	5,751,650	18,741,111
Education and culture	64,155,732	56,312,340	-	-	64,155,732	56,312,340
Economic development	14,235,276	5,523,041	-	-	14,235,276	5,523,041
Interest	2,846,166	2,676,828	-	-	2,846,166	2,676,828
Industrial park	-	-	529,974	574,068	529,974	574,068
Airport	-	-	6,065,269	5,741,647	6,065,269	5,741,647
<b>Total expenses</b>	<u>176,125,957</u>	<u>183,737,651</u>	<u>6,595,243</u>	<u>6,315,715</u>	<u>182,721,200</u>	<u>190,053,366</u>
Excess (deficiency) before transfers	2,989,350	4,900,514	3,208,947	181,751	6,198,297	5,082,265
Transfers	<u>(2,051,091)</u>	<u>(1,071,618)</u>	<u>2,051,091</u>	<u>1,071,618</u>	<u>-</u>	<u>-</u>
<b>Increase in net assets</b>	<u>\$938,259</u>	<u>\$3,828,896</u>	<u>\$5,260,038</u>	<u>\$1,253,369</u>	<u>\$6,198,297</u>	<u>\$5,082,265</u>

The Territory's governmental activities' increase in net assets of \$3,828,896 represents a 2.36% positive change from the prior year. The business-type activities' increase in net assets of \$1,253,369 represents a 2.24% positive change in net assets. The results indicate that the Territory, as a whole, improved upon its financial condition from the prior year.

**Governmental Activities**

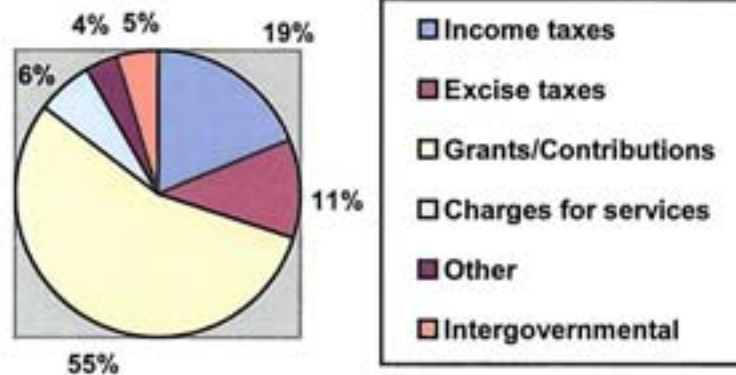
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column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



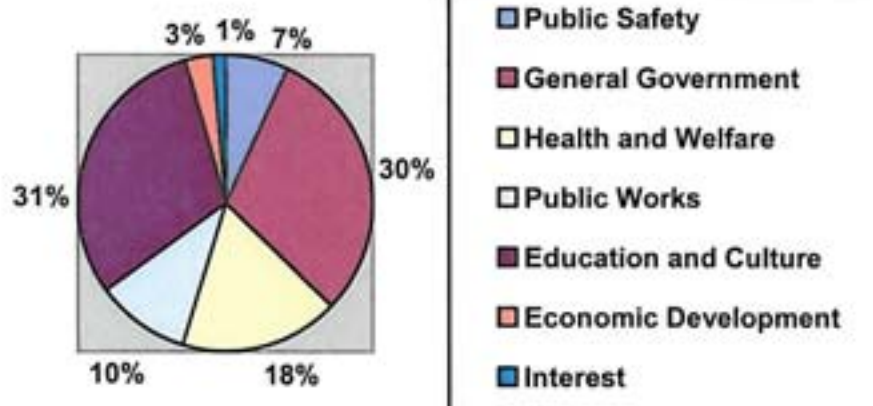
**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

For the year ended September 30, 2006, the Territory's governmental activities were funded as follows:

**Governmental Activities Sources**



**Governmental Activities Uses**



For the year ended September 30, 2006, total expenses for governmental activities amounted to \$183,737,651. Of these total expenses, taxpayers and other general revenues funded \$72,289,069 while those directly benefiting from the programs funded \$11,908,089 from charges for services and \$104,441,007 from grants and contributions.

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

**Governmental Activities, (Continued)**

**Net Revenue (Expense) of Governmental Activities**

	<b>Total Expense of Services</b>		<b>Net Revenue (Expense) of Services</b>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
General government	\$46,306,203	\$ 55,217,836	(\$15,692,977)	(\$20,774,517)
Public safety	11,724,185	12,923,496	(7,089,176)	(8,703,688)
Health and welfare	31,106,745	32,342,999	(10,366,974)	(12,232,243)
Public works	5,751,650	18,741,111	(622,233)	(10,473,948)
Education and culture	64,155,732	56,312,340	(28,947,710)	(12,553,075)
Economic development	14,235,276	5,523,041	(7,514,569)	25,744
Interest	2,846,166	2,676,828	(2,846,166)	(2,676,828)
<b>Total</b>	<u>\$176,125,957</u>	<u>\$183,737,651</u>	<u>(\$73,079,805)</u>	<u>(\$67,388,555)</u>

**Business-type Activities**

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues of \$157,327 for the year ended September 30, 2006.
- Of the business-type activities, the airport reported net program revenues of \$199,216 which included the impact of capital grants and contributions in the amount of \$3,388,708. Without the capital grants and contributions, the airport would have sustained net program expenses of \$3,189,492. The industrial park reported net program expenses of \$41,889.

**Net Revenue (Expense) of Business-Type Activities**

	<b>Total Expense of Services</b>		<b>Net Revenue (Expense) of Services</b>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Airport	\$6,065,269	\$5,741,647	\$3,340,082	\$199,216
Industrial park	<u>529,974</u>	<u>574,068</u>	<u>(158,616)</u>	<u>(41,889)</u>
<b>Total</b>	<u>\$6,595,243</u>	<u>\$6,315,715</u>	<u>\$3,181,466</u>	<u>\$157,327</u>

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

**A FINANCIAL ANALYSIS OF THE TERRITORY'S FUNDS**

As the Territory completed its 2006 fiscal year, the governmental funds reported a combined fund balance of \$26,360,418, which is a 4.5% increase from the prior year combined fund balance of \$25,214,811. The enterprise funds reported combined net assets of \$57,146,756 or a 22% increase from 2005.

Other fund highlights include:

- For the year ended September 30, 2006, the General Fund's total fund balance increased by \$779,126 or 8.2% from the prior year's fund balance of \$9,483,898, for a total fund balance of \$10,263,024.
- The Grant Fund's total fund balance increased by \$453,744 from the prior year's fund balance of \$1,299,955, for a total fund balance of \$846,211.
- The airport enterprise fund, after the recognition of capital grants and contributions of \$3,388,710 reported an increase in net assets of \$1,205,818.
- The government employee retirement fund posted an increase in net assets of the fund of \$13,669,558 or 7.4% for the year, which included net appreciation of the fair value of investments of \$15,068,593.

***General Fund Budgetary Highlights***

Although the Fono revised the General Fund's original budget during the year, the original estimates of revenues and expenditures were not significantly altered. However, actual revenues reported exceeded revenue estimates by \$5.6 million.

The final budget also projected expenditures of \$75,534,500, although actual expenditure reported totaled \$89,443,071 for a difference of \$13,908,571. This was primarily caused by the general government function exceeding its estimated expenditures by \$3.6 million and the health and welfare function exceeding its estimated expenditures by \$8.3 million. The health and welfare increase was due to a agreement that was made through the Fono to fund expenditures of the LBJ Medical Center. Whereby, \$8.3 million was committed through the government in 2006 for current expenditures while the remaining \$1.7 million will cover 2007 LBJ expenditures. A \$10 million loan was obtained from the American Samoa Government Retirement Fund to fund this arrangement.

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of September 30, 2006, the Territory had \$186,168,509 invested in capital assets, net of depreciation, including land and land improvements, buildings, infrastructure and various machinery and equipment. See table below. This represents a net increase of \$16,479,457, or 9.7% over the prior year.

	Primary Government Capital Assets (Net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land and land improvements	\$1,539,718	\$1,539,718	\$44,233,800	\$41,826,923	\$45,773,518	\$43,366,641
Buildings and structures	61,142,761	62,726,921	2,098,988	13,012,466	63,241,749	75,739,387
Other improvements	20,188,256	19,971,040	-	-	20,188,256	19,971,040
Machinery and equipment	9,494,818	14,318,715	1,681,598	3,165,368	11,176,416	17,484,083
Infrastructure	59,000,634	56,775,478	-	-	59,000,634	56,775,478
Construction in progress	18,322,865	30,836,637	11,707,020	3,146,161	30,029,885	33,982,798
<b>Totals</b>	<b>\$169,689,052</b>	<b>\$186,168,509</b>	<b>\$59,721,406</b>	<b>\$61,150,918</b>	<b>\$229,410,458</b>	<b>\$247,319,427</b>

This year's more significant capital asset additions included \$3.8 million of airport improvements in the airport enterprise fund.

See Note 5 to the financial statements for more detail information on the Territory's capital assets and changes therein.

***Long-Term Debt***

At year-end, the Territory had \$57,556,261 in long-term debt outstanding, which represents a \$13,495,470 or 30.6% increase from the prior year. Currently, the business-type activities of the Territory have no long-term debt. The Territory's changes in long-term debt by type of debt are as follows:

	Primary Government Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Accrued compensated absences	\$12,663,702	\$13,822,352	\$ -	\$ -	\$12,663,702	\$13,822,352
FEMA loan	2,545,821	2,630,118	-	-	2,545,821	2,630,118
General obligation bonds	6,515,000	4,430,000	-	-	6,515,000	4,430,000
Dept. of Interior loan	17,949,190	18,119,542	-	-	17,949,190	18,119,542
Workers Compensation Claims	599,420	532,555	-	-	599,420	532,555
American Samoa Government Retirement Fund - LBJ Loan	-	9,884,036	-	-	-	9,884,036
Landfill closure and post-closure Claims and judgements	287,658	287,658	-	-	287,658	287,658
	3,500,000	7,850,000	-	-	3,500,000	7,850,000
<b>Totals</b>	<b>\$44,060,791</b>	<b>\$57,556,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$44,060,791</b>	<b>\$57,556,261</b>

See Note 8 to the financial statements for more detail information on the Territory's long-term debt and changes therein.

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2006**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The American Samoa economy took a slight downturn in 2006. Governmental payroll funds of \$84.2 million streamed into the economy however private monetary payments remained consistent with the prior year.

Island employment rates increased marginally for the first time since 2002. The government labor force decreased 2.88%, private sector employment increased (1.96% between 2005 and 2006). Cannery employment increased 4.64% from 2005: The two American Samoan-based canneries currently employ 4,757 compared to 4,546 in 2005.

Construction activity continues to decrease after the typhoon-related upturn of 2004. Approximately 100 new structures and 23 building extensions and alterations contributed to the fixed asset base of the Territory.

The balance of trade for American Samoa was negative \$140.7 million in 2006. Import and export trade decreased by \$305 million and \$64.7 million, respectively. Of the three import sectors, ASG was the most conservative at \$22.06 million; the Canneries imported \$215.6 million and the remaining private sector consumed \$341.5 million. Exported goods, primarily tuna, from the Territory were valued at \$438.5 million.

ASG continues to strive toward multiplicity within the island's market economy. Foreign entrepreneurs, investors, and corporations are being actively recruited. American Samoan Economists are committed to strategizing on blends of American Samoan labor with production of unique, locale-specific products and services. Potential product development areas include tropical aquatic, tourism, and off-site telecommunications.

Budgetary predictions for 2007 indicate that ASG is focusing on maximizing revenues and restricting expenditures. The balanced budget document for 2007 itemizes \$285.5 million of revenue and expenses.

**CONTACTING THE TERRITORY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Territory's finances and to show the Territory's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at Executive Office Building, Hwy 1, Pago Pago, American Samoa 96799; telephone number (684) 633-4155, fax number (684) 633-4100.

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**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2006**

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**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 19,650,636	\$ 172,375	\$ 19,823,011	\$ 10,639,846
Investments	22,878,276	-	22,878,276	4,443,990
Taxes Receivable, net	9,379,980	-	9,379,980	-
Accounts Receivable, net	525,207	439,520	964,727	17,800,355
Due from U.S. Government	17,616,322	-	17,616,322	2,263,820
Due from Primary Government	-	-	-	1,316,965
Due from Other Funds	-	-	-	206,003
Inventories	1,472,069	-	1,472,069	5,936,731
Due from Component Units	16,536	-	16,536	-
Prepaid Expenses	772,504	-	772,504	1,331,762
Capital Lease Receivable	264,289	-	264,289	-
Other Deferred Assets	-	-	-	-
Internal Balances	53,104	(53,104)	-	-
Capital Assets, net	186,168,509	61,150,919	247,319,428	130,539,361
<b>Total assets</b>	<b>258,797,432</b>	<b>61,709,710</b>	<b>320,507,142</b>	<b>174,478,833</b>
<b>LIABILITIES</b>				
Current liabilities:				
Due to Other Funds-Pooled Cash	2,150,812	-	2,150,812	-
Accounts Payable	8,353,624	250,630	8,604,254	11,115,425
Income Tax Refunds Payable	4,060,921	-	4,060,921	-
Accrued Expenses	5,121,346	486,595	5,607,941	8,399,162
Due to Other Funds	-	-	-	57,426
Due to Component Units	1,847,060	-	1,847,060	-
Contract Retention	461,973	488,359	950,332	-
Deposits	961,660	-	961,660	174,253
Claims Payable	100,000	-	100,000	-
Advances from Grants	7,924,510	3,337,370	11,261,880	872,561
Deferred Revenue	4,763,159	-	4,763,159	-
Long-Term Debt Payable Within One Year	2,470,988	-	2,470,988	487,595
Other Liabilities	9,730,118	-	9,730,118	1,253,815
<b>Total current liabilities</b>	<b>47,946,171</b>	<b>4,562,954</b>	<b>52,509,125</b>	<b>22,360,237</b>
Noncurrent liabilities:				
Long-Term Debt payable after one year	11,843,048	-	11,843,048	7,788,583
Other Liabilities due after one year	33,412,107	-	33,412,107	1,859,097
<b>Total non-current liabilities</b>	<b>45,255,155</b>	<b>-</b>	<b>45,255,155</b>	<b>9,647,680</b>
<b>Total liabilities</b>	<b>93,201,326</b>	<b>4,562,954</b>	<b>97,764,280</b>	<b>32,007,917</b>
<b>NET ASSETS</b>				
Invested in Capital Asset, net of Related Debt	181,738,509	61,150,919	242,889,428	103,299,719
Restricted	-	-	-	5,250,159
Unrestricted	(16,142,403)	(4,004,163)	(20,146,566)	33,921,038
<b>Total net assets</b>	<b>\$ 165,596,106</b>	<b>\$ 57,146,756</b>	<b>\$ 222,742,862</b>	<b>\$ 142,470,916</b>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2006**

Functions/Programs	Program Revenues				
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>					
Governmental activities:					
General Government	\$ 55,217,836	\$ (4,344,355)	\$ 11,908,089	\$ 9,824,210	\$ 8,366,665
Public Safety	12,923,496	238,277	-	-	4,458,085
Health and Welfare	32,342,999	891,988	-	21,002,744	-
Public Works	18,741,111	212,522	-	144,616	8,335,069
Education and Culture	56,312,340	2,702,722	-	42,139,487	4,322,500
Economic Development	5,523,041	298,846	-	5,847,631	-
Interest	2,676,828	-	-	-	-
Total governmental activities	<u>\$ 183,737,651</u>	<u>\$ -</u>	<u>11,908,089</u>	<u>78,958,688</u>	<u>25,482,319</u>
Business-type activities:					
Industrial Park	574,068		532,179	-	-
Airport	5,741,647		2,552,155	-	3,388,708
Total business-type activities	<u>6,315,715</u>		<u>3,084,334</u>	<u>-</u>	<u>3,388,708</u>
<b>Total primary government</b>	<u>\$ 189,738,366</u>		<u>\$ 14,992,423</u>	<u>\$ 78,958,688</u>	<u>\$ 28,871,027</u>
<b>Component Units</b>					
American Samoa Power Authority	56,174,011		48,667,478	1,307,583	3,234,006
American Samoa Community College	10,035,711		5,091,132	254,363	-
American Samoa Medical Center Authority	29,263,475		14,094,059	-	1,211,421
American Samoa Telecommunication Authority	17,824,434		18,090,783	-	-
	<u>\$ 113,297,631</u>		<u>\$ 85,943,452</u>	<u>\$ 1,561,946</u>	<u>\$ 4,445,427</u>

**General revenues:**

Taxes:

Income Taxes for general purposes

Excise Taxes

Intergovernmental

Tobacco Settlement Proceeds

Payments from the Territory of American Samoa

Miscellaneous

**Transfers**

Total general revenues and transfers

**Changes in net assets**

Net assets, beginning of year

Net assets, end of year

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2006**

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Totals	Component Units
\$ (20,774,517)	\$ -	\$ (20,774,517)	\$ -
(8,703,688)	-	(8,703,688)	-
(12,232,243)	-	(12,232,243)	-
(10,473,948)	-	(10,473,948)	-
(12,553,075)	-	(12,553,075)	-
25,744	-	25,744	-
(2,676,828)	-	(2,676,828)	-
(67,388,555)	-	(67,388,555)	-
-	(41,889)	(41,889)	-
-	199,216	199,216	-
-	157,327	157,327	-
(67,388,555)	157,327	(67,231,228)	-
			\$ (2,964,944)
			(4,690,216)
			(13,957,995)
			266,349
			<u>\$ (21,346,806)</u>
35,678,855	-	35,678,855	-
20,963,846	24,424	20,988,270	-
8,649,000	-	8,649,000	1,734,376
890,289	-	890,289	-
-	-	-	18,004,027
6,107,079	-	6,107,079	10,296,102
(1,071,618)	1,071,618	-	-
71,217,451	1,096,042	72,313,493	30,034,505
3,828,896	1,253,369	5,082,265	8,687,699
161,767,210	55,893,387	217,660,597	133,783,217
\$ 165,596,106	\$ 57,146,756	\$ 222,742,862	\$ 142,470,916

The notes to the financial statements are an integral part of this statement.

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**TERRITORY OF AMERICAN SAMOA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2006**

	General Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 13,060,993	\$ 5,397,139	\$ 606,282	\$ 342,356	\$ 19,406,770
Due from Other Funds-Pooled Cash	6,920,595	-	-	-	6,920,595
Investments	8,189,184	-	8,483,060	3,697,841	20,370,085
Taxes Receivable, net	9,379,980	-	-	-	9,379,980
Accounts Receivable, net	215,572	-	136,615	173,020	525,207
Due from U.S. Government	-	13,421,942	-	4,194,380	17,616,322
Due from Other Funds	520,193	-	-	-	520,193
Inventories	625,858	846,211	-	-	1,472,069
Due from Component Units	-	-	-	16,536	16,536
Prepaid Expenses	772,504	-	-	-	772,504
Capital Lease Receivable	264,289	-	-	-	264,289
<b>Total assets</b>	<b>\$ 39,949,168</b>	<b>\$ 19,665,292</b>	<b>\$ 9,225,957</b>	<b>\$ 8,424,133</b>	<b>\$ 77,264,550</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Due to Other Funds-Pooled Cash	\$ 3,740,287	\$ 6,442,779	\$ 400	\$ 477,418	\$ 10,660,884
Accounts Payable	4,032,520	3,051,681	-	1,252,346	8,336,547
Income Tax Refunds Payable	4,060,923	-	-	-	4,060,923
Accrued Expenses	4,080,954	944,325	-	46,747	5,072,026
Due to Other Funds	-	-	-	137,019	137,019
Due to Component Units	1,652,790	194,270	-	-	1,847,060
Contract Retention	-	-	-	461,972	461,972
Deposits	677,138	284,522	-	-	961,660
Advances from Grants	-	7,901,504	-	23,005	7,924,509
Deferred Revenue	11,441,532	-	-	-	11,441,532
<b>Total liabilities</b>	<b>29,686,144</b>	<b>18,819,081</b>	<b>400</b>	<b>2,398,507</b>	<b>50,904,132</b>
<b>Fund balances:</b>					
Reserved for Inventories	625,858	846,211	-	-	1,472,069
Reserved for Encumbrances	793,198	-	-	-	793,198
Reserved for Debt Service	-	-	9,225,557	-	9,225,557
<b>Unreserved:</b>					
Undesignated	8,843,968	-	-	6,025,626	14,869,594
<b>Unreserved reported in:</b>					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
<b>Total fund balances</b>	<b>10,263,024</b>	<b>846,211</b>	<b>9,225,557</b>	<b>6,025,626</b>	<b>26,360,418</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,949,168</b>	<b>\$ 19,665,292</b>	<b>\$ 9,225,957</b>	<b>\$ 8,424,133</b>	<b>\$ 77,264,550</b>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**RECONCILIATION OF THE STATEMENT OF NET ASSETS**  
**TO THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2006**

Fund balances - total government funds	\$	26,360,418
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$	295,054,523	
Less accumulated depreciation		<u>(108,886,014)</u>	186,168,509

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds

Governmental bonds payable	\$	4,430,000	
AMGRF-LBJ Loan		9,884,036	
Compensated Absences		13,822,352	
Claims and Judgments		7,850,000	
Other Liabilities		<u>21,037,318</u>	(57,023,706)

Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements

Deferred Revenue		6,678,372
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets

3,412,513

Net assets of governmental activities	\$	<u>165,596,106</u>
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The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2006**

	General Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 55,786,185	\$ -	\$ 2,242,471	\$ -	\$ 58,028,656
Licenses and Permits	1,026,761	-	-	-	1,026,761
Intergovernmental	8,964,000	97,666,054	-	6,459,953	113,090,007
Charges for Services	4,410,783	796,940	1,295,148	2,011,146	8,514,017
Fines and Fees	2,276,831	-	90,461	-	2,367,292
Interdepartmental	5,218,104	-	-	-	5,218,104
Insurance Proceeds	-	-	-	1,109,955	1,109,955
Tobacco Settlement Proceeds	-	-	890,289	-	890,289
Miscellaneous	3,486,817	310,691	1,082,262	117,371	4,997,141
<b>Total revenues</b>	<u>81,169,481</u>	<u>98,773,685</u>	<u>5,600,631</u>	<u>9,698,425</u>	<u>195,242,222</u>
<b>Expenditures:</b>					
Current -					
General Government	30,384,401	12,579,886	3,998	4,893,800	47,862,085
Public Safety	7,968,028	4,458,085	-	-	12,426,113
Health and Recreation	11,669,575	21,002,744	-	-	32,672,319
Public Works	6,104,821	12,802,185	-	-	18,907,006
Education and Culture	28,563,380	42,139,487	-	-	70,702,867
Economic Development	4,752,866	-	-	-	4,752,866
Capital Improvements	-	5,847,631	-	5,586,698	11,434,329
Principal	-	-	2,200,964	-	2,200,964
Interest	-	-	1,531,891	-	1,531,891
<b>Total expenditures</b>	<u>89,443,071</u>	<u>98,830,018</u>	<u>3,736,853</u>	<u>10,480,498</u>	<u>202,490,440</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(8,273,590)</u>	<u>(56,333)</u>	<u>1,863,778</u>	<u>(782,073)</u>	<u>(7,248,218)</u>
<b>Other financing sources (uses):</b>					
Loan Proceeds	10,000,000	-	-	-	10,000,000
Transfers In	291,667	56,333	-	111,000	459,000
Transfers Out	(1,238,951)	-	(291,667)	(80,813)	(1,611,431)
<b>Total other financing sources (uses)</b>	<u>9,052,716</u>	<u>56,333</u>	<u>(291,667)</u>	<u>30,187</u>	<u>8,847,569</u>
<b>Changes in fund balances</b>	<u>779,126</u>	<u>-</u>	<u>1,572,111</u>	<u>(751,886)</u>	<u>1,599,351</u>
<b>Fund balances (deficits), beginning of year</b>	9,483,898	1,299,955	7,653,446	6,777,512	25,214,811
<b>Change in Reserve for Inventory</b>	-	(453,744)	-	-	(453,744)
<b>Fund balances (deficits), end of year</b>	<u>\$ 10,263,024</u>	<u>\$ 846,211</u>	<u>\$ 9,225,557</u>	<u>\$ 6,025,626</u>	<u>\$ 26,360,418</u>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Net change in fund balances - total government funds		\$ 1,145,607
Amounts reported for governmental activities in the statement of net assets are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	\$ 25,401,506	
Less current year depreciation	<u>(8,967,136)</u>	16,434,370
Bond proceeds and other debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
Borrowings	\$(10,000,000)	
Interest	<u>(1,144,937)</u>	
Principal payments	<u>3,091,252</u>	(8,053,685)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds		
Deferred Revenues		(1,385,953)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Claims and judgment	(4,350,000)	
Change in long-term compensated Absences	<u>(1,158,650)</u>	(5,508,650)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		
		<u>1,197,207</u>
Change in net assets of governmental activities		\$ <u>3,828,896</u>

The notes to the financial statements are an integral part of this statement.



**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

	Enterprise Funds			Activities:
	Airport	Non-Major Enterprise Funds	Total	Internal Service
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 172,375	\$ -	\$ 172,375	\$ 243,865
Investments	-	-	-	2,508,191
Due from Other Funds-Pooled Cash	-	-	-	1,589,477
Accounts Receivable, net	299,557	139,963	439,520	-
Due from Other Funds	9,390	-	9,390	-
Capital Assets, net	60,068,073	1,082,846	61,150,919	299,030
<b>Total assets</b>	<b>60,549,395</b>	<b>1,222,809</b>	<b>61,772,204</b>	<b>4,640,563</b>
<b>LIABILITIES</b>				
Accounts Payable	250,630	-	250,630	17,075
Accrued Expenses	486,595	-	486,595	49,320
Due to Other Funds	62,494	-	62,494	330,070
Contract Retention	488,359	-	488,359	-
Claims Payable	-	-	-	532,555
Advances from Grants	3,337,370	-	3,337,370	-
<b>Total liabilities</b>	<b>4,625,448</b>	<b>-</b>	<b>4,625,448</b>	<b>929,020</b>
<b>NET ASSETS</b>				
Invested in Capital Assets	60,068,073	1,082,846	61,150,919	299,030
Unrestricted	(4,144,126)	139,963	(4,004,163)	3,412,513
<b>Total net assets</b>	<b>\$ 55,923,947</b>	<b>\$ 1,222,809</b>	<b>\$ 57,146,756</b>	<b>\$ 3,711,543</b>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Non-Major Enterprise Funds	Total	
<b>Operating revenues:</b>				
Taxes	\$ 24,424	\$ -	\$ 24,424	\$ -
Intergovernmental	-	-	-	-
Charges for Services	2,552,155	532,179	3,084,334	2,259,504
<b>Total operating revenues</b>	<u>2,576,579</u>	<u>532,179</u>	<u>3,108,758</u>	<u>2,259,504</u>
<b>Operating expenses:</b>				
Personnel	2,273,207	327,819	2,601,026	363,335
Operations and Maintenance	568,296	119,847	688,143	837,122
Depreciation and amortization	2,900,144	126,404	3,026,548	35,726
<b>Total operating expenses</b>	<u>5,741,647</u>	<u>574,070</u>	<u>6,315,717</u>	<u>1,236,183</u>
<b>Operating income (loss)</b>	<u>(3,165,068)</u>	<u>(41,891)</u>	<u>(3,206,959)</u>	<u>1,023,321</u>
<b>Nonoperating revenues (expenses):</b>				
Miscellaneous	-	-	-	93,073
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,073</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(3,165,068)</u>	<u>(41,891)</u>	<u>(3,206,959)</u>	<u>1,116,394</u>
Transfers In	982,176	89,442	1,071,618	80,813
Transfers Out	-	-	-	-
Capital Contributions	3,388,710	-	3,388,710	-
<b>Changes in net assets</b>	<u>1,205,818</u>	<u>47,551</u>	<u>1,253,369</u>	<u>1,197,207</u>
<b>Total net assets, beginning of year</b>	<u>54,718,129</u>	<u>1,175,258</u>	<u>55,893,387</u>	<u>2,514,336</u>
<b>Total net assets, end of year</b>	<u>\$ 55,923,947</u>	<u>\$ 1,222,809</u>	<u>\$ 57,146,756</u>	<u>\$ 3,711,543</u>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

	Enterprise Funds			Internal Service Funds
	Airport	Industrial Park	Totals	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 2,260,666	\$ 428,641	\$ 2,689,307	\$ 2,259,504
Receipt of overpayment	-	-	-	550,249
Grants from Governments	-	-	-	-
Tax Receipts	24,424	-	24,424	-
Payments to suppliers	(1,706,443)	(121,523)	(1,827,966)	(889,093)
Payments to employees	(2,225,226)	(396,560)	(2,621,786)	(382,130)
Internal Activities-Receipt from(payment to) other funds	(143,399)	-	(143,399)	(1,884,808)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(1,789,978)</b>	<b>(89,442)</b>	<b>(1,879,420)</b>	<b>(346,278)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Fixed Assets and Work-in-Process	(4,456,058)	-	(4,456,058)	(80,813)
Receipts of federal capital grants	3,388,708	-	3,388,708	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(1,067,350)</b>	<b>-</b>	<b>(1,067,350)</b>	<b>(80,813)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	-	-	-	-
Sale of Investments	-	-	-	203,334
Interest Income	-	-	-	102,916
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>306,250</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Transfers In (Out)	982,176	89,442	1,071,618	80,813
Advances	1,390,656	-	1,390,656	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>2,372,832</b>	<b>89,442</b>	<b>2,462,274</b>	<b>80,813</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(484,496)</b>	<b>-</b>	<b>(484,496)</b>	<b>(40,028)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>656,871</b>	<b>-</b>	<b>656,871</b>	<b>283,893</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>172,375</b>	<b>-</b>	<b>172,375</b>	<b>243,865</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating Income (Loss)	\$ (3,165,066)	\$ (41,891)	\$ (3,206,957)	\$ 1,023,321
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	2,900,142	126,404	3,026,546	35,726
Decrease (Increase) in Assets				
Receivables	(291,489)	(103,538)	(395,027)	550,249
Due from Other Funds	(9,390)	-	(9,390)	(1,428,558)
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Expenses	(1,090,166)	(70,417)	(1,160,583)	(3,901)
Due to Other Funds	(134,009)	-	(134,009)	(456,250)
Claims payable	-	-	-	(66,865)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (1,789,978)</b>	<b>\$ (89,442)</b>	<b>\$ (1,879,420)</b>	<b>\$ (346,278)</b>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2006**

	<u>Pension Trust</u>	<u>Agency</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 113,305	\$ 6,734,690
Due from Other Funds-Pooled Cash	-	2,150,812
Investments	197,492,728	-
Accounts Receivable, net	451,699	-
Contributions Receivable	522,871	-
Prepaid Expenses	85,048	-
Capital Assets, net	546,164	-
Total assets	<u>199,211,815</u>	<u>8,885,502</u>
<b><u>LIABILITIES</u></b>		
Accounts Payable	152,543	147
Deposits	-	2,425,325
Contribution Refunds	618,793	-
Immigration Bonds	-	6,460,030
Total liabilities	<u>771,336</u>	<u>\$ 8,885,502</u>
<b><u>NET ASSETS</u></b>		
Held in trust	<u>\$ 198,440,479</u>	

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2006**

	<u>Pension Trust</u>
<b>Additions:</b>	
Investment Income-Interest	\$ 329,798
Contributions-Sponsors	6,567,095
Contributions-Members	2,629,029
Dividends on common stock	2,854,770
Lease revenue from centennial office building	656,662
Net appreciation in fair value of investments	15,068,593
Other income	192,482
Investment Fees	(216,865)
Centennial office building maintenance expenses	(374,667)
<b>Total Additions</b>	<u>27,706,897</u>
<b>Deductions:</b>	
Interest on employee contributions refunded	202,738
Benefits	12,207,031
Employee contributions refunded	576,903
General and administrative expenses	1,050,667
<b>Total Deductions</b>	<u>14,037,339</u>
 <b>Changes in net assets</b>	 <u>13,669,558</u>
 <b>Net assets, beginning of year</b>	 184,770,921
 <b>Net assets, end of year</b>	 <u><u>\$ 198,440,479</u></u>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. The Reporting Entity**

The Territory of American Samoa (the Territory) is an unincorporated Territory of the United States and operates under the jurisdiction of the United States Department of Interior. A constitution was adopted in 1966, and in 1977 the Secretary of the Interior's order number 3009 provided for a popularly elected Governor and Lieutenant Governor. The Legislative body (FONO) is comprised of Members of the House of Representatives who are popularly elected and Senators who are chosen by village councils.

The financial statements have been prepared primarily from records maintained by the Treasury Department. Additional information was obtained from agencies and other entities based on independent or subsidiary accounting records maintained by them.

The financial statements include all funds and account groups of the primary government, which is the Territory, as well as the component units and other organizational entities determined to be included in the Territory's financial reporting entity.

The decision to include a potential component unit in the Territory's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the Territory's reporting entity.

**Primary Government**

All offices, departments, agencies and authorities that are not legally separate entities have been included in the Territorial reporting entity as part of the primary government unless otherwise noted. Most of these have executives or boards appointed by the Governor, the FONO or a combination thereof. These entities are financially accountable to and fiscally dependent on the Territory.

**Blended Component Units**

Although legally separate entities, blended component units are in substance, part of the primary government's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. Following is a brief review of the blended component units.

**American Samoa Government Employees Retirement Fund**

The Retirement Fund was established in 1971 to provide retirement annuities for the employees of the Territorial Government and its component units. It is governed by a board of trustees appointed by the Governor with the consent of the Senate and House of Representatives. The Retirement Fund's costs, based upon actuarial valuations, are funded by the participating governmental employers and participants. The Retirement Fund is a part of the primary government and is reported in the fiduciary fund type. The Retirement Fund was audited by independent auditors for the year ended September 30, 2006, and their report dated December 21, 2006 has been previously issued under separate cover. The Retirement Fund's report can be obtained at its administrative offices.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

American Samoa Economic Development Authority

The American Samoa Economic Development Authority (the Authority) was created in 1986 by the 19th Legislature of American Samoa and is governed by a Board of Directors. The Board consists of nine members, seven of whom are appointed by the Governor with the advice and consent of the Legislature and two members of the Legislature, one from the Senate appointed by the President of the Senate and one from the House of Representatives appointed by its Speaker. The Authority can incur indebtedness for certain projects. The Bonds Series 1988 in the amount of \$10.94 million issued by the Authority for the Executive Office Building was refunded by General Obligation Refunding Bonds, Series 2000. Therefore, the Authority has no bonds outstanding. The Authority is a component unit which would be blended as part of the primary government. However, during the year ended September 30, 2006, the Authority had no operations; therefore, there are no amounts to blend into the primary government.

American Samoa Petroleum Cooperative, Inc.

The American Samoa Petroleum Cooperative, Inc. (the Cooperative) was created by executive order in 1992 to ensure that the Territory is provided with a reliable and stable supply of uniform high quality petroleum products at reasonable costs and that the petroleum storage facilities of the Territory are properly constructed and maintained to meet applicable standards. The Board of Directors consists of a chairman who is the representative of the Terminal Operator, an appointee by the Governor, a third member appointed by the other two directors and one additional member appointed by each petroleum supplier. The Cooperative is fiscally dependent on the Territory in that it receives rent and fees levied by the primary government on the bulk petroleum products put through the Territory's facilities. The Cooperative provides services almost entirely to the primary government and all real property acquired by the cooperative is the property of the Territory. The Territory provides administrative support and pays all personnel costs for the Cooperative. The Cooperative is a component unit and blended as part of the primary government as part of Petroleum Facilities in the capital projects fund. The Cooperative issued separate financial statements for the year ended September 30, 2006. The Cooperative's report can be obtained at its administrative offices.

**Discrete Component Units**

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These discrete component units serve or benefit those outside the primary government. Following is a brief review of the discretely presented component units.

American Samoa Power Authority

The American Samoa Power Authority (ASPA), with corporate powers, was created to generate and distribute power to the citizens of the Territory. It also provides water, sewer and solid waste services to the Territory. The Governor appoints and the FONO confirms the board of directors. ASPA was audited by independent auditors for the year ended September 30, 2006, and its report dated January 17, 2007, has been previously issued under separate cover. The Authority's report can be obtained at its administrative offices.



**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

American Samoa Community College

The American Samoa Community College (ASCC) was created with corporate powers to develop a program of education to meet the current and future needs of American Samoa. The Governor appoints a majority of the board of directors with the advice and consent of the Legislature. ASCC is funded through Territorial appropriations, tuition, federal grants and donations. ASCC was audited by independent auditors for the year ended September 30, 2006 and its report dated January 21, 2007 has been previously issued under separate cover. The report can be obtained at its administrative offices.

American Samoa Medical Center Authority - Lyndon B. Johnson Tropical Medical Center

The American Samoa Medical Center Authority - Lyndon B. Johnson Tropical Medical Center (LBJ) was established to create a medical system that can provide quality medical services to the citizens of the Territory. The Governor appoints and the FONO confirms the board of directors.

American Samoa Telecommunications Authority

The American Samoa Telecommunications Authority (ASTCA), with corporate powers, was created to provide telecommunications capabilities to the citizens of the Territory. The Governor appoints and the FONO confirms the board of directors. ASTCA was audited by independent auditors for the year ended September 30, 2006 and its report dated July 11, 2007 has been previously issued under separate cover. The report can be obtained at its administrative offices.

**Related Organization**

Organizations, for which a primary government is accountable because the Territory appoints a voting majority of the board, but is not financially accountable, are related organizations. The Development Bank of American Samoa is a related organization to the primary government. The Development Bank's Board of Directors consists of ten members, nine of whom are appointed by the Governor, with the advice and consent of the Senate. The Chairman, who is a board member, is elected by a majority of the board. The president of the Development Bank is a nonvoting ex-officio member of the board, and may not serve as chairman. The Development Bank is classified as another stand-alone governmental unit, not a component unit of the Territory.

**b. Basis of Presentation - Fund Accounting**

The Territory uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

**Governmental Funds**

Governmental funds finance most of the territorial governmental functions. The measurement focus of the governmental funds is on sources, uses and balances of financial resources.



**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

The general fund is the Territorial general operating fund. It accounts for resources that fund the services governments traditionally provide to its citizens except those required to be accounted for in another fund.

Special revenue funds account for specific revenue sources (other than for capital projects and debt service) that are legally or donor restricted to expenditure for specified purposes.

Capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

A debt service fund is used to account for the accumulation of resources for, and payment of principal and interest on general long-term obligations.

**Proprietary Funds**

Proprietary funds account for activities similar to those found in the private sector. The measurement focus of the proprietary funds is upon determination of net income, financial position, and cash flows. Enterprise funds account for business-like Territorial activities that provide goods and services to the public financed primarily through user charges. Internal service funds provide goods and services to other funds, agencies, component units, or other activities on a cost allocation basis.

The Territory's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, and all applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**Fiduciary Funds**

Fiduciary funds account for resources the Territory holds as trustee or agent for individuals, private organizations, or other governmental units.

Agency funds are custodial in nature and do not involve measurement of results of operations.

**c. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all the activities of the primary government and its component units, except for fiduciary activities. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. Governmental activities and business-type activities are reported separately to highlight the differences in funding and operations. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, on the other hand, rely mostly on fees and charges that are designed to recover the costs of operations, including the cost of capital.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

The statement of activities outlines the direct expenses of each of the Territory's major functions and the program revenues generated by those programs. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Government-wide financial statements do not provide information by fund or account group, but distinguish between the Territory's governmental activities and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the Territory's statement of net assets includes both noncurrent assets and noncurrent liabilities of the Territory, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the Territory's fixed assets, including infrastructure.

In addition to the government-wide financial statements, the Territory has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the Territory's General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund and Fiduciary Fund is similar to that previously presented in the Territory's financial statements, although the format of these fund level financial statements has been modified by Statement No. 34.

Management's Discussion and Analysis which is presented as required supplementary information includes an analytical overview of the Territory's financial activities. In addition, budgetary comparison statements are presented that compare the adopted and modified budgets with actual results for the General Fund and the Special Revenue - Federal Grants Fund.

The fund statements include separate statements for governmental, fiduciary and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, And Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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, the Territory considers revenues to be available if they are

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Income taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Territory receives cash.

The Territory reports the following major governmental funds:

- The General fund is the Territory's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Grant fund accounts for the majority of grants received by the Territory except for grants received by the proprietary funds. These activities are funded with grants from various federal agencies and private sources.
- The Debt Service fund accounts for amounts accumulated for the repayment of long-term obligations.

The Territory's proprietary funds are the Airport Fund and Industrial Park Fund. The Airport Fund is reported as a major fund. The Territory's proprietary activities include the operation of the Pago Pago International Airport and the Tafuna Industrial Park.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between the business-type activities and the governmental activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Territory's proprietary activities are charges to the customers for services. Principal operating revenues of the internal service funds are premiums charged to individual departments for workers compensation coverage and charges to departments or funds for housing or printing. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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**d. Budgets and Budgetary Accounting**

The Territory adopts an annual budget on a basis consistent with generally accepted accounting principles at the legal level of control, which is the department or project level. During the fiscal year supplementary appropriations are made as needed. The results are increases to the appropriations within the funds. The Director of the Office of Program Planning and Budget is permitted under law to move amounts up to \$25,000, or 10% of line amounts, whichever is less, from one line account to another; legislative appropriation is required on all line item account shifts over 10% or \$25,000. All annual appropriations lapse at the end of the fiscal year. Annual budgets are adopted for the General Fund, certain Special Revenue Funds and the Debt Service Fund. Budgets for Proprietary and Trust Fund operations are estimated in the annual budget, but controlled by available resources and demand for services.

Federal Grants, accounted for in certain Special Revenue Funds, have a budget and project life determined by each grant award. The Department of Interior's operating grant is generally awarded after adoption of the Territorial budget. The Territory has to adopt a supplemental budget during the fiscal year to provide for differences between the estimated amount and the actual amount of the grant award. Budgets for capital improvement projects are determined by local funding appropriations and the annual Department of Interior Capital Improvement Projects grant award.

**e. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at fiscal year end in governmental fund types are reported as reservations of fund balances provided there is an adequate fund balance to allow for a reserve, since they do not constitute expenditures or liabilities.

Encumbrances, which represent commitments that are to be funded by grants or other resources to be provided in the future, are not reported as reservations of fund balance since they will not be paid from the fund balance. Encumbrances, which represent commitments by departments in excess of available appropriations, are not carried forward or reserved, as these commitments must be funded from resources to be provided in the subsequent year.

**f. Investments**

Statutes authorize the Treasurer to invest funds at his discretion. The Treasurer's investment objectives are preservation of capital, maintenance of adequate liquidity, and obtaining the best yield possible within prescribed parameters. Investments are stated at fair value. The investment policies of the Land Grant Trust (a part of the American Samoa Community College) and the Pension Trust are established by their respective boards. Investment of these funds are in a broader variety of securities such as corporate bonds, equities, real estate, trusts, collateralized mortgage obligations, asset backed securities and commercial paper.



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**g. Cash and Cash Equivalents**

The amounts shown on the Combined Balance Sheet as cash and cash equivalents represent the total of petty cash, cash on deposit in banks and certificates of deposits with original maturities of less than 90 days.

**h. Interfund Transactions**

The Territory accounts for the following types of interfund transactions:

Due From Other Funds-Pooled Cash and Due To Other Funds-Pooled Cash represent the excess (due from) or deficiency (due to) of cash received by the general fund over the amount of expenditures for participating funds paid by the General Fund. For certain funds, the Territory deposits all receipts into a general fund bank account and makes all disbursements from the same account creating a due from or due to in the General Fund. The recording of the receipt or disbursement on the participating funds' records creates a due from or due to for an equal amount. Since the total Due From Other Funds-Pooled Cash for a participating fund can exceed the amount of cash in the operating bank account these amounts are not classified as cash and cash equivalents.

Due To/Due From Other Funds represents Quasi-external transactions involving charges for goods or services that one fund delivers or provides to another fund. These transactions are either recorded as a reduction or increase in Due To/Due From Other Funds - Pooled Cash, if they are a pooled cash participant, or as an interfund payable or receivable, if the agency is external to the pooled cash account.

Advances due to and from other funds represent long-term interfund loan receivables and payables.

Operating transfers include all interfund transactions that are not loans or reimbursements.

**i. Receivables**

The Territory, with minor exceptions, has adopted the personal and corporate income tax code of the United States in effect as of December 31, 2000. No changes to the US Tax Code since December 31, 2000 have been adopted by the Territory. Withheld income taxes held by employers or corporations, taxes levied and billed by the tax office and unpaid taxes on filed returns are accrued as receivables. Unbilled revenues for services provided between the last billing date and the end of the year are estimated and accrued as receivables. Interest earned and unpaid on investment securities is accrued and recorded as receivables for all funds. Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

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**j. Inventories**

Inventories are valued at average cost or market, whichever is less. Inventories of materials and supplies are reported as expenditures/expenses when consumed, except that the Federal Grant Fund reports expenditures for school lunch supplies using the purchases method.

**k. Prepaid Expenses**

Payments made to vendors for costs applicable to future accounting periods are recorded as prepaid assets.

**l. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The Territory has established a capitalization policy to recognize capital assets as assets with an initial, individual cost greater than the amount as set forth in the table below and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land	\$ 0.00
Land improvements	100,000
Building and improvements	100,000
Machinery and equipment	20,000
Vehicles	0.00
Infrastructure	100,000

Property, plant, and equipment of the Territory is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than buildings	15-40
Infrastructure	25-40
Vehicles	5-10
Equipment	5-15

**m. Compensated Absences**

It is the policy of the Territory to permit employees to accumulate earned but unused vacation benefits, which will be paid to the employees upon separation from service. Vacation leave is fully vested when earned but accumulated vacation leave cannot exceed 60 days at the end of any calendar year. Sick leave is vested when earned and the accumulation is not limited.

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Employees separated from service are compensated for unused accrued sick leave at the rate of 50% of sick leave in excess of 239 hours. Retiring employees with less than 30 years of service may apply accumulated unused sick leave for additional service credits.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**n. Income Tax Refunds Payable**

During the calendar year, the Territory collects employee withholdings and taxpayer's payments for individual and corporate income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At September 30, the Territory estimates the amount it owes taxpayers for overpayments during the preceding nine months. This estimated payable is recorded as tax refunds payable and a reduction of tax revenues.

**o. Deferred Revenues**

Deferred revenues consist of the long-term portion of the Marine Railway and Army Reserve leases that are applicable to future years, an amount representing prepaid corporate income taxes to be offset against future years' taxes and revenues for nonexchange transactions not received within sixty days after the fiscal year.

**p. Long Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized issuance costs and the unamortized deferred amounts from refunding issues.

**q. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The Territory has the following reservations of fund balance:

1. Debt service represents net assets available to finance future debt service requirements.
2. Retirement System represents the employees' retirement system net assets available to finance future benefit obligations.
3. Inventories represents the reservation of funds set aside for inventories which are not considered current financing resources.
4. Endowments and Land grant programs represent amounts held in trust in which only earnings not principal may be expended.
5. Encumbrances represent outstanding purchase orders, contracts and other commitments for the expenditure of funds from prior year appropriations.

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**r. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes the reconciliation between fund balances in the governmental funds and net assets reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. The Self-Insurance Fund balances are allocated from the Internal Service Fund to the governmental activities. In addition, capital assets and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balances for the governmental funds. These adjustments reflect the transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense. And, capital lease revenues are added, while principal payments on long-term debt are eliminated from the operating costs.

**s. Indirect Cost Allocation**

The Territory utilizes an indirect cost allocation system to allocate costs incurred in the General Fund that are indirect expenses of other funds. Reimbursements to the General Fund are recorded as expenditures/expenses in the reimbursing fund and as Interdepartmental revenues in the General Fund.

**t. Use of Estimates in the Preparation of the Financial Statements**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Changes in these estimates and assumptions are considered reasonably possible and may have a material impact on the financial statements.

**2. DEPOSITS AND INVESTMENTS**

**a. Deposits**

Cash and cash equivalents held by various financial institutions for the Territory, except the Retirement Fund its blended component unit, and its discretely presented component units was \$26,557,701. This consists of amounts insured by the FDIC of \$200,000, collateralized amounts of \$26,347,701.



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**b. Investments**

Investments of the primary government are categorized as follows:

Primary Government

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 2,461,370	\$ 2,461,370	\$ -	\$ -	\$ -
U.S. Treasuries	185,678	185,678	-	-	-
U.S. Government Agencies	3,790,070	-	3,790,070	-	-
Municipal Bonds	1,200,000	-	500,000	-	700,000
Mutual Funds	15,241,158	15,241,158	-	-	-
Total Investments	<u>\$ 22,878,276</u>	<u>\$ 17,888,206</u>	<u>\$ 4,290,070</u>	<u>\$ -</u>	<u>\$ 700,000</u>

Blended Component Unit

Retirement Fund:

The Board of Trustees of the Fund has the power and authority under territorial law to make all decisions on the investment of Fund assets and the employment of professional investment agents. Investment authority is not restricted by types of property or other investment options, but the law does limit the amount of an individual investment that may be made in any one instrument or security issued by a political subdivision, corporation or other entity. The law also provides guidelines on the qualifications of investment agents that may be employed by the Fund.

In 2005, the Board of Trustees formally approved a Statement of Investment Policy, Guidelines and Objectives, which substantially restructured the Fund's investment portfolio and investment managers providing services to the Fund. The new asset allocation targets are 50% domestic equity, 20% international equity, 25% fixed income, and 5% real estate. As of September 30, 2006, all investments were held in mutual funds and real estate. Their allocation is as follows:

	Fair Value	Percentage
Domestic equity	\$ 94,175,934	48%
International equity	40,120,549	20%
Fixed income	48,312,209	24%
Loan - ASG	9,884,036	5%
Real Estate - Centennial Office Building	5,000,000	3%
Balance - September 30, 2006	<u>\$ 197,492,728</u>	<u>100%</u>

The Fund pays investment fees either through direct payments to the investment manager or as a deduction from investment returns.

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**3. RECEIVABLES**

**a. Capital Lease Receivable**

Effective May 1, 1985 the Territory entered into a lease agreement whereby the Marine Railway Facility was leased to an independent contractor for fifteen years plus three five year extensions. The lease provided for minimum annual payments of \$50,000 for the first five-years and is renegotiable thereafter. Renegotiations occurred in 1997 and the minimum annual payments were changed to \$40,000. This lease was renewed on May 1, 2000. Lease payments may increase based upon sales volume of the contractor and if sales volume is less than \$750,000 annually, the contractor may terminate the lease. An annual payment in the amount of \$40,000 was received in fiscal year 2006. The Territory has recognized a lease receivable from the contractor amounting to \$264,289 with the same amount included as deferred revenue at September 30, 2006 which is the present value of the lease at \$40,000 annually to April 30, 2015, discounted at 6%.

**b. Other Receivables**

Other Receivables (excluding ASPA and ASCC) on the fund financial statements by account type and source are as follows:

	<u>Receivable</u>	<u>Allowance</u>	<u>Balance</u>
Taxes			
General Fund	\$ 21,720,269	\$ 12,340,289	\$ 9,379,980
Accounts Receivable			
General Fund	3,535,178	3,319,606	215,572
Special Revenue Funds	19,987	15,000	4,987
Debt Service Fund	136,615	-	136,615
Capital Projects Funds	168,033	-	168,033
Enterprise Funds	1,485,296	1,045,776	439,520
Fiduciary Funds	451,699	-	451,699
Contributions Receivable			
Fiduciary Funds	522,871	-	522,871
Due from U.S. Government			
Special Revenue Funds	16,887,704	480,756	16,406,948
Capital Project Funds	1,209,374	-	1,209,374
Total	<u>\$ 46,137,026</u>	<u>\$ 17,201,427</u>	<u>\$ 28,935,599</u>

**TERRITORY OF AMERICAN SAMOA**  
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**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A summary of interfund receivable and payable balances are as follows:

Due To/Due From Other Funds is as follows:

Primary Government

	Due To/Due From Receivable	Due To/Due From Payable
General Fund	\$ 520,193	\$ -
Special Revenue Funds:		
Disaster Recovery	-	137,019
Enterprise Funds:		
Airport	9,390	62,494
Internal Service Funds:		
Workers Compensation	-	330,070
	<u>\$ 529,583</u>	<u>\$ 529,583</u>

Due To/Due From Other Funds - Pooled Cash accounts are summarized as follows:

	Due From	Due To
General Fund	\$ 6,920,595	\$ 3,740,287
Special Revenue Funds	-	6,442,779
Capital Projects Funds	-	477,418
Debt Service Fund	-	400
Internal Service Funds	1,589,477	-
Miscellaneous Deposits	2,150,812	-
	<u>\$ 10,660,884</u>	<u>\$ 10,660,884</u>

Operating Transfers In/Out are as follows:

Out Of	Amount	In To	Purpose
General Fund	\$ 982,176	Enterprise Fund - Airport	Operating Subsidy
General Fund	89,442	Enterprise Fund - Industrial Park	Operating Subsidy
General Fund	56,333	Grant Fund	Illegible Cost
		Special Revenue Fund - Disaster	Matching Grant Funds -
General Fund	111,000	Recovery	FEMA
	<u>1,238,951</u>		
Capital Projects	80,313	Internal Services - Housing	Capital Asset Purchases
Debt Service Fund	291,667	General Fund	Bond payment - EOB
Total Transfers Out	<u>\$ 1,610,931</u>		

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**5. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended September 30, 2006 was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,539,718	\$ -	\$ -	\$ 1,539,718
Construction in process	18,322,865	20,958,780	(8,445,008)	30,836,637
 Total capital assets not being depreciated	 19,862,583	 20,958,780	 (8,445,008)	 32,376,355
Capital assets being depreciated				
Buildings and improvements	92,350,036	4,089,498	-	96,439,534
Improvements other than buildings	37,831,586	519,841	-	38,351,427
Vehicles	13,524,950	5,585,322	-	19,110,272
Equipment	12,563,676	2,002,637	-	14,566,313
Infrastructure	93,439,373	771,249	-	94,210,622
 Totals capital assets being depreciated	 249,709,621	 12,968,547	 -	 262,678,168
Less accumulated depreciation:				
Buildings and improvements	31,207,275	2,505,338	-	33,712,613
Improvements other than buildings	17,643,330	737,057	-	18,380,387
Vehicles	9,423,248	1,670,856	-	11,094,104
Equipment	7,170,560	1,093,206	-	8,263,766
Infrastructure	34,438,739	2,996,405	-	37,435,144
 Total accumulated depreciation	 99,883,152	 9,002,862	 -	 108,886,014
 Total capital assets being depreciated, net	 149,826,469	 3,965,685	 -	 153,792,154
 Governmental activities capital assets, net	 \$ 169,689,052	 \$ 24,924,465	 \$ (8,445,008)	 \$ 186,168,509

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	Primary Government			
	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Business-Type Activities:				
Land and rights	\$ 1,871,894	\$ -	\$ -	\$ 1,871,894
Land improvements	63,762,255	233,878	-	63,996,133
Buildings and structures	6,460,119	11,087,968	-	17,548,087
Machinery and equipment	2,860,768	1,695,071	-	4,555,839
Work in process	11,707,020	3,869,566	(12,430,425)	3,146,161
Totals at historical cost	<u>86,662,056</u>	<u>16,886,483</u>	<u>(12,430,425)</u>	<u>91,118,114</u>
Less accumulated depreciation:				
Buildings and structures	4,361,131	174,490	-	4,535,621
Machinery and equipment	1,179,170	211,301	-	1,390,471
Land improvements	21,400,349	2,640,755	-	24,041,104
Total accumulated depreciation	<u>26,940,650</u>	<u>3,026,546</u>	<u>-</u>	<u>29,967,196</u>
Business-Type activities capital assets, net	<u>\$ 59,721,406</u>	<u>13,859,937</u>	<u>\$ (12,430,425)</u>	<u>\$ 61,150,918</u>

Depreciation expense was charged to the governmental functions as follows:

Economic development	\$ 1,002,735
Education and culture	1,323,038
Health and welfare	474,589
Public safety	553,726
General Government	<u>5,648,774</u>
Total governmental depreciation expense	<u>\$ 9,002,862</u>

## 6. LEASES

The Territory leases property for the Lava Lava Golf Course from various landowners. Annual payments of \$30,000 to June 30, 2032 for a total of \$1,500,000 were prepaid during the year ended September 30, 1985 and are being amortized over the term of the lease. The unamortized balance at September 30, 2006 was \$772,504.

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**7. DEFINED BENEFIT PENSION PLAN (EMPLOYEES RETIREMENT FUND)**

The Retirement Fund is a cost sharing multiple employer contributory defined benefit retirement fund which was established in 1971 and provides retirement annuities for the employees of the Territory, its component units, American Samoa Power Authority, American Samoa Community College, American Samoa Medical Center Authority - Lyndon B. Johnson Tropical Medical Center, and American Samoa Telecommunications Authority and its related entities, the Development Bank of American Samoa and Feleti Barstow Public Library.

The Employees' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting:

American Samoa Government  
Employees' Retirement Fund  
P.O. Box 2448  
Pago Pago, AS 96799-2448

The Employees' Retirement Fund is presented on the accrual basis of accounting in conformity with generally accepted accounting principles as applicable to government entities.

**a. Retirement Eligibility**

The Fund's retirement eligibility provisions are as follows:

- Normal retirement - Age 65 with five years of service or age 55 with 30 years of service
- Early retirement - Age 55 with ten years of service (reduced benefits)

The surviving spouse of an active member, who dies before retirement but after attaining eligibility for retirement, may receive either a refund of employee contributions with interest or a life annuity equal to one-half the retirement annuity that would have been paid to the deceased member. An additional lump sum death benefit of \$2,500 to \$10,000, based on years of service, is also payable to survivors of active members of the Fund. A lump sum death benefit of \$1,500 is payable to survivors of retired members of the Fund.

**b. Benefit Payments to Retired Members**

The annual retirement benefit, payable monthly for life, equals 2% of the average annual salary for three consecutive years, multiplied by the number of years of service to a maximum of 30 years (from 10% to 60% based upon years of service). The minimum annual benefit is \$600.

The value of a member's individual account is payable at the member's option in either a single life annuity or a qualified joint and survivor annuity (actuarially reduced).

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**c. Terminated Employees**

Any member terminated for any reason other than retirement is entitled to the return of all employee contributions made plus interest at a rate of 5% per year. Refunds are made upon an application request by the employee and acceptance of a refund terminates membership in the Fund and forfeiture of any benefit.

**d. Administrators of the Fund**

The responsibility for proper administration of the Fund and the direction of its policies is vested in a five-member appointed Board of Trustees.

**e. Fund Membership**

Virtually all full time employees of the primary government, component units, the Development Bank and Feleti Barstow Public Library, other than contract specialists, are covered by the Fund. Fund membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,466
Terminated vested employees not receiving benefits	<u>90</u>
	<u>1,556</u>
Active Employees:	
Vested	2,188
Non-vested	<u>2,615</u>
	<u>4,803</u>

**f. Funding Status and Progress**

The amount shown below as pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assess the funding status on a going concern basis, and to assess progress made in accumulating sufficient assets to pay benefits when due. The measure is independent of the actuarial funding method used to determine contributions to the Fund.

The pension benefit obligation was determined as part of an actuarial valuation at October 1, 2005. Significant actuarial assumptions used include a rate of return on the investment of present and future assets of 8.0% per year compounded annually, and projected salary increases of 5.75% (4% inflation increase) per year, compounded annually until retirement. It is assumed that there will be no post retirement benefit increases.



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**g. Contributions**

The primary government, component units, the Development Bank and Feleti Barstow Public Library have agreed to contribute such amounts as provided by the Territory's Code Section 7.1433 to the Fund each year on an actuarially determined basis and as approved by the Board. The contribution rate is 8.0% of employees' regular earnings; excluding overtime.

Each member of the Retirement Fund contributes 3% of earnings and earns interest at 5% compounded annually. Employee contributions are made through payroll deductions. Employee contributions and the related interest earned are refunded in full to members whose employment is terminated for any reason other than retirement, and as a death benefit to the survivors of deceased employees not yet eligible for retirement. Employees are fully vested in the employer portion, payable as a retirement annuity, after ten years of participation in the Fund.

Contributions totaling \$9,196,124 (\$6,567,095 from sponsors and \$2,629,029 from employees) were made in accordance with actuarially determined contribution requirements determined through an annual actuarial valuation. The employer contribution consists of \$6,541,109 of normal cost and \$0 amortization of the unfunded actuarial accrued liability, which has been reduced to \$0. All employee contributions are used to reduce the normal cost liability before the employer's required contribution rate is calculated. Employer and employee contributions as a percentage of covered payroll are 8.6% and 3.5%, respectively.

The Fund utilizes the frozen entry age normal actuarial cost method and the level dollar of projected payroll for funding requirements. The unfunded actuarial accrued liability is amortized over 30 years (closed basis).

**h. Employer Contributions**

Historical trend information designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits when due follows:

Fiscal Year Ending:	Required Employer Contributions	Percentage of Required Contributions Contributed
September 30, 2006	\$ 6,541,109	100.4%
September 30, 2005	5,983,779	108.9
September 30, 2004	6,493,413	94.8
September 30, 2003	4,828,239	111.1
September 30, 2002	4,880,833	100.8
September 30, 2001	3,800,238	125.0

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution made in 2006 totaled \$6,567,096.



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**8. LONG-TERM OBLIGATIONS**

- a. Changes during the year ended and balances as of September 30, 2006, including the current portions of the Territory's long-term obligations were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General obligation refunding					
Bonds, series 2000	\$ 6,515,000	\$ -	\$ 2,085,000	\$ 4,430,000	\$ 2,150,000
Loan payable FEMA	2,545,821	84,297	-	2,630,118	2,630,118
Department of Interior	17,949,190	1,060,640	890,288	18,119,542	1,000,000
Claims and Judgments	3,500,000	4,350,000	-	7,850,000	400,000
Workers Compensation Claims	599,420	-	66,865	532,555	100,000
Landfill closure and Post-closure liability	287,658	-	-	287,658	-
Compensated Absences	12,663,702	6,838,804	5,680,154	13,822,352	5,700,000
America Samoa Government					
Retirement Fund - LBJ Loan	-	10,000,000	115,964	9,884,036	320,988
	<u>\$ 44,060,791</u>	<u>\$ 22,333,741</u>	<u>\$ 8,838,271</u>	<u>\$ 57,556,261</u>	<u>\$ 12,301,106</u>

**b. Bonds**

Primary Government

**General Obligation Refunding Bonds, Series 2000**

On July 1, 2000 the Territory issued General Obligation Refunding Bonds, Series 2000 in the amount of \$18,040,000 at an interest rate of 5.86%. Proceeds of the Bonds were used to refund the various outstanding obligations at that date.

Annual debt service requirements for the bonds are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 2,150,000	\$ 265,800	\$ 2,415,800
2008	2,280,000	136,800	2,416,800
Total	<u>\$ 4,430,000</u>	<u>\$ 402,600</u>	<u>\$ 4,832,600</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**c. Loan Payable - FEMA**

Primary Government

The Territory received proceeds of special Community disaster loans from FEMA during fiscal years 1993 and 1994 totaling \$10,179,089. There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan.

FEMA had cancelled \$8,638,009 of principal and \$3,227,779 of interest on these notes in May 2000. The Territory expects the remaining amounts of this note plus interest to be cancelled in subsequent years.

The annual debt service requirements for the notes are as follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>
2006	\$ 1,541,080	\$ 1,089,038	\$ 2,630,118

**d. Department of Interior Loan**

In 1999 Congress passed legislation that authorizes the Secretary of the Interior to lend the Territory up to \$18,600,000 at an approximately 5.4% interest rate in exchange for an irrevocable assignment of the payments due to the Territory under the Master Settlement Agreement with certain tobacco companies for the next 26 years. The legislation requires the Territory to pledge its full faith and credit to repay the loan, should the payments from the Tobacco Settlement be insufficient. The Territory required this pledge to be junior with respect to the Pledged Taxes and Revenues for the General Obligation Refunding Bonds, Series 2000. Proceeds of \$14,300,000 from the loan were used to pay creditors of the Territory and additional borrowings of \$4,300,000 was used to plan and implement a fiscal reform program.

Principal and interest payments are funded from the periodic receipt of The Territory's share of the Tobacco Settlement.

**e. American Samoa Government Retirement Fund - LBJ Loan**

In April, 2006 the Territory of American Samoa entered into a loan agreement with the American Samoa Government Retirement Fund to borrow \$10 million. The purpose of the loan is to pay the debts and obligations of the American Samoa Medical Center Authority - Lyndon B. Johnson Tropical Medical Center. Interest on the loan is 8% per annum, with equal quarterly payments of interest on the principal amount outstanding of the last day of each quarter. The loan will be paid with funds received from the American Samoa Telecommunications Authority as a payment in lieu of taxes.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

The loan has been secured by a security interest in the real property and all improvements of the Tafuna Industrial Park as well as the assignment of rents and leases in the Tafuna Industrial Park. The loan is to be repaid in 16 1/3 years terminating on May 1, 2022.

Annual debt service requirements for this loan are as follows:

Year Ending September 30	Principal	Interest	Total
2007	\$ 320,988	\$ 779,012	\$ 1,100,000
2008	345,479	754,521	1,100,000
2009	376,304	723,696	1,100,000
2010	407,537	692,463	1,100,000
2011	441,362	658,638	1,100,000
2012-2016	2,817,308	2,682,692	5,500,000
2017-2021	4,200,452	1,299,548	5,500,000
2022	974,606	39,536	1,014,142
	\$ <u>9,884,036</u>	\$ <u>7,630,106</u>	\$ <u>17,514,142</u>

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**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**9. MAJOR COMPONENT UNIT INFORMATION**

	<u>ASPA</u>	<u>ASCC</u>	<u>LBJ</u>	<u>ASTCA</u>	<u>Totals</u>
<b>Assets:</b>					
Cash, investments and other assets	\$ 13,455,776	\$ 7,339,247	\$ 9,461,644	\$ 12,159,837	\$ 42,416,504
Due from primary government	1,316,965	-	-	-	1,316,965
Due from other funds	206,003	-	-	-	206,003
Capital Assets, net	91,983,283	3,919,068	10,554,384	24,082,626	130,539,361
<b>Total Assets</b>	<u>106,962,027</u>	<u>11,258,315</u>	<u>20,016,028</u>	<u>36,242,463</u>	<u>174,478,833</u>
<b>Liabilities:</b>					
Accounts payable and other current liabilities	13,987,818	2,256,410	3,271,308	2,787,275	22,302,811
Due to other funds	-	-	57,426	-	57,426
Advances from Other Funds	-	-	-	-	-
Long-term liabilities	2,788,583	479,060	6,380,037	-	9,647,680
<b>Total Liabilities</b>	<u>16,776,401</u>	<u>2,735,470</u>	<u>9,708,771</u>	<u>2,787,275</u>	<u>32,007,917</u>
<b>Net assets:</b>					
Invested in capital, net of related debt	88,826,267	3,919,068	10,554,384	-	103,299,719
Restricted	703,735	4,546,424	-	-	5,250,159
Unrestricted	<u>655,624</u>	<u>57,353</u>	<u>(247,127)</u>	<u>33,455,188</u>	<u>33,921,038</u>
<b>Total Net Assets</b>	<u>\$ 90,185,626</u>	<u>\$ 8,522,845</u>	<u>\$ 10,307,257</u>	<u>\$ 33,455,188</u>	<u>\$ 142,470,916</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>American Samoa Power Authority</b>				
General & Administrative	\$ 4,516,622	\$ -	\$ -	\$ -
Operations	43,220,569	48,667,478	1,307,583	3,234,006
Interest on long term debt	353,089	-	-	-
Depreciation	8,083,731	-	-	-
Total - ASPA	56,174,011	48,667,478	1,307,583	3,234,006
<b>American Samoa Comm. College</b>				
General & Administrative	2,845,395	-	-	-
Instructional	6,845,151	5,091,132	254,363	-
Interest on long term debt	-	-	-	-
Depreciation	345,165	-	-	-
Total - ASCC	10,035,711	5,091,132	254,363	-
<b>American Samoa Medical Center Authority (LBJ)</b>				
General & Administrative	2,942,688	-	-	1,211,421
Clinical and Nursing Operations	20,680,020 4,589,883	13,596,275 497,784	-	-
Interest on long term debt	-	-	-	-
Depreciation	1,050,884	-	-	-
Total - LBJ	29,263,475	14,094,059	-	1,211,421
<b>American Samoa Telecommunication Authority</b>				
General & Administrative	3,989,657	-	-	-
Operations	10,591,018	18,090,783	-	-
Interest on long-term debt	-	-	-	-
Depreciation	3,243,759	-	-	-
Total - ASTCA	17,824,434	18,090,783	-	-
<b>Total Component Units</b>	<b>\$ 113,297,631</b>	<b>\$ 85,943,452</b>	<b>\$ 1,561,946</b>	<b>\$ 4,445,427</b>

**General revenues:**

Payments from Territory of American Samoa  
Grants, entitlements and contributions  
not restricted to specific programs  
Other general revenues

**Total general revenues**

**Changes in net assets**

**Net assets, beginning of year**

**Net assets, end of year**

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

Net (Expense) Revenue and Changes in Net Assets

ASPA	ASCC	LBJ	ASTCA	Total
\$ (4,516,622)	\$ -	\$ -	\$ -	\$ (4,516,622)
9,988,498	-	-	-	9,988,498
(353,089)	-	-	-	(353,089)
(8,083,731)	-	-	-	(8,083,731)
(2,964,944)	-	-	-	(2,964,944)
-	(2,845,395)	-	-	(2,845,395)
-	(1,499,656)	-	-	(1,499,656)
-	-	-	-	-
-	(345,165)	-	-	(345,165)
-	(4,690,216)	-	-	(4,690,216)
-	-	(1,731,267)	-	(1,731,267)
-	-	(7,083,745)	-	(7,083,745)
-	-	(4,092,099)	-	(4,092,099)
-	-	-	-	-
-	-	(1,050,884)	-	(1,050,884)
-	-	(13,957,995)	-	(13,957,995)
-	-	-	(3,989,657)	(3,989,657)
-	-	-	7,499,765	7,499,765
-	-	-	-	-
-	-	-	(3,243,759)	(3,243,759)
-	-	-	266,349	266,349
			<u>\$</u>	<u>(21,346,806)</u>
-	4,211,000	13,793,027	-	18,004,027
-	-	1,734,376	-	1,734,376
41,479	159,094	10,026,433	69,096	10,296,102
41,479	4,370,094	25,553,836	69,096	30,034,505
(2,923,465)	(320,122)	11,595,841	335,445	8,687,699
93,109,091	8,842,967	(1,288,584)	33,119,743	133,783,217
<u>\$ 90,185,626</u>	<u>\$ 8,522,845</u>	<u>\$ 10,307,257</u>	<u>\$ 33,455,188</u>	<u>\$ 142,470,916</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**10. EXPENDITURES EXCEEDING APPROPRIATIONS**

Actual expenditures exceeded appropriations for certain funds and departments

Departments and Special Programs within the General Fund, which exceeded budget are as follows:

<b>General Government</b>	<b>Budget Overrun</b>
Legislature	\$ 172,396
Human Resources	5,177
Local Government	6,071
Legal Affairs	96,116
Election Office	63,271
EOB New Air Conditioning Unit	36,092
Fiscal Reform Costs	623,173
Financial Management System	246,394
Immigration System Upgrade	37,224
Insurance Premium	526,205
Contingency Fund	4,898
EOB Electric and Water Bill	44,303
Claims and Damages	245,484
Governor's House Renovation	982,088
Manu'a Aircraft	122,277
Territorial Administration on Aging	670
Human and Social Services	359,112
Territorial Office of Fiscal Reform	2,519
Political Status Study Commission	243,194
Misc. Accts - None departmental	986,881
<b>Education and Culture</b>	
Department of Education	5,897
DOE Facility Renovation	332,366
Arts Council	33,598
DOE Library Improvement	248,897
Teacher Scholarship Program (BA/BS)	94,026
American Samoa Community College Subsidy	1,363,000
Feleti Barstow Public Library	2,500
DOE Teacher Scholarship: Post Graduate	46,857



**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**Economic Development**

Port Administration	34,394
Agriculture	187,959
M.V. Sili Operation	200,494
Manu'a Island Transportation	95,762

**Health and Recreation**

Sports Complex (Bav., GC, Baseball, Stadm)	34,846
Public Health Nurse's Training	66,368

**Public Safety**

Public Safety	111,653
Judiciary	322,644
Public Defender	6,020

**Public Works**

Road Maintenance	284,492
Public Street Lights	921
Board of Tradesman	115

**Transfers Out**

Public Assistance	111,000
Grant Fund	56,333
Industrial Park	89,442
Airport	982,176

<b>Total</b>	<b>\$ 9,515,305</b>
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The disbursement of funds for these expenditures that resulted in actual expenditures in excess of authorized amounts was released without proper appropriation.

**11. RISK MANAGEMENT AND INSURANCE**

It is the policy of the Territory to cover the risk of losses to which it may be exposed through risk management activities. In general, the Territory is self-insured for health care claims and tort liability.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**a. Health Care**

Health care coverage is provided for all residents. To receive services, residents present their American Samoa Government Health Card along with a nominal payment at the time of service. The Territory assumes fiscal responsibility for authorized referrals to off-island medical care providers as well as providing care to patients at the American Samoa Medical Center Authority - Lyndon B. Johnson Tropical Medical Center in American Samoa.

The required disclosure and accrual of expenses incurred in subsequent years from medical conditions existing at September 30, 2006 are not recorded due to the lack of adequate information.

**b. Property**

The Territory has a property damage insurance policy with a commercial insurance company. Any physical loss or damage caused by all perils, to all tangible property of every description (not expressly excluded by the Policy), which is in the Territory and is owned or held by the Territory jointly, or in trust or on commission or for which the Territory is responsible or has assumed responsibility, is subject to:

- \$25 million primary policy for all of the Territory's property with a deductible of \$3,000,000 for earthquake and hurricane, \$1,000,000 for flood and \$250,000 deductible for all perils except hurricane

**c. Other Insurance**

ASPA, ASTCA and the Petroleum Cooperative maintain separate Property and automobile liability insurance.

**d. Workers Compensation**

Effective October 1, 2001 the Territory elected to become self-insured for its Workers Compensation liability to pay compensation as defined under the Workers Compensation Act. The administration of this self-insurance arrangement is handled by the Territory through its internal service fund, the Workers Compensation Fund. All funds, agencies and component units of the Territory participate in the Workers Compensation Fund. Each unit contributes to the fund a "premium" amount calculated using the prior experience of the fund as a whole.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, typically after a decision has been rendered by and Administrative Law Judge. Liabilities for incurred losses settled by fixed and reasonably determinable payments over a long prior of time are reported at their present value using an expected future investment yield based on the current investment yield of 3.0%. At September 30, 2006, these liabilities are reported at their present value of \$532,555. Claims liabilities and investments designated for payment of those claims are reported in the governmental activities column of the government-wide statement of net assets.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**e. Public Liability**

The Territory is self-insured for purposes of public liability. The Territory's Tort Liability Act allows the government to be sued for personal injury or death caused by the negligent or wrongful act or omission of any employee of the government while acting within the scope of his/her employment. The Territory continues to satisfy its obligations under the Government Tort Liability Act with an amount budgeted by the FONO each fiscal year. The Attorney General's Office is responsible for the acquisition and administration of any self-insurance plans and programs adopted for use by the Territory.

The self-insurance loss liability for risk management of \$400,000 represents an estimate of amounts to be paid from currently expendable available financial resources. The remaining liability is estimated at \$7,450,000.

**12. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE COSTS**

The Futiga Landfill has been operated for the past thirty years. During the second quarter of fiscal year 1995 the Territory transferred the landfill to ASPA. Upon transfer, the landfill was substantially filled and is currently considered full although still in use. ASPA is constructing a new landfill on leased land adjacent to the current landfill.

The Territory is required to recognize a portion of the closure and post-closure care costs in each operating period even though actual pay-outs will not occur until the landfill is closed. The amount to be recognized each operating period is based upon the landfill capacity used as of the balance sheet date. As of September 30, 2006 the Territory has recorded a liability of \$287,658. Estimated costs of the closure and post-closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

**13. COMMITMENTS AND CONTINGENCIES**

**a. Litigation**

The Territory is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. Generally the Territory is self-insured, except for property damage and fidelity bond coverage.

With respect to legal matters expected to be settled subsequent to September 30, 2006, the office of the Attorney General has estimated the amount of liability determined, as of September 30, 2006, in accordance with Statement of Financial Accounting Standards No. 5, as probable. As indicated above, the Territory has recorded a liability for judgments and claims in the amount of \$7,850,000.

**b. Grants**

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Audits may lead to reimbursement to the grantor agencies. The Territory has recorded liabilities for all audit reports that are expected to lead to disallowed costs. The Territory has not recorded an allowance in the September 30, 2006 financial statements for any amounts that cannot be estimated at this time.

**TERRITORY OF AMERICAN SAMOA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

**c. Commitments**

Outstanding commitments are comprised of the following:

	<b>Project Authorization</b>	<b>Expended Through September 30, 2006</b>	<b>Committed at September 30, 2006</b>
Airport improvements	\$ 13,107,302	\$ 2,796,223	\$ 10,311,079
Educational facilities	6,593,379	3,395,149	3,198,230
Highways and ports	2,956,891	1,599,710	1,357,181
Total	<u>\$ 22,657,572</u>	<u>\$ 7,791,082</u>	<u>\$ 14,866,490</u>

In addition to the amount of \$14,866,490 shown above as committed, \$9,281,253 is encumbered for various other capital projects, bringing total commitments to \$24,147,743. These projects will be funded primarily by grants. The Territory has additional unexpended contracts and open purchase orders for governmental activities amounting to \$6,455,138 and, proprietary fund activities amounting to \$64,451 which will be honored and become general governmental expenditures and proprietary fund expenses in subsequent fiscal years.

**14. SUBSEQUENT EVENTS**

In June 2007 the FONO passed legislation authorizing The Territory of American Samoa to enter into a loan agreement with the American Samoa Government Retirement Fund to borrow up to \$20,000,000. The purpose of the loan is to fund various projects, the majority of which are capital projects, as set forth in the legislation and any addition projects approved by the FONO. The legislation limits the term to ten years stipulates a 7.5% interest rate. The loan will be paid with funds received from certain pledged revenues (12.5% of excise tax collected on alcohol beverages as imposed pursuant to A.S.C.A., Section 11.1102(a)(1)(B); 40% of the excise tax collected on beer and malt extract as imposed pursuant to A.S.C.A., Section 11.1102(a)(1)(A); all of the revenues collected from the Customs Entry Application Forms Processing fee imposed pursuant to A.S.C.A., Section 27.104(a)(5); and 20% of the excise tax collected on tobacco products as imposed pursuant to A.S.C.A., Section 11.1102(a)(1)(C).

The amount The Territory may draw down is limited to 95% of the amount that is estimated to be able to be amortized by the pledged revenues over the ten year term of the loan. The Territory is finalizing a loan agreement in the amount of \$16 million which is the maximum amount currently authorized based on estimated pledged revenues.

The Note will be a general obligation of The Territory. The full faith, credit and taxing powers of The Territory will be pledged to the payment of principal and interest.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TERRITORY OF AMERICAN SAMOA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 52,924,000	\$ 56,264,000	\$ 55,786,185	\$ (477,815)
Licenses and Permits	1,000,000	1,000,000	1,026,761	26,761
Intergovernmental	8,300,000	8,300,000	8,964,000	664,000
Charges for Services	3,945,000	3,945,000	4,410,783	465,783
Fines and Fees	1,200,000	1,200,000	2,276,831	1,076,831
Interdepartmental	4,750,500	4,750,500	5,218,104	467,604
Miscellaneous Revenue	75,000	75,000	3,486,817	3,411,817
<b>Total revenues</b>	<b>72,194,500</b>	<b>75,534,500</b>	<b>81,169,481</b>	<b>5,634,981</b>
<b>Expenditures:</b>				
General Government	24,969,500	26,708,000	30,384,401	(3,676,401)
Public Safety	7,099,500	7,567,000	7,968,028	(401,028)
Health and Recreation	3,276,000	3,412,000	11,669,575	(8,257,575)
Public Works	5,880,000	5,948,000	6,104,821	(156,821)
Education and Culture	26,683,500	27,513,500	28,563,380	(1,049,880)
Economic Development	4,286,000	4,386,000	4,752,866	(366,866)
<b>Total expenditures</b>	<b>72,194,500</b>	<b>75,534,500</b>	<b>89,443,071</b>	<b>(13,908,571)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(8,273,590)</b>	<b>(8,273,590)</b>
<b>Other financing sources (uses):</b>				
Loan Proceeds	-	-	10,000,000	10,000,000
Transfers In	-	-	291,667	291,667
Transfers Out	-	-	(1,238,951)	(1,238,951)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>9,052,716</b>	<b>9,052,716</b>
<b>Change in fund balances</b>	<b>-</b>	<b>-</b>	<b>779,126</b>	<b>779,126</b>
<b>Fund balances, October 1, 2005</b>	<b>9,483,898</b>	<b>9,483,898</b>	<b>9,483,898</b>	<b>-</b>
<b>Fund balances, September 30, 2006</b>	<b>\$ 9,483,898</b>	<b>\$ 9,483,898</b>	<b>\$ 10,263,024</b>	<b>\$ 779,126</b>

The notes to the financial statements are an integral part of this statement.

**TERRITORY OF AMERICAN SAMOA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE - FEDERAL GRANTS**  
**YEAR ENDED SEPTEMBER 30, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 81,900,500	\$ 81,900,500	\$ 97,666,054	\$ 15,765,554
Charges for Services	-	-	-	-
Miscellaneous Revenue	-	-	1,107,631	1,107,631
<b>Total revenues</b>	<u>81,900,500</u>	<u>81,900,500</u>	<u>98,773,685</u>	<u>16,873,185</u>
<b>Expenditures:</b>				
General Government	3,144,000	3,144,000	12,579,886	(9,435,886)
Public Safety	6,391,000	6,391,000	4,458,085	1,932,915
Health and Recreation	24,223,500	24,223,500	21,002,744	3,220,756
Public Works	-	-	12,802,185	(12,802,185)
Education and Culture	42,801,500	42,801,500	42,139,487	662,013
Economic Development	5,340,500	5,340,500	5,847,631	(507,131)
<b>Total expenditures</b>	<u>81,900,500</u>	<u>81,900,500</u>	<u>98,830,018</u>	<u>(16,929,518)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>(56,333)</u>	<u>(56,333)</u>
<b>Other financing sources (uses):</b>				
Transfers Out	-	-	-	-
Transfers In	-	-	56,333	56,333
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>56,333</u>	<u>56,333</u>
<b>Change in fund balances before inventory adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Reserve for Inventory</b>	<u>-</u>	<u>-</u>	<u>(453,744)</u>	<u>(453,744)</u>
<b>Fund balances, October 1, 2005</b>	<u>1,299,955</u>	<u>1,299,955</u>	<u>1,299,955</u>	<u>-</u>
<b>Fund balances, September 30, 2006</b>	<u>\$ 1,299,955</u>	<u>\$ 1,299,955</u>	<u>\$ 846,211</u>	<u>\$ (453,744)</u>

The notes to the financial statements are an integral part of this statement.



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## STATISTICAL SECTION

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The statistical section presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the Territory operates.

**TERRITORY OF AMERICAN SAMOA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**GOVERNMENTAL FUND TYPES**  
 Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	Inter Governmental	Charges For Services	Fines & Fees	Inter-departmental	Miscellaneous	Total
1997	34,104,840	727,149	97,286,730	7,099,139	1,186,032	2,265,655	1,768,550	144,438,095
1998	38,951,135	627,919	85,935,539	7,207,642	1,140,011	4,077,092	885,952	138,825,290
1999	37,102,873	635,030	85,584,612	7,160,200	1,211,256	5,086,603	2,278,808	139,059,382
2000	30,110,939	632,533	93,626,462	7,515,943	1,540,907	4,022,174	4,456,687	141,905,645
2001	27,788,639	652,510	89,435,085	6,948,495	1,514,349	3,965,960	47,219,225 (1)	177,524,263
2002	55,430,564	826,293	95,366,789	9,983,174	1,777,983	4,405,110	43,741,027 (2)	211,530,940
2003	50,982,945	1,331,549	97,530,861	8,666,185	1,631,126	4,404,945	33,389,434 (3)	197,937,045
2004	54,841,157	1,398,718	113,960,653	7,710,281	2,249,387	4,980,834	3,736,538	188,877,568
2005	50,396,685	1,159,883	111,783,137	8,437,856	1,869,332	5,371,126	2,996,593	182,014,612
2006	58,028,656	1,026,761	113,090,007	8,514,017	2,367,292	5,218,104	6,997,385	195,242,222

( 1 ) Insurance claims of \$46,131,562 for Hurricane Val Settlement included in Miscellaneous.

( 2 ) Insurance claims of \$40,000,000 for Hurricane Val Settlement included in Miscellaneous.

( 3 ) Insurance claims of \$30,000,000 for Hurricane Val Settlement included in Miscellaneous.

**TERRITORY OF AMERICAN SAMOA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**GOVERNMENTAL FUND TYPES**  
 Last Ten Fiscal Years

Fiscal Year	General Government	Education & Culture	Economic Development	Health and Recreation	Public Safety	Public Works	Capital Projects	Debt Service	Total
1997	21,614,717	43,533,064	9,343,982	41,705,992	10,557,989	19,580,124	5,220,681	1,355,759	152,912,308
1998	40,360,843	39,747,333	7,322,390	17,815,237	7,952,399	6,361,361	2,533,507	2,330,303	124,423,373
1999	38,226,896	40,713,898	5,556,746	19,566,299	8,358,348	5,644,196	7,013,681	3,771,593	128,851,657
2000	31,241,538	47,378,345	5,859,259	20,096,429	9,619,086	5,092,858	10,494,285	22,765,675	152,547,475
2001	72,198,189	(1) 35,965,077	10,475,225	25,305,647	9,736,515	11,020,878	9,296,096	4,449,718	178,447,345
2002	55,759,306	(2) 51,291,012	11,449,198	26,841,222	9,480,908	14,098,017	7,444,320	4,177,147	180,541,130
2003	53,752,148	(3) 46,412,300	10,216,382	31,053,192	10,908,073	7,005,487	7,237,294	4,163,996	170,748,872
2004	61,874,455	53,628,589	9,987,688	37,103,729	12,809,992	7,215,355	5,805,520	3,996,207	192,421,535
2005	45,554,822	65,881,232	20,083,083	31,951,645	11,827,452	5,800,698	7,411,238	3,988,554	192,498,724
2006	47,862,085	70,702,867	4,752,866	32,672,319	12,426,113	18,907,006	11,434,329	3,732,855	202,490,440

(1) Includes payment of contingent attorney fees of \$20,759,202 and \$23,218,714 of repayment to federal agencies as a result of an insurance settlement.

(2) Includes payment of contingent attorney fees of \$18,000,000 related to an insurance settlement.

(3) Includes payment of contingent attorney fees of \$13,500,000 related to an insurance settlement.

**TERRITORY OF AMERICAN SAMOA**  
**GENERAL FUND REVENUES BY SOURCE**  
 Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges For Services	Fines & Fees	Inter-Departmental	Miscellaneous	Total
1997	31,322,209	727,149	23,056,000	4,539,302	1,186,032	1,914,985	218,533	62,964,210
1998	38,951,135	627,919	23,056,000	3,777,457	1,140,011	2,021,748	171,549	69,745,819
1999	37,102,873	635,030	14,916,780	3,791,325	1,211,256	2,144,297	204,227	60,005,788
2000	30,110,939	632,533	15,098,791	3,996,665	1,526,976	4,022,174	1,830,831	57,218,909
2001	26,390,097	652,510	14,871,771	3,281,604	1,514,349	3,965,960	23,418,118 (1)	74,094,409
2002	53,275,498	826,293	15,286,320	4,675,344	1,652,818	4,405,110	41,209,989 (2)	121,331,372
2003	49,016,848	1,331,549	18,365,421	3,598,145	1,509,159	4,404,945	30,530,680 (3)	108,756,747
2004	52,676,310	1,398,718	20,133,564	3,746,672	2,132,437	4,980,834	638,877	85,707,412
2005	48,079,825	1,159,883	14,801,784	4,242,916	1,777,033	5,371,126	541,217	75,973,784
2006	55,786,185	1,026,761	8,964,000	4,410,783	2,276,831	5,218,104	3,486,817	81,169,481

(1) Insurance proceeds of \$22,912,848 for Hurricane Val Settlement included in Miscellaneous.

(2) Insurance proceeds of \$40,000,000 for punitive damages from Hurricane Val Settlement included in Miscellaneous.

(3) Insurance proceeds of \$30,000,000 for post judgment interest from Hurricane Val Settlement included in Miscellaneous.

Table 4

Public works	Total
034,065	74,116,783
131,334	56,719,777
792,427	50,220,205
811,903	49,288,412
841,833	74,609,463
478,483	91,712,340
383,001	85,253,678
496,823	89,035,700
800,698	87,578,280
104,821	89,443,071

Table 5

**TERRITORY OF AMERICAN SAMOA**  
**RATIO OF NET GENERAL BONDED DEBT PER CAPITA**  
 Last Ten Fiscal Years

Fiscal Year	Population	Bonded Debt	Amount Available For Debt Service	Net Bonded Debt	Per Capita
1997	59,600	8,520,000	2,464,337	6,055,663	101.61
1998	61,200	8,065,000	2,862,521	5,202,479	85.01
1999	62,900	7,560,000	2,583,264	4,976,736	79.12
2000	57,291	18,040,000	2,463,670	15,576,330	271.88
2001	57,291	15,720,000	2,666,232	13,053,768	227.85
2002	60,800	13,605,000	5,713,714	7,891,286	129.79
2003	62,600	11,370,000	7,397,202	3,972,798	63.46
2004	64,100	9,010,000	6,501,252	2,508,748	39.14
2005	65,500	6,515,000	7,653,446	(1,138,446)	(17.38)
2006	66,900	4,430,000	9,225,557	(4,795,557)	(71.66)

Population Sources:

American Samoa Department of Commerce Statistical Yearbook 1998  
 American Samoa Department of Commerce Statistical Yearbook 2003  
 American Samoa Department of Commerce Statistical Yearbook 2004  
 American Samoa Department of Commerce Statistical Yearbook 2005



Table 6

**TERRITORY OF AMERICAN SAMOA**  
**PER CAPITA INCOME IN THE U.S. AND AMERICAN SAMOA**  
 For the Fiscal Year Ending

<u>SUBJECT</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
American Samoa	\$4,537	\$4,537	\$4,537	\$4,537	\$4,537	\$3,270	\$3,270
United States	\$27,990	\$27,420	\$25,237	\$25,237	\$25,237	\$25,237	\$25,237
American Samoa as % of U.S.	16.2%	16.5%	18.0%	18.0%	18.0%	13.0%	13.0%

Source for 2006:

2 American Samoa Department of Commerce Statistical Yearbook 2006 not yet published

American Samoa Department of Commerce Statistical Yearbook 2005

**LABOR FORCE & EMPLOYMENT STATISTICS**  
Last Ten Fiscal Years

Table 7

<u>SUBJECT</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Population	66,900	65,500	64,100	62,600	60,800	57,291	57,291	62,900	61,200	59,600
Population 16 to 65 years of age	33,945 (1)	33,945	33,945	33,945	33,945	33,945	33,945	n/a	33,178	n/a
Employed	17,395	17,344	17,502	17,407	17,230	n/a	15,300	15,090	14,815	14,405
Government	5,894	6,064	5,902	5,621	5,397	4,134	4,391	4,753	4,861	4,405
Tuna Canneries	4,757	4,546	4,600	5,036	5,133	5,230	5,009	4,957	5,014	4,500
Other	6,744	6,734	7,000	6,750	6,700	n/a	5,900	5,380	4,940	5,500

Source for 2006:

American Samoa Department of Commerce Statistical Yearbook 2006 not yet published

American Samoa Department of Commerce Statistical Yearbook 2005

( 1 ) Population Figures are from 2000 Census

Table 8

**TERRITORY OF AMERICAN SAMOA**  
**PUBLIC UTILITY STATISTICS**  
 Last Ten Fiscal Years

	ASPA ( a ) TOTAL KWH SOLD	GOVERNMENTAL WATER ( b ) TOTAL GALLONS SOLD	NUMBER OF TELEPHONES ( c )
YEAR	(in thousands)	(in millions)	
1997	126,140	2,120	10,000
1998	128,178	2,183	11,896
1999	137,834	2,163	11,919
2000	146,444	n/a	10,252
2001	148,109	2,277	12,587
2002	156,209	n/a	14,053
2003	165,569	n/a	10,713
2004	188,104	n/a	10,354
2005	188,975	2,241	10,663
2006 (1)	188,975	2,241	10,663

Sources:

( a ) American Samoa Power Authority

( b ) American Samoa Power Authority

( c ) American Samoa Telecommunications Authority

( 1 ) Figures for 2006 were not available. 2005 figures were substituted.

Table 9

**TERRITORY OF AMERICAN SAMOA**  
**PETROLEUM CONSUMPTION (in US Gallons)**  
**Last Seven Fiscal Years**

<b>YEAR</b>	<b>DIESEL</b>	<b>JET FUEL</b>	<b>GASOLINE</b>	<b>TOTAL</b>
2001	42,704,188	5,880,049	5,876,939	54,461,176
2002	46,844,009	5,160,665	5,995,962	58,000,636
2003	41,963,075	4,411,216	5,956,555	52,330,846
2004	36,011,861	3,810,608	6,323,885	46,146,354
2005	39,496,481	2,965,592	6,189,216	48,651,289
2006	34,822,068	2,902,966	5,929,228	43,654,262

Source:  
American Samoa Office of Petroleum Management

Table 10

**TERRITORY OF AMERICAN SAMOA**  
**ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

YEAR	TOURIST ARRIVALS	PORT ACTIVITY		TOTAL REGISTERED BUSINESSES	BUILDING PERMITS	
		(in millions)			NUMBER ISSUED	EST. VALUE ( in thousands)
		IMPORTS	EXPORTS			
1997	4,514	528.6	423.9	2,455	578	19,222
1998	5,680	498.2	414.8	2,044	592	16,033
1999	6,863	452.6	345.1	2,231	715	15,209
2000	6,333	505.9	346.3	2,228	644	12,801
2001	6,535	n/a	317	n/a	n/a	n/a
2002	n/a	225	388	n/a	596	21,088
2003	n/a	324.7	459.5	2,875	951	28,908
2004	n/a	308.8	445.6	3,060	1,336	34,137
2005	7,027	520.7	373.8	2,983	808	14,500
2006	7,762	579.2	438.5	n/a	692	26,500

## Sources:

Economic Development &amp; Planning Office Statistical Yearbook 2003 &amp; 2004

Economic Development &amp; Planning Office Statistical Yearbook 2005

Economic Development &amp; Planning Office Statistical Yearbook 2006 not yet published

Table 11

**TERRITORY OF AMERICAN SAMOA**  
**DEMOGRAPHIC STATISTICS**  
 Last Ten Fiscal Years

YEAR	POPULATION (1)	SCHOOL ENROLLMENT			AMERICAN SAMOA COMMUNITY COLLEGE
		PUBLIC	PRIVATE	TOTAL	FALL ENROLLMENT
1997	59,600	14,805	2,668	17,473	1,032
1998	61,200	14,780	2,370	17,150	1,062
1999	62,900	15,507	2,704	18,211	1,155
2000	57,291	15,657	2,826	18,483	956
2001	n/a	n/a	n/a	n/a	1,178
2002	n/a	n/a	n/a	n/a	n/a
2003	62,600	15,947	3,050	18,997	1,537
2004	64,100	n/a	n/a	n/a	1,550
2005	65,500	15,957	3,066	19,023	1,601
2006	66,900	16,548	2,980	19,528	1,607

## Sources:

Economic Development &amp; Planning Office Statistical Yearbook 2003

Economic Development &amp; Planning Office Statistical Yearbook 2003 &amp; 2004

Economic Development &amp; Planning Office Statistical Yearbook 2005

Economic Development &amp; Planning Office Statistical Yearbook 2006 not yet published

( 1 ) The median age for the Territory is 21 years, compared to about 33 for the US.

Table 12

# **TERRITORY OF AMERICAN SAMOA**

## **Miscellaneous Statistics**

**Fiscal Year 2006**

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Distance from:		
	Samoa	73 miles
	Hawaii	2,700 miles
	New Zealand	2,300 miles
Longitude		168 - 173 degrees West
Latitude		14 degrees South
Land area in Acres		48,767
Developed land area in Acres		7,831
Steep slope / virtually inaccessible percentage		66%
Land area in square miles		76.1
Total islands		7
Main island Tutuila land area in square miles		54
Total land area registered with the Territorial Registrar (2005) in acres		7,670
	Land designated as Government owned	1651 22%
	Land designated as Communal or Native	2056 27%
	Land individually owned	1955 25%
	Land registered as Freehold Owners	1018 13%
	Land registered as Church Land	1013 13%
Average Temperature:		
	Maximum mean	86.7
	Minimum mean	78.5
Annual relative humidity percent:		
	Maximum mean	77
	Minimum mean	75
2005 precipitation in inches		160.05
2004 precipitation in inches		150.1
Percentage of Population with Education:		
	Did not finish High School	34%
	High School Graduate	39%
	Some College	13%
	Associate Degree	7%
	Bachelor's Degree	5%
	Graduate or Professional Degree	3%

Source:

Economic Development and Planning Office



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