

TERRITORY OF AMERICAN SAMOA

Basic Financial Statements

Year ended September 30, 2008



PREPARED BY

DEPARTMENT OF TREASURY

Magalei Logovi'i T.
Treasurer

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TERRITORY OF AMERICAN SAMOA
BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

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TERRITORY OF AMERICAN SAMOA
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INTRODUCTORY SECTION

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HON. TOGIOLA T.A. TULAFONO
GOVERNOR

HON. FAOA A. SUNIA
LT. GOVERNOR

DEPARTMENT OF TREASURY
AMERICAN SAMOA GOVERNMENT
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MAGALEI LOGOVI'I T.
TREASURER

UELIGITONE PELE TONUMAIPE'A
DEPUTY TREASURER

June 15, 2009

The Honorable Togiola Tulafono
Governor of American Samoa

The Basic Financial Statements of the Territory of American Samoa (the Territory) for the fiscal year 2008 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 Department of Interior. 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 2,600 miles south of the Hawaiian Islands and 1,800 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 69,200.

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,



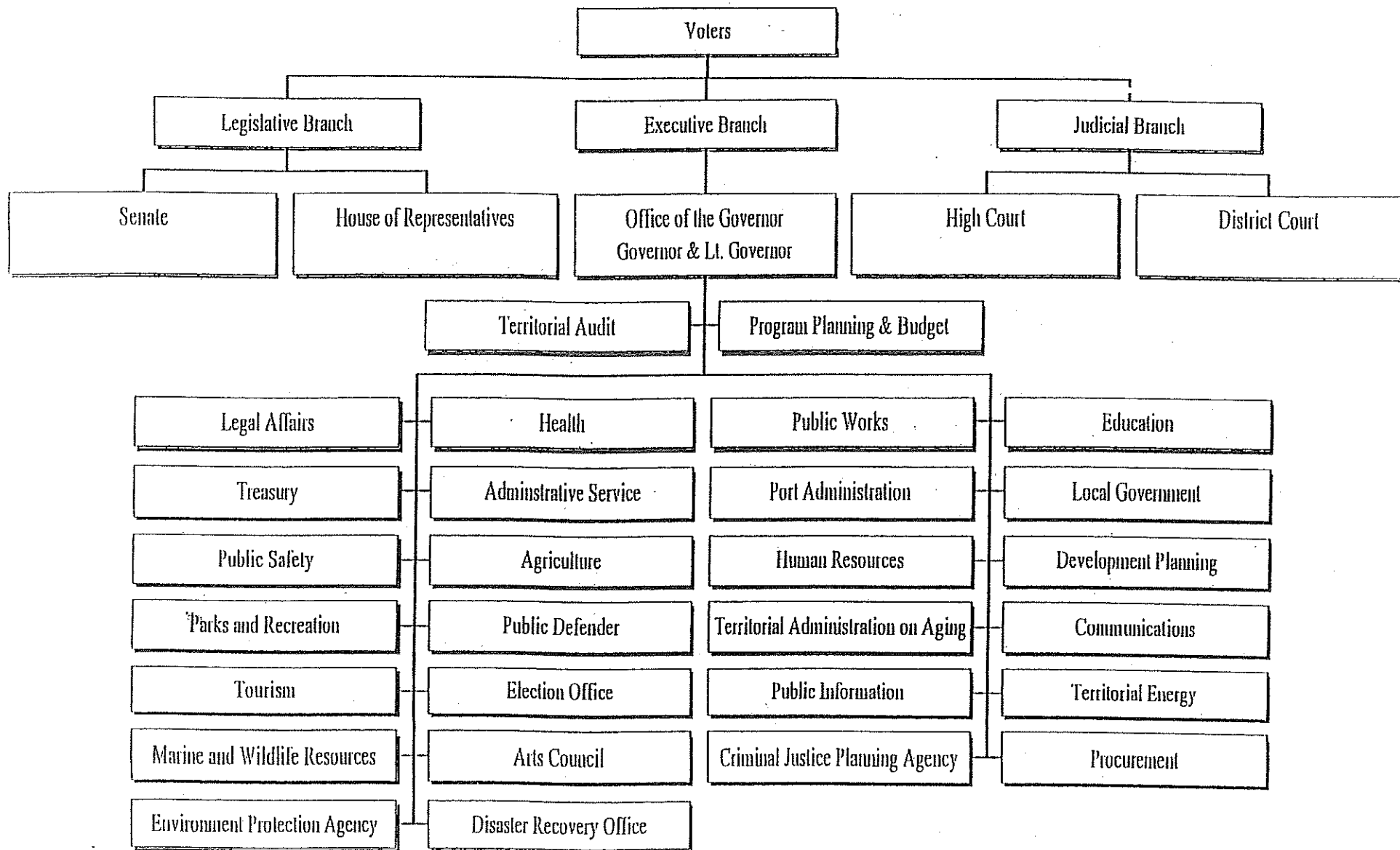
Magalei Logovi'i T.
ASG Treasurer



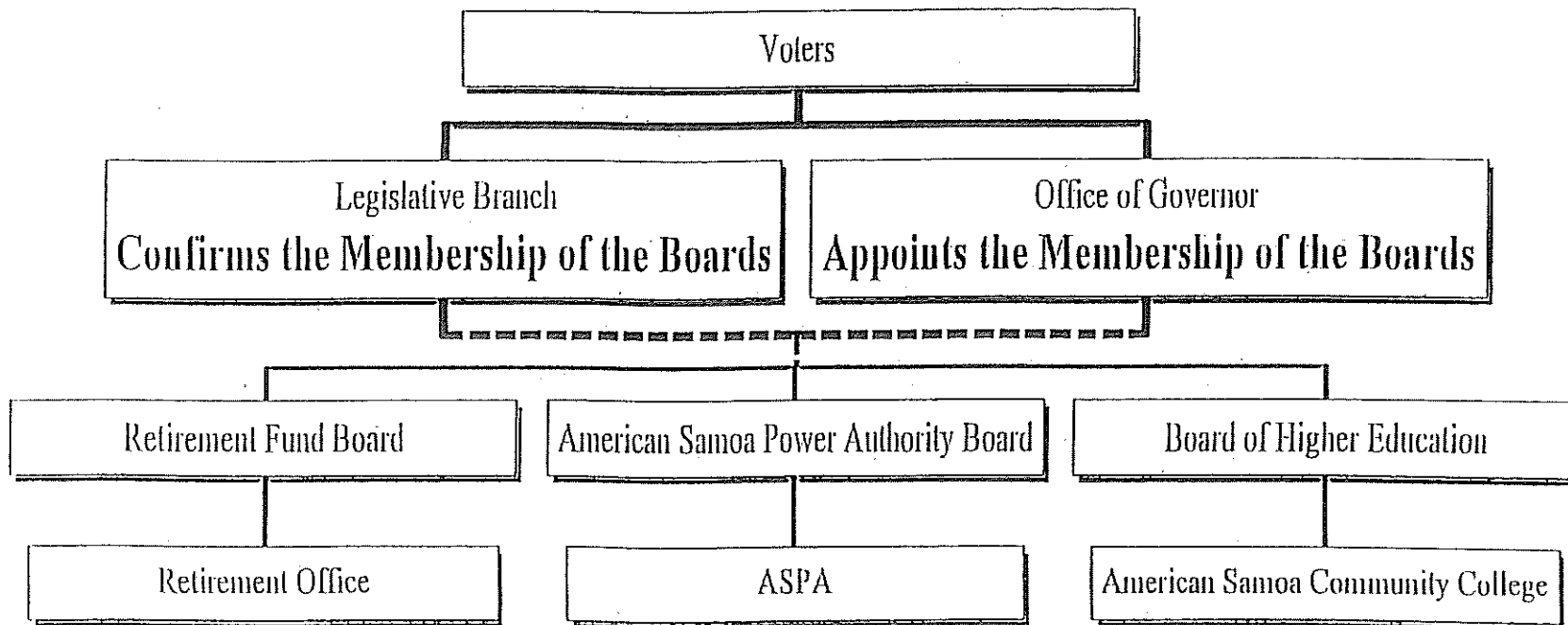
Ueligitone Pele Tonumaip'e'a
Deputy Treasurer

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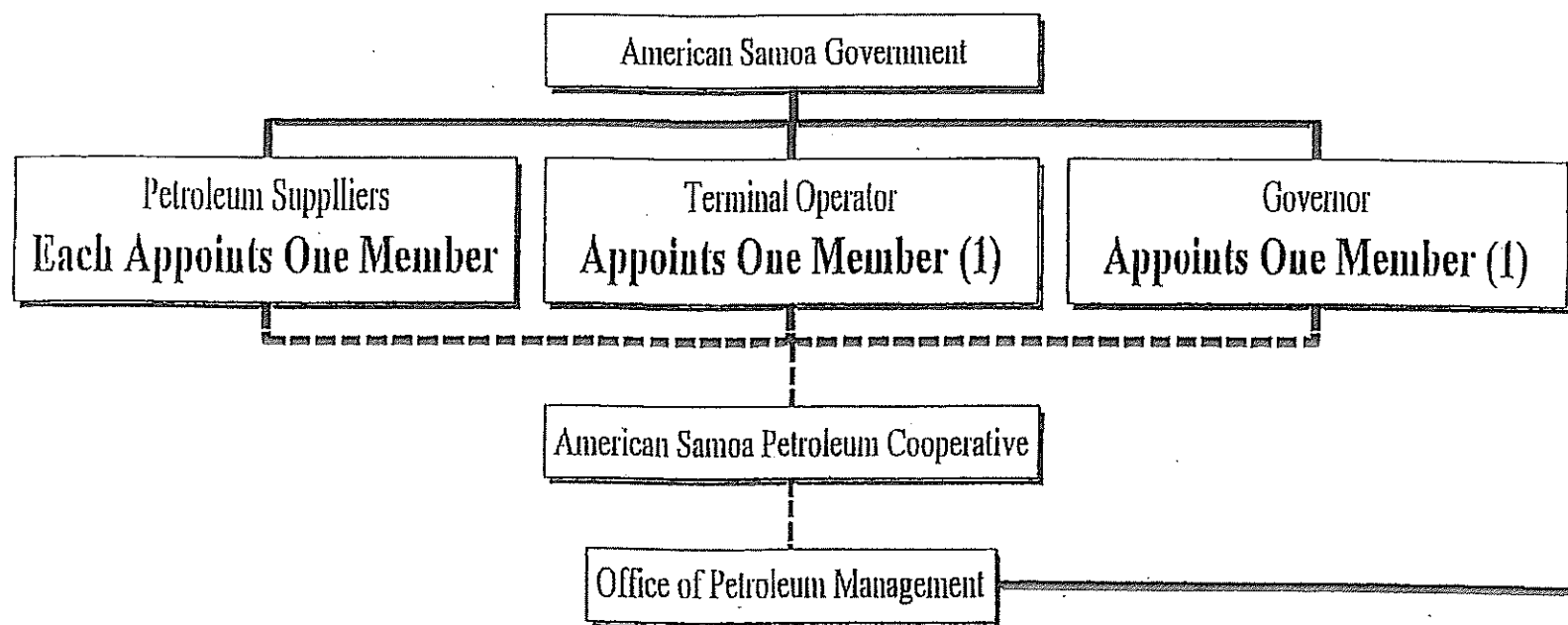
Territory of American Samoa Organization Chart



**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, 2008. 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, 2008 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 89.14 percent of assets and 75.25 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/From 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, 2008 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, 2008; however the system of financial accounting and reporting in operation for the Territory for the year ended September 30, 2008 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, 2008. The Balance Sheet accounts at September 30, 2008 enter into the determination of excess of expenses and other uses over revenues and other sources for the year ended September 30, 2008.

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.

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, 2008.

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;
 - v. significant failures in the internal control structure related to general accounting and grants administration.

- 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 present fairly, in all material respects, 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, 2008, 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 June 15, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be 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 accounting principles generally accepted in the United States of America. 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
June 15, 2009

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**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

This section of the Territory of American Samoa's (the "Territory") Basic Financial Report presents a narrative overview and analysis of the financial activities of the Territory for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, which begins on page i, and the financial statements, which begin on page 13. Fiscal year 2007 comparative information has been included, where appropriate.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2008, the Territory's total net assets of the primary government decreased by \$4,735,130 or 2.83% from the prior year.
- During the year, the Territory's expenses for governmental activities were \$196,261,843 and were funded by program revenues of \$112,541,625 and further funded with taxes, grants and other general revenues that totaled \$80,478,802.
- In the Territory's business-type activities, which include the airport and industrial park, program revenues, including grants, exceeded program expenses by \$162,003.
- At September 30, 2008, the General Fund reported total fund balance of \$9,438,380 of which \$2,529,191 is reserved and \$6,909,189 is unreserved representing an increase of \$6,695,272 from the prior year total fund balance of \$2,743,108.
- For budgetary reporting purposes, the General Fund reported an increase in revenues of \$21,156,089 or 12.31% increase in revenues versus \$31,620,787 or 19.21% increase in expenses.

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 government-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'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

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 are designed to report 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'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008

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 decreased from \$237,028,204 to \$233,624,785 between fiscal years 2007 and 2008. This is due to a 19.75% increase in expenses despite the 8.69% increase in revenues.

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Capital assets, net	\$ 193,033,692	\$ 205,419,669	\$ 67,884,760	\$ 71,048,945	\$ 260,918,452	\$ 276,468,614
Other assets	68,643,163	72,492,388	2,861,040	374,692	71,504,203	72,867,080
Total assets	261,676,855	277,912,057	70,745,800	71,423,637	332,422,655	349,335,694
Current liabilities	48,270,886	52,488,356	5,661,497	5,007,623	53,932,383	57,495,979
Non-current liabilities	41,462,068	58,214,930	-	-	41,462,068	58,214,930
Total liabilities	89,732,954	110,703,286	5,661,497	5,007,623	95,394,451	115,710,909
Net assets						
Invested in capital assets, net of related debt	190,753,692	205,419,669	67,884,760	71,048,945	258,638,452	276,468,614
Unrestricted	(18,809,791)	(38,210,898)	(2,800,457)	(4,632,931)	(21,610,248)	(42,843,829)
Total net assets	\$ 171,943,901	\$ 167,208,771	\$ 65,084,303	\$ 66,416,014	\$ 237,028,204	\$ 233,624,785

**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

Changes in Net Assets

For the years ended September 30, 2007 and 2008, net assets of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues						
Program revenues	\$ 100,824,815	\$ 112,541,625	\$ 13,528,511	\$ 8,481,446	\$ 114,353,326	\$ 121,023,071
Taxes and other general revenues	71,039,523	80,478,802	29,080	28,149	71,068,603	80,506,951
Total revenues	<u>171,864,338</u>	<u>193,020,427</u>	<u>13,557,591</u>	<u>8,509,595</u>	<u>185,421,929</u>	<u>201,530,022</u>
Expenses						
General government	51,500,664	60,200,583	-	-	51,500,664	60,200,583
Public safety	13,329,238	13,418,202	-	-	13,329,238	13,418,202
Health and welfare	15,191,489	33,593,222	-	-	15,191,489	33,593,222
Public works	8,913,884	19,449,712	-	-	8,913,884	19,449,712
Education and culture	65,170,243	58,482,746	-	-	65,170,243	58,482,746
Economic development	7,517,596	5,726,117	-	-	7,517,596	5,726,117
Interest	3,017,942	5,391,261	-	-	3,017,942	5,391,261
Industrial park	-	-	586,110	653,125	586,110	653,125
Airport	-	-	5,909,421	8,018,473	5,909,421	8,018,473
Total expenses	<u>164,641,056</u>	<u>196,261,843</u>	<u>6,495,531</u>	<u>8,671,598</u>	<u>171,136,587</u>	<u>204,933,441</u>
Excess (deficiency) before transfers	7,223,282	(3,241,416)	7,062,060	(162,003)	14,285,342	(3,403,419)
Transfers	(875,487)	(1,493,714)	875,487	1,493,714	-	-
Increase (decrease) in net assets	<u>\$ 6,347,795</u>	<u>\$ (4,735,130)</u>	<u>\$ 7,937,547</u>	<u>\$ 1,331,711</u>	<u>\$ 14,285,342</u>	<u>\$ (3,403,419)</u>

In 2008, governmental activities showed an increase in revenue of \$21,156,089 or 12.31% increase in revenues versus \$31,620,787 or 19.21% increase in expenses. Business-type activities, however, showed a drop in revenues, \$5,047,996 or 37.23%. Expenses continued to increase from the previous year at a 33.5% or \$2,176,067.

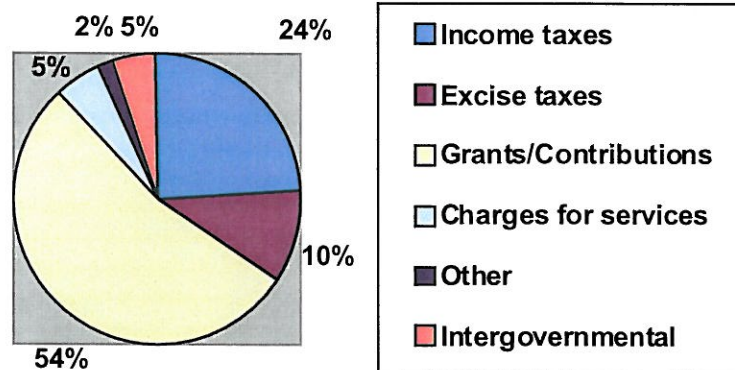
Governmental Activities

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.

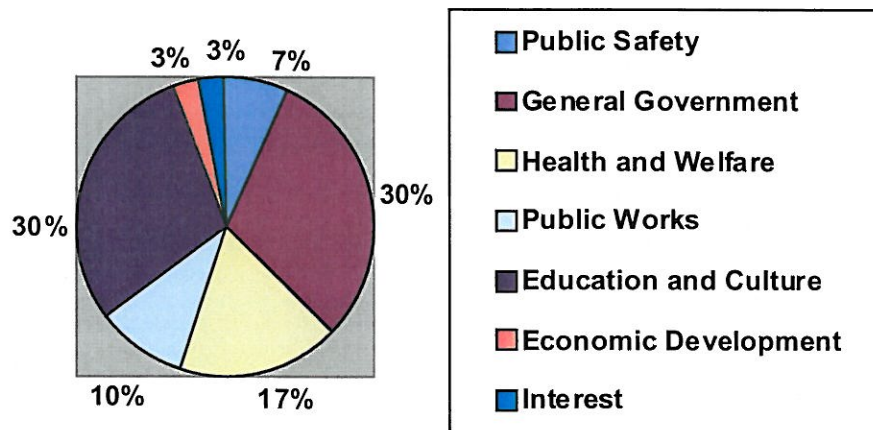
**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

For the year ended September 30, 2008, the Territory's governmental activities were funded as follows:

Governmental Activities Sources



Governmental Activities Uses



For the year ended September 30, 2008, total expenses for governmental activities amounted to \$196,261,843. Of these total expenses, taxpayers and other general revenues funded \$77,491,374 while those directly benefiting from the programs funded \$9,836,262 from charges for services and \$102,705,363 from grants and contributions.

**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

Governmental Activities, (Continued)

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	2007	2008	2007	2008
General government	\$ 51,500,664	\$ 60,200,583	\$ (21,013,487)	\$ (35,132,791)
Public safety	13,329,238	13,418,202	(8,190,376)	962,123
Health and welfare	15,191,489	33,593,222	(3,544,140)	(8,095,780)
Public works	8,913,884	19,449,712	(6,761,679)	(19,767,844)
Education and culture	65,170,243	58,482,746	(23,548,067)	(15,456,520)
Economic development	7,517,596	5,726,117	(2,259,450)	(838,145)
Interest	3,017,942	5,391,261	(3,017,942)	(5,391,261)
Total	\$ 164,641,056	\$ 196,261,843	\$ (68,335,141)	\$ (83,720,218)

Business-type Activities

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

- Total business-type activities reported a shortfall in revenue of \$190,152 for the year ended September 30, 2008.
- Of the business-type activities, the airport reported net program revenues of \$200,052. The significant decrease from 2007 was due to the impact of capital grants and contributions of that year. The industrial park reported net program expenses of \$390,204.

Net Revenue (Expense) of Business-type Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	2007	2008	2007	2008
Airport	\$ 5,909,421	\$ 8,018,473	\$ 7,082,896	\$ 200,052
Industrial park	586,110	653,125	(49,916)	(390,204)
Total	\$ 6,495,531	\$ 8,671,598	\$ 7,032,980	\$ (190,152)

**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

A FINANCIAL ANALYSIS OF THE TERRITORY'S FUNDS

As the Territory completed its 2008 fiscal year, the governmental funds reported a combined fund balance of \$16,258,320, a 13.3% decrease from the prior year combined fund balance of \$18,657,463. The enterprise funds reported combined net assets of \$66,416,014 or a 2.04% increase from 2007.

Other fund highlights include:

- For the year ended September 30, 2008, the General Fund's total fund balance increased by \$6,695,272 from the prior year's fund balance of \$2,743,108 for a total fund balance of \$9,438,380.
- The airport enterprise fund, after the recognition of capital grants and contributions of \$6,788,473 reported an increase in net assets of \$1,721,915.
- The government employee retirement fund posted a decrease in net assets of the fund of \$44,006,071 or 19.4% for the year, which included net appreciation of the fair value of investments in the negative of \$45,955,572.

**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2008, the Territory had \$276,458,614 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 \$15,540,162 or 6% over the prior year.

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land and land improvements	\$ 1,539,718	\$ 1,539,718	\$ 46,233,451	\$ 43,580,351	\$ 47,773,169	\$ 45,120,069
Buildings and structures	65,774,634	73,549,048	12,648,322	12,748,339	78,422,956	86,297,387
Other improvements	19,645,546	19,500,876	-	-	19,645,546	19,500,876
Machinery and equipment	16,706,169	16,319,202	2,929,216	2,570,509	19,635,385	18,889,711
Infrastructure	54,707,309	53,547,493	-	-	54,707,309	53,547,493
Construction in progress	34,660,316	40,963,332	6,073,771	12,149,746	40,734,087	53,113,078
Totals	\$ 193,033,692	\$ 205,419,669	\$ 67,884,760	\$ 71,048,945	\$260,918,452	\$ 276,468,614

This year's more significant capital asset additions included renovations to the Lee Auditorium, Veteran's Stadium, the Governor's Mansion, school buildings and the Tafuna International Airport.

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

Long-term Debt

At year-end, the Territory had \$70,578,664 in long-term debt outstanding, which represents a \$15,776,702 or 28.8% 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:

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Accrued compensated absences	\$ 13,486,778	\$ 13,822,608	\$ -	\$ -	\$ 13,486,778	\$ 13,822,608
FEMA loan	2,714,415	2,798,712	-	-	2,714,415	2,798,712
General obligation bonds	2,280,000	-	-	-	2,280,000	-
Dept. of Interior loan	18,260,613	16,682,677	-	-	18,260,613	16,682,677
Workers Compensation Claims	549,450	795,920	-	-	549,450	795,920
American Samoa Government Retirement Fund - LBJ loan	9,563,048	9,217,569	-	-	9,563,048	9,217,569
American Samoa Government Retirement Fund Loan	-	18,873,520	-	-	-	18,873,520
Landfill closure and post- closure	287,658	287,658	-	-	287,658	287,658
Claims and judgments	7,660,000	8,100,000	-	-	7,660,000	8,100,000
Totals	\$ 54,801,962	\$ 70,578,664	\$ -	\$ -	\$ 54,801,962	\$ 70,578,664

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

**TERRITORY OF AMERICAN SAMOA
MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2008**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The American Samoa economy continues to take a downturn in 2008. Island employment rates lessened slightly from the previous year. Both government and canneries decreased labor by 0.28% and 4.92%, respectively. This is also consistent with other private sector businesses; they showed a decrease in labor from the previous year by 4.21%. This is not surprising due to the US Congress' mandate of standardizing the minimum labor wage.

Construction activity increased from the previous fiscal year at \$53 million. Government projects such as renovations of the Tafuna International Airport, Veteran's Stadium, Lee Auditorium and Governor's Mansion added to the fixed base of the Territory.

The local economy keeps striving towards diversification especially with the upcoming closure of one of the fish canneries in 2009. Foreign entrepreneurs, investors, and corporations continue to be actively recruited. Tourism and marine-related resources are prime potential sectors for growth given the tropical locale of the island. Other potential product development areas include off-site telecommunications.

Budgetary predictions for 2009 indicate that ASG continues to focus on maximizing revenues and restricting expenditures. The balanced budget document for 2009 itemizes \$286.5 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, 2008

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TERRITORY OF AMERICAN SAMOA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total	Component Units
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 20,284,702	\$ 258,107	\$ 20,542,809	\$ 10,856,577
Investments	14,510,803	-	14,510,803	301,156
Taxes Receivable, net	7,914,042	-	7,914,042	-
Accounts Receivable, net	339,377	116,585	455,962	23,206,138
Due from U.S. Government	28,109,475	-	28,109,475	-
Due from Primary Government	-	-	-	1,994,588
Due from Other Funds	-	-	-	564,965
Inventories	406,930	-	406,930	5,471,004
Prepaid Expenses	712,504	-	712,504	849,997
Capital Lease Receivable	214,555	-	214,555	-
Other Assets	-	-	-	3,000,000
Capital Assets, net	205,419,669	71,048,945	276,468,614	119,919,457
Total Assets	277,912,057	71,423,637	349,335,694	166,163,882
<u>LIABILITIES</u>				
Current Liabilities:				
Due to Other Funds-Pooled Cash	5,380,498	-	5,380,498	-
Accounts Payable	10,096,297	1,287,650	11,383,947	9,421,379
Income Tax Refunds Payable	4,503,538	-	4,503,538	-
Accrued Expenses	3,438,307	592,728	4,031,035	7,387,140
Due to Other Funds	-	84,378	84,378	8,725,959
Due to Component Units	2,647,347	-	2,647,347	-
Contract Retention	99,646	755,099	854,745	-
Deposits	414,421	-	414,421	192,953
Claims Payable	100,000	-	100,000	-
Advances from Grants	6,326,383	2,287,768	8,614,151	1,246,834
Deferred Revenue	7,218,185	-	7,218,185	-
Long-Term Debt Payable Within One Year	1,865,022	-	1,865,022	-
Other Liabilities	10,398,712	-	10,398,712	3,381,151
Total Current Liabilities	52,488,356	5,007,623	57,495,979	30,355,416
Non-current Liabilities:				
Long-Term Debt payable after one year	26,226,067	-	26,226,067	9,519,666
Other Liabilities due after one year	31,988,863	-	31,988,863	1,457,696
Total Non-Current Liabilities	58,214,930	-	58,214,930	10,977,362
Total Liabilities	110,703,286	5,007,623	115,710,909	41,332,778
<u>NET ASSETS</u>				
Invested in Capital Asset, net of Related Debt	205,419,669	71,048,945	276,468,614	93,151,063
Restricted	-	-	-	4,349,484
Unrestricted	(38,210,898)	(4,632,931)	(42,843,829)	27,330,557
Total Net Assets	\$ 167,208,771	\$ 66,416,014	\$ 233,624,785	\$ 124,831,104

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

TERRITORY OF AMERICAN SAMOA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2008

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operation Grants and Contributions	Capital Grants and Contributions
Primary Government					
Governmental Activities:					
General government	\$ 60,200,583	\$ (5,366,922)	\$ 9,836,262	\$ -	\$ 9,864,608
Public safety	13,418,202	288,146	-	-	14,668,471
Health and welfare	33,593,222	970,295	-	26,467,737	-
Public works	19,449,712	318,132	-	-	-
Education and culture	58,482,746	3,399,794	-	44,574,255	1,851,765
Economic development	5,726,117	390,555	-	5,278,527	-
Interest	5,391,261	-	-	-	-
Total Governmental Activities	196,261,843	-	9,836,262	76,320,519	26,384,844
Business-type Activities:					
Industrial park	653,125		262,921	-	-
Airport	8,018,473		1,430,052	-	6,788,473
Total Business-type Activities	8,671,598		1,692,973	-	6,788,473
Total Primary Government	\$ 204,933,441		\$ 11,529,235	\$ 76,320,519	\$ 33,173,317
Component Units					
American Samoa Power Authority	\$ 70,388,789		\$ 67,112,354	\$ 192,256	\$ 1,467,744
American Samoa Community College	12,489,101		8,212,736	308,383	-
American Samoa Medical Center Authority	33,792,559		17,406,097	-	701,404
American Samoa Telecommunication Authority	18,090,623		17,256,381	-	-
	<u>\$ 134,761,072</u>		<u>\$ 109,987,568</u>	<u>\$ 500,639</u>	<u>\$ 2,169,148</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

Prior Period Adjustment

Net Assets, Beginning of Year Restated

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, 2008

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Totals	Component Units
\$ (35,132,791)	\$ -	\$ (35,132,791)	\$ -
962,123	-	962,123	-
(8,095,780)	-	(8,095,780)	-
(19,767,844)	-	(19,767,844)	-
(15,456,520)	-	(15,456,520)	-
(838,145)	-	(838,145)	-
(5,391,261)	-	(5,391,261)	-
(83,720,218)	-	(83,720,218)	-
-	(390,204)	(390,204)	-
-	200,052	200,052	-
-	(190,152)	(190,152)	-
\$ (83,720,218)	\$ (190,152)	\$ (83,910,370)	\$ -
			\$ (1,616,435)
			(3,967,982)
			(15,685,058)
			(834,242)
			\$ (22,103,717)
\$ 46,331,500	\$ -	\$ 46,331,500	\$ -
19,740,275	28,149	19,768,424	-
9,640,608	-	9,640,608	870,203
2,371,569	-	2,371,569	-
-	-	-	16,648,906
2,394,850	-	2,394,850	1,286,914
(1,493,714)	1,493,714	-	-
78,985,088	1,521,863	80,506,951	18,806,023
(4,735,130)	1,331,711	(3,403,419)	(3,297,694)
171,943,901	65,084,303	237,028,204	127,689,271
-	-	-	439,527
171,943,901	65,084,303	237,028,204	128,128,798
\$ 167,208,771	\$ 66,416,014	\$ 233,624,785	\$ 124,831,104

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, 2008

	General Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 15,286,803	\$ 3,530,109	\$ 116,000	\$ 447,400	\$ 19,380,312
Due from other funds-pooled cash	4,876,773	-	5,467	-	4,882,240
Investments	10,239,930	-	-	2,550,015	12,789,945
Taxes receivable, net	7,914,042	-	-	-	7,914,042
Accounts receivable, net	58,999	4,686	-	275,692	339,377
Due from U.S. Government	-	23,782,999	-	4,326,476	28,109,475
Due from other funds	200,000	-	-	-	200,000
Inventories	406,930	-	-	-	406,930
Prepaid expenses	712,504	-	-	-	712,504
Capital lease receivable	214,555	-	-	-	214,555
Total Assets	\$ 39,910,536	\$ 27,317,794	\$ 121,467	\$ 7,599,583	\$ 74,949,380
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds-pooled cash	\$ -	\$ 13,491,412	\$ -	\$ 143,215	\$ 13,634,627
Accounts payable	3,589,587	5,997,032	-	509,678	10,096,297
Income tax refunds payable	4,503,538	-	-	-	4,503,538
Accrued expenses	2,612,203	863,296	-	31,256	3,506,755
Due to component units	2,287,145	354,225	-	5,977	2,647,347
Contract retention	17,637	-	-	82,009	99,646
Deposits	-	414,421	-	-	414,421
Advances from grants	-	6,197,408	-	128,975	6,326,383
Deferred revenue	17,462,046	-	-	-	17,462,046
Total Liabilities	30,472,156	27,317,794	-	901,110	58,691,060
Fund Balances:					
Reserved for inventories	406,930	-	-	-	406,930
Reserved for encumbrances	796,685	-	-	-	796,685
Reserved for debt service	-	-	121,467	-	121,467
Reserved for advance to other funds	1,325,576	-	-	-	1,325,576
Unreserved:					
Undesignated	6,909,189	-	-	6,698,473	13,607,662
Unreserved reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total Fund Balances	9,438,380	-	121,467	6,698,473	16,258,320
Total Liabilities and Fund Balances	\$ 39,910,536	\$ 27,317,794	\$ 121,467	\$ 7,599,583	\$ 74,949,380

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, 2008

Fund balances - total government funds	\$ 16,258,320
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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	\$ 331,187,557	
Less: Accumulated depreciation	<u>(125,767,888)</u>	205,419,669

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

ASGRF-loan	18,873,520	
ASGRF-LBJ loan	9,217,569	
Compensated absences	13,822,608	
Claims and judgments	8,100,000	
Other liabilities	<u>19,769,047</u>	(69,782,744)

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

Deferred revenues	10,243,861
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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.

5,069,665

Net Assets of Governmental Activities	<u>\$ 167,208,771</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, 2008

	General Fund	Grants Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 56,520,922	\$ -	\$ 2,332,669	\$ -	\$ 58,853,591
Licenses and permits	992,767	-	-	-	992,767
Intergovernmental	7,736,518	95,948,871	-	4,808,868	108,494,257
Charges for services	5,879,971	-	90,674	1,851,715	7,822,360
Fines and fees	2,785,895	-	87,005	-	2,872,900
Interdepartmental	6,541,933	-	-	-	6,541,933
Tobacco settlement proceeds	-	-	2,371,569	-	2,371,569
Miscellaneous	10,665,390	1,021,480	1,206,356	108,642	13,001,868
Total Revenues	<u>91,123,396</u>	<u>96,970,351</u>	<u>6,088,273</u>	<u>6,769,225</u>	<u>200,951,245</u>
Expenditures:					
Current:					
General government	31,221,750	5,981,361	37,375	1,072,420	38,312,906
Public safety	8,024,224	14,668,471	-	-	22,692,695
Health and recreation	4,550,560	26,467,737	-	-	31,018,297
Public works	6,047,004	-	-	-	6,047,004
Education and culture	28,699,918	44,574,255	-	-	73,274,173
Economic development	11,237,839	5,278,527	-	-	16,516,366
Capital improvements	-	-	-	4,630,605	4,630,605
Principal	-	-	4,646,939	-	4,646,939
Interest	-	-	3,619,532	-	3,619,532
Total Expenditures	<u>89,781,295</u>	<u>96,970,351</u>	<u>8,303,846</u>	<u>5,703,025</u>	<u>200,758,517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,342,101</u>	<u>-</u>	<u>(2,215,573)</u>	<u>1,066,200</u>	<u>192,728</u>
Other Financing Sources (Uses):					
Transfers in	7,033,164	359,866	71,098	90,181	7,554,309
Transfers out	(1,679,993)	(359,866)	(7,033,164)	-	(9,073,023)
Total Other Financing Sources (Uses)	<u>5,353,171</u>	<u>-</u>	<u>(6,962,066)</u>	<u>90,181</u>	<u>(1,518,714)</u>
Changes in Fund Balances	<u>6,695,272</u>	<u>-</u>	<u>(9,177,639)</u>	<u>1,156,381</u>	<u>(1,325,986)</u>
Fund Balances (Deficits), Beginning of Year	2,743,108	1,073,157	9,299,106	5,542,092	18,657,463
Change in Reserve for Inventory	-	(1,073,157)	-	-	(1,073,157)
Fund Balances (Deficits), End of Year	<u>\$ 9,438,380</u>	<u>\$ -</u>	<u>\$ 121,467</u>	<u>\$ 6,698,473</u>	<u>\$ 16,258,320</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, 2008

Net change in fund balances - total government funds		\$ (2,399,143)
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, net	\$ 21,870,979	
Less: Current year depreciation	<u>(9,485,002)</u>	12,385,977
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 an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Borrowings	\$(20,000,000)	
Interest	(2,142,943)	
Principal payments	<u>6,122,347</u>	(16,020,596)
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		992,518
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	\$ (440,000)	
Change in long-term compensated absences	<u>335,830</u>	(104,170)
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>410,284</u>
Change in Net Assets of Governmental Activities		<u>\$ (4,735,130)</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, 2008

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Non-Major Enterprise Funds	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 258,107	\$ -	\$ 258,107	\$ 983,850
Investments	-	-	-	1,720,858
Due from other funds-pooled cash	-	-	-	3,456,267
Accounts receivable, net	81,692	34,893	116,585	-
Capital assets, net	70,138,849	910,096	71,048,945	362,677
Total Assets	70,478,648	944,989	71,423,637	6,523,652
<u>LIABILITIES</u>				
Accounts payable	1,279,011	8,639	1,287,650	43,931
Accrued expenses	523,444	69,284	592,728	847,379
Due to other funds	-	-	-	200,000
Contract retention	755,099	-	755,099	-
Due to other funds - pooled cash	-	84,378	84,378	-
Advances from grants	2,287,768	-	2,287,768	-
Total Liabilities	4,845,322	162,301	5,007,623	1,091,310
<u>NET ASSETS</u>				
Invested in capital assets	70,138,849	910,096	71,048,945	362,677
Unrestricted	(4,505,523)	(127,408)	(4,632,931)	5,069,665
Total Net Assets	\$ 65,633,326	\$ 782,688	\$ 66,416,014	\$ 5,432,342

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, 2008

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Non-Major Enterprise Funds	Total	
Operating Revenues:				
Taxes	\$ 28,149	\$ -	\$ 28,149	\$ -
Intergovernmental	272,305	-	272,305	-
Charges for services	1,157,747	262,921	1,420,668	2,084,214
Total Operating Revenues	1,458,201	262,921	1,721,122	2,084,214
Operating Expenses:				
Personnel	2,204,020	389,530	2,593,550	405,771
Operations and maintenance	2,285,169	176,827	2,461,996	1,235,048
Depreciation and amortization	3,529,284	86,768	3,616,052	33,111
Total Operating Expenses	8,018,473	653,125	8,671,598	1,673,930
Operating Income (Loss)	(6,560,272)	(390,204)	(6,950,476)	410,284
Nonoperating Revenues (Expenses):				
Miscellaneous	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) before Capital Contributions and Transfers	(6,560,272)	(390,204)	(6,950,476)	-
Transfers in	1,493,714	-	1,493,714	-
Transfers out	-	-	-	-
Capital contributions	6,788,473	-	6,788,473	-
Changes in Net Assets	1,721,915	(390,204)	1,331,711	410,284
Total Net Assets, Beginning of Year	63,911,411	1,172,892	65,084,303	5,022,058
Total Net Assets, End of Year	\$ 65,633,326	\$ 782,688	\$ 66,416,014	\$ 5,432,342

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, 2008

	Enterprise Funds			Internal Service Funds
	Airport	Industrial Park	Totals	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,185,897	\$ 489,212	\$ 1,675,109	\$ 2,084,214
Receipt of overpayment	-	-	-	-
Grants from governments	-	-	-	-
Tax receipts	28,149	-	28,149	-
Payments to suppliers	(911,293)	(160,041)	(1,071,334)	(1,184,370)
Payments to employees	(2,225,753)	(329,171)	(2,554,924)	(403,818)
Internal activities-receipt from (payment to) other funds	272,305	-	272,305	138,944
Net Cash (Used in) Provided by Operating Activities	(1,650,695)	-	(1,650,695)	634,970
Cash Flows from Capital and Related Financing Activities:				
Additions to fixed assets and work-in-process	(6,418,248)	-	(6,418,248)	-
Receipts of federal capital grants	6,788,473	-	6,788,473	-
Net Cash Provided by Capital and Related Financing Activities	370,225	-	370,225	-
Cash Flows from Investing Activities:				
Purchase of investments	-	-	-	1,000,000
Sale of investments	-	-	-	(2,000,000)
Interest income (payments)	-	-	-	50,622
Net Cash Used in Investing Activities	-	-	-	(949,378)
Cash Flows from Noncapital Financing Activities:				
Operating transfers in (out)	1,493,714	-	1,493,714	-
Advances	(1,139,023)	-	(1,139,023)	-
Net Cash Provided by Noncapital Financing Activities	354,691	-	354,691	-
Decrease in Cash and Cash Equivalents	(925,779)	-	(925,779)	(314,408)
Cash and Cash Equivalents - Beginning of Year	1,183,886	-	1,183,886	1,298,258
Cash and Cash Equivalents - End of Year	\$ 258,107	\$ -	\$ 258,107	\$ 983,850
Reconciliation of Operating Income to Net Cash (Used in) Provided by Operating Activities:				
Operating (loss) income	\$ (6,560,272)	\$ (390,204)	\$ (6,950,476)	\$ 410,284
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:				
Depreciation and amortization	3,529,284	86,768	3,616,052	33,111
Decrease (Increase) in assets:				
Accounts receivable, net	327,031	153,366	480,397	-
Due from other funds	517,173	-	517,173	-
Increase (Decrease) in Liabilities:				
Accounts payable and accrued expenses	536,089	49,269	585,358	821,095
Due to other funds	-	100,801	-	(80,070)
Claims payable	-	-	100,801	(549,450)
Net Cash (Used in) Provided by Operating Activities	\$ (1,650,695)	\$ -	\$ (1,650,695)	\$ 634,970

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, 2008

	<u>Pension Trust</u>	<u>Agency</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 406,189	\$ 4,228,562
Due from other funds-pooled cash	-	5,380,498
Investments	180,581,084	-
Accounts receivable, net	446,464	-
Contributions receivable	691,070	-
Prepaid expenses	73,824	-
Capital assets, net	673,020	-
Total Assets	<u>182,871,651</u>	<u>9,609,060</u>
<u>LIABILITIES</u>		
Accounts payable	147,348	6,332
Deposits	-	2,702,049
Contribution refunds	429,789	-
Immigration bonds	-	6,900,679
Total Liabilities	<u>577,137</u>	<u>\$ 9,609,060</u>
<u>NET ASSETS</u>		
Held in trust	<u>\$ 182,294,514</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, 2008

	Pension Trust
Additions:	
Investment income-interest	\$ 2,073,995
Contributions-sponsors	6,938,097
Contributions-members	2,836,431
Dividends on common stock	5,832,736
Lease revenue from centennial office building	555,789
Net depreciation in fair value of investments	(45,955,572)
Other income	24,362
Investment fees	(247,412)
Centennial office building maintenance expenses	(330,752)
Total Additions	(28,272,326)
Deductions:	
Interest on employee contributions refunded	329,239
Benefits	13,855,222
Employee contributions refunded	612,618
General and administrative expenses	936,666
Total Deductions	15,733,745
Changes in Net Assets	(44,006,071)
Net Assets, Beginning of Year	226,300,585
Net Assets, End of Year	\$ 182,294,514

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

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 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, 2008, and their report dated February 6, 2009 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2008, 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, 2008. 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, 2008, and its report dated March 23, 2009, 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2008 and its report dated March 15, 2009 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, 2008 and its report dated April 7, 2009 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 To Other Funds-Pooled Cash and Due From Other Funds-Pooled Cash represent the deficiency (due to) or excess (due from) 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 to or due from in the General Fund. The recording of the receipt or disbursement on the participating funds' records creates a due to or due from 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 U.S. 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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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	\$ -
Land improvements	100,000
Building and improvements	100,000
Machinery and equipment	20,000
Vehicles	-
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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Capital lease revenues are added and 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.

NOTE 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 \$45,513,738. This consists of amounts insured by the FDIC of \$200,000 and collateralized amounts of \$45,313,738.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

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	\$ 1,460,498	\$ 1,460,498	\$ -	\$ -	\$ -
U.S. Treasuries	89,517	89,517	-	-	-
U.S. Government Agencies	8,216,262	-	8,216,262	-	-
Municipal Bonds	1,000,000	-	800,000	-	200,000
Mutual Funds	3,744,526	3,744,526	-	-	-
Total Investments	\$ 14,510,803	\$ 5,294,541	\$ 9,016,262	\$ -	\$ 200,000

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.

During 2008, the Board of Trustees formally approved a restated Statement of Investment Policy (Investment Policy), which substantially restructured the Fund's investment portfolio and investment managers providing services to the fund. In 2008, the Investment Policy changed these allocation targets to 35% domestic equity, 20% international equity, 14% domestic fixed income, 3% real estate, 13% emerging markets equity, and 15% loans, with normal allocation ranges assigned to each classification. All equity and fixed income securities are held in registered investment companies and common collective trusts. Their allocation is as follows at September 30, 2008:

	Fair Value	Percentage
Domestic equity	\$ 63,676,963	35%
International equity	52,506,015	29
Fixed income	31,307,017	17
Loan - ASG	28,091,089	16
Real Estate - Centennial Office Building	5,000,000	3
Balance - September 30, 2008	\$ 180,581,084	100%

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

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 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 \$25,591 was received in fiscal year 2008. The Territory has recognized a lease receivable from the contractor amounting to \$214,555 with the same amount included as deferred revenue at September 30, 2008 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:

	Receivable	Allowance	Balance
Taxes:			
General Fund	\$ 17,474,197	\$ 9,560,155	\$ 7,914,042
Accounts Receivable:			
General Fund	2,832,436	2,773,437	58,999
Special revenue funds	19,686	15,000	4,686
Capital projects funds	275,692	-	275,692
Enterprise funds	1,991,652	1,875,067	116,585
Fiduciary funds	446,464	-	446,464
Contributions Receivable:			
Fiduciary funds	691,070	-	691,070
Due From U.S. Government:			
Special revenue funds	24,079,296	296,297	23,782,999
Capital project funds	4,326,476	-	4,326,476
Total	<u>\$ 52,136,969</u>	<u>\$ 14,519,956</u>	<u>\$ 37,617,013</u>

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 4 - 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 Payable	Receivable
General Fund	\$ -	\$ 200,000
Internal Service Funds:		
Workers Compensation	200,000	-
	<u>\$ 200,000</u>	<u>\$ 200,000</u>

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

	Due To	Due From
General Fund	\$ -	\$ 4,876,773
Special Revenue Funds	13,491,412	-
Capital Projects Funds	143,215	-
Debt Service Fund	-	5,467
Enterprise Funds	84,378	-
Internal Service Funds	-	3,456,267
Miscellaneous Deposits	-	5,380,498
	<u>\$ 13,719,005</u>	<u>\$ 13,719,005</u>

Operating Transfers In/Out are as follows:

Out Of	Amount	In To	Purpose
General Fund	\$ 25,000	10 th Festival of Pacific Arts	Cover festival expenditures
	1,493,714	Airport	Cover negative pool cash
	71,098	Debt Service Fund	Retirement loan payment
	1,181	Petroleum Operations	
	89,000	Public Assistance	
	<u>1,679,993</u>		
Debt Service	7,032,942	General Fund - TOFR	Bond over payment
Debt Service	222	General Fund	transfer to general fund
	<u>7,033,164</u>		Deposit errors
Grants	<u>359,866</u>	FHWA	ACOE leftover funds for
Total Transfers	<u>\$ 9,073,023</u>		DPW projects

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2008 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements / Transfers	
Governmental Activities: Capital Assets Not Being Depreciated:				
Land	\$ 1,539,718	\$ -	\$ -	\$ 1,539,718
Construction in process	34,660,316	18,213,984	(11,910,968)	40,963,332
 Total Capital Assets Not Being Depreciated	 36,200,034	 18,213,984	 (11,910,968)	 42,503,050
Capital Assets Being Depreciated:				
Buildings and improvements	100,966,216	10,360,355	-	111,326,571
Improvements other than buildings	38,762,989	602,676	-	39,365,665
Vehicles	20,229,412	1,138,359	-	21,367,771
Equipment	18,016,776	1,601,133	-	19,617,909
Infrastructure	95,141,151	1,865,440	-	97,006,591
 Total Capital Assets Being Depreciated	 273,116,544	 15,567,963	 -	 288,684,507
Less Accumulated Depreciation:				
Buildings and improvements	35,191,582	2,585,941	-	37,777,523
Improvements other than buildings	19,117,443	747,346	-	19,864,789
Vehicles	12,717,383	1,629,851	-	14,347,234
Equipment	8,822,636	1,496,608	-	10,319,244
Infrastructure	40,433,842	3,025,256	-	43,459,098
 Total Accumulated Depreciation	 116,282,886	 9,485,002	 -	 125,767,888
 Total Capital Assets Being Depreciated, Net	 156,833,658	 6,082,961	 -	 162,916,619
 Governmental Activities Capital Assets, Net	 \$ 193,033,692	 \$ 24,296,945	 \$ (11,910,968)	 \$ 205,419,669

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION - Continued

	Primary Government			
	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Business-type Activities:				
Land and rights	\$ 1,871,894	\$ -	\$ -	\$ 1,871,894
Land improvements	70,719,588	-	-	70,719,588
Buildings and structures	17,726,477	646,559	-	18,373,036
Machinery and equipment	4,668,134	-	-	4,668,134
Work in process	6,073,771	6,527,842	(451,867)	12,149,746
Totals at Historical Cost	101,059,864	7,174,401	(451,867)	107,782,398
Less Accumulated Depreciation:				
Buildings and structures	5,078,155	546,542	-	5,624,697
Machinery and equipment	1,738,918	358,707	-	2,097,625
Land improvements	26,358,031	2,653,100	-	29,011,131
Total Accumulated Depreciation	33,175,104	3,558,349	-	36,733,453
Business-type Activities: Capital Assets, Net	<u>\$ 67,884,760</u>	<u>\$ 3,616,052</u>	<u>\$ (451,867)</u>	<u>\$ 71,048,945</u>

Depreciation expense was charged to the governmental functions as follows:

Economic development	\$ 2,007,770
Education and culture	1,554,390
Health and welfare	506,842
Public safety	517,070
General government	<u>4,898,930</u>
Total Governmental Depreciation Expense	<u>\$ 9,485,002</u>

NOTE 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, 2008 was \$712,504.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 7 - DEFINED BENEFIT PENSION PLAN (EMPLOYEES RETIREMENT FUND)

The American Samoa Government Employees' Retirement Fund (the "Fund") is a cost-sharing, multiple-employer, contributory-defined benefit retirement plan that was established in 1971 to provide retirement annuities for the employees of the American Samoa Government ("ASG") and its component units, the American Samoa Power Authority ("ASPA"), the American Samoa Community College ("ASCC"), the American Samoa Medical Center ("LBJ"), the American Samoa Telecommunications Authority ("ASTCA"), the Feleti Barstow Public Library ("FBPL"), American Samoa Government Employees' Retirement Fund ("ASGERF"), and for the Development Bank of the American Samoa ("Development Bank").

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 highest 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).

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 7 - DEFINED BENEFIT PENSION PLAN (EMPLOYEES RETIREMENT FUND) -
Continued

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, compounded annually. Refunds are made upon an application request by the employee and acceptance of a refund terminates membership in the Fund and forfeiture of any benefits.

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	1,497
Terminated vested employees not receiving benefits	<u>85</u>
	<u>1,582</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, 2006. 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.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 7 - DEFINED BENEFIT PENSION PLAN (EMPLOYEES RETIREMENT FUND) - Continued

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 3.0% of earnings and earns interest at 5.0% 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 \$9,774,528 (\$6,938,097 from sponsors and \$2,836,431 from members) were made in accordance with actuarially determined contribution requirements determined through an annual actuarial valuation. The employer contribution consists of \$6,234,760 of normal cost and \$139,617 amortization of the unfunded actuarial accrued liability. 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 15 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 is as follows:

Fiscal Year Ending:	Required Employer Contributions	Percentage of Required Contributions Contributed
September 30, 2008	\$ 6,374,377	108.8%
September 30, 2007	7,552,859	89.0
September 30, 2006	7,076,810	92.8
September 30, 2005	5,983,779	108.9
September 30, 2004	6,493,413	94.8
September 30, 2003	4,828,239	111.1

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution made in 2008 totaled \$6,938,097.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 8 - LONG-TERM OBLIGATIONS

a. Long-term Obligations

Changes during the year ended and balances as of September 30, 2008, including the current portions of the Territory's long-term obligations were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation					
Refunding					
Bonds, Series 2000	\$ 2,280,000	\$ -	\$ 2,280,000	\$ -	\$ -
Loan payable FEMA	2,714,415	84,297	-	2,798,712	2,798,712
Department of Interior	18,260,613	792,452	2,370,388	16,682,677	1,000,000
Claims and Judgments	7,660,000	1,000,000	560,000	8,100,000	400,000
Workers Compensation					
Claims	549,450	266,170	19,700	795,920	100,000
Landfill closure and post-closure liability	287,658	-	-	287,658	-
Compensated absences	13,486,778	6,505,622	6,169,792	13,822,608	6,200,000
American Samoa					
Government Retirement					
Fund - LBJ Loan	9,563,048	-	345,479	9,217,569	376,304
American Samoa					
Government Retirement					
Fund Loan	-	20,000,000	1,126,480	18,873,520	1,488,718
	<u>\$ 54,801,962</u>	<u>\$28,648,541</u>	<u>\$12,871,839</u>	<u>\$70,578,664</u>	<u>\$12,363,734</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. The Territory paid the outstanding principal and interest balance in full during the fiscal year.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 8 - LONG-TERM OBLIGATIONS - Continued

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 follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Unpaid Interest</u>	<u>Total</u>
2009	\$ 1,541,080	\$ 1,257,632	\$ 2,798,712

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 approximately a 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 \$10,000,000. 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 8.0% 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 8 - LONG-TERM OBLIGATIONS - Continued

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
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	476,216	623,784	1,100,000
2013	517,521	582,479	1,100,000
2014-2018	3,306,312	2,193,688	5,500,000
2019-2022	3,692,317	621,824	4,314,141
	\$ <u>9,217,569</u>	\$ <u>6,096,572</u>	\$ <u>15,314,141</u>

f. American Samoa Government Retirement Fund Loan

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 and 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 alcoholic beverages as imposed pursuant to A.S.C.A., Section 11.1102(a)(1)(B); 40.0% 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 20.0% 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 95.0% 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 finalized a loan agreement in the amount of \$20,000,000 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.

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TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 8 - LONG-TERM OBLIGATIONS - Continued

Annual debt service requirements for this loan are as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 1,488,718	\$ 1,365,005	\$ 2,853,723
2010	1,604,290	1,249,433	2,853,723
2011	1,728,835	1,124,888	2,853,723
2012	1,860,161	993,562	2,853,723
2013	2,007,458	846,265	2,853,723
2014 - 2018	10,184,057	1,706,455	11,890,512
	<u>\$ 18,873,519</u>	<u>\$ 7,285,608</u>	<u>\$ 26,159,127</u>

NOTE 9 - MAJOR COMPONENT UNIT INFORMATION

	ASPA	ASCC	LBJ	ASTCA	Totals
Assets:					
Cash, investments and other assets	\$ 16,582,369	\$ 6,046,070	\$ 7,948,842	\$ 13,107,591	\$ 43,684,872
Due from primary government	1,994,588	-	-	-	1,994,588
Due from other funds	564,965	-	-	-	564,965
Capital Assets, net	81,975,016	5,208,521	10,087,687	22,648,233	119,919,457
Total Assets	<u>101,116,938</u>	<u>11,254,591</u>	<u>18,036,529</u>	<u>35,755,824</u>	<u>166,163,882</u>
Liabilities:					
Accounts payable and other current liabilities	11,648,377	3,136,010	4,026,779	2,818,291	21,629,457
Due to other funds	-	-	8,725,959	-	8,725,959
Long-term liabilities	4,519,666	325,150	6,132,546	-	10,977,362
Total Liabilities	<u>16,168,043</u>	<u>3,461,160</u>	<u>18,885,284</u>	<u>2,818,291</u>	<u>41,332,778</u>
Net Assets:					
Invested in capital, net of related debt	77,854,855	5,208,521	10,087,687	-	93,151,063
Restricted	823,504	3,525,980	-	-	4,349,484
Unrestricted	6,270,536	(941,070)	(10,936,442)	32,937,533	27,330,557
Total Net Assets	<u>\$ 84,948,895</u>	<u>\$ 7,793,431</u>	<u>\$ (848,755)</u>	<u>\$ 32,937,533</u>	<u>\$ 124,831,104</u>

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
American Samoa Power Authority:				
General & Administrative	\$ 5,496,652	\$ -	\$ -	\$ -
Operations	56,891,029	67,112,354	192,256	1,467,744
Interest on long-term debt	406,409	-	-	-
Depreciation	7,594,699	-	-	-
Total - ASPA	70,388,789	67,112,354	192,256	1,467,744
American Samoa Community College:				
General & Administrative	3,099,637	-	-	-
Instructional	8,939,855	8,212,736	308,383	-
Interest on long-term debt	-	-	-	-
Depreciation	449,609	-	-	-
Total - ASCC	12,489,101	8,212,736	308,383	-
American Samoa Medical Center Authority (LBJ):				
General & Administrative	5,623,613	-	-	701,404
Clinical and Nursing	24,280,375	16,876,818	-	-
Operations	2,841,065	529,279	-	-
Interest on long-term debt	-	-	-	-
Depreciation	1,047,506	-	-	-
Total - LBJ	33,792,559	17,406,097	-	701,404
American Samoa Telecommunication Authority:				
General & Administrative	5,048,714	-	-	-
Operations	9,897,472	17,256,381	-	-
Interest on long-term debt	(54,440)	-	-	-
Depreciation	3,198,877	-	-	-
Total - ASTCA	18,090,623	17,256,381	-	-
Total Component Units	\$ 134,761,072	\$ 109,987,568	\$ 500,639	\$ 2,169,148

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

Prior Period Adjustment

Net Assets - Beginning of Year, Restated

Net Assets - End of Year

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

Net (Expense) Revenue and Changes in Net Assets

ASPA	ASCC	LBJ	ASTCA	Total
\$ (5,496,652)	\$ -	\$ -	\$ -	\$ (5,496,652)
11,881,325	-	-	-	11,881,325
(406,409)	-	-	-	(406,409)
(7,594,699)	-	-	-	(7,594,699)
(1,616,435)	-	-	-	(1,616,435)
-	(3,099,637)	-	-	(3,099,637)
-	(418,736)	-	-	(418,736)
-	-	-	-	-
-	(449,609)	-	-	(449,609)
-	(3,967,982)	-	-	(3,967,982)
-	-	(4,922,209)	-	(4,922,209)
-	-	(7,403,557)	-	(7,403,557)
-	-	(2,311,786)	-	(2,311,786)
-	-	-	-	-
-	-	(1,047,506)	-	(1,047,506)
-	-	(15,685,058)	-	(15,685,058)
-	-	-	(5,048,714)	(5,048,714)
-	-	-	7,358,909	7,358,909
-	-	-	54,440	54,440
-	-	-	(3,198,877)	(3,198,877)
-	-	-	(834,242)	(834,242)
				(22,103,717)
-	3,609,000	13,039,906	-	16,648,906
-	-	870,203	-	870,203
616,280	160,126	510,508	-	1,286,914
616,280	3,769,126	14,420,617	-	18,806,023
(1,000,155)	(198,856)	(1,264,441)	(834,242)	(3,297,694)
85,949,050	7,992,287	415,686	33,332,248	127,689,271
-	-	-	439,527	439,527
85,949,050	7,992,287	415,686	33,771,775	128,128,798
\$ 84,948,895	\$ 7,793,431	\$ (848,755)	\$ 32,937,533	\$ 124,831,104

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 10 - EXPENDITURES EXCEEDING APPROPRIATIONS

<u>Departments and Special Programs</u>	<u>Budget Overrun</u>
General Government:	
Governor's office	\$ 68,579
Legislature	54,586
Human resources	40,195
Legal affairs	350,544
Election office	15,915
Procurement	172,820
Insurance premium	237,750
EOB electric and water bill	996,630
Electricity and water billings other AG facilities	3,402,996
Claims and damages	5,316
Human resources	40,195
Human and social services	158,956
Program planning and budget	16,857
ASG audit contract	217,962
Misc. accts. - non-departmental	93,342
Fiscal reform costs	379,409
Public Safety:	
Territorial emergency management coordinating office - TEMCO	20,135
Drivers training	11,816
Judiciary	33,254
Public defender	496
Health and Recreation:	
Public health	99,652
Sports complex (Bav., GC, Baseball, Stadium)	177,263
Ceremonial activities (Flag Day)	107,574
10 th Festival of Pacific Arts - Food vouchers (\$20m loan)	45,674
World health organization funds	223,863
Public Works:	
Public works	37,792
Road maintenance	274,181
Board of tradesman	412

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 10 - EXPENDITURES EXCEEDING APPROPRIATIONS - Continued

Education and Culture:

DOE facility renovation	411,318
Pacific Arts Festival	4,233
Department of Education	5,451
10 th Festival of Pacific Arts (\$20m loan)	639,502

Economic Development:

Port administration	613,935
Agriculture	167,541
Public market	8,018
Fiber Optic Cable Undersea Cable (\$20m loan)	226,261

Transfers Out:

Debt service fund	71,098
10 th Festival of Pacific Arts	25,000
Petroleum operations	1,181
Public assistance	89,000
Airport	1,493,714

Total	<u><u>\$ 11,040,416</u></u>
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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.

NOTE 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 11 - RISK MANAGEMENT AND INSURANCE - Continued

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, 2008 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:

- \$25,000,000 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 an Administrative Law Judge. Liabilities for incurred losses settled by fixed and reasonably determinable payments over a long period 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, 2008, these liabilities are reported at their present value of \$795,920. 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 - CONTINUED
SEPTEMBER 30, 2008

NOTE 11 - RISK MANAGEMENT AND INSURANCE - Continued

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 \$7,700,000.

NOTE 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, 2008, 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.

NOTE 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, 2008, the office of the Attorney General has estimated the amount of liability determined, as of September 30, 2008, 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 \$8,100,000.

TERRITORY OF AMERICAN SAMOA
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2008

NOTE 13 - COMMITMENTS AND CONTINGENCIES - Continued

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, 2008 financial statements for any amounts that cannot be estimated at this time.

c. Commitments

Outstanding commitments are comprised of the following:

	Project Authorization	Expended Through September 30, 2008	Committed at September 30, 2008
Airport improvements	\$ 17,207,936	\$ 10,070,417	\$ 7,137,519
Educational facilities	6,263,037	4,711,310	1,551,727
Highways and ports	90,389,096	2,753,907	87,635,189
Total	<u>\$ 113,860,069</u>	<u>\$ 17,535,634</u>	<u>\$ 96,324,435</u>

In addition to the amount of \$96,324,435 shown above as committed, \$110,500 is encumbered for various other capital projects, bringing total commitments to \$96,434,935. These projects will be funded primarily by grants. The Territory has additional unexpended contracts and open purchase orders for proprietary fund activities amounting to \$110,500 which will be honored and become proprietary fund expenses in subsequent fiscal years.

NOTE 14 - RESTATEMENT OF FINANCIAL STATEMENTS

The accompanying financial statements for 2007 have been restated to correct an error for the overstatement of liabilities and understatement of beginning fund equity related to the E-Rate payable amounts actually owed to the vendors. As a result of new information, management determined that they had over-accrued for these amounts in prior years. Accordingly, ASTCA has restated its results for the years presented. The effect of the restatement was to decrease accounts payable to \$665,000, and increase beginning fund equity by the same amount.

In addition to the above, management performed an in-depth analysis over inventory in the current year and noted certain cell phones that were not correctly valued at the lower of cost or market, and connectors that were entered into the system at the incorrect price. As a result of this analysis, management determined that inventory and beginning fund equity were overstated. Accordingly, ASTCA restated its results for the years presented. The effect of the restatement was to decrease inventory balance by \$225,473, and decrease beginning fund equity by the same amount.

The corrections noted resulted in a net increase to beginning fund equity of \$439,527.

REQUIRED SUPPLEMENTARY INFORMATION

TERRITORY OF AMERICAN SAMOA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 50,642,000	\$ 50,642,000	\$ 56,520,922	\$ 5,878,922
Licenses and permits	1,022,000	1,022,000	992,767	(29,233)
Intergovernmental	8,726,000	8,726,000	7,736,518	(989,482)
Charges for services	3,741,500	3,741,500	5,879,971	2,138,471
Fines and fees	2,625,500	2,625,500	2,785,895	160,395
Interdepartmental	5,400,000	5,400,000	6,541,933	1,141,933
Miscellaneous revenue	11,598,500	11,598,500	10,665,390	(933,110)
Total Revenues	<u>83,755,500</u>	<u>83,755,500</u>	<u>91,123,396</u>	<u>7,367,896</u>
Expenditures:				
General government	24,557,000	25,406,000	31,221,750	(5,815,750)
Public safety	8,699,500	8,699,500	8,024,224	675,276
Health and recreation	3,929,500	3,929,500	4,550,560	(621,060)
Public works	5,753,000	5,753,000	6,047,004	(294,004)
Education and culture	28,971,500	28,971,500	28,699,918	271,582
Economic development	10,996,000	10,996,000	11,237,839	(241,839)
Total Expenditures	<u>82,906,500</u>	<u>83,755,500</u>	<u>89,781,295</u>	<u>(6,025,795)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>849,000</u>	<u>-</u>	<u>1,342,101</u>	<u>1,342,101</u>
Other Financing Sources (Uses):				
Loan proceeds	-	-	-	-
Transfers in	-	-	7,033,164	7,033,164
Transfers out	(849,000)	-	(1,679,993)	(1,679,993)
Total Other Financing Sources (Uses)	<u>(849,000)</u>	<u>-</u>	<u>5,353,171</u>	<u>5,353,171</u>
Change in Fund Balances	<u>-</u>	<u>-</u>	<u>6,695,272</u>	<u>6,695,272</u>
Fund Balances, October 1, 2007	<u>2,743,108</u>	<u>2,743,108</u>	<u>2,743,108</u>	<u>-</u>
Fund Balances, September 30, 2008	<u>\$ 2,743,108</u>	<u>\$ 2,743,108</u>	<u>\$ 9,438,380</u>	<u>\$ 6,695,272</u>

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 (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE - FEDERAL GRANTS
YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 92,667,000	\$ 92,667,000	\$ 95,948,871	\$ 3,281,871
Charges for services	-	-	-	-
Miscellaneous revenue	-	-	1,021,480	1,021,480
Total revenues	<u>92,667,000</u>	<u>92,667,000</u>	<u>96,970,351</u>	<u>4,303,351</u>
Expenditures:				
General government	4,483,500	4,483,500	5,981,361	(1,497,861)
Public safety	12,882,500	12,882,500	14,668,471	(1,785,971)
Health and recreation	26,319,000	26,319,000	26,467,737	(148,737)
Public works	-	-	-	-
Education and culture	43,417,500	43,417,500	44,574,255	(1,156,755)
Economic development	5,564,500	5,564,500	5,278,527	285,973
Total Expenditures	<u>92,667,000</u>	<u>92,667,000</u>	<u>96,970,351</u>	<u>(4,303,351)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers out	-	-	359,866	359,866
Transfers in	-	-	(359,866)	(359,866)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances before Inventory Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Reserve for Inventory	-	-	(1,073,157)	(1,073,157)
Fund Balances, October 1, 2007	1,073,157	1,073,157	1,073,157	-
Fund Balances, September 30, 2008	<u>\$ 1,073,157</u>	<u>\$ 1,073,157</u>	<u>\$ -</u>	<u>\$ (1,073,157)</u>

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

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STATISTICAL SECTION

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.

Table 1

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
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
2007	50,259,785	1,026,333	87,879,860	5,413,957	2,794,387	3,451,493	4,556,012	155,381,827
2008	56,520,922	992,767	103,685,389	5,879,971	2,785,895	6,541,933	12,363,320	188,770,197

(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.

Table 2

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
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	5,092,585	10,494,285	22,765,675	152,547,202
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
2007	47,161,750	64,659,176	14,341,831	15,073,550	11,326,540	8,848,363	16,623,428	5,594,800	183,629,438
2008	37,213,113	73,274,173	16,516,366	31,018,297	22,692,695	6,047,004	3,087,908	15,312,807	205,162,363

(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.

Table 3

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
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
2007	50,680,367	1,026,333	9,986,127	4,117,813	2,442,171	3,451,493	1,628,301	73,332,605
2008	56,520,922	992,767	14,679,501	5,879,971	2,785,895	6,541,933	12,363,320	99,764,309

(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 judgement interest from Hurricane Val Settlement included in Miscellaneous.

Table 4

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

Fiscal Year	General Government	Education & Culture	Economic Development	Health and Recreation	Public Safety	Public Works	Total
1999	14,373,134	18,619,823	3,519,407	3,154,921	5,760,493	4,792,427	50,220,205
2000	14,366,285	18,346,325	3,649,671	2,272,385	5,841,843	4,811,903	49,288,412
2001	41,403,362 (1)	17,475,067	3,444,912	2,216,553	5,227,736	4,841,833	74,609,463
2002	45,527,976 (2)	22,402,757	3,701,226	8,729,469	5,872,429	5,478,483	91,712,340
2003	38,200,367 (3)	23,486,811	4,140,774	7,783,450	6,259,275	5,383,001	85,253,678
2004	37,086,953	26,484,268	4,452,789	9,016,407	6,498,460	5,496,823	89,035,700
2005	31,795,737	27,804,602	5,233,747	10,086,569	6,856,927	5,800,698	87,578,280
2006	30,384,401	28,563,380	4,752,866	11,669,575	7,968,028	6,104,821	89,443,071
2007	30,871,057	22,672,149	4,376,092	3,067,279	7,990,471	6,578,786	75,555,834
2008	31,231,752	28,699,918	11,237,839	4,550,560	8,024,224	6,047,004	89,791,297

(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.

Table 5

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

Fiscal			Amount Available		
Year	Population	Bonded Debt	For Debt Service	Net Bonded Debt	Per Capita
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)	(71.68)
2007	66,900	2,280,000	9,299,104	(7,019,104)	(104.92)
2008	69,200	18,873,520	121,466	18,752,054	270.98

Population Sources:

American Samoa Population Estimates Newsletter 2008

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>*2008</u>	<u>*2007</u>	<u>*2006</u>	<u>*2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
American Samoa	\$ 5,266	\$ 5,266	\$ 5,266	\$ 5,266	\$ 4,537	\$ 4,537	\$ 4,537	\$ 4,537
United States	\$ 33,070	\$ 29,843	\$ 27,990	\$ 27,420	\$ 25,237	\$ 25,237	\$ 25,237	\$ 25,237
American Samoa as % of U.S	15.9%	17.6%	18.8%	19.2%	18.0%	18.0%	18.0%	18.0%

Source:

ASG Department of Commerce

* Last measured per capita income for AS was 2005 Household Income and Expenditure Survey

Table 7

TERRITORY OF AMERICAN SAMOA
LABOR FORCE & EMPLOYMENT STATISTICS
Last Ten Fiscal Years

SUBJECT	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Population	69,200	68,200	66,900	65,500	64,100	62,600	60,800	59,400	57,700	56,800
Population 16 to 65 years of age	40,828	40,238	39,471	38,645	37,819	36,934	35,872	35,046	33,945	n/a
Employed	16,990	17,047	17,395	17,344	17,354	17,407	17,230	n/a	15,300	15,090
Government (1)	6,035	6,052	5,894	6,064	5,754	5,621	5,397	4,134	4,391	4,753
Tuna Canneries	4,861	4,633	4,757	4,546	4,600	5,036	5,133	5,230	5,009	4,957
Other	6,094	6,362	6,744	6,734	7,000	6,750	6,700	n/a	5,900	5,380

Sources:

American Samoa Department of Commerce

(1) Government includes all authorities

TERRITORY OF AMERICAN SAMOA
PUBLIC UTILITY STATISTICS
 Last Ten Fiscal Years

	ASPA (a)	GOVERNMENTAL WATER (b)	NUMBER OF
	TOTAL KWH	TOTAL GALLONS SOLD	TELEPHONES (c)
	SOLD		
YEAR	(in thousands)	(in millions)	
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	188,975	2,241	10,663
2007	185,153	2,194	12,456
2008	154,745	2,141	*12,456

Source:

American Samoa Power Authority

American Samoa Telecommunications Authority

* Data from prior year

Table 9

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

<u>YEAR</u>	<u>DIESEL</u>	<u>JET FUEL</u>	<u>GASOLINE</u>	<u>TOTAL</u>
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
2007	31,340,800	2,848,525	5,825,733	40,015,058
2008	32,486,351	3,034,198	5,630,127	41,150,676

Source:
Office of Petroleum Management

Table 10

TERRITORY OF AMERICAN SAMOA
ECONOMIC STATISTICS
 Last Ten Fiscal Years

<u>YEAR</u>	<u>TOURIST ARRIVALS</u>	<u>PORT ACTIVITY</u> (in millions)		<u>TOTAL REGISTERED BUSINESSES</u>	<u>BUILDING PERMITS</u>	
		<u>IMPORTS</u>	<u>EXPORTS</u>		<u>NUMBER ISSUED</u>	<u>EST. VALUE (in thousands)</u>
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	515.8	317.0	2,326	838	17,758
2002	n/a	225.0	388.0	n/a	596	21,088
2003	n/a	324.7	459.5	2,875	951	28,908
2004	7,181	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	2,985	692	26,500
2007	7,521	460.2	330.6	2,839	578	34,500
2008	7,084	567.8	336.8	2,820	651	38,000

Source:

Department of Commerce, Statistics Division

TERRITORY OF AMERICAN SAMOA
DEMOGRAPHIC STATISTICS
 Last Ten Fiscal Years

<u>YEAR</u>	<u>POPULATION</u>	<u>SCHOOL ENROLLMENT</u>			<u>AMERICAN SAMOA COMMUNITY COLLEGE FALL ENROLLMENT</u>
		<u>PUBLIC</u>	<u>PRIVATE</u>	<u>TOTAL</u>	
1999	62,900	15,507	2,704	18,211	1,155
2000	57,291	15,657	2,826	18,483	956
2001	59,400	15,897	1,359	17,256	1,178
2002	60,800	15,998	2,897	18,895	1,367
2003	62,600	15,947	3,050	18,997	1,537
2004	64,100	15,957	3,066	19,023	1,550
2005	65,500	15,957	3,066	19,023	1,601
2006	66,900	16,548	2,980	19,528	1,607
2007	68,200	16,579	2,980	19,559	1,767
2008	69,200	16,579*	2,980*	19,559*	1,767*

Source:

Department of Commerce, Statistics Division

* Data from prior year

Table 12

TERRITORY OF AMERICAN SAMOA
Miscellaneous Statistics
Fiscal Year 2008

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	1,651	22%
Land designated as Communal or Native	2,056	27%
Land individually owned	1,955	25%
Land registered as Freehold Owners	1,018	13%
Land registered as Church Land	1,013	13%
Average Temperature		
Maximum mean		87.0
Minimum mean		78.4
Annual relative humidity percent:		
Maximum mean		77
Minimum mean		75
*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%

* Data from prior year

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