

# TERRITORY OF AMERICAN SAMOA

## Basic Financial Statements

Fiscal Year ended September 30, 2010



PREPARED BY

DEPARTMENT OF TREASURY

Magalei Logovi'i  
Treasurer

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**TERRITORY OF AMERICAN SAMOA  
BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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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  
PAGO PAGO, AMERICAN SAMOA 96799  
TELEPHONE: (684) 633-4155 \*FACSIMILE: (684) 633-4100

**MAGALEI LOGOVI'I**  
TREASURER

**UELIGITONE PELE TONUMAIPE'A**  
DEPUTY TREASURER

July 28, 2011

The Honorable Togiola Tulafono  
Governor of American Samoa

The Basic Financial Statements of the Territory of American Samoa (the "Territory") for the fiscal year 2010 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 a 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 of America 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 Territory 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 other funds - 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.

### American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) enabling millions of dollars to go to states and territories to stimulate their economies. The Territory benefits from more than \$160 million in ARRA awards where at least \$17 million is in tax relief and about \$30 million is for other economic projects.

### Natural Disasters

On September 29, 2009, a magnitude 8.0 earthquake struck near the Territory, triggering towering tsunami waves that gushed over the Territory. The waves hit right in the middle of Pago Pago harbor as well as on the east and west coasts of the Territory, claiming lives of about 42 people. The Territory suffered extensive damage to roads, buildings and homes to which President Obama declared the Territory a major disaster and ordered federal aid to supplement local efforts. FEMA, the U.S. Coast Guard, the U.S. Navy and other federal agencies, the Red Cross along with other non-profit and private organizations and individuals contributed to aiding the Territory during this crisis.

## Acknowledgments

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

Sincerely,

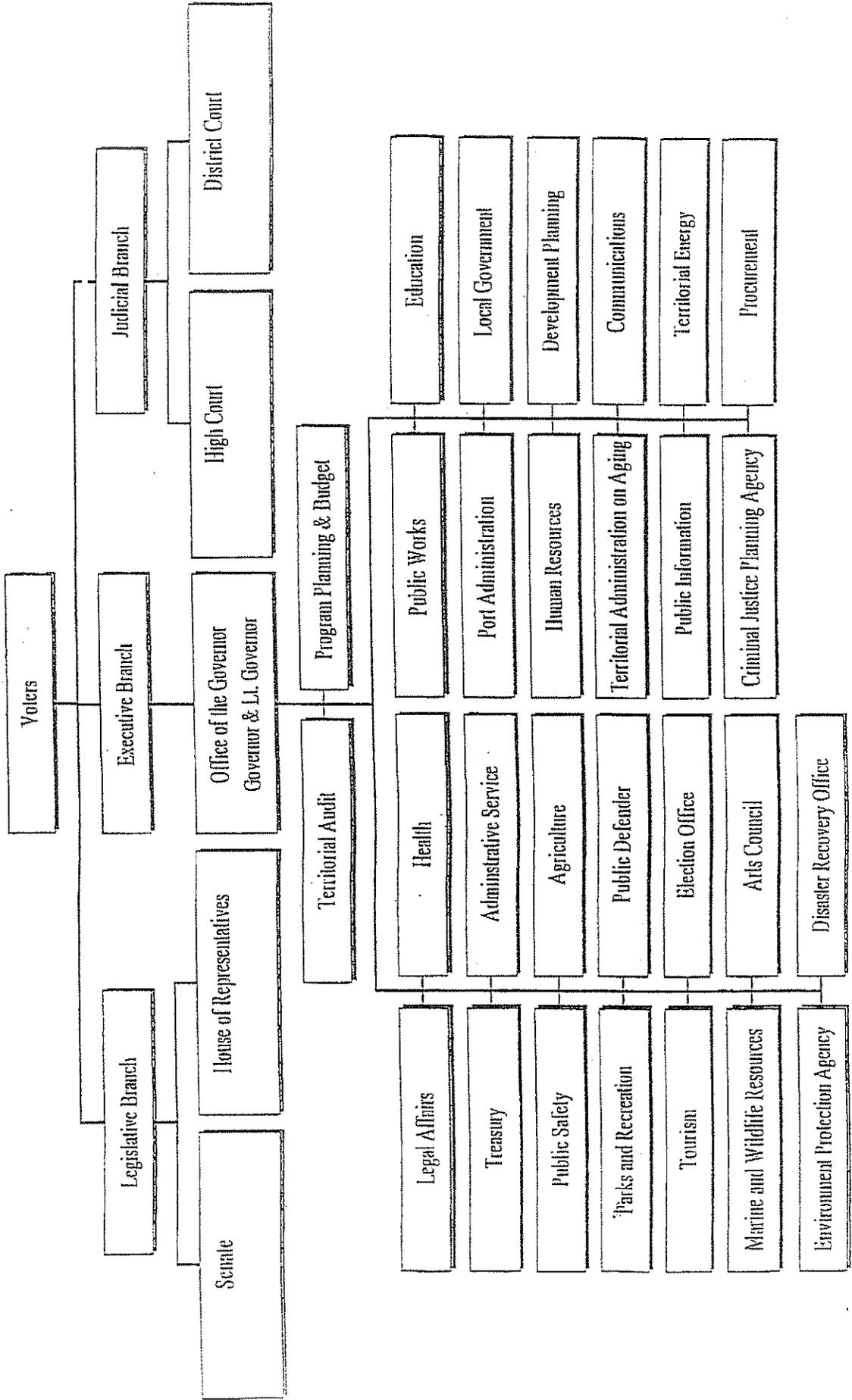


Magalei, Logovi'i T.  
ASG Treasurer

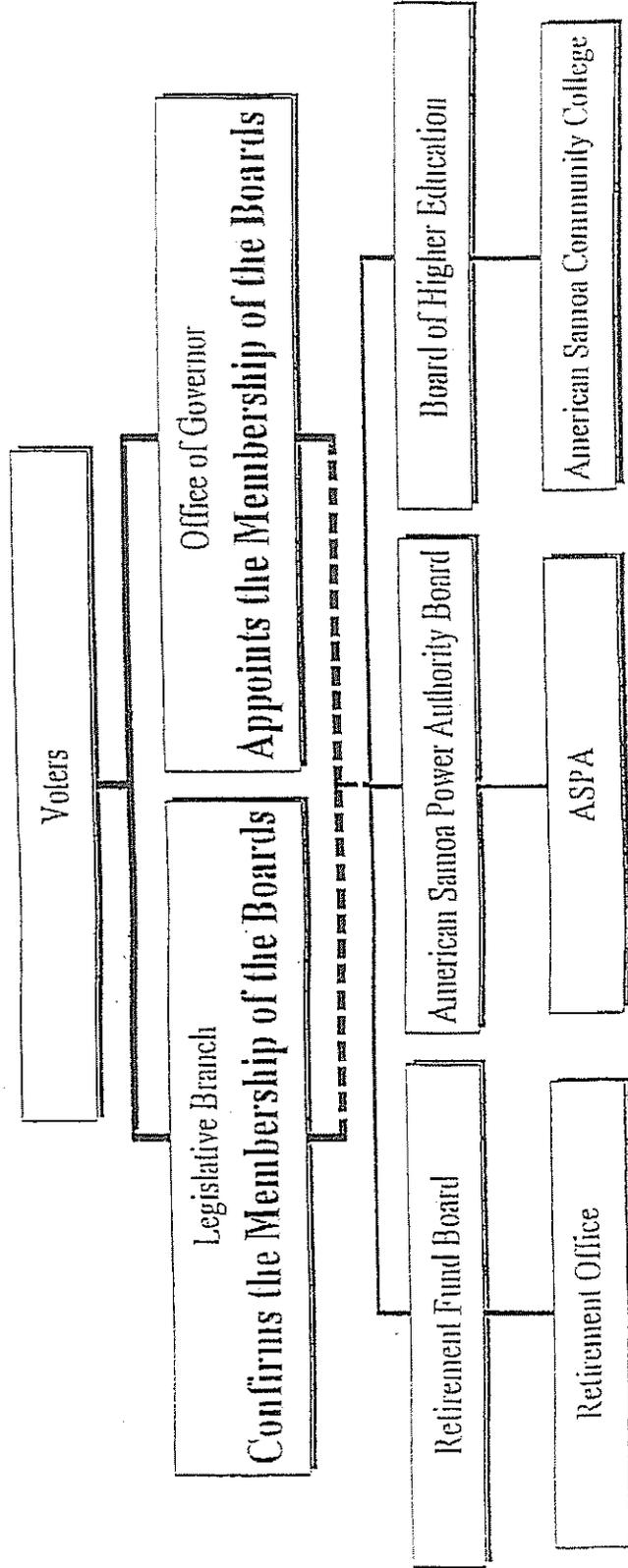


Ueligitone Pele Tonumaip'e'a  
Deputy Treasurer

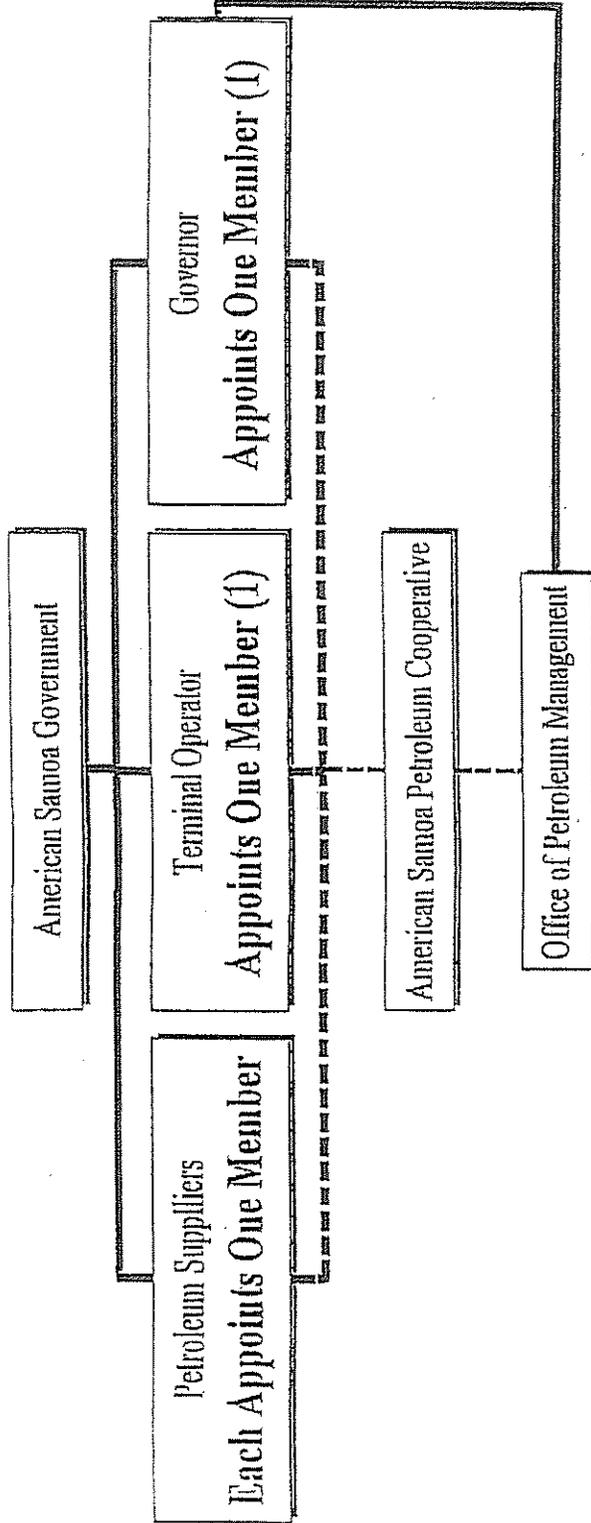
Territory of American Samoa  
 Organization Chart



# 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

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 Funds, of the Territory of American Samoa (the "Territory") as of September 30, 2010. 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, whose financial statements reflect assets comprising 100 percent of total assets as of September 30, 2010 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, whose financial statements reflect 86 percent of assets and 83 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 a 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, 2010 since the Territory did not maintain adequate perpetual records to verify the quantities and value of inventories.

We were unable to obtain and verify support of the immigration bond 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, 2010; however the system of financial accounting and reporting in operation for the Territory for the year ended September 30, 2010 was inadequate. There were significant failures in internal controls 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 year ended September 30, 2010. The Statement of Net Assets as of September 30, 2009 enters into the determination of Net Change in Net Assets for the year ended September 30, 2010.

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 with accounting principles generally accepted in the United States of America.

Because of the matters 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, 2010.

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 balances of the High Court accounts;
  - ii. the amount of the Due To/From Other Funds - Pooled Cash as discussed in paragraph four of this report;
  - iii. the accuracy of physical inventory records;
  - iv. the balance of immigration bond deposits received and recorded;
  - v. the accuracy of the fund balances as described in paragraph seven of this report;
  - vi. significant failures in internal controls 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 Telecommunications 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, 2010, 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 July 28, 2011, on our consideration of the Territory's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion & analysis and budgetary comparison information on pages 4 through 12 and 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing information for consistency with management's responses to our inquiries, the basic financial statements, and the other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 do not express an opinion or provide any assurance on them.

RC Holsinger Associates, P.C.

Wexford, Pennsylvania  
July 28, 2011

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**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2010**

This section of the Territory of American Samoa's (the "Territory") Basic Financial Statements presents a narrative overview and analysis of the financial activities of the Territory for the fiscal year ended September 30, 2010. 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 2009 comparative information has been included, where appropriate.

**FINANCIAL HIGHLIGHTS**

- For the fiscal year ended September 30, 2010, the Territory's total net assets of the primary government increased by \$16,390,827 or 6% from the prior year.
- During the year, the Territory's expenses for governmental activities were \$253,095,774 and were funded by program revenues of \$161,949,121 and further funded with taxes, grants and other general revenues that totaled \$100,779,386.
- In the Territory's business-type activities, which include the airport and industrial park, program revenues, including grants, exceeded program expenses by \$6,758,094.
- At September 30, 2010, the General Fund reported total fund balance of \$(8,124,476) of which \$2,122,261 is reserved and \$(10,246,737) is unreserved representing a decrease of \$7,369,828 from the prior year total fund balance of \$(754,648).
- For budgetary reporting purposes, the General Fund reported an increase in revenues of \$2,557,100 or 3.1% increase in revenues versus \$2,040,954 or 2.4% 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 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, 2010**

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, 2010**

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

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

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

***Net Assets***

The Territory's combined net assets increased from \$237,531,106 to \$253,921,933 between fiscal years 2009 and 2010. This is due to an 18% increase in expenses and the 22% increase in revenues.

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Capital assets, net	\$ 210,090,968	\$ 219,835,594	\$ 77,091,403	\$ 83,829,453	\$ 287,182,371	\$ 303,665,047
Other assets	<u>80,205,893</u>	<u>69,711,916</u>	<u>403,701</u>	<u>1,261,115</u>	<u>80,609,594</u>	<u>70,973,031</u>
Total Assets	<u>290,296,861</u>	<u>289,547,510</u>	<u>77,495,104</u>	<u>85,090,568</u>	<u>367,791,965</u>	<u>374,638,078</u>
Current liabilities	77,336,313	73,124,389	5,186,120	4,235,788	82,522,433	77,360,177
Non-current liabilities	<u>47,738,426</u>	<u>43,355,968</u>	-	-	<u>47,738,426</u>	<u>43,355,968</u>
Total Liabilities	<u>125,074,739</u>	<u>116,480,357</u>	<u>5,186,120</u>	<u>4,235,788</u>	<u>130,260,859</u>	<u>120,716,145</u>
Net assets						
Invested in capital assets, net of related debt	210,090,968	219,835,594	77,091,403	83,829,453	287,182,371	303,665,047
Unrestricted	<u>(44,868,846)</u>	<u>(46,768,441)</u>	<u>(4,782,419)</u>	<u>(2,974,673)</u>	<u>(49,651,265)</u>	<u>(49,743,114)</u>
Total Net Assets	<u>\$ 165,222,122</u>	<u>\$ 173,067,153</u>	<u>\$ 72,308,984</u>	<u>\$ 80,854,780</u>	<u>\$ 237,531,106</u>	<u>\$ 253,921,933</u>

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2010**

***Changes in Net Assets***

For the years ended September 30, 2009 and 2010, net assets of the primary government changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
<b>Revenues:</b>						
Programs revenues	\$ 133,678,758	\$ 161,949,121	\$ 10,996,793	\$ 12,323,797	\$ 144,675,551	\$ 174,272,918
Taxes and other general revenues	<u>80,335,308</u>	<u>100,779,386</u>	<u>27,697</u>	<u>38,742</u>	<u>80,363,005</u>	<u>100,818,128</u>
Total Revenues	<u>214,014,066</u>	<u>262,728,507</u>	<u>11,024,490</u>	<u>12,362,539</u>	<u>225,038,556</u>	<u>275,091,046</u>
<b>Expenses:</b>						
General government	46,402,127	81,694,489	-	-	46,402,127	81,694,489
Public safety	14,560,424	17,902,247	-	-	14,560,424	17,902,247
Health and welfare	31,345,178	26,566,764	-	-	31,345,178	26,566,764
Public works	27,527,064	26,717,051	-	-	27,527,064	26,717,051
Education and culture	74,115,657	72,680,722	-	-	74,115,657	72,680,722
Economic development	15,908,953	24,659,694	-	-	15,908,953	24,659,694
Interest	3,689,908	2,874,807	-	-	3,689,908	2,874,807
Industrial park	-	-	743,996	559,809	743,996	559,809
Airport	-	-	<u>6,838,928</u>	<u>5,044,636</u>	<u>6,838,928</u>	<u>5,044,636</u>
Total Expenses	<u>213,549,311</u>	<u>253,095,774</u>	<u>7,582,924</u>	<u>5,604,445</u>	<u>221,132,235</u>	<u>258,700,219</u>
Excess (deficiency) before transfers	464,755	9,632,733	3,441,566	6,758,094	3,906,321	16,390,827
Transfers	<u>(2,451,404)</u>	<u>(1,787,702)</u>	<u>2,451,404</u>	<u>1,787,702</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ (1,986,649)</u>	<u>\$ 7,845,031</u>	<u>\$ 5,892,970</u>	<u>\$ 8,545,796</u>	<u>\$ 3,906,321</u>	<u>\$ 16,390,827</u>

In 2010, governmental activities showed a increase in revenue of \$48,714,441 or 22% increase in revenues versus \$39,546,463 or 18% increase in expenses. Business-type activities, also, showed a rise in revenues, \$1,338,049 or 12%. Expenses, however, showed a decrease from the previous year at \$1,978,479 or 26%.

**Governmental Activities**

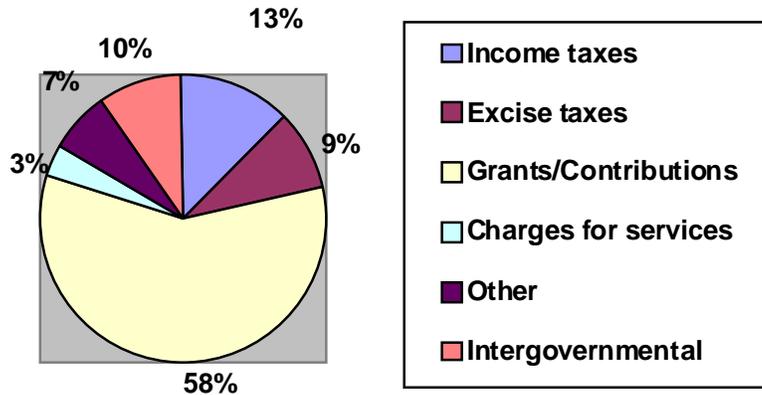
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column 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, 2010**

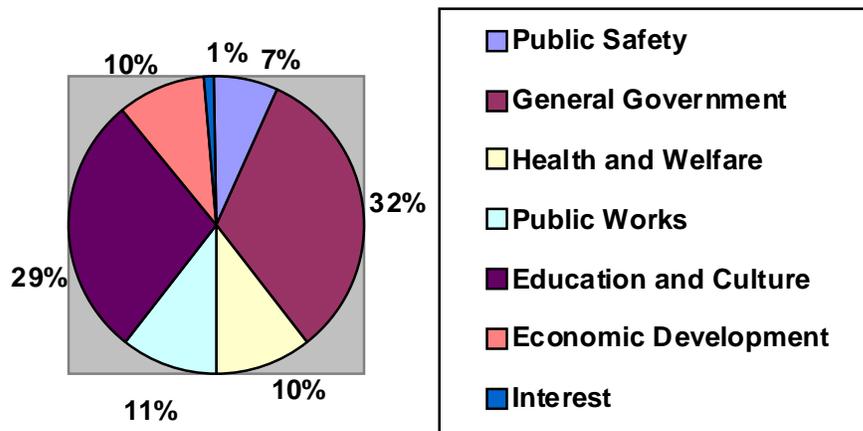
**Governmental Activities - (Continued)**

For the year ended September 30, 2010, the Territory's governmental activities were funded as follows:

**Governmental Activities Sources**



**Governmental Activities Uses**



For the year ended September 30, 2010, total expenses for governmental activities amounted to \$253,095,774. Of these total expenses, taxpayers and other general revenues funded \$100,779,386 while those directly benefiting from the programs funded \$9,164,831 from charges for services and \$152,784,290 from grants and contributions.

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2010**

**Governmental Activities, (Continued)**

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	2009	2010	2009	2010
	2009	2010	2009	2010
General government	\$ 46,402,127	\$ 81,694,489	\$ (15,262,708)	\$ (28,548,020)
Public safety	14,560,424	17,902,247	(9,220,146)	(10,257,368)
Health and welfare	31,345,178	26,566,764	(8,398,609)	(8,554,049)
Public works	27,527,064	26,717,051	(8,158,164)	(6,885,091)
Education and culture	74,115,657	72,680,722	(26,945,869)	(23,871,992)
Economic development	15,908,953	24,659,694	(8,195,149)	(10,155,326)
Interest	3,689,908	2,874,807	(3,689,908)	(2,874,807)
<b>Total</b>	<b>\$ 213,549,311</b>	<b>\$ 253,095,774</b>	<b>\$ (79,870,553)</b>	<b>\$ (91,146,653)</b>

**Business-type Activities**

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

- Total business-type activities reported a excess in revenue of \$6,719,352 for the year ended September 30, 2010.
- Of the business-type activities, the airport reported net program revenues of \$6,753,547. The significant increase from 2009 was due to the impact of capital grants and contributions of that year. The industrial park reported net program expenses of \$34,195.

Net Revenue (Expense) of Business-type Activities

	Total Expense of Services		Net Revenue (Expense) of Services	
	2009	2010	2009	2010
	2009	2010	2009	2010
Airport	\$ 6,838,928	\$ 5,044,636	\$ 3,693,006	\$ 6,753,547
Industrial park	743,996	559,809	(279,137)	(34,195)
<b>Total</b>	<b>\$ 7,582,924</b>	<b>\$ 5,604,445</b>	<b>\$ 3,413,869</b>	<b>\$ 6,719,352</b>

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2010**

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

As the Territory completed its 2010 fiscal year, the governmental funds reported a combined fund balance of \$1,502,613, a 76.1% decrease from the prior year combined fund balance of \$6,304,366. The enterprise funds reported combined net assets of \$80,854,780 or a 11.1% increase from 2009.

Other fund highlights include:

- For the year ended September 30, 2010, the General Fund's total fund balance decreased by \$7,369,828 from the prior year's fund balance of \$(754,648) for a total fund balance of \$(8,124,476).
- The airport enterprise fund, after the recognition of capital grants and contributions of \$10,262,319 reported an increase in net assets of \$8,521,239.
- The government employee retirement fund posted an increase in net assets of the fund of \$13,451,540 or 7.1% for the year, which included net appreciation of the fair value of investments in the positive of \$18,508,385.

**TERRITORY OF AMERICAN SAMOA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
SEPTEMBER 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of September 30, 2010, the Territory had \$303,665,470 invested in capital assets, net of depreciation, including land and land improvements, buildings, infrastructure and various machinery and equipment. See table below. This represents a net increase of \$16,482,676 or 5.7% over the prior year.

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land and land improvements	\$ 1,539,718	\$ 1,539,718	\$ 40,929,586	\$ 39,108,960	\$ 42,469,304	\$ 40,648,678
Buildings and structures	71,446,974	74,864,566	30,729,427	39,655,693	102,176,401	114,520,259
Other improvements	18,738,464	18,141,174	-	-	18,738,464	18,141,174
Machinery and equipment	15,943,738	18,062,290	2,626,133	2,907,232	18,569,871	20,969,522
Infrastructure	65,136,768	66,310,262	-	-	65,136,768	66,310,262
Construction in progress	37,285,306	40,917,584	2,806,257	3,157,568	40,091,563	43,075,152
<b>Totals</b>	<b>\$ 210,090,968</b>	<b>\$ 219,835,594</b>	<b>\$ 77,091,403</b>	<b>\$ 83,829,453</b>	<b>\$ 287,182,371</b>	<b>\$ 303,665,047</b>

This year's more significant capital asset additions included new buildings such as the Department of Education Main Office, the Fagatogo Public Market, and the Territory Energy Office. Other additions included classrooms at Alofau, Manulele and Manu'a and renovations to the Agriculture Warehouse, Samoana High School Gym, Veteran's Stadium Roof and the Pavaiai Intersection Road. The Happy Valley Road, the Route 011 Sailele Shoreline and Leone Valley Road were new additions as well.

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 \$57,281,129 in long-term debt outstanding, which represents a \$3,969,635 or 6.5% decrease 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	
	2009	2010	2009	2010	2009	2010
Accrued compensated absences	\$ 14,279,401	\$ 14,582,223	\$ -	\$ -	\$ 14,279,401	\$ 14,582,223
FEMA loan	2,883,009	2,967,306	-	-	2,883,009	2,967,306
General obligation bonds	-	-	-	-	-	-
Dept. of Interior loan	15,126,063	13,845,246	-	-	15,126,063	13,845,246
Workers Compensation Claims	818,723	984,456	-	-	818,723	984,456
American Samoa Government Retirement Fund - LBJ loan	8,841,265	8,433,728	-	-	8,841,265	8,433,728
American Samoa Government Retirement Fund Loan	17,514,645	15,780,512	-	-	17,514,645	15,780,512
Landfill closure and post-closure	287,658	287,658	-	-	287,658	287,658
Claims and judgments	1,500,000	400,000	-	-	1,500,000	400,000
<b>Totals</b>	<b>\$ 61,250,764</b>	<b>\$ 57,281,129</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,250,764</b>	<b>\$ 57,281,129</b>

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, 2010**

**ECONOMIC FACTORS**

The American Samoa economy continued its downturn in 2010. The greatest contributing factor was the closure of the Samoa Packing fish cannery, which resulted in more than 2,000 employees being laid off. Although still in operation, Star Kist has downsized its workforce as well. Statistics show 1,553 cannery employees for 2010, about a 68% decrease from 2008.

Businesses and government continue to struggle with the U.S. Congress mandate of standardizing the minimum labor wage to that of the U.S mainland.

On September 29, 2009, a magnitude 8.0 earthquake struck near American Samoa creating towering tsunami waves that gushed over the Territory. President Obama declared the Territory a major disaster and ordered federal aid to supplement local relief efforts.

The Territory also received the National Emergency Grant of \$24 million awarded by the Department of Labor to assist in clean-up and recover efforts. Funds were used to create temporary jobs to assist in disaster relief employment on projects that provide food, clothing, shelter and other assistance to disaster victims. The Department of Human Resources served an estimate of 4,930 individuals, including dislocated workers from the Samoa Packing cannery and tsunami-affected businesses.

American Samoa received federal funding from the American Recovery and Reinvestment Act (ARRA) when President Obama signed the Act on February 17, 2009. American Samoa ARRA awards total \$209 million of which the Territory spent \$23 million in 2010.

**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 FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,084,851	\$ 734,593	\$ 20,819,444	\$ 24,156,083
Investments	8,380,238	-	8,380,238	(126,783)
Taxes receivable, net	7,474,714	-	7,474,714	-
Accounts receivable, net	103,681	152,059	255,740	18,524,603
Due from U.S. Government	31,533,811	374,463	31,908,274	5,809,001
Due from primary government	-	-	-	2,993,649
Due from other funds	1,323,443	-	1,323,443	316,576
Inventories	-	-	-	11,248,613
Prepaid expenses	652,504	-	652,504	1,905,906
Capital lease receivable	158,674	-	158,674	-
Other assets	-	-	-	3,000,000
Capital assets, net	<u>219,835,594</u>	<u>83,829,453</u>	<u>303,665,047</u>	<u>122,053,213</u>
Total Assets	<u>289,547,510</u>	<u>85,090,568</u>	<u>374,638,078</u>	<u>189,880,861</u>
<b>LIABILITIES</b>				
Due to other funds-pooled cash	4,702,803	-	4,702,803	-
Accounts payable	16,843,130	905,170	17,748,300	13,067,527
Income tax refunds payable	5,160,069	-	5,160,069	-
Accrued expenses	4,348,308	684,197	5,032,505	13,055,080
Due to other funds	533,586	-	533,586	4,596,700
Due to component units	5,001,981	-	5,001,981	-
Contract retention	601,285	1,061,651	1,662,936	-
Deposits	1,055,936	-	1,055,936	219,658
Claims payable	100,000	-	100,000	-
Advances from grants	8,868,913	1,584,770	10,453,683	11,559,132
Deferred revenue	12,370,875	-	12,370,875	-
Long-term debt payable within one year	2,170,197	-	2,170,197	-
Other liabilities	11,367,306	-	11,367,306	3,670,399
Non-current liabilities:				
Long-term debt payable after one year	22,044,043	-	22,044,043	6,738,610
Other liabilities due after one year	<u>21,311,925</u>	<u>-</u>	<u>21,311,925</u>	<u>1,353,266</u>
Total Liabilities	<u>116,480,357</u>	<u>4,235,788</u>	<u>120,716,145</u>	<u>54,260,372</u>
<b>NET ASSETS</b>				
Invested in capital asset, net of related debt	219,835,594	83,829,453	303,665,047	92,829,715
Restricted	-	-	-	3,540,683
Unrestricted	<u>(46,768,441)</u>	<u>(2,974,673)</u>	<u>(49,743,114)</u>	<u>39,250,091</u>
Total Net Assets	<u>\$ 173,067,153</u>	<u>\$ 80,854,780</u>	<u>\$ 253,921,933</u>	<u>\$ 135,620,489</u>

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

**TERRITORY OF AMERICAN SAMOA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2010**

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	Program Revenues		
			<u>Charges for Services</u>	<u>Operation Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>					
Governmental Activities:					
General government	\$ 81,694,489	\$ (5,226,065)	\$ 9,164,831	\$ -	\$ 38,755,573
Public safety	17,902,247	303,003	-	-	7,947,882
Health and welfare	26,566,764	957,806	-	18,970,521	-
Public works	26,717,051	246,989	-	-	20,078,949
Education and culture	72,680,722	3,348,718	-	50,115,961	2,041,487
Economic development	24,659,694	369,549	-	14,873,917	-
Interest	<u>2,874,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>253,095,774</u>	<u>-</u>	<u>9,164,831</u>	<u>83,960,399</u>	<u>68,823,891</u>
Business-type Activities:					
Industrial park	559,809		525,614	-	-
Airport	<u>5,044,636</u>		<u>1,535,864</u>	<u>-</u>	<u>10,262,319</u>
Total Business-type Activities	<u>5,604,445</u>		<u>2,061,478</u>	<u>-</u>	<u>10,262,319</u>
<b>Total Primary Government</b>	<u>\$ 258,700,219</u>		<u>\$ 11,226,309</u>	<u>\$ 83,960,399</u>	<u>\$ 79,086,210</u>
<b>Component Units</b>					
American Samoa Power Authority	\$ 92,083,375		\$ 83,047,295	\$ 8,946,823	\$ 2,797,277
American Samoa Community College	12,860,802		8,473,642	784,284	-
American Samoa Medical Center Authority	34,265,646		22,198,835	-	1,876,263
American Samoa Telecommunications Authority	<u>17,251,825</u>		<u>16,763,039</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,461,648</u>		<u>\$ 130,482,811</u>	<u>\$ 9,731,107</u>	<u>\$ 4,673,540</u>

**General Revenues:**

Taxes:

Income taxes for general purposes

Excise taxes

Intergovernmental

Tobacco settlement proceeds

Payments from the Territory of American Samoa

Miscellaneous

Extraordinary item – tsunami damages, repairs and reimbursements, net  
Transfers

**Total General Revenues, Extraordinary Items and Transfers**

**Changes in Net Assets**

**Net Assets, Beginning of Year**

**Net Assets, End of Year**

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

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2010**

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	<u>Component Units</u>
\$ (28,548,020)	\$ -	\$ (28,548,020)	\$ -
(10,257,368)	-	(10,257,368)	-
(8,554,049)	-	(8,554,049)	-
(6,885,091)	-	(6,885,091)	-
(23,871,992)	-	(23,871,992)	-
(10,155,326)	-	(10,155,326)	-
(2,874,807)	-	(2,874,807)	-
<u>(91,146,653)</u>	<u>-</u>	<u>(91,146,653)</u>	<u>-</u>
-	(34,195)	(34,195)	-
<u>-</u>	<u>6,753,547</u>	<u>6,753,547</u>	<u>-</u>
<u>-</u>	<u>6,719,352</u>	<u>6,719,352</u>	<u>-</u>
<u>\$ (91,146,653)</u>	<u>\$ 6,719,352</u>	<u>\$ (84,427,301)</u>	<u>\$ -</u>
			\$ 2,708,020
			(3,602,876)
			(10,190,548)
			<u>(488,786)</u>
			<u>\$ (11,574,190)</u>
\$ 33,594,519	\$ -	\$ 33,594,519	\$ -
23,087,559	38,742	23,126,301	-
25,843,102	-	25,843,102	536,525
2,136,256	-	2,136,256	-
-	-	-	11,175,983
16,117,950	-	16,117,950	4,598,795
-	-	-	100,061
(1,787,702)	1,787,702	-	-
<u>98,991,684</u>	<u>1,826,444</u>	<u>100,818,128</u>	<u>16,411,364</u>
7,845,031	8,545,796	16,390,827	4,837,174
<u>165,222,122</u>	<u>72,308,984</u>	<u>237,531,106</u>	<u>130,783,315</u>
<u>\$ 173,067,153</u>	<u>\$ 80,854,780</u>	<u>\$ 253,921,933</u>	<u>\$ 135,620,489</u>

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**  
**SEPTEMBER 30, 2010**

	<u>General Funds</u>	<u>Grant Funds</u>	<u>Debt Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,071,505	\$ 5,382,357	\$ 121,411	\$ 1,145,746	\$ 14,721,019
Due from other funds-pooled cash	-	-	-	21,401	21,401
Investments	3,735,944	-	-	3,419,279	7,155,223
Taxes receivable, net	7,474,714	-	-	-	7,474,714
Accounts receivable, net	103,681	-	-	554,702	658,383
Due from U.S. Government	-	24,138,215	-	7,395,596	31,533,811
Inventories	-	-	-	-	-
Prepaid expenses	653,044	-	-	-	653,044
Capital lease receivable	<u>158,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,674</u>
Total Assets	<u>\$ 20,197,562</u>	<u>\$ 29,520,572</u>	<u>\$ 121,411</u>	<u>\$ 12,536,724</u>	<u>\$ 62,376,269</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds-pooled cash	\$ 2,619,073	\$ 5,007,060	\$ -	\$ -	\$ 7,626,133
Accounts payable	1,552,392	12,979,237	-	2,311,501	16,843,130
Income tax refunds payable	5,160,069	-	-	-	5,160,069
Accrued expenses	4,336,133	-	-	12,175	4,348,308
Due to component units	3,649,042	1,352,939	-	-	5,001,981
Due to other funds	152,376	381,210	-	-	533,586
Contract retention	18,638	-	-	582,647	601,285
Deposits	-	1,055,936	-	-	1,055,936
Advances from grants	-	8,744,190	-	124,723	8,868,913
Deferred revenue	<u>10,834,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,834,315</u>
Total Liabilities	<u>28,322,038</u>	<u>29,520,572</u>	<u>-</u>	<u>3,031,046</u>	<u>60,873,656</u>
Fund Balances:					
Reserved for encumbrances	796,685	-	-	-	796,685
Reserved for debt service	-	-	121,411	-	121,411
Unreserved:					
Undesignated	<u>(8,921,161)</u>	<u>-</u>	<u>-</u>	<u>9,505,678</u>	<u>584,517</u>
Total Fund Balances	<u>(8,124,476)</u>	<u>-</u>	<u>121,411</u>	<u>9,505,678</u>	<u>1,502,613</u>
Total Liabilities and Fund Balances	<u>\$ 20,197,562</u>	<u>\$ 29,520,572</u>	<u>\$ 121,411</u>	<u>\$ 12,536,724</u>	<u>\$ 62,376,269</u>

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, 2010**

Fund balances - total government funds \$ 1,502,613

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	\$ 365,702,318	
Less: Accumulated depreciation	<u>(145,866,724)</u>	219,835,594

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	\$ (15,780,512)	
ASGRF-LBJ loan	(8,433,728)	
Compensated absences	(14,582,223)	
Claims and judgments	(400,000)	
Other liabilities	<u>(17,100,210)</u>	(56,296,673)

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

Deferred revenue		1,536,560
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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.

6,489,059

Net Assets of Governmental Activities \$ 173,067,153

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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>General Funds</u>	<u>Grant Funds</u>	<u>Debt Service Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 56,489,609	\$ -	\$ 2,443,563	\$ -	\$ 58,933,172
Licenses and permits	1,003,204	-	-	-	1,003,204
Intergovernmental	13,448,705	145,108,703	-	25,196,120	183,753,528
Charges for services	5,545,817	-	-	2,041,387	7,587,204
Fines and fees	2,523,215	-	92,695	-	2,615,910
Interdepartmental	6,391,129	-	-	-	6,391,129
Tobacco settlement proceeds	-	-	2,136,256	-	2,136,256
Miscellaneous	<u>2,774,901</u>	<u>1,021,359</u>	<u>1,100,000</u>	<u>40,693</u>	<u>4,936,953</u>
<b>Total Revenues</b>	<b><u>\$ 88,176,580</u></b>	<b><u>\$ 146,130,062</u></b>	<b><u>\$ 5,772,514</u></b>	<b><u>\$ 27,278,200</u></b>	<b><u>\$ 267,357,356</u></b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	\$ 29,233,771	\$ 34,142,832	\$ 67	\$ 16,021,307	\$ 79,397,977
Public safety	9,773,723	7,947,882	-	-	17,721,605
Health and recreation	8,094,051	18,970,521	-	-	27,064,572
Public works	6,783,789	20,078,949	-	-	26,862,738
Education and culture	28,401,129	50,115,961	-	-	78,517,090
Economic development	7,791,050	14,873,917	-	437,792	23,102,759
Capital improvements	-	-	-	7,854,831	7,854,831
Principal	-	-	3,452,982	-	3,452,982
Interest	-	-	<u>2,874,807</u>	-	<u>2,874,807</u>
<b>Total Expenditures</b>	<b><u>90,077,513</u></b>	<b><u>146,130,062</u></b>	<b><u>6,327,856</u></b>	<b><u>24,313,930</u></b>	<b><u>266,849,361</u></b>
Excess (Deficiency) of Revenues Over Expenditures	(1,900,933)	-	(555,342)	2,964,270	507,995
<b>Other Financing Sources (Uses):</b>					
Loan proceeds	2,430,263	-	-	-	2,430,263
Transfers in	281,703	-	390,151	2,000	673,854
Transfers out	<u>(8,180,861)</u>	-	-	<u>(233,004)</u>	<u>(8,413,865)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(5,468,895)</b>	<b>-</b>	<b>390,151</b>	<b>(231,004)</b>	<b>(5,309,748)</b>
<b>Changes in Fund Balances</b>	<b><u>(7,369,828)</u></b>	<b><u>-</u></b>	<b><u>(165,191)</u></b>	<b><u>2,733,266</u></b>	<b><u>(4,801,753)</u></b>
Fund Balances (Deficits), Beginning of Year	(754,648)	-	286,602	6,772,412	6,304,366
Change in Reserve for Inventory	-	-	-	-	-
<b>Fund Balances (Deficits), End of Year</b>	<b><u>\$ (8,124,476)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 121,411</u></b>	<b><u>\$ 9,505,678</u></b>	<b><u>\$ 1,502,613</u></b>

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, 2010**

Net change in fund balances - total government funds	\$	(4,801,753)
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>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.</p>		
Expenditures for capital assets, net	\$ 22,678,157	
Less: Current year depreciation	<u>(10,499,925)</u>	12,178,232
<p>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.</p>		
Interest	\$ (946,935)	
Principal payments	<u>4,285,125</u>	3,338,190
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.</p>		
Deferred revenue		(2,786,993)
<p>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.</p>		
Claims and judgments	\$ (1,100,000)	
Change in long-term compensated absences	<u>302,822</u>	(797,178)
<p>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.</p>		
		<u>714,533</u>
Change in Net Assets of Governmental Activities	\$	<u><u>7,845,031</u></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, 2010**

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Industrial Park	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 734,593	\$ -	\$ 734,593	\$ 3,445,956
Investments	-	-	-	1,225,015
Due from other funds-pooled cash	-	-	-	2,901,929
Accounts receivable, net	20,336	131,723	152,059	-
Due from U.S. Government	374,463	-	374,463	-
Capital assets, net	83,088,105	741,348	83,829,453	304,085
Total Assets	84,217,497	873,071	85,090,568	7,876,985
<b>LIABILITIES</b>				
Accounts payable	865,495	39,675	905,170	22,961
Accrued expenses	597,034	87,163	684,197	1,060,880
Due to other funds	-	-	-	-
Contract retention	1,061,651	-	1,061,651	-
Due to other funds-pooled cash	-	-	-	-
Advances from grants	1,584,770	-	1,584,770	-
Total Liabilities	4,108,950	126,838	4,235,788	1,083,841
<b>NET ASSETS</b>				
Invested in capital asset	83,088,105	741,348	83,829,453	304,085
Unrestricted	(2,979,558)	4,885	(2,974,673)	6,489,059
Total Net Assets	\$ 80,108,547	\$ 746,233	\$ 80,854,780	\$ 6,793,144

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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Industrial Park	Total	
Operating Revenues:				
Taxes	\$ 38,742	\$ -	\$ 38,742	\$ -
Intergovernmental	182,078	-	182,078	-
Charges for services	<u>1,353,786</u>	<u>525,614</u>	<u>1,879,400</u>	<u>2,462,506</u>
Total Operating Revenues	<u>1,574,606</u>	<u>525,614</u>	<u>2,100,220</u>	<u>2,462,506</u>
Operating Expenses:				
Personnel	2,104,417	397,404	2,501,821	506,612
Operations and maintenance	889,723	78,085	967,808	1,204,529
Depreciation and amortization	<u>2,050,496</u>	<u>84,320</u>	<u>2,134,816</u>	<u>43,882</u>
Total Operating Expenses	<u>5,044,636</u>	<u>559,809</u>	<u>5,604,445</u>	<u>1,755,023</u>
Operating (Loss) Income	<u>(3,470,030)</u>	<u>(34,195)</u>	<u>(3,504,225)</u>	<u>707,483</u>
Non-operating Revenues (Expenses):				
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before Capital Contributions and Transfers	<u>(3,470,030)</u>	<u>(34,195)</u>	<u>(3,504,225)</u>	<u>707,483</u>
Transfers in	1,728,950	58,752	1,787,702	7,050
Transfers out	-	-	-	-
Capital contributions	<u>10,262,319</u>	<u>-</u>	<u>10,262,319</u>	<u>-</u>
Changes in Net Assets	<u>8,521,239</u>	<u>24,557</u>	<u>8,545,796</u>	<u>714,533</u>
Total Net Assets - Beginning of Year	<u>71,587,308</u>	<u>721,676</u>	<u>72,308,984</u>	<u>6,078,611</u>
Total Net Assets - End of Year	<u>\$ 80,108,547</u>	<u>\$ 746,233</u>	<u>\$ 80,854,780</u>	<u>\$ 6,793,144</u>

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

**TERRITORY OF AMERICAN SAMOA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Enterprise Funds			Governmental Activities: Internal Service Fund
	Airport	Industrial Park	Total	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,353,786	\$ 525,614	\$ 1,879,400	\$ 2,462,506
Receipt of overpayment	-	-	-	-
Grants from governments	-	-	-	-
Tax receipts	38,742	-	38,742	-
Payments to suppliers	(1,583,932)	(186,962)	(1,770,894)	(1,026,317)
Payments to employees	(2,104,417)	(397,404)	(2,501,821)	(506,612)
Internal activities-receipt from (payment to) other funds	<u>182,078</u>	<u>-</u>	<u>182,078</u>	<u>(493,531)</u>
Net Cash (Used) Provided by Operating Activities	<u>(2,113,743)</u>	<u>(58,752)</u>	<u>(2,172,495)</u>	<u>436,046</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to fixed assets and work-in process	(8,872,866)	-	(8,872,866)	-
Receipts of federal capital grants	<u>10,262,319</u>	<u>-</u>	<u>10,262,319</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>1,389,453</u>	<u>-</u>	<u>1,389,453</u>	<u>-</u>
Cash Flows from Investing Activities:				
Purchase of investments	-	-	-	(1,100,000)
Sale of investments	-	-	-	2,100,000
Interest income (payments)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(238)</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,762</u>
Cash Flows from Non-capital Financing Activities:				
Operating transfers in (out)	1,728,950	58,752	1,787,702	7,050
Advances	<u>(574,871)</u>	<u>-</u>	<u>(574,871)</u>	<u>-</u>
Net Cash Provided (Used) by Non-capital Financing Activities	<u>1,154,079</u>	<u>58,752</u>	<u>1,212,831</u>	<u>7,050</u>
Increase in Cash and Cash Equivalents	429,789	-	429,789	1,442,858
Cash and Cash Equivalents - Beginning of Year	<u>304,804</u>	<u>-</u>	<u>304,804</u>	<u>2,003,098</u>
Cash and Cash Equivalents - End of Year	<u>\$ 734,593</u>	<u>\$ -</u>	<u>\$ 734,593</u>	<u>\$ 3,445,956</u>
Reconciliation of Operating Income to Net Cash (Used) Provided by Operating Activities:				
Operating (loss) income	\$ (3,470,030)	\$ (34,195)	\$ (3,504,225)	\$ 707,483
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:				
Depreciation and amortization	2,050,496	84,320	2,134,816	43,882
Decrease (increase) in assets:				
Accounts receivable, net	25,776	(78,938)	(53,162)	-
Due from U.S. Government	(374,463)	-	(374,463)	-
Due from other funds	-	-	-	(493,531)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(345,522)	(29,939)	(375,461)	6,128
Due to other funds	-	-	-	-
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,084</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (2,113,743)</u>	<u>\$ (58,752)</u>	<u>\$ (2,172,495)</u>	<u>\$ 436,046</u>

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, 2010**

	<u>Pension Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 827,944	\$ 6,040,405
Due from other funds-pooled cash	-	4,702,803
Investments	199,978,967	-
Accounts receivable, net	286,052	-
Contributions receivable	482,689	-
Prepaid expenses	70,626	-
Capital assets, net	<u>477,751</u>	<u>-</u>
Total Assets	<u>202,124,029</u>	<u>10,743,208</u>
<b>LIABILITIES</b>		
Accounts payable	187,162	53
Deposits	-	2,762,092
Contribution refunds	772,189	-
Immigration bonds	<u>-</u>	<u>7,407,087</u>
Total Liabilities	<u>959,351</u>	<u>10,169,232</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 201,164,678</u>	<u>\$ 573,976</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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Pension Trust</u>
<b>Additions:</b>	
Investment income - interest	\$ 1,942,460
Contributions - sponsors	7,257,958
Contributions - members	2,924,525
Dividends on common stock	535,578
Lease revenue from centennial office building	586,186
Net appreciation in fair value of investments	18,508,385
Other income	18,764
Investment fees	(283,416)
Centennial office building maintenance expenses	(426,644)
Total Additions	31,063,796
<b>Deductions:</b>	
Interest on employee contributions refunded	328,406
Benefits	15,259,850
Employee contributions refunded	1,010,885
General and administrative expenses	1,013,115
Total Deductions	17,612,256
Changes in Net Assets	13,451,540
Net Assets - Beginning of Year	187,713,138
Net Assets - End of Year	\$ 201,164,678

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

**TERRITORY OF AMERICAN SAMOA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**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 of America 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 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 Territory 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 American Samoa Government Employees Retirement Fund (the "Retirement Fund") was established in 1971 to provide retirement annuities for the employees of the Territory 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, 2010, and their report dated December 30, 2010 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, 2010**

**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"). 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 Authority has no bonds outstanding. The Authority is a component unit which is part of the primary government. However, during the year ended September 30, 2010, the Authority had no operations; therefore, there are no amounts included as part of 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 and 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 is included as part of the primary government as part of Petroleum Facilities in the Capital Projects Fund. The Cooperative issued audited financial statements for the year ended September 30, 2010. 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 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 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, 2010, and their report dated June 16, 2011 has been previously issued under separate cover. ASPA's report can be obtained at its administrative offices.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**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 the Territory. The Governor appoints a majority of the Board of Directors with the advice and consent of the Legislature. ASCC is funded through the Territory’s appropriations, tuition, federal grants and donations. ASCC was audited by independent auditors for the year ended September 30, 2010 and their report dated May 27, 2011 has been previously issued under separate cover. The ASCC’s 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, 2010 and its report dated June 29, 2011 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 (“Development Bank”) 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, 2010**

**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 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, 2010**

**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 included among program revenues are reported 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 collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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 Enterprise Funds are the Airport Fund and Industrial Park Fund. The Territory's Internal Service activities include the operation of the Government Housing, Print Shop and Workers Compensation Funds.

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.

The effect of interfund activity has been eliminated from the Government-wide financial statements. Exceptions are transfers between the business-type activities and the governmental activities.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**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 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 reported 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 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, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**g. Cash and Cash Equivalents**

The amounts reported on the 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.

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 of America 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.

**j. Inventories**

Inventories are reported at the lower of average cost or market. Inventories of materials and supplies are reported as expenditures/expenses when consumed.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**k. Prepaid Expenses**

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

**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. 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
Buildings 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>
Land improvements	15-40
Buildings and improvements	30-40
Machinery and equipment	5-15
Vehicles	5-10
Infrastructure	25-40

**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.

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.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The liability for these compensated absences is recorded as long-term debt in the Government-Wide Financial 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 Revenue**

Deferred revenue consists 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.

**q. Other Post Employment Benefit (OPEB) Plan**

As of December 1, 2009 GASB Statement No. 57 required the OPEB provided by employers be actuarial determined (see Note 14). No provision for OPEB has been made for government employees since the Territory provides health care benefits to all of its citizens. No provision has been made for the actuarial impact of providing health care to the entire citizenship. The Territory pays for its health care costs from currently expendable available funds.

**r. 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. Encumbrances represent outstanding purchase orders, contracts and other commitments for the expenditure of funds from prior year appropriations
2. Debt service represent net assets available to finance future debt service requirements.
3. Inventories represent the reservation of funds set aside for inventories which are not considered current financing resources.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**s. 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.

**t. 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.

**u. Use of Estimates**

The preparation of the basic financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the basic financial statements. Actual results could differ from these estimates.

**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 \$45,467,454. This consists of amounts insured by the FDIC of \$500,000 and collateralized amounts of \$44,967,454.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**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	\$ 1,643,668	\$ 1,643,668	\$ -	\$ -	\$ -
U.S. Treasuries	775,611	775,611	-	-	-
U.S. Government Agencies	1,901,249	-	1,901,249	-	-
Municipal bonds	1,000,000	-	800,000	-	200,000
Mutual funds	3,059,710	3,059,710	-	-	-
Total Investments	<u>\$ 8,380,238</u>	<u>\$ 5,478,989</u>	<u>\$ 2,701,249</u>	<u>\$ -</u>	<u>\$ 200,000</u>

Blended Component Unit

Retirement Fund

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

During 2010, 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. The Investment Policy changed these allocation targets to 29% domestic equity, 46% international equity, 12% domestic fixed income, 3% real estate, 25% 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 as of September 30, 2010:

	Fair Value	Actual Percentage
Domestic equity	\$ 58,003,346	29%
International equity	92,844,102	46
Fixed income	19,917,279	10
Loans to ASG	24,214,240	12
Real Estate - Centennial Office Building	5,000,000	3
Total	<u>\$ 199,978,967</u>	<u>100%</u>

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, 2010**

**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 \$28,754 was received in fiscal year 2010. The Territory has recognized a lease receivable from the contractor amounting to \$158,674 with the same amount included as deferred revenue at September 30, 2010 which is the present value of the lease at \$40,000 annually to April 30, 2015, discounted at 6%.

**b. Other Receivables**

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

	<u>Receivable</u>	<u>Allowance</u>	<u>Balance</u>
Taxes:			
General Funds	\$ 17,354,816	\$ 9,880,102	\$ 7,474,714
Accounts Receivable:			
General Funds	2,742,370	2,638,689	103,681
Capital Projects Funds	554,702	-	554,702
Enterprise Funds	1,911,267	1,759,208	152,059
Fiduciary Funds	286,052	-	286,052
Contributions Receivable:			
Fiduciary Funds	482,689	-	482,689
Due From U.S. Government:			
Special Revenue Funds	25,608,176	1,469,961	24,138,215
Capital Project Funds	7,395,596	-	7,395,596
Enterprise Funds	<u>374,463</u>	<u>-</u>	<u>374,463</u>
 Total	 <u>\$ 56,710,131</u>	 <u>\$ 15,747,960</u>	 <u>\$ 40,962,171</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A summary of interfund receivable and payable balances, Due From/Due To Other Funds-Pooled Cash accounts, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 2,619,073
Special Revenue Funds	-	5,007,060
Internal Service Funds:		
Workers Compensation	2,901,929	-
Capital Project Funds	21,401	-
Agency Funds:		
Immigration Bonds	4,702,803	-
	\$ 7,626,133	\$ 7,626,133

Operating Transfers In/Out are as follows:

Out Of	Amount	In To	Purpose
General Fund	\$ 390,151	Debt Service Fund	Cover Retirement loan payment
	58,752	Industrial Park Fund	Cover deficit and clear pooled cash
	55,749	Government Housing Fund	Cover deficit and clear pooled cash
	1,728,950	Airport Fund	Cover deficit and clear pooled cash
	5,945,259	TOFR	Local contribution to the Public Assistance program
	2,000	TOFR	Cover overdraft in bank account
	8,180,861		
TOFR	33,004	General Fund	Reimburse Retirement Fund bank account for payments
Print Shop Fund	48,699	General Fund	Clear pooled cash
TOFR	200,000	General Fund	Cover renovations to airport facility
	281,703		
Total Transfers	\$ 8,462,564		

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended September 30, 2010 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	<u>37,285,306</u>	<u>12,858,303</u>	<u>(9,226,025)</u>	<u>40,917,584</u>
Total Capital Assets Not Being Depreciated	38,825,024	12,858,303	(9,226,025)	42,457,302
Capital Assets Being Depreciated:				
Land improvements	39,365,665	169,356	-	39,535,021
Buildings and improvements	111,852,128	9,019,727	(2,433,606)	118,438,249
Machinery and equipment	20,506,798	2,316,676	-	22,823,474
Vehicles	23,148,234	2,803,351	-	25,951,585
Infrastructure	<u>111,759,918</u>	<u>4,736,769</u>	<u>-</u>	<u>116,496,687</u>
Total Capital Assets Being Depreciated	<u>306,632,743</u>	<u>19,045,879</u>	<u>(2,433,606)</u>	<u>323,245,016</u>
Less Accumulated Depreciation:				
Land improvements	20,627,201	766,646	-	21,393,847
Buildings and improvements	40,405,154	3,168,529	-	43,573,683
Machinery and equipment	11,897,638	1,387,202	-	13,284,840
Vehicles	15,813,656	1,614,273	-	17,427,929
Infrastructure	<u>46,623,150</u>	<u>3,563,275</u>	<u>-</u>	<u>50,186,425</u>
Total Accumulated Depreciation	<u>135,366,799</u>	<u>10,499,925</u>	<u>-</u>	<u>145,866,724</u>
Total Capital Assets Being Depreciated, Net	<u>171,265,944</u>	<u>8,545,954</u>	<u>(2,433,606)</u>	<u>177,378,292</u>
Governmental Activities Capital Assets, Net	<u>\$ 210,090,968</u>	<u>\$ 21,404,257</u>	<u>\$ (11,659,631)</u>	<u>\$ 219,835,594</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION - Continued**

	Primary Government			
	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
<b>Business-type Activities:</b>				
Land and rights	\$ 1,871,894	\$ -	\$ -	\$ 1,871,894
Land improvements	70,719,588	831,764	-	71,551,352
Buildings and structures	38,022,865	10,115,806	-	48,138,671
Machinery and equipment	5,623,911	696,185	-	6,320,096
Work in process	<u>2,806,257</u>	<u>9,214,589</u>	<u>9,863,278</u>	<u>2,157,568</u>
<b>Totals at Historical Cost</b>	<u>119,044,515</u>	<u>20,858,344</u>	<u>9,863,278</u>	<u>130,039,581</u>
<b>Less Accumulated Depreciation:</b>				
Land improvements	31,661,896	2,652,390	-	34,314,286
Buildings and structures	7,293,438	1,189,540	-	8,482,978
Machinery and equipment	<u>2,997,778</u>	<u>415,086</u>	<u>-</u>	<u>3,412,864</u>
<b>Total Accumulated Depreciation</b>	<u>41,953,112</u>	<u>4,257,016</u>	<u>-</u>	<u>46,210,128</u>
<b>Business-type Activities:</b>				
Capital Assets, Net	<u>\$ 77,091,403</u>	<u>\$ 16,601,328</u>	<u>\$ 9,863,278</u>	<u>\$ 83,829,453</u>

Depreciation expense was charged to the governmental functions as follows:

Economic development	\$ 2,144,014
Education and culture	1,777,224
Health and welfare	380,092
Public safety	395,890
General government	<u>5,802,705</u>
<b>Total Governmental Depreciation Expense</b>	<u>\$ 10,499,925</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 as of September 30, 2010 was \$652,504 and is included in prepaid expenses on the statement of net assets.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**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 component units consist of the American Samoa Power Authority ("ASPA"), the American Samoa Community College ("ASCC"), the American Samoa Medical Center/LBJ Tropical Medical Center ("LBJ"), the American Samoa Telecommunications Authority ("ASTCA"), the Feleti Barstow Public Library ("FBPL"), the American Samoa Government Employees' Retirement Fund ("ASGERF"), the Development Bank of American Samoa ("Development Bank"), and the American Samoa Visitors Bureau ("ASVB").

The Employees' Retirement Fund issues an annual audited 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 financial statements of the Fund are prepared on an accrual basis of accounting.

**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).

A 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. A lump-sum death benefit of \$1,500 and an additional lump-sum death benefit of \$2,500 to \$10,000, based on years of service, are payable to spouses of active 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. The minimum annual benefit is \$600.

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

**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%, 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.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

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

**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 ASG, ASPA, ASCC, LBJ, ASTCA, FBPL, ASGERF, the Development Bank, and ASVB, other than contract specialists, are covered by the Fund.

On October 1, 2010, Fund membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,608
Terminated vested employees not receiving benefits	<u>73</u>
	<u><u>1,681</u></u>
Active Employees:	
Vested	2,139
Non-vested	<u>2,420</u>
	<u><u>4,559</u></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, 2009. 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 5.0%-15.0% based on attained age (3.5% inflation increase) per year, compounded annually until retirement.

**g. Contributions**

ASG, ASPA, ASCC, LBJ, ASTCA, FBPL, ASGERF, the Development Bank, and ASVB 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 of Trustees. The contribution rate is 8.0% of employees' regular earnings, excluding overtime.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

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

Each member of the 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 \$10,182,483 (\$7,257,958 from sponsors and \$2,924,525 from members) were made in accordance with actuarially determined contribution requirements determined through an annual actuarial valuation. The required employer contribution amount of \$4,213,191 consists of \$3,963,474 of normal cost and \$249,717 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 8.7% 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:

<u>Fiscal Year Ending</u>	<u>Required Employer Contributions</u>	<u>Percentage of Required Contributions Contributed</u>
September 30, 2010	\$ 4,213,191	172.3%
September 30, 2009	5,818,616	120.7
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

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution made in 2010 totaled \$7,257,958.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 8 - LONG-TERM OBLIGATIONS**

**a. Long-term Obligations**

Changes during the year ended and balances as of September 30, 2010, including the current portions of the Territory's long-term obligations were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Loan payable FEMA	\$ 2,883,009	\$ 84,297	\$ -	\$ 2,967,306	\$ 2,967,306
Department of Interior Claims and judgments	15,126,063	862,638	2,143,455	13,845,246	1,000,000
Workers compensation claims	1,500,000	320,000	1,420,000	400,000	300,000
Landfill closure and post-closure liability	818,723	326,518	160,785	984,456	100,000
Compensated absences	287,658	-	-	287,658	-
American Samoa Government Retirement Fund - LBJ Loan	14,279,401	7,386,979	7,084,157	14,582,223	7,100,000
American Samoa Government Retirement Fund Loan	<u>17,514,645</u>	<u>-</u>	<u>1,734,133</u>	<u>15,780,512</u>	<u>1,728,835</u>
Long-term Obligations	<u>\$ 61,250,764</u>	<u>\$ 8,980,432</u>	<u>\$12,950,067</u>	<u>\$57,281,129</u>	<u>\$ 13,637,503</u>

**b. 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>
2011	\$ 1,541,080	\$ 1,426,226	\$ 2,967,306

**TERRITORY OF AMERICAN SAMOA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
SEPTEMBER 30, 2010**

**NOTE 8 - LONG-TERM OBLIGATIONS - Continued**

**c. 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 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 subordinated with respect to the pledged taxes. 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.

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

In April 2006, the Territory 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 principle and 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.

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
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	609,808	581,859	1,191,667
2015	610,985	489,015	1,100,000
2016-2020	3,902,859	1,597,141	5,500,000
2021-2022	<u>1,874,977</u>	<u>147,498</u>	<u>2,022,475</u>
Totals	<u>\$ 8,433,728</u>	<u>\$ 4,680,414</u>	<u>\$ 13,114,142</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 8 - LONG-TERM OBLIGATIONS - Continued**

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

In June 2007, the Fono passed legislation authorizing the Territory to enter into a loan agreement with the American Samoa Government Retirement Fund to borrow up to \$20,000,000 to fund various projects, the majority of which are capital projects, as set forth in the legislation and any additional projects approved by the Fono. The legislation limited the term to ten years and stipulates a 7.5% interest rate. In 2008, the Territory borrowed \$20,000,000 which is 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 note is 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.

Annual debt service requirements for this loan are as follows:

Year Ending September 30,	Principal	Interest	Total
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	2,163,302	690,421	2,853,723
2015	2,331,244	522,479	2,853,723
2016 - 2018	<u>5,689,512</u>	<u>493,554</u>	<u>6,183,066</u>
Totals	<u>\$ 15,780,512</u>	<u>\$ 4,671,169</u>	<u>\$ 20,451,681</u>

**NOTE 9 - MAJOR COMPONENT UNIT INFORMATION**

	ASPA	ASCC	LBJ	ASTCA	Totals
<b>Assets:</b>					
Cash, investments and other assets	\$ 38,512,149	\$ 6,511,213	\$ 9,316,399	\$ 10,177,662	\$ 64,517,423
Due from primary government	2,993,649	-	-	-	2,993,649
Due from other funds	316,576	-	-	-	316,576
Capital assets, net	<u>73,980,137</u>	<u>5,822,502</u>	<u>15,666,291</u>	<u>26,584,283</u>	<u>122,053,213</u>
Total Assets	<u>115,802,511</u>	<u>12,333,715</u>	<u>24,982,690</u>	<u>36,761,945</u>	<u>189,880,861</u>
<b>Liabilities:</b>					
Accounts payable and other current liabilities	28,290,920	5,998,129	4,304,180	2,978,567	41,571,796
Due to other funds	-	-	4,596,700	-	4,596,700
Long-term liabilities	<u>1,738,610</u>	<u>431,033</u>	<u>5,922,233</u>	-	<u>8,091,876</u>
Total Liabilities	<u>30,029,530</u>	<u>6,429,162</u>	<u>14,823,113</u>	<u>2,978,567</u>	<u>54,260,372</u>
<b>Net Assets:</b>					
Invested in capital, net of related debt	71,340,922	5,822,502	15,666,291	-	92,829,715
Restricted	499,237	3,041,446	-	-	3,540,683
Unrestricted	<u>13,932,822</u>	<u>(2,959,395)</u>	<u>(5,506,714)</u>	<u>33,783,378</u>	<u>39,250,091</u>
Total Net Assets	<u>\$ 85,772,981</u>	<u>\$ 5,904,553</u>	<u>\$ 10,159,577</u>	<u>\$ 33,783,378</u>	<u>\$ 135,620,489</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>American Samoa Power Authority:</b>				
General and administrative	\$ 5,828,806	\$ -	\$ -	\$ -
Operations	78,951,652	83,047,295	8,946,823	2,797,277
Interest on long-term debt	456,797	-	-	-
Depreciation	<u>6,846,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total - ASPA	<u>92,083,375</u>	<u>83,047,295</u>	<u>8,946,823</u>	<u>2,797,277</u>
<b>American Samoa Community College:</b>				
General and administrative	2,846,101	-	-	-
Instructional	9,313,305	8,473,642	784,284	-
Interest on long-term debt	-	-	-	-
Depreciation	<u>701,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total - ASCC	<u>12,860,802</u>	<u>8,473,642</u>	<u>784,284</u>	<u>-</u>
<b>American Samoa Medical Center Authority (LBJ):</b>				
General and administrative	7,281,803	-	-	1,876,263
Clinical and nursing	22,639,404	21,460,418	-	-
Operations	3,126,525	738,417	-	-
Interest on long-term debt	-	-	-	-
Depreciation	<u>1,217,914</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total - LBJ	<u>34,265,646</u>	<u>22,198,835</u>	<u>-</u>	<u>1,876,263</u>
<b>American Samoa Telecommunication Authority:</b>				
General and administrative	4,858,083	-	-	-
Operations	9,765,813	16,763,039	-	-
Interest on long-term debt	(29,033)	-	-	-
Depreciation	<u>2,656,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total - ASTCA	<u>17,251,825</u>	<u>16,763,039</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 156,461,648</u>	<u>\$ 130,482,811</u>	<u>\$ 9,731,107</u>	<u>\$ 4,673,540</u>

General revenues:

Payments from Territory of American Samoa  
Grants, entitlements and contributions not restricted to  
specific programs  
Other general (expenses) revenues  
Extraordinary item – tsunami damages, repairs and  
reimbursements, net

Total General Revenues and Extraordinary Item

Changes in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

Net (Expense) Revenues and Changes in Net Assets

ASPA	ASCC	LBJ	ASTCA	Total
\$ (5,828,806)	\$ -	\$ -	\$ -	\$ (5,828,806)
15,839,743	-	-	-	15,839,743
(456,797)	-	-	-	(456,797)
<u>(6,846,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,846,120)</u>
<u>2,708,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708,020</u>
-	(2,846,101)	-	-	(2,846,101)
-	(55,379)	-	-	(55,379)
-	-	-	-	-
-	(701,396)	-	-	(701,396)
-	<u>(3,602,876)</u>	<u>-</u>	<u>-</u>	<u>(3,602,876)</u>
-	-	(5,405,540)	-	(5,405,540)
-	-	(1,178,986)	-	(1,178,986)
-	-	(2,388,108)	-	(2,388,108)
-	-	-	-	-
-	-	<u>(1,217,914)</u>	<u>-</u>	<u>(1,217,914)</u>
-	-	<u>(10,190,548)</u>	<u>-</u>	<u>(10,190,548)</u>
-	-	-	(4,858,083)	(4,858,083)
-	-	-	6,997,226	6,997,226
-	-	-	29,033	29,033
-	-	-	<u>(2,656,962)</u>	<u>(2,656,962)</u>
-	-	-	<u>(488,786)</u>	<u>(488,786)</u>
-	-	-	-	<u>(11,574,190)</u>
-	3,518,983	7,657,000	-	11,175,983
-	-	536,525	-	536,525
(765,067)	78,058	5,285,804	-	4,598,795
<u>100,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,061</u>
(665,006)	3,597,041	13,479,329	-	16,411,364
2,043,014	(5,835)	3,288,781	(488,786)	4,837,174
<u>83,729,967</u>	<u>5,910,388</u>	<u>6,870,796</u>	<u>34,272,164</u>	<u>130,783,315</u>
<u>\$ 85,772,981</u>	<u>\$ 5,904,553</u>	<u>\$ 10,159,577</u>	<u>\$ 33,783,378</u>	<u>\$ 135,620,489</u>

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 10 - EXPENDITURES EXCEEDING APPROPRIATIONS**

The following Department and Special Programs expenditures exceeded the budget for the fiscal year ended September 31, 2010:

<u>Departments and Special Programs</u>	<u>Budget Overrun</u>
General Government:	
Treasury	\$ 348,606
Administrative services	6,698
Procurement	13,185
Local government	19,797
Election office	2,878
Fiscal reform costs	353,377
Financial management system	21,791
Insurance premium	158,250
EOB electric and water bill	2,637
Electricity and water billings - other ASG facilities	19,928
Constitutional convention	5,271
Human and social services	4,145
ASG audit contract	95,873
Misc. accts. - non-departmental	1,052,551
Public Safety:	
Public safety	381,334
Homeland security/TEMCO/OTICIDE	13,760
Emergency medical services	61,324
Driver's training	74,304
Independent prosecutor	190,652
Health and Recreation:	
Public health	121,377
Sports complex (Bav., GC, Baseball, Stadium)	138,357
Parks department	2,050
Public Works:	
Public works	322,690
Road maintenance	49,116
Public street lights	38,129
ASG local fleet - fuel	17,261
Education and Culture:	
Department of Education	614,334
Feleti Barstow Public Library	9,826
Economic Development:	
Port administration	315,126
Commerce & tourism	148,493
Economic recovery office	16,146
Marine & wildlife	10,078
Agriculture	180,732
Public market	3,701
Manu'a aircraft/transportation	6,196

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 10 - EXPENDITURES EXCEEDING APPROPRIATIONS - Continued**

Transfers Out:	
Industrial park	\$ 58,752
International airport	1,728,950
Debt service fund	390,151
Government housing	55,749
TOFR (Port)	2,000
TOFR (Fiscal Reform)	<u>5,945,259</u>
Total	<u>\$ 13,000,834</u>

**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.

**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.

The required disclosure and accrual of expenses incurred in subsequent years from medical conditions existing as of September 30, 2010 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 other perils.

**c. Other Insurance**

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

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 11 - RISK MANAGEMENT AND INSURANCE - Continued**

**d. Workers Compensation**

The Territory is 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%. As of September 30, 2010, these liabilities are reported at their present value of \$984,456. 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.

**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 is \$400,000 as of September 30, 2010.

**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, 2010, 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.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**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, 2010, the office of the Attorney General has estimated the amount of liability determined, as of September 30, 2010, 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 \$400,000

**b. Grants**

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Audits may lead to reimbursement to the grantor agencies. The Territory records liabilities for all audit reports that are expected to lead to disallowed costs. The Territory has not recorded a liability in the September 30, 2010 financial statements for any amounts that cannot be estimated at this time.

**c. Commitments**

Outstanding commitments are comprised of the following:

	<u>Project Authorization</u>	<u>Expended Through September 30, 2010</u>	<u>Committed as of September 30, 2010</u>
Airport improvements	\$ 18,424,561	\$ 16,430,854	\$ 1,993,707
Educational facilities	2,216,543	1,319,838	896,705
FEMA improvements	1,448,036	588,751	859,285
Cooperative improvements	<u>1,099,851</u>	<u>792,559</u>	<u>307,292</u>
Total	<u>\$ 23,188,991</u>	<u>\$ 19,132,002</u>	<u>\$ 4,056,989</u>

In addition to the amount of \$4,056,989 shown above as committed, \$6,129,524 is encumbered for various other capital projects, bringing total commitments to \$10,186,513. These projects will be funded primarily by grants.

**d. Tsunami Relief**

During 2010, contributions of \$573,976 were received by TOFR from individuals, businesses, and other organizations to provide financial support for the recovery efforts from the September 29, 2009 tsunami are being held in the Agency Fund until policies and procedures are established for the disbursement or reimbursement of existing recovery efforts.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 14 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING**

The Governmental Accounting Standards Board (GASB) has issued the following statements:

- *Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”* - This Statement establishes criteria for classifying governmental fund balances into specifically defined classification. Classifications are hierarchical and are based primarily on the extent to which governments are bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires governments to classify and report amounts in the appropriate fund balance classifications. Governments accounting and finance policies are to be used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned. The requirements of this Statement are effective for the financial periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this Statement will have on the financial statements of the Territory.
- *Statement No. 55 “The Hierarchy of Generally Accepted Accounting Principles of State and Local Governments”* effective upon issuance in March 2009. This Statement incorporates the hierarchical of generally accepted accounting principles (GAAP) for state and local governments into the GASB’s authoritative literature. The “GAAP Hierarchy” consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The Territory believes that this Statement makes it easier to identify and apply all relevant guidance when preparing financial statements.
- *Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”* effective upon issuance in March 2009. This Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the American Institute on Certified Public Accountants’ Statement on Auditing Standards. The three issues not included in the authoritative literature that establishes accounting principles are: related party transactions, going concern considerations, and subsequent events. The GASB believes that presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. The Territory believes that the Statement improves financial reporting by bringing the authoritative accounting and financial reporting literature together in one place.
- *Statement No. 57 “OPEB Measurements by Agent Employers and Agent Multiple - Employer Plans”* - The objective of this Statement is to address issues related to the measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post employment benefit (OPEB) plans. Statement No. 57 amends Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”. The provisions of Statement 57 related to the use and reporting of the measurement method were effective in December 2009. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management has not evaluated the effect that the implementation of this Statement will have on the financial statements of the Territory.

**TERRITORY OF AMERICAN SAMOA**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2010**

**NOTE 14 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING - Continued**

- *Statement No. 59 “Financial Instrument Omnibus”* - This Statement to updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The provisions of this Statement are effective for the periods beginning *after June 15, 2010*. *Management has not evaluated the effect that the implementation of this Statement will have on the financial statements of the Territory.*
- *Statement No. 61 “The Financial Reporting Entity: Omnibus”* - This Statement is designed to improve financial reporting for governmental entities by amending the requirements of *Statements No. 14, “The Financial Reporting Entity, and No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to **light since those Statements were issued in 1991 and 1999, respectively.**

The Statement will improve the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials of the primary government by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that the government determines would be misleading to include. The requirements of Statement 61 are effective for financial statements for periods beginning after June 15, 2012. Management has not evaluated the effect that the implementation of this Statement will have on the financial statements of the Territory.

- *Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”* - This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The Statement incorporates into the GASB’s authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989 - 1) FASB Statements and Interpretations, 2) Accounting Principles Board Opinions, and 3) Accounting Research Bulletins of the AICPA’s committee on Accounting Procedure. The requirements of Statement 62 are effective for financial statements for periods beginning after December 15, 2011. Management has not evaluated the effect that the implementation of this Statement will have on the financial statements of the Territory.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TERRITORY OF AMERICAN SAMOA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$48,489,600	\$ 48,489,600	\$ 56,489,609	\$ 8,000,009
Licenses and permits	1,159,500	1,159,500	1,003,204	(156,296)
Intergovernmental	13,473,000	13,473,000	13,448,705	(24,295)
Charges for services	5,928,500	5,928,500	5,545,817	(382,683)
Fines and fees	2,600,000	2,600,000	2,523,215	(76,785)
Interdepartmental	11,815,000	11,815,000	6,391,129	(5,423,871)
Miscellaneous revenue	<u>1,275,000</u>	<u>1,275,000</u>	<u>2,774,901</u>	<u>1,499,901</u>
Total Revenues	<u>84,740,600</u>	<u>84,740,600</u>	<u>88,176,580</u>	<u>3,435,980</u>
Expenditures:				
General government	27,407,900	27,407,900	29,233,771	(1,825,871)
Public safety	9,290,500	9,290,500	9,773,723	(483,223)
Health and recreation	7,851,000	7,851,000	8,094,051	(243,051)
Public works	6,357,844	6,357,844	6,783,789	(425,945)
Education and culture	28,903,000	28,903,000	28,401,129	501,871
Economic development	<u>7,360,619</u>	<u>7,360,619</u>	<u>7,791,050</u>	<u>(430,431)</u>
Total Expenditures	<u>87,170,863</u>	<u>87,170,863</u>	<u>90,077,513</u>	<u>(2,906,650)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,430,263)</u>	<u>(2,430,263)</u>	<u>(1,900,933)</u>	<u>529,330</u>
Other Financing Sources (Uses):				
Loan proceeds	2,430,263	2,430,263	2,430,263	-
Transfers in	-	-	281,703	281,703
Transfers out	<u>-</u>	<u>-</u>	<u>(8,180,861)</u>	<u>(8,180,861)</u>
Total Other Financing Sources (Uses)	<u>2,430,263</u>	<u>2,430,263</u>	<u>(5,468,895)</u>	<u>(7,899,158)</u>
Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(7,369,828)</u>	<u>(7,369,828)</u>
Fund Balances, October 1, 2009	(754,648)	(754,648)	(754,648)	-
Fund Balances, September 30, 2010	<u>\$ (754,648)</u>	<u>\$ (754,648)</u>	<u>\$ (8,124,476)</u>	<u>\$ (7,369,828)</u>

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

**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, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	91,871,500	91,871,500	145,108,703	53,237,203
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Interdepartmental	-	-	-	-
Miscellaneous revenue	-	-	1,021,359	1,021,359
Total Revenues	<u>91,871,500</u>	<u>91,871,500</u>	<u>146,130,062</u>	<u>54,258,562</u>
Expenditures:				
General government	1,851,500	1,851,500	34,142,832	(32,291,332)
Public safety	7,065,500	7,065,500	7,947,882	(882,382)
Health and recreation	28,163,500	28,163,500	18,970,521	9,192,979
Public works	-	-	20,078,949	(20,078,949)
Education and culture	48,512,500	48,512,500	50,115,961	(1,603,461)
Economic development	<u>6,278,500</u>	<u>6,278,500</u>	<u>14,873,917</u>	<u>(8,595,417)</u>
Total Expenditures	<u>91,871,500</u>	<u>91,871,500</u>	<u>146,130,062</u>	<u>(54,258,562)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, October 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Reserve for Inventory	-	-	-	-
Fund Balances, September 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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## STATISTICAL SECTION

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

**TERRITORY OF AMERICAN SAMOA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**GOVERNMENTAL FUND TYPES**  
**LAST TEN FISCAL YEARS**

**Table 1**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Fees</u>	<u>Inter-Departmental</u>	<u>Miscellaneous</u>		<u>Total</u>
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
2009	52,895,909	912,787	134,070,264	7,910,518	2,902,639	6,065,493	6,395,154		211,152,764
2010	58,933,172	1,003,204	183,753,528	7,587,204	2,615,910	6,391,129	4,936,953		265,221,100

- (1) Insurance claims of \$46,131,562 for Hurricane Val Settlement included in Miscellaneous.  
(2) Insurance claims of \$40,000,000 for Hurricane Val Settlement included in Miscellaneous.  
(3) Insurance claims of \$30,000,000 for Hurricane Val Settlement included in Miscellaneous.

**TERRITORY OF AMERICAN SAMOA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**GOVERNMENTAL FUND TYPES**  
**LAST TEN FISCAL YEARS**

**Table 2**

<u>Fiscal Year</u>	<u>General Government</u>		<u>Education and Culture</u>	<u>Economic Development</u>	<u>Health and Recreation</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
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
2009	38,190,305		76,372,938	15,379,744	32,043,291	14,668,016	27,479,626	11,621,540	6,219,619	221,975,079
2010	79,397,977		78,517,090	23,102,759	27,064,572	17,721,605	26,862,738	7,854,831	4,191,533	264,713,105

(1) Includes payment of contingent attorney fees of \$20,759,202 and \$23,218,714 related to an insurance settlement.

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

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

**TERRITORY OF AMERICAN SAMOA  
GENERAL FUND REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

**Table 3**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Fees</u>	<u>Inter-Departmental</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2009	50,787,251	912,787	13,340,016	6,093,896	2,811,199	6,065,493	1,423,788	81,434,430
2010	56,489,609	1,003,204	13,448,705	5,545,817	2,523,215	6,391,129	2,774,901	88,176,580

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

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

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

**TERRITORY OF AMERICAN SAMOA  
GENERAL FUND EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS**

**Table 4**

<u>Fiscal Year</u>	<u>General Government</u>		<u>Education and Culture</u>	<u>Economic Development</u>	<u>Health and Recreation</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Total</u>
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
2009	31,728,264		27,868,142	7,240,749	8,197,210	9,064,495	6,588,436	90,687,296
2010	29,233,771		28,401,129	7,791,050	8,094,051	9,773,723	6,783,789	90,077,513

(1) Includes payment of contingent attorney fees of \$20,759,202 and \$23,218,714 related to an insurance settlement.

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

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

**TERRITORY OF AMERICAN SAMOA**  
**RATIO OF NET GENERAL BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Bonded Debt</u>	<u>Amount Available for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Per Capita</u>
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
2009	69,200	17,514,645	286,602	17,228,043	248.96
2010	67,380	15,780,512	121,411	15,659,101	232.40

Population Sources:  
 American Samoa Population Estimates Newsletter 2009

**TERRITORY OF AMERICAN SAMOA  
PER CAPITA INCOME IN THE U.S. AND AMERICAN SAMOA  
FOR THE FISCAL YEAR ENDING**

**Table 6**

<u>Subject</u>	<u>*2010</u>	<u>*2009</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	\$ 5,266	\$ 5,266	\$ 4,537	\$ 4,537	\$ 4,537	\$ 4,537
United States	\$ 40,584	\$ 39,138	\$ 33,070	\$ 29,843	\$ 27,990	\$ 27,420	\$ 25,237	\$ 25,237	\$ 25,237	\$ 25,237
American Samoa as % of U.S.	13.0%	13.5%	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 American Samoa was 2005 Household Income and Expenditure Survey

**TERRITORY OF AMERICAN SAMOA  
LABOR FORCE & EMPLOYMENT STATISTICS  
FOR THE FISCAL YEARS ENDING**

**Table 7**

<u>Subject</u>	<u>2010</u>	<u>2009</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>
Population	67,380	70,100	69,200	68,200	66,900	65,500	64,100	62,600	60,800	59,400
Population 16 to 65 years of age	40,828*	40,828*	40,828	40,238	39,471	38,645	37,819	36,934	35,872	35,046
Employed	14,429	16,990*	16,990	17,047	17,395	17,344	17,354	17,407	17,230	n/a
Government (1)	6,782	6,035*	6,035	6,052	5,894	6,064	5,754	5,621	5,397	4,134
Tuna Canneries	1,553	4,861*	4,861	4,633	4,757	4,546	4,600	5,036	5,133	5,230
Other	6,094*	6,094*	6,094	6,362	6,744	6,734	7,000	6,750	6,700	n/a

Sources:

ASG Department of Commerce Statistics Division

Note: Population 16-65 years were calculated using 2000 proportion.

(1) Government includes all authorities

\* Data from prior year

**TERRITORY OF AMERICAN SAMOA  
PUBLIC UTILITY STATISTICS  
LAST TEN FISCAL YEARS**

**Table 8**

Fiscal Year	ASPA Total KWH Sold (in thousands)	Governmental Water Total Gallons Sold (in millions)	Number of Telephones
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 *
2009	157,765	2,160	12,456 *
2010	157,765 *	2,160 *	12,456 *

Source:

American Samoa Power Authority

American Samoa Telecommunication Authority

\*Data from prior year

**TERRITORY OF AMERICAN SAMOA  
 PETROLEUM CONSUMPTION (IN U.S. GALLONS)  
 LAST TEN FISCAL YEARS**

**Table 9**

Fiscal Year	Diesel	Jet Fuel	Gasoline	Total
2001	42,704,188	5,880,049	5,876,939	54,461,176
2002	46,844,009	5,160,665	5,995,962	58,000,636
2003	41,963,075	4,411,216	5,956,555	52,330,846
2004	36,011,861	3,810,608	6,323,885	46,146,354
2005	39,496,481	2,965,592	6,189,216	48,651,289
2006	34,822,068	2,902,966	5,929,228	43,654,262
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
2009	31,091,618	3,076,368	6,324,365	40,492,351
2010	27,761,534	3,299,532	6,458,421	37,519,487

Source:  
 American Samoa Office of Petroleum Management

**TERRITORY OF AMERICAN SAMOA  
ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

**Table 10**

Fiscal Year	Tourist Arrivals	Port Activity (in millions)		Total Registered Businesses	Building Permits	
		Imports	Exports		Number Issued	Est. Value (in thousands)
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
2009	6,474	327.8	483.5	2,864	838	40,000
2010	6,126	247.7	177.9	2,760	1,041	70,000

Source:  
ASG Department of Commerce, Statistics Division

**TERRITORY OF AMERICAN SAMOA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

**Table 11**

Fiscal Year	Population	School Enrollment			American Samoa Community College Fall Enrollment
		Public	Private	Total	
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 *
2009	70,100	13,963	2,980 *	16,943	2,188
2010	67,380	13,764	2,980 *	16,744	2,193

Source:  
ASG Department of Commerce, Statistics  
Division  
\*Data from prior year

**TERRITORY OF AMERICAN SAMOA  
MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2010**

**Table 12**

Distance from:		
Samoa		73 miles
Hawai'i		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

**TERRITORY OF AMERICAN SAMOA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE**  
**AMERICAN SAMOA GOVERNMENT EMPLOYEES' RETIREMENT FUND**  
**LAST SIX FISCAL YEARS**

**Table 13**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2004	\$ 177,772,440	\$ 194,339,584	\$ 16,567,144	91.5%	\$ 76,813,596	21.6%
10/1/2005	177,463,553	207,190,541	29,726,988	85.7%	75,882,932	39.2%
10/1/2006	188,350,393	220,074,092	31,723,699	85.6%	78,982,253	40.2%
10/1/2007	206,977,920	222,781,813	15,803,893	92.9%	79,377,505	19.9%
10/1/2008	214,772,415	223,797,326	9,024,911	96.0%	80,846,400	11.2%
10/1/2009	216,426,967	218,735,408	2,308,441	98.9%	83,266,261	2.8%

**TERRITORY OF AMERICAN SAMOA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR THE**  
**AMERICAN SAMOA GOVERNMENT EMPLOYEES' RETIREMENT FUND**  
**LAST SIX FISCAL YEARS**

**Table 14**

<u>Fiscal Year</u>	<u>Required Employer Contributions</u>	<u>Percentage of Required Contributions Contributed</u>
2005	\$ 5,983,779	108.9%
2006	7,076,810	92.8%
2007	7,552,859	89.0%
2008	6,374,377	108.8%
2009	5,818,616	120.7%
2010	4,213,191	172.3%

The actual contributions made in 2010 and 2009 were \$7,257,958 and \$7,020,954, respectively.

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