

GUAM INTERNATIONAL AIRPORT AUTHORITY

**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

YEAR ENDED SEPTEMBER 30, 2001

Deloitte & Touche LLP
361 South Marine Drive
Tamuning, Guam 96913-3911

Tel: (671)646-3884
Fax: (671)649-4932
www.dttguam.com



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Guam International Airport Authority:

We have audited the financial statements of the Guam International Airport Authority (GIAA), as of and for the year ended September 30, 2001, and have issued our report thereon dated January 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether GIAA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GIAA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of GIAA in a separate letter dated January 3, 2002.

This report is intended for the information of the Board of Directors and management of GIAA, federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.

Deloitte & Touche LLP

January 3, 2002



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Board of Directors
Guam International Airport Authority:

Compliance

We have audited the compliance of the Guam International Airport Authority (GIAA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2001. GIAA's one major federal program is identified in the Summary of Auditors' Results Section of the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of GIAA's management. Our responsibility is to express an opinion on GIAA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GIAA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on GIAA's compliance with those requirements.

In our opinion, GIAA complied, in all material respects, with the requirements referred to above that are applicable to its one major federal program for the year ended September 30, 2001.

Internal Control Over Compliance

The management of GIAA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered GIAA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards and Statements of Project Costs and Status of Grant Fund Payments

We have audited the financial statements of GIAA as of and for the year ended September 30, 2001, and have issued our report thereon dated January 3, 2002. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Statements of Project Costs and Status of Grant Fund Payments (pages 5-20) are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the financial statements. These schedules are the responsibility of the management of GIAA. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the financial statements taken as a whole.

This report is intended for the information of the Board of Directors and management of GIAA, federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.

Deloitte & Touche LLP

January 3, 2002

GUAM INTERNATIONAL AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2001

Project Title	CFDA Number/ Grantor I.D. No.	Program or Award Amount	Receivables from Grantor at 10/1/00	Cash Receipts FY 2001	Expenditures FY 2001	Receivables from Grantor at 9/30/01
U.S. Department of Transportation - Federal Aviation						
Aviation - Received in a direct capacity						
Security access system	20.103/ 3-66-0001-09	\$ 651,165	\$ 33,368	\$ 33,368	\$ -	\$ -
Terminal apron/taxilane expansion	20.102/ 3-66-0001-15	4,600,000	600,001	600,001	-	-
Improve access road and parkway system	20.102/ 3-66-0001-18	6,514,632	849,735	849,735	-	-
Rehabilitate runway 6R/24L	20.106/ 3-66-0001-19	4,608,018	17,031	-	5,414	22,445
Construct parallel taxiway (note 3)	20.106/ 3-66-0001-21	2,386,699	199,768	75,837	(70,368)	53,563
Construct parallel taxiway (note 3)	20.106/ 3-66-0001-22	425,976	35,494	11,716	(14,870)	8,908
Construct noise compatability	20.106/ 3-66-0001-23	450,000	59,977	294,400	341,880	107,457
Construct parallel taxiway (note 3)	20.106/ 3-66-001-24	2,202,325	181,906	36,867	(107,180)	37,859
Construct parallel taxiway (note 3)	20.106/ 3-66-0001-25	328,400	24,052	9,895	(7,398)	6,759
Construct loop taxiway (note 3)	20.106/ 3-66-0001-26	1,760,013	188	86,091	115,010	29,107
Rehabilitate runway 6L/24R	20.106/ 3-66-0001-27	850,000	-	836,231	836,231	-
Construct loop taxiway (note 3)	20.106/ 3-66-0001-28	5,958,210	-	406,171	542,759	136,588
Extend and rehabilitate runway 6L/24R	20.106/ 3-66-0001-29	4,590,000	-	155,000	224,343	69,343
Update airport master plan study	20.106/ 3-66-0001-30	540,000	-	-	76,528	76,528
Acquire land and relocation	20.106/ 3-66-0001-31	1,296,226	-	-	216,928	216,928
Subtotal		37,161,664	2,001,520	3,395,312	2,159,277	765,485
Federal Emergency Management Agency – Typhoon Paka - Received in a subrecipient capacity through the Government of Guam	83.516	1,237,090	414,128	-	-	414,128
Total		\$ 38,398,754	\$ 2,415,648	\$ 3,395,312	\$ 2,159,277	\$ 1,179,613

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-09
 Federal Aviation Administration CFDA No. 20.103
 Statement Of Project Costs And Status Of Grant Fund Payments
 Period September 14, 1990 To September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 707,441	\$ 707,441
Less Grantee's Share (10% of last \$562,762)	<u>(56,276)</u>	<u>(56,276)</u>
FEDERAL SHARE OF PROJECT COSTS	651,165	651,165
Less Cumulative Federal Cash Received	<u>(651,165)</u>	<u>(651,165)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ -</u>	<u>\$ -</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ -</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 33,368</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-15
 Federal Aviation Administration CFDA No. 20.102
 Statement of Project Costs and Status of Grant Fund Payments
 Period August 6, 1993 to September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 5,111,111	\$ 5,111,111
Less Grantee's Share (10%)	<u>(511,111)</u>	<u>(511,111)</u>
FEDERAL SHARE OF PROJECT COSTS	4,600,000	4,600,000
Less Cumulative Federal Cash Received	<u>(4,600,000)</u>	<u>(4,600,000)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ -</u>	<u>\$ -</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ -</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 600,001</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-18
 Federal Aviation Administration CFDA No. 20.102
 Statement of Project Costs and Status of Grant Fund Payments
 Period September 28, 1994 to September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 7,066,258	\$ 7,066,258
Less Grantee's Share (10% of last \$5,516,258)	<u>(551,626)</u>	<u>(551,626)</u>
FEDERAL SHARE OF PROJECT COSTS	6,514,632	6,514,632
Less Cumulative Federal Cash Received	<u>(6,514,632)</u>	<u>(6,514,632)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ -</u>	<u>\$ -</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ -</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 849,735</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-19
Federal Aviation Administration CFDA No. 20.106
Statement of Project Costs and Status of Grant Fund Payments
Period September 20, 1995 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 5,120,020	\$ 4,859,326
Less Grantee's Share (10%)	<u>(512,002)</u>	<u>(485,933)</u>
FEDERAL SHARE OF PROJECT COSTS	4,608,018	4,373,393
Less Cumulative Federal Cash Received	<u>(4,350,948)</u>	<u>(4,350,948)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 257,070</u>	<u>\$ 22,445</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 5,414</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-21
Federal Aviation Administration CFDA No. 20.106
Statement of Project Costs and Status of Grant Fund Payments
Period August 28, 1998 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 2,915,599	\$ 212,500
Less Grantee's Share (25% of last \$2,115,599)	<u>(528,900)</u>	<u>-</u>
FEDERAL SHARE OF PROJECT COSTS	2,386,699	212,500
Less Federal Cash Received	<u>(158,937)</u>	<u>(158,937)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 2,227,762</u>	<u>\$ 53,563</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ (70,368)</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 75,837</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-22
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period March 22, 1999 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 451,301	\$ 35,397
Less Grantee's Share (25% of last \$101,301)	<u>(25,325)</u>	<u>-</u>
FEDERAL SHARE OF PROJECT COSTS	425,976	35,397
Less Federal Cash Received	<u>(26,489)</u>	<u>(26,489)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 399,487</u>	<u>\$ 8,908</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ (14,870)</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 11,716</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-23
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period March 25, 1999 to September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 450,000	\$ 450,000
Less Grantee's Share	<u> -</u>	<u> -</u>
FEDERAL SHARE OF PROJECT COSTS	450,000	450,000
Less Federal Cash Received	<u> (342,543)</u>	<u> (342,543)</u>
BALANCE DUE FROM GRANT AWARD	<u><u> 107,457</u></u>	<u><u> 107,457</u></u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u><u> \$ 341,880</u></u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u><u> \$ 294,400</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-24
Federal Aviation Administration CFDA No. 20.106
Statement of Project Costs and Status of Grant Fund Payments
Period March 25, 1999 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 2,936,433	\$ 200,585
Less Grantee's Share (25%)	<u>(734,108)</u>	<u>(50,146)</u>
FEDERAL SHARE OF PROJECT COSTS	2,202,325	150,439
Less Federal Cash Received	<u>(112,580)</u>	<u>(112,580)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 2,089,745</u>	<u>\$ 37,859</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ (107,180)</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 36,867</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-25
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period June 16, 1999 to September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 437,867	\$ 35,502
Less Grantee's Share (25%)	<u>(109,467)</u>	<u>(8,876)</u>
FEDERAL SHARE OF PROJECT COSTS	328,400	26,626
Less Cumulative Federal Cash Received	<u>(19,867)</u>	<u>(19,867)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 308,533</u>	<u>\$ 6,759</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		\$ <u>(7,398)</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		\$ <u>9,895</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-26
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period June 16, 1999 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 2,346,684	\$ 153,597
Less Grantee's Share (25%)	<u>(586,671)</u>	<u>(38,399)</u>
FEDERAL SHARE OF PROJECT COSTS	1,760,013	115,198
Less Federal Cash Received	<u>(86,091)</u>	<u>(86,091)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 1,673,922</u>	<u>\$ 29,107</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 115,010</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 86,091</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-27
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period August 1, 2000 to September 30, 2001

	Approved Budget	Total Allowable Project Costs Incurred
	<u> </u>	<u> </u>
PROJECT COSTS	\$ 850,000	\$ 836,231
Less Grantee's Share	<u> -</u>	<u> -</u>
FEDERAL SHARE OF PROJECT COSTS	850,000	836,231
Less Federal Cash Received	<u>(836,231)</u>	<u>(836,231)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 13,769</u>	<u>\$ -</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 836,231</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 836,231</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-28
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period August 4, 2000 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 6,492,456	\$ 542,759
Less Grantee's Share (10% of last \$5,342,456)	<u>(534,246)</u>	<u>-</u>
FEDERAL SHARE OF PROJECT COSTS	5,958,210	542,759
Less Federal Cash Received	<u>(406,171)</u>	<u>(406,171)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 5,552,039</u>	<u>\$ 136,588</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 542,759</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 406,171</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-29
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period July 9, 2001 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 4,877,778	\$ 224,343
Less Grantee's Share (10% of last \$2,877,778)	<u>(287,778)</u>	<u>-</u>
FEDERAL SHARE OF PROJECT COSTS	4,590,000	224,343
Less Federal Cash Received	<u>(155,000)</u>	<u>(155,000)</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 4,435,000</u>	<u>\$ 69,343</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 224,343</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 155,000</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-30
 Federal Aviation Administration CFDA No. 20.106
 Statement of Project Costs and Status of Grant Fund Payments
 Period July 9, 2001 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 600,000	\$ 85,031
Less Grantee's Share (10%)	<u>(60,000)</u>	<u>(8,503)</u>
FEDERAL SHARE OF PROJECT COSTS	540,000	76,528
Less Federal Cash Received	<u>-</u>	<u>-</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 540,000</u>	<u>\$ 76,528</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		\$ <u>76,528</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		\$ <u>-</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Airport Improvement Program Grant No. 3-66-0001-31
Federal Aviation Administration CFDA No. 20.106
Statement of Project Costs and Status of Grant Fund Payments
Period August 30, 2001 to September 30, 2001

	<u>Approved Budget</u>	<u>Total Allowable Project Costs Incurred</u>
PROJECT COSTS	\$ 1,440,251	\$ 241,031
Less Grantee's Share (10%)	<u>(144,025)</u>	<u>(24,103)</u>
FEDERAL SHARE OF PROJECT COSTS	1,296,226	216,928
Less Federal Cash Received	<u>-</u>	<u>-</u>
BALANCE DUE FROM GRANT AWARD	<u>\$ 1,296,226</u>	<u>\$ 216,928</u>
ALLOWABLE PROJECT COSTS INCURRED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ 216,928</u>
FEDERAL CASH RECEIVED - YEAR ENDED SEPTEMBER 30, 2001		<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards September 30, 2001

(1) Source of Funding

GIAA's Airport Improvement Program is funded primarily through grants from the U.S. Department of Transportation under Catalog of Federal Domestic Assistance (CFDA #20.106) which is the predecessor to Airport Development Aid Program grants (CFDA #20.102/3). The grant objectives are the same, therefore, such were combined to determine a major program.

(2) Summary of Significant Accounting Policies

a. Basis of Accounting

The Schedule of Expenditures of Federal Awards and the related Statements of Project Costs and Status of Grant Fund Payments are prepared on the accrual basis of accounting.

For purposes of this report, certain accounting procedures were followed which facilitate the presentation of the federal cumulative amount of the grant award and federal funds received and disbursed. Cash receipts relate to all cash received from the cognizant federal agency within the Catalog of Federal Domestic Assistance. Cash receipts do not include matching funds from GIAA. All expenses and capital outlays which represent the federal share of each project are reported as expenditures.

GIAA recognizes contributions from the federal government when qualifying expenditures are incurred and expenditures are recognized on the accrual basis of accounting.

GIAA records federal funds expended as additions to construction in progress and not as expenditures in its financial statements. Any qualifying funds expended in excess of federal funds received are recorded as receivables from the grantor agency.

b. Matching Requirements

In allocating project expenditures between the federal and local share, a percentage is used based upon local matching requirements unless funds are specifically identified to a certain phase of the project.

c. Indirect Cost Allocation

GIAA does not receive any indirect cost allocation and no indirect costs were recorded against any federal program for the year ended September 30, 2001. The Federal Aviation Administration programs do allow, upon prior grantor approval, certain administrative expenses to be charged against the grants.

(3) Cost Allocation

Grant numbers 33-66-0001-21, 22, 24, 25, 26 and 28 are commingled to fund construction of parallel taxiway. Qualifying expenditures are allocated among these six grants. The negative current year qualifying expenditures for grant numbers 33-66-0001-21, 22, 24 and 25 are caused by changes in cost allocation between grants in the current year.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards
September 30, 2001

(4) Federal Emergency Management Agency (FEMA)

The FEMA grant for typhoon Paka is received in a subrecipient capacity through the Government of Guam.

GUAM INTERNATIONAL AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs September 30, 2001

Part I - Summary of Auditors' Results

1. The Independent Auditors' Report on the financial statements expressed an unqualified opinion.
2. No reportable conditions in internal control over financial reporting were identified.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal award programs were identified.
5. The Independent Auditors' Report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The Organization's major program is:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
U.S. Department of Transportation Federal Aviation Administration	20.102, 20.103, 20.106

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Organization did qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II - Financial Statement Findings Section

No matters are reportable.

Part III - Federal Award Findings and Questioned Cost Section

No matters are reportable.