



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary

DEC 28 1998

The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuáttro na Liheslaturan Guåhan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Unpingco:

Enclosed please find Bill No. 756 (LS), "AN ACT TO DELETE THE NOTATION IN SECTION 3 OF CHAPTER 2 OF PUBLIC LAW 21-42 RELATIVE TO THE INITIAL APPROPRIATION OF FUNDS FOR THE GUAM MASS TRANSIT AUTHORITY", which I have signed into law today as **Public Law No. 24-319**.

This legislation references a note in Public Law No. 21-42 which states:

"NOTE: The appropriations from the General Fund in this Section are an advance appropriation against expected receipts of the Guam Mass Transit Authority. For FY 1992, all proceeds which are generated from fares collected by the Guam Mass Transit Authority and all revenues in the Public Transit Fund derived from the Mass Transit Automotive Surcharge levied pursuant to Section 19577 of the Government Code (P. L. 18-33:11) which are not pledged for Highway Bonds, as well as all federal funding received by GMTA specified for public transit, shall be deposited into the General Fund, when received, as repayment of the advance funding provided by this Section."

This note is repealed in this legislation as part of a policy to partially subsidize a mass transit system on Guam.

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>[Signature]</u>
Time	<u>2:54pm</u>
Date	<u>12-28-98</u>

Office of the Speaker
ANTONIO R. UNPINGCO

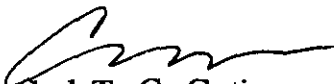
Date: 12/28/98
Time: 11:52
Rec'd by: [Signature]
Print Name: kck

01146

Requiring GMTA at this time to make repayments as required under this note would mean that GMTA cannot clear its books of a past debt showing a current liability of approximately \$404,494, which prevents GMTA from maximizing their financial options in improving, maintaining, and expanding the public transport system.

The history of public transport systems shows that many cities subsidize these systems, because otherwise they would not exist at all and provide a vital service.

Very truly yours,



Carl T. C. Gutierrez
I Maga'lahañ Guåhan
Governor of Guam

Attachment: copy attached for signed bill
 original attached for vetoed bill

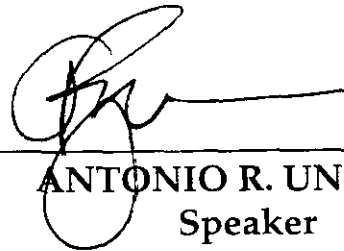
cc: The Honorable Joanne M. S. Brown
 Legislative Secretary

01146

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 756 (LS), "AN ACT TO DELETE THE NOTATION IN SECTION 3 OF CHAPTER 2 OF PUBLIC LAW 21-42 RELATIVE TO THE INITIAL APPROPRIATION OF FUNDS FOR THE GUAM MASS TRANSIT AUTHORITY," was on the 11th day of December 1998, duly and regularly passed.



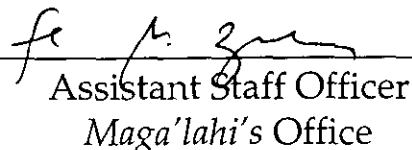
ANTONIO R. UNPINGCO
Speaker

Attested:



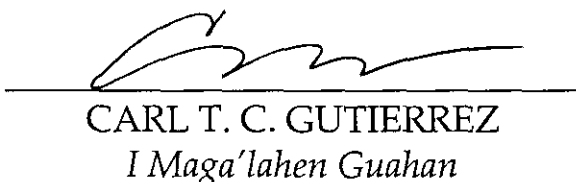
JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahen Guahan* this 16th day of December, 1998,
at 11:10 o'clock A.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: 12-28-98

Public Law No. 24-319

|

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session**

Bill No. 756 (LS)

As amended on the Floor.

Introduced by:

C. A. Leon Guerrero
T. C. Ada
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
W. B.S.M. Flores
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
L. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. T. Won Pat

**AN ACT TO DELETE THE NOTATION IN
SECTION 3 OF CHAPTER 2 OF PUBLIC LAW 21-42
RELATIVE TO THE INITIAL APPROPRIATION OF
FUNDS FOR THE GUAM MASS TRANSIT
AUTHORITY.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings.** *I Liheslaturan Guahan* finds in Public
3 Law Number 21-42 a notation that the original appropriation of funds from
4 the General Fund are deemed "*an advance appropriation against expected receipts*
5 *of the Guam Mass Transit Authority (GMTA).*" It further states that "[F]or FY
6 1992, all proceeds which are generated from fares collected by the GMTA and all
7 revenues in the Public Transit Fund derived from the Mass Transit Automotive
8 Surcharge levied pursuant to Section 19577 of the Government Code (P.L. 18-33:11)
9 which are not pledged for Highway Bonds, as well as all federal funding received by
10 GMTA specified for public transit, shall be deposited into the General Fund, when
11 received, as repayment of the advance funding provided by this Section."

12 *I Liheslaturan Guahan* finds that it is in the best interest of the public to
13 partially subsidize mass transit, and further finds that the repayment
14 requirement is inconsistent with that policy and therefore finds it appropriate
15 to repeal the repayment requirement.

16 **Section 2.** The notation paragraph at the end of §3 of Chapter 2 of
17 Public Law Number 21-42, entitled "NOTE: ...," is hereby *repealed* in its
18 entirety.



24th Guam Legislature
Sen. Carlotta A. Leon Guerrero

Union Bank Building, Suite 312
194 Hernan Cortez Avenue
Agana, Guam 96910

Tel : (671) 472-3416 / 3418
Fax : (671) 477-1323
sendlg@kuentos.guam.net

Chairperson :

Committee on
Transportation,
Telecommunications and
Micronesia Affairs

October 22, 1998

The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuattro Na Liheslaturan Guahan
155 Hesler Street
Hagatna, Guam 96910

Dear Mr. Speaker:

The Committee on Transportation, Telecommunication and Micronesia Affairs, which was referred **Bill 756 "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42 relative to the initial appropriation of funds for Guam Mass Transit Authority."** has had the same under consideration, and now wishes to report back the same with the recommendation **To Pass.**

The Committee votes are as follows:

To Pass	<u>10</u>
Not to Pass	<u> </u>
Abstain	<u> </u>
Inactive File	<u> </u>





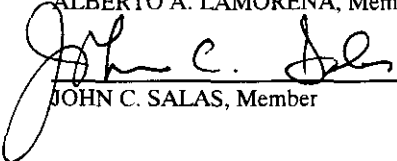
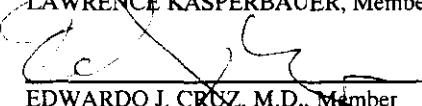
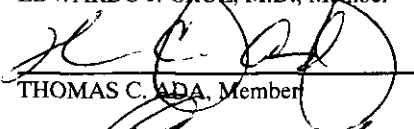


A copy of the Committee Report and all pertinent documents are attached for your information and file.

Sincerely yours,

CARLOTTA A. LEON GUERRERO
Chairperson

Committee on Transportation, Telecommunications and Micronesia Affairs
Mina'Bente Kuattro Na Liheslaturan Guahan
Voting Record

**Bill 756 "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42
relative to the initial appropriation of funds for Guam Mass Transit Authority."**

	To Pass	Not to Pass	Abstain	Inactive File
 CARLOTTA LEON GUERRERO, Chairperson	✓			
MARK FORBES, Vice Chairperson				
 ANTONIO R. UNPINGCO, Ex-Officio Member	✓			
ANTHONY C. BLAZ, Member				
 JOANNE M.S. BROWN, Member	✓			
FELIX P. CAMACHO, Member				
 ALBERTO A. LAMORENA, Member				
 JOHN C. SALAS, Member	✓			
LAWRENCE KASPERBAUER, Member				
 EDUARDO J. CRUZ, M.D., Member	✓			
 THOMAS C. ADA, Member	✓			
 FRANCISCO P. CAMACHO, Member	✓			
LOU LEON GUERRERO, Member				
 VICENTE C. PANGELINAN, Member	✓			


FRANCIS E. SANTOS, Member

✓ _____

WILLIAM B.S.M. FLORES, Member

FRANK B. AGUON, JR., Member

COMMITTEE REPORT

Committee on Transportation, Telecommunications and Micronesia Affairs
I Mina'Bente Kuattro Na Liheslaturan Guåhan

Public Hearing on

Bill 756: "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42 relative to the initial appropriation of funds for Guam Mass Transit Authority."

Committee Members

Chairperson: Senator Carlotta A. Leon Guerrero

Vice Chairperson: Senator Mark Forbes

Ex-Officio Member: Speaker Antonio R. Unpingco

Senator Tony Blaz	Senator Joanne Brown
Senator Felix Camacho	Senator Alberto Lamorena V
Senator John Salas	Senator Elizabeth Barrett-Anderson
Senator Edwardo J. Cruz, M.D.	Senator Lawrence Kasperbauer
Senator Thomas Ada	Senator Ben Pangelinan
Senator Francis Santos	Senator William Flores
Senator Francisco Camacho	Senator Lou Leon Guerrero
Senator Frank Aguon, Jr.	

Hearing Schedule

The Committee on Transportation, Telecommunications and Micronesia Affairs held a public hearing on Tuesday, October 20, 1998 at 9:00 a.m. in the Public Hearing Room of the Guam Legislature Temporary Building on Bill 756: "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42 relative to the initial appropriation of funds for Guam Mass Transit Authority."

Committee members present: Senator Carlotta A. Leon Guerrero, Chairperson
Senator Alberto Lamorena V
Senator Tom Ada
Senator Ben Pangelinan
Senator Francisco P. Camacho
Senator Frank Aguon, Jr.

SUMMARY

Senator Carlotta Leon Guerrero welcomed committee member Tom Ada as well as GMTA General Manager Jim Underwood as she called the Public Hearing on Bill 756 to order.

Jim Underwood began his testimony by first introducing GMTA Transportation Supervisor Tony Mendiola and Administrative Officer Myra Ablaya. He described his initial efforts to put the GMTA books in order and further explained his attempts to write this particular liability off. Unfortunately, because this is a statutory requirement, this liability continues to appear on the balance sheet as a Current Liabilities-Accounts Payable item in the amount of \$404,494:00. In his explanation to the committee, Mr. Underwood stated that the government can help subsidize GMTA by repealing this repayment requirement.

Mr. Underwood testified that when the agency was created, a Transportation Investment Policy was made that recognized that infrastructure spending and transit operating assistance can help to maintain and expand services. At the time of Public Law 21-42, fiscal conditions within the government of Guam and GMTA warranted the repayment requirement as contained in Chapter II, Section 3 of this law. However, a repeal of this repayment requirement now, would be more consistent with a Transportation Investment Policy intended to maintain, improve, expand and partially subsidize public transportation service. Any repayment of any amount since P.L. 21-42 would have negative impact on GMTA's provision of public transportation service.

The substantial currently liability amount prevents GMTA from utilizing financial arrangement to GMTA's fullest potential. Mr. Underwood sees Bill 756 as a beneficial 2-edged sword that severs the negatives of a currently liability while freeing up the \$404,494 to be added to GMTA's equity.

Senator Tom Ada questioned the General Manager regarding how current revenues are generated and in which account are they deposited to which he responded that those funds are deposited into the GMTA account. It was noted that the subsidy from the General Fund is \$2.3 million dollars annually or approximately \$194,000 per month. Public fare revenues are approximately \$12,000-15,000 per month. Federal grants equal about \$300,000 annually. Maintenance is built in to the existing contracts with both Public and Para Transit.

Senator Ben Pangelinan asked for clarification on why GMTA is seeking the approval of *Liheslaturan Guåhan* to approve and authorize this subsidy. Mr. Underwood responded that this was the first year that a public audit reflected this liability as it had never been carried over in prior audit reports.

For purposes of discussion, Mr. Underwood identified that the Balance Sheet and Financial Notes attached to his testimony show that the current liabilities show an accounts payable line item of \$296,255. It was noted that it appeared that only the

Federal grants were being captured in previous audits, therefore, the attached balance sheet reflects the accrual to \$404,494.00.

Senator Pangelinan discussed the grant-in-aid repayment requirement as stated in item number 4 of the Notes to Financial Statements sheet. He understood the requirement to refer to the repayment requirement based on revenues collected only during Fiscal Year 1992. He acknowledged that GMTA is asking for the write-off to clean up the books, however, he asked what were other reasons to justify the removal of that the contingent liability. GM Underwood stated that it prevents GMTA from going for financial arrangements or to go out for loans because this repayment requirement can be called on at any time within a ninety day period. Other than the General Fund, Senator Pangelinan asked if GMTA has sought other financial sources. Not being able to speak for his predecessors, Mr. Underwood stated that he has pursued a lease-purchase arrangement, but has received negative results because of this liability reflecting on the GMTA financial statement as a current liability. Mr. Underwood believes that the removal of this liability will improve the financial position of GMTA and improve their options.

Senator Francisco Camacho asked about the cash flow position of GMTA at this time. Mr. Underwood stated that he is still working to improve the fixed route system and address the Dial-A-Ride program which has proven to not be cost effective however, is in great demand by the ridership. Mr. Underwood continued by assuring the committee that GMTA is still reviewing the best way to implement a cost effective fixed route system which also addresses the concerns of the ridership.

Regarding the jeepney concept, Senator Camacho asked what type of response did GMTA get from the Request For Proposal (RFP). No submissions were qualified to the requirements of the RFP, per Mr. Underwood, although he did state there exists some form of jeepney transport for specific tourist areas and are not related to GMTA.

COMMITTEE FINDINGS

The Committee finds that it is common for governments to subsidize mass transit in their respective cities. The committee noted that Honolulu, which is purported to have the best public transit system in the world, is primarily subsidized by the government with only approximately 25% of its revenues generated from actual ridership.

COMMITTEE RECOMMENDATION

The Committee on Transportation, Telecommunications and Micronesian Affairs supports the intent of Bill 756: "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42 relative to the initial appropriation of funds for Guam Mass Transit Authority" and recommends **TO PASS**.



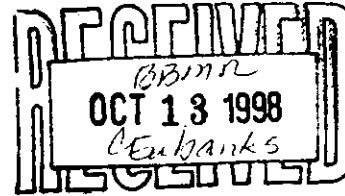
24th Guam Legislature
Sen. Carlotta A. Leon Guerrero

Union Bank Building, Suite 312
194 Hernan Cortez Avenue
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Chairperson :

Committee on
Transportation,
Telecommunications and
Micronesian Affairs



October 13, 1998

Mr. Joe Rivera
Acting Director
Bureau of Budget and Management Research
Government of Guam
Hagatna, Guam 96910

Dear Mr. Rivera:

As required by *Title 2, Guam Code Annotated §9101*, I am kindly requesting that the Bureau of Budget and Management Research prepare a fiscal note for **Bill 756** (attached) in order that it be considered by the standing committee which I chair.

If you have any questions, please call my office. Thank you for your immediate response.


CARLOTTA LEON GUERRERO

PUBLIC HEARING



The Legislative Committee on Transportation, Telecommunications and Micronesian Affairs will conduct a Public Hearing at 9 a.m. Tuesday, October 20, 1998,

in the Public Hearing Room of I Mina'Bente Kuattro na Liheslaturan Guahan Temporary Building in Hagatna. The agenda is as follows:

Bill 756: "An act to delete the notation in Section 3 of Chapter 2 of Public Law 21-42 relative to the initial appropriation of funds for Guam Mass Transit Authority."

Bill 757: "An act to amend Public Law 24-264 relevant to clarify usage of appropriated funds," appropriated to Guam Mass Transit Authority for SPIMA.

Bill 727: "An act to create a task force on Maritime Affairs and Fisheries."

ADA Coordinator: Betty Ann Guerrero. The public is welcome to attend. For additional information please call the Office of Senator Carlotta A. Leon Guerrero at 472-3416. You may fax your testimony to 477-1323.

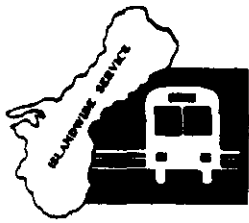
MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN

**Committee on Transportation, Telecommunications & Micronesian Affairs
Senator Carlotta A. Leon Guerrero
Chairperson**

**I Liheslaturan Guahan Temporary Building
Public Hearing Room, Hagatña
Tuesday, October 29, 1998
9:00 a.m.**

**Bill 756: "An act to delete the notation in Section 3 of Chapter of
Public Law 21-42 relative to the initial appropriation of funds for
Guam Mass Transit Authority."**

1. JAMES A. UNDERWOOD - GMTA FAVOR
2. ANTHONY C. MENDOLA - GMTA FAVOR
3. MYRA S. ABAYA - GMTA - FAVOR
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____



G • I • T • A

Guam Mass Transit Authority

(Aturidat Transporttasion Guahan)

Government of Guam

236 East O'Brien Drive
Agana, Guam 96910

Telephone : **475-GMTA (4682)**
Facsimile : **475-4600**

James H. Underwood
General Manager

Dominic G. Muna
Assistant General Manager

October 20, 1998

Chairperson Carlotta Leon Guerrero
I Mina Bente Kuatro a Liheslaturan Guahan
Committee on Transportation, Telecommunications
and Micronesian Affairs
Union Bank Building, Suite 312
194 Hernan Cortes Avenue
Agana, Guam 96910

Subject: Testimony on Bill 756

Dear Chairperson Leon Guerrero,

We are pleased to submit this testimony on Bill 756. We are in favor of Bill 756 and solicit the favorable action of the legislature at the earliest possible date.

GMTA believes that when the agency was created, a Transportation Investment Policy was made that recognized that infrastructure spending and transit operating assistance can help to maintain and expand services. The Gutierrez-Bordallo administration believes that the fiscal conditions within the government of Guam and GMTA at the time of Public Law 21-42 warranted the repayment requirement contained in the notation in Chapter II, Section 3 of Public Law 21-42.

A repeal of this repayment requirement now, would be more consistent with a Transportation Investment Policy intended to maintain, improve, expand and partially subsidize public transportation service. Any repayment of any amount since P.L. 21-42 would have negative impact on GMTA's provision of public transportation service.

GMTA has attempted to write these liabilities off of its book but has been advised by its Certified Public Auditors that since it is a statutory requirement we are without power to do so and thus it continues to appear on our balance sheet as a Current Liabilities-Accounts Payable, Government of Guam, the amount of \$404,494. Attached are copies of GMTA's audited Balance Sheet of September 30, 1992 first showing the repayment liability and notes in item number 4. GOVERNMENT OF GUAM REPAYMENT on page 8.

Chairperson Carlotta Leon Guerreo
Bill 756
October 20, 1998
Page 2

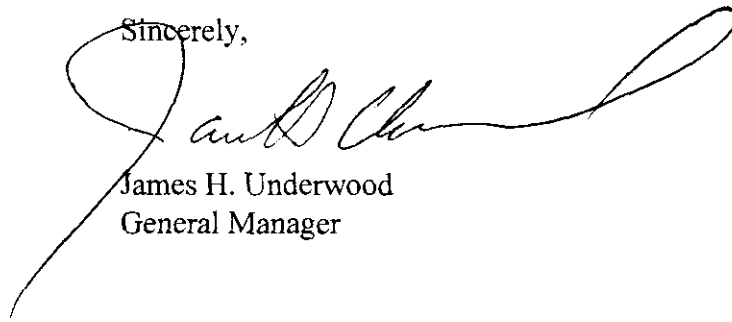
This substantial current liability amount on our balance sheet prevents GMTA from utilizing financial arrangements to our fullest potential. For example, in a scenario of a lease-purchase arrangement that would be ideal for positive cash flow benefit, this notation could jeopardize that arrangement entirely, or impact the amount and or length of time available to GMTA from private financial arrangements.

Bill 756 can be seen as a beneficial 2-edged sword that severs the negatives of a current liability while freeing up \$404,494 to be added to our equity.

We thank Senator Carlotta Leon Guerrero for her strong support of mass transit by promoting transportation policies as evidenced by Bill 756.

Once again we support Bill 756 and are happy to advise that the administration will act expeditiously on Bill 756 if passed as introduced.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Underwood". The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

James H. Underwood
General Manager

Attachments

cc: Speaker A.R. Unpingco
GMTA President, Gerald Taitano
Governor of Guam

GUAM MASS TRANSIT AUTHORITY
BALANCE SHEET
SEPTEMBER 30, 1992

ASSETS

CURRENT ASSETS:	
Cash (Note 1)	\$ 260,174
Accounts receivable (Note 1):	
Government of Guam	662,559
Federal Government	<u>266,550</u>
TOTAL CURRENT ASSETS	1,189,283
PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 1 and 5)	<u>2,067,023</u>
	<u>\$ 3,256,306</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:	
Accounts payable, Government of Guam	\$ 296,255
Accounts payable, other	335,893
Accrued payroll	<u>13,318</u>
TOTAL CURRENT LIABILITIES	645,466
UNFUNDED PENSION COSTS (Note 2)	110,063
ACCRUED ANNUAL LEAVE (Note 1)	33,871
OTHER LIABILITIES	<u>-</u>
TOTAL LIABILITIES	<u>789,400</u>
CONTINGENCIES (Note 6)	
FUND EQUITY:	
CONTRIBUTED CAPITAL:	
Tourist Attraction Fund	199,920
Government of Guam General Fund (Notes 5 and 6)	<u>1,493,258</u>
TOTAL CONTRIBUTED CAPITAL	1,693,178
RETAINED EARNINGS	<u>773,728</u>
TOTAL FUND EQUITY	<u>2,466,906</u>
	<u>\$ 3,256,306</u>

See accompanying notes to financial statements.

GUAM MASS TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
SEPTEMBER 30, 1992

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED

Accounts Receivable

The Authority's receivables from the Government of Guam relate mainly to legislative appropriations. The receivables from the Federal Government are a result of unreimbursed expenditures made on behalf of the Authority's Federal program activity.

Cash

For the purpose of the balance sheet and the statement of cash flows, cash is defined as cash on hand and cash on deposits in banks.

2. EMPLOYEES' RETIREMENT PLAN

Employees of the Authority are members of the Government of Guam Employee's Retirement System, a defined benefit contributory pension plan. The plan is administered by the Government of Guam Retirement Fund to which the Authority contributes based upon a fixed percentage of the payroll for those employees who are members of the plan.

As a result of the most recent actuarial valuation performed as of September 30, 1991, the following contributions at statutory rates and contributions in excess of statutory rates are required to fund the current cost, amortize prior service cost over 28 years and provide for interest on the unfunded accrued liability.

Statutory employee contribution rate	<u>7.5%</u>
Required employer contribution rate	<u>25.64%</u>
Statutory employer contribution rate	<u>13.106%</u>
Excess of required employer contribution rate over statutory rate	<u>12.534%</u>

The expense reflected in the financial statements for the retirement contribution for the year ended September 30, 1992, was \$94,899. This amount includes contributions at the statutory rate and an accrual of \$45,207 at the above rate for the excess of the required employer contribution rate over the statutory rate which when combined with the unfunded accrual as of September 30, 1992, aggregates \$110,063.

GUAM MASS TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
SEPTEMBER 30, 1992

2. EMPLOYEES' RETIREMENT PLAN, CONTINUED

The plan utilizes the actuarial cost method termed "entry age normal" with an assumed rate of return of 7% and an assumed salary scale increase of 5 1/2% per annum. The most recent actuarial valuation performed as of September 30, 1991, did not provide a breakdown of the actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

3. GRANT-IN-AID FROM GOVERNMENT OF GUAM

A significant portion of the Authority's operations are provided for by annual legislative appropriations. In addition, the Authority receives the proceeds of a four (4) cents per gallon surcharge on all liquid fuels as mandated by Public Law 18-33.

4. GOVERNMENT OF GUAM REPAYMENT

Public Law 21-41, which appropriates the fiscal year 1992 grant-in-aid from the Government of Guam, includes a clause that states that GMTA must repay the grant-in-aid with all fiscal year 1992 revenues generated from fare collections, Federal contributions and Public Law 18-33 surcharge collections. A non-operating expense of \$306,706, representing revenues from the above categories, was recorded for the repayment. Of this amount, \$16,298 was disbursed to the Government of Guam. The remaining amount is recorded as a liability at September 30, 1992.

5. PROPERTY, PLANT AND EQUIPMENT, NET AND CONTRIBUTED CAPITAL

In fiscal year 1991, Public Law 20-221, passed in December of 1990, authorized the Governor to transfer all title, right and interest in Lot No. 87-4-R3 containing an area of 3162+ square meters to the Authority. The Governor transferred the property in February of 1991 through a Grant Deed filed with the Department of Land Management. The value of the land is based on estimated fair value at the date of transfer. Public Law 20-221 states that should the Authority be dissolved or no longer need the property, then the property, inclusive of any and all improvements, shall revert to the Government of Guam. Public Law 20-221 also appropriated \$300,000 from the General Fund to the Authority to fund the construction of the Authority's administration, operations and light maintenance facility. This appropriation was subsequently increased to \$650,000. Costs

GUAM MASS TRANSIT AUTHORITY
NOTE TO FINANCIAL STATEMENTS, CONTINUED
SEPTEMBER 30, 1992

5. PROPERTY, PLANT AND EQUIPMENT, NET AND CONTRIBUTED CAPITAL, CONTINUED

incurred against this project were recorded as construction in progress at September 30, 1992. The Authority also received \$646,416 in contributed assets from the Government of Guam's General Fund. Depreciation on these particular assets are closed out to their respective contributed capital equity accounts.

A summary of property, plant and equipment and their useful lives as of September 30, 1992, is as follows:

<u>Category</u>	<u>Estimated Useful Life</u>	<u>Value</u>
Vehicles	5 years	\$2,259,472
Equipment	5 to 7 years	51,695
Furniture and fixtures	5 to 10 years	<u>13,638</u>
		2,324,805
Less accumulated depreciation		<u>1,186,701</u>
		1,138,104
Construction in progress		612,719
Land		<u>316,200</u>
Total property, plant and equipment		<u>\$2,067,023</u>

6. CONTINGENCIES

A summary of actual and potential contributed capital from the Government of Guam follows:

	Amount <u>Appropriated</u>	Costs		Amount <u>Receivable</u>	Amount <u>Unallotted</u>
		Incurred <u>To Date</u>	Amount <u>Received</u>		
Public Law					
20-202 Bus Shelters	\$ 210,000	\$ 17,084	\$ 17,084	\$ -	\$ 192,916
20-214 Vehicles	638,350	638,350	638,350	-	-
20-221 Building	650,000	605,631	419,870	185,761	44,369
20-221 Land	316,200	316,200	316,200	-	-
Other	<u>8,066</u>	<u>8,066</u>	<u>8,066</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,822,616</u>	1,585,331	<u>\$1,399,570</u>	<u>\$ 185,761</u>	<u>\$ 237,285</u>
Less accumulated depreciation		<u>92,073</u>			
Contributed capital, Government of Guam		<u>\$1,493,258</u>			

GUAM MASS TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS, CONTINUED
SEPTEMBER 30, 1992

6. CONTINGENCY, CONTINUED

The unallotted balance of \$237,285 represents the remainder of the above appropriations which are contingent upon release by the General Fund to the Authority. This amount has not been reflected in the accompanying financial statements. The receivable does not agree with the accompanying balance sheet as the account receivable from the Government of Guam also includes receivables from appropriations for grants-in-aid.