



Guam Highway Fund FY 2017 Financial Highlights

April 13, 2018

The Guam Highway Fund (GHF) ended fiscal year (FY) 2017 with a \$1.1 million (M) decrease in fund balance, an improvement from FY 2016's decrease of \$2.0M. Total revenues of \$20.3M increased \$690 thousand (K), or 4%, from FY 2016 and expenditures of \$21.4M decreased by \$253K, or 1%. As reported in prior GHF highlights, a large portion of GHF expenditures are allocated to projects that were not transportation or highway related. Independent auditors Deloitte and Touche, LLP issued an unmodified (clean) opinion on GHF's FY 2017 financial audit.

Slight Movements in Revenues and Expenditures

Revenues increased nominally by \$690K, or 4%, going from \$19.6M in FY 2016 to \$20.3M in FY 2017. The increase in revenues was primarily due to the increases in collections for liquid fuel tax and vehicle registration/drivers' license fees. Subsequent to FY 2017, Public Law 34-44 increased the liquid fuel tax rate by \$0.04 per gallon, which took effect on January 1, 2018, to fund village road repair and construction projects.

Overall expenditures of \$21.4M went down slightly from \$21.6M in FY 2016. GHF expenditures included a \$2.0M transfer to the Government of Guam's General Fund to fund General Fund operations. Other expenditures include \$6.2M for Department of Public Works (DPW) transportation maintenance and \$4.5M for bus operations, \$3.3M for public transit, and \$2.1M for the Mayors' Council of Guam.

Expenditures Not Related to Highways and Transportation

Of the total expenditures of \$21.4M, \$15.5M, or 73%, was spent for highway/transportation related expenditures including DPW's bus operations, transportation maintenance operations, and public streetlight operations. The remaining \$5.9M, or 27%, was spent for non-highway/non-transportation related purposes. Prior OPA highlights noted that funds used for the Department of Education were non-transportation when in fact, they are used for bus operations.

The GHF is used primarily to maintain Guam's highway and roadways, and implement highway safety plans, programs, and projects. However, over the years, a number of non-highway projects have been funded. In FY 2017, these included the Mayor's Council of Guam operations of \$2.1M (10%), General Fund operations of \$2.0M (9%), and Better Public Service Fund of \$986K (5%). The University of Guam and Guam Community College received \$500K (2%) and \$279K (1%), respectively.

Capital Projects

Seven projects for bus repairs, street repairs, and a road with a budget of \$2.6M had no expenditures in FY 2017. The Capital Projects Fund had a fund balance of \$176K with minimal movement in the last two years.

Report on Internal Control over Financial Reporting and Compliance

In the report on internal control and compliance, auditors identified one repeat finding regarding the Guam Regional Transit Authority's sole source procurement for bus transportation services. In OPA Report No. 18-01 *Guam Regional Transit Authority Procurement and Billing on Public Transit Services*, we issued a similar finding where the procurement record did not contain justification for the sole source procurement.

Audit Adjustments and Uncorrected Misstatements

There was one audit adjustment with no effect on fund balance and no uncorrected misstatements. GHF had no Management Letter for FY 2017.

For a more detailed commentary of GHF's operations, refer to the Management's Discussion and Analysis in the audit report or visit our website at www.opaguam.org.