PORT AUTHORITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Port Authority of Guam:

We have audited the accompanying statements of net assets of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of September 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Port Authority of Guam as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The supplementary information included in Schedule 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2009, on our consideration of the Port Authority of Guam's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

January 26, 2009

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
September 30, 2008 and 2007

INTRODUCTION

The following Management's Discussion & Analysis (MD&A), of the Port Authority of Guam's (the Port or PAG), activities and financial performance will serve as an introduction and overview to the reader of the audited financial statements of the Port for the fiscal years ended September 30, 2008 and September 30, 2007. The information contained in the MD&A has been prepared by management and should be considered with the financial statements and the notes thereto, which follow this section. The notes are essential to thoroughly understand the data contained in the financial statements.

The Port engages only in business type activities, that is activities are financed either in whole or in part by charges to entities that are external to the operation of the Port and for which charges are for goods or services rendered. As a result, the Port's basic financial statements include the statements of net assets, revenues, expenses and changes in net assets, cash flows and notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Port's finances in a manner similar to that of the private sector.

The statements of net assets and the statements of revenues, expenses and changes in net assets indicate whether the Port's financial position has improved as a result of the year's activities. The statements of net assets presents information on all of the Port's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Port is improving or deteriorating. The statements of revenues, expenses and changes in net assets show how the Port's net assets changed during the year. These changes are reported as the underlying events occur regardless of the timing of related cash flows.

The Port Authority of Guam was established as a public corporation and autonomous agency of the Government of Guam by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region. It operates the largest U.S. deepwater port in the region and currently handles about two (2) million tons of cargo a year. The Port owns five cargo-handling piers along with two fuel piers and three marinas. The cost for operations and capital improvements are funded largely from the Port's own revenues.

The Port is presided over by five board members appointed by the Governor of Guam with the advice and consent of the Legislature. The Board of Directors appoints the General Manager and Deputy General Manager, who are responsible for maintenance, operation and development of the Port and the agency's business affairs.

Financial Statements

The Port's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP) promulgated by the Government Accounting Standards Board (GASB). The Port is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives.

The statements of net assets present the financial position of the Port at the end of the fiscal year. A summarized comparison of the Port's assets, liabilities, and net assets at September 30 is as follows:

Condensed Statements of Net Assets

ASSETS		2008		2007		2006
Current and other assets	$	18,058,178	$	17,501,053	$	19,894,901
Capital assets		48,738,344		47,058,373		42,562,936
Total assets	$	66,796,522	$	64,559,426	$	62,457,837
LIABILITIES AND NET ASSETS						
Current liabilities	$	8,221,107	$	7,355,194	$	7,857,862
Other non-current liabilities		7,919,884		7,285,355		6,290,793
Total liabilities		16,140,991		14,640,549		14,148,655
Net assets:						
Invested in capital assets		48,738,344		47,058,373		42,562,936
Unrestricted		1,917,187		2,860,504		5,746,246
Total net assets		50,655,531		49,918,877		48,309,182
Total	$	66,796,522	$	64,559,426	$	62,457,837

In fiscal year 2008, the total assets of the Port exceeded its liabilities by $50.7 million. Due to the excess of revenues over expenses, the Port's net assets increased by $737 thousand compared to $1.6 million in fiscal year 2007. Of the $50.7 million, $48.8 million is invested in capital assets and $1.9 million is unrestricted.

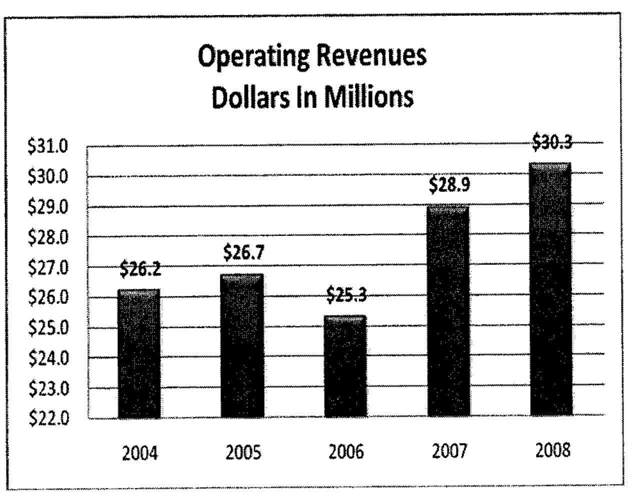
The 3% increase in current and other assets was a cumulative effect of the slight drop in cash and investments by 2%, increase in accounts receivable by 30% and decrease in inventory value by 30%. Capital assets increased by 4% compared to fiscal year 2007, which was primarily due to an increase in capital improvement projects by 88%, removal of old fixed assets with a book value of $171 thousand, and the purchase of new equipment with a book value of $1.6 million. The Port's total assets in fiscal year 2008 increased by $2.2 million or 3% more than the fiscal year 2007 total assets balance of $64.6 million. Total assets in fiscal year 2007 increased by $2.1 million or 3% compared to fiscal year 2006.

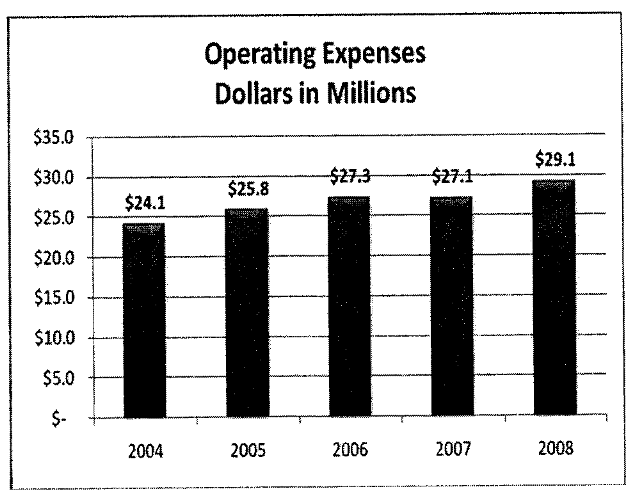
The total liabilities for fiscal year 2008 increased by $1.5 million or 10% compared to the prior fiscal year primarily due to increases in accounts payable-trade, accrued payroll, accrued annual and sick leave and unfunded pension costs. Repairs and maintenance of Port's cargo handling equipment, legal services, salary compensation study and other construction projects are the main sources of the increase in accounts payable trade. Total liabilities of $14.6 million in fiscal year 2007 were higher by $491 thousand or 3% from 2006.

Summary of Operations and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the change in the Port's net assets during the current and previous fiscal year as a result of operations. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will only affect future period cash flows (e.g. uncollected receivables). The change in net assets is an indicator of whether the overall fiscal condition of the Port has improved or worsened during the year. Following is a summary of the statements of revenues, expenses, and changes in net assets as of September 30:

	2008	2007	2008 Percent Increase (Decrease)	2006	2007 Percent Increase (Decrease)
Operating revenues	$ 30,257,489	$ 28,937,152	5%	$ 25,272,928	14%
Operating expenses	(26,463,270)	(24,620,931)	7%	(24,793,155)	-1%
Operating income before depreciation	3,794,219	4,316,221	-12%	479,773	800%
Depreciation	(2,640,375)	(2,458,283)	7%	(2,468,866)	0%
Operating income(loss)	1,153,844	1,857,938	-38%	(1,989,093)	-193%
Nonoperating revenues (expenses), net	(754,653)	(526,990)	43%	2,799,418	-119%
Earnings before capital contributions	399,191	1,330,948	-70%	810,325	64%
Capital Contributions-US Gov't Grants	337,463	278,747	21%	726,095	-62%
Increase in net assets	736,654	1,609,695	-54%	1,536,420	5%
Net assets at beginning of year	49,918,877	48,309,182	3%	46,772,762	3%
Net assets at end of year	$ 50,655,531	$ 49,918,877	1%	$ 48,309,182	3%





Revenues: The 2008 operating revenues increased by $1.3 million or 5% compared to 2007 operating revenues. Categories that recorded increases compared to 2007 were cargo throughput revenues and equipment and space rentals. Container revenues had a slight increase of $190 thousand or 1%, from $15.7 million in FY 2007 to $15.9 million in FY 2008. The total breakbulk cargo of $458 thousand reflected an increase by $68 thousand or 17%.

New rates that were implemented in February 2007 resulted in an increase in revenue in 2008 due to full year implementation. The rates of following revenue categories were established or amended in the second quarter of fiscal year 2007: fuel surcharge, security surcharge, hot work permit, labor charge-out and transshipment. The full year implementation of the higher rates had a positive impact on revenue in fiscal year 2008. The total increase in the cargo throughput was $601 thousand or 3%. Facility usage and space rentals also had an increase in 2008 due to an increase in fuel throughputs and implementation of new lease agreements.

Expenses: Total operating expenses (excluding depreciation) in fiscal year 2008 increased by $1.8 million or 6% compared to the prior fiscal year. The following 2008 expense groupings were higher than fiscal year 2007 expenses: equipment maintenance - $629 thousand, management & administration - $370 thousand, utilities- $407 thousand and general expenses - $541 thousand. Increases in fiscal year 2007 were largely due to increases in salaries and benefits, legal counsel, repairs and maintenance and operational supplies.

In fiscal year 2007, total operating expenses of $27.1 million decreased by 1% compared to fiscal year 2006.

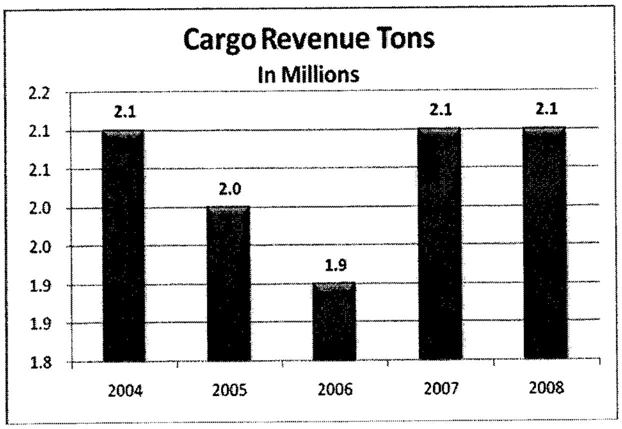
Non-Operating: Changes in non-operating revenues are as follows: the Port received an operating grant from the U.S. Department of Defense through the Office of the Governor of Guam of $267,000 in fiscal year 2008. Interest income decreased $255 thousand or 34% in 2008 primarily due to the major decline in bank deposit interest rates and there was an increase in other miscellaneous income of $435 thousand due to payment received for a litigation settlement. Changes in non-operating expenses are as follows: COLA/Supplemental annuities increased $643 thousand or 56% primarily due to increases in Medical/Dental/Life Insurance costs for the Retirees of $636 thousand or 140% compared to fiscal year 2007 rates; and an increase in loss on asset disposal. The net result of non operating revenues (expenses) is net expense of $755 thousand. In fiscal year 2007 the net result for non operating revenues (expenses) is expense of $527 thousand.

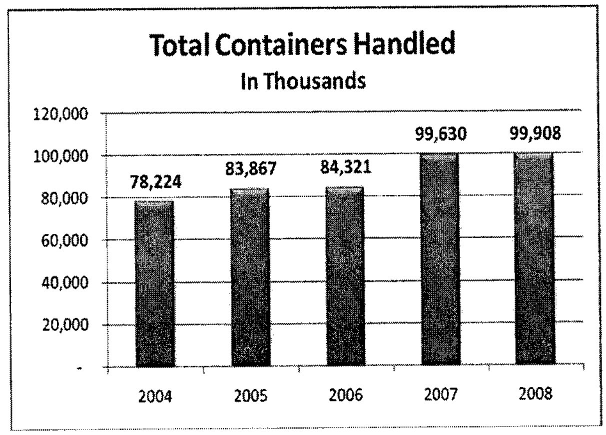
The total capital contribution received in fiscal year 2008 from Federal Grants is $337 thousand.

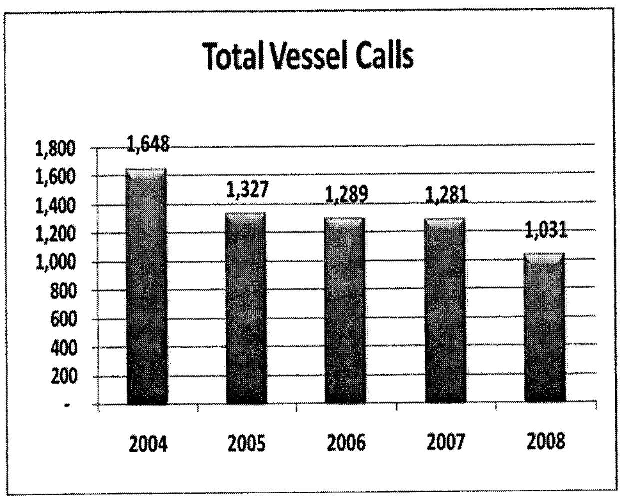
As a result of the above revenues and expenses, FY 2008 had an operating income before depreciation of $3.8 million and $1.2 million operating income after depreciation expense. The operating income in fiscal year 2008 was 38% lower than fiscal year 2007 operating income of $4.3 million. Fiscal year 2007 operating income was 193% higher than the fiscal year 2006 operating loss of $2 million.

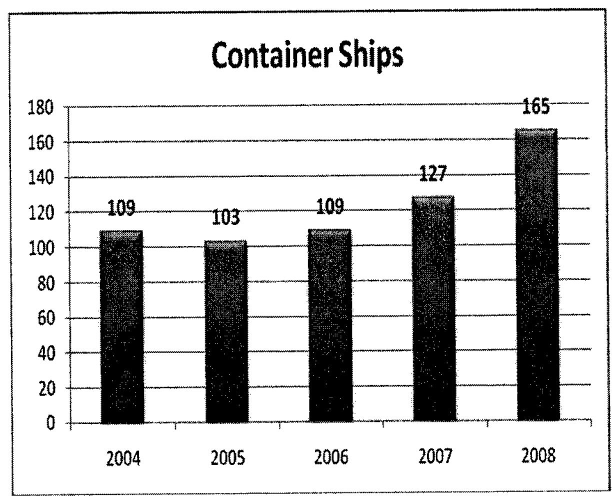
The addition of non operating revenues, expenses and capital contribution to FY 2008 operating income resulted in an increase in net assets of $737 thousand. Fiscal year 2008's total was 54% lower than fiscal year 2007's increase in net assets of $1.6 million. Fiscal year 2007's increase in net assets was 5% higher than fiscal year 2006's increase of $1.5 million.

Vessel and Cargo Statistics









- The Port Authority has once again exceeded the 2 million mark cargo tonnage in FY 2008. It was only in FY 2006 that cargo tonnage went below 2 million. The 2 million revenue tonnage tally was also attained in fiscal years 2003 to 2005.
- The number of containers that were handled in the Port docks increased from 99.6 thousand containers in FY 2007 to 99.9 thousand in FY 2008.
- The total vessel calls decreased from 1,281 in FY 2007 to 1,031 in FY 2008. The decrease of the total vessel calls was primarily due to the loss of fishing vessel calls.
- Container ships have increased by 30% in 2008, from 127 container vessels in 2007 to 165 container vessels in 2008.

CAPITAL ASSETS

The Port's capital assets as of September 30, 2008, amounted to $49 million. The major additions to the fixed assets totaling $1.6 million include the acquisition of 9 brand new forklifts, 25 reefer outlets, surveillance cameras, 50 desktop computers and 4 vehicles. The Port also recorded $3.3 million in new construction in progress.

The total capital assets in 2007 increased by $4.5 million or 11%, from $42.6 million in 2006 to $47.1 million.

For more details on the Port's capital asset activity in fiscal years 2008 and 2007, please refer to note 2 in the accompanying financial statements.

MASTER PLAN

The Master Plan Update Report 2007 was completed by PB International in February 2008. The original Port facilities were put in service in the late 1960s and have not undergone a major renovation program. Certain facilities, equipment and systems are in need of improvement and modernization to support the needs of Guam's current population base, industries and tourism. Additional improvements and capacities are needed on an accelerated basis to meet the imminent U.S. military buildup on Guam resulting from the relocation of U.S. Marine Corps forces from Okinawa to Guam starting in 2014. Port cargo volumes from the military buildup are projected to substantially increase the volume through the Port in future years. The Master Plan identified a flexible port layout and program of improvements needed at the Port's commercial port facilities in order to meet these extraordinary demands. The capital improvement program is estimated to cost $195 million in 2008 dollars.

With the completion of the Master Plan, Guam government officials and the U.S. Department of Defense (DOD) were reassured that an improvement plan has been developed that would give the Port flexibility and capacity to handle the short term military requirements and Guam's long-term port needs. Consequently, the Port with funding assistance from the DOD Office of Economic Adjustment (OEA) requested that PB International undertake a Financial Feasibility Study to assist in determining how the Port, the Government of Guam and the Federal Government could finance the Port improvement costs.

The purpose of the Financial Feasibility Study (FFS) is to assist the policy makers at the Port, the Government of Guam, the Department of Defense and other Federal agencies in formulating a financing/funding strategy for the modernization of the port.

PERFORMANCE MANAGEMENT CONTRACT (PMC)

In October 24, 2007, the Governor signed Public Law No. 29-23, a bill introduced by the late Senator Antonio Unpingco, which authorizes the Board of Directors of the Jose D. Leon Guerrero Commercial Port to enter into a Public-Private Partnership through a Performance Management Contract for the management, operation and maintenance of the Port cargo handling equipment and/or facilities associated with such equipment and /or other aspects of the Port operations.

The procurement process is currently on-going and is to be completed in 2009.

OUTLOOK FOR 2009

The outcome of the Port operations in the first quarter of fiscal year in 2009 reflects the effects of the current economic crisis. The number of containers processed in 2009 has decreased from 27.7 thousand containers in the first quarter of fiscal year 2008 to 25.4 thousand containers in the first quarter of fiscal year 2009, which is an 8% reduction.

Matson and Horizon are in the process of shipping three gantry cranes that will be used at the Port Authority of Guam to assist in handling containers from their vessels. These cranes will assist in handling the increased cargo due to military construction during the military build-up.

The Port has signed a Memorandum of Understanding (MOU) with the U.S. Department of Transportation Maritime Administration (MARAD) to assist in the modernization of the facilities at the Port Authority of Guam.

As a result of the DOD buildup, volumes are projected to increase dramatically from 2010 to 2016. Container volumes are projected to increase as much as 75% and breakbulk volumes are projected to increase as much as 125%. After the DOD construction buildup, container volumes are projected to remain at least 50% higher compared with 2007 and 78% higher compared with 2006.

Management's Discussion and Analysis for the years ended September 30, 2007 and 2006 is set forth in the Authority's report on the audit of financial statements which is dated January 22, 2008. That Discussion and Analysis explains in more detail major factors impacting the 2007 and 2006 financial statements. A copy of that report can be obtained by contacting the Financial Controller or from the Authority's website at the addresses noted below.

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

The Management Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting the Port's operations. This financial report is designed to provide a general overview of the Port Authority's finances and to demonstrate the Port's accountability for the funds it receives and expends.

For additional information about this report, please contact Mr. Jojo Guevara, Finance Controller, Port Authority of Guam, 1026 Cabras Highway Suite 201, Piti, Guam 96915 or visit the website at www.portofguam.com.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Net Assets
September 30, 2008 and 2007

ASSETS	2008	2007
Current assets:		
Cash	$ 13,971,221	$ 13,764,572
Investment in time certificates of deposit	-	500,000
Accounts receivable, net of allowance for doubtful accounts of $791,420 in 2008 and $805,412 in 2007	3,941,770	3,028,543
Total current assets	17,912,991	17,293,115
Replacement parts inventories, net of allowance for obsolescence of $172,784 in 2008 and $116,630 in 2007	145,187	207,938
Property, plant and equipment, net	48,738,344	47,058,373
	$ 66,796,522	$ 64,559,426

LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable, trade	$ 2,641,805	$ 1,891,470
Security deposits and other payables	162,552	146,793
Accrued earthquake and typhoon damages	3,775,594	3,775,594
Accrued payroll and withholdings	794,251	702,798
Current portion of accrued annual leave	670,131	696,348
Deferred revenue	176,774	142,191
Total current liabilities	8,221,107	7,355,194
Accrued annual leave, less current portion	369,995	326,405
Accrued sick leave	605,278	531,608
Unfunded pension costs	6,944,611	6,427,342
Total liabilities	16,140,991	14,640,549
Commitments and contingencies		
Net assets:		
Invested in capital assets	48,738,344	47,058,373
Unrestricted	1,917,187	2,860,504
Total net assets	50,655,531	49,918,877
	$ 66,796,522	$ 64,559,426

See accompanying notes to financial statements.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues:		
Cargo throughput charges	$ 21,914,820	$ 21,314,193
Wharfage charges	3,915,616	3,917,842
Equipment and space rental	3,924,085	3,212,742
Special services	394,469	394,948
Other operating income	108,499	97,427
	30,257,489	28,937,152
Less bad debts	(68,415)	(15,674)
	30,189,074	28,921,478
Operating expenses:		
Management and administration	6,270,153	5,900,550
Equipment maintenance	5,775,838	5,146,553
Transportation services	3,555,507	3,481,801
Depreciation	2,640,375	2,458,283
Insurance	2,421,943	2,648,925
Stevedoring services	2,398,746	2,370,790
Utilities	1,714,669	1,307,429
Facility maintenance	1,370,592	1,330,827
Terminal services	1,323,904	1,396,265
General expenses	1,563,503	1,022,117
Total operating expenses	29,035,230	27,063,540
Earnings from operations	1,153,844	1,857,938
Nonoperating (expenses) revenues:		
U.S. Government operating grants	266,666	-
Interest income, net	492,075	747,114
COLA/supplemental annuities	(1,782,815)	(1,139,971)
Loss from disposal of property, plant and equipment	(170,894)	(139,054)
Litigation settlement and other income	440,315	4,921
Total nonoperating expenses, net	(754,653)	(526,990)
Earnings before capital contributions	399,191	1,330,948
Capital contributions:		
Grants from the U.S. Government	337,463	278,747
Increase in net assets	736,654	1,609,695
Net assets at beginning of year	49,918,877	48,309,182
Net assets at end of year	$ 50,655,531	$ 49,918,877

See accompanying notes to financial statements.

PORT AUTHORITY OF GUAM
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Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	$ 29,463,993	$ 28,293,019
Cash payments to suppliers for goods and services	(9,274,516)	(8,521,267)
Cash payments to employees for services and benefits	(17,374,543)	(16,060,381)
Net cash provided by operating activities	2,814,934	3,711,371
Cash flows from investing activities:		
Interest received	492,075	747,114
Decrease in investment in time certificates of deposit	500,000	500,000
Net cash provided by investing activities	992,075	1,247,114
Cash flows from capital and related financing activities:		
Capital grants received	183,899	244,441
Purchase of property, plant and equipment	(4,491,240)	(7,092,774)
Net cash used in capital and related financing activities	(4,307,341)	(6,848,333)
Cash flows from non-capital related financing activities:		
Other non-capital financing	42,909	-
Earthquake and typhoon costs	-	(634,731)
Litigation settlement received	397,406	-
Operating grants received	266,666	-
Net cash provided by (used in) non-capital and related financing activities	706,981	(634,731)
Net increase (decrease) in cash	206,649	(2,524,579)
Cash at beginning of year	13,764,572	16,289,151
Cash at end of year	$ 13,971,221	$ 13,764,572
Reconciliation of earnings from operations to net cash provided by operating activities:		
Earnings from operations	$ 1,153,844	$ 1,857,938
Adjustments to reconcile earnings from operations to net cash provided by operating activities:		
Depreciation	2,640,375	2,458,283
Payments for COLA/supplemental annuities	(1,782,815)	(1,139,971)
Bad debts	68,415	15,674
(Increase) decrease in assets:		
Receivables	(828,078)	(631,487)
Replacement parts inventories	62,751	19,388
Increase (decrease) in liabilities:		
Accounts payable, trade	750,335	95,188
Security deposits and other payables	15,759	12,833
Accrued payroll and withholdings	91,453	109,324
Accrued annual leave	17,373	53,487
Accrued sick leave	73,670	69,511
Unfunded pension costs	517,269	803,849
Deferred revenue	34,583	(12,646)
Net cash provided by operating activities	$ 2,814,934	$ 3,711,371

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

The Port Authority of Guam (the "Authority") was created by Public Law 13-87 as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Commercial Port of Guam. All assets and liabilities were transferred from the Commercial Port of Guam to the Authority at book value effective April 20, 1976. The Authority is governed by a five member Board of Directors appointed by the Governor with consent provided by the Legislature. The Authority is a component unit of the Government of Guam.

The Authority's main cargo handling facilities are located on thirty acres of reclaimed land on Cabras Island in Piti, Guam. Title to this land was transferred from the Government of Guam to the Authority in 1979. Eleven acres of adjacent property was assigned to the Authority from the U.S. Navy at an annual rent of $1 to be used for future container yard expansion.

The Authority controls and/or manages approximately 260 acres of fast and submerged lands inclusive of the thirty acres noted previously. These areas include the Harbor of Refuge, Aqua World Marina, a portion of the Piti Channel, Agat Marina, Gregorio D. Perez Marina, Hotel Wharf, Dog Pier, Family Beach and the Port Authority Beach. The Guam Economic Development Authority has assigned the management of the thirty-two acre Cabras Industrial Park to the Authority.

Summary of Significant Accounting Policies

Basis of Accounting

The Authority utilizes the flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. The Authority has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

The Authority's revenues are derived primarily from providing various services to major shipping line customers under an approved tariff rate schedule and are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues. Revenue is recognized on the accrual basis and is recorded upon billing when services have been completed. All expenses related to operating the Authority are reported as operating expenses. COLA/supplemental annuities, and earthquake and typhoon damages and related insurance and Federal Emergency Management Agency recoveries are reported as non-operating expenses and revenues.

(1) Organization and Summary of Significant Accounting Policies, Continued

Summary of Significant Accounting Policies, Continued

Net Assets

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consist of the following three sections:

- Invested in capital assets, net of related debt:
  Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
  Nonexpendable – Net assets subject to externally imposed stipulations that require the Authority to maintain them permanently.
  Expendable – Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire with the passage of time.
- Unrestricted:
  Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

The Authority does not have restricted net assets at September 30, 2008 and 2007.

Cash

For purposes of the statements of net assets and of cash flows, cash is defined as cash on hand and deposits in banks and time certificates of deposit with initial maturities of three months or less. Time certificates of deposits with initial maturities of more than three months are separately classified. The Authority has both the intent and the ability to hold its time certificates of deposit, carried at cost which approximates fair value, to maturity.

Trade Accounts Receivable

Substantially all of the Authority's trade receivables as of September 30, 2008 and 2007 are due from companies located or operating in Guam. The allowance for uncollectible accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense.

Property, Plant and Equipment

Land is recorded at its appraised value on the date of transfer from the Government of Guam. Buildings and structures are stated at cost, which includes interest during the construction period. Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 - 40 years for plant assets and equipment). Current policy is to capitalize items over $1,000.

(1) Organization and Summary of Significant Accounting Policies, Continued

Summary of Significant Accounting Policies, Continued

Replacement Parts Inventories

Replacement parts inventories consist of spare parts and supplies stated at average cost and are charged to expense as used. Due to the nature and availability of parts necessary for operations, inventory includes items which often are not used within one year are kept in inventory. Thus, replacement parts inventories are classified as non-current assets.

Compensated Absences

Compensated absences are recorded as a long-term liability in the statement of net assets. Estimated amounts to be paid during the next fiscal year are reported as current liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law No. 27-5 and Public Law No. 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service;

2. Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; and

3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes further amended the maximum accumulation of such vacation credits to 320 hours. Public Law No. 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

Risk Management

The Authority has commercial insurance coverage for directors' and officers' liability, comprehensive liability, employee dishonesty and forgery, money and securities loss, and automobile injury and property damage. Worker's compensation is managed through the local Department of Labor. The Authority also has commercial property insurance coverage for 100% of the total net book value of property, plant and equipment, subject to deductibles. The Authority incurred no losses in excess of insurance coverage during the years ended September 30, 2008, 2007 and 2006.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(1) Organization and Summary of Significant Accounting Policies, Continued

Summary of Significant Accounting Policies, Continued

New Accounting Standards

During fiscal year 2008, the Authority implemented the following pronouncements:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other post-employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The Government of Guam has determined that implementation of GASB Statement No 45 does not have a material effect on its financial statements or on the financial statements of its component units.

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

(1) Organization and Summary of Significant Accounting Policies, Continued

Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the Authority.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to correspond with the 2008 presentation.

(2) Property, Plant and Equipment

A schedule of the Authority's property, plant and equipment as of September 30, 2008 and 2007 is as follows:

	Beginning Balance October 1, 2007	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2008
Depreciable assets:				
Buildings	$ 65,488,427	$ 199,326	$ (23,656)	$ 65,664,097
Equipment	20,864,585	1,399,131	(1,732,996)	20,530,720
	86,353,012	1,598,457	(1,756,652)	86,194,817
Less accumulated depreciation	(46,431,938)	(2,640,375)	1,585,758	(47,486,555)
	39,921,074	(1,041,918)	(170,894)	38,708,262
Non-depreciable assets:				
Land	3,563,000	-	-	3,563,000
Construction work in progress	3,574,299	3,293,193	(400,410)	6,467,082
	7,137,299	3,293,193	(400,410)	10,030,082
Total	$ 47,058,373	$ 2,251,275	$ (571,304)	$ 48,738,344

	Beginning Balance October 1, 2006	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2007
Depreciable assets:				
Buildings	$ 65,267,660	$ 220,767	$ -	$ 65,488,427
Equipment	19,606,897	4,959,024	(3,701,336)	20,864,585
	84,874,557	5,179,791	(3,701,336)	86,353,012

(2) Property, Plant and Equipment, Continued

	Beginning Balance October 1, 2006	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2007
Less accumulated depreciation	(47,535,937)	(2,458,283)	3,562,282	(46,431,938)
	37,338,620	2,721,508	(139,054)	39,921,074
Non-depreciable assets:				
Land	3,563,000	-	-	3,563,000
Construction work in progress	1,661,316	6,405,587	(4,492,604)	3,574,299
	5,224,316	6,405,587	(4,492,604)	7,137,299
Total	$ 42,562,936	$ 9,127,095	$ (4,631,658)	$ 47,058,373

(3) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

Category 1 Deposits that are federally insured or collateralized with securities held by the Authority or its agent in the Authority's name;

Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name; or

Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution but not in the Authority's name. The Authority does not have a deposit policy for custodial credit risk.

(3) Deposits and Investments, Continued

As of September 30, 2008 and 2007, the carrying amount of the Authority's total cash and cash equivalents and time certificates of deposit were $13,971,221 and $14,264,572, respectively, and the corresponding bank balances were $14,273,618 and $14,091,399, respectively, all of which were maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2008 and 2007, bank deposits in the amount of $600,000 and $500,000, respectively, were FDIC insured. The Authority does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. The Authority has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits.

(4) Earthquake and Typhoon Damages

On October 13, 2001, an earthquake with a magnitude of 7.0 on the Richter scale struck Guam. Initial estimates of damage to the Authority's property, plant and equipment as a direct result of the earthquake, were approximately $8 million, which has been received from insurance and recorded as accrued earthquake costs in the accompanying financial statements.

On July 5, 2002, Typhoon Chata'an struck Guam with destructive winds in excess of 110 miles per hour. On December 8, 2002, Supertyphoon Pongsona struck Guam with destructive winds of approximately 180 miles per hour. Damages for Typhoon Chata'an and Supertyphoon Ponsona were originally estimated at a total of $5,775,000.

During the year ended September 30, 2006, the Authority revised and reduced its estimates of the total earthquake damages by $2,995,340 and total typhoon damages by $218,247.

Accrued typhoon and earthquake damages are recorded net of insurance and FEMA recoveries in the accompanying financial statements.

Recorded earthquake and typhoon damages and related recoveries are all estimated amounts. Final damages and insurance and FEMA recoveries may be materially different than estimated.

(5) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The GovGuam Defined Benefit (DB) Plan is a single-employer defined benefit contributory pension plan administered by the GovGuam Retirement Fund (GGRF) to which all funds and agencies, including component units, as well as employees who are members of the DB Plan, contribute a fixed percentage of qualifying payroll. The DB Plan provides retirement, disability, and survivor benefits to members and beneficiaries who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. All new employees whose employment commences on or after October 1, 1995, are required to participate in the new Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2006, 2005, and 2004, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2008, 2007 and 2006, respectively, have been determined as follows:

	2008	2007	2006
Normal costs (% of DB Plan payroll)	17.94%	18.21%	17.83%
Employee contributions (DB Plan employees)	9.50%	9.50%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	8.44%	8.71%	8.33%
Employer portion of normal costs (% of total payroll)	3.99%	4.26%	4.64%
Unfunded liability cost (% of total payroll)	20.75%	20.66%	21.36%
Government contribution as a % of total payroll	24.74%	24.92%	26.00%
Statutory contribution rates as a % of DB Plan payroll			
Employer	24.07%	22.94%	21.81%
Employee	9.50%	9.50%	9.50%

The Authority's required and actual contributions for the years ended September 30, 2008, 2007 and 2006 (including DCRS plan contributions) were as follows:

	2008	2007	2006
Required contributions	$ 3,236,108	$ 3,299,353	$ 3,457,936
Actual contributions	$ 2,718,839	$ 2,495,504	$ 2,307,094

Annual Pension Cost and Net Pension Obligation:

The Authority's annual pension cost and net pension obligation to the DB Plan for the year ended September 30, 2008, and 2007 are as follows:

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

	2008	2007
Annual Required Contribution	$ 3,304,150	$ 3,358,885
Interest on Net Pension Obligation	449,914	393,645
Adjustment to Annual Required Contribution	(517,956)	(453,177)
Annual pension cost	3,236,108	3,299,353
Contributions made	(2,718,839)	(2,495,504)
Increase in Net Pension Obligation	517,269	803,849
Net Pension Obligation beginning of year	6,427,342	5,623,493
Net Pension Obligation end of year	$ 6,944,611	$ 6,427,342

The Annual Required Contribution for the years ended September 30, 2008, 2007 and 2006 was determined as part of the September 30, 2006, 2005 and 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included the following:

Interest rate and rate of return	7.0%
Payroll growth	3.5%
Salary increases	4.0% - 8.5%

The assumptions did not include cost-of-living adjustments, which have been funded by the Authority when granted through annual legislation. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of total payroll through May 1, 2031. The remaining amortization period at September 30, 2008 was 22.58 years.

The actuarial valuations performed as of September 30, 2006, 2005, and 2004, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation were performed for the Authority as a separate sponsor, the accrued unfunded liability for September 30, 2008 and 2007, may be materially different than that recorded in the accompanying financial statements.

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions into the DCRS plan for the years ended September 30, 2008 and 2007, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

(5) Employees' Retirement Plan, Continued

Defined Contribution Retirement System (DCRS), Continued

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The Authority has accrued an estimated liability of $605,278 and $531,608 at September 30, 2008 and 2007, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

(6) Long-Term Liabilities

Long-term liabilities of the Authority consist of annual leave and sick leave payable to its employees and its liability to the retirement fund. Changes in long-term liabilities for the years ended September 30, 2008 and 2007 are as follows:

	Outstanding at September 30, 2007	Increases	Decreases	Outstanding at September 30, 2008	Current	Noncurrent
Accrued annual leave	$ 1,022,753	$ 17,373	$ -	$ 1,040,126	$ 670,131	$ 369,995
Accrued unfunded liability to retirement fund	6,427,342	517,269	-	6,944,611	-	6,944,611
Accrued sick leave	531,608	73,670	-	605,278	-	605,278
	$ 7,981,703	$ 608,312	$ -	$ 8,590,015	$ 670,131	$ 7,919,884

	Outstanding at September 30, 2006	Increases	Decreases	Outstanding at September 30, 2007	Current	Noncurrent
Accrued annual leave	$ 969,266	$ 53,487	$ -	$ 1,022,753	$ 696,348	$ 326,405
Accrued unfunded liability to retirement fund	5,623,493	803,849	-	6,427,342	-	6,427,342
Accrued sick leave	462,097	69,511	-	531,608	-	531,608
	$ 7,054,856	$ 926,847	$ -	$ 7,981,703	$ 696,348	$ 7,285,355

(7) Contingencies

Lawsuits and Claims

As of September 30, 2008 and 2007, the Authority has been named as defendant in several pending lawsuits and claims. The amount of potential loss as a direct result of these lawsuits and claims cannot presently be determined. As such, no provision has been recorded in the accompanying financial statements for these contingencies. The Authority intends to vigorously defend itself against all legal actions.

(7) Contingencies, Continued

Government of Guam General Fund

The Guam Legislature has enacted legislation that requires certain component units, including the Authority, to transfer certain amounts to the Government of Guam general fund on an annual basis. During the year ended September 30, 1994, the Authority transferred $500,000 to the General Fund pursuant to such legislation. In addition, during the year ended September 30, 1997, the Authority transferred $3,500,000 to the Government of Guam Autonomous Agency Infrastructure Collection Fund. The Governor of Guam and the board of directors, for the years ended September 30, 1987 through 1993, 1995, 1996 and 1998 through 2008, have not determined the Authority's allocated portions of these transfers. Accordingly, no liability for this contingency for those years has been recorded in the accompanying financial statements.

(8) Major Customers

The Authority has five major shipping line customers that account for 84.33% and 84.17% of total operating revenues for the years ended September 30, 2008 and 2007, respectively. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base.

(9) Rental Operations

The Authority, in cooperation with the Guam Economic Development and Commerce Authority (GEDCA), leases space to tenants under noncancelable operating leases, with options to renew, providing for future minimum rentals. The future minimum rental payments due from tenants under noncancelable operating leases in effect at September 30, 2008, are as follows:

Year Ending September 30,	Authority Share	GEDCA Share	Total
2009	$ 528,794	$ 53,719	$ 582,514
2010	419,601	-	419,601
2011	227,674	-	227,674
2012	85,371	-	85,371
2013	51,300	-	51,300
Thereafter	61,069	-	61,069
	$ 1,373,809	$ 53,719	$ 1,427,529

The Authority also leases equipment and space to tenants on a month to month basis. Total equipment and lease space revenue from tenants for all rentals is $3,924,085 and $3,212,742 respectively, for the years ended September 30, 2008 and 2007.

(10) Supplemental/COLA Benefits

As required by Public Law 27-106, the Authority must pay to the Government of Guam Retirement Fund certain supplemental benefits for retired employees. The supplemental benefits derive from an annual appropriation by the Guam Legislature and do not relate to covered plan benefits. Supplemental benefits include the following for the years ended September 30, 2008 and 2007:

	2008	2007
Supplemental benefits	$ 690,645	$ 684,168
Medical and dental	1,038,570	401,730
Life insurance	53,600	54,073
	$ 1,782,815	$ 1,139,971

(11) Related Party Balances

At September 30, 2008 and 2007, the Authority had time certificates and deposits of $1.1 million and $1.6 million, respectively, with a bank for which a current member of the Authority's board is a director.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule 1
Schedule of Expenses
Years Ended September 30, 2008 and 2007

	2008	2007
Management and administration:		
Management:		
Salaries and wages - regular	$ 260,924	$ 160,113
Benefits - Government contribution	60,173	46,164
Fringe benefits	7,091	8,560
Miscellaneous	2,763	6,112
Total Management	330,951	220,949
Administration:		
Salaries and wages - regular	3,896,171	3,748,845
Salaries and wages - overtime	126,524	72,114
Salaries and wages - other	43,312	45,417
Benefits - Government contribution	1,176,298	1,198,460
Fringe benefits	179,450	218,719
Contractual	122,171	79,703
Travel and training	116,687	66,948
Repairs and maintenance	188,228	167,434
Office supplies	47,768	34,815
Miscellaneous	42,593	47,146
Total Administration	5,939,202	5,679,601
Total Management and Administration	$ 6,270,153	$ 5,900,550
Employees at end of year	117	110
Equipment Maintenance:		
Salaries and wages - regular	$ 1,572,534	$ 1,528,340
Salaries and wages - overtime	206,987	171,801
Salaries and wages - other	134,295	106,967
Benefits - Government contribution	499,983	504,974
Fringe benefits	79,628	100,184
Parts, materials and supplies	1,670,380	1,637,876
Repairs and maintenance	1,600,202	1,088,847
Miscellaneous	11,829	7,564
Total Equipment Maintenance	$ 5,775,838	$ 5,146,553
Employees at end of year	50	50

See accompanying independent auditors' report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule 1, Continued
Schedule of Expenses, Continued
Years Ended September 30, 2008 and 2007

	2008	2007
Transportation Services:		
Salaries and wages - regular	$ 1,950,403	$ 1,888,840
Salaries and wages - overtime	150,414	195,242
Salaries and wages - other	107,525	100,297
Benefits - Government contribution	674,873	693,304
Fringe benefits	115,219	141,080
Gas, oil and diesel	551,525	460,474
Miscellaneous	5,548	2,564
Total Transportation Services	$ 3,555,507	$ 3,481,801
Employees at end of year	62	59
Stevedoring Services:		
Salaries and wages - regular	$ 1,509,619	$ 1,468,048
Salaries and wages - overtime	259,653	243,153
Salaries and wages - other	80,488	67,193
Benefits - Government contribution	471,052	477,314
Fringe benefits	75,217	102,932
Miscellaneous	2,717	12,150
Total Stevedoring Services	$ 2,398,746	$ 2,370,790
Employees at end of year	54	51
Facility Maintenance:		
Salaries and wages - regular	$ 885,207	$ 829,323
Salaries and wages - overtime	35,645	23,828
Salaries and wages - other	10,932	10,823
Benefits - Government contribution	288,836	284,731
Fringe benefits	42,566	61,189
Parts, materials and supplies	89,046	85,137
Miscellaneous	18,360	35,796
Total Facility Maintenance	$ 1,370,592	$ 1,330,827
Employees at end of year	27	27
Terminal Services:		
Salaries and wages - regular	$ 905,934	$ 913,940
Salaries and wages - overtime	60,679	92,089
Salaries and wages - other	20,523	19,363
Benefits - Government contribution	298,087	321,625
Fringe benefits	31,582	42,099
Miscellaneous	7,099	7,149
Total Terminal Services	$ 1,323,904	$ 1,396,265
Employees at end of year	35	28

See accompanying independent auditors' report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule 1, Continued
Schedule of Expenses, Continued
Years Ended September 30, 2008 and 2007

	2008	2007
General Expenses:		
Legal counsel	$ 577,939	$ 174,923
Professional services	266,666	179,396
Shell manager's fee	262,746	127,870
Workmen's compensation injury allowance	147,599	356,299
Inventory loss	56,424	2,403
Maintenance	54,000	-
Waste removal	50,782	54,449
Port incentive award	34,622	34,429
Agency fee	34,216	14,615
Audit	31,000	30,000
Board of Directors expense	3,800	4,300
Claims and damages	4,754	2,000
Miscellaneous	38,955	41,433
Total General Expenses	$ 1,563,503	$ 1,022,117

See accompanying independent auditors' report.

PORT AUTHORITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule 2
Schedule of Salaries and Wages
Years Ended September 30, 2008 and 2007

	2008	2007
Salaries and wages - regular	$ 10,980,792	$ 10,537,449
Salaries and wages - overtime	804,257	798,227
Salaries and wages - other	397,075	350,060
Benefits - Government contribution	3,469,302	3,526,572
Fringe benefits	530,753	674,763
	$ 16,182,179	$ 15,887,071
Total employees at end of year	345	325

See accompanying independent auditors' report.