



## **Guam Highway Fund FY 2015 Financial Highlights**

April 1, 2016

The Guam Highway Fund (GHF) ended fiscal year (FY) 2015 with revenues of \$19 million (M) and total expenditures of \$22.1M resulting in an over expenditure of \$3.1M. This deficit was funded from prior year surplus of \$7.8M leaving an ending fund balance of \$4.7M. While the fund is comprised of an operating fund and capital projects fund, the capital fund is dwindling down and represents residual projects appropriated after the Guam Highway Bonds were paid off in 2012. Of the total expenditures of \$22.1M, \$11.9M (54%) were expended on transportation-related projects while \$10.2M (46%) were spent by other government agencies on non-highway related projects.

Independent auditors Deloitte and Touche, LLP issued an unmodified (clean) opinion for GHF's FY 2015 financial audit with one adjusting journal entry correcting the prior year fund balance by \$19 thousand (K). For the report on internal control and on compliance, the auditors identified one repeat finding pertaining to the use of sole source procurement for bus transportation services amounting to \$2.5M. In addition, a management letter identified two findings pertaining to: (1) motor vehicle registration revenues and (2) non-compliance with Guam procurement regulations.

### **Revenues Slightly Decreased**

Revenues decreased nominally by \$107K or 0.6%, going from \$19.1M in FY 2014 to \$19M in FY 2015. This decrease in revenues was primarily due to the decrease in driver's license fees collections resulting from the extension of the driver's license renewal fee from three years to five years.

### **Transportation Expenditures**

Overall combined expenditures increased by \$3M or 15.6%, going from \$19.1M in FY 2014 to \$22.1M in FY 2015. Transportation-related projects included Department of Public Work's Highway Maintenance and Transportation Divisions at \$6.2M, the Guam Regional Transit Authority at \$3M, and Capital Projects of \$1.7M.

### **Non-transportation Expenditures**

The GHF is used primarily to maintain Guam's highways and roadways, and implement highway safety plans, programs, and projects. However, over the years, a variety of non-highway projects have been funded, or \$10.2M in 2015. These include Department of Education at \$4.8M, Mayors' Council of Guam at \$2.5M, Department of Administration for \$1.3M, Department of Revenue and Taxation through the Better Public Service Fund for \$904K, University of Guam for \$500K, and Guam Community College for \$100K.

### **Capital Projects Fund**

The Capital Projects Fund has 10 projects with a budget totaling \$2.8M. Of the 10 projects, three construction projects totaling \$89K have been committed and have yet to be acted upon. These projects include the following: (1) Mamis Street Pavement for \$30K, (2) Algeta Street Repairs for \$59K, and (3) Balajadia and Pangelinan Road Repairs for \$48.

### **Report on Internal Control over Financial Reporting and Compliance**

In the report on internal control and on compliance, the auditors identified one finding pertaining to the use of sole source procurement for bus transportation services totaling \$2.5M. There was no competitive procurement as this bid was not advertised. This was also reported as an audit finding in FY 2013 and FY 2014.

### **Management Letter**

The management letter cited two deficiencies. The first deficiency is related to vehicle registration revenues without a Motor Vehicle Registration Form. Of the 22 items tested, one vehicle registration form could not be located. DRT is challenged as it is primarily a manual system and needs to invest in IT technology to improve efficiencies and document retrieval.

The second deficiency pertained to the lack of procurement for cellular services of \$58K for the Mayors' Council of Guam. This procurement should have been advertised as it exceeded the \$25K advertisement requirement.

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](http://www.opaguam.org).