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The Port Authority of Guam (Port), created in 1976, owns and operates the facilities of the Commercial Port of Guam. The Port is an autonomous instrumentality of the Government of Guam and generates revenues via cargo throughput charges, wharfage charges, equipment and space rental, and other special services.

Audited financial statements of the Port for fiscal year 2000, prepared by Deloitte & Touche, indicate that revenues have dropped from \$23.8 million for FY 1999 to \$21.7 million for FY 2000. Port officials attribute this \$2.1 million decline to the fact that there were fewer containers handled by the Port for FY 2000. Moreover, the Port has been experiencing operating losses as far back as 1995. The Port's net loss for fiscal year 2000 totaled \$6 million an increase in loss of \$2.3 million compared to the 1999 loss of \$3.7 million. With the exception of 1998, which had net earnings of \$3.3 million, the Port has sustained losses for the last six years.

Cash flows from operations for FY 2000 were a negative \$3 million, as opposed to a positive \$3.1 million for FY 1999. This has resulted in a \$4.4 million decline in cash in just two years.

The independent auditors Deloitte & Touche rendered an exception to the Port's financial statements for FY 2000 and FY 1999 because the Port's records show a \$2 million receivable due from the Department of Administration (DOA), which DOA currently has not recognized or recorded on its books as a corresponding payable to the Port. Concerns over the valuation of parts inventory of \$402,000 also caused an opinion qualification by Deloitte.

The Port had undergone a Management Audit, conducted by Ernst and Young, which cost them \$400,000 for FY 2000. Furthermore, the Port incurred \$250,000 in repairs and maintenance on one of its Gantry Cranes and \$150,000 in legal fees for the year.

The auditors identified several findings ranging from lack of timely recording of significant transactions, proper valuation of inventory, outdated construction projects that should have been expensed, lack of supporting documentation in the acquisition of certain property, plant and equipment. Port officials concur with the Auditors' findings and are making progress toward implementing needed controls.

While several autonomous agencies have reported their FY 2001 operations, the Port is just now releasing its FY 2000 audited statements. Deloitte and Touche has been selected to conduct the FY 2001 audit.

