



**PORT OF GUAM**  
*ATURIDAT / PUETTON GUAHAN*  
**Jose D. Leon Guerrero Commercial Port**  
1026 Cabras Highway, Suite 201, Piti, Guam 96925  
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445  
Website: [www.portguam.com](http://www.portguam.com)



Eddie Baza Calvo  
Governor of Guam  
Ray Tenorio  
Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS  
Jose D. Leon Guerrero Commercial Port  
Thursday, April 19, 2018  
11:45 a.m.

**A G E N D A**

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
  1. March 29, 2018 – Regular Board Meeting
- III. PUBLIC COMMENTS:
  - a. Public Comments
  - b. Employee Comments
  - c. PAGGMA Association
- IV. GENERAL MANAGER'S REPORT
- V. OLD BUSINESS
- VI. NEW BUSINESS
  1. FY2017 Port Audit
  2. FY2018 Mid-Year Budget
  3. Conversion of Position – Planning Division
  4. Reprogram of Funds
  5. Budget Transfer Request:
    - a. Surface Diesel Fuel Tank
    - b. Gantry Cranes
    - c. Port Week 2018
  6. Board Resolution No. 2018-01 Port Revenue Bonds
  7. Board Resolution No. 2018-02 Working Capital Reserve Fund
  8. Board Policy Memorandum No. 2018-01 Working Capital-Reserve for O&M
  9. Formulation of Board Committee
  10. Travel Authorization Request:
    - a. FEMA Security and Emergency Response Training Center: Leadership and Management in Surface Transportation, June 11-15, 2018, Pueblo, Colorado
    - b. Incident Response to Terrorist Bombing, New Mexico Tech, June 25-28, 2018 and July 10-13, 2018, Socorro, New Mexico
- VII. ADJOURNMENT



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**MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Thursday, March 29, 2018**

**I. CALL TO ORDER**

There being a quorum, the regular meeting of the Board of Directors was called to order at 11:45 a.m., Thursday, March 29, 2018. Present at the meeting were:

Francisco G. Santos, Chairman  
Melanie R. Mendiola, Board Secretary  
Maria D.R. Taitano, Member  
Nathan T. Taimanglo, Member  
Joanne M.S. Brown, General Manager  
Atty. Darleen Hiton, Co-Counsel

Absent was Mr. Oscar A. Calvo, Vice Chairman; Mr. Felix R. Pangelinan, Deputy General Manager of Operations and Mr. Alfred F. Duenas, Deputy General Manager of Admin/Finance. Also present was Senator Frank Aguon office-Senator Frank Aguon, William Iglesias, TJ Quichocho; PNC News and Port Management staff.

**II. APPROVAL OF MINUTES**

a. **February 27 – Regular Board Meeting:** Director Mendiola made motion to approve the minutes of February 27, 2018 subject to correction. The motion was seconded by Director Taitano and was unanimously passed.

**III. PUBLIC COMMENTS**

- a. **Public Comments:** None.
- b. **Employee Comments:** None.
- c. **PAGGMA Association:** PAGGMA President Raymond Santos announced that with a goal of \$3,500 for the Relay for Life, the association has raised through fundraising events a total of \$1,800 so far. He also mentioned that the Port along with Matson softball team became champions of the season. Everyone present congratulated the Port and Matson for a job well done.

#### IV. GENERAL MANAGER'S REPORT

There were no General Manager's report. However, the General Manager proceeded to present the following: port bond program progress; AAPA Spring Conference; GCPI Program residual funds towards acquisition of top lifters; TIGER Grant for hotel wharf construction; Executive Order No, 2018-04 32-hour work week; Bill No. 252 temporary moratorium on Port entering bond covenants until compliance with payment in lieu of taxes; and Golf Pier increased deterioration.

#### V. OLD BUSINESS

No old business discussed.

#### VI. NEW BUSINESS

1. **Equipment Acquisition – Top Lifters:** Through coordination with MARAD by way of a cooperative agreement, enables the Port to address deficiencies from the completed GCPI Project and any residual funds will be applied towards the acquisition of top lifters. The following is provided for Board consideration.

<b>OPTION 1</b>	
DoD Remaining Funds	\$1,755,472.00
Four (4) Top Lifters at \$550K each	\$2,200,000.00
PAG Funds:	(\$444,528.00)
Board Action	Management request board authorization to commit \$400K from the Old Gate House Demolition/Renovation account and commit \$45,000.00 from the Other Small Projects account for the acquisition of top lifters.

<b>OPTION 2</b>	
DoD Remaining Balance	\$1,755,472.00
Three (3) Top Lifters at \$550K each	\$1,650,000.00
DoD Fund Balance:	\$105,472.00
Board Action	No Port funds will be utilized for this option; therefore, no Board action is required.

Currently, the Port has seven (7) top lifters, one of which is non-operational. With the current Port fleet, Director Taitano asked for the sufficient number of top lifters needed for operations. Without objections, Mr. John B. Santos, Operations Manager mentioned that the total number to run operations is eight (8); however, it is necessary to allow for additional top lifters on reserve capacity for purposes of rotation and regular preventive maintenance to avoid overuse of equipment.

Director Mendiola made motion to authorize management to commit \$400K from the Old Gate House Demolition/Renovation account and commit \$45,000.00 from the Other Small

Projects account for the acquisition of four (4) top lifters. Motion was seconded by Director Taitano and was unanimously approved.

2. **Travel Accommodations:**

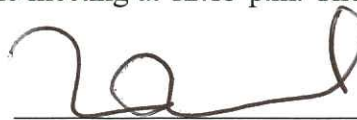
a. **PAG Revenue Bond, May 2018 and June 2018, San Francisco, California and New York:** The General Manager mentioned that the request of the Board is the period of travel which has since changed as the Board had approved travel funding for this purpose at a prior meeting. Director Mendiola made motion to approve the travel authorization request for Port representatives or as otherwise designated by the General Manager to attend the PAG revenue bond meetings slated for May 2018 and June 2018, seconded by Director Taimanglo. The motion was unanimously approved.

- b. **FEMA Center for Domestic Preparedness: Hazardous Material Technician/Hazmat Training, May 6-19, 2018, Anniston, Alabama**
- c. **Incident Response to Terrorist Bombing, New Mexico Tech, May 7-11, 2018, Socorro, New Mexico**
- d. **EMI E0948 Situational Awareness and Common Operating Picture, June 18-22, 2018, Emmitsburg, Maryland**
- e. **EMI E0102/103 Science of Disaster and Planning Emergency Operations, June 18-22, 2018, Emmitsburg, Maryland**
- f. **Prevention of and Response to Suicide Bombing Incidents, New Mexico Tech, June 25-29, 2018, Socorro, New Mexico**
- g. **US DHS/FEMA Headquarters Meeting, July 6, 2018, Washington DC and 2018 Annual National Homeland Security Conference, July 9-12, 2018, New York City, New York**

For items (b) thru (g) under Travel Accommodations, Director Taitano made motion to approve the travel authorization request as presented or as otherwise designated by the General Manager, seconded by Director Taimanglo. The motion was unanimously approved.

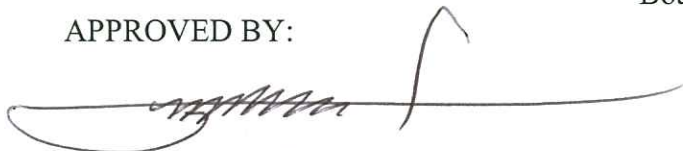
**VII. ADJOURNMENT**

There being no further business to discuss, it was moved by Director Taimanglo and seconded by Director Mendiola to adjourn the meeting at 12:15 p.m. The motion was unanimously passed.



MELANIE R. MENDIOLA, Board Secretary  
Board of Directors

APPROVED BY:



FRANCISCO G. SANTOS, Chairman  
Board of Directors





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## **Divisional Reports**

- 1. List – Federal Grant & Local Funding Programs**
- 2. Financial Report**
- 3. Contract Summary**
- 4. Engineering Report**
- 5. Safety Report**

**FEDERAL GRANT/LOANS & LOCAL FUNDING PROGRAMS**  
**FY2018 Port Modernization Plan**  
**Grant Strategy - Monthly Update**

April 18, 2018

Summary Sheet of Funding/Financing

Port Modernization	Approved Amount	Expenditures	Remaining Balance	NOTES
Modernization	\$ 59,880,000.00	\$ 47,216,304.87	\$ 12,663,695.13	\$48.5M Port Enterprise Fund / \$10M US DOT TIGER GRANT H-Wharf
Security	\$ 1,841,655.00	\$ 91,816.36	\$ 1,749,838.64	Boating Infrastructure Grants
Marinas	\$ 595,703.00	\$ 10,211.00	\$ 585,492.00	Section 402 Highway Safety Funds
Port Police	\$ 14,500.00	\$ -	\$ 14,500.00	
<b>Grand Totals:</b>	<b>\$ 62,331,858.00</b>	<b>\$ 47,318,332.23</b>	<b>\$ 15,013,525.77</b>	

Applications Pending	Requested Amount	NOTES
PAG Facilities Hardening Project	\$ 1,497,581.00	USDHS FEMA
OAE Support Services	\$ 900,000.00	Office of Economic Adjustment
Port Police	\$ 20,000.00	DPW Office of Highway Safety
<b>Grand Totals:</b>	<b>\$ 2,417,581.00</b>	

**PORT AUTHORITY OF GUAM - FEDERAL GRANT FUNDING PROGRAMS**  
**Wednesday, April 18, 2018**

**I. Port Modernization**

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Submitted	Remaining Balance	STATUS:
FY2010-01	Port Enterprise Fund	Guam Commercial Port Improvement Program	DoD to DOT Maritime Administration Agency (MARAD)	09/22/10	94.5%	9/22/2010 - 9/22/2015	\$ 48,500,000.00	\$ 45,840,578.39	\$ 2,659,421.61	As of April 7, 2017, remaining balance is to be dedicated to the procurement of additional yard equipment
FY2015-02	GR0706-15-21	Owner's Agent Engineer Support Services	Office of Economic Adjustment (OEA) DoD		99.7%	01/01/2015 - 12/31/2015 *Extension approved 12/31/2017 *Extension approved 12/31/2018	\$ 1,390,000.00	\$ 1,375,726.48	\$ 4,273.52	Grant performance period end date is now 12/31/2018.
FY2016-01	DTMA91G1600007	Rehabilitation of "H" Wharf	US DOT		0.0%	7/19/2016	\$ 10,000,000.00	\$ -	\$ 10,000,000.00	PAG concurrently working to address bond financing. Draft grant agreement under review.
<b>GRAND TOTAL GRANTS FOR MODERNIZATION:</b>							<b>\$ 59,890,000.00</b>	<b>\$ 47,216,304.87</b>	<b>\$ 12,663,695.13</b>	<b>64.7%</b>

**II. SECURITY**

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Submitted	Remaining Balance	STATUS:
FY2015-01	EMW-2015-PU-00261	Maintenance and Sustainment Contract for the Port Command Center Port-Wide CCTV and Access Control Systems	FEMA Port Security Grant Program	30-Sep-15	9.1%	09/01/2015 - 08/31/2018	\$ 178,070.00	\$ 16,187.36	\$ 161,882.64	Camera relocation scope has been completed. Will work with procurement in its processing.
FY2015-02	EMW-2015-PU-00261	Upgrade and Refurbishment of Existing Damaged Security Light Poles and Fixtures at Strategic Port Locations	FEMA Port Security Grant Program	30-Sep-15	0.0%	09/01/2015 - 08/31/2018	\$ 317,827.00	\$ -	\$ 317,827.00	NTP for flood lights at Warehouse 1 and Cabras Marine building have been issued. Contractor currently waiting on light fixtures arrival.
FY2016-01	FEMA Hazard Mitigation Assistance Grant Program	PAG Warehouse 1 Hardening Project	FEMA Hazard Mitigation Program		100.0%	06/25/2016 - 09/31/2018	\$ 75,629.00	\$ 75,629.00	\$ -	Completed. Final site inspection with Guam Homeland Security Hazard Mitigation Coordinator completed.
FY2016-01	EMW-2016-PU-00523-501	Acquisition & Installation of Additional Cameras at Strategic Port Facilities.	FEMA Port Security Grant Program		0.0%		\$ 174,644.00	\$ -	\$ 174,644.00	Port Maintenance contract Vendor provided quotation for eight, Haggata, port cameras. Planning and Port Police currently reviewing estimates and performing market research.
FY2016-02	EMW-2016-PU-00523-501	Upgrade & Refurbishment of Existing Damaged Security Light Poles at Strategic Port Locations	FEMA Port Security Grant Program		0.0%		\$ 475,216.00	\$ -	\$ 475,216.00	Awaiting Procurement's processing of the submitted SOW.
FY2017-01	EMW-2017-PU-00117-501	Refurbishment and Hardening of Load Center Buildings Housing Prime Power Generators	FEMA Port Security Grant Program		0.0%		\$ 384,469.00	\$ -	\$ 384,469.00	Status Quo. SOW is being finalized.
FY2017-02	EMW-2017-PU-00117-501	Maintenance and Sustainment Contract for Prime Power Generators	FEMA Port Security Grant Program		0.0%		\$ 179,550.00	\$ -	\$ 179,550.00	The Port will pursue a sole source procurement since there is only authorized dealer/service provider for Caterpillar Generators on Island.
FY2017-03	EMW-2017-PU-00117-501	US Coast Guard Multi Agency National Association of State Boating Law Administrators (NASBLA) Training for Port Police	FEMA Port Security Grant Program		0.0%		\$ 56,250.00	\$ -	\$ 56,250.00	Port Police currently working with NASBLA on the details and delivery of the training.
<b>GRAND TOTAL FOR SECURITY:</b>							<b>\$ 1,841,655.00</b>	<b>\$ 91,816.36</b>	<b>\$ 1,749,838.64</b>	<b>1.5%</b>

III. MARINAS

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Notice to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Submitted	Remaining Balance	STATUS:
F2014-03	F14AR00191	Renovation of the Guam Harbor of Refuge Phase 2 - A/E Design, Repairs to Mooring, Acquisition of Pump out System & Shelter/Housing	DOJ/FSWS/Dept. of Ag/DANR	Pending Approval of Revised MOU	0.0%	10/26/2013 - 9/30/2018	\$ 86,181.00	-	\$ 86,181.00	Supplemental Site Assessment was approved by DoFAg. \$14,931.00 Applied to Indirect Cost as indicated on Work Request. PAG to proceed with procurement process for the construction of Pump Out Facility. SOW completed. DoFAg to develop revised MOU. PAG Legal Counsel completed review of MOU, advised DoFAg to finalize for agency signature(s). Pending revised MOU from DoFAg. MOU signed by DoFAg, PAG and BWMR. Pending AG and Governor's review/approval.
F2016-01	F16AR00261	Harbor of Refuge Moorage Repairs - Phase 3	DOJ/FSWS/Dept. of Ag/DANR	Pending Approval of Revised MOU	0.0%	11/1/2015 - 9/30/2018	\$ 200,000.00	-	\$ 200,000.00	MOU signed by DoFAg, PAG and BWMR. Pending AG and Governor's review/approval.
F2017-01	F17AR00486	Harbor of Refuge Moorage Repairs - Phase 4	DOJ/FSWS/Dept. of Ag/DANR	Pending Approval of MOU		10/1/2017 - 9/30/2018	\$ 200,000.00	-	\$ 200,000.00	MOU signed by DoFAg, PAG and BWMR. Pending AG and Governor's review/approval.
F2018-02	F18AR00566	Agri Marina Demolition of Dock B	DOJ/FSWS/Dept. of Ag/DANR	11/17/16	0.0%	6/1/2016 - 9/30/2018	\$ 109,522.00	10,211.00	\$ 99,311.00	\$10,211.00 Applied to Indirect Cost, Salary, Benefits and Supplies as indicated on Work Request. Bid opening was held on April 13, 2018.
GRAND TOTAL FOR MARINAS:							\$ 595,703.00	\$ 10,211.00	\$ 585,492.00	

IV. PORT POLICE HIGHWAY SAFETY

ITEM	GRANT #	PROJECT NAME	Federal or Local Agency	Authorization to Proceed	% Completed	Award Date / End Date	Award Amount	Draw Down Submitted	Remaining Balance	STATUS:
F2018-01	18X924029GUJ18	Port Police - Section 402 Highway Safety Funds - Operation A dal He lha (Watch Out)	Department of Public Works/Office of Highway Safety	Pending	0.0%	10/1/2017 - 9/30/2018	\$ 14,500.00	-	\$ 14,500.00	Pending Authorization to Proceed. Certification of Funds approved for Lifesavers Conference.
GRAND TOTAL FOR HIGHWAY SAFETY:							\$ 14,500.00	-	\$ 14,500.00	

V. OTHER - POTENTIAL FUTURE GRANTS

ITEM	POTENTIAL FUTURE GRANTS	PROJECT NAME	Federal or Local Agency	COMMENTS	PAG Estimated Cost Share/Matching	Federal Cost Share	Total Amount	STATUS:
F2017-02	Submitted to GHS-OCD	PAG Facilities Hardening Project	USDHS FEMA		\$ 1,123,186.00	\$ 374,395.00	\$ 1,497,581.00	Subject for review and approval.
F2018-01	Submitted through the Office of the Governor for funding assistance from the Office of Economic Adjustment				\$ -	\$ 900,000.00	\$ 900,000.00	Submitted to the Office of the Governor on April 3, 2018. Subject to review and approval.
F2019-01	Submitted to DPW OHS	Port Police - Section 402 Highway Safety Funds - Operation A dal He lha (Watch Out)	Department of Public Works/Office of Highway Safety		\$ -	20,000.00	\$ 20,000.00	Submitted to Department of Public Works Office of Highway Safety on April 13, 2018. Subject for review and approval.
Potential Future Grants:					\$ 1,123,186.00	\$ 1,294,395.00	\$ 2,417,581.00	





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## **FINANCE-YTD- February 2018**

Financial Highlights

Income Statement

Balance Sheet

Accounts Receivable Aging Summary Report

Accounts Payable Summary

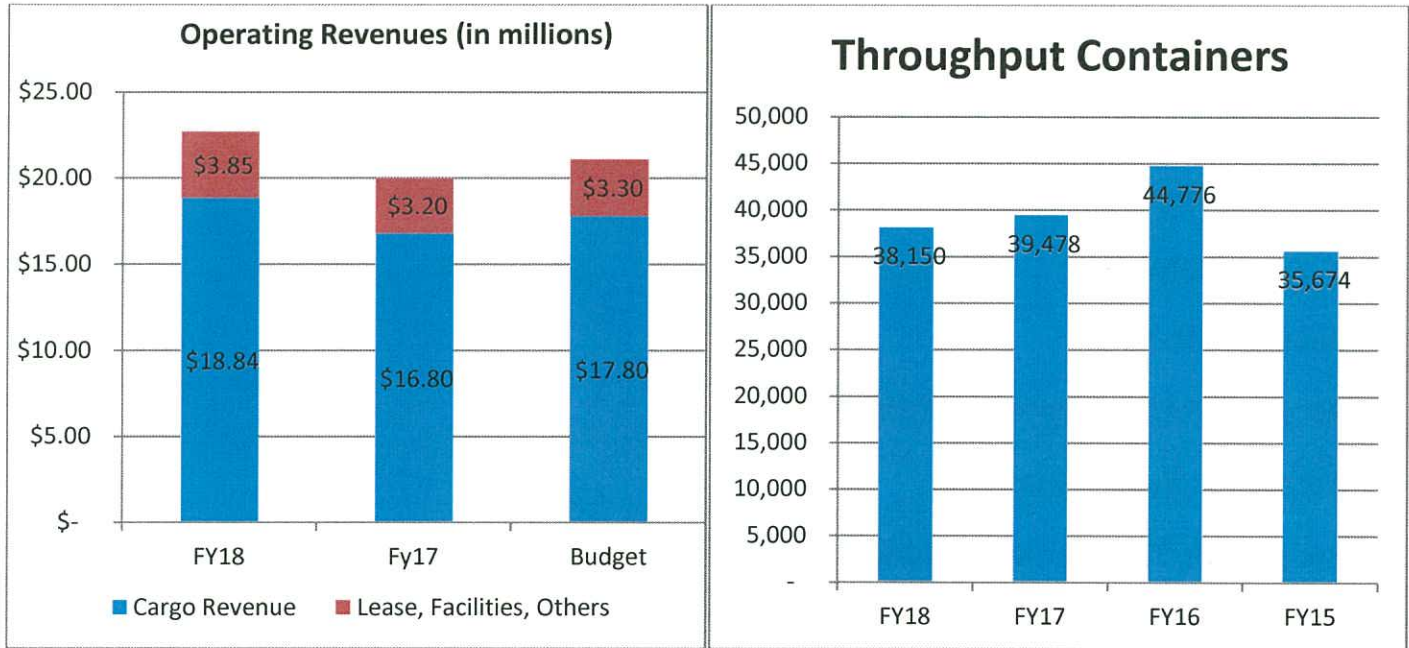
Budget Lift/Transfer Monthly Activities

Crane Surcharge Ledger

Facility Maintenance Ledger

## Financial Highlights – YTD February FY2018

### Operating Performance:



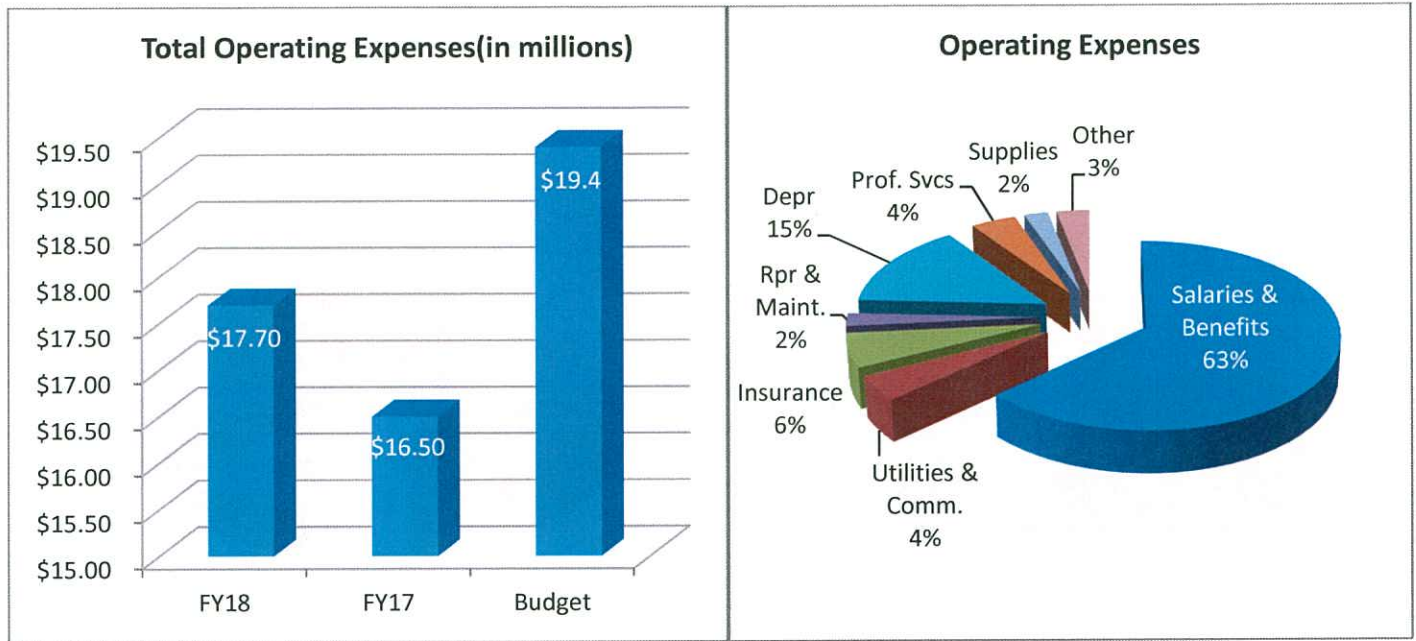
Total Operating Revenues as of February 2018 was \$22.7 million, which consist of \$18.84 million in cargo revenues and \$3.85 million in Facilities, Leases, and Other Services.

FY18 YTD cargo revenue is 12% higher than last year's total (\$16.8 mil) and 6% higher than Budget (\$17.8 mil).

FY18 YTD Facilities, Leases, and Other Services is 22% higher than last year's total (\$3.2 mil) and 17% higher than budget (\$3.3 mil).

Overall Operating Revenues as of February is 7% higher than Budget (\$21.1 mil) and 14% higher than last year's year to date February (\$20 mil).

Total number of containers handled as of February 2018 was 38,150 which is 3% lower compared to last year February 2017 total 39,478. **Compared to FY15 the number of containers handled increased 7%.**

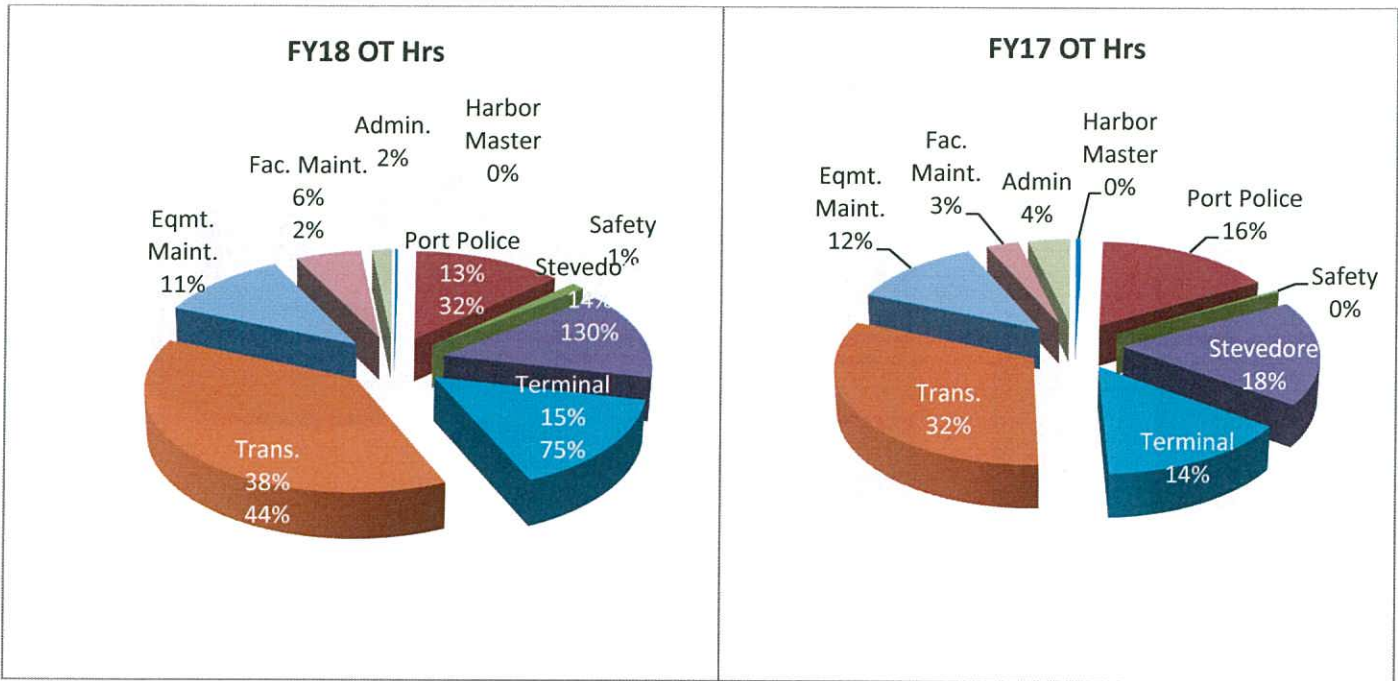


Total Operating Expenses as of February 2018 was \$17.7 million, which is 9% lower than Budget (\$19.4 mil) and 7% higher than last year's total operating expenses (\$16.5 mil).

Total Overtime as of February 2018 was \$828 thousand which is 6% higher than last year February (\$778 thousand). Direct Labor Revenue as of February was \$1.6 million, which is 23% higher than last year and 22% higher than budget. Direct Labor charges are for services performed by Port employees under special service request and differentials under the throughput.

Below is the breakdown of overtime for each division/section for FY18 and FY17 as of February:

Section	FY18	FY17	Budget 2nd Qtr	OT Revenue
Harbor Master	1,922	3,385	3,000	0
Port Police	106,699	126,159	100,000	33,795
Safety	9,592	2,833	3,500	0
Stevedore-Cargo Handling	115,855	138,639	95,000	148,552
-Rigger	1,169	152	10,000	3,234
Terminal	124,013	112,807	100,000	92,996
Transportation-Superintendent	41,639	28,797	27,000	0
-Crane Operator	74,212	66,438	52,500	27,552
-Equipt Operator	185,166	134,538	130,500	111,429
-Dispatcher	13,149	18,671	15,000	0
Maint.-Crane Maint.	48,866	41,593	57,500	0
-Preventive Maint.	21,055	18,378	32,500	0
-Fleet Maint.	0	11,648	12,500	0
-Welders	23,931	21,885	22,500	0
Facility Maint.-Building	6,544	6,391	7,500	780
-Janitorial	1,465	766	2,500	0
-Elect./Refr.	38,951	16,114	20,000	0
Finance	12,307	15,083	20,000	61
Human Resources	770	3,882	0	0
Engineering	0	633	2,500	0
Procurement	0	1,386	1,250	0
Information Technology	1,279	8,623	2,500	0
<b>TOTAL</b>	<b>828,584</b>	<b>778,800</b>	<b>717,750</b>	<b>418,399</b>



Year to date Operating Revenues minus the Year to date Operating Expenses resulted to an Operating Income of \$5 million as of February 28, 2018.

Non Operating Revenues and Expenses consist of the following: \$1.3 million -Retirement contribution for COLA, Supplemental and Medical/Dental/Life Insurance expenses, \$443 thousand-Interest expense on loans and \$25k Interest Income. The net total of non operating expenses and revenues as of February is a negative \$1.6 million.

The Total Net Income as of February is \$3.4 million.

**Accounts Receivable Trade (net)** as of February 28, 2018 is \$6.8 million.

Aging Status is a follows: 82% - Current, 2% - over 30 days, 5% - over 60 days, 3% - over 90 days and 9% - over 120 days.

**Accounts Payable Trade** as of February 28, 2018 is \$3 million which is less than 3% higher than last month ending balance of \$2.9 million.

Port Authority of Guam  
Income Statement (Unaudited)  
With Budget Comparison (Unaudited)  
5 Months Ending 022818

Current Month Actual	%	Last Year Actual	%	Budget	%	Chng	OPERATING REVENUES	Year to Date Actual	%	Last Year to Date Actual	%	Chng	Budget	%
1,455,686	32.0%	1,283,856	34.6%	1,492,854	0.0%	(0.02)	CT- CHASSIS	7,519,562	33.1%	6,403,389	32.0%	17.4%	7,464,270	0.01
180,815	4.0%	144,419	3.9%	241,790	0.25	(0.25)	CT-GROUND	941,745	4.1%	1,226,812	6.1%	-23.2%	1,208,950	(0.22)
90,324	2.0%	66,399	1.8%	577,91	0.37	0.37	CT-BREAKBULK	577,791	2.5%	390,489	2.0%	48.0%	330,330	0.75
720	0.0%	404	0.0%	404	0.78	0.78	CT-UNITIZED	6,871	0.0%	1,123	0.0%	511.6%	2,020	2.40
	0.0%						CT-TUNA		0.0%		0.0%			
70,181	1.5%	16,135	0.4%	46,360	0.51	0.51	CT-RO/RO	213,073	0.9%	184,695	0.9%	15.4%	231,800	(0.08)
5,008	0.1%	5,650	0.2%	5,223	(0.04)	(0.04)	CT-STUFFING/DEVAN	48,585	0.2%	26,610	0.1%	82.6%	26,115	0.86
4,032	0.1%	7,235	0.2%	2,238	0.80	0.80	CT-HEAVYLIFT	18,077	0.1%	16,051	0.1%	12.6%	11,190	0.62
	0.0%		0.0%	280	(1.00)	(1.00)	CT-LONGLENGTH	822	0.0%	1,822	0.0%	-54.9%	1,400	(0.41)
9,965	0.2%	5,087	0.1%	7,500	0.33	0.33	OUT-OF-GAUGE CARGO (OOG)	56,273	0.2%	32,838	0.2%	71.4%	37,500	0.50
1,816,731	40.0%	1,528,780	41.2%	1,862,715	(0.02)	(0.02)	CARGO THROUGHPUT REVENUES	9,382,799	41.3%	8,283,829	41.4%	13.3%	9,313,575	0.01
							OTHER CARGO RELATED REVENUES							
	0.0%		0.0%	245	(1.00)	(1.00)	LIFT ON/LIFT OFF		0.0%	1,942	0.0%	-100.0%	1,225	(1.00)
	0.0%		0.0%	88	(1.00)	(1.00)	PRESLUNG		0.0%	699	0.0%	0.0%	440	(1.00)
	0.0%		0.0%				EXPORT SCRAP CONTAINER		0.0%		0.0%			
239,794	5.3%	219,694	5.9%	207,873	0.15	0.15	TRANSHIP CONTAINERS	1,327,693	5.9%	1,323,778	6.6%	0.3%	1,039,365	0.28
20,887	0.5%	8,795	0.2%	13,132	0.59	0.59	OVERSTOWED CONTAINERS	177,742	0.8%	62,679	0.3%	183.6%	65,660	1.71
332	0.0%	165	0.0%	165	1.01	1.01	SHIFTED CONTAINERS	2,741	0.0%	1,015	0.0%	170.0%	825	2.32
	0.1%	1,106	0.0%	1,466	1.09	1.09	RIGGED CONTAINERS	16,476	0.1%	6,039	0.0%	172.8%	7,330	1.25
10,426	0.2%	9,340	0.3%	10,174	0.02	0.02	REEFER CNTR-PLUG/UNPLUG	55,698	0.2%	49,841	0.2%	11.8%	50,870	0.09
312,849	6.9%	251,996	6.8%	265,418	0.18	0.18	DIRECT LABOR BILLED	1,623,716	7.2%	1,314,222	6.6%	23.5%	1,327,090	0.22
52,882	1.2%	14,196	0.4%	15,987	2.31	2.31	EQUIPMENT RENTAL	116,139	0.5%	86,888	0.4%	33.7%	79,935	0.45
39,879	0.9%	46,499	1.3%	48,813	(0.18)	(0.18)	PORT FEES & DOCKAGE	251,491	1.1%	230,579	1.2%	9.1%	244,065	0.03
484,907	10.7%	375,003	10.1%	410,847	0.04	0.04	WHARFAGE	2,227,314	9.8%	1,941,794	9.7%	14.7%	2,054,235	0.08
58,974	1.3%	50,312	1.4%	56,856	0.04	0.04	FUEL SURCHARGE	297,269	1.3%	274,487	1.4%	8.3%	284,280	0.05
18,468	0.4%	27,709	0.7%	38,586	(0.52)	(0.52)	MARITIME SECURITY FEE	93,981	0.4%	161,131	0.8%	-41.7%	192,930	(0.51)
179,205	3.9%	103,594	2.8%	123,492	0.45	0.45	FACILITY MAINTENANCE FEE	775,655	3.4%	594,363	3.0%	30.5%	617,460	0.26
451,383	9.9%	446,280	12.0%	515,844	(0.12)	(0.12)	CRANE SURCHARGE	2,495,396	11.0%	2,505,848	12.5%	-0.4%	2,579,220	(0.03)
1,873,055	41.2%	1,554,524	41.9%	1,708,986	0.10	0.10	OTHER CARGO RELATED REVENUES	9,461,312	41.7%	8,555,307	42.8%	10.6%	8,544,930	0.11
3,689,787	81.2%	3,083,304	83.0%	3,571,701	0.03	0.03	OPERATING REVENUES	18,844,111	83.0%	16,839,136	84.2%	11.9%	17,858,505	0.06

Port Authority of Guam  
Income Statement (Unaudited)  
With Budget Comparison (Unaudited)  
5 Months Ending 022818

Current Month Actual	%	Last Year		Budget	% Chng	Year to Date Actual	%	Last Year to Date		% Chng	Budget	% Chng
		Actual	%					Actual	%			
NON OPERATING REVENUES												
FACILITIES												
90,680	2.0%	103,917	2.8%	101,659	(0.11)	497,789	2.2%	532,634	2.7%	-6.5%	508,295	(0.02)
236,816	5.2%	127,951	3.4%	225,000	(1.00)	976,319	4.3%	1,004,727	5.0%	-2.8%	1,125,000	(0.13)
105,594	2.3%	88,496	2.4%	90,332	11.67	27,300	0.1%	25,500	0.1%	0.0%	41,665	(0.34)
87,938	1.9%	92,105	2.5%	83,333	0.17	491,282	2.2%	371,121	1.9%	32.4%	451,660	0.09
4,621	0.1%	5,203	0.1%	4,167	0.06	448,023	2.0%	225,405	1.1%	98.8%	416,665	0.08
4,000	0.1%	3,022	0.1%	2,917	0.11	23,328	0.1%	26,015	0.1%	-10.3%	20,835	0.12
265	0.0%	220	0.0%	344	(0.23)	3,105	0.0%	15,369	0.1%	31.9%	14,585	0.39
17,727	0.4%	23,620	0.6%	21,975	0.37	104,283	0.5%	103,457	0.5%	0.8%	109,875	(0.05)
3,110	0.1%	1,337	0.0%	2,758	0.13	14,069	0.1%	11,581	0.1%	21.5%	13,790	0.02
269,347	5.9%	151,533	4.1%	100,000	1.69	1,107,906	4.9%	712,101	3.6%	55.6%	500,000	1.22
OTHER FEES & SERVICES												
820,098	18.0%	597,403	16.1%	640,818	0.28	3,713,669	16.4%	3,029,334	15.1%	22.6%	3,204,090	0.16
REIMBURSEMENTS												
17,548	0.4%	31,941	0.9%	19,666	(0.11)	100,259	0.4%	131,826	0.7%	-23.9%	98,330	0.02
573	0.0%	12	0.0%	77	6.44	883	0.0%	427	0.0%	106.8%	385	1.29
FACILITIES												
-	0.0%	57	0.0%	5	-	-	0.0%	57	0.0%	0.0%	25	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	210	0.00
18,200	0.4%	-	0.0%	-	-	34,265	0.2%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
18,200	0.4%	-	0.0%	-	-	34,265	0.2%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
-	0.0%	-	0.0%	-	-	-	0.0%	-	0.0%	0.0%	-	-
18,200	0.4%	-	0.0%	-	-	34,265	0.2%	-	0.0%	0.0%	-	-
856,419	18.8%	629,356	17.0%	660,561	0.30	3,849,075	17.0%	3,161,587	15.8%	21.7%	3,302,805	0.17
4,546,206	100.0%	3,712,660	100.0%	4,232,262	0.07	22,693,186	100.0%	20,000,723	100.0%	13.5%	21,161,310	0.07

Port Authority of Guam  
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Current Month	Actual	%	Last Year	Actual	%	Budget	Chng	INDIRECT COSTS General & Administrative Expen	Year to Date	Actual	%	Last Year to Date	Actual	%	Chng	Budget	Chng
(1,464,520)		-32.2%	(1,420,679)		-38.3%	(1,730,248)	(0.15)	Salaries & Wages	(7,862,238)		-34.6%	(7,697,113)		-38.5%	2.0%	(8,644,697)	(0.09)
(105,464)		-2.3%	(102,133)		-2.8%	(113,083)	(0.07)	Insured Benefits	(574,217)		-2.5%	(544,303)		-2.7%	5.5%	(566,052)	0.02
(394,868)		-8.7%	(377,446)		-10.2%	(446,748)	(0.12)	Retirement Benefits	(2,152,512)		-9.5%	(2,035,986)		-10.2%	5.7%	(2,231,892)	(0.04)
(110,131)		-2.4%	(110,031)		-3.0%	(2,500)	43.05	Other Benefits	(614,494)		-2.7%	(600,868)		-3.0%	2.3%	(12,500)	48.16
(818)		0.0%	(899)		0.0%	(6,667)	(0.88)	Other Personnel Costs	(30,547)		-0.1%	11,694		0.0%	0.0%	(33,335)	(0.08)
(10,061)		-0.2%	(12,807)		-0.3%	(14,618)	(0.31)	Communications	(55,788)		-0.2%	(64,795)		-0.3%	-13.9%	(73,090)	(0.24)
(144,397)		-3.2%	(113,786)		-3.1%	(158,000)	(0.09)	Leases/Rentals	(713,557)		0.0%	(613,028)		-3.1%	16.4%	(790,000)	(0.10)
(201,557)		-4.4%	(203,001)		-5.5%	(230,000)	(0.12)	Utilities	(1,050,630)		-4.6%	(1,052,204)		-5.3%	-0.1%	(1,150,000)	(0.09)
(52,032)		-1.1%	(25,265)		0.0%	(67,408)	(0.23)	General Insurance	(162,905)		-0.7%	(183,458)		-0.9%	0.0%	(335,274)	(0.51)
(16,809)		-0.4%	(3,817)		0.0%	(29,166)	(0.42)	Repairs & Maintenance	44,756		0.2%	(35,758)		0.0%	0.0%	(145,830)	(0.31)
(13,141)		-0.3%	(14,772)		-0.4%	(29,166)	(0.55)	Repairs & Maintenance-Subic Cr	(100,034)		-0.4%	(43,192)		-0.2%	179.8%	(145,830)	(0.25)
(6,635)		-0.1%	(15,193)		-0.4%	(29,166)	(0.77)	Repairs & Maintenance-Pola 14	(63,705)		-0.3%	(38,370)		-0.2%	66.0%	(145,830)	(0.56)
(518,645)		-11.4%	(481,879)		-13.0%	(441,667)	0.17	Repairs & Maintenance-Pola 16	(2,592,803)		-11.4%	(2,378,761)		-11.9%	9.0%	(2,208,335)	0.17
(120,236)		-2.6%	(53,388)		0.0%	(6,417)	(1.00)	Depreciation & Amortization	(500)		0.0%	(767)		0.0%	0.0%	(32,085)	(0.98)
(28,953)		-0.6%	(5,086)		-1.4%	(133,996)	(0.10)	Damage, Shortage, Writedown & Supplies	(398,589)		-1.8%	(266,847)		-1.3%	49.4%	(669,880)	(0.40)
(66,572)		-1.5%	(45,104)		0.0%	(83,606)	-0.55	Miscellaneous	(157,611)		-0.7%	(22,433)		-0.1%	602.6%	(418,030)	(0.62)
(155,880)		-3.4%	(114,840)		-1.2%	(90,322)	(0.26)	Advertising	(335,330)		0.0%	(320,480)		0.0%	0.0%	(451,610)	(0.26)
(8,552)		-0.2%	(22,455)		-3.1%	(207,751)	(0.25)	Agency & Management Fees	(775,937)		-3.2%	(557,765)		-2.8%	4.6%	(1,038,755)	(0.31)
(25,097)		-0.6%	(237)		0.0%	(5,167)	(1.00)	Professional Services	(31,858)		-0.1%	(68,277)		-0.3%	28.4%	(25,835)	(1.00)
		0.0%			0.0%	(37,937)	(0.77)	Contractual Services	(51,090)		-0.2%	(25,847)		-0.1%	0.0%	(189,685)	(0.83)
		0.0%			0.0%	(13,959)	-0.4%	Other Contractual Services			0.0%	(11)		0.0%	0.0%	(69,795)	(0.27)
		0.0%			0.0%		0.0%	Other Expenses			0.0%			0.0%	-100.0%		-
		0.0%			0.0%		0.0%	Earthquake Expense			0.0%			0.0%	0.0%		-
		0.0%			0.0%		0.0%	Typhoon Expense			0.0%			0.0%	0.0%		-
		0.0%			0.0%		0.0%	Earthquake Expense			0.0%			0.0%	0.0%		-
(3,444,368)		-75.8%	(3,122,818)		-84.1%	(3,877,592)	(0.11)	General & Administrative Expen	(17,719,516)		-78.1%	(16,538,570)		-82.7%	7.1%	(19,377,340)	(0.09)

Port Authority of Guam  
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Current Month Actual	%	Last Year		Budget	% Chng		Year to Date		Last Year to Date				
		Actual	%				Actual	%	Actual	%	Chng	Budget	%
1,101,838	24.2%	589,843	15.9%	354,670	2.11	OPERATING INCOME (LOSS)	4,973,670	21.9%	3,462,153	17.3%	43.7%	1,783,970	1.79
						OTHER INCOME (EXPENSE)							
	0.0%		0.0%		-	Other Income & Expense		0.0%		0.0%	0.0%		-
	0.0%		0.0%		-	Other Income		0.0%		0.0%	0.0%		-
	0.0%		0.0%		-	Interest Income		0.0%		0.0%	0.0%		-
	0.0%		0.0%		-	Interest Income		0.0%		0.0%	0.0%		-
4,628	0.1%	4,429	0.1%	3,856	0.20	Interest Income	(82,926)	-0.4%	37,849	0.2%	-319.1%	19,280	(5.30)
(85,051)	-1.9%	(92,725)	-2.5%	(85,260)	(0.00)	Interest Expense-USDA	(443,560)	-2.0%	(465,830)	-2.3%	-4.8%	(426,300)	0.04
	0.0%	(15)	0.0%	(1,917)	(1.00)	Other Expense	30	0.0%	81,239	0.4%	-100.0%	(9,585)	(1.00)
	0.0%		0.0%		-	Claims Settlement		0.0%		0.0%	0.0%		-
(253,340)	-5.6%	(254,599)	-6.9%	(252,346)	0.00	Retirement Govt Contribution	(1,266,544)	-5.6%	(1,274,054)	-6.4%	-0.6%	(1,261,730)	0.00
101,162	2.2%	3,759	0.1%	201,736	-	Federal Reimbursement	293,054	1.3%	220,178	1.1%	33.1%	1,008,680	-
(11,773)	-0.3%	15,072	0.4%	(30,589)	(0.62)	Federal Reimbursement	(77,615)	-0.3%	(152,449)	-0.8%	-49.1%	(152,945)	(0.49)
	0.0%		0.0%	(8,333)	(1.00)	Gain <Loss> on Asset Disposals	(6,755)	0.0%	(2,240)	0.0%	201.5%	(41,665)	(0.84)
(244,375)	-5.4%	(324,079)	-8.7%	(172,853)	0.41	Other Income & Expense	(1,584,317)	-7.0%	(1,555,308)	-7.8%	1.9%	(864,265)	0.83
(244,375)	-5.4%	(324,079)	-8.7%	(172,853)	0.41	OTHER INCOME (EXPENSE)	(1,584,317)	-7.0%	(1,555,308)	-7.8%	1.9%	(864,265)	0.83
857,463	18.9%	265,763	7.2%	181,817	3.72	NET INCOME (LOSS)	3,389,353	14.9%	1,906,844	9.5%	77.7%	919,705	2.69



Total Assets	Amount Current	Last Month End	Amount Last Year End	Change This Month	Change This Year
<b>Current Assets</b>					
Cash on Hand	2,000.00	2,000.00	2,000.00		
Petty Cash Fund	100.00	100.00	100.00		
Cashier Change Fund					
Cash on Hand	2,100.00	2,100.00	2,100.00		
<b>Incentive Award Fund</b>					
First Hawaiian Bank-Incentive					
<b>Cash in Bank</b>					
First Hawaiian Bank	10,990,829.47	10,328,257.58	8,802,099.65	662,571.89	2,188,729.82
Bank of Guam					
Bank of Hawaii	1,754,647.76	1,179,431.01	1,256,124.45	575,216.75	498,523.31
Citizen Security Bank					
Cash in Bank	12,745,477.23	11,507,688.59	10,058,224.10	1,237,788.64	2,687,253.13
<b>Short Term Investments</b>					
Bank of Guam	27,660,676.06	26,882,409.04	29,108,813.25	778,267.02	1,448,137.19
Citizen's Security Bank					
First Hawaiian Bank					
Bank Pacific					
CitiBank					
Bank of Hawaii					
Oceanic Bank					
Gov Guam Employees Fed CU					
<b>Short Term Investments</b>					
Account Receivable-Trade (Net)	27,660,676.06	26,882,409.04	29,108,813.25	778,267.02	1,448,137.19
Accounts Receivable-Trade (Net)	7,360,707.74	7,857,205.40	7,335,267.75	496,497.66	25,439.99
Allow for Uncollectible Acct.	563,854.42	563,854.42	563,854.42		
A/R-Clearing Account					
<b>Account Receivable-Trade (Net)</b>	<b>6,796,853.32</b>	<b>7,293,350.98</b>	<b>6,771,413.33</b>	<b>496,497.66</b>	<b>25,439.99</b>
<b>Accounts Receivable-Other</b>					
Accounts Receivable-DOA					
Accounts Receivable-EMPLOYEE	1,005.84	2,238.84	2,493.84	1,233.00	1,488.00
Accounts Receivable-FEDA/Relmb					
Accounts Receivable-GEDA/Casam	773,578.86	773,578.86	977,236.53		203,657.67
Accounts Receivable-Other					
Accounts Receivable-Ins Procee					
<b>Accounts Receivable-Other</b>	<b>774,584.70</b>	<b>775,817.70</b>	<b>979,730.37</b>	<b>1,233.00</b>	<b>205,145.67</b>
<b>Marina Receivables</b>					
Accounts Receivable-Agat Marin	30,577.05	27,800.55	20,379.97	2,776.50	10,197.08
Accounts Receivable-GDP Marina	7,359.33	7,016.61	4,694.30	342.72	2,665.03
Accounts Receivable-Hardor OF	4,613.26	4,125.99	5,295.24	487.27	681.98

	Amount Current	Amount Last Month End	Amount Last Year End	Change This Month	Change This Year
Marina Receivables	42,549.64	38,943.15	30,369.51	3,606.49	12,180.13
Interest Receivables					
Bank of Guam					
Bank of Hawaii					
Bank Pacific					
Citicorp					
Citizens Security Bank					
First Hawaiian Bank					
GovGuam Emp Fed Credit Union					
Oceanic Bank					
Other					
Interest Receivables					
Prepaid Expenses	1,368,272.51	1,569,829.30	15,873.63	201,556.79	1,368,272.52
Prepaid Insurance	1,851,695.99	2,116,695.82	15,873.63	264,999.83	1,835,822.36
Prepaid Expenses	3,219,968.50	3,686,525.12	15,873.62	466,556.62	3,204,094.88
Deferred Expenses					
Deferred Geda Addendum L/Lease					
Credit Note Reimbursement					
Deferred Expenses					
Current Assets	51,242,209.45	50,186,834.58	46,966,524.18	1,055,374.87	4,275,685.27
Non Current Assets					
Long Term Receivable	2,258,190.48	2,258,190.48	2,258,190.48		
Long Term Receivable-DOA	1,490,449.90	1,490,449.90	1,490,449.90		
Long Term Receivable-Geda	3,748,640.38	3,748,640.38	3,748,640.38		
Allow For Uncollectible LT A/R					
Long Term Receivable	100,134.12	84,890.12	74,042.36	15,244.00	26,091.76
Inventory-Computer	99,209.66	4,443.65	96.34	4,233.99	113.32
Gas, Oil and Diesel Inventory	99,209.66	99,952.66	99,952.66		
Inventory-Parts	380,264.17	368,109.95	369,825.59	12,154.22	10,438.58
Supplies Inventory	1,721.09	1,721.09	1,721.09		
Contra-Asset Inventory Adj.	77,363.66	77,363.66	77,363.66		
Allowance for Obsolescence					
Inventory for Survey					
Inventory	501,475.86	478,311.63	464,832.20	23,164.23	36,643.66
Work In Progress					
Const Work In Progr-Local	477,230.05	399,058.03	295,645.50	78,172.02	181,584.55
Const Work In Progr-Federal	2,675,238.92	2,664,889.45	2,533,060.53	10,349.47	142,178.39
Const Work In Progr-FMP					
Work In Progress	3,152,468.97	3,063,947.48	2,828,706.03	88,521.49	323,762.94

	Amount Current	Last Month End	Amount Last Year End	Change This Month	Change This Year
Non Current Assets	3,653,944.83	3,542,259.11	3,293,538.23	111,685.72	360,406.60
Property, Plant & Equipment					
Land-Cabrera	3,563,000.00	3,563,000.00	3,563,000.00		
Land	3,563,000.00	3,563,000.00	3,563,000.00		
Buildings					
Buildings-Original	15,732,648.10	15,732,648.10	15,732,648.10		
Buildings-Substation Shelters	125,548,911.67	125,434,129.67	125,434,129.67	114,782.00	114,782.00
Buildings-Wharf Improvements					
Canopy Structures					
Buildings	141,281,559.77	141,166,777.77	141,166,777.77	114,782.00	114,782.00
Accumulated Depreciation-Build					
Accdeprec- Buildings-Original	15,211,729.39	15,209,329.04	15,199,727.64	2,400.35	12,001.75
Accdeprec- Buildings-Sub Shelter	31,293,774.36	31,006,452.07	29,857,162.91	287,322.29	1,436,611.45
Accdeprec- Buildings-Wharf Impr					
Accdeprec-Canopy Structures					
Accumulated Depreciation-Build	46,505,503.75	46,215,781.11	45,056,890.55	289,722.64	1,448,613.20
Furnishings & Equipment					
Air Tools					
Communications Equip	528,231.08	528,231.08	528,231.08		
Computer Equip	6,066,270.58	6,068,314.58	6,175,119.86	2,956.00	108,849.28
Crate Equip	16,206,672.56	16,206,672.56	16,206,672.56		23,745.00
Furnishings & Office Equip	1,082,145.16	1,076,170.16	1,058,410.16	5,985.00	591,217.00
Forklift Equip	1,821,145.00	1,821,145.00	1,229,928.00		
Generator Relocation Cost					
Generator Sets	1,167,056.25	1,167,056.25	1,167,056.25		
Hand Tools	14,832.85	14,832.85	14,832.85		
Moat & Unload Equip	2,852.00	2,852.00	2,852.00		
Moving Equip	6,999.00	6,999.00	6,999.00		
Pump Equip	1,839,705.78	1,839,705.78	1,839,705.78		
Rubber Equip	177,772.56	177,772.56	177,772.56		
Safety Equip	337,427.95	337,427.95	337,427.95		
Shed Equip	337,216.15	337,216.15	339,920.95		24,437.00
Tire Equip	337,216.15	337,216.15	337,216.15		2,405.50
Tractors	2,970,216.97	2,970,216.97	2,970,216.97		
Trucks	1,851,765.87	1,851,765.87	1,861,265.87		9,500.00
Vehicles & Motor Equip					
Furnishings & Equipment	33,952,422.76	33,943,481.76	33,433,778.54	8,941.00	518,644.22
Accumulated Depreciation-Furni					
Accdeprec-Air Tools	490,198.27	489,413.25	486,273.17	785.02	3,925.10
Accdeprec-Communications Eqt.	1,240,104.21	1,201,062.52	1,172,125.17	39,131.69	68,068.43
Accdeprec-Computer Equip	6,212,970.72	6,211,020.28	6,802,816.62	101,950.47	510,154.13
Accdeprec-Crate Equip	564,968.35	563,442.28	519,140.73	11,526.07	45,827.62
Accdeprec-Furnishings & Office	783,357.45	768,181.20	707,476.20	15,176.25	75,881.25
Accdeprec-Forklift Equip					
Accdeprec-Generator Relocation C	243,636.96	237,153.22	211,218.66	6,483.64	32,418.20
Accdeprec-Generator Sets	10,009.12	9,918.49	9,555.97	90.63	32,418.20
Accdeprec-Hand Tools					

	Amount Current	Last Month Amount End	Last Year Amount End	Change This Month	Change This Year
AccDeprec-Load & Unload Equip	570.48	546.71	451.63	23.77	118.85
AccDeprec-Mowing Equip	4,316.05	4,199.40	3,732.80	116.65	582.25
AccDeprec-Other Equip	1,135,901.68	1,125,121.65	1,082,001.53	10,179.02	53,200.15
AccDeprec-Power Tools	9,711.39	9,535.95	8,834.19	4,175.44	877.20
AccDeprec-Safety Equip	3,258.74	2,789.36	1,784.60	4,69.34	1,407.14
AccDeprec-Shop Equip	184,697.55	182,714.87	180,689.65	1,982.28	1,700.20
AccDeprec-Tractors & Motor Equ	1,259,171.07	1,237,019.22	1,148,411.82	22,151.85	110,700.25
AccDeprec-Vehicles & Motor Equ	853,676.14	835,597.14	770,455.97	18,079.00	83,220.17
Accumulated Depreciation-Furni	13,096,638.11	12,867,715.54	12,104,969.32	228,922.57	991,668.79
Capital Leases					
Capital Leases					
Capital Leases					
Accumulated Amortization-Capit					
AccAmort-Capital Leases					
Accumulated Amortization-Capit					
Pension-Deferred Outflows Res	5,292,446.00	5,292,446.00	5,292,446.00		
Pension-Deferred Outflows Res	5,292,446.00	5,292,446.00	5,292,446.00		
Property, Plant & Equipment	124,487,286.67	124,882,208.88	126,294,142.44	394,922.21	1,806,855.77
Total Assets	179,383,440.95	178,611,302.57	176,554,204.85	772,138.38	2,829,236.10
Total Liabilities & Capital					
Current Liabilities					
Accounts Payable	132,096.16	140,331.16	336,563.37	8,235.00	204,467.21
Accounts Payable GSA	3,043,599.22	2,955,987.68	2,231,999.11	87,611.54	811,600.11
Accounts Payable Others	27,941.14	26,829.10	2,231,999.11	1,112.04	27,941.14
Accounts Payable Trade					
Accounts Payable Received					
Accounts Payable	3,203,636.52	3,123,147.94	2,568,562.48	80,488.58	635,074.04
Current Loan Payable					
Current ANZ (USDA) Loan Payabl	133,333.41	152,937.99	226,279.10	19,604.58	92,945.69
CU ANZ (USDA) 12M Loan Payabl	400,452.95	455,542.56	676,128.18	55,089.61	275,675.33
CU BOG 10M SDR Loan Payable	692,592.66	791,009.50	1,171,911.98	98,416.84	479,319.32
CU BOG 2M USDA Direct Loan	162,555.29	185,498.56	1,276,582.73	22,943.27	114,027.44
Current Loan Payable	1,388,934.31	1,584,988.61	2,350,901.99	196,054.30	961,967.68
Due to Public Utilities					
Due to GPA					
Due to GFA					
Due to GWA					

	Amount Current	Amount Last Month End	Amount Last Year End	Change This Month	Change This Year
Due to Public Utilities					
Accrued Interest Payable					
Accrued Interest Payable					
Accrued Interest Payable					
Deferred Revenues					
Deferred Revenues - DOD Moderniz	61,769.01-	61,769.01-	61,769.01-		67,110.97-
Deferred Income - GEDA	105,718.75	105,718.75	172,829.72		13,020.93-
Deferred Revenues - Leases			13,020.93		77,720.52-
Deferred Revenues - Marina			77,720.52		157,852.42-
Deferred Revenues	43,949.74	43,949.74	201,802.16		189,976.23-
Deferred Revenues					142,196.38
Deferred Revenues					
Accrued Expenses					
Accrued Payroll	589,362.99	590,753.94	779,339.22	1,390.95-	4,752.08
Accrued Vacation Pay - Current	1,374,903.74	1,347,429.03	1,232,707.36	27,474.71	32,752.52-
Accrued Ration/Meal Cost					
Accrued Cola/Supplemental					
Accrued Typhoid/Elemental					
Accrued Medicare Tax					
Accrued Federal Tax					
Accrued State Tax					
Employee Insurance Payables	6,658.62	5,073.56	1,906.54	1,585.06	4,752.08
Employee Deductions Payables	256,211.84	253,639.24	288,964.36	2,572.60	32,752.52-
Withholding Tax Payable					
Credit Union					
Accrued Miscellaneous Deductio					
Accrued Death & Disability Ins					
Retirement Contributions					
Deferred Compensation Plan Pay					
Accrued Expenses	2,227,137.19	2,196,895.77	2,302,917.48	30,241.42	75,780.29-
Security Deposits					
Security Deposits - Space Leas	84,859.86	84,859.86	85,065.72		205.86-
Security Deposits - Marina	30,926.82	30,926.82	30,311.82		615.00
Security Deposits	115,786.68	115,786.68	115,377.54		409.14
Capital Lease Obligations- Cur					
Capital Lease Obligations- Cur					
Capital Lease Obligations- Cur					
Capital Lease Obligations- Cur					
Other Current Liabilities					
Reserve Shortage/Property Dama					
Lease Payable - GEDA					
Other Current Liabilities					
Current Liabilities	6,979,444.44	7,064,768.74	7,539,561.65	85,324.30-	560,117.21-

	Amount Current	Last Month End	Amount Last Year End	Change This Month	Change This Year
<b>Non Current Liabilities</b>					
Long Term Accrued Expenses	41,187,280.00	41,187,280.00	41,187,280.00		
Unfunded Retirement Expenses	444,045.40	444,045.40	444,045.40		
Accrued Vacation Pay - Long Term	1,893,140.63	1,893,140.63	1,893,140.63		
Accrued Sick Leave (DC) - Long Term					
Long Term Accrued Expenses	43,524,466.03	43,524,466.03	43,524,466.03		
<b>Pension-Deferred Inflow of Res</b>					
Pension-Deferred Inflow of Res					
<b>Pension-Deferred Inflow of Res</b>					
<b>Capital Lease Obligations</b>					
Capital Lease Obligations					
<b>Capital Lease Obligations</b>					
<b>Long Term Loan Payables</b>					
LT-ANZ (USDA) Loan Payable 3.5	2,035,075.41	2,035,075.41	2,035,075.41		
LT-ANZ (USDA) Loan Payable 12M	8,612,503.58	8,612,503.58	8,612,503.58		
LT-BOG \$2M USD Direct Loan	6,958,877.73	6,958,877.73	6,958,877.73		
LT-BOG \$2M USD Direct Loan	1,157,418.32	1,157,418.32	1,157,418.32		
Long Term Loan Payables	18,763,875.04	18,763,875.04	18,763,875.04		
Non Current Liabilities	62,288,341.07	62,288,341.07	62,288,341.07		
<b>Capital Contributions &amp; Equity</b>					
Contributions-Local Government	3,563,000.00	3,563,000.00	3,563,000.00		
Contributions-Local Government	13,483,688.19	13,483,688.19	13,483,688.19		
Contributions-Property & Equip	100,000.00	100,000.00	100,000.00		
Contributions-Geop. Fund	7,000.00	7,000.00	7,000.00		
Contributions-PAG (Portion of					
Contributions-Local Government	17,567,358.64	17,567,358.64	17,567,358.64		
<b>Contributions-Federal Government</b>					
Contributions-U.S. Govt. Rehab	10,321,126.26	10,321,126.26	10,321,126.26		
Contributions-U.S. Govt. Develop	1,492,676.57	1,492,676.57	1,492,676.57		
Contributions-U.S. Govt. Develop	6,508,875.60	6,508,875.60	6,508,875.60		
Contributions-U.S. Govt. FEMA	53,763.30	53,763.30	53,763.30		
Contributions-Federal Government	18,376,441.73	18,376,441.73	18,376,441.73		
<b>Accumulated Earnings</b>					
Accumulated Earnings	20,085,451.75	20,085,451.75	20,085,451.75		
Accumulated Earnings (Deficit)	90,867,948.51	90,867,948.51	90,867,948.51		
Accumulated Earnings	70,782,496.76	70,782,496.76	70,782,496.76		
Net Earnings (Loss)	3,389,358.31	2,531,895.63	5.00	857,462.68	3,389,353.31
Capital Contributions & Equity	110,115,655.44	109,258,192.76	106,726,302.13	857,462.68	3,389,353.31

	Amount Current	Amount Last Month End	Amount Last Year End	Change This Month	Change This Year
Total Liabilities & Capital	179,383,440.95	178,611,302.57	176,554,204.85	772,138.38	2,829,236.10

Port of Guam

Aging Summary

As of FEBRUARY 28, 2018

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
14526	Cementon Micronesia, LLC	\$233,895.16		\$0.30			\$233,894.86	\$18,237.00	4/2/2018	\$125,556.60 WAS CREDITED TO THE ACCOUNT FOR A "REDUCTION IN SPACE FOR LEASE" CURRENTLY WORKING WITH CUSTOMER FOR A RESOLUTION IN REGARDS TO PAST DUE INVOICES. HOWEVER, CUSTOMER IS CURRENT WITH 2018 LEASE PAYMENTS.
14405	KVQG Broadcasting/MCS, LLC	\$114,745.97	-\$0.16				\$114,746.13	\$45.36	11/14/2012	WITH LEGAL, NO UPDATE
7384	Marianas Steamship Agencie	\$1,141,396.41	\$1,010,668.89	\$34,043.50	\$4,743.54	\$9,181.47	\$82,759.01	\$4,893.01	4/5/2018	REMINERS WERE SENT VIA EMAIL, MARRU HAD REQUESTED TO PAY OUTSTANDING BALANCE IN INCREMENTS. ADVISED HER TO SUBMIT A LETTER OF PROPOSAL FOR INCREMENT PAYMENTS TO THE GENERAL MANAGER. INFORMED HER THAT WE WOULD GIVE THEM 10 BUSINESS DAYS TO SUBMIT LETTER. WILL FOLLOW UP
7376	Matson Navigation Co.	\$2,387,124.72	\$2,297,337.83		\$436.96	\$20,121.12	\$69,228.81			EMAILS WERE SENT TO GERI & ROLLY TO REMIND THEM OF PAST DUE INVOICES. GERI REQUESTING FOR MULTIPLE INVOICES AND SUPPORTING DOCUMENTS DATING BACK TO 2016. CURRENTLY IN PROCESS OF ASSISTING GERI. SHE CLAIMS SOME INVOICES ARE STILL UNDER REVIEW.
7341	Amblyth Shipping & Trading	\$344,701.45	\$285,503.02	\$15,582.67	\$18,166.60	\$2,327.32	\$23,121.84	\$3,266.03	4/6/2018	WORKING WITH GAIL MANUEL. A DISPUTE LETTER WILL BE ROUTED TO GENERAL MANAGER IN REGARDS TO MULTIPLE PAST DUE INVOICES FROM 2017.
15388	Guam Industrial Serv. Inc.	\$113,369.75	\$24,896.75	\$11,760.00	\$11,760.00	\$43,533.00	\$21,420.00	\$10,710.00	3/9/2018	CUSTOMER MADE A PAYMENT OF \$20,349.00 ON 02/02/18 & INTENDS TO START MAKING MORE CONSISTENT PAYMENTS
11848	Fantasea Charters/Velez, A	\$18,307.91	-\$0.33				\$18,308.24	\$25.00	5/5/2016	CURRENTLY WITH COLLECTIONS
15240	AVANTI MARINE SPORTS	\$14,869.05					\$14,869.05	\$1,874.25	3/4/2016	ON A LIST FOR COLLECTIONS/RETURNED MAIL/ NO UPDATED CONTACT INFORMATION
13422	Department of Agriculture	\$14,765.40					\$14,765.40	\$29,530.80	3/24/2017	FOLLOWING UP WITH MS DORA FOR ANY UPDATE OR PAYMENT FROM CUSTOMER
14542	Heavy Equipment Rental Opt	\$11,791.11					\$11,791.11	\$102.08	3/22/2017	ON A LIST FOR COLLECTIONS/ NO UPDATED CONTACT INFORMATION
11776	Customs and Quarantine Age	\$8,536.32	\$449.28	\$449.28	\$449.28		\$7,188.48			WORKING WITH COMMERCIAL IN REGARDS TO PAYMENT ON THE ACCOUNT.
13044	Smithbridge Guam, Inc.	\$27,781.87	\$2,078.72	\$6,874.83	\$7,118.94	\$5,338.42	\$6,370.96	\$33.64	3/23/2018	LATE NOTICE WILL BE PROCESSED AND SENT OUT
9620	Alupang Beach Club	\$6,096.01	\$377.00	\$260.40	\$22.90	\$22.90	\$5,412.81	\$1,503.78	2/26/2018	CUSTOMER MADE A PAYMENT OF \$1503.78 ON 02/26/18. WILL FOLLOW UP WITH PAST DUE INVOICES.
13536	Guam Lucky Strike, Inc./Jo	\$4,451.67					\$4,451.67	\$525.00	12/2/2016	CONTACT NUMBERS DISCONNECTED FINAL NOTICE WILL BE PROCESSED. CARL (COMMERCIAL) EMAILED CUSTOMER.
7106	Shell Guam, Inc.	\$9,750.00		\$1,950.00	\$1,950.00	\$1,950.00	\$3,900.00	\$1,950.00	11/4/2011	Pending contract/lease from Legal
13641	M.A.Y. (Guam) Inc.	\$3,544.81					\$3,544.81	\$400.28	1/8/2016	ON A LIST FOR COLLECTIONS
14283	Brandl, Inc.	\$5,345.23	\$1,253.19	\$1,297.16			\$2,794.88	\$2,222.00	1/31/2018	PAST DUE INVOICES ARE ALL INTEREST INVOICES, WORKING WITH CUSTOMER TO CLEAR OUTSTANDING INVOICES
14382	Sepety, Ullysess Y.	\$1,703.75					\$1,703.75	\$100.00	11/8/2016	ON A LIST FOR COLLECTIONS



ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
14922	Jack Michael	\$1,495.00					\$1,495.00	\$500.00	9/20/2016	ATTEMPTED TO CONTACT CUSTOMER SEVERAL TIMES. FAILED TO RETURN CALLS OR RESPOND TO LATE NOTICES. ACCOUNT WILL BE PLACED ON COLLECTIONS LIST
15563	Tereasa, Jeremy	\$1,100.00	-\$137.50		\$137.50	\$137.50	\$962.50	\$137.50	8/7/2017	CUSTOMER CAME IN ATTEMPTING TO MAKE A PAYMENT. HOWEVER, HAD ISSUES WITH VISA CARD. STATED HE WOULD COME BACK AND NEVER CAME BACK. WILL FOLLOW UP AND SENT NOTICE
14364	P.S.V. Corp./Joo, Gi Bum	\$2,012.58	\$114.50	\$952.56	\$85.05	\$216.60	\$643.87	\$2,991.83	1/19/2018	2ND NOTICE WILL BE SENT OUT
15523	Ly, Quang Minh	\$1,075.00	\$112.50	\$137.50	\$137.50	\$137.50	\$550.00	\$850.00	6/20/2017	ACCORDING TO CARL, CUSTOMER'S BOAT WAS NOT IN THE MARINA WHEN HE DID A VISUAL INSPECTION. WILL DO RESEARCH AND FIND OUT IF CUSTOMER TERMINATED AND NEEDS TO BE CREDITED.
14381	Apra Dive & Marine Sports,	\$6,009.79	\$687.78	\$151.96	\$2,290.40	\$2,397.70	\$481.95	\$6,009.79	3/16/2018	CUSTOMER IS CURRENTLY OFF-ISLAND BUT WILL BE IN ONCE SHE ARRIVES TO CLEAR OUTSTANDING INVOICES.
14368	Tyco Electronics Subsea Co	\$42,234.59	\$31.92	\$13,910.40	\$13,910.40	\$13,910.40	\$471.47	\$1,144.00	3/13/2018	ACCOUNT IS CURRENTLY UNDER REVIEW. FOR SEVERAL INVOICES, GOT IN TOUCH WITH CUSTOMER. HE WILL BE IN TO MAKE ACCOUNT CURRENT. WILL FOLLOW UP
14907	Taitano, John	\$690.00	\$71.00	\$67.00	\$71.00	\$71.00	\$410.00	\$1,144.00	3/13/2018	CUSTOMER SAID HE WILL BE IN TO MAKE PAYMENT WILL FOLLOW UP
1862	SANTOS, JOHN T.	-\$194.00	-\$593.04				\$399.04			2ND NOTICE WILL BE SENT OUT
15491	Lizama, Jr. Kelly A	\$375.00					\$375.00	\$137.50	11/8/2016	NOTICE WILL BE SENT OUT TO CUSTOMER.
15500	Berg, Julia	\$1,190.00	\$220.00	\$220.00	\$220.00	\$220.00	\$310.00	\$350.00	12/18/2017	NOTICE WILL BE SENT OUT TO CUSTOMER.
7587	American President Lines L	\$2,329,081.07	\$2,020,287.53	\$9,937.04	\$172,314.80	\$126,266.22	\$275.48	\$511,776.25	4/4/2018	SUBMITTED STATEMENT OF ACCOUNT TO SERINA AND INQUIRED ABOUT INVOICE IN THE AMOUNT OF \$275.48 THAT IS PAST DUE. SHE WILL LOOK INTO IT AND GET BACK TO ME ASAP.
10225	Mobil Oil Guam, Inc.	\$78,231.50	\$77,949.61			\$10.86	\$271.03	\$29,286.60	4/4/2018	NOTICE WILL BE SENT OUT TO CUSTOMER.
12336	Wang, Jen-Nan	\$244.12					\$244.12	\$151.14	2/16/2006	CUSTOMER IS FREQUENTLY OFF-ISLAND BUT WILL STOP BY TO MAKE ACCOUNT CURRENT
15040	Tyquieneco, Joseph T.	\$137.50					\$137.50	\$137.50	4/4/2018	\$137.50 THAT IS OVER 120 DAYS PAST DUE HAS BEEN DISPUTED BY CUSTOMER.
15651	Barcenilla, Roland/Gerylin	\$412.50			\$137.50	\$137.50	\$137.50	\$220.00	3/28/2018	NO UPDATED FORM OF CONTACT NOTICES WILL BE SENT OUT
13674	Coffman, John Randolph	-\$342.50	-\$440.00				\$97.50	\$220.00	3/28/2018	\$97.50 IS CURRENTLY UNDER DISPUTE
15079	McDermott, Brian	\$79.97					\$79.97	\$79.97	3/23/2018	CONTACTED CUSTOMER, HE WILL BE IN TO MAKE ACCOUNT CURRENT
14436	John C. Aguon/Myung J. Par	\$125.00	-\$25.00		\$50.00	\$50.00	\$50.00	\$600.00	2/24/2017	NOTICE WILL BE SENT OUT TO CUSTOMER.
1490	Guam Telephone Authority	-\$1,757.80	-\$1,791.94				\$34.14	\$188.98	3/23/2018	WAITING FOR EMAIL RESPONSE FROM ACCOUNTING DEPT IN REGARDS TO PAST DUE
13476	Isla Maritime Agency	-\$3.12	-\$35.21				\$32.09			\$32.09 PENDING ON INVOICE CUSTOMER ONLY PAID PORT ENTRY FEES. WILL SEND CUSTOMER SOA AND FOLLOWUP WITH PAYMENT
13089	Guam Fisherman's Cooperati	\$125.00	\$50.00	\$50.00			\$25.00	\$550.00	5/17/2017	ATTEMPTED TO CONTACT CUSTOMER NO RESPONSE WILL SEND OUT NOTICE. CUSTOMER IS CURRENT AND PAST DUE INVOICE IS INTEREST FEE

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
14429	Weilbacher, Walden	\$225.00	\$50.00	\$50.00	\$50.00	\$50.00	\$25.00	\$50.00	3/23/2018	LATE NOTICE WILL BE PROCESSED AND SENT OUT
14850	Hartup, Jason	\$575.00	\$137.50	\$137.50	\$137.50	\$137.50	\$25.00	\$575.00	8/17/2017	LATE NOTICE WILL BE PROCESSED AND SENT OUT
15103	Collier, Ernest	-\$230.00	-\$475.00	\$220.00			\$25.00	\$220.00	3/13/2018	\$25.00 IS INTEREST INVOICE AND CUSTOMER IS DISPUTING CONTACT INFORMATION NOT UP TO DATE WILL SEND OUT NOTICE/PAST DUE IS AN INTEREST INVOICE.
15301	James, Iosichy	\$25.00					\$25.00	\$275.00	1/19/2018	CUSTOMER WILL BE IN TO MAKE ACCOUNT CURRENT
14384	Auto Marine Inc.	\$1,348.61	\$428.03	\$469.94	\$408.30	\$22.38	\$19.96	\$1,000.00	3/16/2018	CUSTOMER WILL BE IN TO MAKE ACCOUNT CURRENT
14409	Robinson, Merle Ann	\$117.00	\$50.00	\$50.00			\$17.00	\$192.00	3/14/2018	CUSTOMER WILL BE IN TO MAKE ACCOUNT CURRENT
15554	Barchnas, John	\$15.00					\$15.00			LATE NOTICE HAS BEEN SENT OUT. 2ND NOTICE WILL BE PROCESSED.
14444	Office of the Governor of	\$119,473.74	\$27,890.33		\$91,583.33		\$0.08	\$91,583.33	3/19/2018	
14778	IP&E Holding LLC	-\$482,979.41	-\$486,126.72		\$3,147.28		\$0.03	\$1,272.55	4/2/2018	
50	Port Authority of Guam	-\$25.00	-\$25.00					\$25.00	12/20/2017	
1204	CEPEDA, SHAWN B.	-\$50.00	-\$50.00					\$50.00	1/29/2018	
1282	YATAR, ANTHONY J.S.	-\$50.00	-\$50.00					\$50.00	2/12/2018	
1300	SANTOS, RAYMOND B.	-\$50.00	-\$50.00							
1487	Guam Federation of Teacher	-\$859.00	-\$859.00							
1749	CARBULLIDO, RITA B.	-\$50.00	-\$50.00					\$30.00	9/1/2017	
7350	Consolidated Transportatio	\$821,753.74	\$814,237.98	\$3,839.81	\$3,675.95			\$78,114.72	4/5/2018	
7368	Cabrera Marine Corp	-\$25,623.02	-\$38,396.76	\$5,469.34	\$3,024.87	\$4,279.53		\$8,064.76	4/5/2018	
7413	Seabridge Inc.	\$23,978.30	\$23,912.00	\$66.30				\$63.76	8/1/2017	
7501	Triple J Ent, Inc.		-\$218.48	\$218.48				\$218.48	1/9/2018	
7624	Micronesian Divers Assoc,	\$532.60	-\$435.20	\$732.60	\$117.60	\$117.60		\$732.60	4/2/2018	
7763	Guam Dolphin's Marine Spor	\$109.50	\$109.50					\$1,844.45	4/2/2018	
7886	Guam Transport & Warehouse	\$1,664.31	-\$129.44	\$617.75	\$588.00	\$588.00		\$58.44	2/23/2018	
8264	Olson, Tom	-\$300.00	-\$300.00					\$150.00	4/6/2018	
8336	Pacific Trucking Inc.	\$108.86	\$108.86							
8352	Paradise Aqua Corp.	\$461.16			\$423.36	\$37.80		\$461.16	3/12/2018	
8483	Scuba Company	\$2,475.50	-\$3,381.50	\$5,857.00				\$5,857.00	4/3/2018	
9401	Tasi Tours Inc.	\$1,238.14	-\$436.10	\$1,092.12	\$582.12			\$510.00	3/29/2018	
9478	Triple B Forwarders	-\$323.56	-\$323.56					\$97.37	4/6/2018	
9540	Unitex Environmental Svcs	\$440.00	\$220.00	\$220.00				\$220.00	4/3/2018	
9638	Asmuyao Community School	-\$440.00	-\$440.00					\$220.00	3/28/2018	
9654	Baba, Hideharu		-\$400.00	\$400.00				\$40.00	4/2/2018	
9697	Camacho, Antonio Frank C.	-\$400.00	-\$400.00					\$480.00	1/18/2018	
9726	Deckard, Robert	\$162.50			\$162.50			\$162.50	11/30/2017	
9806	Felix, Christopher	\$220.00	\$220.00					\$220.00	4/2/2018	
9814	Fentress, Michael D.	-\$679.00	-\$679.00					\$170.00	2/26/2018	
9822	Osakana Cruise, Inc/Fish E	\$22.90	\$22.90					\$532.90	4/3/2018	

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
9831	Fish Hook Inc.	\$360.00	\$360.00					\$360.00	4/2/2018	
9849	Flores, William A.	\$50.00		\$50.00				\$600.00	3/8/2018	
9996	Johnson, George L.	\$212.00	\$106.00	\$106.00				\$106.00	4/4/2018	
10250	Morrice Equipment LLC	-\$1,241.08	-\$1,241.08					\$1,800.00	1/26/2018	
10524	Orcutt, Kenneth D.	\$412.00	\$137.00	\$137.50	\$137.50			\$137.50	4/4/2018	
10621	Perez, Thomas L.G.	-\$720.00	-\$720.00					\$960.00	11/21/2017	
10701	Peterson, George N.	\$162.50	\$137.50		\$25.00			\$137.50	4/5/2018	
10735	Plummer, Peter J.	-\$175.00	-\$175.00					\$87.50	3/14/2018	
10743	Poppe, Edward/FISH INC	\$185.00	\$105.00	\$80.00				\$160.00	3/30/2018	
10778	Real World Diving	\$164.47	\$164.47					\$26.57	4/5/2018	
11756	V.Angoco's Trucking	-\$151.38	-\$151.38					\$58.44	3/2/2018	
11770	Black Construction Corpora	-\$31.44	-\$31.44					\$220.08	1/8/2018	
11772	Cabras Island Marine Servi	-\$188.64	-\$188.64					\$188.64	12/21/2017	
11775	Charles Marine Sports Club	-\$295.10	-\$295.10					\$1,298.30	4/2/2018	
11794	Gam Shipyard	\$183.20	\$137.40	\$22.90	\$22.90			\$33.64	3/29/2018	
11814	J.L. Baker & Sons/COS/LA G							\$58.44	3/2/2018	
11909	Micronesian Brokers Inc.							\$29.22	4/6/2018	
12150	DHX Inc.(dba DGX)							\$116.88	2/13/2018	
12293	Bradford, William W.	\$25.00				\$25.00		\$220.00	3/26/2018	
12338	Tembata, Masso DBA:Ten Boa	\$162.50	-\$50.00	\$212.50				\$212.50	4/3/2018	
12373	Beighley, Jim/Mark Baldyga	-\$500.00	-\$550.00	\$50.00				\$50.00	3/27/2018	
12394	Wong, Billy	-\$187.50	-\$187.50					\$262.50	3/1/2018	
12397	Cruz, John R.	-\$40.00	-\$40.00					\$160.00	8/29/2017	
12408	Marianas Yacht Club	-\$100.00	-\$100.00					\$100.00	10/18/2016	
12424	Flores, Joaquin C.	-\$275.00	-\$275.00					\$137.50	3/30/2018	
12509	Hanley, Timothy F.		-\$52.50	\$52.50				\$105.00	3/15/2018	
12511	Hanson Permanente Cement o	-\$362,153.24	-\$362,153.24					\$172,000.00	3/6/2018	
12513	Berkemeyer, Thomas R.	\$275.00	\$137.50	\$137.50				\$137.50	4/2/2018	
12514	Pepsi Cola Bottling Co. Gu							\$29.22	2/5/2018	
12522	Dickerson & Quinn, Ltd	\$58.44	\$58.44					\$409.08	4/6/2018	
12527	Paynter, Neil	\$550.00	\$137.50	\$137.50	\$137.50	\$137.50		\$575.00	3/27/2018	
12706	Guam Seawalker Tours	-\$440.00	-\$440.00					\$340.00	3/30/2018	
12895	Bell, James C. or Cynthia	-\$300.00	-\$300.00					\$600.00	2/12/2018	
13030	South Pacific Petroleum Co	-\$29,896.42	-\$29,896.42					\$29,742.00	3/21/2018	
13040	Watson, Jonathan	-\$125.28	-\$125.28					\$85.68	1/8/2018	
13081	Watanabe, Akiyo/Fontana & C	-\$128.00	-\$128.00					\$147.00	4/10/2017	
13121	Tidewater Distributors Inc	\$5,656.37	\$343.50		\$5,212.87			\$5,472.67	4/6/2018	

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
13190	GENTLY BLUE DIVING SHOP	-\$102.67	\$102.67					\$122.33	12/13/2017	
13191	Agnon, Sonia V. or Paul SN	-\$642.75	-\$702.75	\$60.00				\$240.00	3/26/2018	
13201	Guam Tropical Dive Station	\$18.82		\$9.41	\$9.41			\$18.82	3/8/2018	
13202	Department of Administrati	\$75,599.00	\$75,599.00					\$2,357.21	11/6/2017	
13314	Island Certs Corporation	-\$1,375.00	-\$1,512.50	\$137.50				\$137.50	3/12/2018	
13532	Ahlf, Douglas J.	\$100.00	\$50.00	\$50.00				\$50.00	11/16/2017	
13537	Wang, Jackey	\$374.14	\$189.14	\$185.00				\$13,927.50	1/12/2018	
13545	Perez, Vincent T./Vern Per	-\$600.00	-\$600.00					\$600.00	12/15/2017	
13653	Yu, Niko K.	-\$160.00	-\$160.00					\$410.00	2/14/2018	
13677	Brown, Roy	-\$220.00	-\$220.00					\$174.45	5/17/2017	
13696	Lotus Pacifica Trading, In	\$10,043.83	\$10,043.83					\$520.00	4/9/2018	
13773	Walker, Jon D./Reed, Marvi	\$34.50	\$34.50					\$34.50	12/13/2017	
13844	Hagen, William	\$440.00	\$220.00	\$220.00				\$220.00	3/23/2018	
13913	Skoocumchuck Charters Inc.	\$1,296.32	\$410.00	\$698.16	\$188.16			\$188.16	4/5/2018	
13914	Dacanay, Ann R.	\$25.00	\$25.00					\$185.00	2/20/2018	
14013	Brandt, Jim or Bonnie	-\$137.50	-\$137.50					\$137.50	3/7/2018	
14061	AR Sunriser Canteen/Cateri	\$749.63		\$696.19	\$53.44			\$1,642.01	4/5/2018	
14077	Aaannma Construction Ltd.,							\$175.32	2/22/2018	
14126	Margarita Charters	\$641.64	\$641.64					\$641.64	3/19/2018	
14141	Core Tech International	-\$425.15	-\$425.15					\$81.93	9/1/2017	
14143	Salt Shaker Yacht Charter	\$72.12	-\$245.26	\$269.30	\$24.04	\$24.04		\$269.30	4/4/2018	
14145	Nadler, Landon	\$80.00	\$40.00	\$40.00				\$40.00	4/5/2018	
14150	PIER, KENNETH	\$22.90		\$22.90				\$275.00	3/2/2018	
14161	Isia Trucking	\$588.00		\$588.00				\$588.00	3/23/2018	
14171	Norton Lilly International	\$133,340.09	\$133,340.09					\$126,045.28	4/4/2018	
14210	Kaneshiro, Roger J., D.D.S	-\$800.00	-\$800.00					\$960.00	1/10/2018	
14290	DGX	-\$101.84	-\$101.84					\$116.88	4/9/2018	
14431	Quinata, Carlos/Amber Herl	\$225.00	\$100.00	\$125.00				\$862.50	11/21/2017	
14443	Mortiz, Lance	-\$100.00	-\$250.00	\$150.00				\$150.00	3/30/2018	
14447	Flores, Paul A	-\$50.00	-\$100.00	\$50.00				\$50.00	3/27/2018	
14453	Paradis, Guy R.	\$440.00	\$220.00	\$220.00				\$440.00	4/4/2018	
14485	Rains, Julian T.	\$135.00	\$135.00					\$276.00	3/30/2018	
14507	Guam Home Center	-\$218.57	-\$218.57					\$740.96	8/18/2017	
14527	UMS Heavy Equipment Rental	-\$764.23	-\$764.23					\$29.22	4/5/2018	
14533	Brochon, Michael	\$80.00	\$40.00	\$40.00				\$465.00	2/17/2017	
14534	Martin, Dwight	\$375.00	\$375.00					\$500.00	3/23/2018	
14535	Young, Dione & Jerry	\$100.00	\$100.00					\$150.00	3/27/2018	

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
14537	Fredrick, Bruce & Dianne	\$465.00	\$245.00	\$220.00				\$440.00	3/27/2018	
14570	Terlaje, Glenn	-\$137.50	-\$137.50					\$137.50	1/4/2018	
14582	Packbier, Paul E.R./PCR GU	\$310.00	\$55.00	\$155.00	\$50.00	\$50.00		\$315.00	4/5/2018	
14610	U.S. Department of Homeland	\$14,508.29	\$14,508.29					\$7,367.80	2/2/2018	
14642	Tristar Terminals Guam, In	\$183,291.17	\$183,291.17					\$16,496.79	4/5/2018	
14656	Pangelinan, Enrique	\$100.00	\$50.00	\$50.00				\$150.00	3/2/2018	
14658	Phillip, Vincer	-\$25.00	-\$25.00					\$300.00	2/22/2018	
14663	Caffry, James W. & Melvia	\$440.00	\$220.00	\$220.00				\$220.00	3/23/2018	
14694	Go Nakane	\$137.50	\$137.50					\$275.00	3/6/2018	
14764	San Jose Investments, LLC		-\$81.93		\$81.93			\$81.93	11/30/2017	
14776	MARAD	-\$169.45	-\$169.45							
14791	Fong, Francis L	-\$260.24	-\$260.24					\$330.00	2/13/2018	
14820	Underwater World	\$425.00	\$212.50	\$212.50				\$212.50	4/3/2018	
14861	Taisacan, Nicholas	-\$220.00	-\$440.00	\$220.00				\$1,125.00	1/24/2018	
14909	Propacific Builder Corpora	\$80.34	\$80.34					\$184.36	2/22/2018	
14963	Castro, Jesse AR	-\$715.00	-\$1,040.00		\$325.00			\$357.50	3/6/2018	
14964	Micronesia Guam Inc.	\$20.00	-\$2,567.14	\$2,567.14				\$2,567.14	12/27/2017	
14968	Nguyen, Hoa Van		-\$30.00	\$50.00				\$960.00	2/22/2017	
15050	PERMARCH GUAM INC		-\$27.31	\$70.00		\$27.31		\$27.31	11/27/2017	
15088	Shida, Paul H.	\$140.00	\$70.00	\$70.00				\$95.00	1/9/2018	
15095	Chen, Steven	\$553.98	\$70.00	\$70.00	\$413.98			\$2,908.89	11/15/2017	
15152	SUNNY SIDE UP GUAM INC.	-\$5,395.00	-\$5,697.50	\$302.50				\$6,000.00	12/22/2017	
15205	RIDLON, DANIEL A	-\$500.00	-\$550.00	\$50.00				\$600.00	1/8/2018	
15207	SOUTH PACIFIC DREAM CORPOR	\$140.00	-\$140.00	\$140.00	\$140.00			\$140.00	4/6/2018	
15290	Murrell, Robert Dan	-\$450.00	-\$550.00	\$50.00	\$50.00			\$600.00	1/29/2018	
15325	Kobayashi, Ronald	\$400.00	\$250.00	\$150.00				\$300.00	4/5/2018	
15326	Campus, Hieu	-\$1,410.00	-\$1,460.00	\$50.00				\$1,560.00	1/18/2018	
15327	Petrick, Phillip R.	\$410.76	-\$12.60	\$141.12	\$141.12	\$141.12		\$410.76	3/13/2018	
15334	KALS Corporation	-\$48,264.10	-\$52,788.85	\$1,508.25	\$1,508.25	\$1,508.25		\$2,714.94	4/2/2018	
15360	Telegam Holdings, LLC DBA	\$2,100.00	\$1,050.00	\$1,050.00				\$1,050.00	12/11/2017	
15370	J524 Inc./Layla Dolphin Cr	\$1,850.00	\$680.00	\$680.00	\$490.00			\$680.00	4/9/2018	
15428	Stewart, Michael	\$550.00	\$275.00		\$137.50			\$825.00	4/5/2018	
15433	Pleske, Burghard	\$150.00	\$150.00					\$900.00	3/1/2018	
15467	Baird, Austin & Belinda	\$260.00		\$260.00				\$260.00	4/2/2018	
15475	Tropical Island Marine Spo	\$1,888.50	\$250.70	\$583.70	\$583.70	\$470.40		\$800.00	3/16/2018	
15480	L & P Corporation	-\$0.05	-\$0.05					\$255.25	8/18/2016	
15511	Anderson, Mark A.	-\$137.50	-\$137.50					\$137.50	3/30/2018	

ACCT #	NAME	OPEN	CURRENT	31 - 60	61 - 90	91 - 120	Over 120	Amount	Date	REMARKS
15526	Ovalles, Victor	\$275.00	\$137.50	\$137.50				\$137.50	3/26/2018	
15529	Santiago, Tarcisia	-\$50.00	-\$50.00					\$50.00	2/14/2018	
15532	APL Guam	\$152.70	\$152.70					\$109.35	11/6/2017	
15537	Fitzgerald, Stephen	-\$50.00	-\$50.00					\$50.00	1/27/2017	
15548	Makana Fishing Charters	\$175.00	\$87.50	\$87.50				\$350.00	3/12/2018	
15579	Triple J Five Star Wholesale		-\$382.34			\$382.34		\$382.34	11/3/2017	
15582	Shavers, George Kenneth	\$162.58		\$162.50	\$0.08			\$1,430.00	5/17/2017	
15592	Tedatdao, Connie	\$137.50			\$137.50			\$412.50	11/22/2017	
15593	Guam Ocean Adventures, LLC	\$188.71		\$188.71				\$188.71	3/12/2018	
15594	Mcvey, Troy	-\$137.50	-\$275.00					\$412.50	3/21/2018	
15597	Gorman, John T.	-\$50.00	-\$50.00	\$137.50				\$50.00	6/13/2017	
15600	Island BreatH	\$2,858.24	\$2,858.24					\$12,555.84	1/24/2018	
15612	Churchill, Charles D.	-\$727.00	-\$727.00					\$800.00	3/22/2018	
15613	Driscoll, Myles O./Kelly L	\$220.00	\$220.00					\$220.00	1/25/2018	
15621	Sage, Anthony	\$440.00	\$220.00	\$220.00				\$220.00	3/27/2018	
15631	Quintanilla, Randy M.	-\$100.00	-\$100.00					\$100.00	1/12/2018	
15663	Okeanos Marianas	\$250.00				\$250.00				
15664	Cook, David S.	-\$10.00	-\$10.00					\$10.00	11/29/2017	
15674	Ching, Donald	-\$50.00	-\$50.00							
15676	Join Corporation		-\$245.79	\$245.79				\$245.79	12/28/2017	
15677	Reinhardt, Kyle Christophe	-\$65.00	-\$65.00					\$15.00	2/20/2018	
15679	Bitanga, Elizabeth Ann		-\$256.88	\$256.88				\$256.88	1/4/2018	
15680	Brady, Leo		-\$287.30	\$287.30				\$287.30	1/4/2018	
15681	Brown, Michael L.	\$0.50		\$0.50				\$0.50	3/26/2018	
15692	Jg, Myeongseon	-\$137.50	-\$137.50					\$783.21	3/1/2018	
15693	Sanchez, Jesse J.	-\$50.00	-\$50.00					\$50.00	2/2/2018	
15694	Hocog, Gerry J.	-\$50.00	-\$50.00							
15695	Yanto, Alan L.	-\$50.00	-\$50.00					\$50.00	2/7/2018	
15697	Linden Dolphin Cruise	\$187.09	\$187.09					\$1,621.47	2/19/2018	
15698	Poseidon's Maidens Charter	\$637.50	\$425.00	\$212.50				\$212.50	3/21/2018	
15699	Shut Up and Fish Guam	\$262.50	\$175.00	\$87.50				\$350.00	3/27/2018	
15700	Bass, Janie D.	-\$50.00	-\$50.00					\$50.00	2/26/2018	
15702	Kim, Rebecca Hye Min	-\$50.00	-\$50.00					\$50.00	2/27/2018	
	Total	\$7,372,834.36	\$6,010,540.79	\$132,097.69	\$347,873.06	\$234,415.78	\$647,907.04			

Supplier	Supplier Name	Phone	Co	Balance Open	Current	61	90	91	120	Aging	121	Over
13280	America's Best El	671 6476674/75500	00050	3569.00	3569.00							
1805	American Printing	671 6467873/BROMY	00050	125.00	125.00							
12215	American Supply	671 6464371(ERIC)	00050	1121.00	1121.00							
1845	Arts and Frames G	671 6461779	00050	495.00	495.00							
14337	ALAN SEARLE & ASS	671 6424707	00050	3800.00	3800.00							
15262	AWESOME HARDWARE	671 787-2663	00050	6781.90	6781.90							
11768	Benson Guam Enter	671 4777562(SALLY)	00050	1218.93	1218.93							
12239	Best American Too	671 6465058(ELMA)	00050	339.65	339.65							
14827	Blue Bay Petroleum	671 6328283	00050	2400.00	2400.00							
14660	BHR Micronesia Co	671 6332361	00050	70599.20	70599.20							
14995	BME & Son Inc.	671 6323338/63754	00050	67442.68	67442.68							
1870	BROWN, JOANNE M.	671 7894233	00050	1698.75	1698.75							
11831	Cash		00050	664.19	664.19							
11334	Code 1 Law Enforc	671 6490022/MATTHE	00050	2718.00	2718.00							
12241	Corral Reef Marine	671 6464895	00050	598.80	598.80							
11971	CALVO OSCAR		00050	50.00	50.00							
14299	CANTON CONSTRUCTI	671 6888882	00050	29012.38	29012.38							
11778	Dewalt Trans Serv	671 6464442/64818	00050	1947.66	1947.66							
7798	Diamond Auto Part	671 6494234/64605	00050	198.70	198.70							
14052	Fair East Equipmen	671 8886270/JOHNL	00050	36106.06	36106.06							
14763	Fastenal Company	671 6481406	00050	1538.35	1538.35							
11954	First Class Trav	671 6491543/5	00050	646.60	646.60							
9030	Foremost Crystal	671 6499782	00050	793.50	793.50							
11471	Gov't of Guam Ret	671 7342196	00050	1113106.12	1113106.12							
11330	Government of Gua	671 4758951/2	00050	88541.47	88541.47							
7747	Guahan Waste Cont	671 6459183	00050	8999.74	8999.74							
14507	Guam Home Center	671 6324442	00050	134.99	134.99							
7851	Guam Power Autho	671 6529909 (AGANT)	00050	98003.59	98003.59							
12126	Guam Waterworks A	671 6477800 (ROSE)	00050	129382.08	129382.08							
15288	GuamWBZ	671 6477167	00050	1026.67	1026.67							
5670	GUAHAN VENTURES,	671 4287055	00050	400.00	400.00							
2019	GUERRERO, KODY F.	671 727-3873	00050	350.00	350.00							
14761	G45 Security Syst	671 6468341	00050	689677.48	689677.48							646621.00
14920	Heavy Equipment P	671 64888401	00050	14255.92	13705.92							550.00
14320	Home Depot (The)	671 6480440	00050	1655.99	1655.99							
9187	Hydra-Air Pacific	671 6458844/5844N	00050	4000.00	4000.00							
13800	HAWTHORNE PACIFIC	671 6465918 (RICH)	00050	491.20	491.20							
9152	HFP Industrial PR	671 6470345	00050	670.48	670.48							
13092	I Connect	671 8888888/88875	00050	7795.67	7795.67							
9224	Island Equipment	671 6465261/64652	00050	1124.20	1124.20							
2021	IRIARTE, JACOB O.	671 482-9546	00050	350.00	350.00							
15034	IT&E		00050	17.81	17.81							
9291	J.V. Internationa	671 6469524/9540	00050	849.45	849.45							
13703	J&B Modern Tech.	671 6460588	00050	17175.00	17175.00							
9312	Jack Peters & Com	671 6461241/7349	00050	985.75	985.75							
14946	JTC Services Guam	671 4733000	00050	1619.70	1619.70							
11789	Kautz & Sons Glas	671 6320311	00050	1280.00	1280.00							
12199	Kilroy	671 4726390 (JOHNT	00050	165.00	165.00							
7376	Matsun Navigation	671 4459661-CSD 4	00050	54425.21	54425.21							
11929	MegaByte	671 6499698	00050	472.00	472.00							
15490	Mendiola, Melanie	671 6491947/FRANK	00050	50.00	50.00							
10250	Merrico Equipment	671 682-2564	00050	23826.40	10195.00							13631.40
2022	MEKES, LEANN M.	671 969-2595	00050	350.00	350.00							
2024	MIZUSAWA, KIRI K.	671 969-2595	00050	350.00	350.00							
13686	MJM (Guam) Intern	671 6464396	00050	946.00	946.00							

**PORT AUTHORITY OF GUAM  
Budget Transactions**

In the January 31, 2013 board meeting, Acting General Manager requested authorization from the Board of Directors to allow management to lift quarterly budget and be able to transfer money within divisions budget to give them the flexibility to manage their division. The Board of Directors approved the above request provided that the request be documented and that the Board be informed. Therefore, below are the current transactions.

**Budget Lifts:**

Memo	Division	Request	Acct. No.	Annual Budget	Quarterly Budget	Used as of 2/28/18	pending requisitions/PO's	Reason
2/1/2018 Trans		Lift 3rd & 4 th	300.8366.SFTYEQPT	15,000	3,750	-		For requisitions
2/1/2018 Trans		Lift 4th	332.8114	261,000	65,250	185,166		Needed for OT
2/13/2018 Maint		Lift 4th	423.8524	75,000	18,750	24,969		Needed to commit funds
2/13/2018 Trans		Lift 4th	330.8114	54,000	13,500	41,639		Needed for OT
2/20/2018 Maint		Lift 3rd & 4 th	412.8366.SHPEQPT	3,750	938	-		Needed for requisition
2/21/2018 Engineer		Lift Annual	640.8366.OFCEQPT	10,000	2,500	-		Needed to purchase office furniture for newly renovated area
2/22/2018 Trans		Lift 3rd	333.8114	30,000	7,500	13,149		Needed for OT
2/22/2018 Maint		Lift 3rd	414.8114	45,000	11,250	23,931		Needed for OT
2/23/2018 Port Police		Lift 3rd & 4 th	122.8366.SFTYEQPT	2,000	500	-		Needed for requisition
2/27/2018 HR		Lift 3rd & 4 th	620.8675	80,000	20,000	50,899		Needed for Travel
2/28/2018 Finance		Lift Annual	681.8366.OFCEQPT	2,500	625	1,438		Needed for Typewriter
2/26/2018 Port Police		Lift 4th	122.8114	200,000	50,000	106,699		Needed for OT

**Divisional Transfers:**

Memo	Division	Request	Acct. No.	Amount	Reason
2/2/2018 Crane		70.8392.MATPARTS	70.8390/1.MATPARTS	46,476.44	Commit to G5&6 to cover shortage
2/12/2018 Maint		423.8524	423.8114	18,000.00	Needed for OT
2/21/2018 Trans		330.8524	330.8521	600.00	Tr from Operation to Office Supply to cover shortage





# PORT AUTHORITY OF GUAM

<b>Crane Surcharge</b>					<b>9.50%</b>	<b>BOG 0101-330971 50.1122.BOGCRANE</b>	
<b>60.5851</b>					<b>Sinking</b>	<b>Bank Bal.</b>	
<b>Date</b>	<b>Description</b>	<b>Amount</b>	<b>Balance</b>	<b>Remarks</b>	<b>Fund</b>	<b>Amount</b>	<b>Date</b>
9/30/2017	Balance Forwarded		(908,173.42)		3,926,567.26	4,883,632.60	
10/20/2017	Loan Payment	(101,426.79)	(1,009,600.21)				
10/31/2017	Pola Insurance Prem	(260,000.00)	(1,269,600.21)			204,190.30	10/4/2017
10/31/2017	Revenues	494,843.35	(774,756.86)			344,045.55	10/25/2017
10/31/2017	Depreciation	\$ (66,666.67)	(841,423.53)			544.41	10/31/2017
10/31/2017	Pola 14 Exp 70.8390	(8,866.77)	(850,290.30)				
	Pola 16 Exp 70.8391	\$ (13,274.48)	(863,564.78)				
	Pola 17 Exp 70.8392	\$ (8,334.50)	(871,899.28)				
10/31/2017	Reserve	\$ (47,010.12)	(918,909.40)		47,010.12		
	PMC	\$ -	(918,909.40)				
11/20/2017	Loan Payment	(101,426.79)	(1,020,336.19)			140,800.00	11/14/2017
11/30/2017	Revenues	496,645.40	(523,690.79)			23,655.86	11/22/2017
11/30/2017	Depreciation	\$ (66,666.67)	(590,357.46)			566.15	11/30/2017
11/30/2017	Pola 14 Exp 70.8390	(18,535.85)	(608,893.31)			468,998.64	11/30/2017
	Pola 16 Exp 70.8391	\$ (14,875.66)	(623,768.97)				
	Pola 17 Exp 70.8392	(17,380.50)	(641,149.47)				
11/30/2017	Reserve	(47,181.31)	(688,330.78)		47,181.31		
	PMC	-	(688,330.78)				
12/20/2017	Loan Payment	(101,426.79)	(789,757.57)				
12/31/2017	Revenues	589,306.12	(200,451.45)				
12/31/2017	Depreciation	\$ (66,666.67)	(267,118.12)				
12/31/2017	Pola 14 Exp 70.8390	(4,152.73)	(271,270.85)				
	Pola 16 Exp 70.8391	\$ (8,209.20)	(279,480.05)			381,241.16	12/6/2017
	Pola 17 Exp 70.8392	\$ (4,967.32)	(284,447.37)			185,924.31	12/20/2017
12/31/2017	Reserve	\$ (55,984.08)	(340,431.45)		\$ 55,984.08	23,964.24	12/29/2017
	PMC	-	(340,431.45)			683.67	12/31/2017
1/20/2018	Loan Payment	(101,426.79)	(441,858.24)				
1/31/2018	Revenues	460,338.30	18,480.06				
1/31/2018	Depreciation	\$ (66,666.67)	(48,186.61)				
1/31/2018	Pola 14 Exp 70.8390	(51,670.59)	(99,857.20)			706.77	1/31/2018
1/31/2018	Pola 16 Exp 70.8391	\$ (60,425.57)	(160,282.77)				
1/31/2018	Pola 17 Exp 70.8392	\$ (26,388.23)	(186,671.00)				
1/31/2018	Reserve	(43,732.14)	(230,403.14)		43,732.14		
1/31/2018	PMC	\$ (38,738.71)	(269,141.85)				
2/20/2018	Loan Payment	(101,426.79)	(370,568.64)				
2/28/2018	Revenues	\$ 451,382.86	80,814.22				
2/28/2018	Depreciation	\$ (66,666.67)	14,147.55				
2/28/2018	Pola 14 Exp 70.8390	(16,808.51)	(2,660.96)				
2/28/2018	Pola 16 Exp 70.8391	\$ (13,141.30)	(15,802.26)				
2/28/2018	Pola 17 Exp 70.8392	(6,634.69)	(22,436.95)				
2/28/2018	Reserve	(42,881.37)	(65,318.32)		\$ 42,881.37	638.52	2/28/2018
2/28/2018	PMC	\$ (8,374.00)	(73,692.32)				
					4,163,356.28	6,659,592.18	

PORT AUTHORITY OF GUAM  
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
<b>PROFESSIONAL SERVICES</b>									
1	N.C. Macario & Assoc.	A/E Design and Consulting Services	RFP-016-002	Engineering	2 years with option to renew for 1 additional year	10/27/16 to 10/26/18	10/26/2019	10/26/2018	Not to exceed \$480,000.00
2	G4S	Implementation & Integration of TOS	RFP-013-004	IT	5 years	2014 to 2019	2019	2019	TO2 - \$4.4Million
3	A1 - Guam WEBZ	Web Development, Hosting, Support and Maintenance Svcs	RFP-014-006	IT	3 yrs w/ options NTE 5yr	04/03/2015 to 04/02/2018	4/2/2020	4/2/2018	Fees based on rates
4	Alan Searle	Classification Position Maintenance	RFP-014-001	HR	1 yr w/ option NTE 5 yr	06/01/14 to 05/31/15	5/31/2019	5/31/2018	\$73,000.00
5	AM Insurance	Insurance Coverages	GSA/PAG-020-17	Finance	5 years	10/01/2017 to 09/30/2022	9/30/2022	9/30/2018	Premium based
6	AM Insurance	Workers Compensation Coverages	GSA-001-15	Finance	1 year - 2017 to 2018	8/1/2017 to 7/31/2018	7/31/2018	7/31/2018	\$50,000.00
7	Matson	Workers Technical Support Services	RFP-016-003	EGMR	Extended to 5/4/2018	11/4/16 to 11/3/17	5/4/2018	11/3/2017	490,000.00
8	Bank of Guam	Banking Services	RFP-014-004	Finance	5 years	6/1/14 to 5/31/19	5/31/2019	5/31/2019	Fees based on rates
9	IRIS, LTD	Risk Management Consultant	RFP-014-005	Finance	Extended to 12/31/17	11/12/14 to 11/11/17	12/31/2017	11/11/2017	Expired
10	OMEGA Safety	OSHA Training & Certification Services for Maritime Terminal Operations	RFP-017-003	Human Resources	1 yr w/options NTE 5 years				Draft Contract at Legal for Review
11	Pacific Human Resources, Inc.	Drug Free Workplace Program	RFP-015-002	Human Resources	3 yr. w/ 2 options NTE 5 years	03/19/15 to 03/18/2018	3/18/2020	3/18/2018	Fees based on rates
12	Phillips & Bordallo	Legal Services	RFP-015-004	Corporate	1 yr w/options NTE 4 years	06/17/15 to 06/16/2016	6/16/2019	6/16/2018	Fees based on rates
13	TakeCare dba: FHP	Medical Examination Services	RFP-017-002	Human Resources	3 yr. w/ 2 options NTE 5 years	9/21/17 to 9/20/20	9/20/2022	9/20/2020	Fees based on rates
14	Pro Marine Technology	Underwater Assessment & Inspection Services	RFP-015-001	HarborMstr	2 yrs w/ 3 options NTE 5yr	07/17/15 to 07/16/2017	7/16/2020	7/17/2018	Task Order Based
15	Tristar Terminals, Inc.	M & O of F-1 Fuel Pier Facility	RFP-013-003	Engineering	5 years	04/01/14 to 03/31/19	3/31/2019	3/31/2019	Fees based on rates
16	Unitek Environmental-Guam	Environmental Consulting Services-SWPP Compliance	RFP-014-002	Engineering	1 yr w/ option NTE 5 yr	07/01/14 to 06/30/15	6/30/2019	7/1/2018	Task Order Based
17	Deloitte & Touche, LLP	Annual Independent Audit Services	RFP-015-005	Fiscal	FY15, FY16, FY17	FY15, FY16 and FY17	Completion of FY17	FY17	\$45,000.00
18	Parsons Brinckerhoff	OAE - Owner Agent Engineer	RFP-015-003	Planning	1 yr w/ 4 options NTE 5 yrs	9/9/15 to 9/8/16	9/8/2020	9/8/2018	\$1.38mil
19	Nick Captain and Assoc.	Appraisal Consulting Services	RFP-016-001	Commercial	3yrs w/2 options NTE 5yrs	4/13/16 to 4/12/19	4/12/2021	4/12/2019	Task Order Based



**Port Authority of Guam  
Capital Improvement Projects  
Engineering Division  
Summary Status**

As of April 16, 2018

Fact Sheets No. 70

<b>Project:</b>	<b>Marine SLE Project, Wharf Repairs</b>
Project No.:	IFB No. PAG-CIP-014-005
Project Amount:	\$4,541,635.00
Funding Source:	Port Authority
Contractor:	BME & Sons, Inc.
Construction Manager:	EMPSCO & Port Engineering/CIP Division
Notice to Proceed:	January 5, 2015
Project Completion:	May 17, 2016
Work Status:	Project completed. Contractor disputing Change Order No. 6. Pending status on Contractor and PAG Management.

<b>Project:</b>	<b>Design and Construct Canopies for EQMR Fleet, Drum Lot and Top Loader Area</b>
Project No.:	IFB No. PAG-CIP-016-001
Project Amount:	\$198,000.00
Approved Change Order	\$2,598.83
New Contract Amount	\$200,598.83
Funding Source	Port Authority - FMF
Contractor:	Canton Construction Corporation
Construction Manager:	PAG Engineering & EQMR Manager
Notice to Proceed:	June 15, 2016
Project Completion:	February 10, 2017
Work Status:	100 % Completed -Pending new Punch list item as per G.M. Site inspection 10/20/17. Canopy "C" under warranty repair. Contractor remove damage canopy fabric for repair on Dec. 2, 2017. As of 03/20/18 Canton Const. will take 1 week to repair the canopy fabric. Canton Const. resume work 4/12/18 for Canopy "C" Installation of repaired canopy fabric until completion of warranty work.

<b>Project:</b>	<b>Container Yard Asphalt , Concrete Pavement and Fire Hydrant Valve Repairs</b>
Project No.:	IFB No. PAG-CIP-017-002
Project Amount:	\$2,770,379.98
Funding Source:	Port Authority - FMF
Contractor:	Korando Corporation
Construction Manager:	PAG Engineering
Notice to Proceed:	To Be Determine
Project Completion:	To Be Determine
Work Status:	PAG issued intent to award to Korando Const. Contractor to submit bonding documents.

<b>Project:</b>	<b>A/E Design Consultant Services</b>
Project No.:	RFP No. PAG-016-002
Project Amount:	IDIQ Contract
Funding Source:	Port Authority
A/E Consultant:	N.C. Macario & Associates
Construction Manager:	N.C. Macario & Associates
Notice to Proceed:	Sept. 30, 2016
Project Completion:	Sept. 29, 2018 w/ 1 year option to extend from PAG
Work Status:	PAG currently working Task Order No. 3 for C.M. Management for Cont. Yard Concrete/Asphalt Pavement and Fire Hydrant Repair

<b>Project:</b>	<b>Design Built for the Renovation of PAG Engineering, Safety and Stevedoring Offices</b>
Project No.:	IFB No. PAG-CIP-017-001
Project Amount:	\$349,000.00
Approved C.O. No.1	\$76,1295.84
Approved C.O. No. 2	\$23,720.49
New Contract Amount	\$449,016.33
Funding Source:	Port Authority
Contractor:	Pro Pacific Builders Corporation
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	July 11, 2017
Project Completion:	03/22/2018
Work Status:	100% Completed. Final Invoice No. 8 routing for signature.

<b>Project:</b>	<b>Container Yard Trench Drain Repair</b>
Project No.:	TBD
Project Amount:	TBD
Funding Source:	TBD
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Procurement preparing bid documents for advertisement.

<b>Project:</b>	<b>A/E Design Consulting Services for New Port Administration Complex</b>
Project No.:	RFP PAG-CIP-017-001
Project Amount:	\$375,000.00
Funding Source:	Port Authority
Designer:	TBD
Construction Manager:	TBD
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Pending designation of Evaluation Committee for A/E selection.

<b>Project:</b>	<b>Removal, Supply and Installation of 3 each Manual Roll-up Door at WH1 Crane Mechanic Area</b>
Project No.:	IFB No. PAG-CIP-017-003
Project Amount:	\$111,900.00
Approved C.O. No.1	\$2,882.00
Funding Source:	Port Authority & Federal Grant (PSGP)
Contractor:	BBR Micronesia Corporation
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	November 6, 2017
Project Completion:	6-Apr-18
Work Status:	100 % Completed. Closed.

<b>Project:</b>	<b>Supply and Install 13 Ea. 480 Watts LED Flood Light Fixtures</b>
Project No.:	Request for Quotation
Project Amount:	\$35,879.00
Funding Source:	PAG and Port Security Grant Program (Federal)
Contractor:	A.B. MER Construction Corp.
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	90 calendar days
Work Status:	Flood Lights Fixtures arrived 4/11/18. Contractor started installation of Flood light fixtures in Cabras Marine 4/12/18 to continue until project completion scheduled on May 6, 2018.

<b>Project:</b>	<b>Design Build to Supply and Install New 8,000 Gals. Double Wall Fuel Tank with Fuel dispenser and Complete Appurtenances</b>
Project No.:	TBD
Project Amount:	TBD
Funding Source:	PAG FMF
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	PAG Procurement , Engineering and Transportation Division conducted a Bid opening last 2/09/18 on this project. Four (4) bidders submitted their proposals and Pro Pacific is the Lowest bidder in the amount of \$ 272,000.00 followed by Korando at \$287,000.00 and IAN Const at 292,087.61. A shortfall of \$160,000.00 is requested for board meeting approval from FMF budget.

<b>Project:</b>	<b>Harbor of Refuge Pump Station and Installation of Waste Water Injector Pump</b>
Project No.:	TBD
Project Amount:	TBD
Funding Source:	Dept. of Agriculture Fish and Wild Life Boating Grant
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Awaits MOU approval from Attorney General and Governor.

<b>Project:</b>	<b>Harbor of Refuge Installation of Mooring Blocks</b>
Project No.:	TBD
Project Amount:	TBD
Funding Source:	Dept. of Agriculture Fish and Wild Life Boating Grant
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Awaits MOU approval from Attorney General and Governor

<b>Project:</b>	<b>Demolition of Dock "B" in AGAT Marina</b>
Project No.:	TBD
Project Amount:	TBD
Funding Source:	Dept. of Agriculture Fish and Wild Life
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Bid Opening was conducted on April 13, 2018. Based on the initial bid amount Canton Const. Submitted the Lowest bid amount of \$48,678.00 followed by IAN Const in the amount of \$116,000.00 and Primo's heavy Equipment with the amount of \$117,500.00. PAG Procurement to finalize review of Bid documents.

<b>Project:</b>	<b>Repair of Mobil Pipeline Concrete Pipe Support and Repainting of All Fuel Pipeline Gate Valves, Flanges, Bolts and Nuts</b>
Project No.:	Request for Quotation
Project Amount:	TBD
Funding Source:	PAG Engineering/CIP Division
Contractor:	TBD
Construction Manager:	PAG Engineering/CIP Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Scope of work under Final review by Engineering Manager.



**FY-18 WORK INJURY REPORT**  
 (01/01/18 to 12/31/18)

<u>Divisions</u>	<u>*Lost-time</u>	<u>**Recordable</u>	<u>*** Refused Treatment</u>
Stevedoring	2	0	0
Transportation	1	0	0
Terminal	0	0	0
EQMR	0	0	0
Others	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Work Injury Summary for this reporting period: 4/6/2018**

**Total Injuries for FY-18 to date: 3–Injury**

**3-- Lost-time**

**0 – Recordable**

**0 – Refused Medical Attention**

**Last disabling work injury was on: 4/2/18**

**Number of days since last disabling work injury: 4-days**

**Note: PAG best record was 222 days or 7 months w/o a disabling work injury**

**\*Lost-time** = If an employee was injured on the job and medical doctor sent him/her home, his/her injury is considered a lost-time.

**\*\*Recordable** = If an employee was injured on the job and medical doctor treated him/her and released him/her back to work on the same day (Recordable because of medical charges).

**\*\*\*Refused Medical Attention:** Filed WC Forms 201 & 202 for record purposes only.

# **General Manager Report**

**To**

## **PAG Board of Directors**

**Thursday, April 19, 2018**

### **PUC Hearing Scheduled for Sale of Port Revenue Bonds**

The Public Utilities Commission has scheduled its next regular business meeting for Thursday, April 26, 2018 at 6:30 p.m. at the GCIC Building in Hagatna. The Ports petition for the approval of the sale of the Port Revenue Bonds has been included on the agenda.

PAG Docket 18-03, Petition for Approval of Issuance and Sale of Revenue Bonds, ALJ Report, and Proposed Order

Port management will be in attendance at this meeting and report back to the Board the decision of the PUC. In order to make the proposed timelines for the rating of the bonds and marketing by June of this year, the Port is hopeful that the PUC will approve the Port's petition during its April meeting. The Deputy GM for Administration and Finance Alfred Duenas and Program Coordinator IV Joy Jean Arceo have been the lead points of contact in facilitating the coordination between the bond consultants, bond counsels, Port's consultants, GEDA and the PUC.

The Board Members are also invited to attend this PUC hearing as PUC approval of the bonds will be the first time in the Port's 43 year history as an autonomous agency to undertake such a significant financing initiative to address critical infrastructure at the Port of Guam.

### **Supreme Court of Guam Schedules Oral Arguments Hearing on YTK**

Port management received notice on Friday, April 6, 2018 from Port Legal Counsel Mike Phillips that the Supreme Court of Guam has scheduled its hearing for Oral Arguments on the YTK case for Thursday, June 14, 2018 at 2:00 p.m. in the afternoon.

Port management will be in attendance and Board Members are also encouraged to attend if their schedules permit.

## **Bond Meeting to Finalize Indenture Documents**

The GM along with the Deputy for Administration and Finance Alfred Duenas and Program Coordinator IV Joy Jean Arceo attended the two day bond meeting in San Francisco from Wednesday, March 14, 2018 to Thursday, March 15, 2018 to further review and discuss remaining issues with the Preliminary Official Statement (POS), Indenture Documents and Engineer's Report. Attending on behalf of GEDA was Administrator Jay Rojas and Public Finance Manager Tina Garcia. Also attending on behalf of WSP, Port's Owner/Agents were Project Manager Robert Johansen, Lead Financial Analyst Louis Wolinetz, Senior Planner – Maritime Division Shannon McLeod, Financial Modeler Sakib Bin Salam (teleconference participant.) Attending on behalf of Orrick were Bond Counsel John Wang, Managing Associate Erin Pham, Senior Associate Christine Rankin and of Counsel Greg Blonde. Attending on behalf of Citigroup were Senior Managing Underwriter Tim Rattigan and Director of Public Finance Stephen Field. Attending on behalf of RBC was Managing Director Greg Dawley. Attending on behalf of Kutak Rock were Partner Roy Koegen, Senior Partner Michael Reppe (teleconference participant) and Paralegal Debbie Haskins and Debbie Haskins.



**Group Meeting at Orrick's office in San Francisco, CA. L-R: Deputy General Manager of Admin/Finance Alfred Duenas, GEDA Administrator Jay Rojas, GEDA Public Finance Manager Tina Garcia, CitiGroup Senior Managing Underwriter Tim Rattigan, Director of Public Finance Stephen Field.**



**L-R: WSP Lead Financial Analyst Louis Wolinetz, WSP Senior Planner for Maritime Division Shannon McLeod, Orrick Senior Associate Christine Rankin, Orrick Managing Associate Erin Pham, Kutak Rock Partner Roy Koegen.**

The items on the agenda for this two day meeting included a detailed review of the most recent version of the draft POS, updated draft Bond Indenture Document and a review by section of the draft WSP Engineering Report.

On the second day, the agenda was focused on reviewing the outline for the Rating Presentation that is anticipated to occur in mid-May 2018. The draft agenda includes an economic update on visitor arrivals, construction projects, and activities related to the military buildup. An overview of the Port Authority of Guam will be provided to include its organizational structure, cargo activity, and financial reports. In addition, the Rating Presentation will include a Summary of the Bond Indenture, the Port's Capital Improvement Program (CIP), Summary of the consulting Engineer's Report and Summary of the 2018 Bonds. The proposed items listed were agreed to and accepted for the Bond Rating Presentation. The group also agreed to continue its coordination efforts to address any outstanding questions or updates with regards to the respective documents.

Since the San Francisco meeting, in addition to numerous email communications among the respective parties, two formal teleconferences were held on Monday, March 26, 2018 and Thursday, April 5, 2018.

### **Governor Rescinds Furlough and Administrative Leave Restrictions**

On Monday, April 16, 2018, Governor Eddie Calvo signed Circular No. 2018-36 to rescind Circular No. 2018-30 that had been previously signed on Wednesday, March 14, 2018 that restricted Administrative Leave on for the following activities:

1. Jury duty
2. Military duty
3. Parental leave for child school-related activities as authorized by P.L. 34-85;
4. Attendance at off-island and on-island official meetings or training events.

The Governor's Office also sent out a concurrent notice that the implementation for the furlough procedures government wide has also been rescinded. As such the Port will suspend any further action to move forward with the implementation of a furlough notice for its employees.

### **Meeting with MARAD on Cooperative Agreement and TIGER Funding**

On Thursday, March 8, 2018, the GM and Vice Chairman Oscar Calvo attended a meeting with MARAD at the U.S. Department of Transportation to discuss the status of the Port's TIGER award and a Cooperative Agreement to commence needed repairs for the expanded Yard that

was originally administered by MARAD and completed in December of 2015. Attending the meeting on behalf of MARAD were Grant Supervisor David Bohnet and Grant Specialist Jeff Baldwinsson.

During the meeting the Grant Supervisor Bohnet provided a copy of the latest draft versions of the Grant Agreement for TIGER and a Cooperative Agreement for the repairs to the expanded Yard. MARAD and the Port had agreed to finalize both documents by April 2018. The grant award for TIGER is currently awaiting the approval of the NEPA permit so that an updated schedule can be included in the agreement for respective signatures. The draft Cooperative Agreement is close to being finalized and was awaiting updated estimates on the cost to procure four new Top Lifters. The remaining fund for the construction of the Port's Modernization Program was originally at \$2.4 million prior to a final audit. At the request of Chairman Frank Santos and at the concurrence of the MARAD Administrator, the bulk of the funds will be used to purchase the equipment and the remaining funds would be used to address repairs to the expanded Yard.



**L-R: MARAD Grant Supervisor David Bohnet, MARAD Grant Specialist Jeff Baldwinsson, Board Vice Chairman Oscar Calvo.**

The GM responded that the Port is ready to move forward with the completion and signature of both documents with a pending final review between the Port's Planning Division and MARAD. She provided an update on the Port's Bond Schedule and relayed that she had just+ attended a meeting in San Francisco the previous week to review the latest draft of the Port's Preliminary Official Statement and Indenture Documents. If all goes according to schedule, the Port anticipates Bond Ratings by mid-May 2018 and plans to go out to market by June of 2018. The GM also stated that the Port should be able to move forward in finalizing the grant and Cooperative Agreement by April. She then went on to discuss the repair work that was provided by Black Construction and stated that the Port documented these repairs for MARAD's review and removal of these projects previously from the outstanding items list.

Grant Specialist Baldvinsson responded that in relation to the repairs to the expanded Yard, he would be the designated official to conduct the inspection and verify the completion of the work for MARAD. The GM responded that the Port will work cooperatively to insure the needed repairs are properly corrected and officially completed.

Grant Supervisor David Bohnet went on to discuss the need to insure that the new construction and repair work meet the "Buy America" requirement. The GM responded that this requirement would be included in the bid specifications so that potential bidders would be aware of this requirement.

Grant Supervisor Bohnet relayed that he along with Associate Administrator for Ports & Waterways Lauren Brand would be visiting the Port of Guam on Thursday, May 3, 2018 to follow-up on the Port's progress and the commencement of the Grant and Cooperative Agreement. The GM responded that the Port has added this upcoming meeting to its agenda.



**Board Vice Chairman Oscar Calvo in front of U.S. Department of Transportation Building.**

Vice Chairman Calvo relayed that the Port of Guam is very pleased with the positive working relationship that has been established with MARAD and the benefits that have been gained to accommodate additional cargo movement as a result of the Port Modernization Plan. This would include moving cargo for the local and military community. He went on to discuss the improvements to Port operations and the upgraded capacity within the Port Yard. He also extended his appreciation to MARAD for their support to fund the acquisition of additional Top Lifting equipment and address the needed repairs to the expanded Yard.

Prior to the conclusion of the meeting, the GM stated that the Port will submit an updated draft for both the grant and Cooperative Agreement to MARAD for their review and concurrence. Once a final agreement has been made on the respective language contained in both documents, the Port would finalize the documents for signature in April.

**MARAD Increases Federal Obligation to pay for Port Top Lifters**

On Friday, March 30, 2018, the GM was informed by Grant Specialist Jeff Baldwinsson that the final dashboard for the Port Modernization Projects had a remaining balance of \$2,659,422.00 instead of \$2.4 million that had been previously referenced. During the Board's last meeting that was held on Thursday, March 29, 2018, the GM had requested the Boards approval of \$444,528.00 for the procurement of a fourth (4<sup>th</sup>) Top Lifter as it was anticipated the remaining Enterprise funds would not cover the increase cost.



Grant Specialist Baldvinsson relayed and confirmed that MARAD was increasing its Federal obligation to cover the full amount of \$2,844,530. This is an additional \$185,108.00 that has been added to cover the anticipated cost to address the repairs of the expanded Yard and procure four (4) new Top Lifters to increase the Port capacity to move cargo. This is indeed good news for the Port of Guam!

#### Meeting with Chairman on Guam-U.S. Military Buildup, Infrastructure, and Transportation

On Monday, April 9, 2018, the GM and Deputy GM for Administration and Finance Alfred Duenas met with the Port Oversight Chairman for the Guam-U.S. Military Buildup, Infrastructure, and Transportation Senator Frank Aguon to provide him a status up on the Port's Bond initiative. The GM discussed the recent meeting in San Francisco to finalize the Preliminary Official Statement (POS), Indenture Documents and Engineer's Report. Deputy GM Duenas also discussed the anticipated scheduled for both the Port and GEDA Boards to approve their respective resolutions to approve the bond documents to move forward and the concurrent need for a favorable approval from the Public Utilities Commission to move the bonds forward for ratings in May and marketing of the bonds by June of 2018.

The GM thanked Senator Aguon for his assistance in sponsoring and spearheading the passage of the bond legislation. She stated that the Port will continue to provide his office updates on the bond status over the next couple of months.

The GM also discussed the introduction of Bill No. 252-34 by Senator Telenia Nelson to place a moratorium on the Port's bond initiative. The GM stated that the Port is in strong opposition to the bill as it will adversely impact the ability of the Port to address repairs and upgrades to existing Port infrastructure and its ability to consistently service cargo operations. The GM also discussed the introduction of Bill No. 257-34 to eliminate the tax exemption on liquid fuel transshipped through Guam and also reiterated the Port's opposition to this bill as it will impact the volume of fuel that is brought through the Port and then transported out to the region. The GM relayed that the Port will provide its public testimony once these bills are scheduled for public hearing.

#### **Legislative Hearing on FY 2019 Port Budget**

On Thursday, April 12, 2018, the GM received a letter from Speaker Benjamin Cruz requesting Port management's attendance at a hearing for the Committee on Appropriations and Adjudication scheduled for Thursday, April 19, 2018 at 10:00 a.m. However, due to the prescheduling of the Port's Board Hearing, Port management was unable to attend and has instead submitted written testimony responding to the following questions provided by Speaker Cruz:

1. What is/are the core missions(s) for your agency and how do they serve the taxpayers?
2. What specific metric or metrics do you use to determine that your core mission is being achieved?
3. Generally, where are your agency revenues derived, and how are these funds allocated and expended to meet your agency's core mission?

The GM provided written testimony on behalf of the Port that was delivered to the Speaker's office on Thursday, April 18, 2018. A copy of the Port's response to Speaker Cruz's has been provided for the Board's reference.

### **OEA Grant Application**

On Tuesday, April 3, 2018, the Port submitted a new grant application through the Office of the Governor for funding assistance from the Office of Economic Adjustment. If the Port receives another grant award from Department of Defense, Office of Economic Adjustment, the Port will be able to continue the technical support services from its Owner/Agent Engineer that has been assisting the Port with its Modernization and Bond related projects. The current OEA grant expires on Saturday, September 8, 2018. However, remaining funding will be exhausted with the payment of February 2018 billings for services rendered to the Port.

The grant amount requested under CFDA No.: 12.607 Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation is Nine Hundred Thousand Dollars (\$900,000.00) with a proposed performance period to commence on Tuesday, May 1, 2018 and concluded on Tuesday, December 31, 2019

The OEA's funding assistance, should the new grant be awarded will support the extension of the current OAE contract for ongoing and future technical services to include:

- (1) Program Management
- (2) Annual Tariff Verification and PUC Report
- (3) CIP Bond Program Project Support Services
- (4) Facility and Equipment Maintenance Program Improvements
- (5) STS Crane Replacement Program

(6) Terminal Operating System (TOS) Implementation Refinements

In the interim, from the conclusion of grant funding from the previous grant and the hopeful award of a new grant from OEA, Port management is requesting Board authorization to cover the cost for project services delivered for the Engineering Report needed for the presentation and marketing of the Port's bond initiative and ongoing services under approved Task Orders.

Over the past ten (10) years OEA provided the following grant awards to the Port:

<b>Award Year</b>	<b>Grant Number</b>	<b>Amount</b>	<b>Grant Title</b>
FY 2008	GR 0706-08-01	\$544,500.00	Implementation Plan
FY 2009	GR 0706-09-04	\$2,000,000.00	Port Fact Finding
FY 2009	GR 0706-09-08	\$975,000.00	Port Terminal Preliminary Design Performance Management Service Benchmarks and Legislative Approval
FY 2010	GR 0706-10-10	\$750,000.00	Project Controls and Accounting
FY 2011	GR 0706-11-12	\$1,970,000.00	Owner's Agent Engineer Support Services
FY 2015	GR 0706-15-21	\$1,380,000.00	Owner's Agent Engineer Support Services
	<b>TOTAL Awarded:</b>	<b>\$7,619,500.00</b>	

**PUC Petition on Marina Fees**

On Monday, April 9, 2018, as part of the Port's petition to modify the Facility User Fees for the Gregorio D. Perez Marina, the Agat Small Boat Marina and the Harbor of Refuge, the GM forwarded a letter to Public Utilities Chairman Jeff Johnson to provide additional documentation related to the Port's outreach efforts to include the Marina User Outreach meetings that occurred on Friday, January 19, 2018 and Monday, March 19, 2018.

The GM also relayed to Chairman Johnson that the Port is pursuing the initiative to procure and install water and power meters at each marina slip so that tenants would pay their individual share for utilities use rather than continue the Port's current arrangement where 25% of the monthly rental fee is charged to pay for utility cost. Port management is of the position that if utilities cost are individually charged, tenants collectively would be more mindful and conservative with regards to water and power usage.

## **Decrease in Container Cargo and Increase in Breakbulk Cargo for the Month January 2018**

As of January 31, 2018, the Port handled 31,197 containers. This represents a 3% decrease or 965 containers compared to January 31, of 2017 when the Port handled 32,162 containers.

Containers for January 2018 were divided into the following categories:

Import/Export	-26%
Stuffed Transshipment	96%
Empty Transshipments	29%

As for January of 2018 Breakbulk numbers, the Port handled 48,318 revenue tons which represented an increase of 437 revenue tons or an increase of 1% from January of 2017 when the Port handled 47,881 revenue tons.

The Cargo Throughput Revenues for January of 2018 was \$15,154,324 in comparison to January of 2017 which was \$13,755,831. This represents an increase of \$1,398,493 for the first four months of FY 2018.

## **Decrease in Container Cargo and Increase in Breakbulk Cargo for the Month February 2018**

As of February 28, 2018, the Port handled 38,150 containers. This represents a 3% decrease compared to February of 2017 when the Port handled 39,478 containers.

Containers for February 2018 were divided into the following categories:

Import/Export	-18%
Stuffed Transshipment	70%
Empty Transshipments	48%

As for February of 2018 Breakbulk numbers, the Port handled 74,471 revenue tons which represented an increase of 11,911 revenue tons or an increase of 19% from February of 2017 when the Port handled 62,560 revenue tons.

The Cargo Throughput Revenues for February of 2018 was \$18,844,111 in comparison to February of 2017 which was \$16,839,136. This represents an increase of \$2,004,975 for the first five months of FY 2018.

### **Civilian-Military Coordinating Council Charter**

On Thursday, April 12, 2018 the GM participated in the signing of the Civilian-Military Coordinating Council Charter along with Governor Eddie Calvo, the Commander for Joint Region Marianas Shoshana Chatfield, RDML, USN, Officer-in-charge for the U.S. Marine Corps Activity – Guam Colonel Brent Bien and the Chairman for the Consolidated Commission on Utilities Joey Duenas. The Port and the CCU were included as signatories and are identified under the category of Utilities and Infrastructure. Other signatories also included the Department of Interior, Office of Insular Affairs, National Park Service, U.S. Fish and Wildlife Service, Ecological Services, U.S. Environmental Protection Agency, Region 9, U.S. Department of Agriculture, Animal Plant Health Inspection Service, Wildlife Services, and the U.S. Department of Transportation, Federal Highway Administration.



**Members of the Civilian Military Coordination Council.**



**Governor signing document at the Civilian Military Coordination Council Meeting.**

The primary purpose of the Civilian Military Coordination Council Charter is to:

Create the CMCC operating procedures and to make recommendations to DoD to revise current and future construction tempo, adjust sequencing of construction activities on Guam or other advise to directly influence workforce population levels, indirectly influence induced population growth or other recommendations to prevent or reduce significant environmental impacts, address sociocultural, socioeconomic, general/public services, public health and safety, environmental justice and protection of children issues; or before infrastructure capabilities are extended; and provide advice and recommendations to Government of Guam or federal agencies regarding their actions associated with the Marine Relocation.

The basic functions of the CMCC are to: (1) gather, share, and analyze data; (2) coordinate discussion among DoD, Government of Guam, and federal agencies regarding any significant environmental, sociocultural, socioeconomic, general/public services, public health and safety, environmental justice and protection of children, or infrastructure resources impacts on Guam affected by the Marine Relocation effort (discussion includes evaluation of outcome satisfaction, and not just whether an identified alternative is/was feasible); (3) develop advise and recommendations to adjust current and future DoD construction tempo and sequencing of construction activities on Guam to directly influence workforce population levels and/or indirectly influence induced population growth or other recommendations as appropriate; and (4) develop advice and

recommendation on actions undertaken by Government of Guam or federal agencies associated with the Marine Relocation.

The next meeting for the CMCC is scheduled for July of this year. The GM will keep the Board updated on the activities and discussions of the CMCC related to the Port.

### **MOU for Joint Inspections with the USCG, CQA and the Port**

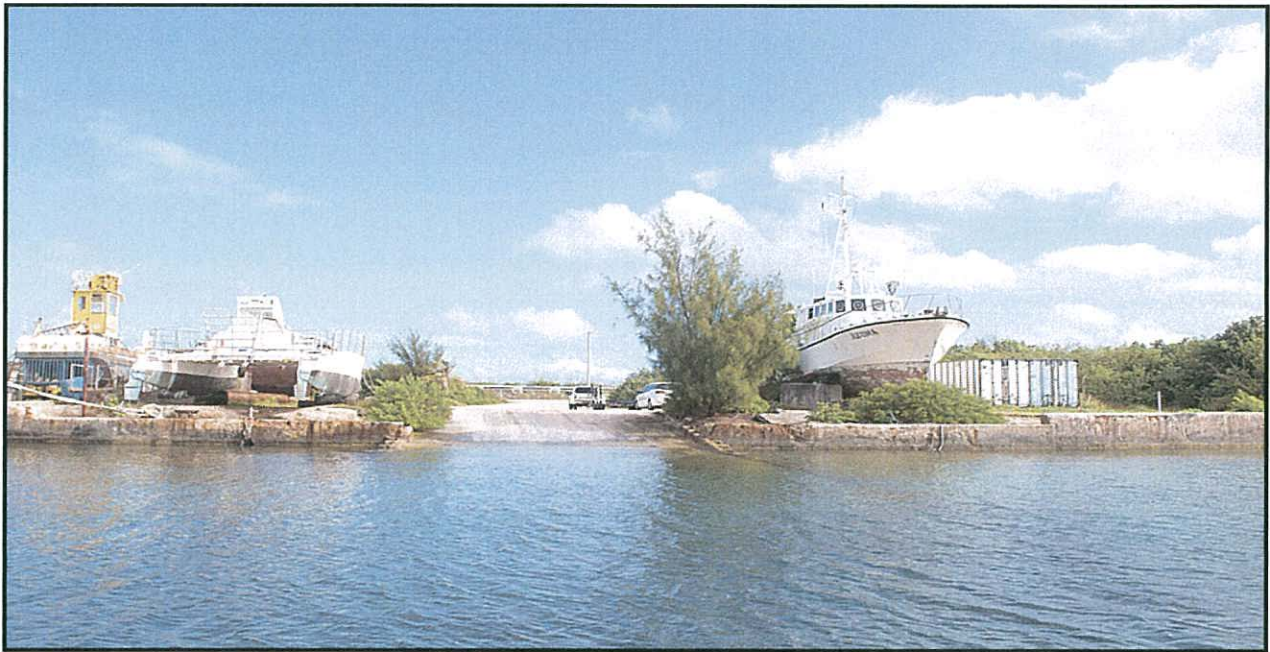
On Wednesday, April 11, 2018, the GM signed a Memorandum of Agreement with the U.S. Coast Guard Sector Guam (USCG) and the Guam Customs and Quarantine Agency (CQA) to maximize the opportunity for joint inspections among the respective agencies with respect to containers and breakbulk cargo.

The MOU is viewed as a "Force Multiplier" to address inspections and provides the process and procedures to facilitate joint inspections. The responsibilities include the Pre-identification of containers, Hazardous Material containers, Identification of General Cargo Containers, Process of Container Inspections, Post Inspection Procedures and Exigent Circumstances. The joint inspections will provide the opportunity for each of the respective entities to address their jurisdictional mandates and maximize the opportunity to insure jurisdictional requirements including proper enforcement are being met and implemented.

### **MOA between CQA and Port Authority Police for Enforcement Operations**

On Thursday, March 1, 2018, the GM signed and Memorandum of Agreement with Guam Customs and Quarantine and Port Police to facilitate interagency cooperation during marine enforcement operations. The Agreement was also signed by Customs Director James McDonald, Port Police Chief Doris Aguero, and Chief of Customs Vincent Perez. Governor Calvo signed the Agreement on Thursday, April 5, 2018.

As stated in the MOA, "The Guam Customs and Quarantine Agency and the Port Authority Police division both have the authority and responsibility for detection of the illegal importation of narcotics into Guam. The Guam Customs and Quarantine Agency has authority and responsibility for the enforcement of all law as and regulations relating to the importation of legal and illegal goods through Guam's ports of entry. The Port Authority Police Division has the authority and responsibility for the enforcement of all laws and regulations within Guam's sea port of entry."



**Seaplane Ramp**

The desired outcome of the MOA is to combine jurisdictional authority and resources under the Maritime Interdiction Task Force (MITF) to address the importation of contraband, illegal weapons, and illicit narcotics by sea.

The responsibilities of the Port under this Agreement include: the assignment of experienced officers to the MITF for a period of two (2) years, provide operational support to include manpower, equipment and transportation on an as needed basis, provide an area for mooring of patrol boats and an office facility for operations.

Customs and Quarantine had received funding from the NOAA for a Cooperative Enforcement Program that included \$109,000.00 for dock installation and an additional \$200,000.00 to install a building facility adjacent to the docks.

### **Introduction of Bill No. 252 to place a Moratorium on the Port's Bond Initiative**

On Thursday, March 8, 2018, Senator Telena Nelson introduced Bill No. 252-34, "An Act relative to Establishing a Temporary Moratorium on the Board of Directors of the Jose D. Leon Guerrero Commercial Port of Guam from entering into Bond Covenants until such time that the Port Comes into Compliance, and continues to Comply with §22421 of Chapter 22, Title 5, Guam Code Annotated." The section referred to in the title of this bill references the payment-



in-lieu-of-taxes (PILOT) that was to be charged to autonomous agencies to pay for services provided by the Government of Guam related to roads, fire protection and police services.

The intention of the bill is place a "...temporary moratorium upon the Board of Directors of the Jose D. Leon Guerrero Commercial Port of Guam ("Port") from entering into any and all bond covenants until such time that the Port comes into compliance with, and continues to comply with, §22421 of Chapter 22, Title 5, Guam Code Annotated.

The proposed bill would also subject the Board Members and Port employees to both individual civil and criminal penalties if these parties do not act in accordance with the proposed legislation.

The Port is not aware of any other autonomous agency that has ever paid for PILOT this is to include the Guam Power Authority and the Guam Waterworks Authority. Senator Nelson currently services as the Oversight Chairperson for these two utilities.

The Port transferred \$3.5 million back in September 30, 1997 based on a billing from the Department of Administration. In addition, on May 15, 1996, the Port transferred \$2,000,000 to the General Fund to support Typhoon Paka relief and restoration with the understanding that the Port was to be reimbursed by the Government of Guam once it received reimbursement from the Federal Government. This did not occur and the Port was not reimbursed.

There are issues with regards to the implementation of the PILOT law to include that the "...formula is decided upon by the Governor in consultation with the Boards of Directors of the Agencies ". There was no such consultation formalized between the Governor of Guam and the Port Board. In addition, it is the PUC and not the Governor that has been authorized by law to set the rates for the Port. In addition, no other autonomous agency has ever transferred funds to the General Fund under PILOT.

The Port continues to pursue its bond initiative as a result of the adoption into law of Bill No. 157-34 that was signed into Public Law 34-70 by Acting Governor Ray Tenorio on Thursday, December 7, 2017.

The Port's Oversight Chairman, Senator Frank Aguon in August of 2017 had introduced Bill No. 157-34, "An Act to Repeal and Reenact Article 2 of Chapter 10, Title 12, Guam Code Annotated, Relative to Authorizing Jose D. Leon Guerrero Commercial Port to Issue Revenue Bonds and Other Indebtedness for the Purposes of Financing or Refinancing Improvements and/or Working Capital Relating to the Jose D. Leon Guerrero Commercial Port and other Related Facilities and Operations of the Jose D. Leon Guerrero Commercial Port; and Approving the Terms and Conditions of the Issuance of One or More Series of Such Bonds Pursuant to Such Article for Such Purposes."

The bill was publically heard on Tuesday, September 19, 2017 by Speaker Benjamin Cruz who serves as the Chairman for the Committee on Appropriations and Adjudication. On Monday, November 27, 2017, the Guam Legislature went into Session and into a Committee of the Whole to address the bill. After six days of legislative session to include Saturday, December 2, 2017, Bill No. 157-34 was passed on Tuesday, December 5, 2017, with eleven (11) votes in favor, three (3) votes against and one (1) excused absence. Speaker Cruz, Vice Speaker Terlaje, and Senator San Nicolas voted against the bill.

The Port will provide its testimony in full opposition to this bill when a public hearing is scheduled. Otherwise the Port will continue moving forward in compliance with Public Law 34-70.

### **Introduction of Bill No. 257-34 to Eliminate the Tax Exemption on Liquid Fuel Transshipped through Guam**

On Tuesday, March 13, 2018 Senator Telena Nelson, Senator Thomas Ada and Senator Dennis Rodriguez, Jr. introduced Bill No. 257-34, "An Act to Amend 11 GCA §26403, §26404, §26203(K) (21) and §26504; to Add §26403.1 and §26403.2 to 11 GCA Chapter 26, Relative to Eliminating the ax Exemption on Liquid Fuel Transshipped through Guam and to Appropriate Revenues to the Guam Environmental Protection Agency, Guam Police Department and Guam Fire Department."

The findings and intent of this bill relay the following:

"... that approximately thirty million (30M) of liquid fuel are transferred annually from petroleum storage facilities in Guam to distribution points outside of Guam. Fuel to be transshipped is off-loaded at Port of Guam, stored in Distributor's storage tanks for a period of time, and later back-loaded onto smaller fuel tankers for distribution throughout the Micronesian region. It is estimated that the elimination of the tax exemption on liquid fuels exported from Guam may generate as much as four million Five Hundred Thousand Dollars (\$4.5M) annually."

There have been two public laws previously passed, P.L. 18-2 sponsored by Senators Joe T. San Agustin and Frank Santos and P.L. 22-43 that was sponsored by Senators Carl T.C. Gutierrez, Vicente Pangelinan and Theodore S. Nelson to implement the original liquid fuel tax exemption. There have also been two previous attempts with the introductions by Senator Tom Ada of Bill No. 429-30 and Bill No. 279-31 to eliminate the Tax Exemption on Liquid Fuel Transshipped though Guam.

The Port has been in opposition to the removal of the tax exemption as it has the potential to lose transshipment related revenues as fuel companies may bypass Guam as a storage and transshipment location due to increase cost.

The Port will provide its testimony in opposition to this legislation when it is scheduled for public hearing.

### **Port's Participation in Island Leadership Day**

On Wednesday, Port management participated in Island Leadership Day with the GM and Deputy GM's were provided a youth counterpart to serve as the GM and Deputy GM for Operations and Administration and Finance.

The Port was honored to host General Manager Briante Barretto who is currently and 11<sup>th</sup> grade student at the Academy of our Lady, Deputy GM for Operations Anita Manglona who is a 7<sup>th</sup> grade student at Inarajan Middle School and Deputy General Manager for Administration and Finance Gage Camacho who is also a 7<sup>th</sup> grade student from Inarajan Middle School.

The Port's Leadership counterparts, in addition to time spent with Port management were provided a presentation by the Port's Planning Division on the overall upgrades and current improvements at the Port and the Port Harbor Master provided a briefing on the roles and responsibilities of the Harbor Master's Office. The Counterparts were also given a tour by the Operations Manager of the Port Yard and Operations to include the Equipment Maintenance Divisions. The Port's Commercial Division provided a tour of both the Gregorio D. Perez Marina and the Agat Marina and a briefing of the Port's responsibilities related to marina operations.



**L-R: PCIV Frank Santos, Jr., General Manager Joanne Brown, Counterpart General Manager Briante Barretto, DGMO Alfred Duenas, Counterpart DGMA Gage Camacho, Counterpart DGMO Anita Manglona, DGMO Felix Pangelinan.**



**Counterparts at the Port Command Center being briefed by the Planning division, Harbor Master, and Port Police on port operations.**



**Youth Counterparts at the conclusion of their briefing at the Harbor Master's office.**

Overall, it was an exciting day to have these youth counterparts at the Port and at the conclusion of the workday, each participant was provided an official certificate of participation and Port mementos to commemorate their day as leaders of the Port.

### **Training Course for Improvised Nuclear Device Effects and Strategies**

On Wednesday, April 11, 2018, the GM and the Deputy GM for Administration and Finance Alfred Duenas attended the "Introduction to Improvised Nuclear Device (IND) Effects and Strategies" training that was held at the Sheraton Hotel. Governor Eddie Calvo had requested that all Directors attend this First Responder Training that was sponsored by FEMA and the Department of Homeland Security.

The training agenda included an Introduction to IND Awareness, IND Detonation Effects and Damage Zones, Fallout and Radioactive Fallout Mitigation, and Response Strategies – Sheltering & Evacuation Considerations.

### **Seatrade Cruise Global Conference**

The GM attended the Seatrade Cruise Global Conference that was held in Fort Lauderdale, Florida from Monday, March 5, 2018 to Thursday, March 8, 2018. The GM had attended at the formal request of the Guam Visitors Bureau to actively engage in a combined initiative with

GVB and GEDA to grow the island's cruise industry. Seatrade Global was a significant conference for the cruise industry and had worldwide participation from cruise line executives, port officials, to include tourism and cruise port destination representatives and business that provide for services and supplies for the international cruise industry.

The GM participated in this conference with GEDA and GVB Board Member Monte Mesa and Deputy General Manager Tony Muna.

GVB put together a slide presentation for interested cruise companies that may desire to expand their cruise ship operations to Guam and the Micronesian Region. The Port included an update on its initiative to address the rehabilitation of H-Wharf as a multi-use wharf to include the berthing of cruise vessels. The estimated timing for completion would be within a two year period upon the commencement of construction.

There were a number of presentations provided during the three day conference to include such topics as Shipbuilding, Talent Acquisition and Servicing, Keeping up with Record Growth, Getting Out of the Cruise Bubble and Attracting the Consumers of Tomorrow to the State of the Global Cruise.

One of the main areas of growing cruise expansion is in the exploratory cruise industry that has a smaller number of participants from a more affluent market that have little interest in the traditional cruise market. These travelers are adventure seekers that desire to go to destinations that are infrequently chartered. The smaller cruise ships can accommodate 200 or less passengers and provide for a more personal experience with the ship's crew and the desired travel location.

More information concerning the Seatrade Cruise Global Conference at included in the GM's Travel Report.

### **AAPA Spring Conference**

The GM attended the AAPA Spring Conference that was held from Tuesday, March 20, 2018 to Wednesday, March 21, 2018 with Board Chairman Frank Santos and Vice Chairman Oscar Calvo. The conference was held at the Westin Washington D.C. City Center Hotel in Washington D.C.

The GM attended the Port Directors Only Meeting that was held on Tuesday to discuss issues of interest, federal policy, general concerns and current issues affecting Port managers and operations. Other agenda items that were presented that the Guam Port delegation participated in included, "Perception vs. Reality on Trade, Trade Policy in Canada, The Future of the Workforce, Lessons Learned in Emergency Preparation and Response, U.S. Maritime Policy,

Congressional Views on Infrastructure and Water Resources Development Act and Water Infrastructure Issues.

More information concerning the AAPA Spring Conference is included in the GM's Travel Report.



**Snowing in Washington DC on the official first day of Spring 2018. L-R: Board Vice Chairman Oscar Calvo, Board Chairman Frank Santos on their way to the AAPA port conference.**

### **Guest Speaker at UOG College of Liberal Arts & Social Sciences**

On Tuesday, April 17, 2018, the GM provided a presentation to students with the UOG College of Liberal Arts & Social Sciences on her experience in public service related to Administration, Policy and Politics as well as her current position as General Manager for the Port Authority of Guam.



**General Manager Joanne Brown receives certificate from the UOG College of Liberal Arts & Social Sciences for serving as Guest Speaker.**

### **Port of Guam Designated as 2018 Government of Guam Coordinator for Relay for Life**

On Friday, April 6, 2018, the Port received a request from Governor Eddie Calvo for the Port to serve as the Designated 2018 Government of Guam Coordinator for Relay for Life. The Relay for Life event is scheduled to be held on Friday, May 25, 2018 to Saturday, May 26, 2018 and 12:00 a.m. and will be held again this year at the George Washington High School Field in Mangilao.





**Relay for Life meeting at the Governor's office at Adelup.**

The Port Team coordinators for this event which includes the GM, Deputy GM for Administration and Finance Alfred Duenas, Program Coordinator IV Frank Santos, and Administrative Assistant Betty Ann Wusstig-Perez. On Friday, April 13, 2018, the Port Coordinators held a meeting with Government of Guam Department and Agencies to discuss the needed activities leading up to the Relay for Life event to include the design and ordering of T-shirts purchase of Luminaria bags and booklets, logistics for water, refreshments, chairs and a large tent for the Government of Guam employees at the venue.

While the Port has been provided a relatively short time to facilitate the participation of other Government of Guam department and agencies, it will do its very best to assist in exceeding last year's total of what was raised at \$33,000.00

The next Port meeting with the Government of Guam department and agencies is scheduled for Friday, April 20, 2018.

## **Port Safety Issues**

### **Hydraulic Oil Spill – Top Lifter 16-10 Case No. 9-18**

On February 7, 2018, the GM received a report from Safety Administrator Vince Acfalle dated, Wednesday, January 31, 2018 concerning a hydraulic oil spill from Top Lifter 16-10. According to Safety Administrator Acfalle, Safety Inspector III Paul Salas had received a call from Transportation Leader Derrick Balajadia who reported that Equipment Operator II Ignacio Benavente was operating Top Lifter 16-10 in support of daily issuing and receiving of containers. As Equipment Operator II Benavente was lifting a 40-foot flat rack by the Scale Area he noticed hydraulic oil leaking from the mast of the Top Lifter. He then shut down his equipment and notified Transportation Leader Balajadia of the incident.

Safety Inspector III Paul Salas and Port Police Officer Keisha Duenas responded to this incident.

Safety Administrator Acfalle determined in his findings that Equipment Mechanic II Pete Peredo reported that one of the hydraulic hose line connected to the main cylinder on the mast had ruptured due to wear and tear. Safety Administrator Acfalle further determined that approximately four (4) gallons of hydraulic oil spilled onto the pavement and that personnel from Transportation had utilized absorbent sand and absorbent pads to clean-up the oil spill. The National Response Center was notified and Report No.16151516 was issued.

Safety Administrator Acfalle concluded that the primary cause of this incident was due to normal wear and tear of the hydraulic hose. He recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendation to the General Manager for appropriate action.

### **Hydraulic Oil Spill – Top Lifter No. 16-18 Case No. 10-18**

On Wednesday, February 7, 2018, the GM received a report dated Friday, February 2, 2018 from Safety Administrator Vince Acfalle concerning a hydraulic oil spill that had occurred that day. According to Safety Administrator Acfalle, Safety Inspector II Robert Lau had received a call from Transportation Leader Derrick Balajadia reporting a hydraulic oil spill from Top Lifter No. 16-08. Equipment Operator III Albert Santos had been assigned to operate Top Loader No. 16-08 in support of daily issuing and receiving of containers. Equipment Operator III Santos was expanding the spreader for a pre-ops test when he noticed hydraulic oil leaking from the mast of

the Top Lifter. He then shut down his equipment and notified Transportation Leader Balajadia of the incident.

Safety Inspector II Lau and Port Police Officer II Jonathan Aguon responded to this incident.

Safety Administrator Acfalle determined in his findings that Equipment Mechanic II Tana Fasaumali indicated that the hydraulic hose line connected to the main cylinder on the mast of the Top Lifter No. 16-08 had ruptured due to wear and tear. He noted that approximately half a quart of hydraulic oil spilled onto the pavement and that Transportation personnel utilized absorbent sand to clean-up the oil spill. The National Response Center was notified of this incident and Report No. 1203408 was issued.

Safety Administrator Acfalle concluded that the primary cause of this incident was due to the wear and tear of the hydraulic hose. He recommended that the Fleet Mechanics perform preventive maintenance inspections on all equipment to identify potential mechanical problems before they occur. He also recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendations to the General Manager for appropriate action.

### **Property Damage – Vehicle Case No. 11-18**

On Tuesday, April 16, 2018, the GM received a report from Safety Administrator Vince Acfalle concerning an incident that had occurred on Sunday, February 4, 2018 related to damaging a cargo vehicle. According to Safety Administrator Acfalle Environmental Specialist Paul Santos had received a call from Stevedore Supervisor Reed Topasna to proceed to Gantry No. 5 location to investigate property damage on the Vessel Kyowa Cattleya. Stevedore Casual Darold Brenton had been maneuvering a Toyota Tacoma truck out of the vessel and as he exited the second door leading to the upper deck, he had difficulty existing going through a tight space. Stevedore Casual Brenton was being guided by Stevedore Supervisor Topasna to move forward and back to maneuver the vehicle to fit through the door. Stevedore Casual Brenton then opened his door to see where he was getting stuck and as he placed the vehicle in reverse, he claims the truck was moving on its own. Stevedore Casual Brenton also claimed that he had pressed the foot brakes all the way to the floor but the vehicle did not respond quickly enough causing the door to cling onto the ramp doorway. Stevedore Casual Brenton then stopped the truck and reported the incident to Stevedore Supervisor Topasna.

Port Police Officer II Jonathan Aguon and Environmental Specialist Paul Santos responded to this incident.

Safety Administrator Acfalle determined in his findings that Stevedore Casual Brenton should have noticed from his first move that the vehicle had break problems. He also stated that Stevedore Casual Brenton should pay better attention to his spotter and his surroundings during an operation.

Safety Administrator Acfalle concluded in his findings that during the Safety Meetings prior to the commencement of operations all employees who are involved in Roro Operations should be reminded not to rush, follow Standard Operating Procedures, have common sense and make good judgment when moving cargoes. He also recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendations to the General Manager for appropriate action.

### **Leaking Container -Urea Solution Case No. 12-18**

On Tuesday, April 16, 2018, the GM received a report from Safety Administrator Vince Acfalle concerning an incident that had occurred on Sunday, February 4, 2018 involving a container leaking a urea solution. According to Safety Administrator Acfalle, Environmental Specialist Paul Santos had received a call from Terminal Superintendent Joe Tajalle who had been performing his usual inspection in the Yard when he noticed a container located at Area I-Slot 10 that had been leaking. He then notified Environmental Specialist Santos and asked for assistance. Environmental Specialist Santos headed to Area I and was informed that the container had a "urea solution" and that the agent for the container was MSA. Environmental Specialist Santos then contacted Vessel Agent Ning Reyes who was performing inspection with the Captain of the vessel and USCG prior to the offloading of ammonium nitrate. Vessel Agent Reyes informed Environmental Specialist Santos that he would contact his colleagues to assist him with the leaking container. Environmental Specialist Santos then spoke with Acting Operations Manager Raymond Santos and informed him of the leaking container situation. Acting Operations Manager Santos then instructed Environmental Specialist Santos to work with Transportation Leader Dereck Balajadia to contain the leak.

Environmental Specialist Santos reported that this was the third incident with the same vessel agent and the same product. As a result he then consulted with United States Coast Guard Personnel MST1 David Jones and LTJG Larla Brown. LTJG Brown mentioned that since the chemical was declared nonhazardous and the National Response Center (NRC) had received two previous incidents reports, there was no need to make a third NRC call. LTJG Brown stated that she would make note of the incident and notify the USCG command.

Environmental Specialist Santos determined in his findings that Transportation Division personnel's had used two (2) Bale Universal Pads and five (5) bags of absorbent sand to clean-up the spill. He was unable to determine the amount of gallons of Urea Solution had leaked inside the container and onto ground. He also determined that this was the third cleanup of the same product within the last 3 weeks.

Environmental Specialist Santos recommended that the Vessel Agent need to coordinate with the owner of the commodity and inform him this is the third time that the product had leaked resulting in thousands of dollars for cleanup and material. He also recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendations to the General Manager for appropriate action.

### **Property Damage – Official Vehicle Case No. 13-18**

On Tuesday, April 16, 2018, the GM received a report from Safety Administrator Vince Acfalle concerning an incident that had occurred on Tuesday, February 6, 2018 involving damage to an official Port vehicle. According to Safety Administrator Acfalle, Safety Inspector III Paul Salas had received a call from Crane Mechanic Julierto Sontillanosa reporting damage property. He further stated that Tidewater Operator John Tutuw was operating Forklift TCM 500-452 (5-Ton) and was assigned to off-load cargo containers from a flatbed truck (FL-80) that was parked by the EQMR building.

Tidewater Operator Tutuw stated that after dropping one of the cargo containers inside Warehouse 1 he began to reverse his forklift and while in reverse, he struck a Port Official (White/Ford/Ranger/Truck) operated by Crane Mechanic Sontiillanosa. This resulted in damage to the front bumper and left head light assembly of the Port truck. Tidewater Operator Tutuw immediately shutdown his equipment and movement and reported the incident to Tidewater Supervisor Ken Muna.

Safety III Inspector Salas and Port Police Officer I Dave Untalan responded to this incident.

Safety Administrator Acfalle determined in his findings that Tidewater Operator Tutuw stated he did not see the Port Official because a container was obstructing his view as he was reversing his forklift. Crane Mechanic Sontillanosa stated that he was traveling on the travel portion of the road by the EQMR Building and was unaware that a forklift was reversing out of the warehouse until the rear end of the forklift struck his front bumper. Safety Administrator Acfalle also determined that the area of the incident was congested with a flatbed truck that was parked halfway on the travel portion of the road and that there were cargo containers staged at the rear

of the warehouse. He further determined that there was a 4-inch dent on the left headlight assembly and 3-inch scratches on the left bumper of the Port truck. Tidewater Supervisor Muna acknowledged that his company will pay for the damages to Port Official No. 5509.

Safety Administrator Acfalle concluded that the Tidewater forklift operator should have a spotter on areas that are congested (blind spot) and should have also honked to warn Crane Mechanic Santillanosa that he was coming out of the Warehouse.

Safety Administrator Acfalle recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendations to the General Manager for appropriate action.

### **Damaged Property – Top Lifter No. 16-08 Case No. 15-18**

On Wednesday, February 21, 2018, the GM received a report from Safety Administrator Vince Acfalle dated Thursday, February 12, 2018 concerning damage to Top Lifter No. 16-08.

According to Safety Administrator Acfalle, Safety Inspector III Paul Salas had received a call from Transportation Leader Derrick Balajadia who reported that Equipment Operator II Ignacio Benavente had been assigned to operate Top Lifter No. 16-08 and was conducting a test on the Top Lifter's mast by raising and tilting the mast to check if the hydraulics were in working condition at Warehouse 1. During this process he began to tilt the mast backwards and struck and damaged the north east corner of the Warehouse I eave. This incident resulted in damage to the concrete eave and minor damage to the rear of the Top Lifter mast.

Safety Inspector II Paul Salas and Port Police Officer II Mike Francisco responded to this incident.

Safety Administrator Acfalle determined in his findings that the Top Lifter No. 16-08 was turned in to the Maintenance Division to replace the busted hydraulic hose line. Equipment Operator II Benavente stated he underestimated the distance when tilting the Top Loader mast resulting in damage to the concrete eave of the Warehouse I.

Safety Administrator Acfalle concluded that the cause of this incident was due to inattention on the Part of Equipment Operator Benavente. He also recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendations to the General Manager for appropriate action.

## **Injured Person - Stevedore Case No. 16-18**

On Wednesday, February 21, 2018, the GM received a report dated Thursday, February 15, 2018 concerning an incident that occurred on Thursday, February 8, 2018, from Safety Administrator Vince Acfalle concerning an injured Stevedore. According to Safety Administrator Acfalle, Safety Inspector II Robert Lau had received a call Stevedore Supervisor I Anthony Blas reporting an Injured Person. Stevedore Phillip Salas had been assigned to lash containers on the Vessel Frisia Lahn docked at F-5. Stevedore Salas had been lashing containers between Bay No. 21 and Bay No. 23 when he fell in-between the two hatch covers. He then immediately reported his incident to Stevedore Leader Gilbert Santos.

Safety Inspector II Lau and Port Police Officer II Angela Cabrera responded to the incident.

Safety Administrator Acfalle determined in his findings that Stevedore Salas had stated that at the time he was lashing containers, the area was well lit from the gantry's lights, but added that when the Gantry shifted to load containers on another bay, the lighting was insufficient which reduced his visibility in the immediate area. Stevedore Leader Santos stated he was in another bay lashing containers and was unaware that the area had poor lighting. Safety Administrator Acfalle reported that the distance in-between the hatch covers of Bays No. 21 and No. 23 was 18 inches (1 1/2 feet) which made it difficult to walk through. Casual Stevedore Jose Tajalle stated that he was lashing in the same area with Stevedore Salas and reported that he had spoken to one of the vessel's crew member to request that the area be provided with lighting. However, the requested lighting was never provided.

Safety Administrator Acfalle reported that Stevedore Salas had complained of pains to his right wrist, right shoulder hip area and both inner left and right knees. He was issued WC101a/b and was later treated and Guam Memorial Hospital. WCC Forms 201 and 202 were issued to Stevedore Supervisor Blas to be filled out.

Safety Administrator Acfalle concluded that the primary cause of this incident is the insufficient lighting in the immediate work area. He stated that Casual Stevedore Tajalle had requested lighting from a crew member but should have immediately reported the lack of lighting to his leader or supervisor.

Safety Administrator Acfalle recommended that this incident be forwarded to the Accident Review Board for its review and to provide recommendation to the General Manager for appropriate action.

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

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**FINANCIAL STATEMENTS, ADDITIONAL  
INFORMATION AND  
INDEPENDENT AUDITORS' REPORT**

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**SEPTEMBER 30, 2017 AND 2016**

**(AS RESTATED)**



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Port Authority of Guam:

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Authority of Guam as of September 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As discussed in note 8 to the financial statements, the Authority is a defendant in a claim filed by a former tenant (Guam YTK Corporation or YTK) of the Authority. The dispute was submitted to arbitration and in April 2016, the Arbitrators issued a decision in favor of YTK and awarded YTK approximately \$14 million. In December 2016, the Superior Court of Guam denied the Authority's motion to vacate the Arbitration Award and granted YTK's Motion to Confirm the Award. In January 2018, the Authority filed a Motion to Dismiss in the Supreme Court of Guam. No provision has been recorded in the accompanying financial statements pending final resolution of this matter.

As discussed in Note 1 to the financial statements, in 2017, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. As a result of adopting this standard, the Authority has elected to restate its 2016 financial statements to reflect the adoption of this standard.

Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 as well as the Schedules of Proportional Share of the Net Pension Liability on pages 45 through 47, the Schedule of Pension Contributions on page 48, and the Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pensions on page 49 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Matters, Continued**

*Other Financial Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses and summary of salaries and wages are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of operating expenses and summary of salaries and wages on pages 50 through 54 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expenses and summary of salaries and wages are fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of employees by department on page 55 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

\_\_\_\_\_, 2018

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

Management's Discussion and Analysis  
September 30, 2017 and 2016

The following Management's Discussion and Analysis (MD&A) of the Port Authority of Guam (PAG, Port, Authority) provides an overview of the activities and financial performance for the fiscal years ended September 30, 2017 and 2016. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes which follow this section and are integral to the data contained in the financial statements.

**ABOUT THE AUTHORITY**

The Port Authority of Guam was established as a public corporation and an 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 is the primary seaport in Micronesia. It operates the largest U.S. deepwater port in the region and currently handles about 1-2 million tons of cargo a year. The Port owns 5 cargo-handling piers along with two fuel piers and three marinas. The cost of operations and capital improvements are funded largely from the Authority's own revenues.

The Authority 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.

With over 90% of the region's goods and supplies passing through its doorways, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. As Guam can only produce limited amounts of food and products on the island, the Port is truly the life link between the region and the rest of the world.

The Authority is dedicated to providing full services to ocean vessels in support of loading and unloading cargo from Guam and Micronesia. The Port Authority of Guam is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely manner. In support of this mission, the Port Authority also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Authority dedicates all of its profits to the upgrading of equipment and facilities and the continued growth of the Island's seaport.

**FINANCIAL HIGHLIGHTS**

- The net position of the Authority as of September 30, 2017 was \$91 million. Of this amount, \$102.2 million is net investment in capital assets, \$8.4 million is considered restricted and \$(19.6) million is considered unrestricted.
- The Port's net position increased by \$4.1 million for fiscal year ended September 30, 2017.
- The Port's total assets increased by \$7.2 million during the fiscal year ended September 30, 2017. The major component of this change was an increase in current assets.
- The total liabilities increased by \$1.6 million during fiscal year ended September 30, 2017. The major component of this change was an increase in current liabilities.
- Since Fiscal Year 2003, the Port's finances have consistently showed an increase in net position for 15 straight years.

**PORT AUTHORITY OF GUAM**  
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Management's Discussion and Analysis  
September 30, 2017 and 2016

**Overview of Financial Statements**

The Authority's basic financial statements consist of the following: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows and 4) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

The statements of net position present information on all of the Authority's assets, deferred outflows and deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Financial Analysis**

The largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets, and excluding any outstanding debt proceeds. The Authority uses these assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net position represents resources that are unrestricted net position which may be used to meet the Authority's ongoing obligations to employees and creditors.

In 2017, the Authority adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The implementation of this statement had a material effect on the accompanying financial statements resulting in the restatement of the Authority's fiscal year 2016 financial statements to reflect the reporting of pension liabilities, deferred inflows of resources and deferred outflows of resources for ad hoc COLAs and supplemental annuity payments and the recognition of pension expense in accordance with the provisions of GASB Statement No. 73. The 2016 financial statements were also restated due to changes in actuarial assumptions and other inputs used to determine the pension liabilities, deferred inflows of resources and deferred outflows of resources for the qualified pension plan. See note 1 to the financial statements.

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

Management's Discussion and Analysis  
September 30, 2017 and 2016

A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at September 30 is as follows:

**Condensed Statements of Net Position**  
*(In thousands)*

<u>ASSETS</u>	<u>2017</u>	2016 (Restated)	2015 (Restated)
Current and other assets	\$ 47,525	\$ 41,191	\$ 31,407
Capital assets	<u>123,830</u>	<u>122,948</u>	<u>125,091</u>
Total assets	171,355	164,139	156,498
Deferred outflows of resources from pension	<u>6,177</u>	<u>7,170</u>	<u>5,567</u>
Total assets and deferred outflows of resources	\$ <u>177,532</u>	\$ <u>171,309</u>	\$ <u>162,065</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities	\$ 7,523	\$ 6,352	\$ 6,102
Other non-current liabilities	<u>77,963</u>	<u>77,554</u>	<u>70,190</u>
Total liabilities	<u>85,486</u>	<u>83,906</u>	<u>76,292</u>
Deferred inflows of resources from pension	<u>1,009</u>	<u>422</u>	<u>4,565</u>
Net position:			
Net investment in capital assets	102,242	101,528	104,706
Restricted – expendable	8,382	5,531	4,257
Unrestricted	<u>(19,587)</u>	<u>(20,078)</u>	<u>(27,755)</u>
Total net position	<u>91,037</u>	<u>86,981</u>	<u>81,208</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>177,532</u>	\$ <u>171,309</u>	\$ <u>162,065</u>

The Authority's total assets increased by \$7.2 million during the fiscal year ended September 30, 2017, from \$164.1 million in FY 2016 to \$171.4 million in FY 2017.

The Port's current and other assets increased by \$6.3 million or 15%, capital assets increased by \$882 thousand or 1% which resulted in an overall increase in total assets. Total liabilities increased by \$1.6 million or 2% from \$83.9 million in FY 2016 to \$85.5 million in FY 2017. This was primarily due to the increase in Port's current liabilities by \$1.2 million or 18%. The net position increased by \$4.1 million during the fiscal year ended September 30, 2017. Net position invested in capital assets net of related debt increased by \$714 thousand, restricted net position increased by \$2.9 million and unrestricted net position decreased by \$491 thousand.

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Management's Discussion and Analysis  
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Key elements of this increase are identified in the following schedule of changes in net position and related explanations.

**Port Authority of Guam**  
**Changes in Net Position**  
*(In thousands)*

	<u>2017</u>	2016 (Restated)	<u>2015</u>
Operating revenues:			
Cargo throughput charges	\$ 36,807	\$ 38,206	\$ 34,309
Wharfage charges	4,986	4,930	4,617
Equipment and space rental	8,769	8,753	8,563
Special services	224	226	263
Other operating revenue	<u>108</u>	<u>93</u>	<u>919</u>
Total operating revenue	50,894	52,208	48,671
Recovery of (provision for) bad debts	<u>(141)</u>	<u>341</u>	<u>(222)</u>
	<u>50,753</u>	<u>52,549</u>	<u>48,449</u>
Operating expenses:			
Operations	12,351	11,593	8,814
Equipment maintenance	5,641	5,447	4,903
Facility maintenance	1,987	1,665	1,294
Management and administration	10,822	10,039	7,145
Retiree health care benefits	1,971	1,938	2,790
General expenses	<u>7,696</u>	<u>8,493</u>	<u>7,421</u>
Total operating expenses before depreciation	<u>40,468</u>	<u>39,175</u>	<u>32,367</u>
Operating income before depreciation	10,285	13,374	16,082
Depreciation	<u>6,103</u>	<u>6,145</u>	<u>4,817</u>
Operating income	4,182	7,229	11,265
Nonoperating expenses, net	<u>436</u>	<u>2,835</u>	<u>783</u>
Income before capital contributions	3,746	4,394	10,482
Capital contributions-US Government Grants	<u>310</u>	<u>1,379</u>	<u>51,476</u>
Increase in net position	4,056	5,773	61,958
Net position at beginning of the year	86,981	81,208	31,615
Restatement of beginning net position	<u>-</u>	<u>-</u>	<u>(12,365)</u>
Net position at end of year	\$ <u>91,037</u>	\$ <u>86,981</u>	\$ <u>81,208</u>

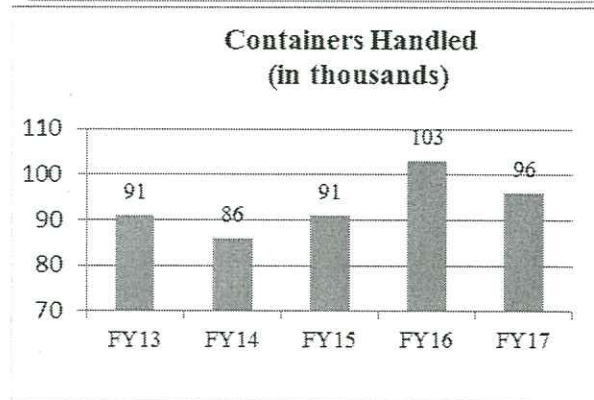
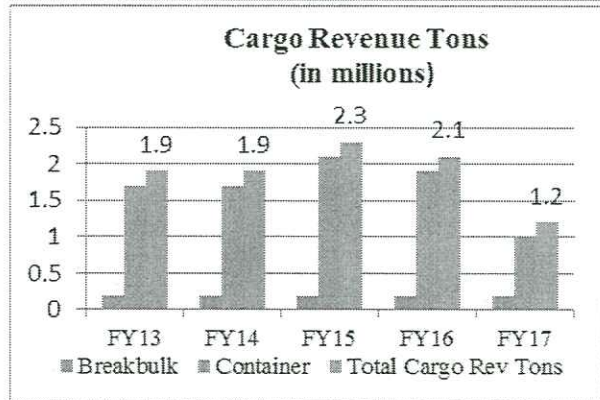
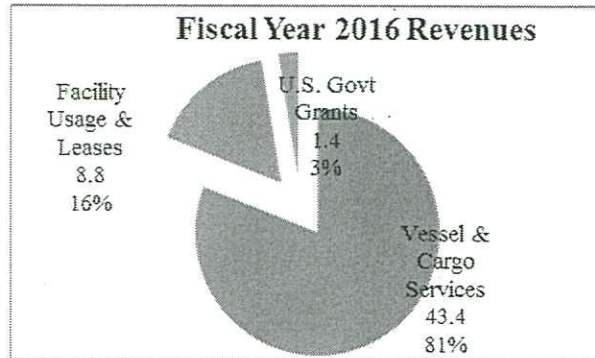
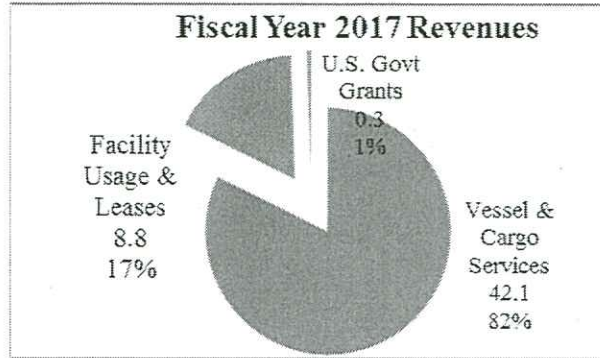
**Revenues**

- PAG Docket 17-01, 5 Year Tariff was approved by the PUC on April 27, 2017. 1<sup>st</sup> year rates were implemented on June 1, 2017. The petition implemented a 7% increase to PAG's Terminal Tariff rates with the exception of the Bunkering/Fuel throughput/Waste Oil rates and the Crane Surcharge.
- Vessel and cargo services revenues in FY 2017 decreased by \$1.4 million. The decrease was primarily due to 7% decrease in containers handled and 16% decrease in Breakbulk compared to FY2016.
- Facility usage and leases increased by \$16 thousand, from FY 2016 to FY 2017.
- Federal contributions in FY 2017 decreased by \$1.1 million, from \$1.4 million in FY 2016 to \$310 thousand in FY 2017. Decrease was a result of the completed federal projects in FY2016.

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Management's Discussion and Analysis  
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Vessel and cargo services in FY 2016 increased by \$3.9 million compared to FY 2015 primarily due to the implementation of a rate increase and a cargo volume increase. PAG Docket 15-04, Multi Year Tariff Petition was approved by the PUC and rate was implemented on December 1, 2015.



**Expenses**

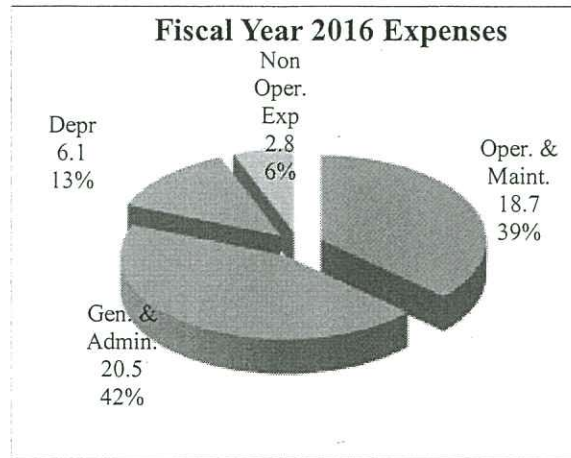
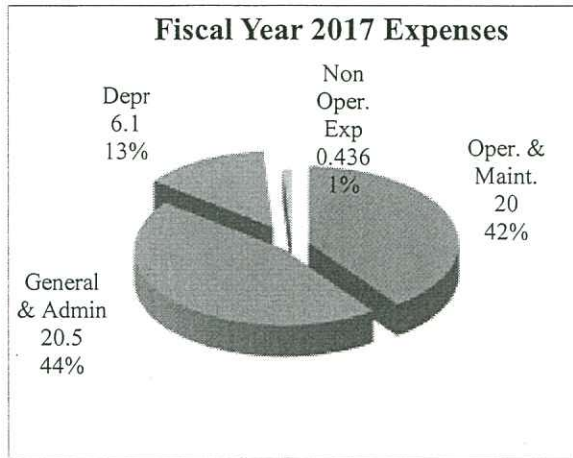
In Fiscal Year 2017, total operating expenses were \$40.5 million and non-operating expenses were \$436 thousand. Operating expense increased by \$1.3 million and non-operating expenses decreased \$2.4 million compared to fiscal year 2016. Operating expenses for General Expense decreased \$797 thousand, Management & Administration increased \$783 thousand, Operations increased by \$758 thousand. Non-operating expenses decreased by \$2.4 million, due to loss on asset disposal in 2016. The major asset surveyed in fiscal year 2016 was Gantry 3.

In Fiscal Year 2016, total operating expenses were \$39.2 million and non-operating expenses were \$2.8 million. Operating expenses increased by \$6.8 million and non-operating expenses increased by \$2 million compared to fiscal year 2015.



**PORT AUTHORITY OF GUAM  
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Management's Discussion and Analysis  
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**Port Modernization Plan**

The Authority partnered with the Maritime Administration (MARAD), through a Memorandum of Understanding (MOU), for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Port in securing funding sources to modernize its facilities and operations. Under the Program, MARAD's role is to provide federal oversight and coordination of projects under the program, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. This partnership with MARAD was formalized through U.S. Public Law 110-417, National Defense Authorization Act for 2010. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund) which is a separate account in the Treasury of the United States and to be used to receive funding from federal and non-federal sources to carry out the Program.

The Guam Commercial Port Improvement Program Phase I, Renovation of the CFS building into a 7,200 sp. Ft. single story office building for Port Operations personnel that were to be displaced as a result of the demolition of Warehouse 2 was completed and accepted by the Port on October 1, 2014.

Phase II, Demolition of Warehouse 2 and other selected structures, paving repairs to increase break bulk staging area to approximately 9 acres was completed in 2014 and was utilized by the Port beginning October 1, 2014.

Phase III, Facility Expansion, which is the largest construction project of the GCPI Program was completed. The expansion included expanding the Port's container yard by 4.6 acres, installation of high mast lighting in predetermined areas, a new terminal gate complex and runway, installation of oil water separators as required by Guam EPA, expansion of the east bulk yard and construction of dedicated suppression water tank. On August 3, 2015, MARAD did a partial turnover to the Port. The Port recorded Phase III in August as the Port was utilizing the facilities. On October 4, 2015, MARAD had turned over the remaining completed projects. Cost of the projects was taken from MARAD Financial Dashboard as of September 30, 2015. Adjustment to the facility expansion was recorded as a result of the updated Financial Dashboard as of September 2016. MARAD is working on closing out the project and the Port is expecting to receive the final costs and the remaining available funds are to be utilized to purchase equipment.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets**

The Authority's investment in capital assets as of September 30, 2017, totaled \$124 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, office and cargo handling equipment, inventory and construction-in-progress. The total net increase in the Authority's investment in capital assets for the current fiscal year was \$882 thousand or 1%.

Major capital asset activity during 2017 included the following:

- Building and wharf account increased by \$9.8 million due to PAG Marine Service Life, Container Yard Striping and EQMR Canopies.
- Computer account increased by \$4.7 million due to the implementation of the Terminal Operating System.
- Crane account increased by \$1.3 million due to the acquisition of four (4) Toplifters.
- Tractor account increased by \$1.5 million due to the acquisition of sixteen (16) Tractors.

Please refer to note 3 to the financial statements for additional details regarding capital asset activities during fiscal year 2017 and 2016.

**Debt**

The Authority obtained a \$3.5 million loan from ANZ Bank in October 2010 for the purchase of 4 brand new Hyster Top Lifters and 10 brand new Ottawa terminal yard tractors.

In December 2012, the Authority obtained a \$12 million loan from ANZ Bank for the purchase of 3 used gantry cranes.

In April 2014, the Port obtained a \$10 million loan from BOG for the Service Life Extension project to repair and extend the life of the wharves, acquire multiple top lifter equipment and upgrade of its financial management system. Projects were completed in April 2017. The purchase of (4) new toplifters was processed and delivered in October 2016.

In July 2015, the Port obtained a \$2 million USDA direct loan for the purchase of 8-Tractors, 4-5 ton forklifts, telescopic boom lift, compact articulated boom lift, industrial sweeper, and 2-portable dual operation welding machine. All equipment were received by January 2017.

The financial covenant of the loans require the following ratios:

- a) Interest Coverage Ratio: For the \$3.5 million ANZ Bank loan, PAG shall maintain an Interest Coverage Ratio of 1.5 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense}}$$

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- b) Debt Service Coverage Ratio: For the two ANZ Bank loans, PAG shall maintain a Debt Service Coverage ratio of 1.30 to 1 and for the BOG loan, PAG shall maintain a Debt Service Coverage ratio of 1.20 to 1, calculated as follows:

$$\frac{\text{Net Profit (Loss) Before Depreciation, Interest, Taxes and Amortization}}{\text{Total Interest Expense + Principal Debt Reductions}}$$

The interest coverage ratio is 10.11 and the debt service coverage ratio is 3.93 for the year ended September 30, 2017.

Please refer to note 5 to the financial statements for additional details regarding financing activities during fiscal years 2017 and 2016.

### **Pending Litigation**

The Port is in litigation with Guam YTK Corporation (YTK), a former tenant, regarding a lease agreement dated December 14, 2001. In 2012, YTK submitted its Claim against the Government of Guam. In 2013, the Superior Court of Guam issued a Decision and Order dismissing YTK's claims, which YTK appealed. In July 2014, the Supreme Court of Guam granted YTK's motion to compel arbitration. Arbitration began in 2016 and arbitrators issued a decision in favor of YTK. The Arbitrators awarded YTK: (1) Award amount of \$12.7M; (2) Ten percent (10%) interest per annum on the unpaid balance of the Award amount; and (3) Attorneys' fees of \$1.3M and costs of \$138 thousand. In July 2016, the Port filed a Motion to Vacate Arbitration Award in Superior Court of Guam. Judge Sukola denied the Port's motion on December 29, 2016.

On January 19, 2017, the Board of Directors duly passed a resolution authorizing legal counsel to defend the Port against the April 4, 2016 Arbitration Award and December 29, 2016 Superior Court of Guam Decision and Order. The Board further directed legal counsel to take this matter before the Supreme Court to protect the Port's interest. Legal Counsel submitted a brief for the appeal in January 2018.

### **FISCAL YEAR 2018 OUTLOOK**

The following are the courses of action that the Port aims to accomplish or complete in FY 2018:

#### **Bond Financing**

PAG plans to issue revenue bonds in 2018 to provide funds for the purpose of financing or refinancing improvements and/or working capital relating to the Jose D. Leon Guerrero Commercial Port. The following are the capital projects under the 2013 Port Master Plan update and other projects identified by management to replace aging facilities.

- Rehabilitation of H-Wharf and Access Road (local share)
- Replacement of the Administration Building
- Waterline Relocation
- Warehouse I Building Repairs/Upgrades
- Equipment Maintenance & Repair (EQMR) Building
- Golf Pier Repairs

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**Facility Maintenance Fee Projects**

Through the Facility Maintenance Fee, the Authority plans to address the following projects:

- A/E Services for Wheel Stopper, Storm Drainage System Repair & Gate House Repair
- Concrete Storm Drain Channel System Upgrade
- Container Yard Water Line Valves
- Container Yard Asphalt Pavement Repairs
- Installation of 61 Additional Reefer Outlets
- Replacement of 4,000 Gallon Surface Diesel Fuel Tank with an 8,000 Gallon Tank

**Port Security Grant Program (PSGP)**

Through the Port Security Grant Program of the U.S. Department of Homeland Security program, the Authority proceeded with the following projects:

- PAG was awarded the 2015 PSGP for two projects: 1) procure maintenance and sustainment contract for its CCTV and Access Control Systems, and 2) install additional security lights at various strategic port locations, specifically 4 new container yard security light poles and exterior high output lighting fixtures at the Warehouse I and Cabras Marine buildings.
- PAG was awarded the 2016 PSGP for two projects: 1) procurement of additional cameras for Hagatna Marina, Agat Marina, and the Port, and 2) Phase III supplemental lighting project for Industrial Road, roadway heading to H-Wharf, and other strategic Port locations.
- PAG was recently awarded the 2017 PSGP for three projects: 1) Refurbishment and Hardening of Load Center Buildings Housing Prime Generators, 2) Maintenance and Sustainment Contract for Prime Power Generators and 3) U.S. Coast Guard-endorsed NASBLA Tactical Operator's Course for Port Police.

**Other Marina and Harbor of Refuge Projects**

- Agat Marina demolition of B Dock under the Department of Agriculture Sport Fish Restoration Program. The Port anticipates to complete this project by September 2018.
- Renovation of the Guam Harbor of Refuge-Architectural and Engineering Design including Environmental Study Phase for the moorings was completed on September 2015 under Boating Infrastructure Grant Program Tier1. U.S. Wildlife Fisheries Service requested an additional site assessment be performed to the actual moorage system, this was completed in November 2016. Architectural and Engineering Design of the pump-out system with shelter was completed in February 2017. Procurement and construction of pump out facility is anticipated to commence in mid-2018.

**H-Wharf**

On July 29, 2016, PAG was awarded \$10 Million under the FY 2016 Transportation Investment Generating Economic Recovery (TIGER) Grant, the remaining balance will be funded by PAG for the reconstruction, and expansion of H-Wharf built in 1948, including a new sheet pile bulkhead retaining wall and upgrades to an access road. The project also includes demolition of surface facilities and construction of additional structural components.

TIGER grants are one of the few federal funding programs available to public port authorities to help pay for critical infrastructure to move and handle freight more efficiently. \$61.8 million are going to six (6) commercial seaports. The Port was one of the six ports in the nation to receive TIGER grant to help pay for critical infrastructure. The Port plans to use bond funding for its matching share. PAG anticipates project to commence in mid-2018.

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**CONTACTING THE PORT'S FINANCIAL MANAGEMENT**

The Management's 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.

Management's Discussion and Analysis for the year ended September 30, 2016 is set forth in the report on the audit of financial statements which is dated February 13, 2017. That Discussion and Analysis explains in more detail major factors impacting the 2016 financial statements. A copy of that report can be obtained via the contact below.

For additional information about this report, please contact Joann B. Conway, Port Authority of Guam, 1026 Cabras Highway Suite 201, Piti, Guam 96915 or visit the website at [www.portguam.com](http://www.portguam.com).

**PORT AUTHORITY OF GUAM**  
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Statements of Net Position  
September 30, 2017 and 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2017</u>	<u>2016</u> As restated (Note 1)
Current assets:		
Cash and cash equivalents - unrestricted	\$ 30,881,981	\$ 30,241,527
Cash and cash equivalents - restricted expendable	<u>8,382,257</u>	<u>5,530,865</u>
Total cash and cash equivalents	39,264,238	35,772,392
Accounts receivable, net of allowance for doubtful accounts of \$563,854 and \$551,948 in 2017 and 2016, respectively	7,075,677	4,892,405
Federal receivables	704,549	180,601
Prepaid expenses	<u>15,874</u>	<u>62,315</u>
Total current assets	47,060,338	40,907,713
Replacement parts inventories, net of allowance for obsolescence of \$77,364 and \$70,782 in 2017 and 2016, respectively	464,832	282,884
Depreciable property, plant and equipment, net	117,438,696	104,433,310
Nondepreciable property, plant and equipment	<u>6,391,706</u>	<u>18,514,993</u>
Total assets	<u>171,355,572</u>	<u>164,138,900</u>
Deferred outflows of resources from pension	<u>6,176,940</u>	<u>7,169,958</u>
Total assets and deferred outflows of resources	\$ <u>177,532,512</u>	\$ <u>171,308,858</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Current portion of long-term bank debt	\$ 2,350,902	\$ 1,788,527
Accounts payable, trade and others	2,568,562	1,875,663
Security deposits and other payables	389,498	390,189
Accrued payroll and withholdings	779,339	665,854
Current portion of accrued annual leave	1,232,707	1,136,453
Unearned revenue	<u>201,802</u>	<u>495,729</u>
Total current liabilities	7,522,810	6,352,415
Long-term bank debt, net of current portion	18,858,975	18,044,897
Net pension liability	56,767,410	57,457,304
Accrued annual leave, net of current portion	444,045	401,958
Accrued sick leave	<u>1,893,141</u>	<u>1,649,857</u>
Total liabilities	<u>85,486,381</u>	<u>83,906,431</u>
Deferred inflows of resources from pension	<u>1,008,960</u>	<u>422,187</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	102,242,086	101,527,633
Restricted - expendable	8,382,257	5,530,865
Unrestricted	<u>(19,587,172)</u>	<u>(20,078,258)</u>
Total net position	<u>91,037,171</u>	<u>86,980,240</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>177,532,512</u>	\$ <u>171,308,858</u>

See accompanying notes to financial statements.

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Statements of Revenues, Expenses and Changes in Net Position  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
Operating revenues:		
Cargo throughput charges	\$ 30,714,755	\$ 31,921,115
Equipment and space rental	8,768,740	8,753,079
Crane surcharge	6,092,371	6,284,894
Wharfage charges	4,986,049	4,930,170
Special services	223,791	225,560
Other operating income	108,227	92,951
	50,893,933	52,207,769
(Provision for) recovery of bad debts	(141,322)	341,007
	50,752,611	52,548,776
Operating expenses:		
Management and administration	10,821,867	10,039,097
Depreciation	6,103,304	6,144,649
Equipment maintenance	5,640,444	5,447,083
Transportation services	5,549,586	4,984,454
Stevedoring services	3,992,789	3,933,650
General expenses	3,733,610	4,788,404
Terminal services	2,808,718	2,675,823
Insurance	2,509,713	2,193,100
Facility maintenance	1,986,947	1,664,968
Retiree healthcare and other benefits	1,971,339	1,938,035
Utilities	1,451,907	1,511,229
Total operating expenses	46,570,224	45,320,492
Earnings from operations	4,182,387	7,228,284
Nonoperating (expenses) revenues:		
U.S. Government operating grants	835,873	793,913
Other income (expense), net	6,767	26,532
Interest (expense) income, net	(1,060,269)	(984,882)
Loss on disposal of property, plant and equipment	(218,269)	(2,670,887)
Total nonoperating expenses, net	(435,898)	(2,835,324)
Earnings before capital contributions	3,746,489	4,392,960
Contributed capital:		
U.S. Government grants	310,442	1,379,189
Increase in net position	4,056,931	5,772,149
Net position at beginning of year	86,980,240	81,208,091
Net position at end of year	\$ 91,037,171	\$ 86,980,240

See accompanying notes to financial statements.

**PORT AUTHORITY OF GUAM  
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Statements of Cash Flows  
Years Ended September 30, 2017 and 2016

	<u>2017</u>	2016 As restated (Note 1) <u>          </u>
Cash flows from operating activities:		
Cash received from customers	\$ 48,275,412	\$ 55,043,571
Cash payments to suppliers for goods and services	(10,218,376)	(12,210,631)
Cash payments to employees for services and benefits	<u>(28,306,836)</u>	<u>(26,835,820)</u>
Net cash provided by operating activities	<u>9,750,200</u>	<u>15,997,120</u>
Cash flows from investing activity - interest received	<u>55,439</u>	<u>68,145</u>
Cash flows from capital and related financing activities:		
Capital grants received	184,716	132,370
Proceeds from long-term bank debt	3,130,450	2,503,530
Repayment of long-term bank debt	(1,753,997)	(1,055,193)
Interest paid	(1,115,708)	(1,053,027)
Purchase of property, plant and equipment	<u>(7,203,672)</u>	<u>(5,159,744)</u>
Net cash used in capital and related financing activities	<u>(6,758,211)</u>	<u>(4,632,064)</u>
Cash flows from non-capital related financing activities:		
Operating grants received	437,651	793,913
Other non-capital activities	<u>6,767</u>	<u>26,532</u>
Cash provided by non-capital related financing activities	<u>444,418</u>	<u>820,445</u>
Net increase in cash and cash equivalents	3,491,846	12,253,646
Cash and cash equivalents at beginning of year	<u>35,772,392</u>	<u>23,518,746</u>
Cash and cash equivalents at end of year	\$ <u><u>39,264,238</u></u>	\$ <u><u>35,772,392</u></u>

See accompanying notes to financial statements.



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Statements of Cash Flows, Continued  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
Reconciliation of earnings from operations to net cash provided by operating activities:		
Earnings from operations	\$ 4,182,387	\$ 7,228,284
Adjustments to reconcile earnings from operations to net cash provided by operating activities:		
Depreciation	6,103,304	6,144,649
Provision for (recovery of) bad debts	141,322	(341,007)
Pension cost	889,897	612,836
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,324,594)	2,743,508
Prepaid expenses	46,441	(44,096)
Replacement parts inventories, net	(181,948)	(154,377)
Accounts payable, trade and others	692,899	(697,531)
Security deposits and other payables	(691)	42,771
Accrued payroll and withholdings	113,485	113,594
Accrued annual leave	138,341	81,781
Unearned revenue	(293,927)	92,294
Accrued sick leave	243,284	174,414
Net cash provided by operating activities	\$ 9,750,200	\$ 15,997,120

## Supplemental information of noncash activity:

In 2016, the Authority acquired \$1.5 million of capital assets through federal grants.

See accompanying notes to financial statements.

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Notes to Financial Statements  
September 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies

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 (GEDA) has assigned the management of the thirty-two acre Cabras Industrial Park to the Authority.

On July 14, 2009, Public Law 30-52 placed the Authority under the oversight of the Public Utilities Commission of Guam (PUC). Because of the rate making process, certain differences may arise in the application of accounting principles generally accepted in the United States of America between regulated and non-regulated enterprises. Such differences mainly concern the time at which various items enter into the determination of net earnings in order to follow the principle of matching costs and revenues.

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 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.

Operating and Nonoperating Revenues and Expenses

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. Revenue is recognized on the accrual basis and is recorded upon billing when services have been completed. Capital grants, financing or investing related transactions are reported as non-operating revenues and expenses. All expenses related to operating the Authority are reported as operating expenses. Capital grants and other capital contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned.

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Notes to Financial Statements  
September 30, 2017 and 2016

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

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of the following three sections:

Net investment in capital assets:

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 position subject to externally imposed stipulations that require the Authority to maintain them permanently.

Expendable - Net position 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.

All of the Authority's restricted net position at September 30, 2017 and 2016 is expendable.

Unrestricted:

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

For purposes of the statements of net position and of cash flows, cash and cash equivalents is defined as cash on hand and deposits in banks and time certificates of deposit with initial maturities of three months or less. Restricted cash is considered to be cash and cash equivalents but is separately classified in the statement of net position.

Accounts Receivable and Allowance for Doubtful Accounts

Substantially all of the Authority's accounts receivable as of September 30, 2017 and 2016 are due from international steamship lines/agents which are located or operating on Guam.

The Authority performs periodic credit evaluations of its customers, and generally does not require collateral. Receivables are considered past due when payment is not received within 30 days from the date of billing. As of September 30, 2017 and 2016, receivables that are more than thirty days past due totaled \$1,991,313 and \$1,244,328, respectively. The allowance for doubtful 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. Uncollectible accounts are written-off against the allowance or are charged to expense in the period the Authority deems the accounts to be uncollectible.

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Notes to Financial Statements  
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(1) Organization and 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. Thus, replacement parts inventories are classified as non-current assets.

Property, Plant and Equipment and Depreciation

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 buildings and equipment). Current policy is to capitalize individual purchases over \$1,000 with useful lives exceeding one year. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure and replacements are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense, respectively.

Compensated Absences

Compensated absences are recorded as a long-term liability in the statements of net position. 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 accrual rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

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 from 480 to 320 hours. Public Law No. 27-106 allows employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, to carry over their excess and to use the excess amount of leave prior to retirement or termination from service or they may credit not more than 100 excess hours to sick leave. However, at retirement, lump sum compensation or retirement credit for annual leave in excess of three hundred twenty (320) hours is not allowed.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement.

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Notes to Financial Statements  
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(1) Organization and Summary of Significant Accounting Policies, Continued

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The Authority recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents the Authority's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes the Authority's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until the applicable future period.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until the applicable future period.

Taxes

As an instrumentality of the Government of Guam (GovGuam), the Authority and all property acquired by or for the Authority, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

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Notes to Financial Statements  
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(1) Organization and Summary of Significant Accounting Policies, Continued

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 under the Government of Guam Special Fund (Special Fund); however, the Authority reimburses the Special Fund for the costs of claims. 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 casualty losses in excess of insurance coverage during the years ended September 30, 2017, 2016 and 2015.

Estimates

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

New Accounting Standards

During the year ended September 30, 2017, the Authority implemented the following pronouncements:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The implementation of this statement had a material effect on the accompanying financial statements resulting in the restatement of the Authority's fiscal year 2016 financial statements to reflect the reporting of pension liabilities, deferred inflows of resources and deferred outflows of resources for ad hoc COLAs and supplemental annuity payments and the recognition of pension expense in accordance with the provisions of GASB Statement No. 73. The 2016 financial statements were also restated as follows due to changes in actuarial assumptions and other inputs used to determine the pension liabilities, deferred inflows of resources and deferred outflows of resources for the qualified pension plan.

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September 30, 2017 and 2016

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

New Accounting Standards, Continued

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of October 1, 2015:			
Net position	\$ 93,572,497	\$ (12,364,406)	\$ 81,208,091
For the year ended September 30, 2016:			
Change in net position	\$ 7,092,301	\$ (1,320,152)	\$ 5,772,149
As of September 30, 2016:			
Deferred outflows of resources from pension	\$ 5,292,446	\$ 1,877,512	\$ 7,169,958
Net pension liability	\$ (42,317,421)	\$ (15,139,883)	\$ (57,457,304)
Deferred inflows of resources from pension	\$ -	\$ (422,187)	\$ (422,187)
Net position	\$ 100,664,798	\$ (13,684,558)	\$ 86,980,240

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB).
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units.
- GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Except for GASB Statement No. 73, the implementation of these statements did not have a material effect on the Authority's financial statements.

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Notes to Financial Statements  
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(1) Organization and Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on an actuarial valuation dated October 1, 2015, the net OPEB obligation that the Authority will record upon implementation of Statement 75 is anticipated to be \$38,932,903 as of September 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions in Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.



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

New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

(2) Deposits

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.

GASB Statement No. 40 requires disclosures for 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 or held by the pledging financial institution but not in the depositor-government's name. The Authority does not have a deposit policy for custodial credit risk.

As of September 30, 2017 and 2016, the carrying amount of the Authority's cash and cash equivalents totaled \$39,264,238 and \$35,772,392, respectively, and the corresponding bank balances were \$39,268,752 and \$35,590,533, respectively, all of which were maintained in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2017 and 2016, bank deposits in the amount of \$500,000 were FDIC insured for both years. 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.

(3) Property, Plant and Equipment

A summary of changes in property, plant and equipment for the years ended September 30, 2017 and 2016 is as follows:

	Beginning Balance October 1, 2016	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2017
<u>Depreciable:</u>				
Buildings	\$ 131,289,544	\$ 9,877,234	\$ -	\$ 141,166,778
Equipment	<u>25,465,931</u>	<u>9,430,525</u>	<u>(1,462,677)</u>	<u>33,433,779</u>
	156,755,475	19,307,759	(1,462,677)	174,600,557
Less accumulated depreciation	<u>(52,322,165)</u>	<u>(6,103,304)</u>	<u>1,263,608</u>	<u>(57,161,861)</u>
	<u>104,433,310</u>	<u>13,204,455</u>	<u>(199,069)</u>	<u>117,438,696</u>
<u>Non-depreciable:</u>				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	<u>14,951,993</u>	<u>2,341,019</u>	<u>(14,464,306)</u>	<u>2,828,706</u>
	<u>18,514,993</u>	<u>2,341,019</u>	<u>(14,464,306)</u>	<u>6,391,706</u>
Total	\$ <u>122,948,303</u>	\$ <u>15,545,474</u>	\$ <u>(14,663,375)</u>	\$ <u>123,830,402</u>

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(3) Property, Plant and Equipment, Continued

	Beginning Balance October 1, 2015	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2016
<u>Depreciable:</u>				
Buildings	\$ 130,368,940	\$ 3,349,745	\$ (2,429,141)	\$ 131,289,544
Equipment	<u>32,902,231</u>	<u>2,278,027</u>	<u>(9,714,327)</u>	<u>25,465,931</u>
	163,271,171	5,627,772	(12,143,468)	156,755,475
Less accumulated depreciation	<u>(54,760,791)</u>	<u>(6,144,649)</u>	<u>8,583,275</u>	<u>(52,322,165)</u>
	<u>108,510,380</u>	<u>(516,877)</u>	<u>(3,560,193)</u>	<u>104,433,310</u>
<u>Non-depreciable:</u>				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	<u>13,017,315</u>	<u>7,453,401</u>	<u>(5,518,723)</u>	<u>14,951,993</u>
	<u>16,580,315</u>	<u>7,453,401</u>	<u>(5,518,723)</u>	<u>18,514,993</u>
Total	\$ <u>125,090,695</u>	\$ <u>6,936,524</u>	\$ <u>(9,078,916)</u>	\$ <u>122,948,303</u>

(4) Employees' Retirement Plans

## A. General Information About the Pension Plans:

Defined Benefit Plan

*Plan Description:* The Authority participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the Authority, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commenced on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. 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](http://www.ggrf.com).

*Plan Membership:* As of September 30, 2016, the most recent measurement date, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,298
Terminated employees entitled to benefits but not yet receiving them	4,463
Current members	<u>2,208</u>
	<u>13,969</u>

*Benefits Provided:* The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Defined Benefit Plan, Continued

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

*Contributions and Funding Policy:* Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2015 actuarial valuation was used for determining the year ended September 30, 2017 statutory contributions. Member contributions are required at 9.55% of base pay (9.54% in 2016).

As a result of actuarial valuations performed as of September 30, 2015, 2014, and 2013, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2017, 2016 and 2015, respectively, have been determined as follows:

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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Defined Benefit Plan, Continued

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal costs (% of DB Plan payroll)	16.27%	15.86%	15.92%
Employee contributions (DB Plan employees)	<u>9.55%</u>	<u>9.54%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>6.72%</u>	<u>6.32%</u>	<u>6.37%</u>
Employer portion of normal costs (% of total payroll)	1.87%	1.94%	2.05%
Unfunded liability cost (% of total payroll)	<u>21.60%</u>	<u>22.42%</u>	<u>24.09%</u>
Government contribution as a % of total payroll	<u>23.47%</u>	<u>24.36%</u>	<u>26.14%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>27.41%</u>	<u>28.16%</u>	<u>29.85%</u>
Employee	<u>9.55%</u>	<u>9.54%</u>	<u>9.55%</u>

The Authority's contributions to the DB Plan for the years ended September 30, 2017, 2016 and 2015 totaled \$1,327,533, \$1,343,278 and \$1,484,519, respectively, which are equal to the required contributions for those years.

*Actuarial Assumptions:* Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	14.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	6.70%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.

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Notes to Financial Statements  
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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Defined Benefit Plan, Continued

Mortality: RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.

Other information: Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

*Discount Rate:* The total pension liability is calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except ad hoc cost-of-living adjustments (COLA) and supplemental annuity (SA) payments to DB retirees. The rate of return of a high quality bond index applies to the ad hoc COLAs and supplemental annuity payments to DB retirees, which are not funded by plan assets. The blended rate calculated as described above is 6.70%.

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.70%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate <u>5.70%</u>	Current Discount Rate <u>6.70%</u>	1% Increase in Discount Rate <u>7.70%</u>
Net Pension Liability	\$ <u>53,400,201</u>	\$ <u>43,796,523</u>	\$ <u>35,530,359</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

*Plan Description:* The Authority participates in the GovGuam ad hoc COLA/supplemental annuity plan for DB retirees, a single-employer defined benefit pension plan administered by the GGRF. The Authority considers this as a separate pension plan for DB retirees. A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for this 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](http://www.ggrf.com).

*Plan Membership:* The plan membership is the same as the DB plan described above.

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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees, Continued

*Benefits Provided, Contributions and Funding Policy:* Ad hoc COLA and supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. Ad hoc COLAs are made through annual allocations to provide DB Plan retired members and spouse survivors with COLA payments of \$2,000 per year. In addition, DB Plan retired members and survivors whose benefits commenced prior to October 1, 1995, have received supplemental annuity payments in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

The Authority's contributions to the Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees for the years ended September 30, 2017, 2016 and 2015 were \$979,915, \$1,018,210 and \$1,040,560, respectively, which were equal to the statutorily required contributions.

*Actuarial Assumptions:* The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Discount Rate:	6.70%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.

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Notes to Financial Statements  
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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees, Continued

Other information: Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

*Discount Rate:* The total pension liability is calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments to DB retirees. The rate of return of a high quality bond index applies to the ad hoc COLAs and supplemental annuity payments to DB retirees, which are not funded by plan assets. The blended rate calculated as described above is 6.70%.

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.70%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate <u>5.70%</u>	Current Discount Rate <u>6.70%</u>	1% Increase in Discount Rate <u>7.70%</u>
Net Pension Liability	\$ <u>10,501,479</u>	\$ <u>9,759,549</u>	\$ <u>9,102,783</u>

Ad Hoc COLA Plan for DCRS Retirees

*Plan Description:* The Authority participates in the GovGuam ad hoc COLA plan for DCRS retirees, a single-employer defined benefit pension plan administered by the GGRF. The Authority considers this as a separate pension plan for DCRS retirees. A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for this 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](http://www.ggrf.com).

*Plan Membership:* As of September 30, 2016, the most recent measurement date, plan membership consisted of 8,858 active DCRS participants.

*Benefits Provided, Contributions and Funding Policy:* Ad hoc COLA benefits, contributions and funding policy are the same as those for DB retirees.

The Authority's contributions to the Ad Hoc COLA Plan for DCRS Retirees for the years ended September 30, 2017, 2016 and 2015 were \$82,000, \$74,000 and \$68,000, respectively, which were equal to the statutorily required contributions.

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Notes to Financial Statements  
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(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued:

Ad Hoc COLA Plan for DCRS Retirees, Continued

*Actuarial Assumptions:* The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Discount Rate:	3.058%
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to age 74, 100% at age 75
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

*Discount Rate:* The total pension liability is calculated using a discount rate of 3.058% that is the high quality bond index rate. The rate of return of a high quality bond index applies to benefit payments that are not funded by plan assets.

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.058%) in measuring the 2016 Net Pension Liability.

	1% Decrease in Discount Rate <u>2.058%</u>	Current Discount Rate <u>3.058%</u>	1% Increase in Discount Rate <u>4.058%</u>
Net Pension Liability	\$ <u>3,668,262</u>	\$ <u>3,211,338</u>	\$ <u>2,822,541</u>



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(4) Employees' Retirement Plans, Continued

- B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

*Pension Liability:* At September 30, 2017 and 2016, the Authority reported a net pension liability for its proportionate shares of the GovGuam net pension liabilities which comprised of the following:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	\$ 43,796,523	\$ 44,375,587
Ad hoc COLA/supplemental annuity plan for DB retirees	9,759,549	10,037,574
Ad hoc COLA plan for DCRS retirees	<u>3,211,338</u>	<u>3,044,143</u>
	<u>\$ 56,767,410</u>	<u>\$ 57,457,304</u>

The Authority's proportion of the GovGuam net pension liabilities was based on projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2017 and 2016, the Authority's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	3.20%	3.09%
Ad hoc COLA/supplemental annuity plan for DB retirees	4.25%	4.26%
Ad hoc COLA plan for DCRS retirees	5.21%	5.84%

*Pension Expense:* For the years ended September 30, 2017 and 2016, the Authority recognized pension expense from the above pension plans as follows:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	\$ 5,165,848	\$ 4,753,162
Ad hoc COLA/supplemental annuity plan for DB retirees	719,925	700,508
Ad hoc COLA plan for DCRS retirees	<u>241,934</u>	<u>249,839</u>
	<u>\$ 6,127,707</u>	<u>\$ 5,703,509</u>

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Notes to Financial Statements  
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(4) Employees' Retirement Plans, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

*Deferred Outflows and Inflows of Resources:* At September 30, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 144,281	\$ 764	\$ -	\$ 61,988	\$ 27,030
Net difference between projected and actual earnings on pension plan investments	-	229,077	-	-	-	-
Changes of assumptions	124,701	-	10,067	-	350,709	-
Contributions subsequent to the measurement date	4,210,492	-	979,915	-	82,000	-
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>356,304</u>	<u>-</u>	<u>-</u>	<u>2,196</u>	<u>-</u>	<u>606,376</u>
	<u>\$ 4,691,497</u>	<u>\$ 373,358</u>	<u>\$ 990,746</u>	<u>\$ 2,196</u>	<u>\$ 494,697</u>	<u>\$ 633,406</u>
	2016 (as restated)					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 530,712	\$ -	\$ -	\$ 21,945	\$ -	\$ 32,324
Net difference between projected and actual earnings on pension plan investments	478,202	-	-	-	-	-
Changes of assumptions	596,147	-	51,012	-	138,143	-
Contributions subsequent to the measurement date	4,017,046	-	1,018,210	-	74,000	-
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>266,486</u>	<u>-</u>	<u>-</u>	<u>42,128</u>	<u>-</u>	<u>325,790</u>
	<u>\$ 5,888,593</u>	<u>\$ -</u>	<u>\$ 1,069,222</u>	<u>\$ 64,073</u>	<u>\$ 212,143</u>	<u>\$ 358,114</u>

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September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2017 will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Defined</u> <u>Benefit Plan</u>	<u>Ad Hoc COLA/SA</u> <u>Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan</u> <u>for DCRS Retirees</u>
2018	\$ (170,159)	\$ 8,635	\$ (14,509)
2019	116,311	-	(14,509)
2020	407,777	-	(14,509)
2021	(246,282)	-	(14,509)
2022	-	-	(14,509)
Thereafter	-	-	(148,164)
	<u>\$ 107,647</u>	<u>\$ 8,635</u>	<u>\$ (220,709)</u>

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 for the DCRS plan for the years ended September 30, 2017 and 2016, 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.

Members of the DCRS plan are always 100% vested in their own contributions, plus earnings thereon. Upon completion of five years of governmental service, as defined, DCRS members are 100% vested in employer contributions plus any earnings thereon.

The Authority's contributions for the DCRS plan payroll for the years ended September 30, 2017, 2016 and 2015 were \$3,548,584, \$3,251,007 and \$3,250,299, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$2,882,959, \$2,673,768 and \$2,688,140 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2017, 2016 and 2015, respectively.

Public Law 26-86 allows members of the DCRS plan to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The Authority has accrued an estimated liability of \$1,893,141, \$1,649,857 and \$1,475,443 at September 30, 2017, 2016 and 2015, 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.

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Notes to Financial Statements  
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(4) Employees' Retirement Plan, Continued

Other Post-Employment Benefits

*Plan Description:* GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

*Funding Policy:* GovGuam contributes to the Plan a portion of the medical and dental premiums based on a schedule of semi-monthly rates provided through insurance companies, with GovGuam's contribution amount set each year at renewal. Retirees are also required to pay a portion of the medical and dental insurance premiums. Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions. Retirees and covered spouses are eligible for a \$10,000 life insurance benefit. Retirees do not share in the cost of this benefit. Monthly life insurance premium is \$15.52 per covered life.

For the years ended September 30, 2017, 2016 and 2015, the Authority reimbursed GovGuam for its contributions to the abovementioned Plan of \$1,971,339, \$1,938,035 and \$1,681,679, respectively, which were equal to the statutorily required contributions.

Defined Benefit 1.75 Retirement System (the DB 1.75 Plan) and the Guam Retirement Security Plan (GRSP)

In September 2016, Public Law 33-186 was enacted to create two new government retirement plans; the DB 1.75 Plan and the GRSP. Beginning January 1, 2018, the DB 1.75 Plan and GRSP are to become the primary retirement systems for all new hires.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DCRS Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deductions at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

The GRSP will be the primary retirement plan for new employees beginning January 1, 2018, unless the employee elects to participate in the DCRS Plan within 60 days of the employee's hire date. Certain existing and reemployed employees are also provided a limited opportunity to participate in the GRSP. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 6.2% of the employee's base salary. The employer makes matching contributions at the same rate of 6.2% of the employee's base salary.

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September 30, 2017 and 2016

(5) Long-Term LiabilitiesSummary

Long-term liabilities of the Authority consist of annual leave and sick leave payable to its employees, net pension liability and long-term bank debt. Changes in long-term liabilities for the years ended September 30, 2017 and 2016 are as follows:

	Outstanding at September 30, 2016 <u>(as restated)</u>	<u>Increases</u>	<u>Decreases</u>	Outstanding at September 30, 2017	<u>Current</u>	<u>Noncurrent</u>
Accrued annual leave	\$ 1,538,411	\$ 1,553,943	\$ 1,415,602	\$ 1,676,752	\$ 1,232,707	\$ 444,045
Accrued sick leave	1,649,857	875,492	632,208	1,893,141	-	1,893,141
Long-term bank debt	19,833,424	3,130,450	1,753,997	21,209,877	2,350,902	18,858,975
Net pension liability	<u>57,457,304</u>	<u>4,419,362</u>	<u>5,109,256</u>	<u>56,767,410</u>	-	<u>56,767,410</u>
	<u>\$ 80,478,996</u>	<u>\$ 9,979,247</u>	<u>\$ 8,911,063</u>	<u>\$ 81,547,180</u>	<u>\$ 3,583,609</u>	<u>\$ 77,963,571</u>

	Outstanding at September 30, 2015 <u>(as restated)</u>	<u>Increases</u> <u>(as restated)</u>	<u>Decreases</u>	Outstanding at September 30, 2016 <u>(as restated)</u>	<u>Current</u>	<u>Noncurrent</u>
Accrued annual leave	\$ 1,456,630	\$ 1,216,027	\$ 1,134,246	\$ 1,538,411	\$ 1,136,453	\$ 401,958
Accrued sick leave	1,475,443	677,423	503,009	1,649,857	-	1,649,857
Long-term bank debt	18,385,087	2,503,530	1,055,193	19,833,424	1,788,527	18,044,897
Net pension liability	<u>51,098,271</u>	<u>11,640,251</u>	<u>5,281,218</u>	<u>57,457,304</u>	-	<u>57,457,304</u>
	<u>\$ 72,415,431</u>	<u>\$ 16,037,231</u>	<u>\$ 7,973,666</u>	<u>\$ 80,478,996</u>	<u>\$ 2,924,980</u>	<u>\$ 77,554,016</u>

Long-Term Bank Debt

Long-term bank debt consists of the following at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<ul style="list-style-type: none"> <li>\$2,000,000 loan obtained from United States Department of Agriculture (USDA) on July 15, 2015. The loan bears interest at 3.625% and is payable in monthly principal and interest installments of \$27,000 over seven years. Proceeds of the loan were used to fund the acquisition of cargo handling equipment, which is also pledged as collateral for the loan.</li> </ul>	\$ 1,434,000	\$ 1,700,752

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Notes to Financial Statements  
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(5) Long-Term Liabilities, Continued

Long-Term Bank Debt, Continued

	<u>2017</u>	<u>2016</u>
<ul style="list-style-type: none"> <li>• Two loans not to exceed a total of \$10,000,000 obtained from Bank of Guam on April 3, 2014. One loan (SLE Loan) was used for the purpose of funding the cost of service life extension repairs to berths and wharves. The other loan (Purchase Loan) was used for funding the cost of software acquisition for the purpose of upgrading the financial management system and of equipment purchases. Each loan bears interest at 2.55% above the Federal Home Loan Bank of Seattle Long Term 5-year amortizing fixed rate in effect from time to time or 3.75% whichever is greater. The interest rate shall be adjusted on the fifth anniversary. At September 30, 2017 and 2016, the SLE and Purchase Loans bear interest at 4.14% and 3.94%, respectively. Each loan is payable in ten years from drawdown dates with only interest due for the first two years. The outstanding principal balances of the SLE and Purchase Loans as of September 30, 2017 are \$5,396,840 and \$2,829,050, respectively. The outstanding principal balances of the SLE and Purchase Loans as of September 30, 2016 are \$4,732,794 and \$1,000,000, respectively.</li> </ul>	8,225,890	5,732,794
<ul style="list-style-type: none"> <li>• \$12,000,000 loan obtained from ANZ Guam, Inc. (ANZ) on December 20, 2012, guaranteed by USDA. The term loan bears interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-year amortizing rate at the time of funding (5.94% at September 30, 2017 and 2016) and is payable in monthly principal and interest installments of \$101,427 over fifteen years. Proceeds of the loan were used to finance the acquisition of the used cranes identified as Port of Los Angeles Cranes and Gantry Cranes (collectively the "cranes") which are also pledged as collateral for the loan.</li> </ul>	9,288,632	9,925,985

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Notes to Financial Statements  
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(5) Long-Term Liabilities, ContinuedLong-Term Bank Debt, Continued

	<u>2017</u>	<u>2016</u>
<ul style="list-style-type: none"> <li>• \$3,500,000 loan obtained from ANZ on October 22, 2010, representing a portion of the \$4,500,000 USDA Guaranteed Term Loan. The term loan bears interest at 3% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (6.18% at September 30, 2017 and 2016) and is payable in monthly principal and interest installments of \$30,049 over fifteen years. Proceeds of the loan were used to reimburse the Authority for the acquisition of four top lifters and ten terminal yard contractors which are also pledged as collateral for the loan.</li> </ul>	<u>2,261,355</u>	<u>2,473,893</u>
	21,209,877	19,833,424
Less current portion	<u>2,350,902</u>	<u>1,788,527</u>
	<b>\$ <u>18,858,975</u></b>	<b>\$ <u>18,044,897</u></b>

As of September 30, 2017, future maturities of long-term bank debt are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 2,350,902	\$ 1,037,373	\$ 3,388,275
2019	2,450,323	922,944	3,373,267
2020	2,568,435	804,832	3,373,267
2021	2,697,022	676,245	3,373,267
2022	2,775,376	543,292	3,318,668
2023 through 2027	8,088,173	1,098,720	9,186,893
2028	<u>279,646</u>	<u>3,020</u>	<u>282,666</u>
	<b>\$ <u>21,209,877</u></b>	<b>\$ <u>5,086,426</u></b>	<b>\$ <u>26,296,303</u></b>

Cargo throughput and wharfage revenues totaling \$35,700,804 and \$36,851,285 for the years ended September 30, 2017 and 2016, respectively, have been pledged as security for the SLE and Purchase Loans. The SLE Loan is also collateralized by the facility maintenance fee revenues which are deposited in a special fund with a balance of \$3,175,465 and \$2,708,032 as of September 30, 2017 and 2016, respectively.

The Authority is required to maintain a reserve account at the sum of principal and interest due and the aggregate amount of payments to become due in the next 90 days. The balance in the reserve account at September 30, 2017 and 2016 is \$323,160 and \$322,756, respectively.

(6) Major Customers

For the years ended September 30, 2017 and 2016, the Authority has two major shipping agency customers that collectively accounted for 59.11% and 65.43% of total operating revenues, respectively. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base.

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Notes to Financial Statements  
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(7) Rental Operations

The Authority, in cooperation with the GEDA, leases space to tenants under noncancelable operating leases, with options to renew, providing for future minimum rentals. The minimum future rentals on noncancelable operating leases for the five succeeding fiscal years and thereafter, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 1,122,057
2019	1,122,057
2020	921,338
2021	314,544
2022	238,164
Thereafter	<u>1,706,842</u>
	<u>\$ 5,425,002</u>

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 totaled \$8,768,740 and \$8,753,079 for the years ended September 30, 2017 and 2016, respectively.

(8) Commitments and Contingencies

Port Modernization Plan

The Port Modernization Plan (the Plan) spans a 30-year planning horizon with an estimated project cost of \$260 million and was conditionally approved in 2008 through Public Law 29-125. The Plan consists of Phases I-A and I-B with a focus on critical maintenance and repair of waterfront activities and Phase II with a focus on expansion needed to address long-term cargo growth demands of Guam and neighboring islands over the next twenty years. In 2009, the Guam Legislature approved Phases I-A and I-B of the Plan through Public Law 30-57.

In June 2008, through a Memorandum of Understanding (MOU), the Authority partnered with the Maritime Administration (MARAD) for the "Port of Guam Improvement Enterprise Program" (the Program). MARAD was designated as the lead federal agency assisting the Authority in securing funding sources to modernize its facilities and operations. Under the Program, MARAD is to provide federal oversight and coordination of projects, act as a central procurement organization, leverage federal, non-federal and private funding sources, and streamline the environmental review and permitting process. The partnership with MARAD was formalized through U.S. Public Law 110-417, *National Defense Authorization Act for 2010*. U.S. Public Law 110-417 also established the "Port of Guam Improvement Enterprise Fund" (the Fund), a separate account in the Treasury of the United States that will be used to receive funding from federal and non-federal sources to carry out the Program.



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(8) Commitments and Contingencies, Continued

Port Modernization Plan, Continued

The Authority commenced with the Phase I-A of the Plan in 2010 and is to be funded by the following:

Appropriation from the U.S. Department of Defense (USDOD)	\$ 50,000,000
Appropriations from the USDA:	
Community Facilities Direct loan	25,000,000
Community Facilities Guaranteed Loan with ANZ	25,000,000
Guaranteed term loan with ANZ	<u>4,500,000</u>
	\$ <u>104,500,000</u>

In November 2013, the Plan was updated to provide a comprehensive view of the Authority's current condition, identify elements of continuous improvement and sustainability, and scale down the components of Phase I-A of the Plan. Changes to the Plan were signed into law through Public Law 32-155 on May 21, 2014.

*Appropriation from the USDOD:*

The appropriation from the USDOD is sourced from the 2010 U.S. Supplemental Appropriations Act that was signed into law in August 2010. The appropriation was transferred to the Fund on September 22, 2010 and is administered and disbursed by MARAD based on the terms of the MOU; with the approval and authorization of the Authority.

The Authority segregated the construction funded by the \$50,000,000 USDOD appropriation into three phases. In 2015, all three phases have been completed and capitalized with a total cost of \$54,000,000; \$48,200,000 of which came from the USDOD appropriation and \$5,800,000 relates to consultants' charges. A dashboard project expenditure summary was provided to the Authority by MARAD and was used as the basis for recording \$48,200,000 of capital assets. In 2016, the Authority received an updated dashboard project expenditure summary from MARAD showing a revised total cost of \$47,300,000. An adjustment of \$900,000 to capital assets was made to reflect the updated project cost. There were no significant changes in the dashboard project expenditure summary provided by MARAD as of September 30, 2017. The Authority expects to receive the close-out documents from MARAD and changes in such expenditure details, if any, will be accounted for prospectively in the financial statements.

The remaining \$2,700,000 of USDOD funds are reprogrammed for the maintenance of the capital assets and for acquisition of equipment.

*Appropriations from the USDA:*

The appropriations from USDA were awarded on October 22, 2010. On the same date, the Authority received \$3,500,000 of the guaranteed term loan with ANZ (see note 5). The Authority anticipates that it will not utilize the unused portion of the loan.

Due to changes in certain factors relating to the military buildup and cargo forecast, the Authority will not proceed with the \$50,000,000 Community Facilities loans.

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Notes to Financial Statements  
September 30, 2017 and 2016

(8) Commitments and Contingencies, Continued

Government of Guam General Fund

In March 2011, the Authority received a \$12,250,000 invoice from the Government of Guam's Department of Administration (DOA) representing an annual assessment of \$875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, *Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund*. In May 2011, the Authority requested DOA further review the assessment as the Authority believes that it does not owe the entire \$12,250,000 based on previous transfers in 1994 and 1997 of \$500,000 and \$3,500,000 to the General Fund and to the Government of Guam Autonomous Agency Infrastructure Collection Fund (AAICF), respectively. The Authority also asserts that it funds certain government services provided by the Guam Customs and Quarantine Agency, the Guam Environmental Protection Agency, the Guam Police Department and the Guam Fire Department through ongoing operations at the Port; contributes to GEDA and Port's Base Realignment and Closure Commission; and, will fund the Tri-Star Pipeline and water line projects in the future. Further, the Authority understands that it is only required to transfer amounts to the AAICF when there is an operating surplus. No liability is recorded for this Government of Guam billing as of September 30, 2017 and 2016.

Lawsuit and Claims

The Authority is engaged in litigation with Guam YTK Corporation (YTK), a former tenant, involving a lease agreement dated December 14, 2001. In 2016, the case was submitted to arbitration as required by the terms of the lease agreement and in April 2016, the Arbitrators issued a decision awarding YTK \$14 million. The Authority filed an appeal in the Superior Court of Guam to deny the award to YTK. In December 2016, the Superior Court of Guam denied the Authority's motion to vacate the Arbitration Award and granted YTK's Motion to Confirm the Award. In June 2017, the Authority filed a Notice of Appeal in the Superior Court of Guam. In January 2018, the Authority filed a Motion to Dismiss in the Supreme Court of Guam.

The Authority is also a defendant in other various lawsuits and proceedings arising in the normal course of business.

While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could adversely affect the Authority's financial statements, it is the opinion of management, after consulting with its legal counsel, that the ultimate disposition of such suits and proceedings will not have a material adverse effect on the Authority's financial statements at this time, and therefore no provision has been recorded for these litigation and claims in the 2017 and 2016 financial statements.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. The remaining estimated accrued merit bonus as of September 30, 2017 and 2016 is \$54,000.

Purchase Commitments

As of September 30, 2017, the Authority has outstanding purchase orders for various equipment purchases totaling \$591,217.

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(9) Crane Surcharge

Pursuant to a PUC rate order, the Authority charges a crane surcharge of \$125 for each loaded import and export container and first carriers fully loaded transshipment containers handled at the Port. In addition, the rate order required the Authority to assess a \$5 per ton surcharge on break bulk cargo, capped at \$105 per item.

The rate order also required the Authority to deposit 9.5% of surcharge revenues into a crane replacement sinking fund, which is restricted for the future acquisition of cranes, loan payments on crane debt service or extraordinary corrective maintenance events. The balance in the reserve account at September 30, 2017 and 2016 is \$4,883,632 and \$2,500,077, respectively.

The Authority recorded \$6,092,371 and \$6,284,894 of crane surcharge revenue for the years ended September 30, 2017 and 2016, respectively.

(10) Restricted Net Position

At September 30, 2017 and 2016, net position is restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Future crane acquisition, crane debt service or extraordinary crane maintenance	\$ 4,883,632	\$ 2,500,077
Debt service	323,160	322,756
Collateral for the SLE loan	<u>3,175,465</u>	<u>2,708,032</u>
	<u>\$ 8,382,257</u>	<u>\$ 5,530,865</u>

**OTHER FINANCIAL INFORMATION**

**PORT AUTHORITY OF GUAM**  
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Required Supplemental Information (Unaudited)  
 Schedule of Proportional Share of the Net Pension Liability  
 Last 10 Fiscal Years\*

Defined Benefit Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Government of Guam net pension liability	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754	\$ 1,303,304,636
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$ 43,796,523	\$ 44,375,587	\$ 37,618,961	\$ 44,444,980
PAG's proportion of the net pension liability	3.20%	3.09%	3.02%	3.41%
PAG's covered-employee payroll**	\$ 16,202,268	\$ 15,793,402	\$ 15,241,377	\$ 15,698,669
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	54.62%	52.32%	56.60%	53.94%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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Required Supplemental Information (Unaudited)  
 Schedule of Proportional Share of the Net Pension Liability  
 Last 10 Fiscal Years\*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2017	2016
Total Government of Guam net pension liability***	\$ 229,486,687	\$ 235,799,709
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$ 9,759,549	\$ 10,037,574
PAG's proportion of the net pension liability	4.25%	4.26%
PAG's covered-employee payroll**	\$ 21,532,740	\$ 21,767,959
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	45.32%	46.11%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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Required Supplemental Information (Unaudited)  
Schedule of Proportional Share of the Net Pension Liability  
Last 10 Fiscal Years\*

Ad Hoc COLA Plan for DCRS Retirees

	<u>2017</u>		<u>2016</u>
Total Government of Guam net pension liability***	\$ 61,688,067	\$	52,115,736
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$ 3,211,338	\$	3,044,143
PAG's proportion of the net pension liability	5.21%		5.84%
PAG's covered-employee payroll**	\$ 19,004,676	\$	20,788,290
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	16.90%		14.64%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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Required Supplemental Information (Unaudited)  
Schedule of Pension Contributions  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 4,017,046	\$ 4,172,659	\$ 4,062,777	\$ 4,214,569
Contributions in relation to the statutorily required contribution	<u>3,981,412</u>	<u>4,154,190</u>	<u>4,047,929</u>	<u>4,158,400</u>
Contribution (excess) deficiency	<u>\$ 35,634</u>	<u>\$ 18,469</u>	<u>\$ 14,848</u>	<u>\$ 56,169</u>
PAG's covered-employee payroll **	<u>\$ 16,202,268</u>	<u>\$ 15,793,402</u>	<u>\$ 15,241,377</u>	<u>\$ 15,698,669</u>
Contribution as a percentage of covered-employee payroll	24.57%	26.30%	26.56%	26.49%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

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Schedule of Funding Progress and Actuarial Accrued Liability - Post  
Employment Benefits Other than Pension (Unaudited)

The Schedule of Funding Progress presents GASB 45 results of OPEB valuations as of fiscal year ends September 30, 2017, 2016, 2011, and 2007 for the Port Authority of Guam's share of GovGuam Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	\$ -	\$ 13,651,000	\$ 13,651,000	0.0%	\$ 10,981,000	124.3%
October 1, 2011	\$ -	\$ 37,028,000	\$ 37,028,000	0.0%	\$ 13,878,000	266.8%
October 1, 2015	\$ -	\$ 69,129,551	\$ 69,129,551	0.0%	\$ 17,004,433	406.5%
October 1, 2016*	\$ -	\$ 73,030,372	\$ 73,030,372	0.0%	\$ 17,684,610	413.0%

\* Projected

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Details of Operating Expenses  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
<b>Management and Administration:</b>		
Management:		
Salaries and wages - regular	\$ 500,846	\$ 476,565
Pension cost	181,377	178,823
Annual leave	56,641	45,177
Benefits - Government contribution	26,762	23,141
Fringe benefits	7,710	9,298
Furnishings and equipment	4,239	-
Office supplies	1,213	1,366
Salaries and wages - other	-	4,007
Miscellaneous	26,097	20,351
	<u>804,885</u>	<u>758,728</u>
Administration:		
Salaries and wages - regular	5,625,356	5,269,253
Pension cost	2,013,289	1,885,031
Annual leave	558,498	432,026
Salaries and wages - overtime	376,358	375,108
Benefits - Government contribution	356,739	324,397
Fringe benefits	307,612	306,260
Repairs and maintenance	212,665	158,149
Furnishings and equipment	105,476	81,436
Salaries and wages - other	80,856	109,069
Operational supplies	61,109	41,489
Office supplies	32,259	31,032
Miscellaneous	286,765	267,119
	<u>10,016,982</u>	<u>9,280,369</u>
Total management and administration	<u>\$ 10,821,867</u>	<u>\$ 10,039,097</u>

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Details of Operating Expenses, Continued  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
<b>Equipment Maintenance:</b>		
Salaries and wages - regular	\$ 2,632,824	\$ 2,312,741
Pension cost	987,194	870,500
Repairs and maintenance	490,325	754,675
Operational supplies	464,580	458,744
Salaries and wages - overtime	247,769	300,850
Annual leave	246,992	192,090
Fringe benefits	185,055	179,290
Salaries and wages - other	175,596	195,818
Benefits - Government contribution	170,025	142,946
Contractual	21,535	22,525
Furnishings and equipment	16,556	14,977
Office supplies	1,993	1,903
Miscellaneous	-	24
	<u>5,640,444</u>	<u>5,447,083</u>
Total equipment maintenance	\$ 5,640,444	\$ 5,447,083
<b>Transportation Services:</b>		
Salaries and wages - regular	\$ 2,822,454	\$ 2,565,230
Pension cost	1,136,812	1,052,680
Salaries and wages - overtime	528,983	416,472
Annual leave	261,933	203,913
Gas, oil and diesel	227,716	200,244
Fringe benefits	206,386	192,338
Benefits - Government contribution	188,282	166,388
Salaries and wages - other	171,170	183,085
Furnishings and equipment	3,371	1,646
Operational supplies	1,427	1,435
Office supplies	1,052	1,023
	<u>5,549,586</u>	<u>4,984,454</u>
Total transportation services	\$ 5,549,586	\$ 4,984,454

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Details of Operating Expenses, Continued  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
<b>Stevedoring Services:</b>		
Salaries and wages - regular	\$ 2,245,817	\$ 2,184,178
Pension cost	833,001	816,736
Salaries and wages - overtime	239,889	253,913
Annual leave	202,242	168,284
Fringe benefits	155,365	186,099
Benefits - Government contribution	155,265	145,939
Salaries and wages - other	150,443	157,087
Operational supplies	8,967	20,385
Office supplies	1,800	1,029
	<u>3,992,789</u>	<u>3,933,650</u>
Total stevedoring services	\$ <u>3,992,789</u>	\$ <u>3,933,650</u>
 <b>Facility Maintenance:</b>		
Salaries and wages - regular	\$ 1,037,659	\$ 859,901
Pension cost	382,620	336,964
Operational supplies	226,811	134,442
Annual leave	92,201	66,973
Fringe benefits	83,419	64,358
Benefits - Government contribution	70,582	58,310
Salaries and wages - overtime	59,412	114,532
Salaries and wages - other	15,389	14,124
Furnishings and equipment	13,708	5,889
Office supplies	645	767
Repairs and maintenance	-	8,646
Miscellaneous	4,501	62
	<u>1,986,947</u>	<u>1,664,968</u>
Total facility maintenance	\$ <u>1,986,947</u>	\$ <u>1,664,968</u>

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Details of Operating Expenses, Continued  
Years Ended September 30, 2017 and 2016

	2017	2016 As restated (Note 1)
<b>Terminal Services:</b>		
Salaries and wages - regular	\$ 1,562,184	\$ 1,500,247
Pension cost	593,414	562,775
Salaries and wages - overtime	232,564	206,975
Annual leave	138,128	111,176
Fringe benefits	114,067	134,810
Benefits - Government contribution	106,707	99,285
Salaries and wages - other	53,029	49,066
Office supplies	6,315	6,127
Operational supplies	1,786	5,362
Furnishings and equipment	524	-
	<u>\$ 2,808,718</u>	<u>\$ 2,675,823</u>
Total terminal services	<u>\$ 2,808,718</u>	<u>\$ 2,675,823</u>
<b>General Expenses:</b>		
Professional services	\$ 1,182,628	\$ 1,978,138
Legal counsel	991,926	857,364
Managers' fee	834,248	1,003,386
Maintenance	187,257	365,427
Waste removal	113,373	112,883
Audit	55,000	45,000
Port incentive award	26,959	16,196
Inventory adjustment	22,040	7,226
Workmen's compensation injury allowance	14,752	105,477
Agency fee	7,610	52,163
Board of Directors expense	6,261	4,229
Claims and damages	767	17,022
Miscellaneous	290,789	223,893
	<u>\$ 3,733,610</u>	<u>\$ 4,788,404</u>
Total general expenses	<u>\$ 3,733,610</u>	<u>\$ 4,788,404</u>

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Summary of Salaries and Wages  
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Salaries and wages - regular	\$ 16,427,139	\$ 15,168,115
Salaries and wages - overtime	1,684,974	1,667,850
Benefits - Government contribution	1,074,361	960,407
Fringe benefits	1,059,616	1,072,452
Salaries and wages - other	<u>646,483</u>	<u>712,255</u>
	<u>\$ 20,892,573</u>	<u>\$ 19,581,079</u>

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Employees by Department  
 Years Ended September 30, 2017 and 2016

Department:	2017	2016
Management and administration	110	108
Equipment maintenance	53	47
Transportation services	57	66
Stevedoring services	62	57
Facility maintenance	30	27
Terminal services	35	39
	347	344

See Accompanying Independent Auditors' Report.