

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Port Receives a Clean Audit Report and Prestigious Award

Piti, Guam, August 2, 2024: The Port Authority of Guam has achieved another significant milestone by receiving a clean audit report for the fiscal year ending September 30, 2023. This independent audit, conducted by Ernst and Young LLP (EY), confirms that the Port's financial statements are accurate and reliable, reflecting the Authority's strong financial position in accordance with accounting principles generally accepted in the United States of America.

Key Audit Highlights

Independent auditors EY issued an unmodified (clean) opinion, affirming the accuracy and reliability of the Port's financial statements. The Port's assets plus deferred outflows exceed liabilities plus deferred inflows by \$31 million, marking a 17.4% increase in net position from the previous year. No material weaknesses, no significant deficiencies, and no noncompliance material were found in the Port's internal control over financial reporting. Conducted according to Government Auditing Standards, a clean opinion was also issued regarding the Port's compliance with major federal programs.

Governor Lou Leon Guerrero expressed pride in the audit results, stating, "This clean audit report is a testament to the Port Authority's dedication to financial integrity, transparency, and prudent management. It reflects the exceptional efforts of the entire team in ensuring that our seaport remains a vital and efficient hub for Guam's economic and military activities, as well as its crucial importance to national security and the defense of our nation."

Governor Leon Guerrero added, "This audit will further strengthen the Port's credit worthiness in the Capital market making it a more attractive financial investment. As a result, it will have a wider range of financial access for capital projects moving further along its modernization goals."

Lt. Governor Josh Tenorio emphasized the Port's crucial role, saying, "I commend Port Management and its fiscal team for the excellent work stabilizing port finances and administrative operations. The Port's strategic initiatives are essential in maintaining Guam's economic resilience and enhancing operational readiness to support vital operations on Guam, Micronesia, and throughout the Indo-Pacific region."

"These continued accomplishments highlight the Port's unwavering dedication to modernizing our facilities, enhancing our cargo handling capabilities, and driving Guam's economic growth and sustainability," said Port General Manager Rory J. Respicio. "Our team's hard work and commitment to excellence make these achievements possible. We deeply value all Port employees, our board, the Governor, Lt. Governor, and partners, whose dedication and expertise are the cornerstone of our success," said Respicio.

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Page 2 of 2

Financial Performance and Resilience

Despite challenges from Typhoon Mawar and COVID-19, the Port Authority of Guam demonstrated robust performance. Operating revenues increased by \$2.9 million to \$60.6 million, while operating expenses (excluding depreciation) rose by \$1.5 million to \$56 million. Non-operating revenues were bolstered by \$2.8 million in U.S. Government operating grants and \$2.6 million in interest income.

Capital Investments and Modernization

The Port made significant strides in infrastructure development, including the waterline replacements and relocation, EQMR Building upgrade, and warehouse repairs. Progress continues on acquiring new gantry cranes, removal of inoperable cranes and other assets, improvements to security systems and fuel pipeline connectivity.

Future Outlook

Looking ahead the Port continues to focus on infrastructure development, sustainability initiatives, and operational efficiency. The 2023 Master Plan, Port Readiness and Sustainability Studies all emphasize modernization and environmental sustainability to ensure future port and military readiness, ensuring resiliency and continuity of operations.

Operational Resilience

The Port's rapid recovery after Typhoon Mawar, with operations resuming within four days, underscored its resilience and commitment to supporting Guam's supply chain.

Continuing Disclosure Annual Report

The report highlighted strong financial performance with operating revenues of \$60.615 million and major contributions from cargo throughput charges, equipment and space rentals, crane surcharges and wharfage charges. Top revenue contributors included Matson Navigation Inc., American President Lines Ltd., and Marianas Steamship Agencies. Net revenues available for debt service were \$13.192 million, with a 2.29x debt service coverage ratio exceeding the indenture requirement of 1.25x.

Prestigious Award

The Port Authority of Guam has also been awarded the Platinum Award for "Excellence in Citizen-Centric Reporting" by the Association of Government Accountants (AGA) Guam Chapter, highlighting its dedication to accountability and transparency. This is the third time the agency has been recognized for this achievement.