



PORT OF GUAM

ATURIDAT I PUETTON GUAHAN

Jose D. Leon Guerrero Commercial Port

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Lourdes A. Leon Guerrero

Governor of Guam

Joshua F. Tenorio

Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS

Jose D. Leon Guerrero Commercial Port

Thursday, August 31, 2023

Virtual Board Meeting

3:00 p.m.

A G E N D A

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 1. July 6, 2023 – Regular Board Meeting
- III. PUBLIC COMMENTS:
 - a. Public Comments
 - b. Employee Comments
 - c. PAGGMA Association
- IV. GENERAL MANAGER'S REPORT (deferred to Old/New Business Items)
- V. OLD BUSINESS
- VI. NEW BUSINESS
 1. Presentation of Fiscal Year 2022 Audit.
 2. Approval of Fiscal Year 2024 Proposed Budget.
 3. Request authorization to create the position of Assistant Procurement & Supply Manager.
 4. Adoption of Resolution No. 2023-07 Relative to the designation of signatories for the Jose D. Leon Guerrero Commercial Port.
- VII. ADJOURNMENT



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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, July 6, 2023**

I. CALL TO ORDER

The Acting Chairperson called the regular meeting of the Board of Directors to order at 3:11 p.m., Thursday, July 6, 2023. Present at the meeting were:

Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita S.N. Taitano, Board Member
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations
Atty. Jamie L. Canto, Port Counsel

Also present was Port Staff and Mr. Pacifico Martir.

II. APPROVAL OF MINUTES

a. **April 6, 2023 – Regular Board Meeting:** Director Guthertz made motion to approve the minutes of April 6, 2023, 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:** None.

IV. GENERAL MANAGER'S REPORT

1. **Port Board Unanimously Adopts 2023 Master Plan.** On April 6, 2023, the Port Board of Directors unanimously adopted the Port 2023 Master Plan. The purpose of the 2023 Port of Guam Master Plan is to assist the Port to define its near-term and long-term approach to improving the port by maintaining fiscally sustainable operations, and promoting increased awareness and consensus on its approach among all affected stakeholders and the rate payers of Guam. The plan culminates with a Port Improvement Program (PIP) comprised of two categories – Port Readiness Plan (PRP) and the Sustainability Plan (SP). The PRP is subdivided into capital improvement projects and other port readiness projects, while the SP addresses continued professional and technical services oversight and support to address port sustainability and resiliency, environmental initiatives to reduce the port's carbon footprint and reduce its greenhouse effects, and strategic goals toward zero waste improvements. The PIP focuses on ensuring the future readiness and resiliency of a modernized

facility through the hardening of Port of Guam assets and resources to address national security concerns from the current and anticipated geopolitical environment. The Port Master Plan will guide the agency over the next five to 10 years as it transforms the Port into a world-class facility able to meet the growing demands of Guam and the entire military Indo-Pacific region.

Port Master Plan Goals

- Provide a comprehensive overview of the Port's current conditions including governance, financial, operational, and physical attributes;
- Assess the current and projected cargo opportunities based on Guam's market drivers, which consist of military realignments, tourism, transshipment and organic growth;
- Determine near-term resiliency improvements and operational adjustments to accommodate the peak of the military build-up, support Indo-Pacific Command's Pacific Deterrence initiative (PDI) and ensure maritime posture for future deployments of military assets;
- Estimate the Port's capacity and ability to meet the projected demand and tenant requirements;
- Identify long-term port improvement efforts targeted towards continuing operational and economic sustainability;
- Establish optimal requirements for operations, maintenance and repair, and capital improvement projects;
- Validate the efficient and effective use of the Port's resources and assets;
- Present commercial strategies for PAG to diversify its revenue base and enhance its financial self-sufficiency including a comprehensive tariff simplification and associated benefits to the PAG and port users;
- Assess the impact of the recommended strategies on Guam's economic conditions; and
- Prepare implementation programs to support a coordinated approach of continuous Port improvements balanced with sustainability.

Port Master Plan Key Elements

- Ship-to-Shore Gantry Crane Replacement, Rehabilitation of Area A Fuel Storage Facility, In-Water Infrastructure Study, Wharves and Fuel Piers Long Term, Replacement, Financial Management System, Guam Customs Inspection Facility, Solar Power Study, Tariff Simplification, Terminal Operating System, Information Technology Study, Port Users Group Initiative for System Integration, Financial Feasibility Analysis, Economic Impact.

Port 2023 Master Plan Public Hearing

- On May 5, 2023, Bureau of Statistics & Plans conducted a public hearing on the Port's 2023 Master Plan at the PAG Board Conference Room. During the hearing, I had an opportunity to present the master plan before BSP. Alongside me was Port Owner Agent/Engineer WSP Blair Garcia and PAG Deputy General Manager Dominic Muna. Public comments at the hearing in support of the Port's master plan were received by PUGG Vice Chairman John Sella, APL General Manager Charlie Hermosa, MEL Lines Country Manager Ed Cruz and Mr. John Santos, retired PAG Operations Manager.
- On June 6, 2023, Bureau of Statistics & Plans transmitted its review and analysis of the Port's master plan to the Governor. BSP recommended to the Governor that in light of post recovery efforts resulting from Typhoon Mawar, BSP is requesting an extension of 45 days from the date of the Governor's approval of the extension to conduct a thorough assessment of the Plan; and for BSP to coordinate comments from their networking agencies.

PAG Review of BSP's Comments on Port Master Plan

- We had an opportunity to review BSP's analysis of the master plan and felt the need to make some clarifications with BSP, for example:
 - BSP commented that the Plan can be improved by including a disaster preparedness plan as well as ensuring critical infrastructure is protected to allow for post typhoon recovery. **PAG Review:** This comment is misplaced as the Port has a Typhoon Annex and any updates to our disaster plan will be placed in that Typhoon Annex and not in our master plan.
 - BSP comment on Land Designation concerned with protecting natural resources and artifacts. **PAG Review:** The Port's Master Plan does not call for any proposed or new land designation. The existing footprint remains the same. Therefore, this comment is also misplaced. Additionally, we have been in the practice of seeking clearance and in compliance with HABS/HAER and State Historic Preservation Office (SHPO) requirements for any capital improvement projects requiring their attention.
 - BSP recommends that PAG coordinate with Hagatna Redevelopment Authority regarding assets and property at the Hagatna marina to ensure projects are consistent with the Marina District. **PAG Review:** We have autonomy over the Hagatna marina and to suggest the Port conform with the Hagatna Redevelopment Plan is misplaced.
 - On June 29, 2023, a meeting was held with BSP to discuss our review of BSP's analysis. BSP appreciated the feedback received from us and will make the necessary adjustments for our review. A follow-up meeting is scheduled for July 7th.

 - On May 3, 2023, a presentation of the Port's Master Plan was also made to the Port Legislative Oversight Committee and Port User's Group.
2. **Ground Breaking EQMR Building & Warehouse I Hardening Project.** On April 19, 2023, a ground breaking for the EQMR Building and WHI hardening project was held. Repairs and upgrades to the project sites will harden 79,000 square feet of warehouse space. Structural repairs will address existing cracks and spalling affecting the overall structural integrity of the EQMR Building and Warehouse I that pose hazards to personnel working within the facilities. The project also includes repairs to the mechanical and electrical systems within the EQMR Building, upgrades to the fire protection system and inspection and replacement of corroded reinforced steel in Warehouse 1. These projects will help ensure that operations at the Port remain uninterrupted especially within the EQMR building, which houses the repair and maintenance of all PAG's heavy equipment such as forklifts, transportation fleet, cargo handling equipment and tractors. We are doing what we can to extend the service life of these facilities.

 3. **Port signs Notice to Proceed for Radar Intrusion and Vessel Tracking System.** On April 25, 2023, we executed a Notice to Proceed (NTP) for the Acquisition and Installation of a Radar Intrusion and Vessel Tracking System for the Harbor Master's Office. This enhancement to the Port's security system is vital for maritime domain awareness, safety, and port efficiency. This project will aid in the prevention of transportation security incidents and mitigate potential harmful acts that may disrupt the flow of essential goods into Guam. G4S Security Systems was awarded \$347,000.00 for the project that is anticipated to be completed in November 2023. This project is funded by an FY 2021 Port Security Grant Program award and matched with local Port funds.

 4. **Office of Public Accountability (OPA) Audit on Port Credit Card.** OPA held an Entrance Meeting with the Port on April 25, 2023 initiating a performance audit on Port's credit card usage.

OPA's objective is to determine if purchases/transactions were conducted in compliance with applicable laws, rules, regulations, policies, and or standard operating procedures. The scope of the audit covers the period of October 1, 2019 through September 30, 2022. Finance division is closely working with OPA in providing documents requested for their review. The authorization to establish a Port Credit Card is through Board Policy Memorandum No. 2014-01.

5. **DYA Island Leadership Day.** On April 27, 2023, Leadership counterparts for the day were General Manager Sophia Taitano, Deputy General Manager for Operations Alexis Benavente, Personnel Services Administrator Cheyoung Ahn and Procurement & Supply Manager Melreese Rosario. Taitano is a Freshman at Notre Dame High School, Benavente is a 7th grader at Oceanview Middle School, Ahn is a Sophomore at Southern High School and Rosario is a Sophomore at St. Paul's Christian Academy.

After the introductions and welcoming brief, the student leader's toured the Port Command Center (PCC), Emergency Operations Center (EOC), and Port Facilities (Operations, Family Beach, and Port Beach). Counterparts had lunch at the Marina Grill, and afterwards, toured the Agat and Hagatna Marinas. Later in the afternoon, the Harbor Master's Office provided the group with a tour of their operations. Then a presentation of the Port's modernization efforts from the Planning Division was conducted. Thereafter, a close out meeting with the Management Team took, ending the day with our youth leaders being presented with Port memorabilia and Certificates of the Appreciation for their participation in the annual Island Leadership Day.

6. **Port Owner's Agent/Engineering.** The Port's OAE Consultant – WSP, arrived on May 2-5, 2023 to continue discussions on the Port's Modernization Program. Discussions include: update on environmental assessment, master plan presentation preparation, hotel wharf, facility maintenance, grant strategies, tariff simplification, IT master plan, terminal operating system, HABS/HAER study, STS gantry cranes, Golf Pier and Pier F1 concepts, military readiness, environmental-health-safety status, and CIP projects (scope, cost, schedule).
7. **Legislative Confirmation Hearing for PAG Board.** A legislative confirmation hearing was held on May 3, 2023 for the Governor's re-appointment of Mr. Frank Santos, and appointment of Mr. Luis Baza to serve on the Port Authority Board. Legislative action on the confirmation has yet to be determined.

Legislative Confirmation Hearing Concerns

During the recent Legislative Confirmation Hearing for our two Board of Directors nominees, numerous misstatements and allegations were made by a few lawmakers regarding the Port. I was not provided the opportunity to properly respond during the hearing so I would like to take this time to clear up the issues that were raised.

Allegation regarding Mr. Luis Baza having a conflict at the CSC but not at the Port to settle the Port 7 cases:

ANSWER: The conflict that Mr. Baza had at the Civil Service Commission was with his then-employer and Mr. Phillips. Once he went to work at the Port, those two conflicts no longer existed.

Allegation regarding OPA report on alleged Port 7 overpayment:

ANSWER: With regard to the OPA audits, we truly appreciated the OPA acknowledgement that we handled the appeals of these employees properly. In fact, the conclusion states that the OPA found

that the reinstatements “were generally made in accordance with administrative and judicial review judgments and orders. The legal remedies stipulated in the Agreement to Satisfy Judgment and Settlement Agreement were likewise generally complied by the Port.” We are grateful for this acknowledgement of how we handled these very complicated settlement agreements regarding the wrongful terminations of these employees. We do, however, remain in disagreement over the acceptance of the personnel evaluations which were neither approved or disapproved by the former General Manager. However, one thing remains certain and that is that when the analysis was conducted on the methodology we utilized for the reconstruction of these salaries, it was determined that we had in fact underpaid two reinstated employees. As such, this would mean there were no overpayment made, so far to any of the audits conducted. Regarding the pay raise freeze mandate and potential violation on retroactive pay raises, the Port has been informed that Public Law 34-116 does not apply to the autonomous agencies since they do not receive general fund appropriations. Additionally, we were also being guided by a policy issued by the Consolidated Commission on Utilities (CCU), dated October 2, 2018, which determined that Public Law 34-116 does not apply to the agencies under the CCU’s purview, as well as, an email from Mr. Lester Carlson, Director of Bureau of Budget & Management Research dated September 18, 2020 who validated that the law did not cover autonomous agencies (*email attached*).

Allegation that the Port settled the Port 7 cases “without court orders:”

ANSWER: During December 2019, February 2020, June 2020, and July 2020, the Port Authority of Guam, as directed by its Board of Directors, entered into settlements to satisfy judgments and orders, involving seven wrongfully terminated Port employees. For 7½ years, the Port’s former General Manager pursued this costly litigation, which was all ultimately determined to be wrongful terminations of these seven Port employees, as the history and facts show that these Port employees prevailed at every juncture by winning on merit and then again winning on the 60-day rule in both the Supreme court and in the Civil Service Commission. The former General Manager and former Port legal counsel continued to pursue repeated appeals of these cases, which led to significant financial damage to the Port through continued legal losses and that liability continued to grow daily and consumed a great deal of ratepayer money, the Port’s time and resources, resulting in millions of dollars in legal fees to the former Port legal counsel, as well as payouts ordered by the Supreme Court and the Civil Service Commission. The former in-house Port Staff Attorney, through Board direction, as well as the former Deputy General Manager also through Board direction, entered into settlement agreements with the wrongfully terminated employees which allowed the Port and these Port employees to agree upon a payment plan for back wages spreading over a year or two-year period which had a benefit to the Port by not impacting cash flow with immediate, one-time payments and also mitigating the actual back wages at a significant cost savings to the Port. Because the Port was successfully able to mitigate these settlements, we were able to realize total savings to the Port of more than \$1.5 Million.

Here are factual, documented events from 2013 to June 2020 which occurred involving the appeals of the employees:

1. On May 1 and June 6, 2013, in separate hearings, CSC Commissioners granted Mr. Guevara’s and Mrs. Cepeda’s motions to null and void. Consequently, the CSC voided their final notices of adverse action of termination because the Port violated the 60-day rule.
2. Merit hearings were held for Mrs. Leon Guerrero on June/July 2014, Mrs. Javelosa in August/September 2014 and Mrs. Rocio in October 2014 which CSC Commissioners ruled the

Port failed to meet its burden of proof that action taken against the employees and ordered they be reinstated to their prior employment.

3. From 2014 to 2015, CSC rescheduled Mrs. Leon and Mrs. Meno's status call hearings and merit hearings on numerous occasions and eventually informed them that their future hearings would be canceled because the Commissioners' calendar was booked for the next few years until at least 2017.
4. Port appealed CSC's decisions, and judgments in Superior Court rendered for Mr. Guevara in September 2013, Mrs. Javelosa on October 4, 2014, Mrs. Leon Guerrero on October 30, 2014, Mrs. Rocio on April 21, 2015, and Mrs. Cepeda on June 15, 2015.
5. On July 2, 2015 and June 24, 2016, Superior Court affirmed CSC's decision and judgement rendered to Mr. Guevara that the Port violated the 60-day rule and ordered to reinstate the employee to his prior position, which Port appealed to Supreme Court on October 26, 2016.
6. In September 5, 2015, Superior Court reversed CSC decision and judgment for Mrs. Javelosa and remanded the matter to CSC, who shall determine, based upon substantial evidence, whether or not a criminal act or acts were committed, which the employee appealed to Supreme Court on October 5, 2015.
7. On March 15, 2016, in their regular meeting, CSC Commissioners decided to remove the status call conference and merit hearings for Mrs. Meno and Mrs. Leon indefinitely until Supreme Court issues a decision on Mrs. Javelosa's case.
8. On February 7, 2018, Supreme Court rendered a decision in favor of Mr. Guevara, and the Port requested for reconsideration on March 26, 2018, which the Court denied on April 17, 2018, and ordered the employee be reinstated to his prior position with the Port.
9. At their Board of Directors meeting of July 25, 2018, management was authorized to reinstate Mr. Guevara to his position as Financial Affairs Controller effective July 30, 2018, in compliance with Superior Court's decisions of 2015 and 2016.
10. On July 26, 2018, Supreme Court affirmed Superior Court's decision and order for Mrs. Javelosa and remanded the case to Superior Court so it may return the matter to CSC for a threshold determination of the proper standard of review in her case.
11. On August 24, 2018, Superior Court issued a decision and order to award Mr. Guevara full back pay and benefits, which the Port appealed on September 2, 2018.
12. On January 16, 2019, the General Manager formed a task force, which was chaired by the then-Deputy General Manager of Administration and Finance to review eighteen (18) adverse action appeal cases under litigation. This task force revealed that because Supreme Court mandated the Port to pay Messrs. Guevara and Kevin Susuico the back wages, attorney fees, and associated costs, the Port could not enter into settlement discussions with the employees and had no choice but to comply with the higher Court's orders resulting in the Port paying Mr. Guevara in three (3) staggered payments within ten (10) months a total amount of \$381,381.61 and to Mr. Susuico a one-time payment of \$99,000.16 without any mitigation.

13. On March 6, 2019, the Superior Court remanded the cases of Mrs. Javelosa, Mrs. Leon Guerrero, and Mrs. Rocio to CSC for a threshold determination of the proper standard of review in their cases as concluded in the Supreme Court decision of July 26, 2018.
14. On March 29, 2019, the Board of Directors authorized Port Legal Counsel to proceed in settlement discussions with Mr. Guevara's attorney.
15. On July 25, 2019, Supreme Court affirmed in part and reversed in part the Superior Court's judgment for Mrs. Cepeda and remanded the matter to CSC for consideration of the merits of the allegation that Mrs. Cepeda backdated a memo to file and for other proceedings not inconsistent with this opinion.
16. In accordance with Superior Court's decision, the CSC scheduled hearings for Mrs. Rocio for August 2019 and for the calendar year 2020 for Mrs. Leon Guerrero, Mrs. Javelosa, Mrs. Meno, Mrs. Cepeda, and Mrs. Leon.
17. On August 27, 2019, CSC Administrative Law Judge held a motion hearing to null and void the personnel action of termination for Mrs. Rocio, and on September 30, 2019, he rendered a recommendation that Mrs. Rocio's motions to dismiss be granted.
18. In August of 2019, Mr. Joe McDonald, former Port Staff Attorney held discussions with the attorneys of Mrs. Javelosa, Mrs. Cepeda, Mrs. Leon Guerrero, Mrs. Meno and Mrs. Leon regarding settlement proposals and initial settlement proposals were submitted.
19. On October 10, 2019, CSC Commissioners voted on Mrs. Rocio's motions that the Port did not notify her of adverse action within 60 days as mandated by law at the time, the Port's final notice of adverse action lacked specificity, and burden of proof was clear and convincing.
20. The Port filed with CSC a motion to reconsider its decision for Mrs. Rocio and CSC Commissioners on November 21, 2019, denied the Port's motion.
21. On November 26, 2019, the Port reinstated Mrs. Rocio to her position as a Personnel Services Administrator and finalized the settlement agreement on December 13, 2019.
22. On December 19, 2019, the Board of Directors approved Resolution No. 2019-20, approving an offer to settle adverse action appeal between the Port and Mrs. Leon Guerrero.
23. On December 19, 2019, the Board of Directors passed Resolution 2019-22, authorizing Port Legal Counsel to enter into settlement agreements with Mrs. Javelosa and Mrs. Cepeda.
24. On December 23, 2019, the Port finalized the settlement agreement and reinstated Mrs. Leon Guerrero to her position of Planner-Work Coordinator on January 6, 2020.
25. On February 28, 2020, the Port Staff Attorney resigned with the Port and the settlement agreements for Mrs. Javelosa and Mrs. Cepeda were not yet finalized.
26. On March 11, 2020, the CSC Administrative Law Judge filed his "Recommendations of Administrative Law Judge on Motion to Void Based on Violation of the 60 Day Rule" in Mrs.

Meno's case and found in his analysis "undisputed facts" that identified at least three dates management knew or should have known which were September 10, 2012, September 17, 2012 and October 16, 2012 which, according to the ALJ were 100 days, 93 days and 63 days and therefore stated that the adverse action taken against Mrs. Meno should be revoked; she should be reinstated immediately until such time the decision is overturned by judicial review; and that Mrs. Meno should be awarded back pay, reasonable attorney fees and costs.

27. On June 8, 2020, CSC Administrative Law Judge issued recommendations that the CSC grant Mrs. Javelosa's motion to void as to allegations of processing and conspiracy to process an allegedly fraudulent Worker Commission Claim because the final notice of adverse action violated the 60-day rule and stated with regards to the memo she was accused of backdating to file "There is no conceivable way to conclude that this memo in any way aided the process of the original approval of work related injury leave. Moreover, there is no way to conclude that the memo was an effort to cover up fraudulent acts. The undersigned concludes that the memo cannot support or justify the adverse action" and thus recommended that Mrs. Javelosa be awarded back pay, reasonable attorney fees and costs; and be reinstated immediately until such time the decision is overturned by judicial review.
28. On June 25, 2020, the Board of Directors passed Resolution No. 2020-04 which provided Mr. Luis R. Baza, Deputy General Manager for Administration & Finance the latitude to negotiate the final settlement agreements.

Did the Board authorize funding for mediation in the YTK case:

ANSWER: There was no formal mediation in place or formal offer made. Due to the fact that there was a \$17 Million dispute looming over the Port, I felt I had a duty to reach out and potentially mitigate any \$17 Million judgement. A \$17 million judgment would increase tariffs, and that would cause all other costs to go up. There were no formal discussions in place.

At the February 19, 2019 Board meeting, I explained that management was looking at on-going litigation that would give the Port opportunities for mitigation. I indicated that with respect to YTK matter, when this matter was before the then-Board of Directors, there was an opportunity to settle at \$800,000, however, the decision back then was to proceed with litigation. Because the matter was before Supreme Court at that time, the community was facing a \$17.1 million judgment which presented a concern. If the ruling did not favor the Port, then tariffs would need to be raised which will impact every single commodity that comes through the Port. I explained that I did not have any interest in YTK and that I approached the principal owner of YTK on my own volition and that no formal discussions or commitments were made.

Allegation regarding Port debt service ratio:

ANSWER: The financial report in February mentioned that based on the year-to-date numbers for February (5 months of Fiscal Year 2023), the debt service ratio is 1.20, which is below the DSCR requirement of 1.25. This is due to low revenue numbers in February and increase in divisional expenses. This is just a projection based on the financial results as of February. As of March, the projected DSCR is now **1.38**. This is higher than the debt service requirement. Finance is working with the Maintenance team to ensure that all expenses are properly classified. This is to report the correct DSCR after the numbers have been properly reviewed.

In FY 2022 the DSCR is 1.58, in FY21 the DSCR is 1.35 and in FY20 the DSCR is 1.26. These results are all above the debt service ratio requirement.

We would like to point out that S&P Global Ratings maintained its outlook for the Port at stable and affirmed its “A” long-term rating on the Port’s outstanding series of 2018 Port Revenue Bonds. They considered the Port’s management and governance strong, reflected their view of the Port’s strategic positioning, risk and financial management and organizational effectiveness. They stated the Port has operated in a fiscally prudent manner, implemented tariff increases as needed, built and maintained cash reserves and minimally relied on debt issuance to meet capital needs.

We also like to point out that in 2019 when this management came into office, we were in debt \$103,000 for 2018. Through austerity measures that management put in place the Port realized a positive net income of \$5 million irrespective of the fact that the initial FY 2018 Budget did not include: (1) the cost of the 2018 compensation plan was not calculated; and (2) expenditures incurred during the preparation and post Typhoons Yutu and Wutip and (3) OSHA certification inspection. Despite these unfunded expenses, the Port continue to operate within the total approved budget expenses for 2019 and met the requirements of its bond indenture.

Allegation by Senator Brown of an Administrative Personnel increase:

ANSWER: The employee count for Fiscal Year 2012 was 382 when Senator Brown was placed in charge of the Port. When this administration came on board in 2019, the employee count was 365—despite the number of 116 Senator Brown indicated in the hearing. Also when I came into office, there were personnel documents authorizing the hiring of 20 additional individuals which would have brought up the number of employees on board to 385. Such recruitment was placed on hold until a manpower assessment was provided identifying the division’s baseline needs, take into consideration the number of employees who were eligible to retire and provide recommendations on what type of in-house training can be implemented to enhance skill sets of employees to ensure the mission of the Port is not jeopardized. Based on this assessment, we increased the number of employees to 377—an additional of 12 employees and not 30 as alleged since 2018. The majority of the recruitment was for Maintenance and Operations divisions which are revenue generating

Questions regarding the Port’s waiver of fees for the GPA generator storage:

ANSWER: In the October 27, 2022 Board of Directors meeting, I reported on the arrival of 12 generator modules for the new Ukudo Power Plant. I stated the revenue tons for the modules range between 135.70 to 173.90 tons. Because of the special type of cargoes to be unloaded, the Port authorized the contractor to conduct “under the hook” operation which will allow the crew ship to o ep rate the winches to off load the modules onto specialized trailers and transport such modules at a staging area in the terminal yard. To ensure that the container yard was not impacted as a result of the weight of the cargoes, the modules were staged on jacks and remained at the Port until permit was issued by Department of Public Works to transport the cargoes to the Dededo project site. I also stated at the board meeting that one of the biggest concerns regarding this cargo was the storage fees. According to the Port Terminal Tariff, the cargo has a free storage period of 5 days and afterwards storage fees will be assessed. If the Port qualified the storage fees, the Port may be collecting \$3.5 to \$4 million. However, if the Port were to collect such fees, it would have to be paid by GPA who in turn will likely transfer it to the rate payers. The decision to extend the free-time storage of the cargoes in the terminal yard was made in the best interest of all ratepayers of Guam. (*Letter attached to contractor regarding the extension*).

Questions regarding the Port's work to interdict drugs at the Port:

ANSWER: Guam Customs is the agency tasked with drug interdiction and they are assisted by numerous agencies. The Port continues to work hard to ensure our borders are protected at all entries that fall within the jurisdiction of the island's only commercial port. The work has been non-stop in all areas, including the new security systems, enhanced regulations for those wanting to conduct commercial cargo operations at the marinas, meeting with Port users, and bringing together local and federal law enforcement to address the safety issues of our borders. Through Port's efforts to secure our borders from any potential drug and human trafficking and to provide for the safety of everyone who uses the Port marinas, the Port acquired and installed surveillance cameras at the Gregorio D. Perez marina. Additionally, we installed a temporary container for Port Police and other law enforcement use at the GDP marina. Port Police officers can now monitor the activity at the marina through Port Command Center located at the Cabras Island. We are doing whatever is necessary to advance the interdiction of illicit drugs, invasive species, and counter-terrorism at our island's entry ports. We have worked diligently in improving the working relationship with Guam Customs through the following:

- Entered into a memorandum of understanding with Customs regarding the new office space at the Port. Customs will occupy 2,700 square feet of office space located at the former Horizon Building and vacate their current office in the Port Administration Building.
- Granted Customs Officers an all-access pass within the Port terminal facilities to carry out its mandates.
- Included in our Master Plan Update a Customs Inspection Feasibility Study, which was recently completed and will be used to assist the Agency in obtaining funding for such construction of the building.
- Our consultants worked with Customs to validate their requirements and confirmed the planned facilities would integrate with the current traffic flow.
- Ensured Customs is directly involved in discussions to its initiative for Systems Integration that will provide an improved information sharing/reporting between stakeholders involved in the cargo supply chain.
- Dedicated a gated secured area in CFS warehouse for Customs inspection.
- Dedicated area at Seaplane Ramp for marine interdiction task force office and boathouse.
- Allowed shared use for Port's equipment wash down station.
- Provided an office space at the GDP marina to be co-shared with Port Police and access to Port's surveillance cameras at the marina and terminal yard.
- The Port and Department of Public Works executed a memorandum of agreement for the use of the remaining Federal Highway Administration seawall project funds. The funds will be used to expand the automobile lot expansion and paving of the shared entrance for Customs & Quarantine and the Port chassis staging lots.

Concerns regarding increments for Port employees:

ANSWER: The annual increments of our employees is called for in our Personnel Rules and Regulations which are codified in law. They are all budget for and are based on performance evaluations.

Concerns about compensation of the General Manager:

When management came on board in 2019, the Board did not migrate the General Manager and Deputy General Managers to the step and allocated pay grade they should have been slotted to base on their experience, education, certifications, and performance with their prior employers. The

Board instead approved their salaries based on what their former counterparts were earning. As a matter of fact, the Board as a whole accepted the performance evaluations for the General Manager and Deputy General Manager in 2019, 2020 and 2021 without corresponding salary increments. It should be noted that the Board as a whole approved the performance evaluations, however, did not approve a corresponding salary increments that the former General Manager and former Deputy General Manager received from 2012 to 2018.

In December 2022, the Board was advised of what the salaries of the General Manager and Deputy General Manager would have been had the correct methodology been used when they were initially employed and salary increments as a result of the annual performances. When the Board re-appointed the General Manager and Deputy General Manager, they were hired at their initial salary should have been in 2019 to be effective 2023. Future compensation increases for the General Manager and Deputy General Managers should be based on the results of the performance evaluations, which must be accepted and approved by the Board as a whole in accordance with Board Policy and such salary increments are not to be retroactive in accordance with Title 4, GCA Section 6218.1.

Questions regarding the Training Assignment of the Port's Procurement & Supply Manager:

ANSWER: The Port's Procurement & Supply Manager was sent to the General Services Agency (GSA) of the Department of Administration to receive procurement training in order for her to be able to efficiently perform her duties and responsibilities as the Port's Procurement & Supply Manager. It was agreed that the Chief Procurement Officer of the General Services Agency of the Department of Administration would supervise her work performance and attendance, and provide her with expertise training in the Guam Procurement Rules and Regulations, policies and procedures. We also agreed that her assignment will end once the Chief Procurement Officer is of the opinion that her job performance satisfies her expectations that she is proficient in the Guam Procurement law and effectively able to perform her duties and responsibilities as the Procurement & Supply Manager for the Port.

This type of Training Assignment is not unusual as the former General Manager assigned procurement staff to GSA for training as well and often their Training Assignments spanned a period of more than one year. (*Documents attached pertaining to training assignment.*)

Allegation that the Port paid legal fees to the Port's former legal counsel for the Port 7 settlement case: Attorney Joseph McDonald was not an associate at the McDonald Law Firm when Attorney Charles McDonald was representing Mrs. Cepeda in her settlement discussions.

Criticism that Mr. Baza wants to be a board member after serving as a deputy general manager of the Port: We welcome Mr. Baza to the Board as he brings a wealth of institutional knowledge of the Port due to his service as deputy general manager. In fact, the senator who brought this issue up knows what a benefit this can be as her previous deputy general manager also left active service and then was appointed as one of her board members during her tenure.

**8. Port Authority's Rapid Recovery from Super Typhoon Mawar
May 19, 2023 – Typhoon Preparedness**

- Terminal yard moves containers from stacks of 4-high to 2-high.
- Orders fuel and tops off equipment.
- Blocks of all roll up doors.
- Ensures official vehicles are parked within the warehouse.

- Barricades all gates.
- Commercial visits marinas inspect and advise tenants to secure vessels or relocate to Harbor of Refuge.
- Divisions secure their respective areas.

May 21, 2023 - COR 2 Declared

- Port's Typhoon Response Team personnel bunker down in the Port Command Center, that consist of Port Police, Safety, Electrical, Equipment Maintenance, Transportation, Operations, and the Harbor Master Divisions.
- Port Response Activity Coordinators (RACs) report into the Emergency Operations Center (EOC) located at Guam Homeland Security.

May 23, 2023 – COR 1 Declared

- Port Police rescue Cabras Marine crew from Tugboat Polaris at F3.

May 25, 2023 – COR 4 Declared

May 26, 2023 – Mawar Recovery Efforts Ongoing at the Port

- Port Employees worked tirelessly to get the Port back up and fully operational after the island's only commercial seaport sustained damage due to Super Typhoon Mawar.
- At 12:30 p.m., May 26, the U.S. Coast Guard gave the Port clearance to begin the major recovery efforts dockside and making assessments to include the condition of the gantry cranes.
- Port dive team conducted underwater assessments of the docks on May 27, 2023, which is key to the Port's ability to reopen.
- There were visible damage to Piers F3, F4, F5 and F6, particularly the Bull Rail. Portions of the Fender System also damaged or broken off.
- The storm also caused damage to the Agat and Agana Marinas.
- I held a briefing with Port personnel to discuss disaster recovery measures toward reopening the Port which include an assessment of damage to equipment, container yard, piers, port facilities, and marinas so the Port may mitigate recovery efforts and restore service.
- We worked closely with the carriers and agents in restoring operations so they may deliver much-needed goods and supplies to the community.
- We also worked with petroleum companies to allow the safe discharging of fuel. The priority was to ensure that our gantry cranes and equipment are fully operational and that it is safe for employees and Port users to work within the terminal yard.
- The goal was to get the Port back up and open for business by May 29, 2023.
- As we continued to conduct assessments of its wharves, docks, cranes, and facilities, the Operations Team quickly worked to address all concerns within the terminal yard to allow vessel entry to the Port and the discharge of cargo as soon as possible.
- Other damage we sustained over the course of Super Typhoon Mawar include flooding in the container yard, overturned and damaged empty containers, damaged chassis, as well as damage to port vehicles.

May 28, 2023 – Port Operations Resume

- Port employees have worked around the clock to get the Port back up and fully operational.

- As of May 27, 2023, the Port terminal yard has been completely cleaned up. Although the Port sustained significant damage to its facilities and assets, preliminary assessments indicate that the island's only commercial seaport is ready operationally to receive Matson.
- Gantry 5 is operational after addressing damage to conduits and its circuit board. Gantry 4 and Gantry 6 have issues with their computer boards and are currently being worked on.
- The Port received notice of arrivals for two vessels and is ready to service those vessels and Guam Custom's officers are ready for operations.
- Matson is scheduled to arrive at noon, with APL to dock once discharge of Matson's Maunawili is completed. Matson's Manoa and Papa Mau were also scheduled to arrive May 30, 2023.

May 29, 2023 – Port Restoration Continues

- Mobil began discharging fuel at F1 Golf Pier. The pier is fully operational despite damage sustained from Super Typhoon Mawar. The Yasa petroleum barge discharged the remaining half of its cargo that could not be offloaded when the island went into COR 2 on May 21, 2023.
- The U.S. Coast Guard was able to supply Mobil with radio communication devices which were required in order for Mobil to discharge fuel to the Agat holding tanks.
- We worked closely with FEMA and the U.S. Coast Guard to acquire the necessary communication devices to allow for fuel operations to take place.
- Island power has been restored to Cabras Island which has allowed the Port to get back online and resume full operations.

May 30, 2023 – Port Operations Continue with Arrival of APL

- Port employees continue to work around-the-clock with the arrival of APL to ensure essential commodities make it into our community.
- We began unloading cargo from the APL CC Herodote. APL's cargo ship arrived dockside at 6:23 a.m. with 225 containers to unload. In the afternoon, Port personnel moved more than half the containers off the ship. The Port offloaded 148 containers using Gantry 5 and APL's ship's gear.
- Matson Maunawili left the Port at 4:52 a.m. after 566 cargo containers were offloaded. Due to push-to-talk services being entirely down, Port employees took pen to paper and went "old school" to process the movement and release of cargo containers.
- We received 52 hand-held land mobile radio devices from FEMA to support cargo operations. We requested FEMA to provide radio communications on May 27, 2023 when the island's communication system collapsed due to Typhoon Mawar.

May 31, 2023 – Gantry 6 is now Operational and Back Online

- Gantry 6 went down as a result of issues with the computer board due to water damage from Typhoon Mawar. The Port's crane mechanics worked tirelessly to get the crane back into operation.
- Placing Gantry 6 back online increases the Port's cargo handling capacity and expedites the flow of critical commodities into our community.
- The Port is nearly caught up with the pre-storm vessel sequence schedule and will continue to make progress to bring the Port to its pre-storm capacity.
- Matson's Manoa container vessel arrived dockside at 8:56 a.m. Port employees worked non-stop to discharge 342 containers for Guam while the remaining 75 are slated for

transshipment. As of 3:00 p.m. 77 or nearly 20% containers were offloaded utilizing Gantry 5. As of 4:50 p.m., Gantry 6 was placed in service and will work to unload the Manoa along with Gantry 5.

- We distributed the 52 hand-held land mobile radio devices received from FEMA to support cargo operations. FEMA Emergency Communications Programmers programmed the radio devices, channels, and tested the units throughout Port facilities. These devices have a 1-2 mile operational radius. The radio test spanned from the terminal yard, gatehouse, along Route 11 to Hotel Wharf.

June 1, 2023 – Port Capacity Increases with Two Gantry Cranes

- Gantry Crane 6 was placed in service as of 4:50 p.m. on May 31st which has increased the Port's container cargo handling capacity to an additional 21 moves per hour.
- Once Gantry 6 was placed in service, night shift was able to unload containers with both Gantry cranes 5 and 6. As of 4:08 p.m. only 46 containers remained to be offloaded.
- As we continued to conduct assessments of damage sustained from Typhoon Mawar, arriving vessels continue to call Port.
- The Port's crane mechanics focused their efforts to get Gantry 4 back online as it sustained computer board water damage during the typhoon.
- Matson Manoa container vessel arrived dockside May 31st at 8:56 a.m. Port employees worked non-stop to discharge 342 containers for Guam while the remaining 75 were transshipment. As of 4:08 p.m. 371 or nearly 89% containers were offloaded utilizing Gantries 5 and 6.

June 5, 2023 – Commercial and Fuel Cargo Operations Continue

- Container operations continued with MEL Lines Kota Ratu discharging 190 containers (6 transshipments, 148 stuffed for Guam, 37 empties) and load back 126 containers.
- We resumed operations within three days following Typhoon Mawar. Since then a total of 139 reefers and 700 containers containing dry goods have been processed and released into our island community.
- Matson Manukai arrived on June 6, 2023.
- Fuel operations continued at F1 Pier with Chang Hang Kai discharging petroleum products. Soon after, Ambyth's Epic St. Kitts returned to discharge the second half of liquefied petroleum gas for the island.
- Both marinas sustained extensive damage. Port's Commercial Division worked with U.S. Coast Guard, marina tenants, and industry partners to mitigate the damage. Water and power at both facilities have been restored, however, the Port Facilities Division is actively assessing power restoration for the Agat Marina's Docks C and D.
- Six vessels at the Hagatna marina went underwater as a result of Typhoon Mawar. All sunken vessels at this facility have since been lifted and the Port's Commercial Division, with help from marina tenants, worked to mitigate and contain any oil spills.
- Other damages at the Hagatna marina facility include damage to the Port Police and Custom and Quarantine Agency's shared on-site office space as well as dockside damage including damaged pedestals, light posts, fenders, bumper guards, marina signage and the electrical panel on the dry dock sustained damage from power surges.
- The Agat Small Boat Marina also sustained extensive damage to the facility including dockside damage such as broken planks, pedestals, and dock slates. The Guam Fire Department's rescue building located at the site, which is a Port-owned structure, also

sustained damage. A total of five vessels at the facility became submerged and the Port's Commercial Division is actively working with its tenants to lift these vessels out of the water.

June 6, 2023 – Port gets caught up with Cargo and Fuel Vessel Sequence

- Cargo operations continued on Matson Manukai which offloaded 437 local containers consisting of 118 reefers, 205 dry goods, 114 transshipments, and then 459 containers to be loaded back onto the vessel. Upon this vessel's estimated departure time of 7 a.m., June 7th, Barge 2-2011 is scheduled to dock along F6 at 8 a.m., followed by a Kyowa Eagle scheduled to dock along F4 at 5 p.m.
- Fuel operations continued at F1 Pier with the discharge of petroleum products off the Chang Hang Kai. Soon after, Ambyth's Epic St. Kitts returned to discharge the second half of liquefied petroleum gas.
- We resumed operations just three days after Typhoon Mawar hit the island. A total of 146 reefers and 788 containers with dry goods have been released into our island community since reopening the Port on Sunday, May 28, 2023.
- The Port's Terminal Operating System (TOS), which consists of hand-held devices used to automatically upload cargo movement data into the TOS system, has gone offline as a result of damage sustained to antennas within the Port's terminal yard. This system expedites the movement of cargo as Cargo Checkers enter container data for vessel planners to track. Cargo Checkers have resorted to going "old-school" by utilizing push-to-talk devices and those FEMA hand-held devices to relay container data to vessel planners who are entering it into the Terminal Operating System from a stationary location. G4S and our IT team continue to conduct an assessment of damage to these antennas and equipment.

June 7, 2023 – FEMA delivers Prime Power Generators to the Port

- Army Corps of Engineers visited the Port on June 4, 2023 to assess damage to its prime power generators from Typhoon Mawar. Four of the Port's 5 generators suffered water and salt spray damage to its electrical units.
- Gantry 5 was taken off line at 2:30 a.m. due to a worn-out fan belt that caused the engine to overheat. Gantry 5 was cooled down, fixed within six hours and returned to operations at 8:30 a.m.
- On Gantry 4, all joint trouble shooting with ABB through teleconference has been done to repair trolley motor communication, but further diagnosis is needed. As part of the Port's Performance Management Contract with Matson, an ABB engineer was flown in from off island and will be reporting on June 8, 2023 to assist in getting Gantry 4 operational.
- Cargo Operations Status: Discharge of Guam bound cargo from the Matson Manukai completed with 327 local containers (73 reefers), 109 transshipments (45 reefers) containers and load back 459 containers. MSA's Barge S-2011 was docked after the completion of the Matson Manukai.
- Cargo and Fuel Processed Since Reopening: A total of 192 reefers and 907 containers with dry goods have been released into our island community since reopening the Port on Sunday, May 28, 2023. A total of 740 bundle of rebar, 2 boxed steel pipes, 35 bundle steel plates and 156 vehicles have been processed by the Port.
- Fuel operations continued with Ambyth's Epic St. Kitts discharging the second half of liquefied petroleum gas for our island community.

June 8, 2023 – Repairs to Gantry 4 Continue

- ABB Engineer Myu Tun continued to diagnose Gantry 4. Once repairs are made to the ABB drive, Port team will perform wire rope lube and conduct a function load test. Gantry 4 will then be turned over to operations once given the all-clear.
- The Port Users Group was presented with a status update on the Port's response to Typhoon Mawar.
- We met with Cementon to address Typhoon Mawar-related damages to their facilities. Cementon is currently without island or generator power after their generator sustained typhoon damage. A generator owned by Cabras Marine was deployed to Cementon to be used as their source of power generation. Cementon also presented their mitigation plans to the Port to allow the continuation of their cement products into our island community. Meanwhile, Hanson Permanente Cement is fully operational.
- Cargo Operations Status: MSA's Barge S-2011 operation was completed June 7th with 9 containers discharged for Guam, 14 transshipments and breakbulk consisting of 1 crate, 7 pallets, and 5 vehicles. Twenty-five full containers (8 reefers, 17 dry goods) and breakbulk cargo consisting of 3 vehicles and 2 pallets of general goods destined for Saipan were loaded onto the barge. Operations on the Kyowa Eagle had 31 containers for Guam (3 reefers). Load back includes 232 bundles of rebar, and 56 units of general cargo (pallets, skits, packages) destined for the Federated States of Micronesia.
- Cargo and Fuel Processed Since Reopening: Fuel or cargo commodities have been released into our island community since reopening the Port on Sunday, May 28, 2023 - 220 reefers; 1046 containers with dry goods; 972 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 319 vehicles; 66 units of general cargo; and 5 barges – fuel operations.

June 9, 2023 – Gantry 4 is Now Operational

- The function load test was conducted on Gantry 4 by ABB Engineer Myu Tun along with the Port team. This load test was successful, permitting Gantry 4 to be turned over to Operations. Gantry 4 is the last of the three gantry cranes to be placed in service after each sustained damage from Typhoon Mawar. The Port's Equipment and Maintenance Division conducted extensive troubleshooting and repairs to bring Gantry cranes 5 and 6 online. Gantry 5 was placed in service on May 28 and Gantry 6 was placed in service on May 31, 2023.
- As part of the Port's Performance Management Contract with Matson, ABB Engineer Myu Tun was flown in to troubleshoot Gantry 4 and provide maintenance support for all the cranes. Tun also made a thorough assessment to Gantry cranes 5 and 6, which identified additional parts needing to be procured and repaired in the next few days.
- Gatehouse Weekend Hours: There remain 555 full containers in the yard and ready to be released. In an effort to expedite the flow of these commodities into our island community, "normal gate house operations" were open for the weekend - Saturday, June 10, and Sunday, June 11, 2023 from 8 a.m. to 5 p.m.
- Cabras Marine continues to work on lifting and draining their tugboat Polaris. This vessel is owned and operated by Cabras Marine Corporation.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 236 reefers; 1193 containers with dry goods; 1204 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 481 vehicles; 129 units of general cargo; and 5 barges – fuel operations.

June 10, 2023 – Release of Containers Continue

- We resumed the issuance of containers three days after Typhoon Mawar.
- By extending normal gate house operations for the weekend to expedite the flow of commodities into our island community, we went from 555 containers in the yard on June 9th to 324 containers, with cargo still being issued throughout the day.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 236 reefers; 1240 containers with dry goods; 1433 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 556 vehicles; 129 units of general cargo; 1 excavator; 1 bundle of chassis; and 5 barges – fuel operations.

June 11, 2023 – Port Cargo Update

- By extending normal gate house operations for the weekend to expedite the flow of commodities into our island community, we went from 324 containers in the yard June 10th to 301 containers, with cargo still being issued throughout the day.
- We caught up with regular vessel arrivals just two weeks after Typhoon Mawar hit Guam.
- Matson Matsonia is scheduled to dock on June 13, 2023 with 35 reefers, 446 containers of dry goods and 252 vehicles to be discharged from the vessel.
- APL CC Herodote is scheduled to arrive on June 14, 2023 and is slated to discharge 30 reefers and 418 containers with dry goods.
- Barge S-2011 is also scheduled to arrive on June 14, 2023 with 41 containers of dry goods, 2 vehicles and 2 pallets of general cargo to be discharged.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023: 236 reefers; 1263 containers with dry goods; 1540 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 556 vehicles; 129 units of general cargo; 1 excavator; 1 bundle of chassis; and 5 barges – fuel operations.

June 12, 2023 – Port Cargo Update

- 1610 containers have been issued to the community from May 28 – June 11, 2023, of which 235 consist of reefers and 1,375 consist of dry goods.
- We were fully operational just three days after Typhoon Mawar hit Guam and has caught up with regular vessel arrivals just two weeks thereafter.
- We continue to address all the pre and post-Typhoon Mawar challenges so that the Port remains 100% operational. Additionally, we have to navigate through all available resources to address the damage sustained by our facility and port properties.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 235 reefers; 1375 containers with dry goods; 1540 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 556 vehicles; 129 units of general cargo; 1 excavator; 1 bundle of chassis; and 5 barges – fuel operations.

June 13, 2023 – Employees at the Forefront of Recovery

- At the Port, employee health and welfare is at the forefront. We were able to reopen the Port in just three days after Typhoon Mawar because of our dedicated workforce and the tremendous amount of support received from Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, our Board, our federal and local partners, and industry partners.

- I reached out to the Port's Employee's Association to find ways to ease the road to recovery for our employees to include providing a hot meal for them while at work.
- Leadership of the PAG's Goodwill and Morale Association (PAGGMA) have been on the frontlines assisting Port employees in ways to ease their road to recovery. In addition to providing daily meals for day and night shifts, PAGGMA has coordinated the distribution of FEMA water to employees.
- Cargo Operations Status: Gantries 4, 5 and 6 offloaded cargo from Matson Matsonia vessel that discharged 54 reefers, 358 containers of dry goods, along with roll-on/roll-off 252 vehicles.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 235 reefers; 1456 containers with dry goods; 1540 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 556 vehicles; 129 units of general cargo; 1 excavator; 1 bundle of chassis; and 5 barges – fuel operations.

June 14, 2023 – System for Terminal Cargo Movement is Rebounding

- The Port Authority, through its contractor G4S, has replaced two antennas which service the Terminal Operating System (TOS) allowing for real-time data on cargo movement.
- Two antennas have been replaced by G4S, allowing cargo checkers the ability to enter container information directly into portable hand-held units for real-time wireless transmission into our central TOS database.
- G4S is in the process of replacing the remaining 7 antennas, the cost of which the Port has included as part of its damage assessment.
- The TOS system is a vital part of operations which controls the movement and storage of cargo in and around the terminal yard. It provides real-time reporting on the status of containers, its location, aids in vessel planning, yard management and equipment allocation.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 240 reefers; 1527 containers with dry goods; 1540 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 556 vehicles; 129 units of general cargo; 1 excavator, 4 trucks, 1 tractor; 1 bundle of chassis; and 5 barges – fuel operations.

June 15, 2023 – FEMA sets up Satellite Site at the Port

- Federal Emergency Management Agency (FEMA) opened up a Registration Intake Center at the Port's Training Room.
- The FEMA satellite disaster recovery center allows for Port employees, tenants, industry partners, and all businesses within Cabras Island the opportunity to file FEMA claims at this location. We are so thankful that they have boots on the ground.
- Representatives will assist claimants with registration, filing a claim, provide updates on the status of an application, and general inquiries. The intake center opened from 9 a.m. to 9 p.m., June 15 through June 17, 2023.

June 15, 2023 – Cargo Flows to CNMI and FSM

- We have caught up with our pre-storm vessel arrival schedule, moving goods and commodities throughout the Commonwealth of the Northern Mariana Islands and the Federated States of Micronesia.

- 545 transshipment containers consisting of 443 containers of dry goods and 102 reefers have moved through the Port since reopening three days after Typhoon Mawar devastated the island's only commercial seaport.
- Gantry 4 was taken offline to redeploy personnel to support cargo operations. The decision was the result of a shortage of equipment operators brought on by the loss of personnel to retirement, other employment opportunities, employees on leave, and six calling out sick. Our employees have worked long hours to restore the Port to pre-storm conditions, so this burnout is something we also track as part of our overall recovery efforts. Consequently, we hired four new equipment operators two weeks ago and expect them to start next week.
- APL CC Herodote is on track to leave the dock at its estimated time of departure. MEL Lines Kota Raja will feel an impact of three additional hours dockside.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 275 reefers; 1651 containers with dry goods; 1540 bundles of rebar; 2 boxed steel pipes; 35 bundle steel plates; 568 vehicles; 129 units of general cargo; 1 excavator, 4 trucks, 1 tractor; 1 bundle of chassis; and 5 barges – fuel operations.

June 16, 2023 – Port conducts Employee Wellness Checks

- Employee well-being and recovery has been essential in returning the Port Authority to its pre-storm capacity and keeping the Port 100% operational.
- The Human Resource division reached out to employees regarding their conditions at home and many reported back that they are still without power, water or both. A big part of our recovery is finding ways to help our co-workers recover at home. We have demonstrated this kind of compassionate leadership and management approach pre-Typhoon.
- PAG's Goodwill and Morale Association (PAGGMA) have been assisting Port employees. In addition to providing daily meals for day and night shifts, PAGGMA has coordinated the distribution of FEMA water to employees, and procured and installed six washers and six dryers throughout the Port for employees to be able to do laundry at the facility.
- FEMA stood up a Registration Intake Center at the Port's Training Room. FEMA Representatives will continue to be available to assist claimants with registration, filing a claim, provide updates on the status of an application, and general inquiries. The intake center will remain open until Saturday, June 17, 2023 from 9 a.m. to 9 p.m.
- Gatehouse Weekend Hours: We extended normal gate house operations for the weekend of June 17 - June 18, 2023 from 8 a.m. - 5 p.m. in an effort to push out commodities into our island community.
- Cargo and fuel processed since reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 298 reefers; 1812 containers with dry goods; 1636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 690 vehicles; 132 units of general cargo; 1 excavator, 4 trucks, 1 tractor; 2 dump trucks, 1 fuel truck; 1 bundle of chassis; and 5 barges – fuel operations.

June 19, 2023 – More Cargo Processed and Released over the Weekend

- We extended gate house operations into the weekend to continue to push commodities out into the community.
- Gate house remained open over the weekend which allowed the delivery of an additional 80 containers with both dry goods and refrigerated goods to consignees.

- FEMA's Registration Intake Center has assisted 133 Cabras Island tenants and employees with registration, filing a claim, providing updates on the status of an application, and general inquiries.
- Cargo and fuel processed since reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 – 315 reefers; 2034 containers with dry goods; 1636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 698 vehicles; 144 units of general cargo; 1 excavator, 4 trucks, 1 tractor; 2 dump trucks, 1 fuel truck, 1 drill rig; 1 bundle of chassis; and 5 barges – fuel operations.

June 20, 2023 – All Three Cranes Unload Matson's Kaimana Hila

- We continue to receive vessels with cargo destined for Guam and the Commonwealth of the Northern Mariana Islands utilizing all three gantry cranes.
- Our Port Strong team worked tirelessly to reopen the Port in just three days and get all three gantry cranes collectively operational by June 9, 2023.
- Matson Kaimana Hila arrived dockside in the morning at 7:25 a.m. By 4:00 p.m., a total of 243 containers were unloaded accounting for 200 containers for Guam and 43 transshipment containers. Of the 200 local containers, 142 contain dry goods and 58 are refrigerated containers also known as "reefers".
- FEMA's Registration Intake Center has assisted 161 Cabras Island tenants and employees with registration, filing a claim, providing updates on the status of an application, and general inquiries. The satellite intake center remained open until 7:30 p.m.
- Cargo and fuel processed since reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 330 reefers; 2146 containers with dry goods; 1636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 751 vehicles; 149 units of general cargo; 1 excavator, 4 trucks, 1 tractor; 2 dump trucks, 1 fuel truck, 1 drill rig; 1 bundle of chassis; and 5 barges – fuel operations.

June 21, 2023 – FEMA's Port Intake Center Assists 175 Workers

- FEMA's Satellite Registration Intake Center at the Port Authority assisted 175 in the five days it was open.
- FEMA was able to assist 151 Port employees and 24 Cabras Island tenants in the five days they were here at the Port. We are grateful that FEMA was here to help our employees and tenants which enabled them to continue working to keep Guam's commodities flowing into the community. I also want to thank Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, our Board, and our federal, local and industry partners for the tremendous amount of support they have given us on this road to recovery.
- The Port satellite center operated on extended hours to accommodate those working the night shift and allowed Cabras Island tenants and employees with registration, filing a claim, providing updates on the status of an application, and general inquiries. June 20, 2023 was the last day this location was open for assistance.
- Vessel Operations: Matson Kaimana Hila was fully discharged as of 7 a.m. and departed the Port at 9:14 a.m. having unloaded a total of 446 containers. 367 containers were for Guam of which 67 contained refrigerated goods also known as "reefers." 79 transshipment containers were loaded onto the vessel including 54 containers of dry goods and 25 reefers. MSA Kyowa Falcon arrived at 10:36 a.m. As of 4 p.m., 58 vehicles were unloaded along with 10 containers of which two were reefers. APL CMA CGM Dakar arrived at 2:48 p.m. Unloading operations continued into the evening on both vessels. MSA Barge S-2011 left the Port at 1:17 p.m. bound for Saipan with a load of 33 full containers. Of the 33 containers, 22 were

transshipment including 7 reefers. The remaining 11 containers were export containers stuffed in Guam that include 2 reefers.

- **Cargo and Fuel Processed Since Reopening:** Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 330 reefers; 2146 containers with dry goods; 1636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 824 vehicles; 2 office trailers; 175 units of general cargo; 1 excavator, 1 backhoe; 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bundle of chassis; and 5 barges – fuel operations.

June 22, 2023 – Port Reopens Family Beach for Public Use

- Typhoon Mawar damaged not just our main terminal yard and key facilities but also many of our recreational areas such as Family Beach. The results of an assessment determined that the beach was unsafe for recreational use so we deployed teams to begin clean-up efforts to reopen.
- Port employees have been working since June 9, 2023 to ready the beach for recreational use. Clean-up initiatives included tree cutting, clearing the site of debris and fallen trees, and moving all green waste to the nearest green waste disposal site. Soft sand deposits that remained were pushed inland to prevent motorists from getting stuck.
- The beach area officially opened to the public on Saturday, June 24, 2023.
- **Vessel Operations:** APL CMA CGM Dakar was fully discharged at 10:28 a.m. and departed the Port today at 1:06 p.m. A total of 225 containers were unloaded including 23 refrigerated goods also known as reefers. MSA Kyowa Falcon arrived June 21st at 10:36 a.m. As of 4 p.m. June 22nd, 44 containers with dry goods, 2 reefers, and 235 bundles of rebar have been unloaded.
- **Cargo and Fuel Processed Since Reopening:** Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 371 reefers; 2293 containers with dry goods; 1636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 828 vehicles; 2 office trailers; 175 units of general cargo; 1 excavator, 2 backhoe; 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bundle of chassis; and 5 barges – fuel operations.

June 23, 2023 – Port Gatehouse to Open this Saturday

- We have extended normal Gatehouse hours and accommodated Truckers on Saturday, June 24th from 8 a.m. until 5 p.m. Maintaining the island's supply chain is our top priority and that is why we continue to extend the Gatehouse operations to ensure goods and commodities continue to flow into our community.
- **Vessel Operations:** MSA Kyowa Falcon departed at 10:36 a.m. While in Port, employees discharged 50 full containers, 4 bundles of cutters, 562 bundles of rebar, 15 total general cargo crates, packages and pallets and 250 vehicles. There were 114 transshipment containers and 34 export containers from Guam loaded on the Falcon heading to the FSM. Barge 2011 arrived on June 24th which is a chartered barge for commerce heading to Saipan. Matson Papa Mau arrived on June 25th to discharge cargo bound for Guam and transshipment cargo.
- **Cargo and fuel processed since reopening:** Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 400 reefers; 2,450 containers with dry goods; 1,636 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 831 vehicles; 2 office trailers; 188 units of general cargo; 1 excavator, 2 backhoe; 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bundle of chassis; and 5 barges – fuel operations.

June 26, 2023 – Families Enjoy Reopened Family Beach

- Members of the community came out last weekend to enjoy the reopened Family Beach facility at the Port Authority.
- I am so grateful to see that the people of Guam can once again enjoy Family Beach. Typhoon Mawar damaged not just our main terminal yard and key facilities but also many of our recreational areas such as Family Beach. The results of an assessment determined that the beach was unsafe for recreational use so we deployed teams to begin clean-up efforts to reopen Family Beach for the people of Guam.
- Port employees worked since June 9, 2023 to ready the beach for recreational use. Clean-up initiatives included tree cutting, clearing the site of debris and fallen trees, and moving all green waste to the nearest green waste disposal site. Soft sand deposits that remained were pushed inland to prevent motorists from getting stuck. The beach area officially opened to the public on Saturday, June 24, 2023.
- Gatehouse Weekend Hours: We extended Gatehouse hours on June 24th and operations were open from 8 a.m. until 5 p.m. for Truckers to come and pickup cargo. Maintaining the island's supply chain is our top priority and that is why we continue to extend the Gatehouse operations to ensure goods and commodities continue to flow into our community.
- Vessel Operations: Barge 2011 operations began in the morning hours. Barge 2011 is a chartered barge for commerce heading to Saipan and is expected to depart in a few days. Matson Papa Mau arrived at 4:02 p.m. June 25th and departed at 11:23 p.m. once cargo operations concluded. Matson Lurline arrived on June 27th in the morning for cargo operations.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 2605 containers with dry goods and 419 refrigerated containers; 1740 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 968 vehicles; 192 units of general cargo; 1 excavator, 2 backhoe, 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bucket truck, 1 flatbed truck, 2 office trailers, 1 trailer 1 bundle of chassis; and 5 barges – fuel operations.

June 27, 2023 – Port Refutes GTA TeleGuam Allegations

- According to the June 20, 2023 “Petition of TeleGuam Holdings, LLC for Waiver and Certain Other Relief” filed with the Federal Communications Commission, “The local commercial port that imports 90 percent of all goods entering Guam was hobbled by physical and structural damage from the storm, which has impeded the transportation of goods and supplies onto the island.” – This is not true.
- We are shocked that GTA TeleGuam would provide misinformation in their federal FCC filings regarding the Port's operations as well as our successful and swift recovery from Typhoon Mawar.
- Many of our Port Strong employees left their families and homes to ride out the typhoon here at the Port and many reported in to begin cleanup immediately once the road was cleared for passage. Three days after the storm passed, U.S. Coast Guard Captain Nicholas Simmons, Captain of the Port, issued the all-clear to open from the waterway perspective and I immediately issued the all-clear from the dockside. This was done after Governor Lou Leon Guerrero gave the directive to place the island back to COR 4. It was at this point that we became fully operational.

- Despite the damage done to the Port, the island's only commercial seaport was able to open up 100% operational only 3 days after the storm passed with normal operations and normal vessel sequence within 4 days.
- The statements by GTA TeleGuam are reckless as they create a false narrative about what really happened and this can have an extremely negative impact in the bond markets. It is also an insult to our hard-working men and women who showed their true Port Strong Spirit and their dedication to public service and commitment to our island community by getting our Port fully operational in only 3 days.
- The federal filings do not present true facts about the power and water restoration efforts on the island following Typhoon Mawar. I wrote to FCC refuting GTA's erroneous claims.
- Vessel Operations: Matson Lurline arrived in the morning hours and Port employees began off-loading operations at 11:30 a.m. As of 4 p.m., Port employees have discharged 119 containers with 769 more containers scheduled for discharge and loading as well as 7 vehicles scheduled to be loaded onto the ship. They have off-loaded a total of 115 vehicles of the 185 scheduled to be off-loaded which includes 14 vehicles scheduled for transshipment.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 2704 containers with dry goods; 421 refrigerated containers; 1986 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 973 vehicles; 214 units of general cargo; 1 excavator, 2 backhoe, 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bucket truck, 1 flatbed truck, 2 office trailers, 1 trailer, 1 air burner, 1 water tanker, 1 truck screener 1 bundle of chassis; and 5 barges – fuel operations.

June 28, 2023 – More Heavy Equipment comes to Guam

- The Port's impact on the quality and sustenance of life for the island and region cannot be understated. Our hard work continues as we focus on the critical need for these goods to get out into our community as our island recovers from the damage caused by Typhoon Mawar.
- In the past few days cargo coming into Guam has included bucket trucks, flatbed trucks, trailers, a truck screener, vehicles, an air burner and a water tanker.
- Vessel Operations: Matson Lurline arrived on June 27th and Port employees began off-loading operations at 11:30 a.m. and concluded operations at 1:13 p.m. on June 28th. During the operation, Port employees conducted a total of 1003 moves on the ship to include discharge and loading. They discharged a total of 443 containers including 72 transshipment containers.
- At 870 feet long, 114 feet wide (beam), with a deep draft of 38 feet and weighing in at over 50,000 metric tons, Lurline is Matson's largest ship and the largest con-ro vessel ever constructed in the U.S. Matson Lurline last called on Guam in July of last year.
- Dream Jasmine (ro-ro) docked the Port by 5 p.m.
- Other vessels expected to arrive during the week include the MEL Lines Kota Ratu, APL CMA CGM Herodote, Fuel Tanker Endurance IV and the Break Bulk Ship Koga Revolution.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 2807 containers with dry goods; 421 refrigerated containers; 1986 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 1064 vehicles; 219 units of general cargo; 1 excavator, 2 backhoe, 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bucket truck, 1 flatbed truck, 2 office trailers, 1 trailer, 1 air burner, 1 water tanker, 1 truck screener; 1 modified container; 1 bundle of chassis; and 5 barges – fuel operations.

June 29, 2023 – Port GM writes to FCC on GTA TeleGuam

- I wrote a letter to FCC Acting Chairwoman Jessica Rosenworcel requesting that the Emergency Petition filed by GTA TeleGuam be rejected or amended.
- The letter provides that, “GTA TeleGuam knows or should have known at the time of that filing that despite the damage done to the Port, the island’s only commercial seaport was able to open up 100% operational only 3 days after the storm passed with normal operations and normal vessel sequence within 4 days. As such, the importation of goods and supplies into the island was not impeded. This was reported daily to all the media, on all social media accounts and via the Government of Guam’s Joint Information Center.”
- The response letter is in reference to GTA TeleGuam’s Emergency Petition WC Docket No. 10-90, WC Docket No. 11-42 and WC Docket No. 21-450 *In the Matter of Petition of TeleGuam Holdings, LLC for Waiver and Certain Other Relief* filed with the Federal Communications Commission on June 20, 2023. Specifically, the filing states, “The local commercial port that imports 90 percent of all goods entering Guam was hobbled by physical and structural damage from the storm, which has impeded the transportation of goods and supplies onto the island.”
- The statements by GTA TeleGuam are irresponsible as they create a false narrative about what really happened and this can have an extremely negative impact for the Port Authority of Guam in the bond markets. The false statements are an insult to the hard work of the men and women of the Port Authority of Guam who showed their true “Port Strong” spirit and their dedication to public service and commitment to our island community by getting our Port fully operational in only 3 days.
- I further told the FCC Chairwoman that GTA TeleGuam’s FCC filing provided more false information about the overall recovery of our island that has been remarkable and swift under the leadership of Governor Lou Leon Guerrero and Lt. Governor Joshua Tenorio.
- When this Emergency Petition was filed on June 20, 2023, GTA TeleGuam stated that half of our island residents were without power and water, I also stated that, “This is also a false statement as nearly 80 percent of our island residents had their power restored prior to the filing and the Guam Waterworks Authority had 80 percent of operable wells on-line and was producing approximately 33.8 million gallons of water per day which is approximately 99 percent of pre-typhoon production.”
- I asked the FCC to reject the GTA TeleGuam Emergency Petition or to require them to amend their filing and remove the false and misleading statements. I also sent a copy of her letter to Paul Huntsman, the President & CEO of Huntsman Family Investments who also is the Chairman of the Board of Directors of GTA TeleGuam.
- Vessel Operations: Two ships – the Kota Ratu and the Herodote - are being serviced simultaneously on the docks. MEL Lines Kota Ratu arrived at 12:45 a.m. and the APL CMA CGM Herodote arrived at 2 a.m. As of 4 p.m., Port employees have discharged 178 of 212 containers on the Kota Ratu as well as 127 of 189 container load backs. They have also discharged 118 of 262 containers from the Herodote and have 369 containers to load.
- Cargo and fuel processed since reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 2935 containers with dry goods; 466 refrigerated containers; 2179 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 1083 vehicles; 222 units of general cargo; 1 excavator, 2 backhoe, 4 trucks, 1 tractor; 2 dump trucks, 3 fuel truck, 1 drill rig; 1 school bus; 1 bucket truck, 1 flatbed truck, 2 office trailers, 1 trailer, 1 air burner, 2 water tanker, 1 truck screener; 1 modified container; 1 bundle of chassis; and 5 barges – fuel operations.

June 30, 2023 – Snake found on Ship Coming to Guam

- At 8p.m. June 29th, Port Stevedores were below deck on Bay 18 of the container vessel APL CMA CGM Herodote when they discovered a snake. The vessel arrived on Guam on June 29th in the morning from Saipan.
- Our Port employees immediately notified officials at Guam Customs and Quarantine Agency and the USDA of what they had found and sent photos and video of the snake.
- Guam Customs and USDA arrived at 10:05 p.m. and brought their dogs to try and locate the snake but were unable to find the snake.
- The vessel operations continued except for a pause in Bay 18 as Guam Customs and USDA were trying to locate the snake.
- Guam Customs and USDA officials left the Port at 1:15 a.m. June 30th and indicated that although the snake could not be located, they were able to identify the snake through the photos and videos as a brown tree snake.
- Vessel Operations: Two ships – the Kota Ratu and the Herodote – finished operations at the Port. Port employees discharged a total of 212 containers and loaded 177 containers onto the Kota Ratu. As for the CMA CGM Herodote, employees discharged 262 containers and loaded 364 containers onto the ship. Breakbulk vessel Koga Revolution arrived at 9:30 p.m. Barge S-2011 will return in the morning hours of July 1st from Saipan and the Cronas Leader (ro-ro) is scheduled to arrive July 2nd.
- Cargo and Fuel Processed Since Reopening: Fuel and cargo commodities have been processed and released into our island community since reopening the Port on Sunday, May 28, 2023 - 3054 containers with dry goods; 477 refrigerated containers; 2204 bundles of rebar; 2 boxed steel pipes; 75 bundle steel plates; 1184 vehicles; 228 units of general cargo; 2 excavators, 3 backhoe, 4 trucks, 5 tractors; 2 dump trucks, 3 fuel trucks, 1 drill rig; 3 school bus; 1 bucket truck, 1 flatbed truck, 2 office trailers, 1 trailer, 1 air burner, 3 water tankers, 1 truck screener; 1 modified container; 1 boom lift; 1 fork lift; 1 telehandler; 1 boom truck; 1 bundle of chassis; and 5 barges – fuel operations.

9. **PAG Meets New OLDCC Pacific Readiness Senior Project Manager.** On June 6, 2023, we had an opportunity to meet Mr. Steve Chung, Guam & CNMI Pacific Readiness Senior Project Manager with the Office of Local Defense Community Cooperation (OLDCC). As you recall, Senior Project Manager Gary Kuwabara's final days with OLDCC was on June 2023. We had briefed Mr. Chung on the port modernization program, thereafter, conducted a tour of port facilities.

10. **Moody's Investors Service on Issuer Rating.** A virtual meeting, through GEDA, was held with Moody's Investors Service on June 9, 2023 regarding the issuer rating on Government Guam (GPA, DOA, GEDA, BBMR, GIAA, GWA) and the Port Authority given the extensive damage caused by Typhoon Mawar. As to the Port Authority, Mr. William Oh, Moody's Vice President Senior Analyst states, "Based on what we've learned from publicly available information, we do not anticipate reviewing the port's credit rating in committee at this time as a result of Typhoon Mawar". However, Moody's fielded questions which we responded to, such as: totality of damage to the port facilities, time to repair/remediate those damages and cost associated, funding source for repair/restoration, business interruption insurance, Jones Act implications for recovery period, financial impacts and FY22 financial data.

11. **Governor's Summer Youth Employment Program.** We are hosting a total of 52 Summer Interns from the GSYEP program. The Summer trainees started on July 3 and will complete this program on

August 4, 2023. We have assigned the interns to the various divisions of the Port, excluding divisions in the port terminal yard area for security and safety reasons.

An island-wide cleanup at the Tumon Bay area was held on July 5, 2023 where most of the summer interns from various agencies (GVB, DPW, DPR and few Mayor's office) participated in this project. The Port's summer trainees also took part in this cleanup effort.

V. OLD BUSINESS

There were no old business discussed.

VI. NEW BUSINESS

1. **Adoption of Resolution No. 2023-05 Relative to honoring the life and service of Port Authority of Guam employee Junior B. Camacho and extending our heartfelt deep sympathy and condolences to the bereaved family members.** Director Guthertz made motion to adopt Resolution No. 2023-05 relative to Junior B. Camacho, seconded by Director Taitano. Motion was unanimously approved.

2. **Adoption of Resolution No. 2023-06 Relative to approving a stipulated dismissal in Civil Service Commission Adverse Action Appeal Case No. 13-AA06T SP, Jeffrey Q. Cruz v Port Authority of Guam, based on Guam Supreme Court Rulings in the Cases of 2015 Guam 14 (Susuico I) and 2019 Guam 15 (Susuico II), and authorizing General Manager Rory J. Respicio to execute the agreement and use up to \$126,000.00 in Port funds to satisfy the stipulated dismissal, thus realizing a cost avoidance of approximately \$210,128.43 in back wages, and to herein provide the finalized agreement to the Honorable Benjamin J.F. Cruz, Guam Public Auditor in the interest of transparency and accountability.** Director Guthertz made motion to adopt Resolution No. 2023-06 relative to CSC Adverse Action Appeal Case No. 13-AA06T SP, Jeffrey Q. Cruz v Port Authority of Guam, seconded by Director Taitano. Discussion followed, and Director Guthertz commented that the process has to be completed and hoped for this case to be the final case brought before the Board. Director Taitano asked whether Cruz filed for reconsideration as a result of the Susuico case. Legal Counsel replied negatively, and mentioned that in his review of this case, both attorneys to this case at that time had decided to allow the Susuico case to continue through its course all the way to the Supreme court. And depending on the ruling of the Supreme Court on the Susuico case would have a dispositive effect on Jeffrey Cruz's case. So, there was no reconsideration, but rather a pause by both parties to await the ruling of the Supreme Court. Director Taitano asked about the settlement amount of \$126K. Legal Counsel replied that if there was no mitigation for other employment that Cruz had undertaken in the time after he was terminated until the present – the amount would have been \$323,856.80 that Cruz would be entitled to in back wages. However, through negotiation mitigation taking into consideration the periods he had worked and did not work resulted in a reduction of back wages Cruz is entitled to which is \$113,728.37. There is also \$7,100 in attorney's fees mandated by law and the remainder of approximately \$4,700 is due to compensation of cashed in annual leave. This totals up to about \$126K. Legal Counsel added that after this case, there are no pending employee matters

before the Civil Service Commission for the Port Authority. Without further discussion, a call for the vote on the motion on the floor was made and was unanimously approved.

3. **Request for \$50K – Employee Wellness Programs.** The General Manager requested for Board's approval to allocate \$50K funds for the Employee Wellness Programs, particularly Labor Day and Port Week events, as well as Liberation Day activity that may take place to support the Mayor or the Governor. The funding source is through the budgetary item Temporary Staffing account. And if approved, the funds will be transferred to the PAGGMA association who will handle the disbursement of funds. Director Guthertz made motion to authorize \$50,000 for the Employee Wellness Programs, seconded by Director Taitano. Discussion followed, and Director Guthertz mentioned that in light of the recent developments, she asked for reassurance that these activities are consistent with the Board's authority to support and approve with any laws, rules and regulations. She expressed her support on this matter, but wanted to ensure it is not challenged. Legal Counsel assured Director Guthertz that he has no reason to believe that the Port is not in compliance with any Guam law by moving forward with this matter. Without further discussion, a call for the vote on the motion on the floor was made and was unanimously approved.

4. **Hiring of Mr. Pacifico Martir as the Deputy General Manager for Administration and Finance of the Port Authority of Guam at a Pay Grade/Step QQ-7C at \$151,348.** The General Manager mentioned that the Port Board received a letter from Governor Lou Leon Guerrero dated May 17, 2023 on her nomination of Mr. Pacifico Martir for the position of Deputy General Manager for Administration for the Port Authority of Guam. This is as a result of the position that was vacated by Mr. Luis R. Baza back in December 2022 due to his retirement. In the letter, the Governor expressed her confidence in Mr. Martir in possessing all that is necessary to assist the Port in increasing efficiencies in carrying out its statutory duties. The General Manager mentioned that Mr. Martir has taken part in this meeting as an observer, but is available for any questions the Board members may have. Director Guthertz made a motion to accept the Governors nomination of Pacifico Martir to be hired as the Port Authority Deputy General Manager for Administration and Finance at a Pay Grade/Step QQ-7C at \$151,348. Motion seconded by Director Taitano. Discussion followed, and Director Guthertz posed a question to Mr. Martir and asked what qualifications he possesses to support the Port's mission. Mr. Martir replied that having worked at a Fortune 500 company (McDonalds in Guam), rose the ranks through his 50 years of service was entrusted to oversee and manage the operations, and having gained the knowledge and the experience in management as a business professional could contribute his expertise in operation, administration, safety and security to the Port's mission. Director Guthertz thanked Mr. Martir for his response and commented that the Port would be fortunate in bringing in a private sector experienced leader to assist the Port and can be helpful to the Port. She thanked Mr. Martir for his willingness to serve.

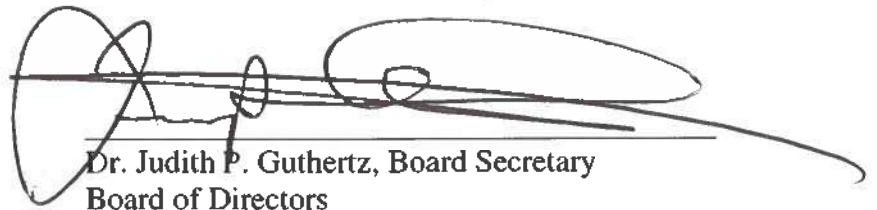
Director Taitano asked whether filling the position at this time is financially viable with respect to salary. The General Manager replied that the DGM Administration position is a budgeted item in this fiscal year as approved by the Board that was seated by the then-DGM of Administration Luis Baza; however, he retired in December 2022. With respect to the salary, the

General Manager mentioned that after the Human Resources Division conducted an analysis based on Mr. Martir's work performance and experience resulted in the salary being recommended for Board consideration. Director Taitano asked Mr. Martir on the number of personnel he has managed. Mr. Martir replied that he had the pleasure of managing 350 personnel including Saipan. In response to sharing a major accomplishment from his previous employer, Mr. Martir mentioned that his success is the workers – the people – to observe their growth and development, and upward mobility within the organization. Mr. Martir expressed that the success story is the workers because they are the ones that make and build the company to what it is today. The workers are key to the success of the company. We have to take care of our people. Director Taitano appreciated the response and expressed the same sentiments as Director Guthertz. The Vice Chairperson commented that it is well known that McDonalds is a well-oiled machine and expect the same level of coordination and cooperation with the Port family. She welcomed Mr. Martir, his experience and expertise to assist the Port General Manager. Mr. Martir thanked the members and looks forward to working with the Board, Management and Port employees.


Without further discussion, a call for the vote on the motion on the floor was made and was unanimously approved.

VII. ADJOURNMENT

There being no further business to discuss, it was moved by Director Guthertz and seconded by Director Taitano to adjourn the meeting at 4:50 p.m. The motion was unanimously passed.


Dr. Judith P. Guthertz, Board Secretary
Board of Directors

APPROVED BY:


Dorothy P. Harris, Acting Chairperson
Board of Directors





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Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

General Manager's Report for Board of Directors August 31, 2023

- 1. Presentation to Pacific Islands Forum.** On August 9, 2023, I presented a PowerPoint presentation to the Pacific Island Forum Delegation from Tonga - Mr. Paula Ma'u, Chief Secretary and Secretary to the Cabinet Prime Ministers office, and Mr. Teanuanua Nicole, Political Governance Officer Pacific Islands Forum. This delegation was on the island to assess Guam to bring the island from an observer to an Associate status member in the Pacific Islands Forum. The presentation consisted of Guam's Associate Member application rationale, the significance of the Port to the Pacific Islands Forum and the Region, an overview of the Port and our current capacity, federal partners, and funding resources.
- 2. Congressman James Moylan Visits Port Authority.** On August 10, 2023, Congressman James Moylan visited the Port. During the visit, we had the opportunity to brief Congressman Moylan on the 2023 Port master plan, ongoing capital improvement projects, and priority CIPs that consist of STS cranes, fuel piers, wharves, and Area A. Also included in the discussion was the Port's readiness plan OLDCC \$1.4M grant funding for the resiliency and feasibility study. A tour of port facilities followed after that.

A follow-up office visit was held on August 30 with Congressman Moylan's Policy Team - Mr. Chris Lukas and Mr. Matt Steil. The discussion focused on the specific needs of the Port and Community Project Funding and other potential options for FY 2024.

- 3. Meeting with Rear Admiral Gregory Huffman.** On August 10, 2023, Chief Planner Joe Javellana, CIP Manager Clarence Lagutang, and I met with Rear Admiral Gregory Huffman. In this meeting, we had an opportunity to present the Port's 2023 Master Plan on our near-term and long-term goals to improve the port by maintaining fiscally sustainable operations and promoting increased awareness of its approach to all stakeholders.

We emphasized that the Navy's involvement is critical to improving the Port's development as per the Quitclaim Deed that conveyed the Commercial Port properties to the Government of Guam. And that the master plan does not change the

land use designation but instead provides for gantry crane replacement, rehabilitation of Area A fuel storage facility, in-water infrastructure study, wharves, and fuel piers long-term replacement, financial management system, Guam Customs inspection facility, solar power study, tariff simplification, terminal operating system, information technology study, port users group initiative for system integration, financial feasibility analysis, and economic impact. Throughout our progress on the Port's master plan of 1981, 1990, 1999, 2007, 2013, and now 2023, the Navy's participation is valuable information towards developing our master plans.

- 4. Port Officials meet with FEMA on the Mawar Resilience Project.** On August 10, 2023, we met with FEMA Janet Yocum, PMP, Operations Planner of the Response Division of FEMA's Region IX Pacific Area Office, and officials from the U.S. Army Corps of Engineers. Discussions involved FEMA's Typhoon Mawar Resilience Project and the needs of the Port. Through the Mawar Resilience Project, FEMA is working with many subject matter experts to do comprehensive site inspections of physical and non-physical components of Critical Infrastructure identified by the federal interagency and the Government of Guam. Under this project, FEMA inspection of Critical Infrastructure is not limited to storm-damaged areas. FEMA-completed inspections will be elevated to the federal interagency to explore all avenues of funding that may be applied (not only FEMA or DHS Port money) to build a more resilient Guam.

Discussions also centered on leveraging military construction (MilCon) projects to include work related to the Port. Yocum said they were impressed with how the Port secured for the typhoon and how quickly the agency became fully operational only three days after the storm passed. The discussion shifted to how FEMA can leverage its funding projects with the needs of the Port, including the updated 2023 Port Modernization Program.

The Port has provided FEMA with relevant Port data that will allow FEMA engineers to review, validate, and recommend funding solutions and opportunities for Port priority initiatives that will enhance infrastructure and equipment resiliency, improve operational capabilities and capacity, bolster supply chain sustainability, and protect the Port IT/TOS/FMS systems from cyber attacks. The Port also provided FEMA with a copy of the 2023 Port Master Plan update and condition assessments and reports supporting the Port's most pressing challenge, including STS gantry crane acquisition, fuel piers and wharves upgrades, and container yard equipment needs.

5. **Port Modernization Program \$50M Close-Out.** On August 25, 2023, we had the privilege of hosting representatives from USDOT Maritime Administration. The purpose of the visit was for MARAD's Grant Project Management/Engineering Team (Mr. David Bohnet – Grant Management Supervisor, and Mr. Gustavo Vecino – Civil Engineer) to programmatically close out the \$50 Million Port Modernization Program (PMP), which included the Guam Commercial Port Improvement (GCPI) Project and the Construction Deficiencies and Equipment Procurement grant agreement. The MARAD Team also visited different Port sites to validate the completion of the projects.

Later in the afternoon, a meeting was held with Governor Lou Leon Guerrero by MARAD Deputy Associate Administrator Tretha Chromey, Mid-Pacific Gateway Region Director Gus Hein, Chief Planner Joe Javellana, and myself. Discussion topics included:

- Criticality of the Port's STS Gantry Cranes: Governor Lou emphasized the Port's significance to DOD INDOPACOM's Pacific Deterrence Initiative and ongoing military buildup and that its aging cranes require replacement;
 - Importance of the Port's resiliency and sustainability initiatives that included replacing aging and damaged fuel piers and rehabilitating its wharves and infrastructure;
 - Build America, Buy America Act (BABAA) Waiver impact to Guam and the territories;
 - Seeking advocacy and support for establishing and adopting MARAD block grants that are currently unavailable. Under the US DOT, FAA (air) and FHWA (land) are funded annually with a set amount that does not require the submission of a competitive grant application and
 - Improve PAG/MARAD collaboration on priority resilience and sustainability projects.
6. **Legislative Confirmation Hearing for PAG Board.** A legislative confirmation hearing is scheduled for September 8, 2023, for the re-appointment of Ms. Dorothy Harris and Dr. Judith Guthertz to serve on the Port Authority Board.
7. **Port Achieves 4th Consecutive Year Designation as a Low-Risk Auditee.** The Port has once again achieved low-risk auditee status with a net position growth of \$12.6M. This is the fourth consecutive year in a row that the Port got this designation. Independent auditors Ernst & Young (EY) rendered the unmodified (clean) opinion

of the Port for FY 2022 financial statements and compliance over major federal programs. Also, the auditors identified no material weaknesses or significant deficiencies in internal controls.

A message from Public Auditor Benjamin J.F. Cruz: "These clean, low-risk status audits for the past four years demonstrate strong leadership and management from the GM and his team of dedicated, qualified, and Port-strong employees. The Port's level of professionalism and attention to the Rule of Law, transparency, and accountability is admirable."

8. General Manager's Notes for YTD Finances. We are providing the following summary for July 31, 2023:

REVENUES AND CARGO THROUGHPUT:

- The Port's Total YTD Operating revenue for July 31, 2023, is \$48.7 million, 5.0% or \$2.5M lower than the YTD July FY 23 budget projection of \$51.3M.
- The total number of containers handled as of July 31, 2023, is 70,725, 1.7% or 1,244 containers lower than last year's July 2022 YTD total of 71,969.

OPERATING EXPENSES:

- Overall Operating expenses, as of July 31, 2023, is \$45.3M, which is 2.4% or \$1.0M higher than the YTD budget for February with a total of \$44.2M. The current total expense as of July is 85% of the total approved FY2023 Budget in the amount of \$53.1M.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

- YTD Overtime for Divisions involved in Operations is \$1.6M, 24% or \$303K higher than the overtime budget for YTD July at \$1.3M. The OT for the month of July is \$155K which is 39% or \$98K lower than June's number of \$253K.
- Direct Labor reimbursement is \$3.1M, 5.5% or \$181K lower than the FY23 budget of \$3.3M.

Here is the breakdown:

Direct Labor Revenue:	\$ 3,131,944
Operations Overtime:	\$ 1,567,308
Variance:	\$ 1,564,636

YTD OPERATING REVENUES MINUS YTD EXPENSES:

- Operating revenues minus operating expenses resulted in an operating income of \$3.4M. The final result for July is a net income of \$4.4M, after adding the net of Other Income/Expenses totaling \$1.0M.

Note: \$1.0M is a net balance of Other Income and Expense composed of Interest Income, Interest Expense, Federal Reimbursements, Federal Expenses, Retirees COLA, Supplemental, Medical and Dental, and Other Non-Operating Income & Expenses.

Other Financial Highlights, as of July 31, 2023:

- The debt service ratio as of July 31, 2023, is 1.78. This is 4% lower than the Bond Indenture Debt service ratio requirement of 1.25.
- Days Cash on Hand is 900 days, 80% or 400 days higher than the 500 days requirement of Moody's Rating agency.

Debt Service Ratio – July 2023

Projected Annual Debt Service Coverage	1.78
Debt Service Coverage Requirement	1.25
Variance	0.53
% Above the Indenture Requirement	42%

9. Grant Awards and Ongoing Grant Submissions

- **U.S. Economic Development Administration (EDA) Fuel Pipeline Connectivity Project.** A/E Design kick-off meeting was held on July 19, 2023, attended by Amorient and sub-consultants, PAG staff, and representatives from Golf and F1 Pier managers. During the follow-up meeting held on August 24, 2023, Amorient and their sub-consultants updated PAG staff and EDA Project Officer, indicating the following ongoing tasks: geotechnical investigations, topographic survey, 30%

design, and environmental permits. The anticipated delivery date of the 30% Design Submittal is November 13, 2023.

- **Department of Agriculture Grant (DOAg)**
 - **Agat Marina Dock B Construction.** AIC International, the contractor, will be scheduling a pre-inspection of the site as instructed by Guam EPA before commencing construction of the nine (9) steel piles. As AIC is currently waiting on necessary supplies, they have requested a 45-day extension, with an anticipated completion date now projected for late October. Work in progress: Ground assembly fully completed, in-water assembly reached 90%, and plumbing stood at 80% completion.
 - To account for potential delays, PAG requested a no-cost six-month grant performance extension to the schedule, pending approval from the Fish and Wildlife Service (FWS) and the Department of Agriculture (DOAg).
- **Harbor of Refuge Repairs. *Status Update:*** The final closeout report for this project was submitted to DOAg on July 18, 2023. The overall cost of the project was \$870K (grant \$621K, PAG \$249K).
- **Gantry Crane Acquisition.**
 - **Acquisition of an STS Gantry Crane by the PAG.** A US DOT MEGA Grant Program grant application was submitted on August 21, 2023, to acquire three (3) gantry cranes.
 - **USDA Direct Loan.** PAG Finance was assigned to develop a request for proposal to select a lender to provide commercial loan financing for replacing the PAG's Ship-to-Shore Gantry Cranes and acquiring additional cargo handling equipment, e.g., Tractors, Telescopic 150 Ton Crane, Top lifters, and Forklifts. PAG will be guided by the USDA Communities Facilities Rural Development Leadership, PAG Legal Counsel, and PAG Procurement Team moving forward. *Status Update:* Status quo.

- **MARAD Marine Highway Program.** The Grant Agreement for MARAD FY 2022 America's Marine Highway (AMH) was effectuated on August 4, 2023. PAG Procurement Division issued purchase orders for two (2) 40-ton loaded container handlers and three (3) 10-ton empty container handlers on August 4, 2023, and stipulated delivery by September 5, 2023.
- **Office of Local Defense Community Cooperation.** The Port awarded a \$1.2 Million OLDCC grant for a comprehensive two-phase in-water infrastructure feasibility study and a military support assessment for Area A and Hotel Wharf. Notice to Proceed was issued on October 31, 2022. *Status Update:* PAG received Grant Award notification on August 1, 2023, for \$1,450,000.00 for the Port's Owner Agent Engineer Services. This new grant's performance period is from June 1, 2023 - November 30, 2024. The Planning division is working with the Port Staff Attorney and the Office of the Governor on the Memorandum of Agreement.
- **EPA Diesel Emissions Reduction Act (DERA) Program.** A purchase order for four (4) terminal yard tractors was issued to American Material Handling, Inc. on May 2, 2023. Delivery: 330 Days or April 2024.
- **US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program.** *Status Update:* The PAG's Owner Agents Engineer (OAE) is currently engaging with a local environmental consultant who will be charged with creating environmental assessment documentation as mandated by NEPA. OAE has developed a comprehensive Statement of Work (SOW) for the local ecological consultant's consideration. Following this, the NEPA process would initiate, marking the start of an expanded study phase focusing on Wharves F1 - F6.
- **Office of Insular Affairs Maintenance Assistance Program (MAP).** The Port Welding Shop Phase 1 & 2 project (awarded in 2020 & 2021) is pending the HABS/HAER report before construction. *Status Update:* The Port submitted the Determination of Eligibility (DOE) as part of the SHPO's HABS requirement on April 28, 2023. Pending response from SHPO.

- **Office of Insular Affairs Maintenance Assistance Program (MAP).** PAG was awarded the FY22 MAP grant for the Generator Maintenance Program on June 29, 2022. Hawthorne Pacific Corporation signed the purchase order on May 8, 2023. On June 28, 2023, Requisitions were entered into the system and are currently procuring generator parts. *Status Quo.*

10. **Port Revenue Bonds Project Status.** As of August 25, 2023, the attachment provides information on the status of the revenue bond projects that consist of rehabilitation of the hotel wharf, golf pier repairs, and improvements, waterline replacement/relocation, EQMR building, and warehouse one repair/upgrades, new admin annex building, and other priority projects.

Respectfully submitted,


Rory J. Respicio
General Manager

2018 Port Revenue Bonds Status Report As of August 25, 2023

Bond Project	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT IEB/RFP/PO Number	Status
Rehabilitation of "H" Wharf	\$46,331,895.00	\$1,298,983.83	\$45,032,911.17	PO No. 17043-OF for \$2,249,945.54 awarded to GHD Inc. New Contract Amount: \$2,656,621.37 PO No. 18140-OS was issued to Sumitomo Mitsui Construction Company, Ltd. for \$46,331,895.00	On April 28, 2023, PAG submitted a grant application under the 2023 Port Infrastructure Development Program. The proposed project is for the Rehabilitation of H-Wharf to augment escalated construction cost due to inflation, Build America, Buy America (BABA) Act and if project is aligned with the merit criteria. The FY 2023 PDP grant application process consists of an Intake Review Phase, a Technical Review Phase, and a Senior Review Phase. MARAD will announce projects selected for award by First Quarter of FY 2024.
Golf Pier Repairs and Improvements	\$2,000,000.00	\$372,147.93	\$1,627,852.07	RFP No. 2019-02: A&E Design for \$484,000.17 awarded to NC Macario	The PAG OAE is currently developing a draft design. Status Quo.
Waterline Replacement and Relocation	\$6,000,000.00	\$1,433,613.59	\$4,566,386.41	PO No. 177900S for \$4,856,568.91 awarded to BME & Sons Inc.	Installation of the new waterline along Route 11 is ongoing. Slight adjustments to some pipeline locations are ongoing. Route 11 pipelines are currently being tested and buried.
EQMR Building Repairs and Upgrades	\$3,628,800.00	\$929,595.19	\$2,699,204.81	PO No. 180070S for \$3,980,000.00 awarded to JJ Global Service	Roof repairs are complete and roof coating and spall repair is ongoing. Bathrooms are currently being renovated.
Warehouse 1 Repairs	\$2,000,000.00	\$447,013.13	\$1,552,986.87	RFP No. 2019-03: A&E Design for \$1,406,427.48 awarded to NC Macario	Procurement packet is being developed prior to PAG in-house legal review. Status Quo.
Other Priority Projects 1. Repair of F-1 Fuel Pier and wharves F-2, F-3, F-4, F-5, and F-6 waterfront facilities 2. Upgrade of the Port's IT system and integration of TOS	\$4,980,745.00	\$0.00	\$4,980,745.00	See status	<p>1. Please refer to MARAD RAISE - Wharves Service Life Extension Hardening of Wharves F1-F6 for more information.</p> <p>2. PAG reviewing Cargo Velocity recommendations on the TOS upgrade. The next step will be to develop the draft scope of work with the assistance the PAG OAE. Status Quo.</p>
Other Priority Projects - EnterpriseOne Financial Management System	\$2,500,000.00	\$2,365,568.22	\$134,431.78	See status	Module updates are ongoing, including work on Job order modules for vessels and SSRs. Status Quo.
New Admin. Annex Building	\$10,445,000.00	\$0.00	\$10,445,000.00	See status	Project is currently on hold pending Management decision.
Grand Total	\$77,886,440.00	\$6,846,921.89	\$71,039,518.11		



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Port Authority of Guam (PAG) – FY 2022 Financial Highlights

August 28, 2023

Hagåtña, Guam – The Office of Public Accountability released the Port Authority of Guam’s (PAG) Financial Statements, Report on Compliance and Internal Control, Management Letter, and Auditor’s Communication With Those Charged With Governance for fiscal year (FY) 2022. Independent auditors, Ernst & Young LLP (EY), have rendered an unmodified (clean) opinion on PAG’s financial statements and compliance over major federal programs. They found no material weaknesses or significant deficiencies in both PAG’s internal control over financial reporting and major federal programs. Furthermore, EY concluded that PAG qualified as a low-risk auditee. FY 2022 is the fourth consecutive year in which PAG qualified as a low-risk auditee.

PAG Achieves Net Position Growth of 12.6M

PAG concluded FY 2022 with a net position of \$26.4 million (M), marking an increase of \$12.6M (or 91%), from FY 2021’s net position of \$13.8M. These were due to significant increases in net nonoperating revenues by \$14M (or 1892%), from \$754 thousand (K) in FY 2021 to \$15.0M in FY 2022. The increase in net nonoperating revenues is primarily due to the \$15M grant received from the American Rescue Plan Act of 2021 Fiscal Recovery Funds as a reimbursement for COVID-related expenses. PAG also received contributions from U.S. Government capital grants of \$560K in FY 2022, specifically from the U.S. Department of Transportation Maritime Administration for construction deficiencies and equipment purchases. These increases were offset by the loss from operations of \$3.0M in FY 2022.

Increases in Containers Handled and Rental Revenue Drive Growth in Operating Revenues

PAG’s operating revenues increased by \$2.6M, from \$55.1M in FY 2021 to \$57.7M in FY 2022. The increase in operating revenues was primarily due to the increases in equipment and space rental and cargo throughput charges. Specifically, PAG had an increase of \$1.3M in equipment and space rental revenue, due to an increase in the demurrage fees charged to shipping agents for storing cargo on PAG’s terminal facilities. During FY 2022, PAG handled 89K containers, reflecting a 3% increase from FY 2021’s container cargo count of 87K. Additionally, PAG handled 141K tons of non-containerized cargo, a 30% rise from FY 2021’s 109K tons of non-containerized cargo. These cargo increases resulted in increases for certain revenue categories, notably a \$1.2M increase in cargo throughput charges, climbing from \$34.8M in FY 2021 to \$36.0M in FY 2022. The increase in operating revenues can also be attributed to the increases in wharfage charges by \$218K and crane surcharges by \$43K. These increases are offset by the decreases in other operating income by \$81K and special services revenue by \$3K.

Rising Retiree Healthcare and Other Benefits Costs Lead to Increase in Operating Expenses

PAG’s operating expenses increased by \$2.4M, from \$58.3M in FY 2021 to \$60.7M in FY 2022. The increase is primarily due to rising costs in retiree healthcare and other benefits, as well as infrequent expenses such as a bathymetric survey of the F1 Dock substructure, the demolition and disposal of five inoperable cranes and sunken barges, and the Guam Power Authority’s billing

adjustments. PAG experienced increases in general expenses and retiree healthcare and other benefits, both of which increased by \$1.0M compared to FY 2021. Additionally, there were increases in stevedoring services by \$452K, utilities expenses by \$405K, management and administration costs by \$209K, insurance expenses by \$146K, and facility maintenance expenses by \$49K. Furthermore, there were expense decreases of \$541K in transportation services, \$193K in terminal services, \$114K in depreciation expenses, and \$37K in equipment maintenance costs.

Implementation of New Accounting Standard for Leases

In June 2017, Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. With the initial adoption of GASB 87, the audited financial statements for FY 2022 were presented without prior year comparison and did not have an effect on the beginning net position. On October 1, 2021, PAG recorded lease receivables and deferred inflows of resources from leases of \$40.2M. At the start of FY 2022, PAG counted a total of 49 lease agreements with 40 companies. However, only 13 of these leases, with eight companies, were considered applicable and measurable under GASB 87. At the end of FY 2022, PAG recognized lease receivables of \$39.0M and deferred inflows of resources from leases of \$38.8M.

Net Pension Liability and Other Post-Employment Benefits (OPEB)

PAG holds a statutory responsibility to provide pension benefits to its employees through the Government of Guam (GovGuam) Retirement Fund. As of September 30, 2022, PAG disclosed a net pension liability of \$54.7M. Moreover, PAG participates in the retiree health care benefits program. Administered by GovGuam's Department of Administration, the GovGuam Group Health Insurance Program delivers medical, dental, and life insurance benefits to retirees, their spouses, children, and survivors. Those employees who currently forgo medical and dental coverage remain eligible for the life insurance benefit. This program encompasses the retirees and constitutes an other post-employment benefits plan. The collective OPEB liability as of September 30, 2022, amounts to \$107M. These combined OPEB and net pension liabilities represent 68% of PAG's total liabilities as of September 30, 2022.

Capital Assets and Port Modernization

As of FY 2022, PAG's capital assets, net of accumulated depreciation, of \$115.5M made up 40% of total assets. These assets encompass land, equipment, buildings, and improvements, and construction work-in-progress. During FY 2022, \$4.7M of new assets and construction activities, including a cumulative \$636K in capital construction projects completed and placed in service as capital assets, were added. These were offset by \$6.1M in ongoing depreciation.

Funded through federal, bond, and PAG funds, these capital assets are used to provide services for tenants and customers, and for the modernization and maintenance of PAG's assets. As part of its modernization program, some capital improvement projects that were or will be funded include the rehabilitation of the Hotel Wharf, the replacement and relocation of waterlines, the repair and expansion of the Equipment Maintenance & Repair Building and Warehouse 1, the connection of fuel pipelines, a financial management system upgrade, the removal of PAG inoperable assets and derelict vessels, and the upgrade of PAG's CCTV and access control systems.

Debt Service

As of September 30, 2022, PAG had \$67.0M in outstanding revenue bonds, a decrease from the \$69.8M balance as of September 30, 2021, due to principal payments. Under the bond indenture of the 2018 Series Revenue Bonds, PAG is required to maintain a minimum debt service coverage of 1.25 in relation to net revenues versus annual debt service. Management believes the PAG was in compliance with all bond covenants as of and for the year ended September 30, 2022. As of October 19, 2022, S&P Global Ratings maintained its outlook of PAG as stable and its long-term rating on PAG's outstanding series 2018 Port Revenue Bonds as 'A'. S&P Global opined that PAG's financial risk profile is strong due to "its strong financial performance, strong debt and liabilities capacity, and adequate liquidity and financial flexibility".

COVID-19 and Typhoon Mawar Impact and Recovery

As the lifeline to Guam's economy and the neighboring region, the PAG remained 100% operational despite the struggles brought about by the Coronavirus Disease 2019 (COVID-19) pandemic. As the only commercial seaport in Guam, over 90% of the region's goods and supplies pass through PAG's doorways. PAG's management believes that Guam's economy is expected to continue to expand and recover throughout FY 2023 and FY 2024. The upsurge in anticipated economic activity is the result of simultaneous increases in the following three areas: (1) the progression of the Marine Corps Base (MCB) Camp Blaz construction activity nearing its planned peak, (2) a record level of off-base construction projects, and (3) continued recovery in the tourism sector, which remains severely depressed from COVID-19 and related past international travel restrictions. In April 2023, the PAG's Board of Directors adopted the 2023 Master Plan, which focuses on ensuring the PAG's future readiness and resilience by strengthening its assets and resources. PAG management is also working on maintaining the performance and maintenance of their cranes, alongside securing multiple federal grants to achieve various PAG objectives and goals.

On May 24, 2023, the island of Guam suffered severe damages caused by super typhoon Mawar. As of the date of the report on the audited financial statements, PAG is unable to reasonably estimate the potential impact on its future financial statements.

Management Letter

EY issued a separate management letter that identified two deficiencies in internal control related to the census data and the general reserve fund account. During their testing of census data for other post-employment benefit liability, EY discovered three instances of incorrect gender assignment and one instance of an inconsistent date of birth for employees. The second matter concerned a cash balance related to the General Reserve Fund being classified as a restricted asset with a corresponding restricted net position for debt service, which has since been addressed by PAG management. EY's recommendations included prompt updates to employee information, a thorough census data review before submission to the Department of Administration, and accurate asset classification based on restrictions and purposes.

For more details, refer to the Management's Discussion and Analysis in the audit report at www.opaguam.org or www.portofguam.com.

*Financial Statements, Required Supplementary
Information, and Supplementary and Other Information*

Port Authority of Guam
(A Component Unit of the Government of Guam)

*Year ended September 30, 2022
with Report of Independent Auditors*



Port Authority of Guam
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information,
and Supplementary and Other Information

Year ended September 30, 2022

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Report of Independent Auditors

The Board of Directors
Port Authority of Guam

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority at September 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 28 as well as the Schedules of Proportional Share of the Net Pension Liability on pages 60 through 62, the Schedule of Pension Contributions on page 63, the Schedule of Proportional Share of the Total OPEB Liability on page 64, and the Schedule of OPEB Contributions on page 65, and the Notes to Required Supplementary Information on page 66 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 audit 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of details of operating expenses and the schedule of summary of salaries and wages on pages 67 through 71 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is 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 GAAS. In our opinion, the schedule of details of operating expenses and the schedule of summary of salaries and wages are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of employees by department on page 72 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023 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.

Ernst + Young LLP

August 25, 2023

Port Authority of Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Years ended September 30, 2022 and 2021

Introduction

The Port Authority of Guam's (PAG, Port, Authority) Management Discussion and Analysis (MD&A) provides an overview of Port's financial performance and activities for the fiscal years (FY) ended September 30, 2022, and 2021. Port Management prepared the information in this MD&A and should be considered in conjunction with the financial statements and accompanying notes that follow this section.

About Port Authority of Guam

The Port Authority of Guam was established as a public corporation and an autonomous agency of the Government of Guam (GovGuam) by Public Law 13-87 in October 1975. Port operates the only commercial seaport in the Territory of Guam and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region.

Vision

To modernize Port as a first-class facility in the region, providing cargo-handling services safely, efficiently, and sustainably.

To achieve this, Port must increase capacity, execute infrastructure development and expansion to meet the community's organic growth and the impending military buildup, promote economic growth & opportunities for maritime-related industries, and address the needs of port users.

Mission

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

Port owns five cargo-handling piers, two fuel piers, and three marinas. It serves the largest U.S. deep-water port in the region and currently handles about one to two million tons of cargo a year. The cost of operations and capital improvements are funded largely from Port's revenues.

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

Port Authority of Guam
(A Component Unit of the Government of Guam)

Management’s Discussion and Analysis, continued

Mission, continued

To achieve this, Port must increase capacity, execute infrastructure development, and expand to meet the community's organic growth and the impending military buildup.

Overview of the Port’s Financial Statements

The Port's basic financial statements consist of the following: 1) statement of net position, 2) statement of revenues, expenses, and changes in net position, 3) statement of cash flows, and 4) notes to financial statements. Also included are required supplementary information to accompany the basic financial statements.

With the initial adoption of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the audited financial statements for September 30, 2022, were presented without prior year comparison.

In a separate report, the independent financial auditors issued an unmodified (clean) opinion on Port’s FY 2022 financial statements and found no material weakness or significant deficiency in Port’s internal control over financial reporting. Additionally, the independent financial auditors issued a clean opinion on Port’s FY 2022 compliance over major federal programs and found no material weakness or significant deficiency in Port’s internal control over major federal programs. The auditors also concluded that Port qualified as a low-risk auditee. FY 2022 is the fourth consecutive year in which Port qualified as a low-risk auditee.

Local Economic Factors

Guam’s economy is expected to continue expanding and recovering throughout FY 2023 and FY 2024. This economic expansion and partial recovery began in 2021 and 2022, restoring Guam's growth trend. This upsurge in anticipated economic activity is the result of simultaneous increases in the following three areas: (1) the progression of the Marine Corps Base (MCB) Camp Blaz construction activity nearing its planned peak, (2) a record level of off-base construction projects, and (3) continued recovery in the tourism sector, which remains severely depressed from the Coronavirus Disease 2019 (COVID-19) and related past international travel restrictions. The construction of Camp Blaz is related to the anticipated relocation of about 5,000 U.S. Marine Corps personnel and their dependents from Okinawa, Japan to Guam – most commonly referred to as the “military buildup.”

Guam’s three primary sources of inflows of funds are tourism, federal expenditures, and construction capital investment. Tourism has begun a partial rebound from the pandemic virtual shutdown in March 2020, continuing into 2022. Due to military buildup projects and increased non-defense appropriation levels, federal expenditures will likely remain well above recent levels. Construction is almost certain to increase substantially with the support of private, GovGuam, and federal projects already contracted; increasing appropriation levels; workload backlogs; and eased federal restrictions on imported workers to meet the demand. Guam's location in the Pacific will continue to provide a fundamental advantage for U.S. defense and support the long-term trend of tourism expansion.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Local Economic Factors, continued

Construction activity increased dramatically from FY 2020 to FY 2022 as measured by construction employment, H2 workers, and gross receipt taxes paid for construction. The U.S. Department of Defense (DOD) construction contracts in Guam increased in FY 2022. Individual DOD contracts that amounted to \$5M or more increased by \$326.8M, from \$473.2M in FY 2021 to \$799.9M in FY 2022. This is due primarily to the ongoing projects related to the anticipated relocation of about 5,000 U.S. Marine Corps personnel and their dependents from Okinawa to Guam. The military buildup, rising valuations, and inflation concerns fueled Guam's real estate market in FY 2022. Guam also saw a \$272.1M increase in building and construction permits, from \$307.9M in FY 2021 to \$580.0M in FY 2022, primarily for residential, commercial, and GovGuam construction. High levels of previously permitted and contracted projects are underway. Building permits and DOD construction contracts are solid indicators of plans backed by financial commitments to commence construction in the near term.

As the only commercial seaport in Guam, over 90% of the region's goods and supplies pass through Port's doorways. As such, Port remained 100% operational despite the public health emergency and struggles brought about by the COVID-19 pandemic in early 2020.

Financial Position Summary

The Net Position (the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources) is an indicator of Port's current fiscal health and financial position over time. The Statement of Net Position is a snapshot presentation of Port's financial position at the end of the fiscal year. A summary of this statement, which includes all of Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2022, is as follows (in thousands):

A summary of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2022 and 2021, is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources		
Current and other assets	\$138,939	\$121,369
Other noncurrent asset	37,918	---
Capital assets	<u>115,473</u>	<u>116,921</u>
Total assets	292,330	238,290
Deferred outflows of resources	<u>38,352</u>	<u>48,320</u>
Total assets and deferred outflows of resources	<u>\$330,682</u>	<u>\$286,610</u>

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Position Summary, continued

	<u>2022</u>	<u>2021</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities	\$ 9,003	\$ 7,755
Noncurrent liabilities	<u>229,158</u>	<u>233,052</u>
Total liabilities	<u>238,161</u>	<u>240,807</u>
Deferred inflows of resources	<u>66,139</u>	<u>32,000</u>
Net position:		
Net investment in capital assets	98,457	92,602
Restricted – expendable	46,574	53,693
Unrestricted	<u>(118,650)</u>	<u>(132,492)</u>
Total net position	<u>26,381</u>	<u>13,803</u>
Total liabilities, deferred inflows of resources, & net position	<u>\$330,681</u>	<u>\$286,610</u>

Source: PAG Financial Audits.

Port’s assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$26.4 million (M) as of FY 2022. Port’s total net position increased by \$12.6M from FY 2021 to FY 2022. Port’s total assets amounted to \$292.3M as of FY 2022.

Cash and cash equivalents (restricted and unrestricted) of \$129.7M accounted for 44% of Port’s assets. Port’s restricted, expendable cash and cash equivalents of \$96.5M are restricted for the following: a reserve fund used to pay the interest and principal payments due for the 2018 Port Revenue Bonds, future crane acquisition or extraordinary crane maintenance, and the maintenance, replacements, and repair of facilities.

In any given year, the largest portion of Port’s net position is its net investment in capital assets (e.g., land, facilities, equipment, and construction in progress). Port uses these capital assets to provide services to its tenants and customers, and to construct, improve, and maintain its assets. Therefore, these capital assets are not available for future spending. Net investment in capital assets accumulated to \$98.5M as of FY 2022, or 33.7% of Port’s total assets. New asset additions and construction activities of \$4.7M during FY 2022 were offset by \$6.1M in ongoing depreciation.

Inclusive of federal receivables and the current portion of lease receivables, total accounts receivable of \$8.5M comprised only 3% of total assets as of FY 2022.

In support of its mission, Port leases its land, infrastructure, and building space to private companies to further develop the maritime industries in Guam. With the adoption of GASB 87 in FY 2022, Port now recognizes, on the balance sheet, the present value of the lease payments expected to be received for the remainder of the lease term. At the start of FY 2022, Port counted a total of 49 lease agreements with 40 companies. However, only 13 of these leases, with eight companies, were considered applicable and measurable under GASB 87. As the lessor, Port recognized lease receivables (net of the current portion) of \$37.9M and a deferred inflow of resources from leases of \$38.8M as of FY 2022. All other leases were recognized as revenue on the income statement. Port had no agreements qualifying it as a lessee under GASB 87.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Position Summary, continued

Port’s total liabilities amounted to \$238.2M, as of FY 2022. Making up 3% of Port’s total assets, \$9.0M in current liabilities included trade accounts payable, security deposits and other payables, accrued payroll and withholdings, unearned revenue, and the current portion of accrued annual leave.

Port pays all current retirement obligations for all retirees. As is the nature of retirement benefits, coupled with changes in actuarial assumptions, Port’s net pension liability and other post-employment benefits (OPEB) liability make up the majority of total liabilities. As of FY 2022, Port’s net pension liability decreased to \$54.7M, while its OPEB liability increased to \$107.5M. Port’s net pension liability, OPEB liability, deferred outflows of resources (reported with assets), and deferred inflows of resources (reported with liabilities) are impacted by the annual changes in actuarial assumptions. Additional details regarding Port’s net pension and OPEB liabilities may be found in Notes 4 and 5 of this financial audit report.

The remainder of Port’s long-term debt on the 2018 Series Revenue Bonds was \$67.0M as of FY 2022 or 23% of total assets. At least 59% of the bonds’ proceeds are invested in improving Port’s existing assets and acquiring new assets. The other 41% was used with respect to the bonds to pay any costs or expenses relating to the authorization, issuance, or sale of bonds; fund a debt service reserve fund; and fund capitalized interest.

With its volume of cash and cash equivalents, compared to its current liabilities, Port can more than cover its short-term obligations and would be considered investment and creditworthy. Even so, Port continues to pay down its long-term debt while still being able to maintain its cash flow. Refer to the *Debt Administration* section for the underlying credit ratings on Port’s outstanding 2018 Series Revenue Bonds.

Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides insight into how the Port’s net position changed during the fiscal year. Net position changes are based on the sum of operating and non-operating revenues plus contributed capital minus operating and non-operating expenses. A summarized comparison of the Port’s revenues, expenses, and changes in net position (in thousands) for the years ended September 30, is as follows:

	<u>2022</u>	<u>2021</u>
Operating revenues	\$57,698	\$55,059
Operating expenses	<u>54,553</u>	<u>52,007</u>
Operating income before depreciation	3,415	3,052
Depreciation	<u>6,144</u>	<u>6,258</u>
Operations (loss) income	(2,999)	(3,206)
Nonoperating revenues, net	15,016	754
Capital contributions	<u>561</u>	<u>219</u>
Increase (decrease) in net position	12,578	(2,233)
Net position at beginning of year	<u>13,803</u>	<u>16,036</u>
Net position at end of year	<u>\$26,381</u>	<u>\$13,803</u>

Source: PAG Financial Audits.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights

A summary of operating revenues is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Operating revenues		
Cargo throughput charges	\$35,976	\$34,777
Equipment and space rental	9,553	8,291
Crane surcharge	6,027	5,984
Wharfage charges	6,018	5,799
Special services	92	95
Other operation income	<u>32</u>	<u>113</u>
	57,698	55,059
Provision for bad debts	---	---
Total operating revenues	<u>\$57,698</u>	<u>\$55,059</u>

Source: PAG Financial Audits.

During FY 2022, Port’s operating revenues increased by \$2.6M from FY 2021. In FY 2022, Port handled 3% more containers and 30% more breakbulk tonnage than last year. This is reflected in the following revenue increases: cargo throughput charges by \$1.2M, crane surcharges by \$43K, and wharfage charges by \$218K. These increases were hardly impacted by the \$3K decrease in special services revenue and the \$81K decrease in other operating income.

The \$1.2M revenue increase in cargo throughput charges, from FY 2021, are composed of the following increases: direct labor by \$527K, breakbulk by \$462K, transshipment containers by \$339K, and roll-on/roll-off cargo by \$74K.

Roll-on/roll-off cargo is cargo discharged without needing Port equipment, such as personal vehicles or heavy equipment. In FY 2022, Port handled 5,291 individual roll-on/roll-off cargo – a 33% increase from the 3,991 individual roll-on/roll-off cargo handled in FY 2021.

With Port being the only commercial seaport of Guam, Port lacks any meaningful regional competition. Even so, Port recognizes its responsibility to deliver these goods promptly and efficiently, and strives to reduce the turnaround time of ships calling at the terminal. Port’s turnaround time is measured in the time spent by a vessel along Port’s waterfront (i.e., berth hours) and in the total container movement divided by the operation hours [i.e., container vessel net moves per hour (NMPH)].

From FY 2019 to FY 2022, Port operation’s average berth hours for all shipping vessels have improved as compared to its FY 2018 performance. Improved berth hours are evident in the decreased number of hours that major shipping agents have to spend on Port’s waterfront. From FY 2019 to FY 2022, Port operation’s average net moves per hour for all shipping vessels have improved as compared to its FY 2018 performance. Higher crane productivity per hour is evident in the increased net moves per hour per major shipping agent.

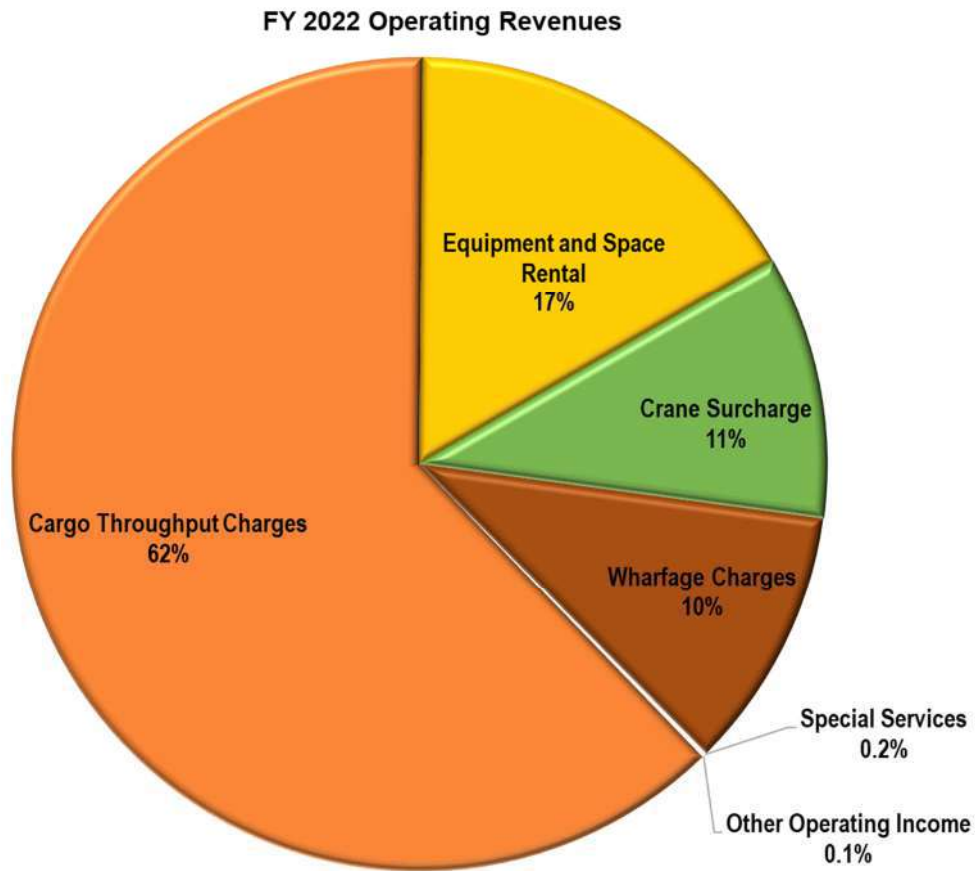
Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

Equipment and space rental revenue increased by \$1.3M despite some tenants either decreasing their space or terminating their lease. This \$1.3M increase is attributed mainly to the increase in demurrage revenue. Port allows shipping agents to store cargo in or on terminal facilities for a short number of days free of charge. After the free period expires, a demurrage fee is charged to continue providing storage for the shipping agent’s cargo. As part of its efforts to address the negative economic impacts of the COVID-19 pandemic, during FY 2021, Port extended the free storage period for local containers in Guam and transshipment containers to our neighboring islands.

A visual breakdown of the Port’s operating revenues for the year ended September 30, 2022 is as follows:



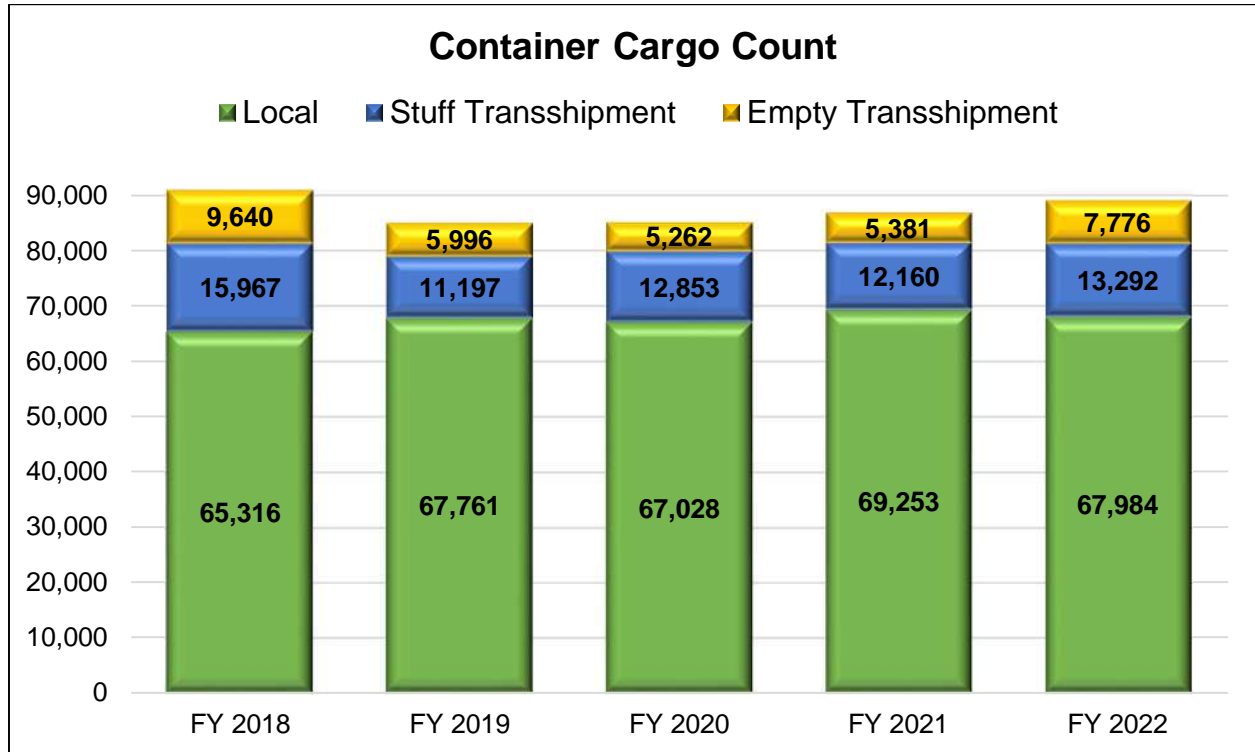
Source: PAG Financial Audits.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

As evident by the revenues pie chart, the main gauge for Port’s annual revenue is the number of cargo it handles. Cargos are classified as either container or non-container (breakbulk). Container cargo refers to the goods that are transported via shipping container. Container cargo is further broken down into either local or transshipment. Local containers contain goods destined specifically for Guam's economy. The majority of local cargo exports are empty containers. Transshipment containers are unloaded at Port for a temporary stage in the yard, then transferred to another vessel to be transported to the final port of discharge. These transit containers typically arrive in the port of Guam from the U.S. or Asia to be transferred to smaller ports in the Commonwealth of the Northern Mariana Islands (CNMI), the Republic of Palau, the Federated States of Micronesia (FSM), and the Republic of the Marshall Islands (RMI). Transshipment containers from the Micronesian islands are then typically sent back (mostly empty) through the port of Guam and outbound to U.S. or Asia ports. Guam's supplemental handling of transshipment cargo bound for, or exported from, allows Port to grow revenues beyond those generally allowed by local economic conditions. Transshipment cargos generate an average of 5% of total annual revenues. A visual breakdown of the container cargo Port handled for the years ended September 30, is as follows:



Source: PAG Cargo Statistics.

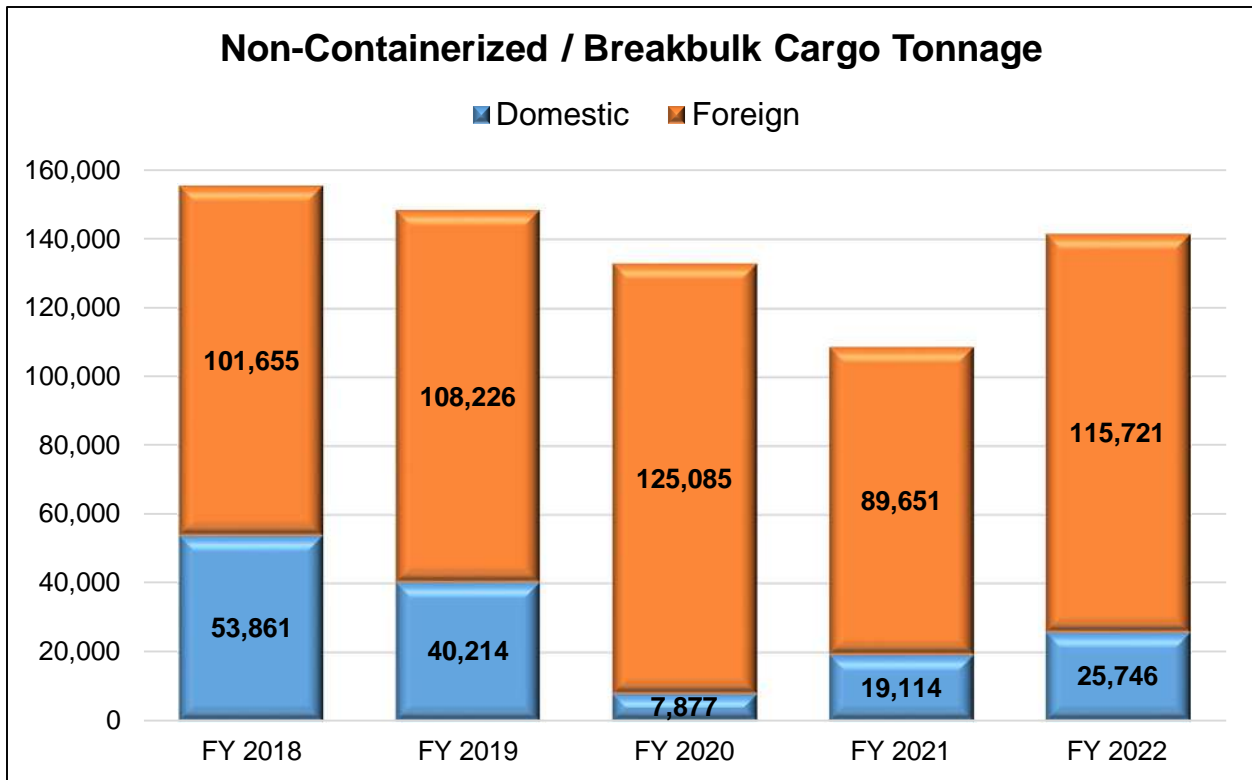
In FY 2022, Port handled 89K containers, a 3% increase from FY 2021's container count of 87K. This increase is due mainly to the increases in empty transshipment containers by 2K and in stuff transshipment containers by 1K. These were offset by a 1K decrease in local containers.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

Non-containerized, or breakbulk, cargo refers to the goods that are stowed on board a ship in individually counted units because they cannot fit into shipping containers, or because it is more economical to transport as breakbulk. Breakbulk is charged by tonnage and classified by its origin as either domestic or foreign. A visual breakdown of the non-containerized/breakbulk cargo Port handled for the years ended September 30, is as follows:



Source: PAG Cargo Statistics.

In FY 2022, Port handled 141K tons of breakbulk – a 30% increase from FY 2021’s 109K tons of breakbulk. Domestic breakbulk increased by 7K tons, while foreign breakbulk increased by 26K tons. The recent, substantial acceleration of construction activity in Guam in FY 2022 was the likely increase in breakbulk.

Before the operational impact of the COVID-19 pandemic, FY 2019 would be considered the last normal (or base) fiscal year. As evident by the FY 2022 cargo data, container, and breakbulk totals were beyond or within FY 2019 cargo activity. The 89K containers Port handled in FY 2022 is 5% higher than the 85K handled in FY 2019, while the 141K tons of breakbulk handled in FY 2022 is only 5% lower than the 148K tons handled in FY 2019.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

A summary of operating expenses and depreciation is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Operating expenses		
Management and administration	\$15,086	\$14,877
Operations	13,375	13,656
General expenses	9,543	7,946
Retiree healthcare and other benefits	7,964	6,954
Equipment maintenance	6,395	6,432
Facility maintenance	<u>2,190</u>	<u>2,142</u>
Total operating expenses	<u>\$54,553</u>	<u>\$52,007</u>
 Depreciation	 <u>\$ 6,144</u>	 <u>\$ 6,258</u>

Source: PAG Financial Audits.

During FY 2022, Port’s operating expenses (excluding depreciation) increased by \$2.5M from FY 2021. This increase is attributed to a rising cost in retiree healthcare and other benefits, as well as to the infrequent expenses of a bathymetric survey that mapped out and illustrated the depths and shapes of the underwater terrain of the F1 Dock substructure; the start of the demolition and disposal of five inoperable cranes and sunken barges; and the Guam Power Authority’s (GPA) billing based on consumption history due to their assessment of a poor connection between the meter and the meter socket.

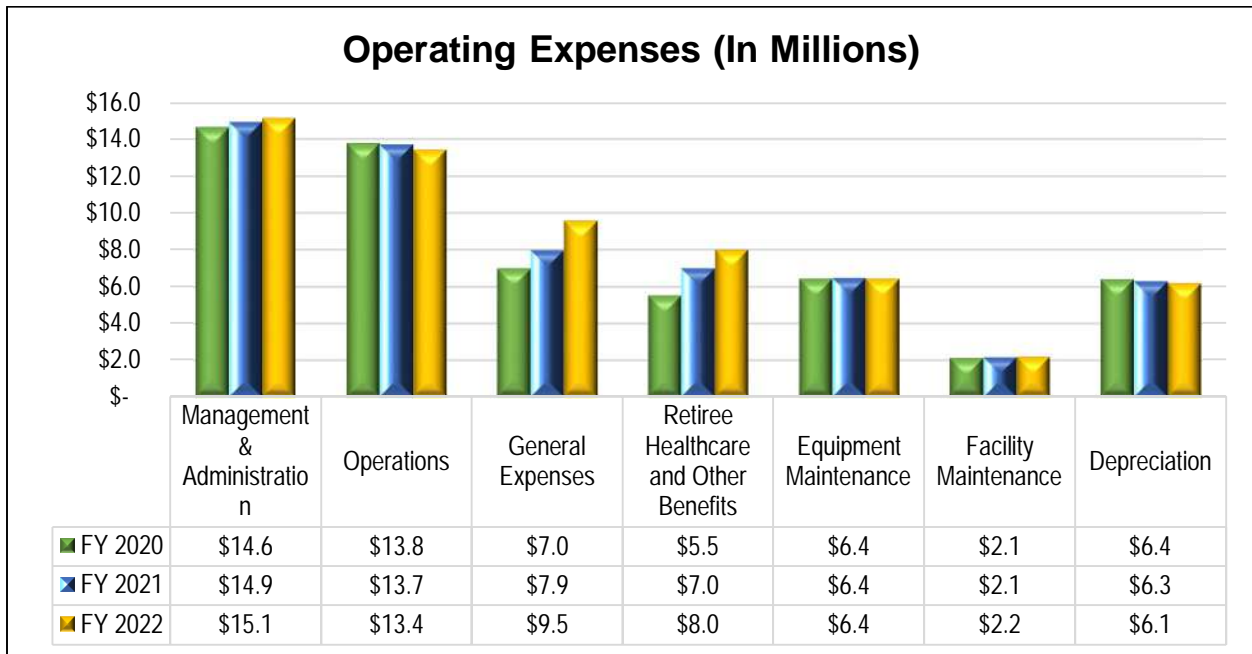
Other increases include management and administration by \$209K and facility maintenance by \$49K. However, other operating expenses decreased as follows: operations by \$282K and equipment maintenance by \$37K.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

A visual breakdown of Port’s operating expenses, including depreciation, for the years ended September 30 is as follows:



Source: PAG Financial Audits.

A summary of net nonoperating (expenses) revenues and capital contributions is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Nonoperating Revenues (Expenses)		
U.S. Government grants	\$16,274	\$1,996
Interest expense, net	(1,453)	(1,144)
Other income (expense)	207	19
Loss on disposal of property, plant and equipment	(12)	(117)
Total nonoperating revenues, net	<u>\$15,016</u>	<u>\$ 754</u>
Capital contributions:		
U.S. Government capital grants	<u>\$ 561</u>	<u>\$ 219</u>

Source: PAG Financial Audits.

Port Authority of Guam
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Management’s Discussion and Analysis, continued

Financial Operation Highlights, continued

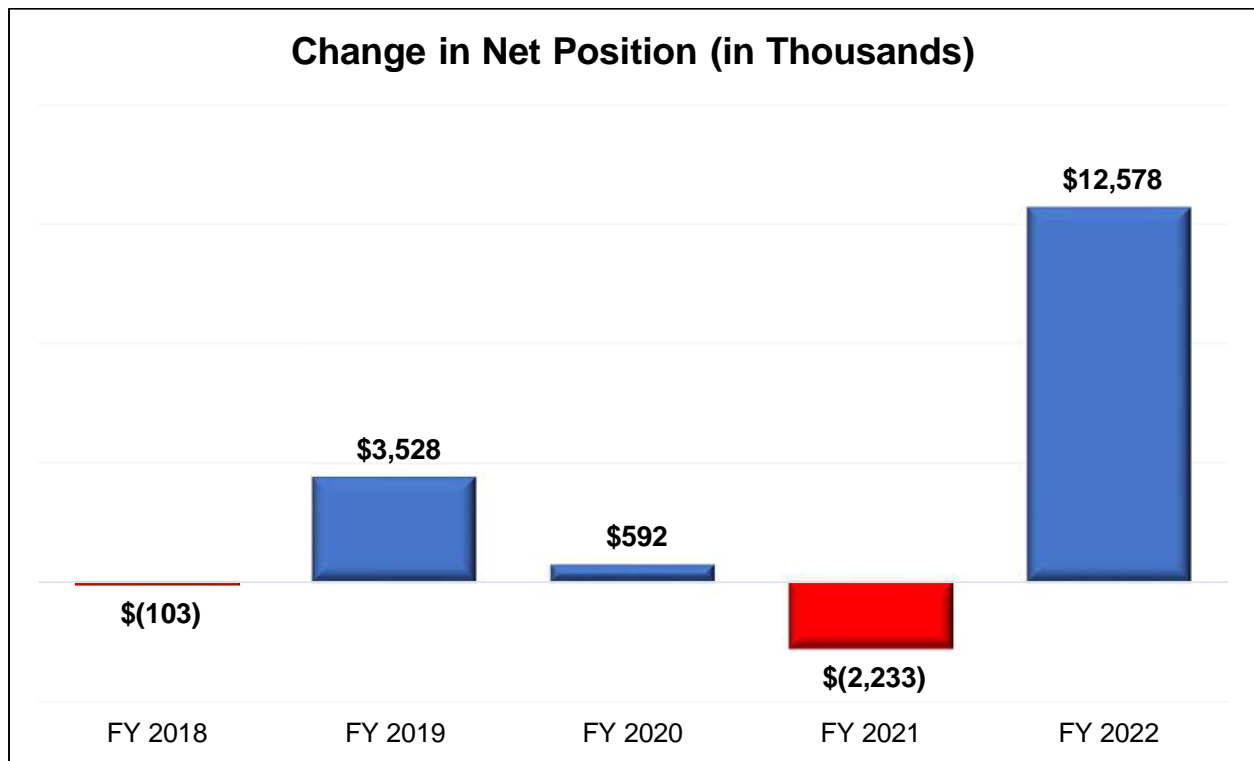
The non-operating activities of FY 2022 resulted in net revenue of \$15.0M, due to the \$15M grant received from the American Rescue Plan Act of 2021 (ARPA) Fiscal Recovery Funds as a reimbursement for COVID-related expenses and the major and additional efforts Port launched to address the negative economic impacts of the COVID-19 pandemic.

In FY 2022, Port also received \$561K in capital contributions from the U.S. Government, specifically from the U.S. Department of Transportation (DOT) Maritime Administration (MARAD) for construction deficiencies & equipment purchases.

Before depreciation (a non-cash expense), the net result of operating revenues minus operating expenses in FY 2022 was an operating income of 3.1M. When adding back the \$6.1M non-cash expense of depreciation, the result is a \$3.0M operating loss in FY 2022. This is an improvement from the \$3.2M operating loss in FY 2021.

After adding \$15.0M in net nonoperating revenues and \$561K in U.S. Government capital grants, Port concluded FY 2022 with a \$12.6M increase in net position (or net income). Port's net position at the end of FY 2022 was \$26.4M – almost twice the value of the prior year’s ending net position.

A visual breakdown of the Port’s changes in net position (i.e., net income and losses), for the years ended September 30 is as follows:



Source: PAG Financial Audits.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Capital Assets

Port's capital assets, net of accumulated depreciation, made up 40% of total assets – or \$115.5M as of FY 2022. Capital assets include land, equipment, buildings and improvements, and construction work in progress. During FY 2022, new assets and construction activities of \$4.7M were added, including a cumulative \$636K in capital construction projects completed and placed in service as capital assets.

Funded through federal, bond, and Port funds, these capital assets are used to provide services to tenants and customers, and for the modernization and maintenance of Port's assets.

As part of Port's vision to meet the island's growth and Management's efforts to ensure Port meets the expectations of our federal, bond, and local stakeholders, the following are updates on some of Port's Capital Improvement Project (CIP) initiatives. Refer to the *Port Modernization* section for more CIP initiative updates.

1. Hotel Wharf Rehabilitation and Reconstruction: In July 2022, Port broke ground to mark the beginning of the project to rehabilitate the Hotel Wharf. This rehabilitation will provide additional vessel berthing capacity for cargo and cruise ships, allow for future homeporting of cruise liners, and provide military readiness – where military assets can be received and deployed at a moment's notice. The project will take place in two phases – Phase I at \$39.5M and Phase II at \$6.8M – for a total of \$46.3M, and add more than 500 feet of usable wharf water frontage to Port's footprint. This rehabilitation is funded mainly by Port, including revenue bond proceeds.
2. Waterline Replacement and Relocation: In March 2023, a groundbreaking ceremony was held to mark the beginning of the \$4.8M project to replace and relocate the existing 50-year-old waterlines. The new waterlines are expected to improve water pressure to meet local building codes, the National Fire Protection Association, and the U.S. Coast Guard's requirements for firefighting operations, and address the 15 major leaks identified in the past three years. Port's revenue bond proceeds will provide funding.
3. EQMR Building and Warehouse 1 Rehabilitation and Upgrade: In April 2023, a groundbreaking ceremony was held to mark the beginning of the \$3.1M project to address the concerns that pose hazards to personnel working within the Equipment, Maintenance and Repair (EQMR) Building and Warehouse 1. Repairs and upgrades will harden 79,000 square feet of warehouse space, repair the mechanical and electrical systems within the EQMR Building, upgrade the fire protection system, inspect and replace the corroded reinforced steel in Warehouse 1, and address the existing cracks and spalling affecting the overall structural integrity of the EQMR Building and Warehouse 1. Port's revenue bond proceeds and a Hazard Mitigation Program Grant will fund both projects.
4. Fuel Pipeline Connectivity: In June 2022, a Notice of Intent to Award was sent to the highest qualified bidder of architectural & engineering (A&E) design services to connect the fuel line between the Golf Pier and the F-1 Fuel Pier. With an estimated cost of \$3.0M, \$2.4M will be funded by the U.S. Economic Development Authority (EDA), and Port will fund \$603K.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Capital Assets, continued

5. Financial Management System (FMS) Upgrade to Oracle JDE Enterprise One (E1): In May 2021, Port's E1 system went live. This \$2.5M project was for an upgrade from the prior 20-year-old Oracle JDE World (AS400) FMS. While an FMS is an integral part of this overall system, E1 has the software and processes used to run every aspect of a business and connect those to the accounting ledgers, such as human resources, procurement, fixed assets, maintenance, and repair. Centralizing multiple business applications and the FMS into E1 has helped maintain data integrity and increase accessibility to business metrics, resource management (e.g., cash and inventory), and project management (e.g., job orders and work orders).

Port's Finance and Information Technology (IT) divisions continue to work with an Oracle maintenance consultant to either improve existing modules or set up and enable other modules to take full advantage of E1's capabilities. E1 has streamlined (1) non-value activities, such as paper filing, spreadsheet reconciliations, manual calculation of interests and collection of late payments, manual inventory processes, and manual financial document delivery; and (2) homegrown systems, such as check printing, electronic funds transfers, W2 processing, requisition, and purchase order processing, tax table update, and financial required reports. Additional capabilities of E1 include the following: (1) tracing the direct and indirect costs of maintenance work orders to the asset, (2) tracing the direct costs of construction or capital improvement job orders into new assets, (3) special service request (SSR) invoicing, and (4) vessel operations invoicing.

6. Removal of the Port Inoperable Assets Project: In March 2022, Port held a ribbon-cutting ceremony to mark the beginning of the \$2.5M project to demolish and properly dispose of two ship-to-shore (STS) gantry cranes, two rubber-tired gantry (RTG) cranes, the Mobile Harbor Crane, and both sunken barges at F-6. Demolition of the STS gantry cranes is progressing slowly, and one of the RTG cranes' boom has been lowered for cutting. Work on the other RTG and the sunken barges remain pending. Removing these inoperable assets will allow Port to accommodate an increase of cargoes in its terminal facilities and the additional vessels calling Port.
7. CCTV and Access Control Systems Project: In November 2021, Port kicked off the start of the project to acquire, install, and upgrade Port's closed-circuit television (CCTV) and Access Control Systems (ACS), to enhance maritime and security screening and monitoring. Additional digital cameras were acquired for and installed at the gate booths, and work on the CCTV video wall is ongoing. This \$1.2M project is being funded through a combination of funds from Port, the U.S. Department of Homeland Security (DHS)/ Federal Emergency Management Agency (FEMA) Port Security Grant Program (PSGP), and USDOT MARAD Grant Cooperative Program.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Capital Assets, continued

8. Guam's Abandoned Derelict Vessels (ADV) Removal Project: Through the successful coordination of the Guam Environmental Protection Agency (EPA), GPA, Port Harbor Master, Port Commercial staff, the U.S. Navy, and the Governor of Guam, the remnants of approximately 13 abandoned, derelict vessels (previously located inside the Apra Harbor) were removed and staged. These ADVs were removed because they posed navigational hazards and threats to commercial and natural resources in Apra Harbor.

Debt Administration

As of September 30, 2022, Port had \$67.0M in outstanding revenue bonds, a decrease from the \$69.8M balance as of FY 2021, due to principal payments.

Under the bond indenture of the 2018 Series Revenue Bonds, Port is required to maintain a minimum debt service coverage of 1.25 in relation to net revenues versus annual debt service. A summary of Port's annual debt service coverage for the year ended September 30 is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Net Revenues ¹	\$49,407	\$46,933
Less Operations & Maintenance Expenses	<u>49,090</u>	<u>48,637</u>
Net Revenues	317	(1,704)
Plus Other Available Monies	16,390	1,806
Plus Non-Cash Accounting Adjustments	<u>4,335</u>	<u>7,658</u>
Net Revenues & Other Available Monies	<u>\$21,042</u>	<u>\$ 7,760</u>
Rate Covenant:		
Net Revenues & Other Available Monies	\$21,042	\$7,760
Total Annual Debt Service	\$ 5,754	\$5,752
Annual Debt Service Coverage	3.66	1.35
Required Debt Service Coverage	1.25	1.25

Source: PAG Financial Audits & PAG Enterprise Resource Planning System.

Below are the underlying credit ratings on the Port's outstanding 2018 Series Revenue Bonds.

	<u>S&P</u>	<u>Moody's</u>
Rating	A	Baa2
Outlook	Stable	Stable

¹ Except for crane surcharge, facility maintenance fee, and public marina revenues, all other gross revenues of Port were pledged to secure the payment of bond principal and interest.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Debt Administration, continued

In September 2021, Standard & Poor's (S&P) Global Ratings upgraded its outlook of Port from negative to stable and affirmed its 'A' long-term rating on Port's outstanding series 2018 Port Revenue Bonds.

As of October 19, 2022, S&P Global Ratings maintained its outlook of Port as stable and its long-term rating on Port's outstanding series 2018 Port Revenue Bonds as 'A'. This maintained rating reflects S&P Global's opinion that Port's enterprise risk profile is strong, as follows:

- Very Strong Economic Fundamentals – “The port is highly essential, playing a critical role in Guam's economic vitality and on-island military operations and expansion, and in general for the provision of basic supplies for residents and visitors.”
- Adequate Market Position – “The port lacks any meaningful regional competition, including nearby ports in Saipan and Majuro. [...] processing approximately 90% of Guam's total volume of goods supplies.”
- Strong Governance – “We consider the authority's management and governance strong, reflecting our view of the port's strategic positioning, risk and financial management, and organizational effectiveness. The authority has historically operated in a fiscally prudent manner, implementing tariff increases as needed, building and maintaining cash reserves, and minimally relying on debt issuance to meet capital needs.”

S&P Global also opined that Port's financial risk profile is strong due to “its strong financial performance, strong debt and liabilities capacity, and adequate liquidity and financial flexibility.” Based on S&P Global's calculations of Port's debt service coverage (DSC), S&P Global expects that Port “will remain at levels that we consider strong over the next few years.”

In May 2021, Moody's Investors Service upgraded its outlook of Port from negative to stable and affirmed its Baa2 rating on Port's series 2018 Port Revenue Bonds.

As of May 26, 2022, Moody's Investors Service maintained its outlook of Port as stable and its rating on Port's series 2018 Port Revenue Bonds as Baa2. The scorecard-indicated outcome for Port, based on FY 2021, is A3, which is higher than Baa2. Moody's constrained Port's credit rating due to its exposure to weather-related events (e.g., typhoons) and “linkages to the credit quality of the Government of Guam; and the high customer concentration.” Moody's attributed the following as Port's credit strengths:

- Monopoly Position as the Sole Commercial Port in Guam – “The port derives credit strength from its role as the sole commercial port in Guam, handling around 90% of the territory's imported cargo and a significant portion of military cargo.” Moody's also indicated that “although the coronavirus pandemic has had [harmful] effects on the island's economy, the port's financial profile remains solid, with stable operating revenue supporting sound levels of debt service coverage (2.0x in fiscal 2021) and liquidity (361 days cash on hand).”
- Low Leverage – “Excluding pensions, the port's leverage is low and supportive of its credit profile.” At the end of FY 2022, Port had \$67.0M in outstanding revenue bonds.

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Management's Discussion and Analysis, continued

Debt Administration, continued

- Solid Liquidity – “The port authority's strong liquidity position reflects both unrestricted funds and substantial amounts associated with the 2018 bonds. Total cash and investments at the end of fiscal 2021 were \$114.8 million, of which \$45.5 million are construction funds from the 2018 bonds.” Moody’s further noted that “despite the extremely negative effects of the coronavirus pandemic that effectively closed the island's tourism economy, the port's operating revenue in 2020 and 2021 were \$54.6 million and \$55.1 million, respectively.”

Port Modernization

Port's Modernization Program is designed to meet the island's growth, including military realignment and expansion, and growing the tourism market. The key project initiatives for the bond market were as follows:

- Expansion of wharf space to accommodate larger vessels and increase vessel handling capacity;
- Upgrade of the terminal operating system to allow for automated invoicing, cargo, and container tracking, financial management, and maintenance management;
- Expansion of existing facilities to support fishing and cruise line industries; and
- Replacement of gantry cranes at the end of useful life to maintain continuous, uninterrupted cargo movement.

As part of the modernization program, the Port obtained \$76.7M in revenue bond proceeds to pay for capital improvements at the Port and refinance some of its existing debt at a lower interest rate. This was also accomplished through legislation. The capital improvement projects to be funded with bond proceeds include the following:

- Rehabilitation of the Hotel Wharf and access road;
- Replacement and relocation of water lines;
- Repair and expansion of the Equipment Maintenance & Repair Building and Warehouse 1;
- Replacement of the Port Administration Building;
- Repair of the Golf Pier – one of two Port-owned fuel piers; and the
- Upgrade of Port's 20-year-old financial management system into a more robust and modern system.

The following are updates to the Port's modernization initiatives:

1. Golf Pier Repairs and Improvements: No contractors submitted their bids under the existing invitation for bid (IFB). Port is working on an alternative solution to demolish and reconstruct the Golf Pier for an estimated cost of \$63M. Port revenue bond proceeds of \$2M will partly fund this project. For the reconstruction, Port will be submitting a grant application to MARAD's 2023 Port Infrastructure Development Program (PIDP).
2. New Administration Annex Building: Port Management is reviewing the three layout options for the new Administration Building drafted by Port's owner/agent engineer (OAE). Port will fund this project, including \$10.4M in revenue bond proceeds.

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Management's Discussion and Analysis, continued

Port Modernization

3. Agat Marina's Dock B Construction: In August 2022, an official notice to proceed was issued to the awarded contractor with a project bid of \$1.5M. This upgrade to the Agat Marina will provide an additional 48 recreational boating slips. This project will be funded by Port funds and a U.S. Fish and Wildlife Service grant, via the Guam Department of Agriculture (DOAg).
4. Harbor of Refuge Installation of Mooring Blocks: In May 2022, Port negotiated an \$870K contract, and the selected contractor is obtaining the building permit. A DOAg Fish and Wildlife Boating Infrastructure Grant funds this project.
5. Fendering System Hardening Project: In January 2023, Port gave the awarded contractor the notice to proceed. This project will be funded by a \$604K FEMA Hazard Mitigation Grant and \$201K from Port.
6. Warehouse I Hardening Project: This \$550K project will be funded by a \$514K FEMA Hazard Mitigation Grant and \$36K from Port.
7. Welding Shop Repairs (Phases I and II): This project will be funded with a \$392K grant from the U.S. Department of the Interior Office of Insular Affairs (DOI-OIA) Maintenance Assistance Program (MAP) and Port funds.
8. LC-3 Back-Up Generator Replacement Project: In June 2022, the installation of a new U.S. EPA Tier 4 Prime Power generator, automatic transfer switch (ATS), and above-ground storage fuel tank at Load Center No. 3 (LC-3) was completed at a total cost of almost \$350K. This project was funded by a 2019 PSGP grant award and Port funds.
9. Acquisition of TWIC Readers and Credentialing System: Several Transportation Worker Identification Credential (TWIC) handheld reader units were already procured and delivered to the Port Police Division. Port will purchase additional TWIC handheld units, accessories, a 36-month warranty, and a television monitor for Port Police to access/monitor the TWIC Portal database and dashboard.
10. Acquisition and Installation of a Radar Intrusion and Vessel Tracking System: In April 2023, Port executed a notice to proceed to acquire and install a radar intrusion and vessel tracking for the Harbor Master's Office. This \$347K project is funded by an FY 2021 PSGP award and matched with Port funds.
11. Supply & Installation of 24ea New Cylindrical Fendering System at Wharf F-3 & 10ea New Rubber Leg Arch Fender at Wharves F-4 to F-6: In September 2022, the installation of new (or rebuilt) fendering systems at Wharves F-3 to F-6 was completed. This project was funded by the Guam Homeland Security/Office of Civil Defense (GHS/OCD) FEMA Public Assistance (PA) Award and Port funds for a total cost of \$310K.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Port Modernization, continued

12. Terminal Gate Booth Replacement: The construction of three new concrete terminal gate booths (to replace the smaller, corroded metal booths) was completed. The new booths have increased in size for improved operations functionality, as they are the entry and exit points for all inbound and outbound cargo.
13. EQMR Building Canopy Design and Installation: In May 2022, a canopy was installed in front of the EQMR Building for \$105K, including contract work.
14. Agat Marina Northside Catwalk Design-Build: In November 2022, repairs to the Agat Marina Northside Catwalk were completed for \$91K in Port funds, including \$80K for contract work. This includes repairs such as installing new cylindrical fenders on the north and south side; and removing and disposing of existing dilapidated, treated lumber fenders, tires, corroded bolts, and miscellaneous woods/steel supports.
15. Harbor Master Roof Repair: In August 2022, the repair to the Port Harbor Master's rooftop was completed for a total cost of \$61K. This project consisted of removing and disposing of roof debris, pressure washing, leak repair, silicone roof coating, and installing an aluminum pole to mount long-range cameras and a radar antenna.

Key Factors in FY 2022 Operating Results and FY 2023 Future Outlook

Procurement Delegation

Through a close working relationship with Port Management, the Chief Procurement Officer (of the General Services Agency) restored a full delegation of procurement authority to Port in May 2020. In 2006 – fourteen years prior to the restored delegation – Port lost its procurement delegation when the Chief Procurement Officer did not delegate procurement authority. Since 2020, the Chief Procurement Officer has continued to renew the full delegation of procurement authority to Port for fiscal years 2021, 2022, and 2023. This delegation of procurement authority is vital to procuring critical goods and services in connection with Port's Modernization Program.

Training

In support of Port's vision to be a first-class facility in the region and handle cargos safely, efficiently, and sustainably, periodic training is provided for Port management and employees.

Port reinstated the certification training for crane operators, hazardous waste operations, incident response to terrorist training, and prevention and response to suicide incidents. A number of crane operators were identified as eligible for retirement, which would impact productivity if all were separated around the same time. To ensure the flow of goods are not disrupted, Port reinstated on-the-job training for crane operators, and willing employees (within the other Operations divisions) were identified to be cross-trained.

Port Authority of Guam
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Management's Discussion and Analysis, continued

Key Factors in FY 2022 Operating Results and FY 2023 Future Outlook, continued

Training, continued

The cross-training program initiative started back in April 2020 to maximize the limited resources of Port's Operations division with increased capability. Stevedores were cross-trained as Tractor Operators and would be used as needed, and the Crane Operator certification was extended to all port operations personnel. The cross-training program extended into the Maintenance Division, where Fleet Mechanics were cross-trained in the Crane Mechanics section, just as much as the Corrosion section was trained in the Welding section.

In January 2022, Port's General Manager was certified as a Maritime Port Manager (MPM) and a Maritime Port Executive (MPE) by the non-profit membership association of International Association of Maritime and Port Executives (IAMPE).

Port Master Plan Update

In April 2023, Port's Board of Directors unanimously adopted the Port 2023 Master Plan. The 2023 Master Plan is focused on ensuring the future readiness and resiliency of a modernized facility through the hardening of Port assets and resources to address national security concerns from the current and anticipated geopolitical environment, as well as addressing continued professional and technical services oversight and support to address port sustainability and resiliency, environmental initiatives to reduce Port's carbon footprint and reduce its greenhouse effects, and strategic goals toward zero waste improvements.

Since 2013, more than \$100M has been invested in the Port Modernization Program, with funding from U.S. DOT MARAD, DOD, and Port funds.

Port Sustainability

All ports emit carbon dioxide and air pollutants through cargo-handling equipment, related facilities, and berthing vessels. As such, sustainable port development is a critical issue for ports worldwide from an economic, social, and environmental standpoint. Port has been working on projects addressing air pollution; dust; noise, and water pollution; re-use and recycling initiatives; protecting freshwater resources; targeted marine litter initiatives; soil and sediment contamination; protecting habitats; and enhancing biodiversity. As part of the 2023 update to the Port Master Plan, a study looked into the benefits of installing solar panels on Port buildings to reduce Port's reliance on the island's power grids. Port's sustainability initiatives include the following:

- We will replace four terminal tractors with 16 Tier-3 ultra-low sulfur diesel (ULSD) terminal tractors and add eight top lifters with Tier-4 ULSD levels to our fleet. Tier-4 engines are required to run off of ULSD, which contains only 15 parts per million of sulfur – the U.S. EPA's diesel standard. According to USEPA, diesel standards collectively reduce harmful sulfur emissions from both on-road and nonroad diesel sources by more than 90%.

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Management's Discussion and Analysis, continued

Key Factors in FY 2022 Operating Results and FY 2023 Future Outlook, continued

Port Sustainability, continued

- The dismantling and proper disposal of five inoperable cranes and two sunken barges from Port property. Every piece of equipment will be cut up and transported off the island for recycling. Not a single piece of metal taken from these cranes or any debris from the barges will remain in Guam.
- The remnants of approximately 13 abandoned, derelict vessels were removed from the Guam Harbor of Refuge and staged. Their removal helped to protect the environment and facilitated renewed use of the harbor. The physical presence of these abandoned, derelict vessels was detrimental to sensitive marine and coastal habitats as they can sink or move during storms, disperse oil and toxic chemicals still on board, and become a source of marine debris.

Gantry Purchase and Maintenance

Port is the main lifeline to Guam's economy and the neighboring region. It should be viewed as part of the solution for rapidly discharging and deploying military assets and commodities in the Pacific.

Port Management is working with its OAE consultants to develop the STS gantry cranes specifications for procurement. Port is also seeking a waiver to the Buy American Act to procure abroad because the necessary cranes are unavailable domestically. The Buy American Act is required only if Port will acquire the cranes with federal funds.

Port's Planning and Finance divisions will be working with the U.S. Department of Agriculture (USDA) to finalize the application process for a USDA Direct Loan to fund the acquisition of potentially two STS gantry cranes. In May 2022, Port submitted a grant application to MARAD's Mega Grant Program to acquire three STS gantry cranes. As of FY 2022, Port's application was pending USDOT's review and determination.

Port maintains the services of a performance management contractor (PMC) to manage its cranes' performance, operation, and maintenance, as required in the Guam Code.

Federal Grants and Grant Opportunities

Port Management worked closely with the Planning division and respective division heads on the following federal grants:

1. Rebuilding America Infrastructure with Sustainability and Equity (RAISE) Grant: In November 2021, USDOT MARAD awarded Port a \$17.9M RAISE grant. Estimated at \$22.4M, the \$17.9M RAISE grant, supplemented with Port's share of \$4.5M, will fund a project to upgrade wharves F1 through F6 to support STS gantry crane operations. This will address specifically the sheet piles and concrete cap spalling at the face of wharves F2, F3, F4, and F6, as well as the deteriorating structure of the F1 Fuel Pier.

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Management's Discussion and Analysis, continued

Federal Grants and Grant Opportunities, continued

2. American Rescue Plan Act of 2021 (ARPA) Fiscal Recovery Funds: In February 2022, Port received a \$15M grant from the ARPA Fiscal Recovery Funds allocated to Guam. With the covered period for eligible use of ARPA funds dating back to March 3, 2021, this grant serves as a reimbursement for COVID-related expenses. As such, this \$15M will free up Port's reserve fund to allow funding for capital projects, bond project shortfalls, or the purchase of one new gantry crane.

As the lifeline to Guam's economy and the neighboring region, Port remained 100% operational despite the struggles brought about by the COVID-19 pandemic. Despite the economic disruptions exacerbated by the COVID-19 public health emergency, our port police, safety, operations, maintenance, engineering, and janitorial divisions endured heightened risks due to the character of their work, which involve regular in-person interactions or regular physical handling of items that were also handled by others. These were supported by administrative and finance divisions, such as hiring, processing shipping documents, billing, vendor payments, and the special services requested by customers.

Port also launched major and additional efforts to address the negative economic impacts of the pandemic, "including assistance to households, small businesses, and nonprofits, or aid to impacted industries," as follows:

- a. Extended the free storage period for local containers in Guam and transshipment containers to our neighboring islands due to health and safety measures.
 - b. Deferred rental payments for lease tenants experiencing financial hardships.
 - c. Provided leniency in collecting billings due from shipping agents, who struggle to collect from customers, including small businesses and not-for-profit organizations.
 - d. Shouldered bank fees attached to credit card payments made by ratepayers and tenants.
 - e. Hosted several on-site vaccination clinics for Port employees, their families, and other stakeholders.
3. MARAD America's Marine Highway Grant: In October 2022, USDOT MARAD awarded Port with a \$5.7M grant under America's Marine Highway Program (AMHP) for the Guam Marine Transportation Enhancement Initiative. To reduce congestion, alleviate supply chain bottlenecks, and move goods more quickly from ships to shelves, the \$5.7M will go towards expanding Port's fleet of specialized container yard equipment, including two 40-ton loaded container handlers, three 10-ton empty container handlers, five 5.5-ton forklifts, one 180-foot boom lift, nine container yard tractors, and two 40-plug mobile reefer generators.
 4. Office of Local Defense Community Cooperation (OLDCC) Grant: In August 2022, OLDCC [formerly the Office of Economic Adjustment (OEA)] awarded Port a \$1.2M grant for a comprehensive two-phase in-water infrastructure feasibility study and a military support assessment for Area A (tank farm) and the Hotel Wharf.

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Management's Discussion and Analysis, continued

Federal Grants and Grant Opportunities, continued

5. FY 2022 Port Security Grant Program (PSGP): In September 2022, US DHS FEMA awarded Port with \$564K from its FY 2022 PSGP grant. The PSGP funds will be used for the following projects:
 - a. Unmanned Aerial Vehicles (Drones) – Aerial surveillance of both the landside and harbor will allow Port to effectively identify any potential threats to critical assets and human life. This project will directly support Guam's Area Maritime Security Plan (AMSP) in monitoring and preventing any transportation security incidents (TSI) and any potentially harmful acts that may disrupt the flow of essential goods into Guam.
 - b. Primary Communications Replacement of Motorola Radio Units – Modern, reliable units will be issued to Port Police, Port Managers, Cabras Island Facility Security Officers, the U.S. Coast Guard, and pertinent GovGuam agency partners to allow seamless, real-time and on-demand communications within Apra Harbor and to all GovGuam, federal, military, and private sector emergency managers and first responders.
 - c. Integrated Digital Enhanced Network (iDEN) Technology Redundant Interoperable Communications Systems Service – iDEN technology will allow Port to have direct access and link to DOD components, federal agencies, and private sector partners that deploy the same system. An iDEN will enable seamless communication within the entire Port property and throughout the entire island of Guam.

6. DOI-OIA Maintenance Assistance Program: In June 2022, Port was awarded a \$165K grant for the Generator Maintenance and Sustainment Program. As of FY 2022, OIA's Authorization to Proceed was pending a National Environmental Policy Act (NEPA) review by the U.S. Army Corps of Engineers (USACE).

Port's Organizational Culture

The 3rd annual anonymous employee survey of Port's organizational climate was conducted in December 2022 with an 88% response rate – 306 out of 346 employees completed the survey. Overall, survey results showed overwhelmingly positive responses in the areas of job satisfaction, all-time high employee morale, and management support. Compared to the 2021 survey, the 2022 results showed an average increase of 1.8% in positive responses in all categories, as follows:

- On work experience, 98% feel positive about their overall work experience with 93% feeling they receive the information they need to perform their duties and 97% feeling a sense of accomplishment from their work.
- On career development, 96% feel that management and supervisors know their job well, and 95% feel that superiors share their knowledge and skills in handling situations. While 95% feel recognized for good work performance and the areas in which they can improve and 94% feel positive that promotional opportunities were available to them, 87% felt that training opportunities were provided to everyone.
- On employee-peer relationships, 96% feel positive that Port employees have a good relationship with each other, with 97% feeling they were part of a division that works as a team and is always willing to help one another.

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Management's Discussion and Analysis, continued

Port's Organizational Culture, continued

- On employee-manager relationships, 97% feel positive that their supervisors provide clarification and guidance on the job, 95% feel that management provides them with regular updates on current events and advisories, 94% feel that management supports two-way communication between managers, 95% communicate frequently and honestly about issues that may affect them, and 96% feel positive that management has an open door policy and is accessible and approachable and that employees feel management is fair, transparent and accountable.
- On the COVID-19 pandemic, 94% feel that management made their work environment a safe place to be during the COVID-19 pandemic, and 96% feel that management kept them well-informed throughout the global crisis.

Contacting the Port's Financial Management

The MD&A is intended to provide information concerning known facts and conditions affecting Port's operations. This financial audit report provides a general overview of Port's finances and demonstrates accountability for the funds received and spent.

For additional information about this report, please contact Jose B. Guevara III at the Port Authority of Guam, 1026 Cabras Highway Suite 201, Piti, Guam 96915, or visit www.portofguam.com.

Port Authority of Guam
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Statement of Net Position

September 30, 2022

Assets and deferred outflows of resources

Current assets:

Cash and cash equivalents - unrestricted	\$ 33,180,401
Cash and cash equivalents - restricted expendable	<u>51,912,182</u>
Total cash and cash equivalents	85,092,583
Accounts receivable, net of allowance for doubtful accounts of \$298,963	6,323,425
Lease receivable	1,118,837
Federal receivables	1,010,783
Prepaid expenses	<u>41,636</u>
Total current assets	93,587,264
Cash and cash equivalents - restricted expendable	44,626,093
Replacement parts inventories, net of allowance for obsolescence of \$213,048	724,777
Lease receivable, net of current portion	37,918,152
Depreciable property, plant and equipment, net	96,880,279
Nondepreciable property, plant and equipment	<u>18,592,806</u>
Total assets	<u>292,329,371</u>
Deferred outflows of resources from pension	9,546,487
Deferred outflows of resources from other post-employment benefits	<u>28,805,983</u>
Total deferred outflows of resources	<u>38,352,470</u>
Total assets and deferred outflows of resources	<u>\$330,681,841</u>

See accompanying notes.

Port Authority of Guam
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Statement of Net Position, continued

Liabilities, Deferred Inflows of Resources and Net Position

Current liabilities:	
Current portion of long-term debt	\$ 2,685,000
Accounts payable, trade and others	3,633,907
Security deposits and other payables	424,927
Accrued payroll and withholdings	447,334
Current portion of accrued annual leave	1,430,311
Unearned revenue	<u>381,603</u>
Total current liabilities	9,003,082
Long-term debt, net of current portion	64,295,012
Net pension liability	54,733,058
Total collective other post-employment benefits liability	107,471,269
Accrued annual leave, net of current portion	906,400
Accrued DCRS sick leave	<u>1,752,616</u>
Total liabilities	<u>238,161,437</u>
Deferred inflows of resources from leases	38,789,581
Deferred inflows of resources from pension	6,466,534
Deferred inflows of resources from other post-employment benefits	<u>20,883,243</u>
Total deferred inflows of resources	<u>66,139,358</u>
Commitments and contingencies	
Net position:	
Net investment in capital assets	<u>98,456,902</u>
Restricted for:	
Debt service	33,332,007
Capital activities	7,533,747
Port operations	<u>5,708,692</u>
Total restricted – expendable	<u>46,574,446</u>
Unrestricted	<u>(118,650,302)</u>
Total net position	<u>26,381,046</u>
Total liabilities, deferred inflows of resources and net position	<u>\$330,681,841</u>

See accompanying notes.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30, 2022

Operating revenues:	
Cargo throughput charges	\$35,975,669
Equipment and space rental	9,553,054
Crane surcharge	6,027,078
Wharfage charges	6,018,007
Special services	91,885
Other operating income	<u>32,323</u>
Total operating revenues	<u>57,698,016</u>
Operating expenses:	
Management and administration	15,086,168
Retiree healthcare and other benefits	7,964,053
Equipment maintenance	6,395,066
Depreciation	6,143,830
Transportation services	5,482,329
Stevedoring services	4,749,173
General expenses	4,211,569
Insurance	3,665,144
Terminal services	3,143,209
Facility maintenance	2,190,952
Utilities	<u>1,665,836</u>
Total operating expenses	<u>60,697,329</u>
Loss from operations	(<u>2,999,313</u>)
Nonoperating revenues (expenses):	
U.S. Government grants	16,274,055
Other expense, net	207,448
Interest expense, net	(1,453,732)
Loss on disposal of property, plant and equipment	(<u>11,513</u>)
Total nonoperating revenues, net	<u>15,016,258</u>
Income before capital contributions	12,016,945
Contributed capital:	
U.S. Government capital grants	<u>560,673</u>
Increase in net position	12,577,618
Net position at beginning of year	<u>13,803,428</u>
Net position at end of year	<u>\$26,381,046</u>

See accompanying notes.

Port Authority of Guam
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Statement of Cash Flows

Year ended September 30, 2022

Cash flows from operating activities:	
Cash received from customers	\$ 57,755,122
Cash payments to suppliers for goods and services	(17,357,050)
Cash payments to employees for services and benefits	<u>(32,079,867)</u>
Net cash provided by operating activities	<u>8,318,205</u>
Cash flows from investing activity - interest received	<u>820,105</u>
Cash flows from capital and related financing activities:	
Capital grants received	560,673
Repayment of long-term debt	(2,560,000)
Interest paid	(3,162,392)
Purchase of property, plant and equipment	<u>(4,707,644)</u>
Net cash used in capital and related financing activities	<u>(9,869,363)</u>
Cash flows from non-capital related financing activities:	
Operating grants received	15,422,235
Other non-capital activities	<u>207,448</u>
Cash provided by non-capital related financing activities	<u>15,629,683</u>
Net increase in cash and cash equivalents	14,898,630
Cash and cash equivalents at beginning of year	<u>114,820,046</u>
Cash and cash equivalents at end of year	<u>\$129,718,676</u>
Reconciliation to statement of net position:	
Cash and cash equivalents - current	\$ 33,180,401
Cash and cash equivalents - restricted current	51,912,182
Cash and cash equivalents - restricted non-current	<u>44,626,093</u>
	<u>\$129,718,676</u>

See accompanying notes.

Port Authority of Guam
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Statement of Cash Flows, continued

Reconciliation of loss from operations to net cash provided by operating activities:	
Loss from operations	\$(2,999,313)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	6,143,830
Noncash other post-employment benefit costs	5,210,175
Lease amortization	388,333
Noncash pension expenses	(875,964)
Changes in operating assets and liabilities:	
Accounts receivable, net	(435,151)
Prepaid expenses	(41,594)
Replacement parts inventories, net	(222,952)
Accounts payable, trade and others	1,613,312
Security deposits and other payables	(426,795)
Accrued payroll and withholdings	(291,439)
Accrued annual leave	(16,936)
Unearned revenue	103,924
Accrued sick leave	<u>168,775</u>
Net cash provided by operating activities	<u>\$8,318,205</u>

See accompanying notes.

Port Authority of Guam
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Notes to Financial Statements

Year ended September 30, 2022

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 (GovGuam).

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 GovGuam 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.

Port Authority of Guam
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Notes to Financial Statements, continued

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, 2022 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, deposits in banks, time certificates of deposit, money market funds and short-term investments in U.S. Treasury obligations with original 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, 2022 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, 2022 receivables that are more than thirty days past due totaled \$1,062,977. 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.

Port Authority of Guam
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Notes to Financial Statements, continued

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 and are largely used for repair and maintenance of non-current plant and equipment. 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 GovGuam. Buildings and structures are stated at cost, which prior to the adoption of GASB Statement No. 89, 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 statement of net position. Estimated amounts to be paid during the next fiscal year are reported as current liabilities. Annual leave pay is convertible to pay upon termination of employment.

In accordance with Public Law No. 27-5 and Public Law No. 28-68, employee annual leave accrual rates are credited at either 104, 156 or 208 hours per year, depending upon the employees' 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 annual leave 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. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

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 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.

Other Post-Employment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. OPEB offered to the Authority's retirees includes health and life insurance. The Authority recognizes OPEB liability for the defined benefit OPEB plan in which it participates, which represents the Authority's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established; thus, the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the OPEB liability during the period are recorded as OPEB 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 the OPEB 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 OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

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.

Port Authority of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Taxes

As an instrumentality of 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.

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 year ended September 30, 2022.

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.

Recently Adopted Accounting Pronouncement

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. The adoption of GASB Statement No. 87 did not have an effect on beginning net position. The Authority recorded lease receivables and deferred inflows of resources from leases of \$40,157,936 at October 1, 2021 .

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Starting October 1, 2021, no interest was capitalized. Prior to the adoption of this statement, the Authority capitalized interest on construction in progress based on the weighted average interest rate.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The adoption of this statement does not have a material effect on the financial statements.

Port Authority of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this statement does not have a material effect on the financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The adoption of this statement does not have a material effect on the financial statements.

Upcoming Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

Port Authority of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied more easily. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

The Authority is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

Port Authority of Guam
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Notes to Financial Statements, continued

2. Cash and Cash Equivalents

The 2018 bond indenture agreement requires the establishment of special funds to be held and administered by trustees. In addition, proceeds from borrowings to finance various construction projects are maintained by the Authority in construction accounts as required by the 2018 bond indenture. Also, certain funds are restricted by rate orders of the PUC.

The deposit and investment policies of the Authority are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. Authorized investments include obligations issued or guaranteed by the U.S. government or agencies of the U.S. government; bonds, notes or other indebtedness rated in the highest rating by Moody's Investors Service (Moody's) or Standard & Poor's Corporation (S&P); obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities of not more than three years; any bonds or other obligations of any state of the U.S. or any agency, instrumentality or local government unit of such state which are rated in the highest rating category of either Moody's or S&P; demand and time deposits in certificates of deposit or bankers acceptances with U.S. domestic banks which have a rating of their short term certificates of deposit of A-1 or better by S&P and P-1 by Moody's and mature no more than 360 days after purchase; commercial paper which has a rating in the highest classification by S&P and Moody's; and money market funds rated AAA or better by S&P.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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 also 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, 2022, the carrying amount of the Authority's cash and cash equivalents totaled \$129,718,676, and the corresponding bank balance was \$130,147,523. Of the bank balance amount as of September 30, 2022, \$19,907,124 was maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of \$500,000 were FDIC insured. Bank balances as of September 30, 2022 also include \$110,240,399 of short-term investments held and administered by the Authority's trustee in the Authority's name in accordance with a trust agreement and the 2018 bond indenture. As of September 30, 2022, monies in the amount of \$9,966,263 were invested in deposit accounts insured by the U.S. Government. 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.

Port Authority of Guam
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Notes to Financial Statements, continued

2. Cash and Cash Equivalents, continued

As of September 30, 2022, \$9,012,014 of cash and cash equivalents are subject to custodial credit risk. Under 5 GCA21, the Government of Guam requires collateralization of deposits in excess of depository insurance in an amount in value at least ten percent in excess of monies deposited with the financial institution. Such collateralization should be in securities in U.S. Treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of the Government of Guam; investment certificates of the Federal Home Bank; or such securities as may be approved by the Director of Administration and the Governor of Guam. 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.

The composition of restricted cash and cash equivalents is as follows:

Current restricted:

2018 Bond Indenture Funds

Working capital reserve fund	\$ 3,101,212
Debt service fund	1,438,421
Revenue fund	4,750,592
Capital improvement fund	10,236,006
Operations and maintenance fund	158,637
Renewal and replacement reserve fund	3,094,163
Operations and maintenance reserve fund	10,552,975
Bond reserve fund	<u>5,337,736</u>

38,669,742

PUC Restricted Funds:

Crane replacement sinking fund	7,533,747
Facility maintenance fund	<u>5,708,693</u>

13,242,440

Total restricted cash and cash equivalents - current	51,912,182
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Noncurrent restricted:

2018 Bond Indenture Fund - Construction fund	<u>44,626,093</u>
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\$96,538,275

Port Authority of Guam
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Notes to Financial Statements, continued

3. Property, Plant and Equipment

A summary of changes in property, plant and equipment is as follows:

	Beginning Balance October 1, 2021	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2022
Depreciable:				
Buildings	\$ 145,906,642	\$ 354,495	\$ ---	\$146,261,137
Equipment	<u>35,391,762</u>	<u>1,116,024</u>	<u>(150,552)</u>	<u>36,357,234</u>
	181,298,404	1,470,519	(150,552)	182,618,371
Less accumulated depreciation	<u>(79,765,817)</u>	<u>(6,122,827)</u>	<u>150,552</u>	<u>(85,738,092)</u>
	<u>101,532,587</u>	<u>(4,652,308)</u>	<u>---</u>	<u>96,880,279</u>
Non-depreciable:				
Land	3,563,000	---	---	3,563,000
Construction work-in-progress	<u>11,825,197</u>	<u>3,204,609</u>	<u>---</u>	<u>15,029,806</u>
	<u>15,388,197</u>	<u>3,204,609</u>	<u>---</u>	<u>18,592,806</u>
Total	\$ <u>116,920,784</u>	\$ <u>(1,447,699)</u>	\$ <u>---</u>	\$ <u>115,473,085</u>

4. Pensions

The Authority is statutorily responsible for providing pension benefits for the Authority's employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). 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 commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans are eligible to receive an annual ad hoc cost of living allowance (COLA).

Port Authority of Guam
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Notes to Financial Statements, continued

4. Pensions, continued

A. General Information About the Pension Plans, continued

A single actuarial valuation 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.

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. 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.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. 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.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). Commencing April 1, 2017 through September 30, 2018, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018.

Port Authority of Guam
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Notes to Financial Statements, continued

4. Pensions, continued

A. General Information About the Pension Plans, continued

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC 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 deduction 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. Benefits are fully vested upon attaining 5 years of credited service.

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced $\frac{1}{2}$ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the Authority are established and may be amended by the GGRF.

The Authority's statutory contribution rates were 28.32% for the year ended September 30, 2022. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2022.

The Authority's contributions to the DB Plan for the year ended September 30, 2022 was \$3,294,381, which were equal to the statutorily required contributions for the respective years then ended.

The Authority's contributions to the supplemental annuity benefit payments and the COLA payments for the years ended September 30, 2022 was \$1,025,450, which were equal to the statutorily required contributions for the respective years then ended.

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

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Port Authority of Guam
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Notes to Financial Statements, continued

4. Pensions, continued

A. General Information About the Pension Plans, continued

Statutory employer contributions for the DCRS plan for the year ended September 30, 2022 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

The Authority's contributions to the DCRS Plan for the year ended September 30, 2022 was \$3,004,605, which was equal to the required contributions for the respective years then ended. Of these amounts, \$2,343,592, was contributed towards the unfunded liability of the DB Plan for the year ended September 30, 2021.

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

Pension Liability: At September 30, 2022, the Authority reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2021 which is comprised of the following:

Defined Benefit Plan	\$39,038,428
Ad Hoc COLA/supplemental annuity Plan for DB retirees	12,455,789
Ad Hoc COLA Plan for DCRS retirees	<u>3,238,841</u>
	<u>\$54,733,058</u>

The Authority's proportion of the GovGuam net pension liabilities was based on the Authority's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2022, the Authority's proportionate shares of the GovGuam net pension liabilities were as follows:

Defined Benefit Plan	4.05%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	4.04%
Ad Hoc COLA Plan for DCRS retirees	4.59%

Pension Expense: For the years ended September 30, 2022, the Authority recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

Defined Benefit Plan	\$4,304,986
Ad Hoc COLA/supplemental annuity Plan for DB retirees	1,038,633
Ad Hoc COLA Plan for DCRS retirees	<u>255,718</u>
	<u>\$5,599,337</u>

Port Authority of Guam
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Notes to Financial Statements, continued

4. Pensions, 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, 2022, the Authority reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan or DCRS Retirees	
	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	\$ 62,659	\$ 396,937	\$ ---	\$173,039	\$ 356,184	\$ 63,072
Net difference between projected and actual earnings on pension plan investments	---	4,715,819	---	---	---	---
Changes of assumptions	---	---	339,402	36,935	657,858	213,634
Contributions subsequent to the measurement date	5,637,972	---	911,450	---	114,000	---
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>1,383,469</u>	<u>---</u>	<u>45,415</u>	<u>197,010</u>	<u>38,078</u>	<u>670,088</u>
	<u>\$7,084,100</u>	<u>\$5,112,756</u>	<u>\$1,296,267</u>	<u>\$406,984</u>	<u>\$1,166,120</u>	<u>\$946,794</u>

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, 2022 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2023	\$ (126,230)	\$(30,963)	\$(127,443)
2024	(348,642)	(30,963)	(127,443)
2025	(1,017,409)	(30,963)	(127,443)
2026	(1,996,397)	26,538	112,287
2027	(39,082)	21,311	90,492
Thereafter	<u>(138,868)</u>	<u>22,873</u>	<u>284,876</u>
	<u>\$(3,666,628)</u>	<u>\$(22,167)</u>	<u>\$ 105,326</u>

Port Authority of Guam
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Notes to Financial Statements, continued

4. Pensions, continued

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

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.44%	1.93%
U.S. Equities (small cap)	4.0%	9.23%	0.37%
Non-U.S. Equities	17.0%	9.28%	1.58%
Non-U.S. Equities (emerging markets)	3.0%	11.32%	0.34%
U.S. Fixed Income (aggregate)	22.0%	3.89%	0.86%
Risk Parity	8.0%	5.92%	0.47%
High Yield Bonds	8.0%	6.42%	0.51%
Global Real Estate (REITs)	2.5%	8.55%	0.21%
Global Equity	7.0%	8.20%	0.57%
Global Infrastructure	2.5%	7.58%	0.19%
Expected average return for one year			7.04%
Expected geometric mean (30 years)			6.36%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan was 7.0%, which is equal to the expected investment rate of return. 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 supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments was 2.26%, which is equal to the rate of return of a high-quality bond index.

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Notes to Financial Statements, continued

4. Pensions, continued

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

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Authority's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	<u>\$49,291,139</u>	<u>\$39,038,428</u>	<u>\$26,340,116</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
Net Pension Liability	<u>\$13,659,697</u>	<u>\$12,455,789</u>	<u>\$11,404,782</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
Net Pension Liability	<u>\$3,676,736</u>	<u>\$3,238,841</u>	<u>\$2,865,247</u>

C. Payables to the Pension Plans

As of September 30, 2022, the Authority recorded payables to GGRF of \$28,716, representing statutorily required contributions unremitted as of the respective year-ends.

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Notes to Financial Statements, continued

5. Other Post-Employment Benefits (OPEB)

The Authority participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides 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. The program covers retirees and is considered an other post-employment benefits plan.

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2nd Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Benefits: 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.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses become due.

For the year ended September 30, 2022, the Authority reimbursed GovGuam \$1,625,903, for its share of the costs of the above-mentioned Plan, which were equal to the statutorily required contributions.

B. Total OPEB Liability

Total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2022
Measurement date:	September 30, 2021
Valuation date:	September 30, 2020

Total OPEB liability as of September 30, 2022 is \$107,471,269.

Proportionate share of total OPEB liability at September 30, 2022 is 3.88%.

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Notes to Financial Statements, continued

5. Other Post-Employment Benefits (OPEB), continued

B. Total OPEB Liability, continued

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.75%
Healthcare cost trend rate:	19 percent and 31 percent for FY2021 Non-Medicare and Medicare plans, respectively. 6 percent for FY2022 through FY2023, decreasing 0.25 percent per year to an ultimate rate of 4.25 percent for FY2030 and later years.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Year 1 trend is assumed to be -3.11%.
Healthy retiree mortality rates:	Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, projected generationally using 50% of MP-2020.
Disabled mortality rates:	PUB-2010 Disabled Retiree Amount Weighted mortality table set forward 4 years for males and 2 years for females, respectively, using 130% of the rates before age 80 and projected generationally from 2010 using 50% of mortality improvement scale MP-2020.

OPEB Plan Fiduciary Net Position: An OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.26% as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.25% municipal bond rate as of September 30, 2022 was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Total OPEB Liability

Discount Rate Sensitivity Analysis: The following schedule shows the impact on the OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.26%) in measuring the 2021 OPEB liability.

	1% Decrease in Discount Rate <u>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
OPEB Liability	<u>\$123,578,947</u>	<u>\$107,471,269</u>	<u>\$89,059,430</u>

Port Authority of Guam
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Notes to Financial Statements, continued

5. Other Post-Employment Benefits (OPEB), continued

C. Changes in the Total OPEB Liability, continued

Healthcare Cost Trend Rate Sensitivity Analysis: The following schedule presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact on the OPEB liability if the healthcare cost trend rate used was 1% less than and 1% greater than the current healthcare cost trend rate used in measuring the 2021 OPEB liability.

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rates</u>	<u>1% Increase</u>
OPEB Liability	<u>\$86,392,981</u>	<u>\$107,471,269</u>	<u>\$127,876,313</u>

D. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Authority recognized OPEB expense of \$5,282,740. At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$12,547,874	\$15,110,929
Difference between expected and actual experience	9,365,087	5,708,678
Contributions subsequent to the measurement date	1,625,903	---
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>5,267,119</u>	<u>63,636</u>
	<u>\$28,805,983</u>	<u>\$20,883,243</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2022 will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	
2023	\$(1,076,762)
2024	2,418,742
2025	3,240,479
2026	1,000,765
2027	<u>713,612</u>
	<u>\$ 6,296,836</u>

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Notes to Financial Statements, continued

6. Long-Term Liabilities

A. Long-Term Debt

Long-term bank debt consists of the following:

2018 Series A Revenue Bonds, initial face value of \$29,980,000, interest at 5.0% per annum payable semi-annually in January and July, principal and mandatory sinking fund payments payable in varying annual installments commencing with a payment of \$270,000 in July 2037, increasing to a final payment of \$3,405,000 in July 2048	\$ 29,980,000
2018 Series B Revenue Bonds, initial face value of \$23,145,000, interest at 5.0% per annum payable semi-annually in January and July, principal payments payable in varying and staggered annual installments commencing with a payment of \$1,320,000 in July 2019, with a final payment of \$1,725,000 in July 2037	19,505,000
2018 Series C Revenue Bonds, initial face value of \$18,320,000, interest at varying rates from 3.587% to 4.582% per annum payable semi-annually in January and July, principal payments payable in varying annual installments commencing with a payment of \$2,380,000 in July 2020, with a final payment of \$3,370,000 in July 2028	<u>13,235,000</u>
Total long-term debt	62,720,000
Less current portion	<u>(2,685,000)</u>
	60,035,000
Add premium on bonds	<u>4,260,012</u>
	<u>\$64,295,012</u>

In June 2018, the Authority issued Revenue Bonds 2018 Series to finance various capital projects, retire certain existing bank loans, provide for capitalized interest for up to two years, fund the bond reserve fund and pay costs of issuance.

All gross revenues of the Authority, except for crane surcharge, facility maintenance fee, and public marina revenues, have been pledged to secure the payment of the bond principal and interest. For the year ended September 30, 2022, the debt service for the series bonds was \$5,748,896 or approximately 12% of pledged gross revenues.

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Notes to Financial Statements, continued

6. Long-Term Liabilities, continued

A. Long-Term Debt, continued

Bond premiums associated with the 2018 series bonds are being amortized using the effective interest method over the life of the debt.

As of September 30, 2022, future maturities of long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 2,685,000	\$ 3,063,896	\$ 5,748,896
2024	2,820,000	2,935,842	5,755,842
2025	2,955,000	2,801,618	5,756,618
2026	3,085,000	2,670,118	5,755,118
2027	3,225,000	2,531,183	5,756,183
2028 through 2032	9,180,000	10,881,163	20,061,163
2033 through 2037	9,060,000	8,831,000	17,891,000
2038 through 2042	11,550,000	6,328,750	17,878,750
2043 through 2047	14,755,000	3,136,250	17,891,250
2048	<u>3,405,000</u>	<u>170,250</u>	<u>3,575,250</u>
	<u>\$62,720,000</u>	<u>\$43,350,070</u>	<u>\$106,070,070</u>

Changes in long-term bank debt for the year ended September 30, 2022 are as follows:

	<u>Outstanding at September 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding at September 30, 2022</u>	<u>Current</u>	<u>Noncurrent</u>
2018 Series A bonds	\$29,980,000	\$ ---	\$ ---	\$29,980,000	\$ ---	\$29,980,000
2018 Series B bonds	21,825,000	---	2,320,000	19,505,000	2,540,000	16,965,000
2018 Series C bonds	13,475,000	---	240,000	13,235,000	145,000	13,090,000
Unamortized premium on 2018 Series bonds	<u>4,512,826</u>	<u>---</u>	<u>252,814</u>	<u>4,260,012</u>	<u>---</u>	<u>4,260,012</u>
	<u>\$69,792,826</u>	<u>\$ ---</u>	<u>\$2,812,814</u>	<u>\$66,980,012</u>	<u>\$2,685,000</u>	<u>\$64,295,012</u>

Bond Covenants

The Master Indenture, dated July 1, 2018, as supplemented by the First Supplemental Indenture, sets forth the establishment of accounts, the application of revenues, and certain other covenants to ensure payment of debt service. Management believes the Authority was in compliance with all bond covenants as of and for the year ended September 30, 2022. The primary requirements of the Master Indenture are summarized below:

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Notes to Financial Statements, continued

6. Long-Term Liabilities, continued

A. Long-Term Debt, continued

Bond Covenants, continued

Rate Covenant - the Authority has covenanted to at all times fix, prescribe and collect rates, fees and charges sufficient to yield the sum of net revenues available for debt service during each fiscal year equal to at least 1.25 times the total annual debt service for such fiscal year and to yield revenues during each fiscal year equal to at least the total amount of all transfers required to be made to the Operation and Maintenance Fund, the Debt Service Fund, the Bond Reserve Fund, the Subordinate Securities Fund, the Operation and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund for such fiscal year. Net revenues available for debt service means the sum of all revenues received during the period (excluding crane surcharges, facility maintenance fee, and public marina revenues) less operation and maintenance expenses incurred during such period.

Reserve Funds - the Master Indenture creates the following reserve funds and fund requirements:

- Operation and maintenance reserve fund equal to 90 days, on average, of the total operation and maintenance expenses budgeted by the Authority for the then current fiscal year
- Renewal and replacement reserve fund equal to the greater of (i) an amount equivalent to 30 days, on average, of the total operation and maintenance expenses budgeted by the Authority for the then current fiscal year or (ii) \$3 million (required in 2023)
- Bond reserve fund equal to \$5,337,736
- Working capital reserve fund equal to 180 days of the operation and maintenance costs of the current fiscal year (required in 2023)

Debt Service Fund - the Master Indenture creates a Debt Service Fund available for the purpose of: (1) paying interest on each bond as it shall become due and payable; (2) paying the principal of each bond when due and payable; (3) paying mandatory sinking account when due; and (4) paying Parity Payment Agreement Payments due and payable. As of September 30, 2022, the Authority is not currently a party to any Parity Payment Agreements.

Operation and Maintenance Fund - the Master Indenture creates an Operation and Maintenance Fund, available for working capital purposes. The Authority must maintain a balance in such account equal to the amount of operation and maintenance expenses budgeted by the Authority to be paid from revenues during the next succeeding calendar month.

Events of default with finance related consequences - the Master Indenture specifies a number of events of default and related remedies. In the event that the amount in any Fund or Account is insufficient for the purposes for which such Fund or Account was established, the Trustee shall transfer such amount as is necessary to satisfy such deficiency.

Acceleration - the remedies granted to the Trustee and the Bondholders under the Master Indenture do not include any right to accelerate the payment of the outstanding bonds. The Trustee is authorized to take certain actions upon the occurrence of an event of default, including proceedings to enforce the rights of Bondholders as outlined in the Indenture.

Port Authority of Guam
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Notes to Financial Statements, continued

6. Long-Term Liabilities, continued

B. Other Long-Term Liabilities

Changes in other long-term liabilities in fiscal year 2022 were as follows:

	Outstanding at September 30, 2021	<u>Increases</u>	<u>Decreases</u>	Outstanding at September 30, 2022	<u>Current</u>	<u>Noncurrent</u>
Accrued annual leave	\$ 2,353,647	\$ 1,777,456	\$(1,794,392)	\$ 2,336,711	\$1,430,311	\$ 906,400
Accrued sick leave	1,583,841	1,396,889	(1,228,114)	1,752,616	---	1,752,616
Net pension liability	66,111,010	---	(11,377,952)	54,733,058	---	54,733,058
OPEB liability	<u>97,077,114</u>	<u>10,394,155</u>	<u>---</u>	<u>107,471,269</u>	<u>---</u>	<u>107,461,269</u>
	<u>\$167,125,612</u>	<u>\$13,568,500</u>	<u>\$(14,400,458)</u>	<u>\$166,293,654</u>	<u>\$1,430,311</u>	<u>\$164,863,343</u>

7. Major Customers

For the year ended September 30, 2022, the Authority has three major shipping agency customers that collectively accounted for 72% of total operating revenues. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base.

8. Leases

Lease-related amounts are recognized at the inception of leases in which the Authority is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

The Authority, as a lessor, has entered into lease agreements involving land and building space. 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 \$9,553,054 for the year ended September 30, 2022. The Authority earned lease revenue of \$8,148,699 for variable payments not previously included in measurement of the lease receivable.

A summary of changes in lease receivable for the year ended September 30, 2022 is as follows:

Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	<u>Current</u>	<u>Noncurrent</u>
\$40,157,937	\$635,741	\$(1,756,689)	\$39,036,989	\$1,118,837	\$37,918,152

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Notes to Financial Statements, continued

8. Leases, continued

Lease receivables are due in the upcoming years as follows:

Years ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,118,837	\$ 684,305	\$ 1,803,142
2024	1,136,808	666,333	1,803,141
2025	1,155,099	648,042	1,803,141
2026	1,173,716	629,426	1,803,142
2027	1,023,054	610,897	1,633,951
2028 - 2032	4,780,952	2,801,623	7,582,575
2033 - 2037	4,973,655	2,298,418	7,272,073
2038 - 2042	4,799,925	1,930,428	6,730,353
2043 - 2047	4,746,843	1,509,341	6,256,184
2048 - 2052	5,198,971	1,057,213	6,256,184
2053 - 2057	5,694,163	562,020	6,256,183
2058 - 2062	<u>3,234,966</u>	<u>84,500</u>	<u>3,319,466</u>
	<u>\$39,036,989</u>	<u>\$13,482,546</u>	<u>\$52,519,535</u>

9. 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.

Port Authority of Guam
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Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

Port Modernization Plan, continued

The Authority commenced the Phase I-A of the plan in 2010 with \$50 million and \$54.5 million appropriations from U.S. Department of Defense (USDOD) and United States Department of Agriculture (USDA), respectively. 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. The Authority utilized the \$50 million appropriation from the USDOD and only \$3.5 million appropriation from USDA and will no longer use the rest due to changes in certain factors relating to the military buildup and cargo forecast.

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. The Authority segregated the construction funded by the \$50 million USDOD appropriation into three phases. All three phases have been completed and capitalized in 2015. A dashboard project expenditure summary was provided to the Authority by MARAD and was used as the basis for recording of capital assets. The appropriation from the USDOD has a remaining \$2,600,000 which has been reprogrammed for the maintenance of the capital assets and for acquisition of equipment.

Government of Guam General Fund

In March 2011, the Authority received a \$12,250,000 invoice from GovGuam'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, 2022.

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Notes to Financial Statements, continued

9. Commitments and Contingencies, continued

Lawsuit and Claims

The Authority is a defendant in various lawsuits and proceedings arising in the normal course of business. Included in security deposits and other payables account in the statement of net position, the Authority accrued \$157K for estimated settlements of various litigation, as of September 30, 2022.

While the outcome of the 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 any additional material adverse effect on the Authority's financial statements at this time, and therefore, except as disclosed above, no provision has been recorded for litigation and claims in the financial statements.

Contract Commitments

As of September 30, 2022, the Authority has various on-going construction contracts with a total contract price of \$62.8 million, of which \$7.0 million has been recorded as construction work-in-progress.

Purchase Commitments

As of September 30, 2022, the Authority has outstanding purchase orders for various equipment purchases totaling \$37,100.

10. Subsequent Events

On May 24, 2023, the island of Guam suffered severe damages caused by super typhoon Mawar. As of the date of this report, the Company is unable to reasonably estimate the potential impact super typhoon Mawar might have to its future financial statements.

Required Supplementary Information

Port Authority of Guam
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Defined Benefit Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$39,038,428	\$49,926,145	\$46,826,407	\$41,041,830	\$39,782,133	\$43,796,523	\$44,375,587
PAG's proportion of the net pension liability	4.05%	4.01%	3.86%	3.48%	3.48%	3.20%	3.09%
PAG's covered-employee payroll**	\$21,572,942	\$20,936,236	\$19,644,856	\$17,885,121	\$17,703,032	\$16,202,268	\$15,793,402
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	180.96%	238.47%	238.36%	229.47%	224.72%	270.31%	280.98%
Plan fiduciary net position as a percentage of the total pension liability	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%

* 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.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Port Authority of Guam’s (PAG’s) proportionate share of the net pension liability	\$12,455,789	\$13,145,995	\$13,573,770	\$11,646,387	\$11,683,996
PAG’s proportion of the net pension liability	4.04%	4.08%	4.19%	4.02%	4.05%
PAG’s covered-employee payroll**	\$21,510,185	\$21,344,797	\$21,332,343	\$20,645,687	\$20,610,932
PAG’s proportionate share of the net pension liability as percentage of its covered employee payroll	57.91%	61.59%	63.63%	56.41%	56.69%

* 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.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$3,238,841	\$3,038,870	\$3,117,626	\$2,527,680	\$3,186,769
PAG's proportion of the net pension liability	4.59%	4.58%	5.21%	5.12%	5.10%
PAG's covered-employee payroll**	\$12,908,697	\$11,867,590	\$12,260,578	\$13,548,374	\$19,228,448
PAG's proportionate share of the net pension liability as percentage of its covered employee payroll	25.09%	25.61%	25.43%	18.66%	16.57%

* 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.

Port Authority of Guam
(A Component Unit of the Government of Guam)

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 5,637,972	\$ 5,213,259	\$ 4,720,759	\$ 4,540,620	\$ 4,210,492	\$ 4,017,046	\$ 4,172,659
Contributions in relation to the statutorily required contribution	<u>5,099,085</u>	<u>4,766,204</u>	<u>4,686,893</u>	<u>4,728,288</u>	<u>4,363,054</u>	<u>3,981,412</u>	<u>4,154,190</u>
Contribution (excess) deficiency	<u>(538,888)</u>	<u>\$ 447,055</u>	<u>\$ 33,866</u>	<u>\$ (187,668)</u>	<u>\$ (152,562)</u>	<u>\$ 35,634</u>	<u>\$ 18,469</u>
PAG's covered-employee payroll**	<u>\$ 21,572,942</u>	<u>\$ 20,936,236</u>	<u>\$ 19,644,856</u>	<u>\$ 17,885,121</u>	<u>\$ 17,703,032</u>	<u>\$ 16,202,268</u>	<u>\$ 15,793,402</u>
Contribution as a percentage of covered-employee payroll	23.64%	22.77%	23.86%	26.44%	24.65%	24.57%	26.30%

*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.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Port Authority of Guam's (PAG's) proportionate share of the net pension liability	\$107,471,269	\$97,077,114	\$92,013,986	\$67,314,364	\$84,786,658
PAG's proportion of the net pension liability	3.88%	3.85%	3.60%	3.59%	3.49%

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

Port Authority of Guam
(A Component Unit of the Government of Guam)

Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 8,404,695	\$ 8,557,624	\$ 6,574,050	\$ 7,774,898	\$ 8,055,416	\$ 6,995,373
Contributions in relation to the actuarially determined contribution	<u>1,613,731</u>	<u>1,412,524</u>	<u>1,542,900</u>	<u>1,644,510</u>	<u>1,508,536</u>	<u>1,508,536</u>
Contribution deficiency	<u>\$ 6,790,964</u>	<u>\$ 7,145,100</u>	<u>\$ 5,031,150</u>	<u>\$ 6,130,388</u>	<u>\$ 6,546,880</u>	<u>\$ 5,486,837</u>

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

Port Authority of Guam
(A Component Unit of the Government of Guam)

Notes to Required Supplementary Information (Unaudited)

Changes in Assumptions – Pension Plans

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in the 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Supplementary and Other Information

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Details of Operating Expenses

Year ended September 30, 2022

Management and administration

Management:

Salaries and wages – regular	\$ 636,849
Pension cost	164,793
Annual leave	54,724
Fringe benefits	26,217
Benefits – Government contribution	9,059
Office supplies	2,364
Miscellaneous	<u>12,126</u>

Total management	<u>906,132</u>
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Administration:

Salaries and wages - regular	8,582,521
Pension cost	2,255,231
Fringe benefits	755,956
Annual leave	712,748
Repairs and maintenance	698,655
Salaries and wages - overtime	222,728
Furnishings and equipment	113,370
Salaries and wages - other	89,668
Operational supplies	72,161
Benefits - Government contribution	52,793
Office supplies	35,458
Miscellaneous	<u>588,747</u>

Total administration	<u>14,180,036</u>
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Total management and administration	<u>\$15,086,168</u>
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Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Details of Operating Expenses, continued

Year ended September 30, 2022

Equipment maintenance

Salaries and wages - regular	\$3,001,593
Pension cost	787,629
Repairs and maintenance	717,190
Operational supplies	644,382
Fringe benefits	332,292
Salaries and wages - overtime	324,870
Annual leave	240,940
Salaries and wages - other	189,165
Benefits - Government contribution	48,592
Furnishings and equipment	22,660
Office supplies	1,955
Miscellaneous	<u>83,798</u>
 Total equipment maintenance	 <u>\$6,395,066</u>

Transportation services

Salaries and wages - regular	\$2,845,291
Pension cost	770,528
Salaries and wages - overtime	599,031
Gas, oil and diesel	415,279
Fringe benefits	337,422
Annual leave	229,079
Salaries and wages - other	229,042
Benefits - Government contribution	51,799
Office supplies	2,000
Furnishings and equipment	1,884
Operational supplies	957
Miscellaneous	<u>17</u>
 Total transportation services	 <u>\$5,482,329</u>

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Details of Operating Expenses, continued

Year ended September 30, 2022

Stevedoring services

Salaries and wages - regular	\$2,709,864
Pension cost	700,038
Salaries and wages - overtime	650,123
Fringe benefits	242,126
Annual leave	187,394
Salaries and wages - other	187,642
Benefits - Government contribution	70,074
Operational supplies	1,373
Furnishings and equipment	<u>539</u>
 Total stevedoring services	 <u>\$4,749,173</u>

Facility maintenance

Salaries and wages - regular	\$1,227,481
Pension cost	303,856
Operational supplies	182,714
Fringe benefits	160,715
Salaries and wages - overtime	148,836
Annual leave	88,528
Benefits - Government contribution	18,892
Salaries and wages - other	16,477
Furnishings and equipment	9,468
Repairs and maintenance	6,813
Office supplies	380
Miscellaneous	<u>26,792</u>
 Total facility maintenance	 <u>\$2,190,952</u>

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Details of Operating Expenses, continued

Year ended September 30, 2022

Terminal services:

Salaries and wages - regular	\$1,865,056
Pension cost	453,170
Salaries and wages - overtime	321,736
Fringe benefits	165,669
Annual leave	145,204
Salaries and wages - other	100,499
Benefits - Government contribution	81,562
Operational supplies	5,800
Office supplies	3,830
Furnishings and equipment	<u>683</u>
 Total terminal services	 <u>\$3,143,209</u>

General expenses:

Managers' fee	\$ 948,234
Maintenance	804,210
Demolition	693,209
U.S. Department of Defense - Office of Economic Adjustment	577,545
Tech Service	320,245
Professional services	222,670
Claims and damages	166,872
Contingencies	159,296
Port incentive award	108,903
Audit	35,000
Workmen's compensation injury allowance	11,085
Board of Directors expense	9,800
Agency fee	7,602
Waste removal	7,420
Inventory adjustment	5,573
Legal counsel	4,980
Miscellaneous	<u>128,925</u>
 Total general expenses	 <u>\$4,211,569</u>

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Summary of Salaries and Wages

Year ended September 30, 2022

Salaries and wages - regular	\$20,868,655
Salaries and wages - overtime	2,267,324
Fringe benefits	2,020,397
Salaries and wages - other	812,493
Benefits - Government contribution	<u>332,771</u>
	<u>\$26,301,640</u>

Port Authority of Guam
(A Component of the Government of Guam)

Employees by Department

Year ended September 30, 2022

Department:

Management and administration	142
Stevedoring services	53
Equipment maintenance	51
Transportation services	51
Terminal services	37
Facility maintenance	<u>28</u>
	<u>362</u>

Compliance and Internal Control

Port Authority of Guam
(A Component Unit of the Government of Guam)

Year ended September 30, 2022



Port Authority of Guam
(A Component Unit of the Government of Guam)

Compliance and Internal Control

Year ended September 30, 2022

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and The Board of Directors
Port Authority of Guam:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, which comprise the statement of net position as of September 30, 2022, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated August 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

August 25, 2023



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Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Management and The Board of Directors
Port Authority of Guam

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Port Authority of Guam's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated August 25, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

August 25, 2023

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Assistance Listing Number	Pass-Through Entity Identifying Numbers	Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Expenditures
<u>U.S. Department of Defense - Office of Economic Adjustment</u>			
		Pass-Through Program From Government of Guam Office of the Governor	
12 618	GR882-19-04	Community Economic Adjustment Assistance for Establishment or	\$ 137,366
12 618	GR882-20-06	Expansion of a Military Installation	311,360
12 618	GR882-21-08		<u>230,758</u>
U.S. Department of Defense Total			<u>679,484</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Highway Safety Cluster:			
20 600		State and Community Highway Safety	17,735
Highway Safety Cluster Total			<u>17,735</u>
20 822		Port of Guam Improvement Enterprise Program	560,673
U.S. Department of Transportation Total			<u>578,408</u>
<u>U.S. Department of Treasury</u>			
		Pass-Through Program From Government of Guam Office of the Governor	
21 027	None	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	<u>15,000,000</u>
U.S. Department of Treasury Total			<u>15,000,000</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
97 026		COVID-19 Emergency Management Institute Training Assistance	63,700
97 036		Disaster Grants - Public Assistance (Presidentially Declared Disasters)	6,805
97 056		Port Security Grant Program	<u>506,331</u>
U.S. Department of Homeland Security Total			<u>576,836</u>
Total Expenditures of Federal Awards			<u>\$ 16,834,728</u>
Reconciliation to the basic financial statements:			
		Reimbursement of prior year expenses	\$ 15,070,505
		Included in nondepreciable property, plant and equipment	999,739
		Included in general expenses	723,687
		Included in management and administration expenses	<u>40,797</u>
			<u>\$ 16,834,728</u>

Port Authority of Guam
(A Component Unit of the Government of Guam)

Notes to the Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

1. Scope of Audit

The Port Authority of Guam (the Authority) is a component unit of the Government of Guam created by Public Law 13-87 as an autonomous agency of the Government of Guam. Only the transactions of the Authority are included within the scope of the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority.

3. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting, consistent with the manner in which the Authority maintains its accounting records. All expenses and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Authority has not elected to use the 10-percent de-minimis indirect cost rate allowed under the Uniform Guidance.

Port Authority of Guam
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs

Year ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes X **no**

Significant deficiency(ies) identified?

 yes X **none reported**

Noncompliance material to financial statements noted?

 yes X **no**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes X **no**

Significant deficiency(ies) identified?

 yes X **none reported**

Type of auditor's report issued on compliance for major federal program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 yes X **no**

Identification of major federal programs:

Assistance Listing number

21.027

Name of federal program or cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X **yes** **no**

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Management Letter

Port Authority of Guam
(A Component Unit of the Government of Guam)

Year ended September 30, 2022





Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

August 25, 2023

The Board of Directors
Port Authority of Guam
1026 Cabras Highway Suite 201
Piti, Guam 96915

In planning and performing our audit of the financial statements of the Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

Census Data

Observation:

The test of census data for other post-employment benefit liability resulted in discrepancy of 3 employees having incorrect gender and 1 employee with inconsistent date of birth.

Recommendation:

We recommend management to timely update the employee information and review the census data prior to the submission to the Department of Administration.

General Reserve Fund Account

Observation:

Cash balance related to the General Reserve Fund created by board resolution was classified as restricted asset with a corresponding restricted net position for debt service. Government Accounting Standards Board Codification 2220.119 states that restricted assets are reported when constraints are placed on its use either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Management has addressed this matter.

Recommendation:

We recommend management to ensure proper classification of its assets based on its restrictions and purposes.

This communication is intended solely for the information and use of management and the Board of Directors of the Authority, others within the organization, and the Guam Office of Public Accountability, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young LLP

*The Auditor's Communication With Those Charged
With Governance*

Port Authority of Guam
(A Component Unit of the Government of Guam)

Year ended September 30, 2022





Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

August 25, 2023

The Board of Directors
Port Authority of Guam
1026 Cabras Highway Suite 201
Piti, Guam 96915

We have performed an audit of the financial statements of Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated August 25, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of the Authority’s Board of Directors and management and the Office of Public Accountability of Guam, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

REQUIRED COMMUNICATIONS

Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the Authority's financial statements as of and for the year ended September 30, 2022.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the September 2022 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the Authority's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 1 of the financial statements. .

We are not aware of any significant accounting policies used by the Authority in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor the Authority's operations. These budgets include determining how existing financial resources will be used in the Authority's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

Related party relationships and transactions

We noted no significant matters regarding the Authority's relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

We are not aware of any matters that require communication.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by the Authority.

Difficult or contentious matters subject to consultation outside of the audit team

None.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No significant deficiencies and material weaknesses have been identified. We have identified certain deficiencies in the internal control during the course of our audit which have been included in our separately issued management letter dated August 25, 2023.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the September 2022 meeting and in the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with the Authority's management on financial accounting and reporting matters during the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the Authority or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

Engagement team's involvement with preparation of the financial statements

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the Authority.
- The preparation of the financial statements is based on the Authority's trial balance with the understanding that underlying books and records are maintained by the Authority's accounting department and that the final trial balance prepared by the Authority is complete.
- The Authority's Deputy Executive Manager and General Accounting Supervisor have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

Appendix

A – Management Representations Letter

A – Management’s Representation Letter



PORT OF GUAM
ATURIDAT / PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96915
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445
Website: www.portguam.com



Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

August 25, 2023

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
Tamuning, Guam 96931

In connection with your audit of the basic financial statements of Port Authority of Guam (the Authority), a component unit of the Government of Guam, as of September 30, 2022 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority and the respective changes in financial position and cash flows in conformity with US generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management’s responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated October 26, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding year. In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for one year after the date that the financial statements are issued (or available to be issued, if applicable), and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for 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. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit

A – Management’s Representation Letter, continued

- Unrestricted access to persons within the Authority from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. Refer to Appendix A.

Corrected misstatements

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements. Refer to the “Schedule of Corrected Misstatements” in Appendix B

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

Minutes and contracts and internal audit reports

The dates of meetings of shareholders, directors, committees of directors and important management committees after October 1, 2022 are as follows:

<u>Date of meeting</u>	<u>Type</u>
October 21, 2021	Regular
November 24, 2021	Regular
December 23, 2021	Regular
January 20, 2022	Regular
February 24, 2022	Regular
March 24, 2022	Regular

A – Management’s Representation Letter, continued

<u>Date of meeting</u>	<u>Type</u>
April 28, 2022	Regular
June 16, 2022	Regular
July 14, 2022	Regular
August 30, 2022	Regular
September 29, 2022	Regular
October 27, 2022	Regular
November 29, 2022	Regular
December 29, 2022	Regular
February 23, 2023	Regular
April 6, 2023	Regular
July 6, 2023	Regular

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Environmental liabilities

We have disclosed to you all significant pollution remediation matters and have made available to you all significant relevant information related to them. The pollution remediation obligations included in the statement of net position represent our best estimate of the potential losses in accordance with GASB Statement No. 49—as amended. The disclosures of pollution remediation matters in the financial statements are in accordance with GASB Statement No. 49—as amended.

Ownership and pledging of assets

The Authority has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged except as

A – Management’s Representation Letter, continued

disclosed in the financial statements. All assets to which the Authority has satisfactory title appear in the statement of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

Leases

Our calculation of the cumulative effect of initially applying GASB Statement No. 87—as amended as of the beginning of the period of implementation (i.e., on the effective date of GASB Statement No. 87—as amended) is in accordance with our accounting policies established under GASB Statement No. 87—as amended.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

Long-lived assets (asset groups) to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Events of default under debt agreements

No events of default have occurred with respect to any of the Authority’s debt agreements.

A – Management’s Representation Letter, continued

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies*, nor are there any accruals for loss contingencies included in the balance sheet or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

There are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

At September 30, 2022, the Authority had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the Authority’s business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority’s internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations

A – Management’s Representation Letter, continued

of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

Independence

We have communicated to you the names of the Authority’s affiliates, officers and directors, or individuals who serve in such capacity for the Authority .

We are not aware of any business relationship between the Authority and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Authority’s audit.

Conflicts of interest

There are no instances where any officer or employee of the Authority has an interest in a company with which the Authority does business that would be considered a “conflict of interest.” Such an interest would be contrary to Authority policy.

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting the amendments to the following, as discussed in Note 2:

- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*
- GASB Statement No. 102, *Compensated Absences*

The Authority is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statement is adopted.

Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

A – Management’s Representation Letter, continued

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management’s discussion and analysis on pages 5 through 28, schedule of the proportionate share of the net pension liability on pages 60 through 62, the schedule of contributions on page 63, the schedule of the proportionate share of the net OPEB liability on page 64, the schedule of contributions on page 65 and the notes to required supplementary information on page 66, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period. We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

We believe that the separate presentation of the schedule of changes in total pension liability and related ratios related to GASB statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”)

- Schedule of Details of Operating Expenses
- Schedule of Summary of Salaries and Wages
- Schedule of Employees by Department

We believe the supplementary information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

A – Management’s Representation Letter, continued

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

We acknowledge that we have reviewed them and taken responsibility for them.

We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.

Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

Provisions for uncollectible receivables have been properly identified and recorded.

Risk disclosures associated with deposits and investment securities and derivatives transactions are presented in accordance with GASB requirements.

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

A – Management’s Representation Letter, continued

Subsequent events

Subsequent to September 30, 2022, no events or transactions as outlined in “Subsequent Events” in Appendix C have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Authority’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the Authority, except for the occurrence of super Typhoon Mawar, which is disclosed in the notes to the basic financial statements.

* * * * *

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and were, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the Authority and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Rory J. Respicio
General Manager



Jose B. Guevara III
Chief Financial Officer

A – Management’s Representation Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Schedule of Corrected Misstatements

C – Subsequent Events Considerations

A – Management’s Representation Letter, continued

Appendix A – Uncorrected Misstatements

Communication schedule for uncorrected misstatements										
Entity: <u>Port Authority of Guam</u>		Period Ended: <u>30-Sep-2022</u>		Currency: <u>USD</u>						
No.	WP ref.	Account (Note 1)	Analysis of misstatements				Effect on the current period		Effect on the prior period	
			Assets Current (Note 2)	Liabilities Current (Note 2)	Equity components	OCI	Debit/(Credit)	Debit/(Credit)	Non-Debit/(Credit)	Non-Debit/(Credit)
Uncorrected misstatements										
Misstatements are recorded as journal entries with a description ()										
Factual misstatements:										
P12		To adjust accrued leave to actual								
		Accrued annual leave								
		General expense								(11,485)
3	14.7.4	To record provision for the CSC case agreed to be settled								
		General expense								
		Security deposits and other payables								120,000
										(120,000)
Judgmental misstatements:										
P171	P0420	To adjust the balance of deferred outflow of resources related to their net pension liability based on an independent recalculation								
		Deferred outflow of resources, pension								
		Pension expense								
										127,142
										(127,142)
										X
2	P0600	To adjust the balance of deferred outflow of resources related to the OPEB								
		Deferred outflow of resources, OPEB								
		Pension expense								
		Retiree healthcare costs and other benefits								
										152,747
										(152,747)
										X
Total of uncorrected misstatements before income tax										(152,182)
Total of uncorrected misstatements										(152,182)

A – Management’s Representation Letter, continued

Appendix A – Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: Port Authority of Guam Period Ended: 30-Sep-2022 Currency: USD

No.	Description	Assets		Liabilities		Equity		Effect on tax	Income statement effect	Income statement effect
		Current	Non-current	Current	Non-current	Components	of the current period			
		Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)
	(misstatements are recorded as journal entries with a description)									
	Financial statement amounts:	85,587,294	237,052,577	18,503,025	2,562,297,713	176,581,045			192,796,192	7,452,273
	Effect of uncorrected misstatements on FS amounts:	0.0%	0.1%	1.4%	0.0%	0.8%			1.3%	14.9%
	Memo: Total of non-taxable items (marked "X" above)								272,852	0
	Uncorrected misstatements before income tax								193,029	354,129
	Less: Tax effect of misstatements at current year marginal rate								0%	0
	Uncorrected misstatements in income tax								1.3%	0
	Cumulative effect of uncorrected misstatements after tax but before turnaround								1.3%	354,129
	Turnaround effect of prior period uncorrected misstatements:									
	All factual and projected misstatements:									
	Judgmental misstatements (Note 3):									
	Cumulative effect of uncorrected misstatements, after turnaround effect								0.3%	354,129
	Current year income before tax								192,116,545	
	Current year income after tax								190,684,943	

A – Management’s Representation Letter, continued

Appendix B – Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Port Authority of Guam Period ended: 30-Sep-2022 Currency: USD

No.	W/P ref.	Account	Assets		Liabilities		Equity components		Income statement effect		
			Current	Non-current	Current	Non-current	Debit/(Credit)	Debit/(Credit)	OCI	Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	
AJE 110100		To correct the adjustment for FY2020 AJE					224,780				(224,780)
		Invested net position									
		Other income (expense), net									
AJE 210400		To record the adjustment to pension amounts based on the September 30, 2021 audited pension schedules									
		Net pension liability			11,377,852						
		Deferred outflow of resources from pension	(5,788,810)								
		Deferred inflows of resources from pension		(4,733,378)							(469,308)
		Management and administration									(127,452)
		Equipment maintenance									(123,562)
		Transportation services									(94,276)
		Staffing services									(74,961)
		Terminal services									(48,395)
		Facility maintenance									
AJE 310600		To adjust the OPEB balances based on the audited actuarial reports of KMS for Plan year ended September 30, 2021									
		Deferred inflows of resources from other post-employment benefits			9,383,115						
		Retiree healthcare costs and other benefits									5,210,175
		Deferred outflow of resources from other post-employment benefits	(4,199,135)								
		Other post-employment benefits liability									(10,394,155)
RJE 110100		To reclassify the General Reserve Account to unrestricted cash									
		Cash and cash equivalents - unrestricted	27,101,659								
		Cash and cash equivalents - restricted expendable	(27,101,659)								
RJE 210600		To reclassify the current portion of lease receivables									
		Lease receivable	1,118,837								
		Lease receivable, net of current portion		(1,118,837)							

A – Management’s Representation Letter, continued

Appendix B – Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Port Authority of Guam Period ended: 30-Sep-2022 Currency: USD

Corrected misstatements	Assets		Liabilities		Equity		Effect on the		Income statement effect		
	No.	Account	Current	Non-current	Current	Non-current	components	current period	OCI	of the current period	Non
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	taxable
		(misstatements are recorded as journal entries with a description)									
		Total of corrected misstatements before income tax	1,118,857	(11,088,582)	0	5,833,334	224,785	0	0	4,109,422	
		Financial statement amounts	93,587,264	237,094,377	(9,003,082)	(295,297,713)	(28,381,046)			(12,016,945)	
		Effect of corrected misstatements on FIS amounts	1.2%	-4.7%	0.0%	-1.9%	-0.9%			-34.2%	

A – Management’s Representation Letter, continued

Appendix C – Subsequent Events Considerations

Port Authority of Guam

Subsequent Events Questionnaire

Coverage: For the period from October 1, 2022 to auditor's report

Subsequent Event Considerations	
1	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? NO
2	Have there been any new significant contingent liabilities or commitments arisen, except as disclosed in the financial statements? NO
3	Have there been any significant changes that occurred in trends of grant revenue or expense that could affect accounting estimates (e.g., valuation of receivables, provisions for liabilities or unearned income)? NO
4	Have there been any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements? NO
5	Have there been any significant changes that occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data? NO
6	Were there any significant unusual or non-recurring adjustments been recorded (or are necessary)? NO
7	Were there any communications, written or oral, occurred with the regulatory agencies (including Federal granting agencies and the Government of Guam or any of its agencies) with which the entity files financial statements or seeks federal assistance/grants form? NO
8	Were there any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements? NO
9	Are you aware of any fraud or suspected fraud affecting Port Authority of Guam involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements? NONE
10	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of Port Authority of Guam ? NO

Jose D. Leon Guerrero
Commercial Port

FY 2024
Proposed Budget



For Review by the Board of Directors

August 31, 2023 – Meeting of the Board of Directors

**PORT AUTHORITY OF GUAM
JOSE D. LEON GUERRERO COMMERCIAL PORT**

**FY-2024
PROPOSED BUDGET**

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**FY-2024
PROPOSED BUDGET
GRAND SUMMARY**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
1	Cargo Revenues	41,458,541	40,248,611	39,099,603	1,209,930	2,358,938
2	Non Cargo Revenues	11,021,175	13,508,556	9,926,852	-2,487,381	1,094,322
3	TOTAL REVENUES	52,479,716	53,757,167	49,026,455	-1,277,451	3,453,261
4						
5	Divisional - Salaries & Benefits					
6	Management & Employee Salaries	20,819,822	20,118,724	19,531,017	701,098	1,288,805
9	Holiday Work	262,141	190,251	262,141	71,890	0
10	Sick Leave Used	1,049,996	955,005	1,049,996	94,991	0
11	Annual Leave Earned	1,807,478	1,779,800	1,807,478	27,678	0
13	Comp Time Taken	0	0	0	0	0
14	Typhoon Salaries	0	1,150	644,020	-1,150	-644,020
15	Labor Cost Salaries	-1,792,712	-2,211,549	-1,062,937	418,837	-729,775
16	Vacancy Pool	1,200,000	1,200,000	0	0	1,200,000
17	Regular Salaries	23,346,725	22,033,382	22,231,715	1,313,344	1,115,010
19	Night Differential/Hazard Pay	766,102	762,842	766,102	3,259	0
20	Overtime	1,837,344	2,330,000	2,060,376	-492,656	-223,032
18	Labor Cost Overtime	-197,000	-215,400	-339,147	18,400	142,147
21	Retirement (26.96%)	6,748,007	6,447,610	6,327,967	300,397	420,040
22	Death & Disability	102,157	96,925	101,935	5,232	222
24	Hospital	2,115,722	1,773,326	1,947,236	342,396	168,486
25	Life	64,194	58,503	64,077	5,691	116
26	Dental	99,613	85,004	98,733	14,610	881
27	Medicare	359,774	339,556	338,553	20,218	21,221
28	Labor Cost Benefits	-882,427	-1,038,416	-589,613	155,990	-292,814
33	SUB-TOTAL	34,360,211	32,673,331	33,007,935	1,686,880	1,352,276
34						
35	Other Divisional Expense					
36	Office Supplies	73,150	66,800	31,377	6,350	41,773
38	Operational Supplies	1,203,500	1,253,300	946,317	-49,800	257,183
39	Gas, Diesel	350,000	350,000	403,772	0	-53,772
40	Equipment	295,975	433,925	204,402	-137,950	91,573
41	Contractual	861,620	995,288	1,085,240	-133,668	-223,620
42	Miscellaneous	126,785	125,874	104,231	911	22,554
43	Training	100,000	75,000	67,199	25,000	32,801
45	Travel	140,000	140,000	181,656	0	-41,656
46	SUB-TOTAL	3,151,030	3,440,187	3,024,194	-289,157	126,836
47						
48	TOTAL DIVISIONAL EXPENSE	37,511,241	36,113,518	36,032,129	1,397,723	1,479,112
49						
50	General Expense					
52	OTHER BENEFITS	55,000	55,000	102,933	0	-47,933
53	OTHER PERSONNEL COSTS	25,000	80,000	11,264	-55,000	13,736
54	COMMUNICATIONS	240,650	225,650	226,355	15,000	14,295
55	UTILITIES	2,072,000	1,475,000	2,081,438	597,000	-9,438
56	GENERAL INSURANCE	3,614,945	3,564,945	3,126,408	50,000	488,537
57	REPAIRS AND MAINTENANCE	80,000	255,463	432,866	-175,463	-352,866
59	DEPRECIATION EXPENSE	5,200,000	5,200,000	5,274,933	0	-74,933

**FY-2024
PROPOSED BUDGET
GRAND SUMMARY**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
60	DAMAGE, SHORTAGE, WRITEOFF	15,000	15,000	-22,094	0	37,094
61	MISCELLANEOUS	302,500	83,500	57,057	219,000	245,443
62	AGENCY & MANAGEMENT FEE'S	927,500	982,500	928,305	-55,000	-805
63	PROFESSIONAL SERVICES	805,500	716,000	913,834	89,500	-108,334
64	OTHER CONTRACTUAL	350,000	320,000	0	30,000	350,000
68	SUBTOTAL GENERAL EXPENSE	13,688,095	12,973,058	13,134,048	715,038	554,047
69						
70	GRAND TOTAL EXPENSE	51,199,336	49,086,576	49,166,177	2,112,760	2,033,160
71						
73	OPERATING INCOME/LOSS	1,280,380	4,670,591	-139,721	-3,390,212	1,420,101
74						
75	OTHER INCOME/EXPENSE					
76	Non-Operating Expense	5,015,319	7,799,594	5,168,094	-2,784,275	-152,775
77	Federal Reimbursements	1,155,243	5,566,563	2,841,669	-4,411,320	-1,686,425
78	Insurance Reimbursements	0	0	0	0	0
80	Miscellaneous Interest Income	4,286,544	1,950,037	4,286,544	2,336,507	0
81	TOTAL OTHER INCOME/EXPENSE	426,468	-282,994	1,960,119	709,462	-1,533,650
82						
83	NET INCOME/LOSS	1,706,848	4,387,597	1,820,397	-2,680,749	-113,550
84						
85	CRANE NET INCOME/LOSS	859,366	603,221	0	256,145	0
87	FMF NET INCOME/LOSS	1,007,382	1,319,652	(177,550)	312,270	(829,832)
88	TOTAL NET INCOME/LOSS	3,573,596	6,310,470	1,642,848	-2,112,334	-943,382

**FY-2024
PROPOSED BUDGET
REVENUES**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
	CARGO REVENUES					
1	CT-Containers	23,601,030	23,317,520	22,323,245	283,511	1,277,785
2	CT Breakbulk	2,476,611	1,317,160	2,304,843	1,159,452	171,769
3	CT Unitized	12,560	11,107	11,053	1,453	1,507
5	CT Ro/Ro	636,099	609,130	474,921	26,968	161,177
6	CT Devan/Stuff	78,747	83,742	79,658	-4,994	-910
7	CT Heavylift	109,383	67,170	103,322	42,213	6,061
8	CT Longlength	14,047	96,542	14,214	-82,495	-167
9	OUT-OF-GAUGE CARGO	192,143	142,209	171,609	49,934	20,534
10	CARGO THROUGHPUT REVENUES	27,120,621	25,644,580	25,482,864	1,476,041	1,637,756
11						
12	OTHER CARGO RELATED REVENUES					
15	Transshipment Container	2,242,560	2,424,087	2,094,767	-181,527	147,793
16	Overstow Container	375,740	278,510	368,049	97,231	7,691
17	Shifted Container	1,791	1,180	683	611	1,108
18	Rigged Container	49,367	57,623	48,314	-8,256	1,054
19	REEFER CNTR-PLUG/UNPLUG	133,202	135,684	129,281	-2,482	3,921
20	Direct Labor Billed	3,820,617	3,975,739	3,718,291	-155,122	102,326
21	Equipment Rental	213,834	264,742	205,162	-50,908	8,673
22	Port Entry Fee&Dockage	385,732	520,962	374,655	-135,229	11,077
23	Wharfage	6,154,830	5,999,258	5,771,925	155,572	382,905
24	Fuel Surcharge*	740,130	728,570	697,361	11,561	42,769
25	Maritime Security Fee*	220,116	217,677	208,251	2,439	11,865
26	OTHER CARGO RELATED REVENUES	14,337,921	14,604,031	13,616,739	-266,111	721,182
27						
28	TOTAL CARGO REVENUES	41,458,541	40,248,611	39,099,603	1,209,930	2,358,938
29						
30	FACILITIES REVENUES					
31						
32	Facility Usage					
33	Facility-Usage-MOBIL	183,360	213,802	206,280	-30,442	-22,920
35	Facility-Usage-TRISTAR	3,487,148	3,661,672	3,375,900	-174,524	111,248
36	Cement Thruput	160,327	135,360	180,368	24,967	-20,041
37	Facility Usage	3,830,834	4,010,835	3,762,547	-180,000	68,287
38						
39	Space Rental	976,881	1,008,148	987,706	-31,267	-10,825
42	Lease Income-GEDA	1,536,381	1,517,386	1,537,215	18,995	-835
44	Common Area Maintenance	37,955	28,923	38,567	9,032	-612
45	Security Surcharge Rental	38,253	35,703	39,290	2,550	-1,037
46						
47	Marina Revenues					
48	Water and Landside Activity	8,373	8,844	8,925	-471	-552
49	Gregorio D. Perez	67,502	62,734	74,287	4,768	-6,785
50	Agat Marina	248,268	236,048	241,742	12,219	6,525
51	Marina Revenues	324,143	307,626	324,954	16,517	-811
52						
53	Harbor of Refuge	34,312	38,678	34,072	-4,366	240
54	Demurrage	3,418,895	3,337,776	3,066,348	81,120	352,547
55						
56	TOTAL FACILITY REVENUES	10,197,653	10,285,074	9,790,699	-87,420	406,954
57						
58	OTHER FEES & SERVICES					
61	Materials Used	0	1,342	0	-1,342	0
62	Passenger Service	27,771	17,260	31,242	10,511	-3,471

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
64	Bunker Services	6,206	11,473	6,961	-5,267	-755
65	Special Services	57,959	53,955	57,236	4,003	722
66	Elect. Power	27,983	20,456	28,291	7,527	-308
67	TOTAL OTHER FEES & SERVICES	119,918	104,486	123,730	15,432	-3,812
68						
69	ADMINISTRATIVE FEES & SERVICES					
70	PAG Documentation	1,822	3,000	0	-1,178	1,822
71	I.D. Badges	980	300	900	680	80
72	Police Reports	5	12	0	-7	5
75	Violation of Regulation Penalty	684	684	472	0	212
78	TOTAL ADMINISTRATIVE FEES & SERVICES	3,491	3,996	1,372	673	297
79						
80	OTHER INCOME/EXPENSE					
85						
86	OTHER REIMBURSEMENTS					
89	OAE Technical Services	680,112	3,100,000	0	-2,419,888	680,112
91	Office of Highway Safety - A Dai He Hao	20,000	15,000	11,051	5,000	8,949
93	TOTAL OTHER REIMBURSEMENTS	700,112	3,115,000	11,051	-2,414,888	689,062
94						
99	TOTAL OTHER INCOME/EXPENSE	700,112	3,115,000	11,051	-2,414,888	689,062
100						
101	TOTAL NON CARGO REVENUES	11,021,175	13,508,556	9,926,852	-2,486,203	1,092,501
102						
103	TOTAL CARGO/NON-CARGO REVENUES	52,479,716	53,757,167	49,026,455	-1,276,273	3,451,439
104						
105	REIMBURSEMENTS					
106	FEDERAL REIMBURSEMENT					
107	Miscellaneous Expense		0	35,062	0	-35,062
108	MARAD	560,673	1,818,243	168,504	-1,257,570	392,170
112	Department of Administration		0	1,682,021	0	-1,682,021
113	Fed Reim-DOI Fish&Wild	17,735	1,121,348	168	-1,103,612	17,567
118	Fed Reim-HS 2017 PSGP	67,254	0	0	67,254	67,254
119	Fed Reim-HS 2018 PSGP	203,030	376,881	46,233	-173,851	156,797
117	Fed Reim-HS 2019 PSGP	226,484	0	0	226,484	226,484
117	Fed Reim-HS 2021 PSGP	9,563	122,084	82,402	-112,521	-72,840
120	Fed Reim-OEA Owners		0	379,574	0	-379,574
128	Fed Reim-FEMA	63,700	210,477	47,261	-146,777	16,439
129	Fed Reim-FEMA Typhoon	6,804	353,679	340,442	-346,875	-333,639
130	Hazard Mitigation		329,285	0	-329,285	0
131	OIA		162,082	60,000	-162,082	-60,000
132	EDA		1,072,485	0	-1,072,485	0
133	FEDERAL REIMBURSEMENT	1,155,243	5,566,563	2,841,669	-4,411,320	-1,686,425
139						
140	TOTAL REIMBURSEMENTS	1,155,243	5,566,563	2,841,669	-4,411,320	-1,686,425
141						
142	MISCELLANEOUS INCOME					
144	Interest Income-Billing	66,700	83,674	66,916	-16,975	-216
145	Interest Income-Bond	3,156,809	1,671,057	3,167,022	1,485,752	-10,213
146	Interest Income-Investment	1,063,035	195,306	1,066,474	867,729	-3,439
148	Miscellaneous Income	0	0	-13,868	0	13,868
150	MISCELLANEOUS INCOME	4,286,544	1,950,037	4,286,544	2,336,507	0
151						
152	-----	-----	-----	-----	-----	-----
153	GRAND TOTAL REVENUES	57,921,503	61,273,767	56,154,668	-3,351,086	1,765,014

**FY-2024
PROPOSED BUDGET
GENERAL EXPENSE**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
	GENERAL EXPENSE					
1	OTHER BENEFITS					
2	Recognition Awards	55,000	55,000	102,933	0	-47,933
5	TOTAL OTHER BENEFITS	55,000	55,000	102,933	0	-47,933
6						
7	OTHER PERSONNEL COSTS					
8	Workmen's Compensation	15,000	65,000	7,190	-50,000	7,810
9	Drug Program	10,000	15,000	4,075	-5,000	5,925
10	TOTAL OTHER PERSONNEL COSTS	25,000	80,000	11,264	-55,000	13,736
11						
12	COMMUNICATIONS					
13	Long Distance	650	650	0	0	650
14	Telephone	80,000	100,000	79,922	-20,000	78
15	Telephone System Maintenance	10,000	25,000	0	-15,000	10,000
16	Internet Access	150,000	100,000	146,432	50,000	3,568
18	TOTAL COMMUNICATIONS	240,650	225,650	226,355	15,000	14,295
19						
20	UTILITIES					
21	Water	292,000	400,000	290,178	-108,000	1,822
22	Power	1,500,000	1,000,000	1,516,700	500,000	-16,700
23	Trash Removal	280,000	75,000	274,560	205,000	5,440
24	TOTAL UTILITIES	2,072,000	1,475,000	2,081,438	597,000	-9,438
25						
26	GENERAL INSURANCE					
27	Insurance	3,414,945	3,414,945	2,928,648	0	486,297
28	Workmen's Compensation Insurance	200,000	150,000	197,760	50,000	2,240
29	TOTAL GENERAL INSURANCE	3,614,945	3,564,945	3,126,408	50,000	488,537
30						
31	REPAIRS AND MAINTENANCE					
32	Maintenance-PAG Gulf Pier	0	72,000	72,000	-72,000	-72,000
33	Maintenance-PAG F1 Pier	75,000	178,463	74,134	-103,463	866
34	Building Maintenance	5,000	5,000	286,732	0	-281,732
36	TOTAL REPAIRS AND MAINTENANCE	80,000	255,463	432,866	-175,463	-352,866
37						
38	DEPRECIATION EXPENSE					
39	Depreciation	5,200,000	5,200,000	5,274,933	0	-74,933
40	TOTAL DEPRECIATION EXPENSE	5,200,000	5,200,000	5,274,933	0	-74,933
41						
42	DAMAGE, SHORTAGE, WRITEOFF					
43	Inventory Loss/Writ	0	0	-22,844	0	22,844
47	Claims Cargo Shortage	15,000	15,000	750	0	14,250
50	TOTAL DAMAGE, SHORTAGE, WRITEOFF	15,000	15,000	-22,094	0	37,094
51						
52	MISCELLANEOUS					
53	Contingencies	200,000	4,000	1,313	196,000	198,688
54	Natural Disaster Emergency Fund	15,000	15,000	0	0	15,000
55	Board of Director's Expense	6,500	6,500	1,275	0	5,225
57	I.D. TWIC	14,000	14,000	6,184	0	7,816
58	Pump Out Station	2,000	5,000	0	-3,000	2,000
59	GPS/Track Me Guam	65,000	39,000	48,285	26,000	16,715
60	TOTAL MISCELLANEOUS	302,500	83,500	57,057	219,000	245,443
61						
62	AGENCY & MANAGEMENT FEE'S					
63	Agency Fees	8,000	8,000	7,400	0	600
64	Mobil Manager's Fee	9,500	9,500	9,056	0	444
65	Tristar Manager's Fee	910,000	965,000	911,848	-55,000	-1,848
66	TOTAL AGENCY & MANAGEMENT FEE'S	927,500	982,500	928,305	-55,000	-805
67						
68	PROFESSIONAL SERVICES					
69	Audit & Accounting Fees	62,000	52,500	92,715	9,500	-30,715
70	Environmental Compliance-SWPP	120,000	35,000	122,499	85,000	-2,499
71	G4S M&S	130,000	130,000	0	0	130,000

**FY-2024
PROPOSED BUDGET
GENERAL EXPENSE**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
74	Owner's Agent Engineer (WSP)	225,000	225,000	579,268	0	-354,268
78	PUC Consultant/Legal	50,000	50,000	6,395	0	43,605
79	PUC Assessment Fee	110,000	115,000	104,000	-5,000	6,000
83	Legal Counsel	50,000	50,000	0	0	50,000
84	Bank Service Fee - BOG	2,000	2,000	8,957	0	-6,957
85	Bank Service Fee - BOG CC	6,500	6,500	0	0	6,500
88	Fire Sprinkler/Alarm Certification	50,000	50,000	0	0	50,000
89	TOTAL PROFESSIONAL SERVICES	805,500	716,000	913,834	89,500	-108,334
90						
91	OTHER CONTRACTUAL					
92	Temporary Staffing	300,000	300,000	0	0	300,000
94	Medical Exams	50,000	20,000	0	30,000	50,000
95	TOTAL OTHER CONTRACTUAL	350,000	320,000	0	30,000	350,000
101						
102	TYPHOON/EMERGENCY EXPENSE					
106	Typhoon Preparation	0	0	750		-750
109	TOTAL TYPHOON/EMERGENCY EXPENSE	0	0	750	0	-750
110						
111	TOTAL GENERAL EXPENSE	13,688,095	12,973,058	13,134,048	715,038	554,047
112						
113	NON-OPERATING EXPENSE					
118						
119	INTEREST EXPENSE					
120	Miscellaneous Expense	10,000	10,000	54,058	0	-44,058
121	Bond Annual Fees	43,500	43,500	0	0	43,500
122	Bond Interest General Expense	1,962,000	2,991,215	1,942,577	-1,029,215	19,423
126	TOTAL INTEREST EXPENSE	2,015,500	3,044,715	1,996,636	-1,029,215	18,864
127						
128	RETIREMENT GOVT CONTRIBUTION					
129	Retirement COLA Benefits	660,000	660,000	743,600	0	-83,600
130	Retirees Gov't Contribution (Med,Den,Life)	1,800,000	1,800,000	2,011,384	0	-211,384
131	Retirement Supplemental Benefits	447,819	447,819	331,015	0	116,804
133	TOTAL RETIREMENT GOVT CONTRIBUTION	2,907,819	2,907,819	3,085,999	0	-178,180
134						
135	FEDERAL EXPENSES					
136	Homeland Security	45,000	15,000	44,203	30,000	797
137	MARAD		195,444	0	-195,444	0
138	FEMA PSGP		145,931	0	-145,931	0
139	U.S. DOH-FEMA EMI	37,000	0	36,585	37,000	415
140	OAE Technical Services		1,480,685	0	-1,480,685	0
141	Office of Highway Safety - A Dai He Hao		0	0	0	0
142	TOTAL FEDERAL EXPENSES	82,000	1,837,060	80,787	-1,755,060	1,213
143						
144	GAIN (LOSS) OM ASSET					
145	Loss on Asset Disposals	10,000	10,000	4,672	0	5,328
146	TOTAL GAIN (LOSS) OM ASSET	10,000	10,000	4,672	0	5,328
147						
148	TOTAL NON-OPERATING EXPENSE	5,015,319	7,799,594	5,168,094	-2,784,275	-152,775
149						
150	TOTAL NON DIVISIONAL/GENERAL EXPENSE	18,703,414	20,772,652	18,302,141	-2,069,238	401,273

**FY-2024
PROPOSED BUDGET
CRANES**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
	CRANE REVENUES					
1	Crane Surcharge*	6,064,417	5,904,864	5,766,512	159,553	297,905
2	TOTAL CRANE REVENUES	6,064,417	5,904,864	5,766,512	159,553	297,905
3						
4	GANTRY GENERAL EXPENSE					
6	Insurance	322,110	314,600	292,827	7,510	29,283
7	TOTAL GENERAL EXPENSE	322,110	314,600	292,827	7,510	29,283
8						
9	REPAIRS AND MAINTENANCE- SUB					
10	Crane Maintenance Division	2,352,941	2,457,042	0	-104,101	2,352,941
15	GANTRY 4, 5 & 6 Corrosion	50,000	50,000	28,637	0	21,363
17	GANTRY 4, 5 & 6 Fuel	200,000	200,000	291,737	0	-91,737
19	GANTRY 4, 5 & 6 Materials/Parts	300,000	300,000	53,272	0	246,728
20	GANTRY 4, 5 & 6 Outside Labor/Services	100,000	100,000	98,261	0	1,739
24	Professional Services	10,000	10,000	0	0	10,000
25	Machine Shop	15,000	15,000	6,383	0	8,618
26	Rewinding Motors & Generators	10,000	10,000	0	0	10,000
27	Trolley Wheels 8 ea	20,000	20,000	0	0	20,000
29	TOTAL REPAIRS AND MAINTENANCE- SUB	3,057,941	3,162,042	478,290	-104,101	2,579,651
30						
31	DEPRECIATION EXPENSE					
32	Depreciation	1,000,000	1,000,000	899,801	0	100,199
33	TOTAL DEPRECIATION EXPENSE	1,000,000	1,000,000	899,801	0	100,199
34						
35	PROFESSIONAL SERVICES					
36	PMC Management Fee-Cranes	300,000	300,000	55,860	0	244,140
37	Caterpillar Service Contract	50,000	50,000	0	0	50,000
38	Crane Certification	25,000	25,000	18,900	0	6,100
39	TOTAL PROFESSIONAL SERVICES	375,000	375,000	74,760	0	300,240
40						
41	TOTAL GENERAL EXPENSE-CRANE	4,755,051	4,851,642	1,745,678	-96,592	3,009,373
42						
43	INTEREST EXPENSE					
44	Bond Interest Crane Expense	450,000	450,000	387,949	0	62,051
45	TOTAL INTEREST EXPENSE	450,000	450,000	387,949	0	62,051
46						
47	TOTAL NON-OPERATING EXPENSE	450,000	450,000	387,949	0	62,051
48						
49	TOTAL NON DIVISIONAL/GENERAL EXPENSE	5,205,051	5,301,642	2,133,627	-96,592	3,071,423
50						
51	TOTAL NET INCOME/LOSS	859,366	603,221		256,145	
53	Crane Reserve Fund 9.5%	576,120	560,962			

**FY-2024
PROPOSED BUDGET
CRANES**

GANTRY 3, 4, 5 & 6 CIP's					Funding
<u>FY-2024 Proposed</u>					
<i>Crane 5 Trolley Rail Replacement</i>					CRANES
<i>Crane Operator's Cab Acquisition and Changeout</i>					CRANES
<i>APEX Corrosion Control</i>					CRANES
<i>Spare C 32 generator</i>					CRANES
<i>1 Radiator Assembly</i>					CRANES
<i>2 Each Hoist Motors</i>					CRANES
<i>ABB Annual Tune Up for G4, G5, & G6</i>					CRANES
<i>Bi-Annual ABB Tune Up for G4, G5, & G6</i>					CRANES
<i>GE Motors Annual Tune Up for G4, G5, & G6</i>					CRANES
<i>NDT Testing Services</i>					CRANES
<i>AC Replacement 6ea</i>					CRANES
<i>Engine Overhaul 2ea</i>					CRANES
<i>Install fence around shop two area</i>					CRANES
<i>Roof for over resistor Bank Panel</i>					CRANES
<i>Crane Office Renovations</i>					CRANES
<i>Crane 5 Trolley Rail Hinge Replacement</i>					CRANES

**FY-2024
PROPOSED BUDGET
CRANE DIVISION**

BUSINESS UNIT: 411	SECTION: CRANE	SECTION: CRANE MAINTENANCE			
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	496,404	473,668	412,722	22,736	83,682
Holiday Work	19,063	19,063	15,067	0	3,995
Sick Leave Used	90,549	73,193	90,549	17,356	0
Annual Leave Earned	57,610	57,610	47,854	0	9,756
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	16,946	0	-16,946
Labor Cost Salaries	-16,341	-16,341	0	0	-16,341
Regular Salaries	647,285	607,194	583,139	40,092	64,147
Night Differential/Hazard Pay	58,044	58,044	44,371	0	13,673
Overtime	92,423	110,000	106,858	-17,577	-14,435
Labor Cost Overtime	31,070	0	0	31,070	31,070
TOTAL PERSONNEL SERVICES	828,822	775,238	734,368	53,584	94,454
PERSONNEL BENEFITS					
Retirement	186,143	186,143	152,971	0	33,172
Death & Disability	1,931	1,931	988	0	943
Hospital Insurance	96,665	89,504	80,981	7,160	15,684
Life Insurance	1,810	1,810	1,462	0	348
Dental Insurance	3,589	3,589	3,286	0	303
Medicare	12,173	12,173	9,229	0	2,944
Labor Cost Benefits	-7,141	-7,141	0	0	-7,141
TOTAL PERSONNEL BENEFITS	295,169	288,008	248,916	7,160	46,252
MATERIALS & SUPPLIES					
Operational Supplies	20,000	20,000	30,146	0	-10,146
Operational Supplies Shop Use	15,000		710	15,000	14,290
Operational Supplies Toplifter	0		0	0	0
TOTAL MATERIALS & SUPPLIES	35,000	20,000	30,855	15,000	4,145
Furnishing & Equipment					
Office Equipment	1,250	1,250	0	0	1,250
Power & Hand Tools	1,500	1,500	0	0	1,500
Safety Equipment	2,500	2,500	616	0	1,884
Shop Equipment	3,000	3,000	1,028	0	1,973
TOTAL FURNISHING & EQUIPMENT	8,250	8,250	1,644	0	6,606
Overhead Allocation					
OH-Benefits	396,852	425,819	378,676	-28,967	18,176
OH-Overtime	85,000	130,000	156,975	-45,000	-71,975
OH-Salaries & Wages	703,848	809,727	703,848	-105,879	0
TOTAL OVERHEAD ALLOCATION	1,185,700	1,365,546	1,239,499	-179,846	-53,798
DEPARTMENT TOTAL	2,352,941	2,457,042	2,255,282	-104,101	97,659

**FY-2024
PROPOSED BUDGET
FACILITY MAINTENANCE FEE**

		FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
	DESCRIPTION					
	<u>FMF REVENUES</u>					
1	Facility Maintenance Fee	1,943,418	1,899,652	501,219	43,767	1,442,199
2	TOTAL FMF REVENUES	1,943,418	1,899,652	501,219	43,767	1,442,199
3						
4	<u>FMF GENERAL EXPENSE</u>					
5	2018 Bond Int Exp-FMF	580,000	580,000	0	0	580,000
6	Insurance-FMF	356,036	0	323,669	356,036	32,367
7	Other FMF Small Projects	0	0	0	0	0
8	TOTAL REPAIRS AND MAINTENANCE	936,036	580,000	323,669	356,036	612,367
9						
10	TOTAL FMF GENERAL EXPENSE	936,036	580,000	323,669	356,036	612,367
11						
12	TOTAL NET INCOME/LOSS	1,007,382	1,319,652	-177,550	312,270	-829,832
	<u>FACILITY MAINTENANCE CAPITAL IMPROVEMENT PROJECTS</u>					
	<i>A.) The following are list of projects that are currently ongoing, in the planning and design stage and future construction projects. Please note they are not in any order of priority</i>					
	<u>DESCRIPTION</u>					Funding
	Improve Storm Drainage Runoff Along the Reefer Receptacle					FMF
	Installation of Light Poles/ Light Fixtures in Reefer Outlet Area					FMF
	LC-2 and LC-3 Switch Gear Replacement					FMF
	Replace All Interior Fluorescent Lights in all Buildings to LED Lights					FMF
	Replace all Metal Hallide and Any High-Pressure Sodium					FMF
	Retrofit 11 Existing Outfall Pipes Handling					FMF
	F-3 to F-6 Bulkhead Repair					FMF

**FY-2024
PROPOSED BUDGET
DIVISIONAL SUMMARY**

SECTION	BUSINESS UNIT	FY-2024 Proposed Budget	FY-2023	FY-2023	FY-24 Prop	FY-24 Prop
			Approved Budget	Antcpd EOY	vs FY-23 Appr	vs FY-23 Antcpd EOY
General Mgr/Deputy Gen. Mgr	101	1,322,532	1,002,386	1,103,330	320,146	219,202
Harbor Master	121	1,129,750	1,076,516	1,055,991	53,234	73,760
Port Police	122	3,944,942	3,724,497	3,556,469	220,445	388,474
Occupational & Safety	123	827,523	943,414	820,879	-115,891	6,644
Strategic Planning	145	476,087	330,691	730,073	145,395	-253,986
Public Relations/Marketing	150	490,004	380,420	472,923	109,584	17,081
Operations Manager	300	831,309	843,416	817,159	-12,108	14,149
Stevedoring	310-313	4,659,729	4,867,732	4,572,593	-208,003	87,136
Terminal	320	3,682,890	3,415,970	3,650,429	266,919	32,461
Transportation	330-333	5,820,738	5,625,853	5,780,888	194,885	39,850
Maintenance	400-414,430	3,728,513	3,525,319	3,480,332	203,194	248,181
Facility Maintenance	420-423	1,817,934	1,817,992	1,769,071	-58	48,863
Corporate Services	600	548,915	512,240	555,467	36,676	-6,552
Administrative Services	610	344,701	323,824	354,760	20,877	-10,059
Human Resources	620	869,874	951,301	879,788	-81,427	-9,914
Procurement/Supply	630-632	1,209,454	1,152,000	1,139,375	57,454	70,080
Engineering/CIP	640	482,869	320,787	603,659	162,082	-120,790
Commercial	650	701,941	621,177	644,796	80,764	57,146
Information Technology	670	1,267,027	1,223,496	1,807,860	43,531	-540,834
Finance	675-685,140	2,154,508	2,235,485	2,236,286	-80,976	-81,778
Vacancies/Benefits		1,200,000	1,200,000	0	0	1,200,000
TOTAL DIVISION/SECTION EXPENSE		37,511,241	36,094,518	36,032,129	1,416,723	1,479,112

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 101	SECTION: GENERAL MANAGER'S OFFICE				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	846,070	660,967	632,736	185,103	213,334
Holiday Work	1,956	0	1,956	1,956	0
Sick Leave Used	32,017	3,235	32,017	28,781	0
Annual Leave Earned	59,794	59,545	59,794	249	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	939,837	723,748	758,704	216,089	181,133
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	3,585	0	-3,585
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	939,837	723,748	762,289	216,089	177,548
PERSONNEL BENEFITS					
Retirement	264,215	197,933	212,967	66,282	51,248
Death & Disability	1,793	1,475	1,488	318	304
Hospital Insurance	48,370	23,435	37,182	24,935	11,188
Life Insurance	1,317	1,067	1,094	250	224
Dental Insurance	2,328	1,480	1,933	848	395
Medicare	14,587	9,424	11,555	5,163	3,031
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	332,610	234,814	266,220	97,796	66,390
MATERIALS & SUPPLIES					
Office Supplies	4,000	4,000	2,595	0	1,405
TOTAL MATERIALS & SUPPLIES	4,000	4,000	2,595	0	1,405
CONTRACTUALS					
Professional Services	100	100	118	0	-18
TOTAL CONTRACTUALS	100	100	118	0	-18
Miscellaneous					
Dues & Subscriptions	38,485	32,224	69,588	6,261	-31,103
Miscellaneous Others	7,500	7,500	2,521	0	4,979
TOTAL MISCELLANEOUS	45,985	39,724	72,108	6,261	-26,123
DEPARTMENT TOTAL	1,322,532	1,002,386	1,103,330	320,146	219,202

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 121		SECTION: HARBOR MASTER DIVISION			
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
-----		-----	-----	-----	-----
PERSONNEL SERVICES					
Management & Employee Salaries	625,423	597,508	596,778	27,915	28,645
Holiday Work	19,443	25,844	19,443	-6,401	0
Sick Leave Used	25,721	33,162	25,721	-7,441	0
Annual Leave Earned	53,995	52,031	53,995	1,965	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	724,582	708,544	728,137	16,038	-3,556
Night Differential/Hazard Pay	17,494	20,058	17,494	-2,564	0
Overtime	15,000	15,000	22,813	0	-7,813
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	757,075	743,602	768,444	13,474	-11,369
PERSONNEL BENEFITS					
Retirement	195,829	178,996	186,860	16,833	8,969
Death & Disability	3,089	1,981	3,089	1,108	0
Hospital Insurance	74,486	58,396	68,969	16,091	5,518
Life Insurance	1,918	1,595	1,918	323	0
Dental Insurance	2,722	2,295	2,722	427	0
Medicare	10,431	9,451	9,953	979	478
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	288,475	252,715	273,511	35,761	14,965
MATERIALS & SUPPLIES					
Office Supplies	1,500	1,500	1,495	0	5
Operational Supplies	700	700	212	0	488
TOTAL MATERIALS & SUPPLIES	2,200	2,200	1,707	0	493
CONTRACTUALS					
Communication Maintenance	9,000	8,000	5,670	1,000	3,330
Professional Services	6,000	3,000	0	3,000	6,000
Underwater Diving Services	60,000	60,000	4,802	0	55,198
TOTAL CONTRACTUALS	75,000	71,000	10,472	4,000	64,528
Furnishing & Equipment					
Communication Equipment	4,000	4,000	0	0	4,000
Office Equipment	3,000	3,000	1,857	0	1,143
TOTAL FURNISHING & EQUIPMENT	7,000	7,000	1,857	0	5,143
DEPARTMENT TOTAL	1,129,750	1,076,516	1,055,991	53,234	73,760

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 122	SECTION: PORT POLICE DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
-----	-----	-----	-----	-----	-----
PERSONNEL SERVICES					
Management & Employee Salaries	2,328,137	1,909,603	2,221,505	418,535	106,632
Holiday Work	78,642	61,153	78,642	17,489	0
Sick Leave Used	81,317	93,000	81,317	-11,683	0
Annual Leave Earned	190,898	178,495	190,898	12,403	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	2,678,994	2,242,250	2,604,563	436,744	74,431
Night Differential/Hazard Pay	70,684	64,470	70,684	6,213	0
Overtime	150,000	300,000	91,497	-150,000	58,503
Labor Cost Overtime	-45,000	0	-182,172	-45,000	137,172
TOTAL PERSONNEL SERVICES	2,854,678	2,606,720	2,584,571	247,958	270,106
PERSONNEL BENEFITS					
Retirement	722,297	674,687	689,215	47,610	33,082
Death & Disability	14,194	13,479	14,194	716	0
Hospital Insurance	210,097	193,946	194,535	16,151	15,563
Life Insurance	6,422	5,746	6,422	676	0
Dental Insurance	11,258	9,833	11,258	1,425	0
Medicare	39,511	38,085	37,701	1,425	1,810
Labor Cost Benefits	-55,516	0	-52,973	-55,516	-2,543
TOTAL PERSONNEL BENEFITS	948,264	935,777	900,352	12,487	47,912
MATERIALS & SUPPLIES					
Office Supplies	4,000	4,000	1,476	0	2,524
Operational Supplies	80,000	100,000	24,724	-20,000	55,276
TOTAL MATERIALS & SUPPLIES	84,000	104,000	26,200	-20,000	57,800
CONTRACTUALS					
Professional Services	50,000	70,000	25,966	-20,000	24,034
TOTAL CONTRACTUALS	50,000	70,000	25,966	-20,000	24,034
Furnishing & Equipment					
Office Equipment	4,000	4,000	19,379	0	-15,379
Safety Equipment	4,000	4,000	0	0	4,000
TOTAL FURNISHING & EQUIPMENT	8,000	8,000	19,379	0	-11,379
DEPARTMENT TOTAL	3,944,942	3,724,497	3,556,469	220,445	388,474

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 123	SECTION: OCCUPATIONAL HEALTH AND SAFETY DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	427,068	494,180	407,507	-67,112	19,560
Holiday Work	5,817	5,153	5,817	664	0
Sick Leave Used	9,306	9,260	9,306	46	0
Annual Leave Earned	34,377	35,409	34,377	-1,032	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	476,568	544,002	489,209	-67,435	-12,641
Night Differential/Hazard Pay	7,492	7,739	7,492	-247	0
Overtime	20,000	25,000	18,282	-5,000	1,718
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	504,060	576,741	514,982	-72,682	-10,923
PERSONNEL BENEFITS					
Retirement	134,746	138,281	128,574	-3,535	6,172
Death & Disability	2,442	2,895	2,442	-452	0
Hospital Insurance	54,599	58,849	50,554	-4,250	4,044
Life Insurance	1,453	1,361	1,453	92	0
Dental Insurance	2,029	2,081	2,029	-52	0
Medicare	7,194	7,082	6,865	113	330
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	202,463	210,548	191,918	-8,085	10,545
MATERIALS & SUPPLIES					
Office Supplies	4,000	4,000	1,084	0	2,916
Operational Supplies	25,000	25,000	8,329	0	16,671
Operational Supplies Environmental	25,000	35,000	23,970	-10,000	1,030
TOTAL MATERIALS & SUPPLIES	54,000	64,000	33,383	-10,000	20,617
Furnishing & Equipment					
Office Equipment	7,000	7,000	0	0	7,000
Safety Equipment	60,000	85,125	80,597	-25,125	-20,597
TOTAL FURNISHING & EQUIPMENT	67,000	92,125	80,597	-25,125	-13,597
DEPARTMENT TOTAL	827,523	943,414	820,879	-115,891	6,644

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 145		SECTION: STRATEGIC PLANNING DIVISION			
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	469,903	541,341	448,380	-71,438	21,522
Holiday Work	1,011	0	1,011	1,011	0
Sick Leave Used	17,835	17,774	17,835	61	0
Annual Leave Earned	45,347	45,654	45,347	-307	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	-187,961	-317,045	123	129,084	-188,084
Regular Salaries	346,135	287,724	544,899	58,412	-198,763
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	2,023	0	-2,023
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	346,135	287,724	546,921	58,412	-200,786
PERSONNEL BENEFITS					
Retirement	152,880	148,410	145,877	4,470	7,002
Death & Disability	960	1,132	960	-172	0
Hospital Insurance	28,291	17,972	26,196	10,320	2,096
Life Insurance	1,050	1,080	1,050	-31	0
Dental Insurance	1,937	1,611	1,937	326	0
Medicare	6,685	6,512	6,379	173	306
Labor Cost Benefits	-63,826	-138,549	54	74,723	-63,880
TOTAL PERSONNEL BENEFITS	127,977	38,168	182,452	89,809	-54,476
MATERIALS & SUPPLIES					
Office Supplies	800	1,600	700	-800	100
Operational Supplies	800	600	0	200	800
TOTAL MATERIALS & SUPPLIES	1,600	2,200	700	-600	900
Furnishing & Equipment					
Safety Equipment	375	100	0	275	375
TOTAL FURNISHING & EQUIPMENT	375	100	0	275	375
Miscellaneous					
Dues & Subscriptions	0	2,500	0	-2,500	0
TOTAL MISCELLANEOUS	0	2,500	0	-2,500	0
DEPARTMENT TOTAL	476,087	330,691	730,073	145,395	-253,986

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 150	SECTION: MARKETING/PUBLIC RELATIONS DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	282,064	226,782	269,145	55,282	12,919
Holiday Work	0	0	0	0	0
Sick Leave Used	22,477	27,498	22,477	-5,021	0
Annual Leave Earned	29,615	23,254	29,615	6,361	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	334,156	277,534	353,438	56,622	-19,282
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	75	0	-75
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	334,156	277,534	353,513	56,622	-19,357
PERSONNEL BENEFITS					
Retirement	98,904	66,630	94,374	32,274	4,530
Death & Disability	987	542	987	445	0
Hospital Insurance	11,039	5,788	10,222	5,251	818
Life Insurance	661	383	661	278	0
Dental Insurance	903	543	903	359	0
Medicare	4,453	3,000	4,249	1,453	204
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	116,948	76,887	111,396	40,061	5,552
MATERIALS & SUPPLIES					
Office Supplies	5,000	2,000	2,232	3,000	2,768
Operational Supplies	3,000	3,000	2,561	0	439
TOTAL MATERIALS & SUPPLIES	8,000	5,000	4,794	3,000	3,206
CONTRACTUALS					
Advertising	7,000	7,000	0	0	7,000
Other Contractual Services	15,000	10,000	1,089	5,000	13,911
TOTAL CONTRACTUALS	22,000	17,000	1,089	5,000	20,911
Furnishing & Equipment					
Office Equipment	2,500	2,500	2,131	0	369
TOTAL FURNISHING & EQUIPMENT	2,500	2,500	2,131	0	369
Miscellaneous					
Dues & Subscriptions	6,400	1,500	0	4,900	6,400
TOTAL MISCELLANEOUS	6,400	1,500	0	4,900	6,400
DEPARTMENT TOTAL	490,004	380,420	472,923	109,584	17,081

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 300	SECTION: OPERATIONS MANAGER				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	496,526	464,817	473,785	31,709	22,742
Holiday Work	1,609	2,712	1,609	-1,103	0
Sick Leave Used	27,948	23,555	27,948	4,393	0
Annual Leave Earned	53,584	53,430	53,584	154	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	579,667	544,514	589,127	35,153	-9,459
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	2,905	0	-2,905
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	579,667	544,514	592,032	35,153	-12,365
PERSONNEL BENEFITS					
Retirement	163,937	156,529	156,429	7,409	7,509
Death & Disability	0	0	0	0	0
Hospital Insurance	16,903	22,667	15,651	-5,764	1,252
Life Insurance	1,094	1,095	1,094	-1	0
Dental Insurance	1,160	1,366	1,160	-206	0
Medicare	7,547	7,045	7,201	502	346
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	190,641	188,702	181,535	1,939	9,106
MATERIALS & SUPPLIES					
Office Supplies	1,000	200	277	800	723
TOTAL MATERIALS & SUPPLIES	1,000	200	277	0	723
Furnishing & Equipment					
Office Equipment	10,000	30,000	5,508	-20,000	4,492
Safety Equipment	50,000	80,000	37,807	-30,000	12,193
TOTAL FURNISHING & EQUIPMENT	60,000	110,000	43,315	-50,000	16,685
DEPARTMENT TOTAL	831,309	843,416	817,159	-12,908	14,149

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 310-313	SECTION: STEVEDORING DIVISON				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	2,422,973	2,748,612	2,311,997	-325,639	110,976
Holiday Work	39,536	20,431	39,536	19,105	0
Sick Leave Used	198,931	83,536	198,931	115,395	0
Annual Leave Earned	201,872	208,518	201,872	-6,646	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	2,863,312	3,061,098	2,784,537	-197,786	78,775
Night Differential/Hazard Pay	166,103	176,783	166,103	-10,679	0
Overtime	526,770	550,000	576,188	-23,230	-49,417
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	3,556,185	3,787,880	3,526,828	-231,695	29,358
PERSONNEL BENEFITS					
Retirement	755,727	781,946	721,114	-26,219	34,613
Death & Disability	16,579	20,530	16,579	-3,951	0
Hospital Insurance	257,044	207,308	238,003	49,735	19,040
Life Insurance	8,538	6,632	8,538	1,907	0
Dental Insurance	12,571	10,874	12,571	1,696	0
Medicare	49,086	48,562	46,837	524	2,248
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	1,099,543	1,075,852	1,043,641	23,692	55,902
MATERIALS & SUPPLIES					
Office Supplies	1,000	1,000	571	0	429
Operational Supplies	2,000	2,000	966	0	1,034
TOTAL MATERIALS & SUPPLIES	3,000	3,000	1,537	0	1,463
Furnishing & Equipment					
Safety Equipment	1,000	1,000	587	0	413
TOTAL FURNISHING & EQUIPMENT	1,000	1,000	587	0	413
DEPARTMENT TOTAL	4,659,729	4,867,732	4,572,593	-208,003	87,136

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 320	SECTION: TERMINAL DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	2,103,276	1,916,640	2,006,943	186,636	96,333
Holiday Work	41,671	26,409	41,671	15,262	0
Sick Leave Used	55,069	79,032	55,069	-23,963	0
Annual Leave Earned	172,322	156,287	172,322	16,035	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	169	32,201	-169	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	2,372,338	2,178,537	2,308,205	193,801	64,132
Night Differential/Hazard Pay	126,846	99,398	126,846	27,448	0
Overtime	270,894	338,000	347,389	-67,106	-76,495
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	2,770,077	2,615,934	2,782,440	154,143	-12,363
PERSONNEL BENEFITS					
Retirement	657,914	586,215	627,781	71,699	30,133
Death & Disability	12,004	8,582	12,004	3,422	0
Hospital Insurance	181,024	150,249	167,615	30,775	13,409
Life Insurance	6,712	6,446	6,712	266	0
Dental Insurance	8,079	6,819	8,079	1,260	0
Medicare	37,180	31,826	35,477	5,354	1,703
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	902,913	790,136	857,667	112,776	45,246
MATERIALS & SUPPLIES					
Office Supplies	4,000	4,000	4,876	0	-876
Operational Supplies	5,000	5,000	4,778	0	222
TOTAL MATERIALS & SUPPLIES	9,000	9,000	9,655	0	-655
Furnishing & Equipment					
Safety Equipment	900	900	667	0	233
TOTAL FURNISHING & EQUIPMENT	900	900	667	0	233
DEPARTMENT TOTAL	3,682,890	3,415,970	3,650,429	266,919	32,461

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 330-333		SECTION: TRANSPORTATION DIVISION			
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	2,847,595	2,561,149	2,717,170	286,445	130,424
Holiday Work	44,020	32,277	44,020	11,742	0
Sick Leave Used	168,297	165,718	168,297	2,579	0
Annual Leave Earned	252,080	257,179	252,080	-5,100	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	3,311,991	3,016,324	3,213,768	295,667	98,223
Night Differential/Hazard Pay	235,657	232,888	235,657	2,769	0
Overtime	509,990	686,000	594,771	-176,010	-84,781
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	4,057,638	3,935,212	4,044,196	122,426	13,442
PERSONNEL BENEFITS					
Retirement	949,113	923,972	905,643	25,141	43,471
Death & Disability	15,164	13,933	15,164	1,232	0
Hospital Insurance	356,195	314,778	329,810	41,416	26,385
Life Insurance	10,111	10,409	10,111	-297	0
Dental Insurance	15,914	14,959	15,914	955	0
Medicare	56,602	54,589	54,010	2,013	2,592
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	1,403,100	1,332,640	1,330,652	70,460	72,448
MATERIALS & SUPPLIES					
Office Supplies	3,000	2,000	363	1,000	2,637
Operational Supplies	2,000	1,000	404	1,000	1,596
Gas	100,000	100,000	80,748	0	19,252
Diesel	250,000	250,000	323,024	0	-73,024
TOTAL MATERIALS & SUPPLIES	355,000	353,000	404,539	2,000	-49,539
Furnishing & Equipment					
Safety Equipment	5,000	5,000	1,501	0	3,499
TOTAL FURNISHING & EQUIPMENT	5,000	5,000	1,501	0	3,499
DEPARTMENT TOTAL	5,820,738	5,625,853	5,780,888	194,885	39,850

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 400-414,430	SECTION: MAINTENANCE DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM					
	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	2,225,072	2,271,316	2,123,160	-46,244	101,912
Holiday Work	20,899	10,340	20,899	10,559	0
Sick Leave Used	180,645	192,066	180,645	-11,421	0
Annual Leave Earned	209,125	205,179	209,125	3,947	0
Typhoon Salaries	0	194	32,201	-194	-32,201
Labor Cost Salaries	-737,633	-874,284	-703,848	136,652	-33,785
Regular Salaries	1,898,108	1,804,810	1,862,182	93,298	35,926
Night Differential/Hazard Pay	128,963	144,308	128,963	-15,345	0
Overtime	112,845	175,000	261,899	-62,155	-149,054
Labor Cost Overtime	-85,000	-130,000	-156,975	45,000	71,975
TOTAL PERSONNEL SERVICES	2,054,916	1,994,118	2,096,070	60,798	-41,154
PERSONNEL BENEFITS					
Retirement	762,039	770,481	727,137	-8,442	34,903
Death & Disability	9,548	9,129	9,548	420	0
Hospital Insurance	261,204	220,312	241,855	40,891	19,348
Life Insurance	8,191	6,643	8,191	1,548	0
Dental Insurance	13,289	10,139	13,289	3,150	0
Medicare	39,477	38,827	37,669	650	1,808
Labor Cost Benefits	-396,852	-454,031	-378,676	57,179	-18,176
TOTAL PERSONNEL BENEFITS	696,897	601,501	659,014	95,396	37,883
MATERIALS & SUPPLIES					
Office Supplies	12,500	12,500	1,280	0	11,221
Operational Supplies	475,000	470,000	428,432	5,000	46,569
Operational Supplies Shop Use	45,000		9,536	45,000	35,464
Operational Supplies Topliifer	300,000	319,000	226,196	-19,000	73,804
TOTAL MATERIALS & SUPPLIES	832,500	791,500	665,443	31,000	167,057
CONTRACTUALS					
Air Conditioning Repair	12,000	12,000	0	0	12,000
Hydraulic Hose Replacement	20,000	20,000	21,954	0	-1,954
Machine Shop Services	8,000	8,000	0	0	8,000
Starter & Alternator Services	10,000	10,000	2,498	0	7,503
Tire Repairs	25,000	25,000	15,183	0	9,817
Windshield Glass Repairs	5,000	5,000	0	0	5,000
TOTAL CONTRACTUALS	80,000	80,000	39,635	0	40,365
Furnishing & Equipment					
Office Equipment	20,200	21,200	0	-1,000	20,200
Power & Hand Tools	11,500	11,500	7,347	0	4,153
Safety Equipment	14,500	16,500	4,913	-2,000	9,587
Shop Equipment	18,000	18,000	7,910	0	10,090
TOTAL FURNISHING & EQUIPMENT	64,200	67,200	20,170	-3,000	44,030
DEPARTMENT TOTAL	3,728,513	3,525,319	3,480,332	184,194	248,181

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 420-423	SECTION: FACILITY DIVISION				
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	FY-2024	FY-2023	FY-2023	FY-24 Prop	FY-24 Prop
OBJECT	Proposed	Approved	Antcpd	vs	vs
CLASSIFICATION/ITEM	Budget	Budget	EOY	FY-23 Appr	FY-23 Antcpd
					EOY
-----	4.8%	-----	-----	-----	-----
PERSONNEL SERVICES					
Management & Employee Salaries	1,193,010	1,276,158	1,138,368	-83,148	54,642
Holiday Work	4,768	4,920	4,768	-152	0
Sick Leave Used	44,878	54,836	44,878	-9,957	0
Annual Leave Earned	97,742	100,942	97,742	-3,200	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	-376,454	-476,860	-359,212	100,405	-17,242
Regular Salaries	963,944	959,995	958,746	3,949	5,198
Night Differential/Hazard Pay	12,611	17,099	12,611	-4,488	0
Overtime	117,827	125,500	117,028	-7,673	798
Labor Cost Overtime	-12,000	-15,200	0	3,200	-12,000
TOTAL PERSONNEL SERVICES	1,082,382	1,087,394	1,088,385	-5,013	-6,003
PERSONNEL BENEFITS					
Retirement	389,262	366,451	371,433	22,810	17,829
Death & Disability	8,911	8,190	8,911	721	0
Hospital Insurance	181,012	147,555	167,604	33,457	13,408
Life Insurance	4,715	4,422	4,715	293	0
Dental Insurance	8,280	7,015	8,280	1,265	0
Medicare	19,975	19,452	19,060	522	915
Labor Cost Benefits	-165,602	-208,388	-158,017	42,785	-7,585
TOTAL PERSONNEL BENEFITS	446,552	344,698	421,985	101,854	24,567
MATERIALS & SUPPLIES					
Office Supplies	1,500	1,500	0	0	1,500
Operational Supplies	200,000	240,000	200,539	-40,000	-539
TOTAL MATERIALS & SUPPLIES	201,500	241,500	200,539	-40,000	961
CONTRACTUALS					
Equipment Rental	10,000	10,000	0	0	10,000
Professional Services	40,000	100,000	34,476	-60,000	5,524
TOTAL CONTRACTUALS	50,000	110,000	34,476	-60,000	15,524
Furnishing & Equipment					
Office Equipment	1,000	900	150	100	850
Power & Hand Tools	6,000	5,000	2,665	1,000	3,335
Safety Equipment	4,500	3,500	0	1,000	4,500
Shop Equipment	6,000	5,000	1,469	1,000	4,532
Marina Maintenance Agat	10,000	10,000	5,091	0	4,909
Marina Maintenance GDP	10,000	10,000	14,312	0	-4,312
TOTAL FURNISHING & EQUIPMENT	37,500	34,400	23,686	3,100	13,814
DEPARTMENT TOTAL	1,817,934	1,817,992	1,769,071	-58	48,863

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 600	SECTION: CORPORATE SERVICES MANAGER				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	337,790	316,826	322,319	20,965	15,471
Holiday Work	0	0	0	0	0
Sick Leave Used	25,568	28,201	25,568	-2,633	0
Annual Leave Earned	37,380	35,732	37,380	1,648	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	400,738	380,758	417,468	19,980	-16,730
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	146	0	-146
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	400,738	380,758	417,614	19,980	-16,876
PERSONNEL BENEFITS					
Retirement	118,832	102,568	113,389	16,264	5,443
Death & Disability	987	995	987	-9	0
Hospital Insurance	17,898	17,819	16,572	79	1,326
Life Insurance	761	730	761	32	0
Dental Insurance	823	750	823	73	0
Medicare	5,577	5,319	5,321	258	255
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	144,877	128,181	137,853	16,696	7,024
MATERIALS & SUPPLIES					
Office Supplies	3,000	3,000	0	0	3,000
TOTAL MATERIALS & SUPPLIES	3,000	3,000	0	0	3,000
Furnishing & Equipment					
Office Equipment	300	300	0	0	300
TOTAL FURNISHING & EQUIPMENT	300	300	0	0	300
DEPARTMENT TOTAL	548,915	512,240	555,467	36,676	-6,552

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 610	SECTION: GENERAL ADMINISTRATION DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	205,149	201,141	195,753	4,008	9,396
Holiday Work	0	0	0	0	0
Sick Leave Used	8,969	4,015	8,969	4,955	0
Annual Leave Earned	19,562	21,040	19,562	-1,478	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	233,680	226,195	256,485	7,485	-22,805
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	0	0	0
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	233,680	226,195	256,485	7,485	-22,805
PERSONNEL BENEFITS					
Retirement	57,045	61,907	54,432	-4,862	2,613
Death & Disability	950	493	950	456	0
Hospital Insurance	35,900	24,391	33,240	11,509	2,659
Life Insurance	714	730	714	-16	0
Dental Insurance	1,368	843	1,368	525	0
Medicare	3,125	2,865	2,982	260	143
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	99,101	91,228	93,686	7,873	5,415
MATERIALS & SUPPLIES					
Office Supplies	6,000	6,000	4,589	0	1,411
TOTAL MATERIALS & SUPPLIES	6,000	6,000	4,589	0	1,411
CONTRACTUALS					
Equipment Rental			0	0	0
Professional Services	5,520		0	5,520	5,520
TOTAL CONTRACTUALS	5,520	0	0	5,520	5,520
Furnishing & Equipment					
Office Equipment	400	400	0	0	400
TOTAL FURNISHING & EQUIPMENT	400	400	0	0	400
DEPARTMENT TOTAL	344,701	323,824	354,760	20,877	-10,059

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 620	SECTION: HUMAN RESOURCES DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	403,427	442,602	384,949	-39,175	18,478
Holiday Work	0	0	0	0	0
Sick Leave Used	6,469	22,816	6,469	-16,348	0
Annual Leave Earned	41,224	38,217	41,224	3,007	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	451,119	503,634	464,843	-52,515	-13,723
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	2,500	2,500	0	0	2,500
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	453,619	506,134	464,843	-52,515	-11,223
PERSONNEL BENEFITS					
Retirement	131,201	188,917	125,191	-57,717	6,009
Death & Disability	1,921	1,871	1,921	50	0
Hospital Insurance	30,598	25,184	28,331	5,414	2,267
Life Insurance	1,075	815	1,075	260	0
Dental Insurance	1,667	1,537	1,667	130	0
Medicare	6,293	9,292	6,005	-2,999	288
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	172,755	227,616	164,191	-54,862	8,564
MATERIALS & SUPPLIES					
Office Supplies	2,000	1,500	1,900	500	100
TOTAL MATERIALS & SUPPLIES	2,000	1,500	1,900	500	100
TRAINING & TRAVEL					
Training	100,000	75,000	67,199	25,000	32,801
Travel	140,000	140,000	181,656	0	-41,656
TOTAL TRAINING & TRAVEL	240,000	215,000	248,855	25,000	-8,855
Furnishing & Equipment					
Office Equipment	500	500	0	0	500
TOTAL FURNISHING & EQUIPMENT	500	500	0	0	500
Miscellaneous					
Dues & Subscriptions	1,000	550	0	450	1,000
TOTAL MISCELLANEOUS	1,000	550	0	450	1,000
DEPARTMENT TOTAL	869,874	951,301	879,788	-81,427	-9,914

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 630-632	SECTION: PROCUREMENT/SUPPLY DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	686,901	670,340	655,440	16,561	31,461
Holiday Work	184	0	184	184	0
Sick Leave Used	13,236	18,620	13,236	-5,384	0
Annual Leave Earned	66,888	62,339	66,888	4,549	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	767,209	751,300	767,949	15,910	-740
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	5,000	5,000	74	0	4,926
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	772,209	756,300	768,023	15,910	4,186
PERSONNEL BENEFITS					
Retirement	222,100	205,821	211,927	16,278	10,173
Death & Disability	2,960	2,764	2,960	196	0
Hospital Insurance	78,691	57,722	72,862	20,969	5,829
Life Insurance	2,187	1,978	2,187	209	0
Dental Insurance	3,210	2,324	3,210	887	0
Medicare	9,596	9,090	9,156	505	439
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	318,745	279,700	302,304	39,045	16,441
MATERIALS & SUPPLIES					
Office Supplies	4,500	3,500	1,257	1,000	3,243
TOTAL MATERIALS & SUPPLIES	4,500	3,500	1,257	1,000	3,243
CONTRACTUALS					
Advertising	17,000	17,000	12,879	0	4,121
Equipment Rental	75,000	76,500	36,391	-1,500	38,609
TOTAL CONTRACTUALS	92,000	93,500	49,270	-1,500	42,730
Furnishing & Equipment					
Office Equipment	6,000	3,000	3,763	3,000	2,237
TOTAL FURNISHING & EQUIPMENT	6,000	3,000	3,763	3,000	2,237
Miscellaneous					
Drinking Water	16,000	16,000	14,758	0	1,242
TOTAL MISCELLANEOUS	16,000	16,000	14,758	0	1,242
DEPARTMENT TOTAL	1,209,454	1,152,000	1,139,375	57,454	70,080

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 640	SECTION: ENGINEERING/CIP DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM					
-----	4.8%	-----	-----	-----	-----
PERSONNEL SERVICES					
Management & Employee Salaries	527,683	503,514	342,872	24,169	184,811
Holiday Work	993	0	993	993	0
Sick Leave Used	23,950	15,703	23,950	8,246	0
Annual Leave Earned	24,591	36,669	24,591	-12,078	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	-279,672	-342,032	0	62,360	-279,672
Regular Salaries	297,545	213,854	424,607	83,691	-127,062
Night Differential/Hazard Pay	241	31	241	209	0
Overtime	78,000	78,000	1,931	0	76,069
Labor Cost Overtime	-55,000	-70,200	0	15,200	-55,000
TOTAL PERSONNEL SERVICES	320,786	221,686	426,778	99,100	-105,992
PERSONNEL BENEFITS					
Retirement	196,684	179,114	115,851	17,570	80,833
Death & Disability	1,673	1,524	1,755	149	-82
Hospital Insurance	42,731	36,031	35,404	6,700	7,326
Life Insurance	971	885	1,079	87	-107
Dental Insurance	2,556	2,328	2,071	228	485
Medicare	7,894	7,189	5,153	705	2,741
Labor Cost Benefits	-108,426	-149,468	0	41,042	-108,426
TOTAL PERSONNEL BENEFITS	144,083	77,602	161,314	66,482	-17,231
MATERIALS & SUPPLIES					
Office Supplies	2,000	1,500	1,384	500	616
TOTAL MATERIALS & SUPPLIES	2,000	1,500	1,384	500	616
CONTRACTUALS					
Blue Print Services	2,000	2,000	36	0	1,964
TOTAL CONTRACTUALS	2,000	2,000	36	0	1,964
Furnishing & Equipment					
Office Equipment	7,000	2,000	962	5,000	6,039
TOTAL FURNISHING & EQUIPMENT	7,000	2,000	962	5,000	6,039
Miscellaneous					
Dues & Subscriptions	7,000	16,000	13,186	-9,000	-6,186
TOTAL MISCELLANEOUS	7,000	16,000	13,186	-9,000	-6,186
DEPARTMENT TOTAL	482,869	320,787	603,659	162,082	-120,790

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 650	SECTION: COMMERCIAL DIVISION				

	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
OBJECT					
CLASSIFICATION/ITEM					

	4.8%				

PERSONNEL SERVICES					
Management & Employee Salaries	380,872	331,680	363,427	49,191	17,445
Holiday Work	0	0	0	0	0
Sick Leave Used	28,600	25,708	28,600	2,893	0
Annual Leave Earned	37,936	34,560	37,936	3,376	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	788	32,201	-788	-32,201
Labor Cost Salaries	0	0	0	0	0
Regular Salaries	447,408	392,736	462,164	54,672	-14,757
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	0	0	0	0	0
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	447,408	392,736	462,164	54,672	-14,757
PERSONNEL BENEFITS					
Retirement	125,856	108,710	120,092	17,146	5,764
Death & Disability	1,323	987	1,323	337	0
Hospital Insurance	48,363	36,234	44,780	12,129	3,582
Life Insurance	960	1,036	960	-76	0
Dental Insurance	1,996	1,442	1,996	554	0
Medicare	6,035	5,033	5,758	1,002	276
Labor Cost Benefits	0	0	0	0	0
TOTAL PERSONNEL BENEFITS	184,533	153,441	174,910	31,092	9,623
MATERIALS & SUPPLIES					
Office Supplies	2,000	2,000	1,571	0	429
TOTAL MATERIALS & SUPPLIES	2,000	2,000	1,571	0	429
CONTRACTUALS					
Appraisal Services	40,000	30,000	0	10,000	40,000
Equipment Rental	5,000	10,000	0	-5,000	5,000
Printing Services	5,000	10,000	0	-5,000	5,000
Surveyor Services	10,000	15,000	6,150	-5,000	3,850
TOTAL CONTRACTUALS	60,000	65,000	6,150	-5,000	53,850
Furnishing & Equipment					
Office Equipment	5,000	5,000	0	0	5,000
Power & Hand Tools	3,000	3,000	0	0	3,000
TOTAL FURNISHING & EQUIPMENT	8,000	8,000	0	0	8,000
DEPARTMENT TOTAL	701,941	621,177	644,796	80,764	57,146

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 670	SECTION: INFORMATION TECHNOLOGY DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	573,454	498,249	547,189	75,205	26,265
Holiday Work	0	0	0	0	0
Sick Leave Used	30,969	16,876	30,969	14,093	0
Annual Leave Earned	56,902	54,069	56,902	2,833	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	-90,328	-86,191	0	-4,137	-90,328
Regular Salaries	570,997	483,003	667,261	87,994	-96,264
Night Differential/Hazard Pay	0	0	0	0	0
Overtime	20,000	20,000	12,592	0	7,408
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	590,997	503,003	679,854	87,994	-88,856
PERSONNEL BENEFITS					
Retirement	186,815	166,876	178,258	19,938	8,556
Death & Disability	308	0	308	308	0
Hospital Insurance	55,893	48,802	51,753	7,091	4,140
Life Insurance	1,257	1,270	1,257	-13	0
Dental Insurance	2,112	1,622	2,112	490	0
Medicare	7,918	7,188	7,555	731	363
Labor Cost Benefits	-39,474	-37,666	0	-1,808	-39,474
TOTAL PERSONNEL BENEFITS	214,829	188,093	241,244	26,737	-26,415
MATERIALS & SUPPLIES					
Office Supplies	1,000	1,000	208	0	792
Operational Supplies	40,000	52,000	15,669	-12,000	24,331
TOTAL MATERIALS & SUPPLIES	41,000	53,000	15,877	-12,000	25,123
CONTRACTUALS					
Computer Maintenance	200,000	191,500	561,505	8,500	-361,505
General Service & Maintenance	155,000	155,000	225,000	0	-70,000
Professional Services			79,658	0	-79,658
TOTAL CONTRACTUALS	355,000	346,500	866,162	8,500	-511,162
Furnishing & Equipment					
Office Equipment	1,000	500	260	500	740
Power & Hand Tools	15,000	4,000	0	11,000	15,000
Computer Equipment	800	80,000	3,795	-79,200	-2,995
TOTAL FURNISHING & EQUIPMENT	16,800	84,500	4,055	-67,700	12,745
Miscellaneous					
Dues & Subscriptions	48,400	48,400	667	0	47,733
TOTAL MISCELLANEOUS	48,400	48,400	667	0	47,733
DEPARTMENT TOTAL	1,267,027	1,223,496	1,807,860	43,531	-540,834

**FY-2024
PROPOSED BUDGET**

BUSINESS UNIT: 675-685, 140	SECTION: FINANCE DIVISION				
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OBJECT	FY-2024 Proposed Budget	FY-2023 Approved Budget	FY-2023 Antcpd EOY	FY-24 Prop vs FY-23 Appr	FY-24 Prop vs FY-23 Antcpd EOY
CLASSIFICATION/ITEM	4.8%				
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PERSONNEL SERVICES					
Management & Employee Salaries	1,437,431	1,485,300	1,371,594	-47,869	65,837
Holiday Work	1,591	1,012	1,591	579	0
Sick Leave Used	47,795	40,394	47,795	7,401	0
Annual Leave Earned	122,244	121,253	122,244	991	0
Comp Time Taken	0	0	0	0	0
Typhoon Salaries	0	0	32,201	0	-32,201
Labor Cost Salaries	-120,664	-115,137	0	-5,527	-120,664
Regular Salaries	1,488,397	1,532,821	1,575,425	-44,424	-87,028
Night Differential/Hazard Pay	12	68	12	-56	0
Overtime	8,518	10,000	7,177	-1,482	1,341
Labor Cost Overtime	0	0	0	0	0
TOTAL PERSONNEL SERVICES	1,496,927	1,542,889	1,582,614	-45,962	-85,687
PERSONNEL BENEFITS			0		
Retirement	462,611	443,165	441,422	19,446	21,188
Death & Disability	6,364	6,426	6,364	-62	0
Hospital Insurance	125,385	105,886	116,097	19,498	9,288
Life Insurance	4,084	4,181	4,084	-96	0
Dental Insurance	5,410	5,141	5,410	269	0
Medicare	20,608	19,723	19,664	884	944
Labor Cost Benefits	-52,730	-50,315	0	-2,415	-52,730
TOTAL PERSONNEL BENEFITS	571,732	534,208	593,042	37,524	-21,310
MATERIALS & SUPPLIES					
Office Supplies	10,350	10,000	3,520	350	6,830
TOTAL MATERIALS & SUPPLIES	10,350	10,000	3,520	350	6,830
CONTRACTUALS					
Communication Maintenance	70,000	140,188	51,866	-70,188	18,134
TOTAL CONTRACTUALS	70,000	140,188	51,866	-70,188	18,134
Furnishing & Equipment					
Office Equipment	3,500	7,000	1,733	-3,500	1,767
TOTAL FURNISHING & EQUIPMENT	3,500	7,000	1,733	-3,500	1,767
Miscellaneous					
Dues & Subscriptions	2,000	1,200	3,512	800	-1,512
TOTAL MISCELLANEOUS	2,000	1,200	3,512	800	-1,512
DEPARTMENT TOTAL	2,154,508	2,235,485	2,236,286	-80,976	-81,778

**FY-2024
PROPOSED BUDGET
CAPITAL IMPROVEMENT PROJECTS**

A.) The following list of projects are currently ongoing or in the planning and design stages. Please note they are not in any order of priority and is Subject to Cash Availability and will go through the processes of being Certified and Approved by the Financial Affairs Controller and the General Manager of the Port Authority of Guam

	Description	Category	Status	Start Date	End Date	Balance	Bid Amount
BOND PROJECTS:							
1	Rehabilitation of H Wharf	BOND	Ongoing	10/2/2023	11/30/2025	10,809,674	46,331,895
2	EQMR Building Repairs and Upgrades	BOND	Ongoing	10/1/2022	5/31/2024	2,224,204	3,980,000
3	Financial Management System (Enterprise 1 Upgrade)	BOND	Ongoing	9/30/2019	12/31/2022	(107,582)	0
4	Golf Pier Repairs and Improvements	BOND	To be rebid	1/1/2023	6/30/2024	1,421,172	5,345,000
5	New Administration Building	BOND	No action			10,445,000	0
6	PL 35-44 Reprogrammed Funds (Other Priority Projects)	BOND	No action			4,980,745	0
7	Warehouse 1 Repairs and Upgrades	BOND	Ongoing	1/1/2023	6/30/2024	1,287,589	6,460,000
8	Waterline Replacement and Relocation	BOND	Ongoing	8/1/2022	12/31/2023	3,772,809	4,856,569
9							
10							
11						34,833,611	66,973,464
12							
	Description	Category	Status	Start Date	End Date	Fed Share	PAG Share
Federal Funded CIP Projects:							
14	Agat Marina's Dock B Repair	USFWS/DOAg	Ongoing	10/1/2022	9/30/2024	500,000	994,750
15	F1 to Golf Pier Fuel Connectivity Project	EDA	Ongoing	6/1/2023	12/31/2024	2,413,091	603,272
16	DERA Tractor Replacement (FY2021)	EPA	Ongoing	10/1/2022	9/30/2024	376,609	357,791
17	Acquisition of Transportation Worker Identification Credentialing (TWIC) System	FY2021 FEMA PSGP	Ongoing	9/1/2021	9/30/2024	165,001	55,000
18	Acquisition of Vessel Tracking/Radar Intrusion System	FY2021 FEMA PSGP	Ongoing	9/1/2021	9/30/2024	201,250	67,083
19	Acquisition of Two Unmanned Aerial Vehicles (Port Police Drones)	FY 2022 FEMA PSGP	Pending PAG Policy to FEMA	9/1/2022	8/31/2025	74,290	24,763
20	Acquisition of Motorola Radio Units	FY 2022 FEMA PSGP	Ongoing	9/1/2022	8/31/2025	405,479	135,160
21	Fendering System Hardening Project (HMGP)	FEMA HMGP	Ongoing	12/7/2021	11/4/2023	603,689	201,230
22	Warehouse 1 Hardening Project (Roll-Up Doors) (HMGP)	FEMA HMGP	Ongoing	12/7/2021	11/4/2023	385,875	128,625
23	Phase 1: Welding Shop Repairs and Upgrades	OIA	Pending SHPO	1/1/2023	12/31/2023	241,950	241,950
24	Phase 2: Welding Shop Repairs and Upgrades	OIA	Pending SHPO	1/1/2023	12/31/2023	151,850	151,850
25	Wharves Service Life Extension: F1 - F6 Hardening	MARAD	Pending NEPA	1/1/2023	12/31/2026	17,941,997	4,485,499
26	Acquisition of Specialized Container Yard Equipment (i.e.: 40-Ton Loaded Container Handler, 10-Ton Empty Container Handler, 5.5-Ton Forklift, 180-Ft. Boom Lift, Container Yard Tractor Trailer, and 40-Plug Mobile Reefer Generator)	MARAD AMHP	Ongoing	8/4/2023	5/1/2026	5,703,560	3,629,271
27							
28							
29						29,164,640	11,076,244
30							
	Description		Status	Priority			PAG
PAG Funded CIP Projects:							
32	Design Build Agat Marina Bathroom and Showers		Ongoing				345,000
33	Crane Demolition		Ongoing				2,573,155
34	Concrete Spalling-CFS		Ongoing				23,384
35	Concrete Spalling-CFS		Ongoing				109,067
36	Concrete Spalling-CFS		Ongoing				163,586
37	Replace Reefers		Ongoing				600,000
38	Replacement of Storm Drainage Gratings		Ongoing				34,500
39	CFS Building Painting		Ongoing				390,000
40	CFS Building Painting		Ongoing				39,806
41	CCTV and ACS Replacement Project (Agat Marina)		Ongoing				307,744
42	LC-2 and LC-3 Switch Gear Replacement		Priority	1			250,000
43	F-3 to F-6 Bulkhead Repair		Priority	2			195,000
44	Repair/Replacement of Chassis Trailer Parking Stalls		Priority	3			100,000
45	Container Yard Stripping and Numbering		Priority	4			415,000
46	Broken Drainage Grating Replacement		Priority	5			480,000
47	Improve Storm Drainage Runoff Along the Reefer Receptacle		Priority	6			40,000
48	LC-2 and LC-3 Switch Gear Replacement		Priority	7			250,000
49	Administration Building Roof Top 2nd Flr Surrounding Harbor Master Repairs		Priority	8			540,000
50	Replace all Metal Hallide and Any High-Pressure Sodium		Priority	9			954,000
51	Replace All Interior Fluorescent Lights in all Buildings to LED Lights		Priority	10			130,000
							7,940,243

Survivability Clause:

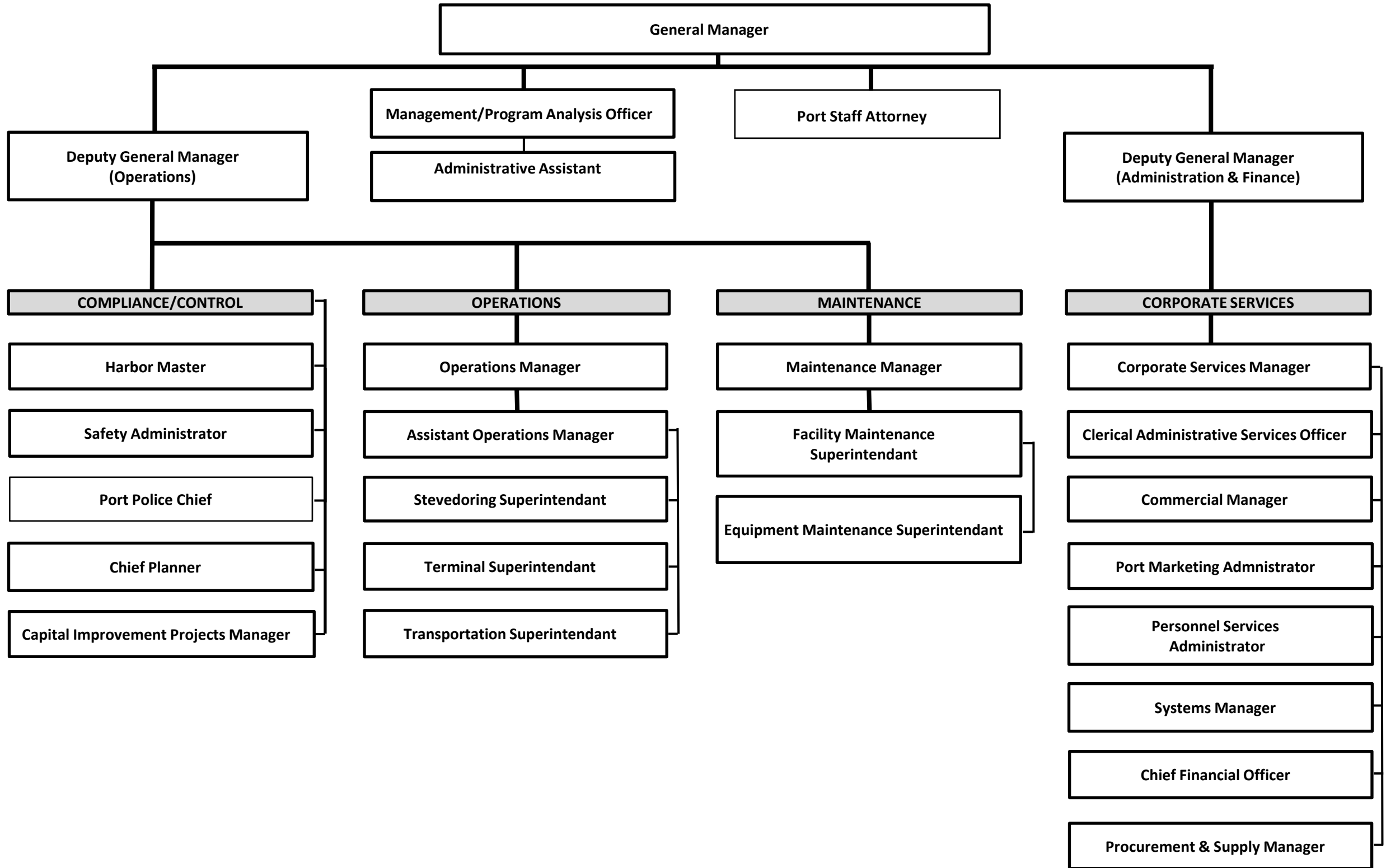
This annual budget for FY2024 is produced to necessarily enable the Board of Directors of the Port Authority of Guam to administer the Port Authority Fund, which the Board is required to maintain pursuant to 12 GCA § 10109 and, likewise, for the Board to perform its duties mandated by 12 GCA § 10104 and exercise its powers as directed by 12 GCA § 10105. Title 12 GCA § 10106 commands that the General Manager, as the Port's chief executive officer, serves at the Board's pleasure to maintain, operate, and develop the Port's administration and business affairs. To this end, 12 GCA § 10107 decrees the General Manager must, among other duties, ensure the Board's rules and regulations are enforced, approve demands for payment of the Port's obligations, oversee the construction of works of the Authority, and to compensate the employees of the Authority per 12 GCA § 10111 and the Port's personnel rules and regulations having the force and effect of law.

Accordingly, in the event that no new and superseding annual budget is promulgated by the Port Board of Directors at the conclusion of Fiscal Year 2024 or at any time thereafter, even for subsequent fiscal years, this herein Port Authority of Guam FY2024 annual budget shall be the continuing decree of the Board until otherwise superseded. In this event, the General Manager is commanded to continue to administer the Port Authority of Guam FY2024 annual budget in the absence of any supplanting annual budget or official edict of the Board to the contrary, except that the General Manager is authorized to exercise discretion to increase spending in any form over and above that provided by this Port FY2024 annual budget by an amount calculated at up to three percent (3%) compounded for each consecutive fiscal year subsequent to FY2024.

The Board draws support for this policy from the analog of 48 U.S.C. §1423j(b) of the Organic Act of Guam. Similarly, the Board so hereby holds that, if at the termination of any fiscal year the Port Authority of Guam Board of Directors shall have failed to pass an annual budget providing for payments of expenses of the Port Authority of Guam and meeting its obligations for the ensuing fiscal year, then the several sums appropriated in the prior fiscal year budget for the objects and purposes therein specified, so far as the same may be applicable, shall be deemed to be re-appropriated, item by item, except that the General Manager is authorized to exercise discretion to increase spending in any form over and above that provided by this Port FY2024 annual budget by an amount calculated at up to three percent (3%) compounded for each consecutive fiscal year subsequent to FY2024.

Correspondingly, during any period that the Port Board of Directors lacks a quorum due to an insufficient constitution of its members, and for which appointed potential members sufficient to attain quorum are then pending legislative confirmation, the General Manager is henceforth authorized, without prior Board approval, to present to the Guam Public Utilities Commission any matter so required for presentment and PUC approval by 12 GCA § 12004 and PAG Docket Order 09-01.

PORT AUTHORITY OF GUAM
Jose D. Leon Guerrero Commercial Port
FY-2024
ORGANIZATIONAL CHART





PORT OF GUAM
ATURIDAT I 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



Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

August 28, 2023

MEMORANDUM

TO: Board of Directors

FROM: Rory J. Respicio, General Manager *Rory Respicio*

SUBJECT: Request Authorization to Begin the Creation of Position for the Assistant Procurement & Supply Manager Position

Hafa Adai! Your approval is being requested to authorize management to begin the creation of position for the Assistant Procurement & Supply Manager to present such creation package to the Board for approval to begin the transparency process based on the following:

The Port serves as the only commercial port on the island of Guam and serves as the primary transshipment hub for other islands in the Southwest Pacific region, such as Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Republic of Marshall Islands and Palau. Citizens of Guam and neighboring islands depend on the Port to provide essential goods, most notably food products, medical supplies, building materials and fuel. Currently, more than 90 percent of the total volume of goods and supplies needed to support activities on Guam flow through the Port. In addition, the U.S. military relies on the Port to handle nearly all of the military cargo and equipment moving in and out of Guam to support Defense community's needs.

With over 90% of containerized and breakbulk commodities passing through its wharves and the lifeline between Guam, the region and the rest of the world, it is critically important that the Port invests in initiatives to upgrade its infrastructure, facilities and equipment to achieve resiliency, ensure supply chain sustainability and enhance operational capacity and services.

Over the past decade, the Port has grown and evolved into a world-class commercial port and has had significant fiscal success, evidenced with the recent successful completion of the \$50 million Port Modernization Program, the recent ground-breaking for Hotel Wharf Rehabilitation Project, and federal funding to repair Golf Pier and F1 to F-6 wharves. Moving forward, the Port continues to develop its maintenance and capital improvement projects future development partnership with U.S. Department of Defense's Indo-Pacific Strategy and Pacific Deterrence Initiatives.

Memo to Board of Directors

RE: Request Authorization to Begin Creation of Position for the
Assistant Procurement & Supply Manager Position

August 28, 2023

Page 2

Typhoon Mawar hit Guam on May 24, 2023 and left behind a massive trail of destruction. Three days later, employees worked tirelessly to get the Port back up and fully operational. Based on the assessment conducted by the Engineering staff, it was determined that 32 Port facilities would need to be repaired or replaced due to the damages it sustained.

With the military build-up to commence in 2024, the Port would need to move aggressively in its efforts to replace its gantry cranes, upgrade its revenue generating wharves that are in dire need of repair, replace facilities and equipment that have exceeded their useful life and increase capacity in areas that will better serve its commercial customers and U.S. Department of Defense's readiness plans in the Indo-Pacific theater.

To ensure the Port issues the necessary procurement solicitation required which is focused on making certain that future readiness and resiliency of the modernized port through the hardening of port assets and resources are done, there is a need to establish an Assistant Procurement & Supply Manager position within the Port's Classification and Compensation Plan. This proposed position will assist the Procurement & Supply Manager in managing the day-to-day activities of the division. By employing an individual to occupy this position will allow the Procurement & Supply Manager to collaborate with division heads and management and focus on ensuring the resiliency, reliability and supply chain sustainability for all Port users, the U.S. Department of Defense's mission on Guam and local community are met. The position will also perform the duties of the Procurement & Supply Manager in her absence.

We are, therefore, requesting your approval to allow management to proceed with the transparency process of creating the Assistant Procurement & Supply Manager position.

Your approval on this request is greatly appreciated. I am available for any questions you may have. *Si Yu'os Ma'ase.*

BOARD OF DIRECTORS

*Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita SN Taitano, Member*



Resolution No. 2023-07

**RELATIVE TO THE DESIGNATION OF SIGNATORIES FOR THE
JOSE D. LEON GUERRERO COMMERCIAL PORT**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT:

WHEREAS, the Jose D. Leon Guerrero Commercial Port’s management personnel have recently changed; and

WHEREAS, the Jose D. Leon Guerrero Commercial Port recognizes the need to implement internal controls over check signing and to update instructions to depositories so that there is a clear understanding regarding the Port’s check signing authority; and

WHEREAS, to ensure that the day-to-day operations of the Jose D. Leon Guerrero Commercial Port continue without disruption, management personnel must be able to access the Port’s accounts; now therefore be it

RESOLVED, that the following listed management personnel of the Jose D. Leon Guerrero Commercial Port are authorized, on behalf of the Authority, to sign bank checks and drafts for the withdrawal and/or transfer of funds, drawn on all financial institutions containing monies of the Authority, and to endorse and accept checks, drafts, notes, and other paper payable to and by this Authority:

<u>Name of Employee</u>	<u>Position Title</u>
1. Rory J. Respicio	General Manager
2. Pacifico R. Martir	Deputy General Manager
3. Dominic G. Muña	Deputy General Manager
4. Jose B. Guevara III	Chief Financial Officer

and be it further

RESOLVED, that the General Account checks written for \$100,000 or less shall be manually signed or stamped by any two signatories from either the General Manager, Deputy General Manager or Chief Financial Officer; and be it further

RESOLVED, that the checks over \$100,000, the order established for manual signing or stamped will be the Chief Financial Officer as the first signatory, and the General Manager as the second signatory. In the absence of the Chief Financial Officer, the Deputy General Manager will be the first signatory. In the absence of the General Manager, the Deputy General Manager will be the second signatory; and be it further

RESOLVED, that payroll checks \$10,000 or less will be signed by the Chief Financial Officer. In his/her absence, the alternates would be the Deputy General Manager or General Manager. Payroll checks over \$10,000 will be manually signed or stamped by the General Manager and in his absence, the alternate signers will be the Deputy General Manager; and be it further

RESOLVED, that the Secretary of the Board of Directors shall certify to said financial institutions licensed to do business on Guam and in conformance with all territorial banking laws and rules and regulations of the Jose D. Leon Guerrero Commercial Port the names of the above listed persons presently holding the office or position above stated, and from time to time shall immediately certify to said financial institutions any changes in the same; and be it further

RESOLVED, that Board Policy Memorandum No. 2007-005 Check Signing Policy, as revised, is adopted herein that appropriately reflects this resolution, specifically the position of Financial Affairs Controller to Chief Financial Officer position; and be it further

RESOLVED, that the Secretary is authorized and directed to deliver a certified copy of this resolution to the financial institutions; and be it further

RESOLVED, that this resolution supersedes any previous resolutions concerning the administration of the Jose D. Leon Guerrero Commercial Ports financial accounts.

RESOLVED, the Acting Chairperson certify to and the Secretary attest to the adoption hereof.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 31st DAY OF AUGUST, 2023.**

DOROTHY P. HARRIS

**ACTING CHAIRPERSON BOARD OF DIRECTORS
JOSE D. LEON GUERRERO COMMERCIAL PORT**

DR. JUDITH P. GUTHERTZ

**SECRETARY, BOARD OF DIRECTORS
LEON GUERRERO COMMERCIAL PORT**



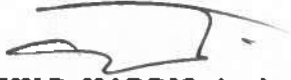


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Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

BOARD POLICY MEMORANDUM NO. 2007-005

To: All Division Heads	Subject: Check Signing Policy
Effective Date: August 16, 2007	Revision Date: June 24, 2013 January 8, 2019 August 31, 2023
Approved by:  DOROTHY P. HARRIS, Acting Chairperson, Board of Directors	

- I. **PURPOSE:** The Jose D. Leon Guerrero Commercial Port recognizes the need to implement internal controls over check signing and to update instructions to depositories so that there is a clear understanding regarding the Port's check signing authority.
- II. **SCOPE:** The provisions of this policy shall be utilized and adhered to by all Port management, employees and financial institutions that provide banking services to the Port.
- III. **DISCUSSION:** The Finance Division issues checks several times each month in payment of vendor invoices and employee payroll deductions. There are 26 payroll periods each fiscal year, and pay checks are issued two or three times a month. Payroll checks require only one (1) signature, which can be manually signed or stamped. Operating checks shall bear two (2) signatures, which can also be signed manually or stamped.

Because of the number of checks processed for signature each week, it is prudent to assign and authorize multiple signatures for Port check disbursement as follows:

- A. General Manager
- B. Deputy General Managers
- C. Chief Financial Officer

IV. POLICY

A. General Account Checks for \$100,000 or less

Vendor checks written for \$100,000 or less shall be signed by two (2) signatories as indicated on the bank signature card from either the:

1. General Manager
2. Deputy General Manager(s); or
3. Chief Financial Officer.

Checks issued through the General Account that are within the established threshold will be initially delivered to the Chief Financial Officer for review of supporting documents.

It is then forwarded to the Deputy General Manager for his/her review and signature. In the absence of either officer, the alternate signers would be the General Manager or the Deputy General Manager.

B. General Account Checks over \$100,000

For checks over \$100,000, the order of the manual signing or stamped would be as follows:

1. First Signatory: Chief Financial Officer
2. Second Signatory: General Manager

In the absence of the Chief Financial Officer, it will be one of the Deputy General Managers as the first signature and in the absence of the General Manager, the Deputy General Manager will be the alternate signatory.

C. Certifying Officer

The certifying officer will be the Chief Financial Officer or the designated alternate certifying officer.

D. Payroll Checks for \$10,000 or less

Payroll checks for \$10,000 or less will be signed by the Chief Financial Officer. In his/her absence, the alternate signers will be the Deputy General Manager or General Manager.

E. Payroll Checks over \$10,000

Payroll checks over \$10,000 will be manually signed or stamped by the General Manager. In the absence of the General Manager, the alternate signers will be the Deputy General Manager.

F. Prohibition

This policy prohibits the signatories from signing checks where the signatory is the payee. For example, a check addressed to the General Manager should not have the General Manager as one of the signatories. Payments where a signatory is a party to the transaction (travel reimbursement or per diem, for example) is not a signatory for that particular payment.

G. Signatures Safe Guard

Stamp signatures shall be kept in a secured location.