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

FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Port Authority of Guam:

Report on Financial Statements

We have audited the accompanying financial statements of Port Authority of Guam (the Authority), a component unit of the Government of Guam, which comprise the statements of net position as of September 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Authority of Guam as of September 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14 as well as the Schedule of Funding Progress on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Financial Information

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

The schedules of operating expenses and summary of salaries and wages are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 of America. In our opinion, the schedules of operating expenses and summary of salaries and wages are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014 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 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 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.

Deloitte & Touche LLP

February 26, 2014

The following Management's Discussion and Analysis (MD&A) of the Port Authority of Guam (PAG, Port, Authority) provides an overview of the activities and financial performance for the fiscal years ended September 30, 2013 and 2012. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes which follow this section and are integral to the data contained in the financial statements.

ABOUT THE AUTHORITY

The Port Authority of Guam was established as a public corporation and an autonomous agency of the Government of Guam by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region. It operates the largest U.S. deepwater port in the region and currently handles about 1.9 million tons of cargo a year. The Port owns 5 cargo-handling piers along with two fuel piers and three marinas. The cost of operations and capital improvements are funded largely from the Authority's own revenues.

The Authority is presided over by five board members appointed by the Governor of Guam with the advice and consent of the Legislature. The Board of Directors appoints the General Manager and Deputy General Manager who are responsible for maintenance, operation and development of the Port and the agency's business affairs.

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

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

FINANCIAL HIGHLIGHTS

- The net position of the Authority as of September 30, 2013 was $71.3 million. Of this amount, $60 million is net investment in capital assets, $446 thousand is considered restricted and $10.9 million is considered unrestricted.
- The Port's net position increased by $93 thousand for fiscal year ended September 30, 2013.
- The Port's total assets increased by $13.4 million during the fiscal year ended September 30, 2013. The major components of this change were an increase in current assets by $4.2 million and increase in capital assets by $9.2 million.
- The total liabilities increased by $13.3 million during fiscal year ended September 30, 2013. The major component of this change was due to increase in non-current liabilities of $10.9 million.
- Since Fiscal Year 2003, the Port's finances have consistently showed an increase in net assets for 11 straight years.
- The Port obtained a $12 million loan from ANZ Bank in December 2012 for the purchase of 3 used Gantry Cranes.

Overview of Financial Statements

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

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

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

Financial Analysis

The largest portion of the Authority's net position (84%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets, and excluding any outstanding debt proceeds. The Authority uses these assets to provide services to its customers; consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net position represents resources that are unrestricted net position which may be used to meet the Authority's ongoing obligations to employees and creditors.

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

Condensed Statements of Net Position
(In thousands)

ASSETS	2013	2012	2011
Current and other assets	$ 20,593	$ 16,350	$ 15,983
Capital assets	74,591	65,456	64,406
Total assets	$ 95,184	$ 81,806	$ 80,389
LIABILITIES AND NET POSITION			
Current liabilities	$ 8,394	$ 5,982	$ 6,445
Non-current liabilities	15,464	4,591	4,764
Total liabilities	23,858	10,573	11,209
Net position:			
Net investment in capital assets	59,933	62,255	61,051
Restricted – expendable	446	-	-
Unrestricted	10,947	8,978	8,129
Total net position	71,326	71,233	69,180
Total liabilities and net position	$ 95,184	$ 81,806	$ 80,389

The Authority's total assets increased by $13.4 million during the fiscal year ended September 30, 2013, from $81.8 million in FY 2012 to $95.2 million in FY 2013.

The increases were primarily due to the increases in the Port's current assets by $4.2 million or 26% and property, plant and equipment by $9 million or 14%. Total liabilities increased by $13 million or 126% from $10.6 million in FY 2012 to $23.9 million in FY 2013. This was primarily due to the increase in Port's non-current liabilities for the loan to acquire three used Gantry Cranes. The net position increased by $93 thousand during the fiscal year ended September 30, 2013. Net position invested in capital assets net of related debt decreased by $2.3 million, restricted net position increased by $446 thousand and unrestricted net position increased by $2 million.

Key elements of these changes are identified in the following schedule of changes in net position and related explanations.

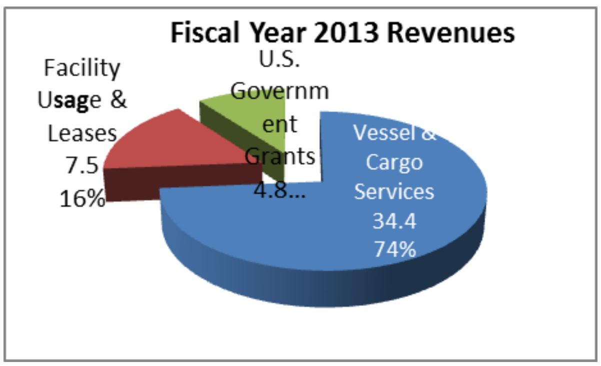
Port Authority of Guam
Changes in Net Position
(*In thousands)*

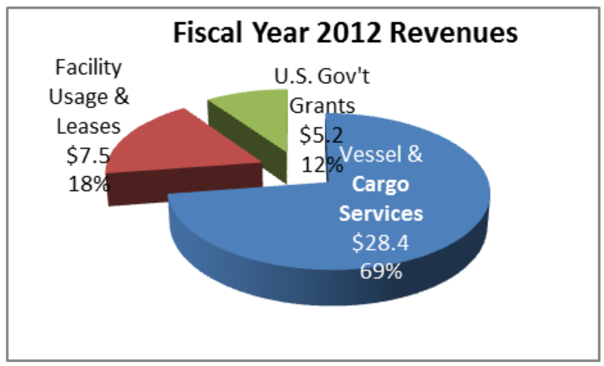
	2013	2012	2011
Operating revenues:			
Cargo throughput charges	$ 29,724	$ 23,785	$ 23,605
Wharfage charges	4,185	4,089	3,939
Equipment and space rental	7,503	6,893	7,453
Special services	313	359	368
Other operating revenue	185	121	485
Total operating revenue	41,910	35,247	35,850
Operating expenses:			
Operations	10,335	9,205	9,191
Equipment maintenance	7,651	5,266	5,609
Facility maintenance	1,496	1,500	1,468
Management and administration	8,832	8,762	8,236
General expenses	7,453	6,445	7,416
Total operating expenses before depreciation	35,767	31,178	31,920
Operating income before depreciation	6,143	4,069	3,930
Depreciation	4,893	3,720	3,351
Operating income	1,250	349	579
Nonoperating expenses, net	5,942	2,000	2,491
Loss before capital contributions	(4,692)	(1,651)	(1,912)
Capital contributions-US Government Grants	4,785	3,703	4,413
Increase in net position	93	2,052	2,501
Net position at beginning of the year	71,233	69,181	66,680
Net position at end of year	$ 71,326	$ 71,233	$ 69,181

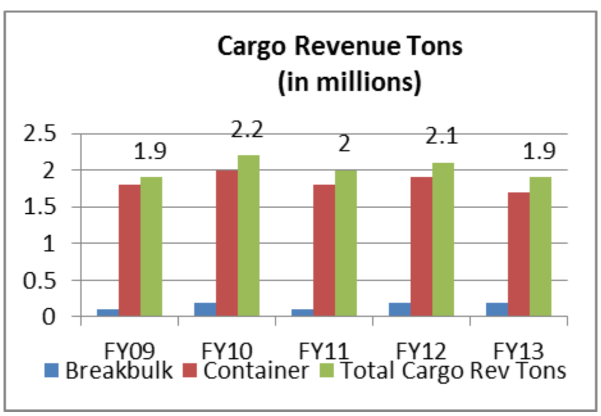
Revenues

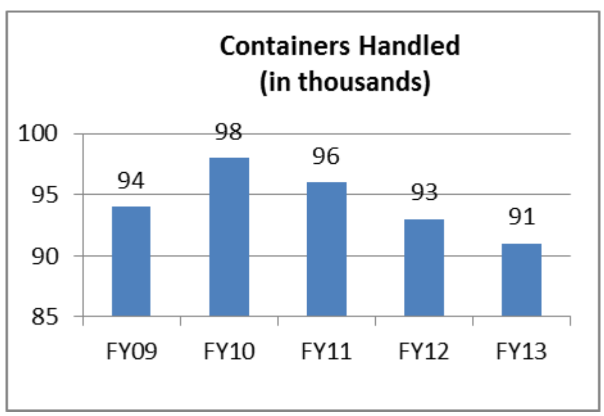
- PAG Docket 12-02, Crane Surcharge was approved by the PUC on December 11, 2012 and rates were implemented on January 1, 2013. The petition established a crane surcharge of $105 per loaded import/export and loaded transshipment. This rate increased to $125 on March 1, 2013. $5 per revenue ton for import/export and transshipment breakbulk, with a cap of $105 per unit.
- Vessel and cargo services revenues in FY 2013 increased by $6 million. The increase was primarily due to the new crane surcharge fee.
- Facility usage and leases increased by 9% or $610 thousand, from $6.89 million in FY 2012 to $7.5 million in FY 2013.
- Federal contributions in FY 2013 increased by $1 million, from $3.7 million in FY 2012 to $4.8 million in FY 2013.

Vessel and cargo services in FY 2012 decreased by $43 thousand compared to FY 2011 primarily due to decreased total containers handled of 3 thousand or 3%, from 96 thousand containers in FY 2011 to 93 thousand containers in FY 2012. Due to the tariff increases, the impact on vessel and cargo revenues resulting from the decrease in the number of containers handled was minimal.





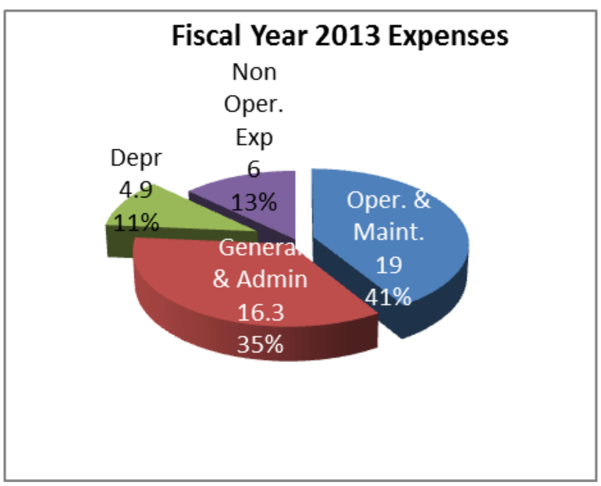


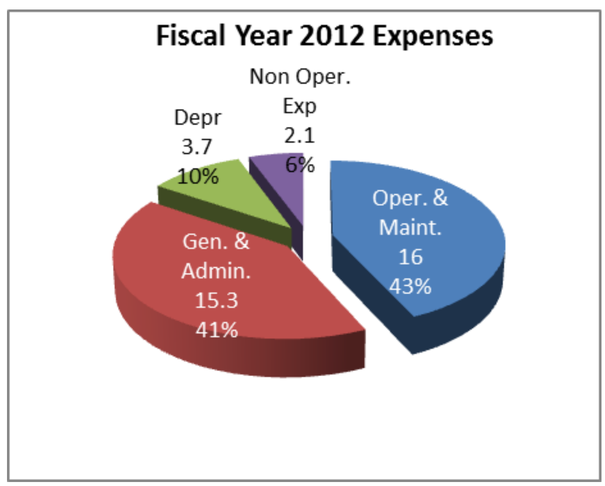


Expenses

In Fiscal Year 2013, total operating expenses were $40.8 million and non-operating expenses were $6 million. Operating expense increased by $5.9 million and non-operating expenses increased by $3.9 million compared to fiscal year 2012. Operation and maintenance salaries and benefits increased due to overtime increase of $661 thousand or 100% due to implementation of new scheduling, repairs and maintenance increase of $1.9 million as a result of the maintenance/repairs associated with the three Gantries acquired, and the payout of increments as a result of the Government lifting the increment freeze. General and administrative expenses increased by $1 million due to $200 thousand of Merit Bonus paid out as a result of Public Law 21-59, increases in legal fees, and loan fees. Depreciation expense increased by $1.2 million or 32% due to the reclassification of a completed construction in progress project on GDP Dock A, B, & C Repair/Replacement and F1 Catwalk Replacement and purchase of new assets in FY 2013 to include the acquisition of 3 Gantry Cranes. Non-operating expenses increased by $3.9 million due to reclassification of construction in progress projects for a master plan that will not be done due to the re-set of the GCPIP, loss on survey of Gantry 2 and interest expense for the $12 million loan.

In Fiscal Year 2012, total operating expenses were $34.9 million and non-operating expenses were $2.1 million. Operating expense decreased by $266 thousand and non-operating expenses decreased by $1.1 million compared to fiscal year 2011. Operation and maintenance salaries and benefits increased due to 10 new employees hired during the fiscal year; however, the overall expense of operation and maintenance decreased by $300 thousand as a result of reduced operational supplies. General and administrative expenses decreased by $302 thousand due to decreases in professional services of 37%, other contracts of 27%, and supplies of 25%. Depreciation expense increased by $369 thousand or 11% due to the reclassification of a completed construction in progress project on GDP renovation phase 1 and purchase of new assets in FY 2012.





Port Modernization Plan

Overview

The Port Modernization Program, as authorized by the Guam Legislature, spans a 30-year planning horizon and is valued at a little more than $260 million. Phase I-A and Phase I-B of the program focuses on near term critical maintenance and repair of waterfront activities and improvements needed to handle near-term cargo of the military buildup, and projected organic population increases. Phase II of the program will occur 20 years into the future and focuses on the expansion needed to address the cargo demands of the long-term growth of Guam and its neighboring islands.

The Authority is currently on Phase I-A of its Port Modernization Program. Phase I-A includes reconfiguration and expansion of the break-bulk laydown area, renovation of the CFS Building creation of a new gate complex, and upgrade of utilities and security features. Phase I-A is to be funded by a $50 million appropriation from the Department of Defense.

$50 million appropriation from the Department of Defense

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

In July 2010, the United States House of Representatives passed the 2010 Supplemental Appropriations Act which provided $50 million for the Port Modernization Program. This bill was signed by President Barrack Obama in August 2010. The appropriation of $50 million was transferred from the Department of Defense to the Fund on September 22, 2010. As set out in the MOU, the fund will be administered and disbursed by MARAD, with the approval/authorization of the Authority.

$54.5 million funding from the USDA

On October 22, 2010, the USDA awarded a $54.5 million loan appropriation to the Authority to complete the funding of Phase I-A of the Port Modernization Program. This loan consists of the following:

- $25 million USDA Community Facilities Direct Loan
- $25 million USDA Community Facilities Guaranteed Loan with ANZ Guam, Inc. (ANZ)
- $4.5 million USDA Guaranteed Term Loan with ANZ

On the same date, the Authority received the proceeds of the USDA Guaranteed Term Loan with ANZ of $3,500,000 .

USDA Rural Development Community Facility Loans

Presented below are the USDA Rural Development Community Facility (CF) Loan Commitments as of September 30, 2013, which are intended for the Authority's specific projects (i.e., purchase of a Gantry Crane, Port Modernization Plan and purchase of top lifters and other cargo handling equipment (TLOCHE)):

	USDA Loan Commitments:		*Intended for the following Projects:*		
	Direct*	Guaranteed*	Gantry Cranes	Modernization	TLOCHE
CF Loan 1	$ 2,000,000	$ -	$ 2,000,000	$ -	$ -
CF Loan 2	-	5,000,000	5,000,000	-	-
CF Loan 3	-	7,000,000	7,000,000	-	-
CF Loan 4	-	4,500,000	-	-	4,500,000
CF Loan 5	25,000,000	-	-	25,000,000	-
CF Loan 6	-	-	-	-	-
	$ 27,000,000	$ 16,500,000	$ 14,000,000	$ 25,000,000	$ 4,500,000

*Proceeds of the CF Direct Loans will come from USDA, while the rest are from ANZ which is "Guaranteed" by the USDA.

CF Loan 4 (Guaranteed) of $4,500,000 intended for the purchase of cargo handling equipment, for more information please refer to Notes to Financial Statements, Long-term Bank Debt.

CF Loans 4 (Guaranteed), 5 (Direct) and 6 (Guaranteed) totaling $54.5 million pertains to the Port Modernization Plan as per Public Law 30-57. The Authority intends to first use the $50 million appropriation from the Department of Defense and then the CF Loans 5 (Direct) and 6 (Guaranteed) totaling $50 million (at $25 million each) for its Port Modernization Plan. However, due to changes in certain factors relating to the military buildup and cargo forecast, management does not intend to utilize the $25 million CF Loan 6 (Guaranteed), and on April 17, 2012, the Authority officially withdrew the loan application for the $25M Guaranteed Loan.

On November 30, 2011, USDA communicated with the Authority that the $25 million CF Loan 5 (Direct) is to be used within a reasonable amount of time after obligation. Given the current budget situation in the U.S. Congress, all loans that have been "obligated" but not yet closed and/or disbursed are facing increased scrutiny. USDA encouraged the Authority to finalize their plans to use the proceeds from CF Loan 5 (Direct) by December 31, 2011. The Authority requested the USDA to extend the CF Loan 5 (Direct). As of the audit report date, the loan remains available and undisbursed.

CF Loans 1 (Direct), 2 (Guaranteed) and 3 (Guaranteed) totaling $14 million is intended for the procurement of gantry cranes pursuant to Public Law 30-100 which mandates the Authority to acquire at least two gantry cranes no later than December 31, 2012. On November 2011, Public Law 31-145 was enacted that authorized the Authority to enter into negotiations with Matson and Horizon for the specific purpose of acquiring one or more of the Port of Los Angeles (POLA) gantry cranes through purchase or lease-to-own.

On June 5, 2012, the Port Board of Directors approved and ratified the purchase of the 3-POLA cranes and Gantry 3 for $12 Million. On August 27, 2012, Public Utilities Commission (PUC) approved the Sales Agreement and Interim Maintenance Agreement related to the purchase of the POLA Cranes. Subsequently, PUC in their meeting of September 25, 2012, authorized the Authority to proceed with finalizing the loan documents with the financial institution. In compliance of the statute, on December 2012, the closing of the $12M loan and official signing of the Sales Agreement for the purchase of the POLA Cranes was completed. The Authority anticipates that the CF Loan 1 (Direct) for $2M that is intended for the procurement of gantry crane be reprogrammed to secure the acquisition of cargo handling equipment.

The Military Buildup Program experienced a call for a re-set. The Port's response to the DOD re-set includes the formulation of a Balanced Modernization Program to include Wharf Service Life Extension and a reduction to Phase 1A to remain within the available Port Enterprise Program funds.

Furthermore, in response to the re-set, the Port's Owner Agent Engineer, PBI, prepared the Port Authority of Guam 2013 Master Plan Update, which provides a comprehensive view of the Port's current condition, identifies elements of continuous improvement and sustainability. An Implementation Plan was developed in conjunction with the 2013 Master Plan Update that evaluated Port improvement and sustainability requirements, and determined a balance approach for meeting these requirements.

The Port's 2013 Master Plan Update also contains a Financial Analysis and Economic Impact Assessment that provides a five-year near- term emphasis on improvements to both Port efficiency and the creation of additional cargo handling capacity in anticipation of the military build-up, as well as a 20-year long term focus on addition improvements targeted towards achieving operational and financial sustainability, and self-sufficiency through tariff adjustments to reduce or eliminate dependence on outside funding assistance.

A public hearing for the 2013 Master Plan was held on December 23, 2013, in compliance with Title 5 GCA, Chapter 1, Article 2, Centralized Planning. Per the statute, the maximum timeframe for full review and adoption of the plan is June 1, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Authority's investment in capital assets as of September 30, 2013, totaled $74.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvement other than buildings, office and cargo handling equipments, inventory and construction-in-progress. The total net increase in the Authority's investment in capital assets for the current fiscal year was $9.1 million or 14%.

Major capital asset activity during 2013 included the following:

- Building and wharf improvements increased by $2.1 million due to the completion of GDP Dock A,B & C Repair/Replacement, F1 Catwalk Replacement, GDP New Waterline and Container Yard Lighting.

- Crane increased by $8 million due to acquisition of Gantry 4, 5, and 6 and disposal of Gantry 2.

See note 3 to the financial statements for additional information on the Authority's capital asset activity during the years ended September 30, 2013 and 2012.

Debt

The Authority obtained a $3.5 million loan from ANZ bank in October 2010 for the purchase of 4 brand new Hyster Top Lifters and 10 brand new Ottawa terminal yard tractors. At the end of 2012, the Authority had total debt outstanding of $3 million.

In December 2012, the Authority obtained a $12 million loan from ANZ bank for the purchase of 3 used gantry cranes. At the end of 2013, the total debt outstanding was $11.6 million.

The financial covenant of the loan requires the following ratios:

a) Interest Coverage Ratio: PAG shall maintain an Interest Coverage Ratio of 1.5 to 1, calculated as follows:

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

b) Debt Service Coverage Ratio: PAG shall maintain a Debt Service Coverage ratio of 1.30 to 1, calculated as follows:

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

The interest coverage ratio is 7.82 and the debt service coverage ratio is 4.49.

See note 5 to the financial statements for additional information on the Authority's financing activities during the years ended September 30, 2013 and 2012.

FISCAL YEAR 2014 OUTLOOK

The following are the courses of action that the Port plans to accomplish or complete in FY 2014:

Interim Tariff Petition

In May 2013, the Port Board of Directors approved the Interim Tariff Petition of 5.65% across the board rate increase (excluding crane surcharge and fuel throughput). In July 2013, the Authority submitted its Petition to the PUC to increase the tariff rates for the generation of sufficient revenue to cover operating costs of the Port Authority, and service the loan required for planned improvements of the wharfs, the acquisition of cargo handling equipment and the Financial Management Systems Upgrade. The approval of the interim rate is expected by January 2014 and implementation of new rate in March 2014.

Facility Maintenance Fee Projects

Through the Facility Maintenance Fee, the Authority proceeded with the following projects:

- Dockside lighting
- Container Yard Stripping
- Lower/Higher Tower Renovations
- CFS Spalling

Performance Management Contract (PMC) for the Maintenance of Gantry Cranes

Pursuant to PL 31-145, the Authority is to acquire PMC for the performance, operation and maintenance of the acquired cranes. The Authority has begun the negotiations of the PMC Services and is expected to make the contract award within the fiscal year 2014.

Port Security Grant Program (PSGP)

As part of the Port Security Grant Program of the U.S. Department of Homeland Security, the Authority was awarded over $9.7 Million in federal security grants to help secure the commercial port. Through this program, the Authority proceeded with the following projects:

- Maritime and Port Security Operations Center and Port Security Enhancements Project: The construction work to build a centralized Port Command Center, as well as the integration of all CCTV, access control, communications and security systems was awarded in November 2012 with a projected completion date of January 2014. Project is still ongoing.

- Procurement of Mobile Containerized X-Ray Screening System, 3-Prime Power Backup Generators and Harbor Master's Communication System are other funded projects that are expected to be completed by FY 2014.

- Construction of CMU Wall and Replacement of Perimeter Security Fencing funded by the Port's 2013 PSGP with a completion date of September 2015.

Gregorio D. Perez Marina Renovation

Through federal grant awards from the Department of Interior/Office of Insular Affairs and USFW, the Gregorio D. Perez "Hagatna" Marina has undergone several capital improvement projects. Subsequent to the project completion of the Hagatna Marina Dock A and B Pole Extensions, Dock B Repairs, and Dock C Replacements in 2013, the Hagatna Marina Renovation and Site Improvement-Phase 2 is currently on going and is programmed to be completed within fiscal year 2014.

Agat Small Boat Marina Renovation

The Western Pacific Regional Fishery Management Council has recently awarded the Authority a $250,000 federal grant to fund dock improvements at the Agat Small Boat Marina. This amount was not sufficient to complete repairs therefore, the Port has budgeted $500,000 to fund the complete repair of Dock-A. The Authority has programmed to solicit and award this improvement project within the fiscal year 2014.

Other Marina and Harbor of Refuge Projects

- Renovation of the Guam Harbor of Refuge-Architectural and Engineering Design including Environmental Study Phase for the moorings
- Renovation of the Existing Pump-out Stations at the Marinas
- Agat Small Boat Marina Dock C & D Repairs
- Agat Small Boat Marina Replacement of existing rusty fish hook at the facility.

Port Modernization Program (Guam Commercial Port Improvement Program)

As a result of the planned U.S. military relocation to Guam, the Port updated its Master Plan in 2007 as the framework of the Port Modernization Program. In 2011, the Military Buildup Program experienced a call for a re-set, requiring an updated Environmental Impact Statement, which delays and downsizes cargo projections and creates significant uncertainty for cargo-related revenue projections. Due to changing factors resulting from the reduction in the scope and timeline for the military buildup and corresponding impact on cargo forecasts, the Port Modernization Program was re-set and reconfigured to address organic growth.

The Guam Commercial Port Improvement Program (GCPIP) aims to expand its terminal yard operations area, upgrade its equipment and maintenance capabilities and improve its waterfront access. The GCPIP projects are preliminary improvements to meet the minimum requirements of PL 29-125, the needs of the people of Guam, reduced relocation military troops and modernize critical facilities at the Commercial Port. Projects under the GCPIP include the following:

- Container Freight Station Building Renovation: The construction work has been awarded and expected to be completed by February 2014.

- Selected Break Bulk Yard Modifications: The Notice to proceed for the project was issued in August 2013, with completion targeted for May 2014.

- Container Yard and Gate House Expansion Project: A contract award is anticipated by the third quarter of fiscal year 2014, with estimated completion by August 2015.

Replacement/Upgrade of Golf Pier Fuel Pipeline

The Replacement/Upgrade of the existing fuel lines at the Golf Pier is a joint project with the Department of Public Works. This project will be funded by the Federal Highway Administration (FHWA) and in part by the Port Authority of Guam. The design work for this project was commissioned by the Authority and has since been turned over to FHWA/DPW for bid packaging. The contract has been awarded in January 2014 with estimated completion by November 2014.

Service Life Extension (SLE) Program

The SLE Program was developed to address unforeseen structural repair work at the Port's F-5 Wharf, upgrade of the existing Financial Management Systems and acquisition of cargo handling equipment. After obtaining approval from the Port's Board of Directors, the Authority engaged the Guam Economic Development Authority (GEDA) to begin soliciting the financing services on behalf of the Port to fund the SLE Program for $10 Million. In September 2012, GEDA issued the solicitation package and is expected that the contract award will take place within February 2014. Upon obtaining approval of this loan, the following projects under the SLE Program are expected to begin:

- Construction Repairs to F5 Wharf
- Marine Repairs to Berths F3, F4, and F6
- Upgrade of JD Edwards Financial Management System
- Procurement of Cargo Handling Equipment

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

The Management's Discussion and Analysis report is intended to provide information concerning known facts and conditions affecting the Port's operations. This financial report is designed to provide a general overview of the Port Authority's finances and to demonstrate the Port's accountability for the funds it receives and expends.

Management's Discussion and Analysis for the year ended September 30, 2012 is set forth in the Authority's report on the audit of financial statements which is dated February 15, 2013. That Discussion and Analysis explains in more detail major factors impacting the 2012 financial statements. A copy of that report can be obtained via the contact below.

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

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

Statements of Net Position
September 30, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents - unrestricted	$ 10,848,206	$ 10,886,253
Accounts receivable, net of allowance for doubtful accounts of $812,332 and $971,565 in 2013 and 2012	7,216,432	4,281,202
Federal receivables	1,939,720	928,560
Prepaid expenses	11,464	128,485
Total current assets	20,015,822	16,224,500
Cash and cash equivalents - restricted expendable	445,691	-
Replacement parts inventories, net of allowance for obsolescence of $61,393 in 2013 and $76,304 in 2012	131,149	125,875
Depreciable property, plant and equipment, net	55,170,099	46,372,709
Nondepreciable property, plant and equipment	19,421,658	19,083,165
	$ 95,184,419	$ 81,806,249

LIABILITIES AND NET POSITION	2013	2012
Current liabilities:		
Current portion of long-term bank debt	$ 708,048	$ 165,692
Accounts payable, trade and others	5,496,307	4,032,769
Security deposits and other payables	520,305	337,870
Accrued payroll and withholdings	369,046	321,687
Current portion of accrued annual leave	1,063,410	940,610
Unearned revenue	237,301	183,361
Total current liabilities	8,394,417	5,981,989
Long-term bank debt, net of current portion	13,950,936	3,035,317
Accrued annual leave, net of current portion	296,904	449,967
Accrued sick leave	1,216,520	1,105,722
Total liabilities	23,858,777	10,572,995
Commitments and contingencies		
Net position:		
Net investment in capital assets	59,932,773	62,254,865
Restricted - expendable	445,691	-
Unrestricted	10,947,178	8,978,389
Total net position	71,325,642	71,233,254
	$ 95,184,419	$ 81,806,249

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2013 and 2012

	2013	2012
Operating revenues:		
Cargo throughput charges	$ 29,724,130	$ 23,784,571
Equipment and space rental	7,503,461	6,893,541
Wharfage charges	4,184,706	4,088,748
Special services	313,492	359,364
Other operating income	184,589	121,584
	41,910,378	35,247,808
Recovery of (provision for) bad debts	157,916	(17,707)
	42,068,294	35,230,101
Operating expenses:		
Management and administration	8,831,804	8,761,565
Equipment maintenance	7,651,120	5,266,400
Depreciation	4,892,633	3,719,994
Transportation services	4,780,033	4,210,757
Stevedoring services	3,557,879	3,054,227
General expenses	3,185,863	2,388,175
Insurance	2,266,422	1,834,528
Utilities	2,160,286	2,204,216
Terminal services	1,996,973	1,940,149
Facility maintenance	1,495,636	1,500,053
Total operating expenses	40,818,649	34,880,064
Earnings from operations	1,249,645	350,037
Nonoperating (expenses) revenues:		
U.S. Government operating grants	33,851	127,500
Other income (expense), net	(6,235)	3,088
Interest (expense) income, net	(541,162)	(51,173)
Loss from disposal of property, plant and equipment	(664,395)	(754)
COLA/supplemental annuities	(2,156,036)	(2,079,067)
Write-off of property, plant and equipment	(2,608,576)	-
Total nonoperating expenses, net	(5,942,553)	(2,000,406)
Loss before capital contributions	(4,692,908)	(1,650,369)
U.S. Government grants	4,785,296	3,703,010
Increase in net position	92,388	2,052,641
Net position at beginning of year	71,233,254	69,180,613
Net position at end of year	$ 71,325,642	$ 71,233,254

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	$ 39,864,363	$ 35,003,187
Cash payments to suppliers for goods and services	(12,194,793)	(11,071,007)
Cash payments to employees for services and benefits	(24,251,645)	(22,614,392)
Net cash provided by operating activities	3,417,925	1,317,788
Cash flows from investing activity - interest received	190,239	138,047
Cash flows from capital and related financing activities:		
Capital grants received	3,346,777	3,703,010
Proceeds from long-term bank debt	12,000,000	-
Repayment of long-term bank debt	(542,025)	(154,086)
Interest paid	(731,401)	(189,220)
Purchase of property, plant and equipment	(17,301,487)	(4,770,241)
Net cash used in capital and related financing activities	(3,228,136)	(1,410,537)
Cash flows from non-capital related financing activities:		
Operating grants received	33,851	127,500
Other non-capital activities	(6,235)	3,088
Cash provided by non-capital and related financing activities	27,616	130,588
Net increase in cash and cash equivalents	407,644	175,886
Cash and cash equivalents at beginning of year	10,886,253	10,710,367
Cash and cash equivalents at end of year	$ 11,293,897	$ 10,886,253
Reconciliation of statements of cash flows to the statements of net position:		
Cash and cash equivalents - unrestricted	$ 10,848,206	$ 10,886,253
Cash and cash equivalents - restricted	445,691	-
	$ 11,293,897	$ 10,886,253

See accompanying notes to financial statements.

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

Statements of Cash Flows, Continued
Years Ended September 30, 2013 and 2012

	2013	2012
Reconciliation of earnings from operations to net cash provided by operating activities:		
Earnings from operations	$ 1,249,645	$ 350,037
Adjustments to reconcile earnings from operations to net cash provided by operating activities:		
Depreciation	4,892,633	3,719,994
Recovery of (provision for) bad debts	(157,916)	17,707
Payments for COLA/supplemental annuities	(2,156,036)	(2,079,067)
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,099,955)	(217,519)
Prepaid expenses	117,021	10,624
Replacement parts inventories, net	(5,274)	(2,003)
Accounts payable, trade and others	1,463,538	(604,885)
Security deposits and other payables	(67,565)	86,720
Accrued payroll and withholdings	47,359	(22,514)
Accrued annual leave	(30,263)	9,015
Unearned revenue	53,940	(27,102)
Accrued sick leave	110,798	76,781
Net cash provided by operating activities	$ 3,417,925	$ 1,317,788

Supplemental non-cash disclosure:
In 2013, $2,608,576 of construction work in progress was written-off to expense due to downscaling of the original Port Modernization Plan.

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

The Port Authority of Guam (the Authority) was created by Public Law 13-87 as an autonomous instrumentality of the Government of Guam to own and operate the facilities of the Commercial Port of Guam. All assets and liabilities were transferred from the Commercial Port of Guam to the Authority at book value effective April 20, 1976. The Authority is governed by a five member Board of Directors appointed by the Governor with consent provided by the Legislature. The Authority is a component unit of the Government of Guam.

The Authority's main cargo handling facilities are located on thirty acres of reclaimed land on Cabras Island in Piti, Guam. Title to this land was transferred from the Government of Guam to the Authority in 1979. Eleven acres of adjacent property was assigned to the Authority from the U.S. Navy at an annual rent of $1 to be used for future container yard expansion.

The Authority controls and/or manages approximately 260 acres of fast and submerged lands inclusive of the thirty acres noted previously. These areas include the Harbor of Refuge, Aqua World Marina, a portion of the Piti Channel, Agat Marina, Gregorio D. Perez Marina, Hotel Wharf, Dog Pier, Family Beach and the Port Authority Beach. The Guam Economic Development Authority (GEDA) has assigned the management of the thirty-two acre Cabras Industrial Park to the Authority.

On July 14, 2009, Public Law 30-52 placed the Authority under the oversight of the Public Utilities Commission of Guam (PUC). A comprehensive study of the Authority's tariff was performed in 2010 and the proposed rate increases were published in 2011. On January 11, 2012, the PUC approved the Authority's petition for tariff rate increases effective March 1, 2012. 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 Non-operating 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. All expenses related to operating the Authority are reported as operating expenses. COLA/supplemental annuities are reported as nonoperating expenses and revenues. Capital grants and other capital contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned.

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

Net Position

Net position represents the residual interest in the Authority's assets after liabilities 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.

Unrestricted:

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

Cash and Cash Equivalents

For purposes of the statements of net position and of cash flows, cash and cash equivalents is defined as cash on hand and deposits in banks and time certificates of deposit with initial maturities of three months or less. Restricted cash is 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, 2013 and 2012 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, 2013 and 2012, receivables that are more than thirty days past due totaled $3,745,567 and $1,674,636, respectively. The allowance for doubtful accounts is stated at an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility 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

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

Replacement Parts Inventories

Replacement parts inventories consist of spare parts and supplies stated at average cost and are charged to expense as used. Due to the nature and availability of parts necessary for operations, inventory includes items which often are not used within one year. Thus, replacement parts inventories are classified as non-current assets.

Property, Plant and Equipment and Depreciation

Land is recorded at its appraised value on the date of transfer from the Government of Guam. Buildings and structures are stated at cost, which includes interest during the construction period. Equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5 - 40 years for buildings and equipment). Current policy is to capitalize individual purchases over $1,000 with useful lives exceeding one year. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure and replacements are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue/expense, respectively.

Compensated Absences

Compensated absences are recorded as a long-term liability in the statements of net position. Estimated amounts to be paid during the next fiscal year are reported as current liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law No. 27-5 and Public Law No. 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service as follows:

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service;

2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; and

3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law No. 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

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

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

Risk Management

The Authority has commercial insurance coverage for directors' and officers' liability, comprehensive liability, employee dishonesty and forgery, money and securities loss, and automobile injury and property damage. Worker's compensation is managed through the local Department of Labor under the Government of Guam Special Fund (Special Fund); however, the Authority reimburses the Special Fund for the costs of claims. The Authority also has commercial property insurance coverage for 100% of the total net book value of property, plant and equipment, subject to deductibles. The Authority incurred no casualty losses in excess of insurance coverage during the years ended September 30, 2013, 2012 and 2011.

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.

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.

New Accounting Standards

During the year ended September 30, 2013, the Authority implemented the following pronouncements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addressed how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which improved financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The implementation of this statement did not have a material effect on the accompanying financial statements.

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

New Accounting Standards, Continued

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which enhanced the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, which do not conflict or contradict GASB pronouncements. GASB Statement No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which established guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. These Statements amend the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. With the implementation of GASB Statement No. 63 and Statement No. 65, the Statement of Net Assets was renamed the Statement of Net Position. In addition, during the year ended September 30, 2013, debt issuance costs of $116,000 which would have previously been capitalized, were expensed in the period incurred.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans,* which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions,* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements but is of the opinion that Statement 68 will materially impact the Authority's financial statements.

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

New Accounting Standards, Continued

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions in Statement 70 are effective for fiscal years beginning after June 15, 2013. Management has not yet determined the effect of implementation of this statement on the financial statements of the Authority.

Reclassifications

Certain reclassifications have been made to 2012 financial statements to correspond to the 2013 presentation.

(2) Deposits

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Authority does not have a deposit policy for custodial credit risk.

As of September 30, 2013 and 2012, the carrying amount of the Authority's cash and cash equivalents totaled $11,293,897 and $10,886,253, respectively, and the corresponding bank balances were $11,386,459 and $11,061,516, respectively, all of which were maintained in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2013 and 2012, bank deposits in the amount of $750,000 and $1,868,624, respectively, were FDIC insured. The Authority does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. The Authority has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its deposits.

(3) Property, Plant and Equipment

A summary of changes in property, plant and equipment for the years ended September 30, 2013 and 2012 is as follows:

	Beginning Balance October 1, 2012	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2013
Depreciable:				
Buildings	$ 72,898,132	$ 2,131,182	$ -	$ 75,029,314
Equipment	28,728,125	12,223,236	(4,554,114)	36,397,247
	101,626,257	14,354,418	(4,554,114)	111,426,561
Less accumulated depreciation	(55,253,548)	(4,892,633)	3,889,719	(56,256,462)
	46,372,709	9,461,785	(664,395)	55,170,099
Non-depreciable:				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	15,520,165	5,263,791	(4,925,298)	15,858,658
	19,083,165	5,263,791	(4,925,298)	19,421,658
Total	$ 65,455,874	$ 14,725,576	$ (5,589,693)	$ 74,591,757

	Beginning Balance October 1, 2011	Transfers and Additions	Transfers and Deletions	Ending Balance September 30, 2012
Depreciable:				
Buildings	$ 70,692,078	$ 2,206,054	$ -	$ 72,898,132
Equipment	28,174,492	572,048	(18,415)	28,728,125
	98,866,570	2,778,102	(18,415)	101,626,257
Less accumulated depreciation	(51,545,088)	(3,719,994)	11,534	(55,253,548)
	47,321,482	(941,892)	(6,881)	46,372,709
Non-depreciable:				
Land	3,563,000	-	-	3,563,000
Construction work-in-progress	13,521,899	4,735,138	(2,736,872)	15,520,165
	17,084,899	4,735,138	(2,736,872)	19,083,165
Total	$ 64,406,381	$ 3,793,246	$ (2,743,753)	$ 65,455,874

(4) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The Authority participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing, multiple-employer defined benefit pension plan, administered by the GovGuam Retirement Fund (GGRF) to which all funds and agencies, including component units, as well as employees who are members of the DB Plan, contribute a fixed percentage of qualifying payroll. The DB Plan provides retirement, disability, and survivor benefits to members and beneficiaries who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature.

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

All new employees whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

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 GGRF, 424 A Route 8, Maite, Guam 96910, or by visiting its website - www.ggrf.com.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2011, 2010, and 2009, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2013, 2012 and 2011, respectively, have been determined as follows:

	2013	2012	2011
Normal costs (% of DB Plan payroll)	17.52%	17.07%	17.00%
Employee contributions (DB Plan employees)	9.50%	9.50%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	8.02%	7.57%	7.50%
Employer portion of normal costs (% of total payroll)	3.00%	3.03%	3.03%
Unfunded liability cost (% of total payroll)	24.33%	23.75%	21.75%
Government contribution as a % of total payroll	27.33%	26.78%	24.78%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	30.09%	28.30%	27.46%
Employee	9.50%	9.50%	9.50%

The Authority's contribution to the DB Plan for the years ended September 30, 2013, 2012 and 2011 totaled $1,656,285, $1,482,141 and $1,489,052, respectively, which are equal to the required contributions for those years.

Defined Contribution Retirement System (DCRS)

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

(4) Employees' Retirement Plan, Continued

Defined Contribution Retirement System (DCRS), Continued

Statutory employer contributions for the DCRS plan for the years ended September 30, 2013 and 2012, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

The Authority's contributions for the DCRS plan payroll for the years ended September 30, 2013, 2012 and 2011 were $3,437,123, $3,111,487 and $2,821,611, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $3,088,129, $2,773,979 and $2,508,418 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2013, 2012 and 2011, respectively.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The Authority has accrued an estimated liability of $1,216,520, $1,105,722 and $1,028,941 at September 30, 2013, 2012 and 2011, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

For the years ended September 30, 2013, 2012 and 2011, the Authority reimbursed GovGuam for certain supplemental benefits for retirees, including contributions for the abovementioned Plan, as follows:

	2013	2012	2011
Medical and dental	$ 1,216,975	$ 1,171,262	$ 1,439,584
Supplemental benefits	889,614	861,201	727,658
Life insurance	49,447	46,604	54,565
	$ 2,156,036	$ 2,079,067	$ 2,221,807

(5) Long-Term Liabilities

Summary

Long-term liabilities of the Authority consist of annual leave and sick leave payable to its employees and long-term bank debt. Changes in long-term liabilities for the years ended September 30, 2013 and 2012 are as follows:

	Outstanding at September 30, 2012	Increases	Decreases	Outstanding at September 30, 2013	Current	Noncurrent
Accrued annual leave	$1,390,577	$ 1,209,815	$1,240,078	$ 1,360,314	$ 1,063,410	$ 296,904
Accrued sick leave	1,105,722	110,798	-	1,216,520	-	1,216,520
Long-term bank debt	3,201,009	12,000,000	542,025	14,658,984	708,048	13,950,936
	$5,697,308	$13,320,613	$1,782,103	$17,235,818	$1,771,458	$15,464,360

	Outstanding at September 30, 2011	Increases	Decreases	Outstanding at September 30, 2012	Current	Noncurrent
Accrued annual leave	$1,381,562	$1,053,249	$1,044,234	$1,390,577	$ 940,610	$ 449,967
Accrued sick leave	1,028,941	76,781	-	1,105,722	-	1,105,722
Long-term bank debt	3,355,095	-	154,086	3,201,009	165,692	3,035,317
	$5,765,598	$1,130,030	$1,198,320	$5,697,308	$1,106,302	$4,591,006

Long-term Bank Debt

Long-term debt consists of the following at September 30, 2013 and 2012:

- $3,500,000 loan obtained from ANZ Guam, Inc. (ANZ) on October 22, 2010, representing a portion of the $4,500,000 United States Department of Agriculture (USDA) Guaranteed Term Loan. The remainder of the USDA guaranteed loan is unused as of September 30, 2013. The term loan bears interest at 3% above the Federal Home Loan Bank of Seattle's 15-year amortizing fixed advanced rate at the time of funding (6.18% at September 30, 2013 and 2012) and is payable in monthly installments of $30,049 in principal and interest over fifteen years. Proceeds of the loan were used to reimburse the Authority for the acquisition of four top lifters and ten terminal yard contractors which are also pledged as collateral for the loan. Outstanding principal balance as of September 30, 2013 amounted to $3,037,138 (2012: $3,201,009).

- $12,000,000 loan obtained from ANZ on December 20, 2012, guaranteed by USDA. The term loan bears interest at 3.42% above the Federal Home Loan Bank of Seattle's 15-year amortizing rate at the time of funding (5.94% at September 30, 2013) and is payable in monthly installments of $101,427 in principal and interest over fifteen years. Proceeds of the loan were used to finance the acquisition of the used cranes identified as Port of Los Angeles Cranes and Gantry Cranes (collectively the "cranes") from Matson Navigation Company LLC and Horizon Lines LLC. Outstanding principal balance as of September 30, 2013 amounted to $11,621,846.

(5) Long-Term Liabilities, Continued

Long-term Bank Debt, Continued

In relation to the purchase, maintenance and use of the cranes, pursuant to a PUC order, the Authority established and implemented a crane surcharge. PUC also ordered that 9.5% of the revenues from the crane surcharge are deposited in a crane reserve account restricted for the purposes of future crane acquisitions, any payment due to default on any crane loan liability or any extraordinary corrective maintenance events. The balance in the reserve account at September 30, 2013 is $445,691.

As of September 30, 2013, future maturities of long-term bank debt are as follows:

Year ending September 30,	Principal	Interest	Total Debt Service
2014	$ 708,048	$ 870,561	$ 1,578,609
2015	751,380	826,327	1,577,707
2016	796,174	781,533	1,577,707
2017	848,188	729,519	1,577,707
2018	901,248	676,459	1,577,707
2019 through 2023	5,424,001	2,464,532	7,888,533
2024 through 2028	5,229,945	664,437	5,894,382
	$ 14,658,984	$ 7,013,368	$ 21,672,352

(6) Major Customers

The Authority has three and two major shipping agency customers that collectively accounted for 78.63% and 67.41%, respectively, of total operating revenues for the years ended September 30, 2013 and 2012, respectively. The Authority has a high concentration of credit risk due to the limited number of entities comprising its customer base.

(7) Rental Operations

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

Year ending September 30,	Amount
2014	$ 1,182,416
2015	1,182,416
2016	1,182,416
2017	1,182,416
2018	1,182,416
Thereafter	4,512,410
	$ 10,424,490

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 $7,503,461 and $6,893,541 respectively, for the years ended September 30, 2013 and 2012, respectively.

(8) Commitments and Contingencies

Port Modernization Plan

The Port Modernization Plan (the Plan) spans a 30-year planning horizon with an estimated project cost of $260 million and was conditionally approved in 2008 through Public Law 29-125. The Plan consists of Phases I-A and I-B with a focus on critical maintenance and repair of waterfront activities over the next five years 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.

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

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

The appropriation from the USDOD is sourced from the 2010 U.S. Supplemental Appropriations Act that was signed into law in August 2010. The appropriation was transferred to the Fund on September 22, 2010 and will be administered and disbursed by MARAD based on the terms of the MOU, however, with the approval and authorization of the Authority. The Authority intends to first utilize this appropriation before drawing down on the $25,000,000 USDA appropriations.

The appropriations from USDA were awarded on October 22, 2010. On the same date, the Authority received $3,500,000 of the guaranteed term loan with ANZ (see note 5). The remaining $1,000,000 guaranteed term loan is unused as of September 30, 2013. The Authority anticipates that it will no longer utilize the unused portion of the loan.

(8) Commitments and Contingencies, Continued

Port Modernization Plan, Continued

In 2011, due to changes in certain factors relating to the military buildup and cargo forecast, management no longer intends to utilize the $25,000,000 Community Facilities Guaranteed Loan with ANZ and has formally withdrawn the loan application on April 17, 2012. Also, USDA communicated with the Authority that the $25,000,000 direct loan is extended and to be used for expansion projects. The Authority has not utilized the $25,000,000 direct loan.

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 scaled down the components of the Phase I-A of the Plan, with maximum timeframe for full review and adoption on June 1, 2014.

At September 30, 2013, the Authority has $11.7 million recorded in construction work-in-progress for the Port Modernization Plan. Realization of these assets is dependent on future events, including continuation of the Plan as currently envisioned. In 2013, $2.6 million of the capitalized project costs were written-off to expense due to anticipated downscaling of the original Plan.

USDA Community Facility Loans

In 2010, USDA also awarded a $2,000,000 direct loan and $12,000,000 of guaranteed loans intended for the purchase of gantry cranes pursuant to Public Law 30-100 which mandates the Authority to acquire at least two gantry cranes no later than December 31, 2012. The Authority utilized the $12,000,000 guaranteed loans for the purchase of the cranes (see note 5). The Authority requested USDA to re-direct the $2,000,000 loan for purposes of acquiring critical cargo handling equipment.

Government of Guam General Fund

In March 2011, the Authority received a $12,250,000 invoice from the Government of Guam's Department of Administration (DOA) representing an annual assessment of $875,000 for each of the fiscal years 1998 to 2011 pursuant to 5 GCA Chapter 22 Section 22421, *Transfer of Autonomous Agency Revenues To Autonomous Agency Collections Fund*. In May 2011, the Authority responded to DOA requesting a further review of the assessment as the Authority believes that it does not owe DOA the entire $12,250,000 based on previous funds transferred 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, Guam Environment and Protection Agency, Guam Police Department and 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.

In September 2011, the Authority accrued $700,000 representing its liability towards the AAICF funding based on its interpretation of the law. The amount is included in accounts payable, trade and others in the accompanying statements of net position as of September 30, 2013 and 2012.

(8) Commitments and Contingencies, Continued

Lawsuit and Claims

The Authority is a defendant in various lawsuits and proceedings arising in the normal course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could have a material adverse effect on the Authority's financial statements, it is the opinion of management, after consulting with its legal counsel, that the ultimate disposition of such suits and proceedings will not have a material adverse effect on the Authority's financial statements.

Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. In 2013, the Authority paid $194,000 of merit bonuses to active employees and accrued $184,000 of estimated merit bonuses to be paid to inactive and retired employees.

Gantry 3 Crane

Management has assessed that the usage versus the cost associated to maintain the Gantry 3 crane far exceeds its actual hours of operation and performance activity and therefore, management recommends decommission of the crane. However, management has not determined when the asset will be surveyed. No adjustment to the estimated useful life of the asset has been made to the Authority's financial statements. Gantry 3 has a net book value of $4,200,000 at September 30, 2013.

(9) Crane Surcharge

Pursuant to a PUC rate order effective January 1, 2013, the Authority implemented a crane surcharge of $105 for each loaded import and export container and first carriers fully loaded transshipment containers handled at the Port, increasing to $125 per container after February 28, 2013. In addition, the rate order required the Authority to assess a $5 per ton surcharge on break bulk cargo, capped at $105 per item.

The rate order also required the Authority to deposit 9.5% of surcharge revenues into a crane replacement sinking fund, which is restricted for the future acquisition of cranes, loan payments in default on past due crane liability or extraordinary corrective maintenance events.

The Authority recorded $4,118,000 of crane surcharge revenue fiscal year 2013. The balance in the crane replacement sinking fund at September 30, 2013 is $445,691.

(10) Subsequent Events

In October 2013, Dock D at Agat Marina was damaged in a tropical storm. Estimated damages have not yet been determined.

OTHER FINANCIAL INFORMATION

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

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

The Schedule of Funding Progress presents GASB 45 results of Other Post Employment Benefits (OPEB) valuations as of fiscal year ends September 30, 2011, 2009, and 2007 for the Port Authority of Guam's share of the Government of Guam Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	$ -	$ 13,651,000	$ 13,651,000	0.0%	$ 10,981,000	124.3%
October 1, 2009	$ -	$ 32,847,000 *	$ 32,847,000 *	0.0%	$ 12,236,000	268.4%
October 1, 2011	$ -	$ 37,028,000	$ 37,028,000	0.0%	$ 13,878,000	266.8%

* No formal valuation was performed. The liabilities as of October 1, 2009 represent discounted October 1, 2011 liabilities.

The actuarial accrued liability presented above is for the Authority's active employees only. It does not include the actuarial accrued liability for the Authority's retirees, which was not separately presented in the OPEB valuation.

See Accompanying Independent Auditors' Report.

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

Details of Operating Expenses
Years Ended September 30, 2013 and 2012

	2013	2012
Management and administration:		
Management:		
Salaries and wages - regular	$ 287,920	$ 332,304
Benefits - Government contribution	96,748	104,484
Annual leave	24,290	21,854
Fringe benefits	11,476	9,893
Salaries and wages - other	2,660	-
Office supplies	1,686	1,763
Furnishings and equipment	-	149
Miscellaneous	18,847	14,701
Total management	443,627	485,148
Administration:		
Salaries and wages - regular	5,117,935	5,196,957
Benefits - Government contribution	1,778,816	1,677,026
Annual leave	464,382	405,284
Fringe benefits	294,491	300,579
Salaries and wages - overtime	176,130	150,064
Repairs and maintenance	161,986	168,260
Salaries and wages - other	126,195	53,112
Furnishings and equipment	59,276	39,308
Office supplies	28,690	27,967
Operational supplies	20,703	17,457
Miscellaneous	159,573	240,403
Total administration	8,388,177	8,276,417
Total management and administration	$ 8,831,804	$ 8,761,565

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

Details of Operating Expenses, Continued
Years Ended September 30, 2013 and 2012

	2013	2012
Equipment Maintenance:		
Repairs and maintenance	$ 3,411,010	$ 1,505,005
Salaries and wages - regular	2,264,379	2,036,291
Benefits - Government contribution	826,866	698,614
Operational supplies	404,443	346,744
Salaries and wages - other	203,568	167,113
Annual leave	197,590	158,222
Fringe benefits	157,874	156,898
Salaries and wages - overtime	122,182	108,291
Contractual	53,686	82,348
Furnishings and equipment	7,629	4,644
Office supplies	1,893	2,230
Total equipment maintenance	$ 7,651,120	$ 5,266,400
Transportation Services:		
Salaries and wages - regular	$ 2,495,037	$ 2,292,477
Benefits - Government contribution	928,461	786,850
Gas, oil and diesel	434,094	490,954
Salaries and wages - overtime	396,927	146,653
Annual leave	199,127	182,162
Fringe benefits	175,092	185,770
Salaries and wages - other	149,296	122,621
Operational supplies	1,207	1,047
Office supplies	560	632
Furnishings and equipment	232	1,591
Total transportation services	$ 4,780,033	$ 4,210,757

PORT AUTHORITY OF GUAM
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Details of Operating Expenses, Continued
Years Ended September 30, 2013 and 2012

	2013	2012
Stevedoring Services:		
Salaries and wages - regular	$ 2,013,636	$ 1,896,230
Benefits - Government contribution	738,338	618,222
Salaries and wages - overtime	324,600	141,232
Fringe benefits	171,609	138,688
Annual leave	171,245	130,982
Salaries and wages - other	135,339	114,097
Operational supplies	2,514	13,736
Office supplies	598	1,040
Total stevedoring services	$ 3,557,879	$ 3,054,227
Facility Maintenance:		
Salaries and wages - regular	$ 785,670	$ 869,283
Benefits - Government contribution	307,631	300,704
Salaries and wages - overtime	157,735	67,015
Operational supplies	90,407	101,068
Annual leave	64,982	71,769
Fringe benefits	56,026	65,700
Salaries and wages - other	24,118	14,331
Repairs and maintenance	5,271	-
Furnishings and equipment	3,530	7,453
Office supplies	266	185
Miscellaneous	-	2,545
Total facility maintenance	$ 1,495,636	$ 1,500,053

PORT AUTHORITY OF GUAM
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Details of Operating Expenses, Continued
Years Ended September 30, 2013 and 2012

	2013	2012
Terminal Services:		
Salaries and wages - regular	$ 1,201,142	$ 1,254,532
Benefits - Government contribution	416,548	407,728
Salaries and wages - overtime	147,933	50,891
Fringe benefits	91,493	98,207
Annual leave	91,250	83,730
Salaries and wages - other	39,632	35,750
Office supplies	8,562	8,611
Operational supplies	413	700
Total terminal services	$ 1,996,973	$ 1,940,149
General Expenses:		
Legal counsel	$ 923,563	$ 299,222
Professional services	803,671	1,043,043
Managers' fee	502,778	411,862
Merit bonus	191,795	-
Maintenance	185,675	97,455
Waste removal	145,051	144,740
Loan fees	116,030	-
Agency fee	43,558	38,683
Audit	42,000	43,523
Workmen's compensation injury allowance	29,376	66,056
Inventory adjustment	23,403	7,780
Port incentive award	15,905	42,866
Board of Directors expense	5,538	6,751
Claims and damages	2,550	31,253
Miscellaneous	154,970	154,941
Total general expenses	$ 3,185,863	$ 2,388,175

PORT AUTHORITY OF GUAM
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Summary of Salaries and Wages
Years Ended September 30, 2013 and 2012

	2013	2012
Salaries and wages - regular	$ 14,165,719	$ 13,878,074
Benefits - Government contribution	5,093,408	4,593,628
Fringe benefits	958,061	955,735
Salaries and wages - overtime	1,325,507	664,146
Salaries and wages - other	680,808	507,024
	$ 22,223,503	$ 20,598,607

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

Employees by Department
Years Ended September 30, 2013 and 2012

	2013	2012
Department:		
Management and administration	111	125
Equipment maintenance	50	53
Transportation services	60	65
Stevedoring services	55	57
Facility maintenance	22	24
Terminal services	33	37
	331	361