



OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagatna, Guam 96910

Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)

www.opaguam.org

Guam Highway Fund – FY 2018 Financial Highlights

March 26, 2019

Hagåtña, Guam – The Office of Public Accountability has released the Guam Highway Fund's (GHF) financial statements, report on compliance and internal control, and the auditor's communication with those charged with governance for fiscal year (FY) 2018.

The GHF ended FY 2018 with a \$321 thousand (K) increase in fund balance, an improvement from FY 2017's decrease of \$1.1 million (M). Independent Auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on GHF's financial audit. There was no Management Letter issued in FY 2018.

Revenues and Expenditures

Total revenues increased by \$2.9M or 14%, from \$20.3M in FY 2017 to \$23.1M in FY 2018. This increase was primarily due to an increase in the Liquid Fuel Taxes (LFT) due to the \$0.04 per gallon increase in the LFT rate that became effective January 01, 2018. Total expenditures increased by \$1.4M or 7%, from \$21.4M in FY 2017 to \$22.8M in FY 2018. This was primarily due to the increased appropriations authorized by the Guam Legislature.

Of the \$22.8M total expenditures, \$15.9M or 70% was transportation or highway related. These included Department of Public Works' bus operations, transportation, maintenance operations, and public streetlight operations of \$11.1M, Guam Regional Transit Authority of \$3M, and Guam Police Department Highway Patrol Division of \$1.5M.

Non-Transportation Related Expenditures

The GHF is used primarily to maintain Guam's highways and roadways, as well as implement highway safety plans, programs, and projects. However, as reported in prior GHF highlights, a large portion of GHF expenditures are appropriated to projects that are not transportation or highway related. Of the total expenditures for FY 2018, \$6.9M or 30% was non-transportation or highway related. These included the Mayors Council of Guam operations of \$5.8M, Better Public Service Fund of \$975K, and Office of Civil Defense operations of \$129K. In FY 2017, \$2M was transferred out from the GHF to the General Fund, while there were no transfers in FY 2018.

Capital Projects

The Capital Projects Fund reported a fund balance of \$176K with little to no movement in the past few years. There are seven projects for bus repairs and street repairs with a budget of \$2.6M. There were no expenditures in FY 2018 for any of the seven projects.

Report on Internal Control over Financial Reporting and Compliance

The independent auditors identified one finding relative to lack of compliance with procurement regulations. For five of twenty-five tested checks totaling \$170K (amounts ranging from \$21K to \$44K), sole source procurement was used through purchase orders instead of multi-step bids. Additionally, one check for \$60K was issued to a vendor with the highest quotation on file using the small purchase procurement method. The Department of Administration disagreed with the finding. There were no audit adjustments or uncorrected misstatements in FY 2018.

For more details on GHF's operations, see the Management's Discussion and Analysis in the audit report or visit our website at www.opaguam.org.