



Territorial Highway Fund FY 2009 Financial Highlights

March 17, 2010

The Territorial Highway Fund (THF) ended with a \$2.5 million (M) decrease in fund balance, going from \$3.5 M to \$1.1M at the end of fiscal year (FY) 2009. This loss is attributed to a decrease in revenues and an increase in expenditures.

Operations

This is the second year the increase in licenses, fees, and permits has taken its full effect, however, total revenues from increased fees decreased by \$646,000, going from \$18.6M to \$18M. Revenues from licenses, fees, and permits now represent 47% of total revenues compared to the 37% in prior years. The remaining \$9.4M, or 52% of total revenues, come from liquid fuel taxes. Liquid fuel taxes had declined by \$325,000, going from \$9.8M to \$9.4M. For every gallon of gasoline purchased, eleven cents goes to the THF's operating fund to pay for debt service and highway related expenditures. This decrease in revenues can be correlated to the changes in our economy. There has been a change in lifestyle where people are now more conscious and are not driving as much as they were in prior years. Fluctuating costs in fuel has caused people to find other means of transportation that are more fuel-efficient (i.e. carpooling).

The THF is used to maintain Guam's highways and roadways, and implement highway safety plans, programs and projects. Overall expenditures went from \$18.7M in FY 2008 to \$20.5M in FY 2009, an increase of \$1.8M. These expenditures included \$6M for debt service, \$3.3M for the Department of Administration Public Transit, \$1.7M for the Department of Public Works (DPW) CIP Administration/Operations, \$1.2M for DPW Building Maintenance, \$4.6M for DPW Highway Maintenance, \$855,000 for the Mayor's Council of Guam road repairs and maintenance, and \$66,000 for the Department of Law.

As of September 30, 2009, the THF made its annual \$500,000 payment to the UOG Capital Improvements Fund, which is used to pay for the University of Guam's debt service. The THF is current with its annual payment to the UOG Capital Improvements Fund.

The General Fund advanced \$2.8M to the THF to cover various expenditures. This "Due to" has yet to be repaid.

Better Public Service Fund

The 29th Guam Legislature established the Better Public Service Fund where ten percent of all fee license revenues received by the Department of Revenue and Taxation (DRT) shall be deposited into the fund. This fund was created to modernize systems within DRT including on-line services provided on its website. During FY 2009, the THF made its first payment of \$852,000 to this fund. The money has been used to upgrade DRT's systems as well as to purchase Guam license plates.

Capital Projects Fund

In FY 2006, DPW entered into three construction contracts, the Islandwide Village Street Restoration (Design-Build) for \$17.8M, the Islandwide Pothole Repairs – Southern Region for \$1.7M, and the Islandwide Pothole Repairs – Northern Region for \$3.6M. During FY 2009, there was \$1.2M in capital-related expenditures, leaving \$1.6M in outstanding commitments under these contracts.

Auditors' Opinion and Compliance

The Independent Auditors, Deloitte and Touche, issued an unqualified or clean opinion. There were no deficiencies in internal control over financial reporting identified. These reports can be accessed on our website at www.guamopa.org or at the Department of Administration's website at www.doa.guam.gov. There was no management letter for FY 2009.