



## **Financial Highlights**

### **Port Authority of Guam Financial Audit**

### **Fiscal Year 2024**

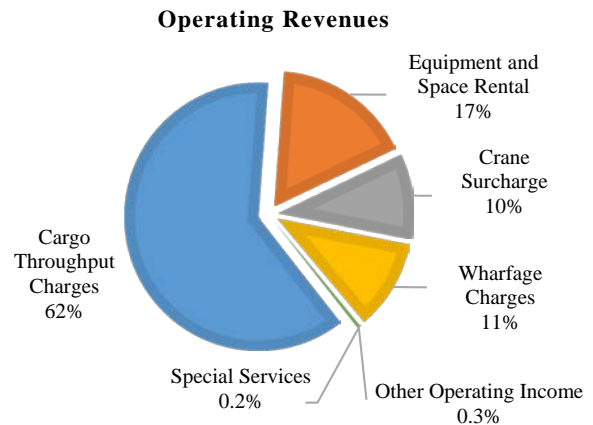
June 26, 2025

The Port Authority of Guam (Port) received an unmodified (clean) opinion on the preparation of its fiscal year (FY) 2024 financial statements and its report on compliance for major federal programs. The Port closed FY 2024 with a \$3.3 million (M) increase in net position (or net income), thereby increasing its net position to \$34.3M from FY 2023's net position of \$31.0M.

The independent auditors, Ernst and Young LLP, did not identify any material weaknesses or significant deficiencies in the Port's internal controls over its financial reporting and over its major federal programs.

### **Slight Decreases in Non-Containerized Cargo and Rental Revenue Impact Operating Revenues**

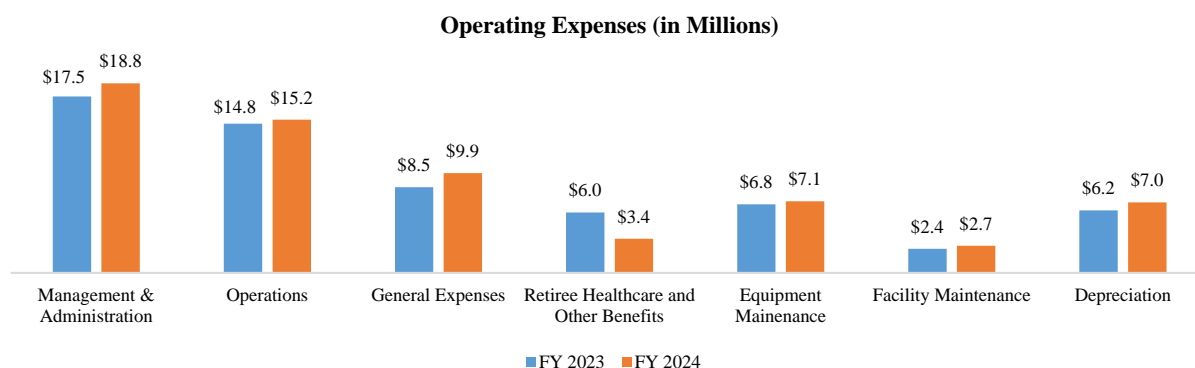
Despite the challenges posed by Typhoon Mawar (Mawar), the Port's operating revenues decreased by \$2M, from \$60.6M in FY 2023 to \$58.7M in FY 2024. This was primarily due to decreases in cargo throughput charges, equipment and space rental, and other operating income. Other operating income decreased by \$1.5M, with FY 2024's \$191 thousand (K) more closely aligning with pre-pandemic levels seen in FY 2019. FY 2023 was an irregular year, having experienced the strongest typhoon to hit our island in over 20 years and receiving \$2M in insurance.



Equipment and space rental decreased by \$470K due to reduced demurrage revenue, despite the Port allowing free storage for several days to shipping agent's cargo. In FY 2024, the Port handled 85K containers, a 0.4% decrease from 86K in FY 2023, and 211K tons of breakbulk cargo, representing a 2% decrease from 215K tons of breakbulk cargo. These declines resulted in lower revenues, notably a \$244K decrease in cargo throughput charges, from \$36.3M in FY 2023 to \$36.0M in FY 2024, comprised of breakbulk down \$819K, overstowed containers down \$226K, and cargo on chassis down \$106K.

### Operating Expenses Increase Despite Decreases in Retiree Healthcare and Other Benefits

Port's operating expenses increased by \$6.6M, from \$62.2M in FY 2023 to \$68.8M in FY 2024. Specific increases were \$1.6M in management and administration, \$149K in facility maintenance, \$192K in equipment maintenance, \$168K in stevedoring services, \$86K in transportation services, and \$17K in terminal services, largely due to increases in pension costs. Utilities expenses decreased by \$167K, primarily due to a Guam Waterworks Authority meter replacement and backbilling. Additional increases included \$1.3M in insurance and \$786K in depreciation expenses. However, retiree healthcare and other benefits expenses decreased by \$2.6M.



### Governmental Accounting Standards Board (GASB) 87 Lease Liability

Port leases its land, infrastructure, and building space to private companies to further the development of Guam's maritime industries. With the adoption of GASB 87, the Port continues to recognize, on the balance sheet, the present value of these payments expected to be received for the remainder of the lease term. As the lessor, Port recognized lease receivables of \$36.8M and a deferred inflow of resources from leases of \$36.0M as of FY 2024. At the start of FY 2024, the Port counted a total of 48 lease agreements with 43 companies. Only 13 of these leases, involving eight companies, continue to be applicable and measurable under GASB 87.

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

Port holds a statutory responsibility to provide pension benefits to its employees through the Government of Guam (GovGuam) Retirement Fund. As of September 30, 2024, Port disclosed a net pension liability decreased to \$69.7M. Port participates in the retiree healthcare benefits program. Administered by GovGuam's Department of Administration, the GovGuam Group Health Insurance Program delivers medical, dental, and life insurance benefits to retirees, their spouses, children, and survivors. Employees who currently forgo medical and dental coverage remain eligible for the life insurance benefit. This program encompasses the retirees and constitutes another post-employment benefits plan. As of FY 2024, Port's net pension liability decreased to \$69.7M, while its OPEB liability increased to \$108.1M.

### Capital Assets and Port Modernization

As of FY 2024, Port's capital assets were \$127M (net of accumulated depreciation), comprising 42% of total assets. These include land, equipment, buildings, improvements, and construction work-in-progress. During FY 2024, \$21.0M in new assets and construction activities were added, including \$7.3M in completed capital projects placed in service, offset by \$7.0M in ongoing depreciation.

Funded through federal, bond, and Port funds, these capital assets are used to provide services for tenants and customers, and for the modernization and maintenance of Port's assets. Key capital improvement projects (CIP) include:

### **Status Summary of Projects**

<b>No.</b>	<b>Purpose/Project</b>	<b>Status</b>
1	Hotel Wharf Rehabilitation and Reconstruction.	Major infrastructure effort to upgrade the Hotel Wharf and Highway 11, currently on hold for gantry crane procurement and design updates.
2	Golf Pier Repairs and Improvements.	Restoration plans were underway before Typhoon Mawar caused severe damaged, raising urgency.
3	Waterline Replacement and Relocation.	Aimed at enhancing water service and fire protection; 76% complete.
4	Equipment, Maintenance and Repair (EQMR) Building.	Facility modernization for safety, functionality, and regulatory compliance; 80% complete.
5	Warehouse 1 Rehabilitation and Upgrade.	Restoration to extend service life; 25% complete
6	Fuel Pipeline Connectivity.	Installation of new pipeline system from F1 Pier to Golf Pier to enhance fuel transfer capabilities; 40% complete.
7	Financial Management System Upgrade to Oracle JDE Enterprise One (E1).	Transitioned from Oracle JDE World (AS400) to EnterpriseOne completed and capitalized in June 2024.
8	Removal of the Port Inoperable Assets Project.	Demolition of five inoperable cranes and one abandoned barge completed; 18% of scrap disposal and site restoration remains due to vendor termination.

### **Debt Service**

As of September 30, 2024, Port had \$61.0M in outstanding revenue bonds, a decrease from the \$64.1M balance as of September 30, 2023, due to principal payments. Under the bond indenture of the 2018 Series Revenue Bonds, the Port is required to maintain a minimum debt service coverage of 1.25 in relation to net revenues versus annual debt service. For FY 2023, the annual debt service coverage was 1.93.

As of September 28, 2024, S&P Global Ratings maintained a stable outlook for the Port and affirmed its long-term rating of 'A' on the outstanding 2018 Series Revenue Bonds. This stable outlook reflects S&P Global's "expectation that port activity will continue to demonstrate resilience in the aftermath of Typhoon Mawar, and remain near current levels," as well as their "expectation that key financial metrics will remain sufficient for the rating and the port's debt capacity will remain strong."

### **Port's Infrastructure Updates and Recovery**

Guam's economy is expected to continue expanding and recovering from the Coronavirus Disease 2019 pandemic downturn and the destruction caused by the strongest typhoon to hit the island in over 20 years. As the only commercial seaport in Guam, over 90% of the region's goods and supplies pass through the Port, serving as a critical lifeline to Guam's economy and the neighboring region.

In 2024, the Port updated its property values for insurance purposes, marking the first formal appraisal in roughly 20 years. The new certified value of \$435.8M, used for FY 2025 insurance coverage, reflects a 57% increase from the Port's FY 2024 estimate of \$277.8M. Port's insurance underwriters further supported the need for a new appraisal based on the following concerns: a multimillion-dollar insurance claim following the significant damage caused by Typhoon Mawar; and the rising costs following the economic impacts of the global COVID-19 pandemic.

During FY 2024, the Port emphasized the urgent need to replace its three aging STS gantry cranes, originally built in 1983–1984, which have exceeded their serviceable life and pose a greater risk of operational disruptions affecting Guam and U.S. interests in the Indo-Pacific. A crane sensitivity analysis indicated that the loss of even one STS gantry crane could delay the military buildup by up to four years, while the loss of two STS gantry cranes would significantly impact Guam's ability to meet both organic and military cargo demands. Despite continued efforts to secure federal funding, without immediate federal support, existing resources may only be sufficient to procure one replacement crane.

For more details, refer to the Port's FY 2024 Financial Statements, Reports on Compliance for Each Major Federal Program and Internal Control Over Financial Reporting, and The Auditor's Communication With Those Charged With Governance at [www.opaguam.org](http://www.opaguam.org) or [www.portofguam.com](http://www.portofguam.com).