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BY THE COMPTROLLER GENERAL

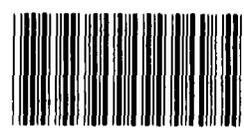
# Report To The Congress

OF THE UNITED STATES

## Examination Of Financial Statements Of The Panama Canal Commission For The Years Ended September 30, 1981 And 1980

The examination was made in accordance with generally accepted government auditing standards. Additional schedules detailing transactions related to the Panama Canal Treaty of 1977 are also included.

In GAO's opinion, except for an uncertainty raised regarding determination of interest on the U.S. investment in the Panama Canal, the statements present fairly the financial position of the Commission and the results of operation and changes in financial position for the years then ended. The Commission prepares its statements in accordance with requirements of the Panama Canal Act of 1979. They are not intended to conform with generally accepted accounting principles. GAO expresses no opinion on supplementary statements.



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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D.C. 20548

B-197901

To the President of the Senate and the  
Speaker of the House of Representatives

This report summarizes the results of our review of the Panama Canal Commission for the years ended September 30, 1981 and 1980--the Commission's first 2 years of operation. We are required by the Panama Canal Act of 1979 (22 U.S.C. 3601) to report annually on our audit of the Commission's financial transactions and to include in our report schedules of property transferred by the Commission and costs incurred by other United States agencies to implement the Panama Canal Treaty of 1977.

As required by the act, we are sending copies of this report to the President, the Secretary of the Treasury, and the Administrator of the Panama Canal Commission. We are also sending copies to the Director, Office of Management and Budget and the Secretaries of State, Defense, and the Army.

*for*   
Comptroller General  
of the United States



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PANAMA CANAL COMMISSION

OPINION ON FINANCIAL STATEMENTS

We have examined the balance sheets of the Panama Canal Commission as of September 30, 1981 and 1980, and the related statements of operations and noninterest-bearing investment; changes in the investment of the United States; changes in financial position; status of appropriations; and property, plant, and equipment for the years then ended. Our examination was made in accordance with generally accepted government auditing standards. We performed such tests of the accounting records, internal accounting controls, and other audit procedures as we considered necessary under the circumstances.

As described in footnote 2 to the statements, the Commission's policy is to prepare its financial statements on bases prescribed by the Panama Canal Act of 1979. These bases differ in some respects from generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles. This report is intended solely for the use of Congress to fulfill our audit responsibilities under section 1313(b) of the Panama Canal Act of 1979.

Section 1603 of the Panama Canal Act of 1979 requires the Commission to compute interest on the investment of the United States in the Panama Canal and provides a formula for determining and adjusting the amount of that investment. Section 1603(a) states

"\* \* \* interest shall be computed, at a rate determined by the Secretary of the Treasury, on the investment of the United States in the Panama Canal as shown in the accounts of the Panama Canal Company at the close of business on the day preceding the effective date of this act, and as adjusted in accordance with subsections (b) and (c) of this section. \* \* \*"

The Commission chose to compute interest on only a portion of the U.S. investment, a decision which reduces interest costs. The interest on the investment, while a cost to the Commission, is similar to a dividend when viewed from the perspective of the United States. Interest is a factor in setting toll rates for Canal users and is collected and paid into the Panama Canal Fund in the U.S. Treasury. The amounts in the fund are available for appropriation for canal operations and capital projects. Had the Commission chosen to compute interest on the total U.S. investment, interest costs would have been increased substantially--about \$16 million in fiscal year 1980 and about \$22 million in fiscal year 1981.

The Commission's decision to compute interest on only a portion of the U.S. investment is consistent with its predecessor agencies' (The Panama Canal Company and Canal Zone Government) practice of segregating the U.S. investment in the Canal into interest-bearing and noninterest-bearing amounts. We are not certain that the United States contemplated continuation of that practice when the Panama Canal Act of 1979 was passed. The Commission believes its approach is consistent with the act. We are continuing to pursue the matter.

In our report dated June 29, 1981, (ID-81-49) on the Commission's financial statements for the year ended September 30, 1980, we raised the same question about the Commission's determination of the interest-bearing investment of the United States. However, the Panama Canal Act of 1979 directed that we take into account the problems faced by the Commission in the first year of operation and that no adverse action be taken so long as the Commission was in substantial compliance with the act. For this reason, our opinion on the fiscal year 1980 financial statements was unqualified.

In our opinion, subject to our comments above regarding the uncertainty of determining the investment of the United States on which interest is to be computed, the statements mentioned above present fairly the financial position of the Panama Canal Commission at September 30, 1981 and 1980, the results of operations and changes in the investment of the United States, and changes in financial position for the years ended on the basis of accounting described in footnote 2 which has been applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary price-level statements beginning on page 21 are presented for purposes of additional analysis and are not a required part of the basic financial statements. We applied certain limited procedures which consisted principally of inquiries of management regarding the concepts and methods employed in preparing the supplementary price-level information. The Treaty-related schedules beginning on page 25 are required by the Panama Canal Act of 1979 and are not a required part of the financial statements. The schedules were prepared by us from data supplied by involved agencies. This data was tested for reasonableness as we deemed necessary. However, we did not audit the supplementary price level statements nor the Treaty-related schedules and express no opinion on them.

PANAMA CANAL COMMISSION

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Panama Canal Commission for the year ended September 30, 1981. Our opinion on them is on page 2. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our examination, we tested the Commission's compliance with congressionally established spending limits for certain purposes. We noted that the Commission had charged a total of \$44,278 to a number of accounts for goods and services which were not subject to spending limits. These amounts may more properly have been charged to the account titled "Contingencies of the Administrator" but this account had a \$25,000 limit. The Commission believes its treatment of these charges was proper. The amount involved does not materially affect the financial statements. We are continuing to study this matter and resolve differences between the two positions. This condition was considered in rendering our opinion on the Commission's financial statements on page 2.

In our opinion, the Panama Canal Commission, except for the potential of that item discussed above and the matter of determining the investment base discussed in our opinion on the financial statements (see p. 1), complied with the terms and provisions of laws and regulations for the transactions tested.

Nothing came to our attention in connection with our examination that caused us to believe that the Commission was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

PANAMA CANAL COMMISSION

REPORT ON INTERNAL ACCOUNTING CONTROLS

We have examined the financial statements of the Panama Canal Commission for the year ended September 30, 1981. Our opinion on them is on page 2. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Commission to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls in the following categories

- cash,
- revenues,
- expenditures,
- inventory, and
- fixed plant and equipment.

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Commission's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above. Although our study and evaluation disclosed no material weaknesses, it disclosed the mislocation of the internal audit function.

Generally accepted government auditing standards state that it is important that auditors be independent in forming their opinions, conclusions, judgments, and recommendations and that their situations lead third parties to believe they are independent and impartial. Accordingly, the standards provide that internal auditors should report to the head or deputy head of the government entity and should be organizationally located outside the staff or line management function of the unit under audit.

The Commission's Chief Financial Officer is currently responsible for conduct of a comprehensive internal audit program. He also is responsible for financial, accounting, and rate-making policies; financial and management information systems; and the financial records and reports of the Commission. The Commission's General Auditor reports to the Chief Financial Officer, and the Chief Financial Officer provides performance ratings and evaluations for the General Auditor.

For these reasons, we believe the auditor's present organizational location does not meet the standard for independence and

objectivity. This conclusion does not challenge the integrity of the Chief Financial Officer or the independence or objectivity of the Commission's auditor. However, the current organizational location of internal audit could lead third parties to question whether internal audits are independent and impartial.

The management of the Commission is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the Panama Canal Act of 1979.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in condition or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Panama Canal Commission taken as a whole or on any of the categories of controls identified in the first paragraph. However, except for the mislocation of the internal audit function, our study and evaluation disclosed no condition that we believed to be a material weakness.

PANAMA CANAL COMMISSION  
Balance Sheet  
September 30, 1981 and 1980

<u>A S S E T S</u>	<u>1981</u>	<u>1980</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
At cost (Note 2c).....	\$866,931,982	\$843,465,642
Less accumulated depreciation and valuation allowances (Notes 2e, 3, and 4).....	<u>400,615,590</u>	<u>384,231,884</u>
	<u>466,316,392</u>	<u>459,233,758</u>
<b>CURRENT ASSETS:</b>		
Fund balances and cash (Note 5):		
Operating funds:		
Obligated.....	59,433,349	76,894,964
Unobligated to be returned to the U.S. Treasury.....	31,512,246	19,842,317
Capital funds.....	25,475,158	20,186,122
Emergency fund.....	10,000,000	-
Postal fund.....	169,352	186,784
Trust fund.....	1,196,306	1,360,268
Cash receipts for deposit into U.S. Treasury.	<u>368,145</u>	<u>1,661,600</u>
	<u>128,154,556</u>	<u>120,132,055</u>
Accounts receivable, less allowance for doubtful accounts of \$125,760 and \$705,648, respectively (Note 2f).....	11,278,598	21,961,458
Other receivables (Note 6).....	<u>1,201,581</u>	<u>5,153,925</u>
	<u>12,480,179</u>	<u>27,115,383</u>
Inventories, less allowance for obsolete and excess stock of \$717,561 and \$481,529, respectively (Note 2g).....	<u>40,284,331</u>	<u>25,743,294</u>
Other current assets.....	<u>360,073</u>	<u>1,510,079</u>
	<u>181,279,139</u>	<u>174,500,811</u>
<b>OTHER ASSETS:</b>		
Deferred charges:		
Retirement benefits to certain former employees of predecessor agencies (Note 2h).	12,416,000	13,412,000
Other.....	<u>1,020,532</u>	<u>1,272,140</u>
	<u>13,436,532</u>	<u>14,684,140</u>
Unrecovered costs due from subsequent revenues (Notes 2b and 7).....	<u>917,258</u>	-
	<u>14,353,790</u>	<u>14,684,140</u>
<b>TOTAL ASSETS.....</b>	<u>\$661,949,321</u>	<u>\$648,418,709</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Balance Sheet  
September 30, 1981 and 1980

<u>L I A B I L I T I E S</u>	<u>1981</u>	<u>1980</u>
<b>INVESTMENT OF THE UNITED STATES:</b>		
Invested capital:		
Interest-bearing (8.402% and 7.096%, respectively)(Note 8).....	\$128,419,111	\$148,246,061
Non-interest-bearing.....	249,101,935	236,530,780
	<u>377,521,046</u>	<u>384,776,841</u>
Current budgetary accounts (Note 5):		
Obligated operating funds.....	59,433,349	76,894,964
Obligated capital funds.....	17,371,012	16,630,877
Unobligated capital funds.....	8,104,146	3,555,245
Unobligated emergency fund.....	10,000,000	-
	<u>94,908,507</u>	<u>97,081,086</u>
	<u>472,429,553</u>	<u>481,857,927</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable:		
U.S. Treasury - Unobligated operating funds to be returned.....	31,512,246	19,842,317
U.S. Government agencies (Note 9).....	19,367,682	13,972,693
Government of Panama.....	8,397,367	7,004,420
Other.....	3,672,626	6,468,939
	<u>62,949,921</u>	<u>47,288,369</u>
Accrued liabilities:		
Employees' leave.....	34,711,831	32,814,578
Salaries and wages.....	5,278,400	4,339,009
Retirement benefits to certain former employees of predecessor agencies (Note 2h).	1,506,000	1,613,000
Employees' repatriation.....	2,427,000	1,991,000
Damages to vessels (Notes 6 and 10).....	11,514,828	30,272,398
Net revenue payable to Government of Panama (Note 11).....	-	2,699,181
Other.....	1,120,525	2,658,193
	<u>56,558,584</u>	<u>76,387,359</u>
Other current liabilities:		
Advances for capital (Note 2d).....	16,785,190	6,909,190
Unfunded damages to vessels (Notes 6 and 10).	13,870,414	7,213,170
Other.....	1,195,849	1,369,035
	<u>31,851,453</u>	<u>15,491,395</u>
	<u>151,359,958</u>	<u>139,167,123</u>
<b>LONG-TERM LIABILITIES AND RESERVES:</b>		
Retirement benefits to certain former employees of predecessor agencies (Note 2h)...	10,910,000	11,799,000
Employees' repatriation.....	10,086,000	8,188,000
Lock overhauls (Note 2i).....	7,965,051	5,028,517
Casualty losses (Notes 2j and 12).....	9,198,759	2,378,142
	<u>38,159,810</u>	<u>27,393,659</u>
<b>TOTAL LIABILITIES.....</b>	<u>\$661,949,321</u>	<u>\$648,418,709</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Operations and Non-Interest-Bearing Investment  
Fiscal Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
<b>OPERATING REVENUES:</b>		
Tolls (Note 2b).....	\$303,080,358	\$293,443,942
Advances for capital (Note 2d).....	(9,876,000)	(6,909,190)
Net tolls revenue.....	<u>293,204,358</u>	<u>286,534,752</u>
Other.....	94,822,263	82,874,355
Total operating revenue.....	<u>388,026,621</u>	<u>369,409,107</u>
<b>OPERATING EXPENSES:</b>		
Payments to the Government of Panama (Note 11):		
Public services.....	10,000,000	10,000,000
Fixed annuity.....	10,000,000	10,000,000
Tonnage.....	<u>56,862,970</u>	<u>54,952,599</u>
	76,862,970	74,952,599
Maintenance of channels and harbors.....	29,598,168	29,279,427
Navigation service and control.....	65,799,050	55,169,624
Locks operation.....	41,049,238	31,485,789
General repair, storehouse, engineering and maintenance services.....	11,209,161	8,522,796
Transportation and utilities.....	36,221,226	36,235,740
Housing operations.....	6,677,494	8,178,834
General and administrative.....	69,979,767	70,179,784
Interest.....	11,254,119	11,938,624
Other.....	<u>40,292,686</u>	<u>40,766,709</u>
Total operating expenses.....	<u>388,943,879</u>	<u>366,709,926</u>
 NET REVENUE (LOSS) (Notes 2b, 7 and 11).....	 (917,258)	 2,699,181
<b>INVESTED CAPITAL - NON-INTEREST-BEARING:</b>		
Investment at beginning of fiscal year.....	236,530,780	226,897,674
Net revenue payable to Government of Panama (Note 11).....	-	(2,699,181)
Unrecovered costs transferred to other assets (Notes 2b and 7).....	917,258	-
Funds covered into the U.S. Treasury.....	1,661,600	(643,918)
Due U.S. Treasury for undeposited receipts.....	(368,145)	(1,661,600)
Plant reactivations.....	23,581	-
Interest on investment.....	<u>11,254,119</u>	<u>11,938,624</u>
 INVESTMENT AT END OF FISCAL YEAR.....	 <u>\$249,101,935</u>	 <u>\$236,530,780</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Changes in the Investment of the United States  
Fiscal Year Ended September 30, 1980

	Invested Capital		Operating Funds	Capital Funds	Total
	Interest- Bearing	Non-Interest- Bearing			
INVESTMENT AT OCTOBER 1, 1979.....	\$ 319,298,402	\$226,897,674	\$ -	\$ -	\$ 546,196,076
Asset transfers.....	(131,686,293)	-	-	-	(131,686,293)
Appropriation by the Congress for fiscal year 1980.....	-	-	427,158,000	36,625,000	463,783,000
Investment (Note 8).....	<u>187,612,109</u>	<u>226,897,674</u>	<u>427,158,000</u>	<u>36,625,000</u>	<u>878,292,783</u>
INCREASES IN INVESTMENT:					
Expenditures from capital appropriations.....	16,438,878	-	-	(16,438,878)	-
Expenditures from operating appropriations...	330,420,719	-	(330,420,719)	-	-
Interest on investment.....	-	11,938,624	-	-	11,938,624
Property transferred from other U.S. Government agencies.....	34,640	-	-	-	34,640
Net revenue (Note 11).....	-	2,699,181	-	-	2,699,181
	<u>346,894,237</u>	<u>14,637,805</u>	<u>(330,420,719)</u>	<u>(16,438,878)</u>	<u>14,672,445</u>
DECREASES IN INVESTMENT:					
Funds covered into the U.S. Treasury.....	3,269,096	643,918	-	-	3,913,014
Funds to be covered into the U.S. Treasury...	-	-	19,842,317	-	19,842,317
Tolls and other receipts deposited by the Panama Canal Commission.....	376,001,779	-	-	-	376,001,779
Due U.S. Treasury for undeposited receipts...	4,892,198	1,661,600	-	-	6,553,798
Property transferred to the Government of Panama.....	1,300,130	-	-	-	1,300,130
Property transferred to other U.S. Government agencies.....	797,082	-	-	-	797,082
Net revenue payable to Government of Panama (Note 11).....	-	2,699,181	-	-	2,699,181
	<u>386,260,285</u>	<u>5,004,699</u>	<u>19,842,317</u>	<u>-</u>	<u>411,107,301</u>
INVESTMENT AT SEPTEMBER 30, 1980 (Note 8).....	<u>\$ 148,246,061</u>	<u>\$236,530,780</u>	<u>\$ 76,894,964</u>	<u>\$ 20,186,122</u>	<u>\$ 481,857,927</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Changes in the Investment of the United States  
Fiscal Year Ended September 30, 1981

	Invested Capital		Emergency Fund	Operating Funds	Capital Funds	Total
	Interest-Bearing	Non-Interest-Bearing				
INVESTMENT AT OCTOBER 1, 1980.....	\$148,246,061	\$236,530,780	\$ -	\$ 76,894,964	\$ 20,186,122	\$ 481,857,927
Restoration of fiscal year 1980 funds.....	-	-	-	4,892,198	-	4,892,198
Appropriation by the Congress for fiscal year 1981.....	-	-	10,000,000	373,050,000	31,560,000	414,610,000
Appropriation by the Congress for fiscal year 1981 for repayment to the General Fund of the U.S. Treasury for the FY 1980 appropriation.....	-	-	-	350,000,000	-	350,000,000
Investment (Note 8).....	<u>148,246,061</u>	<u>236,530,780</u>	<u>10,000,000</u>	<u>804,837,162</u>	<u>51,746,122</u>	<u>1,251,360,125</u>
INCREASES IN INVESTMENT:						
Plant reactivations.....	-	23,581	-	-	-	23,581
Prior year undeposited receipts covered into the U.S. Treasury.....	-	1,661,600	-	-	-	1,661,600
Expenditures from capital appropriations..	26,270,964	-	-	-	(26,270,964)	-
Expenditures from operating appropriations	363,891,567	-	-	(363,891,567)	-	-
Expenditures from operating appropriations for repayment to the General Fund of the U.S. Treasury for the FY 1980 appropriation.....	350,000,000	-	-	(350,000,000)	-	-
Funds covered into the U.S. Treasury.....	(350,000,000)	-	-	-	-	(350,000,000)
Interest on investment.....	-	11,254,119	-	-	-	11,254,119
Property transferred from other U.S. Government agencies.....	746,778	-	-	-	-	746,778
Unrecovered costs transferred to other assets (Notes 2b and 7).....	-	917,258	-	-	-	917,258
	<u>390,909,309</u>	<u>13,856,558</u>	<u>-</u>	<u>(713,891,567)</u>	<u>(26,270,964)</u>	<u>(335,396,664)</u>
DECREASES IN INVESTMENT:						
Funds to be covered into the U.S. Treasury	-	-	-	31,512,246	-	31,512,246
Tolls and other receipts deposited by the Panama Canal Commission.....	409,686,794	-	-	-	-	409,686,794
Due U.S. Treasury for undeposited receipts	-	368,145	-	-	-	368,145
Property transferred to the Government of Panama.....	697,282	-	-	-	-	697,282
Property transferred to other U.S. Government agencies.....	352,183	-	-	-	-	352,183
Net loss (Notes 2b and 7).....	-	917,258	-	-	-	917,258
	<u>410,736,259</u>	<u>1,285,403</u>	<u>-</u>	<u>31,512,246</u>	<u>-</u>	<u>443,533,908</u>
INVESTMENT AT SEPTEMBER 30, 1981 (Note 8)...	<u>\$128,419,111</u>	<u>\$249,101,935</u>	<u>\$10,000,000</u>	<u>\$ 59,433,349</u>	<u>\$ 25,475,158</u>	<u>\$ 472,429,553</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Changes in Financial Position  
Fiscal Years Ended September 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
<b>SOURCE OF FUNDS:</b>		
From Operations:		
Revenue.....	\$388,026,621	\$369,409,107
Less operating expenses:		
Interest on net direct investment.....	11,254,119	11,938,624
Payments to the Government of Panama (Note 11)	76,862,970	74,952,599
Other expenses.....	300,826,790	279,818,703
Total operating expenses.....	<u>388,943,879</u>	<u>366,709,926</u>
Net revenue (loss) (Notes 2b, 7 and 11).....	(917,258)	2,699,181
Add transactions not requiring outlay of funds:		
Depreciation (Note 2e).....	17,813,844	17,779,979
Amortization and adjustment of deferred items.	251,607	45,207
Provision for Canal lock overhauls (Note 2i)..	3,093,000	2,727,000
Provision for casualty losses (Note 2j).....	12,200,000	10,671,433
Interest on net direct investment.....	11,254,119	11,938,624
Other.....	<u>2,674,159</u>	<u>3,702,690</u>
Total source of funds.....	<u>46,369,471</u>	<u>49,564,114</u>
<b>APPLICATION OF FUNDS:</b>		
Canal lock overhauls expenditures.....	156,466	4,724,648
Casualty losses.....	5,379,383	9,214,092
Accrued capital expenditures.....	25,565,636	17,805,823
Reduction in equity of the United States.....	<u>18,509,914</u>	<u>44,370,747</u>
Total application of funds.....	<u>49,611,399</u>	<u>76,115,310</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL.....</b>	<b>\$ (3,241,928)</b>	<b>\$ (26,551,196)</b>
	<u>Increase (decrease)</u>	
<b>CURRENT ASSETS:</b>		
Cash.....	\$ (1,474,849)	\$ (186,564)
Receivables.....	(14,635,204)	(1,319,116)
Inventories.....	14,541,037	(901,330)
Other.....	(1,150,006)	(582,121)
	<u>(2,719,022)</u>	<u>(2,989,131)</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable.....	(3,991,623)	(18,901,467)
Accrued liabilities.....	19,828,775	9,424,045
Other.....	(16,360,058)	(14,084,643)
	<u>(522,906)</u>	<u>(23,562,065)</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL.....</b>	<b>\$ (3,241,928)</b>	<b>\$ (26,551,196)</b>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Status of Appropriations  
September 30, 1981 and 1980

SOURCE OF APPROPRIATIONS	<u>1981</u>	<u>1980</u>
Funds reserved at FY 1980 year-end for payment of liabilities and undelivered orders, operating appropriations, brought forward.....	\$ 76,894,964	\$ -
Appropriations for operating expenditures.....	373,050,000	427,158,000
Appropriation for repayment to the General Fund of the U.S. Treasury for the FY 1980 appropriation..	350,000,000	-
Restoration of FY 1980 operating appropriation....	4,892,198	-
Funds reserved at FY 1980 year-end for payment of liabilities and undelivered orders, capital appropriations, brought forward.....	16,630,877	-
Unobligated balance of FY 1980 capital appropriation (no year) retained, brought forward....	3,555,245	-
Appropriations for capital expenditures (no year).	31,560,000	36,625,000
Emergency fund (no year).....	<u>10,000,000</u>	<u>-</u>
TOTAL.....	<u>\$866,583,284</u>	<u>\$463,783,000</u>

APPLICATION OF APPROPRIATIONS

Expenditures from capital appropriations:		
Fiscal year 1980.....	\$ 14,734,646	\$ 16,438,878
Fiscal year 1981.....	11,536,318	-
Funds reserved for payment of liabilities and undelivered orders, capital appropriations:		
Fiscal year 1980.....	4,162,768	16,630,877
Fiscal year 1981.....	13,208,244	-
Unobligated balance, capital appropriations (no year) retained:		
Fiscal year 1980.....	1,288,708	3,555,245
Fiscal year 1981.....	6,815,438	-
Expenditures from operating appropriations.....	363,891,567	330,420,719
Expenditures from operating appropriations for repayment to the General Fund of the U.S. Treasury for the FY 1980 appropriation.....	350,000,000	-
Funds reserved for payment of liabilities and undelivered orders, operating appropriations.....	59,433,349	76,894,964
Unobligated balance, operating appropriations lapsed.....	31,512,246	19,842,317
Unobligated emergency fund (no year) retained.....	<u>10,000,000</u>	<u>-</u>
TOTAL.....	<u>\$866,583,284</u>	<u>\$463,783,000</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION  
Statement of Property, Plant and Equipment  
September 30, 1981 and 1980

	1 9 8 1		1 9 8 0	
	Cost	Depreciation and valuation allowances	Cost	Depreciation and valuation allowances
Titles and treaty rights.....	\$ 14,728,889	\$ 3,037,834	\$ 14,728,889	\$ 2,669,612
Interest during construction.....	50,892,311	50,892,311	50,892,311	50,892,311
Canal excavation, fills and embankments...	336,893,372	65,741,687	333,607,377	57,302,181
Canal structures and equipment.....	225,745,671	124,624,285	211,934,740	120,583,287
Supporting and general facilities.....	165,001,294	101,403,024	161,843,554	97,336,282
Minor items of plant and equipment.....	11,577,140	11,577,140	12,068,270	12,068,270
Facilities held for future use.....	3,951,758	3,193,511	4,056,163	3,234,143
Plant additions in progress.....	17,995,749	-	14,188,540	-
Suspended construction projects.....	<u>40,145,798</u>	<u>40,145,798</u>	<u>40,145,798</u>	<u>40,145,798</u>
TOTAL.....	<u>\$866,931,982</u>	<u>\$400,615,590</u>	<u>\$843,465,642</u>	<u>\$384,231,884</u>

The accompanying notes are an integral part of this statement.

PANAMA CANAL COMMISSION

Notes to Financial Statements

1. Treaty Impact.

On September 7, 1977 the United States of America and the Government of Panama signed the Panama Canal Treaty of 1977, hereafter referred to as the Treaty, and a Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal. These Treaties were ratified by both countries and entered into force on October 1, 1979. The Treaty terminated all prior treaties between the United States and Panama concerning the Panama Canal. On September 27, 1979, the United States Congress passed the Panama Canal Act of 1979 (Public Law No. 96-70), hereafter referred to as the Act, to provide legislation necessary for the implementation of the Treaty and for the operation and maintenance of the Panama Canal under the Treaty.

The Treaty provided for the Government of Panama to assume complete sovereignty over the former Canal Zone, and to gradually assume control of the operation and defense of the Panama Canal over the period 1979 through 1999. The Treaty also provided for the establishment of the Panama Canal Commission on October 1, 1979 to assume certain operational responsibilities that previously were the responsibilities of the Panama Canal Company and the Canal Zone Government.

When the Treaty terminates on December 31, 1999, all of the assets of the Panama Canal Commission will have been transferred to the Government of Panama based upon the prescriptions of the Treaty and the Act. The effects of these long range requirements are not considered in the financial statements.

2. Summary of Significant Accounting Policies.

a. Accounting and reporting. As required by section 1311(a) of the Act, the accounts of the Commission are maintained pursuant to the Accounting and Auditing Act of 1950. This requires that the principles, standards and related requirements for accounting, as prescribed by the Comptroller General of the United States after consulting with the Secretary of the Treasury and the Director of the Office of Management and Budget concerning their accounting, financial reporting and budgetary needs, be met. The Accounting and Auditing Act of 1950 also requires that the accounts be maintained on an accrual basis.

b. Cost recovery. As required in section 1341(e)(1) of the Act, the application of generally accepted accounting principles to the Panama Canal Commission, a U.S. Government agency comparable to a rate-regulated public utility, determines the manner in which costs are recognized. The basis for tolls rates is prescribed in section 1602(b) of the Act. This section of the Act, known as the "statutory tolls formula," provides that:

"Tolls shall be prescribed at rates calculated to produce revenues to cover as nearly as practicable all costs of maintaining and operating the Panama Canal, together with the

facilities and appurtenances related thereto, including unrecovered costs incurred on or after the effective date of this Act, interest, depreciation, payments to the Republic of Panama pursuant to paragraph 5 of Article III and paragraph 4(a) and (b) of Article XIII of the Panama Canal Treaty of 1977, and capital for plant replacement, expansion, and improvements. Tolls shall not be prescribed at rates calculated to produce revenues sufficient to cover payments to the Republic of Panama pursuant to paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977."

Under this statutory tolls formula, any unrecovered costs are to be recovered from subsequent revenues. The amount for recovery from subsequent revenues is transferred from Invested Capital to an account within the Other Assets classification. Unrecovered costs are charged back to Invested Capital to the extent subsequent annual revenues exceed annual costs.

c. Property, plant and equipment. Property, plant and equipment are recorded at cost or, if acquired from another Government agency, at the value determined by the Director of the Office of Management and Budget. Administrative and other related general expenses are recovered currently and therefore not capitalized. The cost of minor items of property, plant and equipment is charged to expense as incurred.

d. Advances for capital. A portion of tolls in excess of depreciation recoveries may be programmed annually by the Board of Directors for plant replacement, expansion, or improvements. Such funds are considered capital advances from Canal users. Upon utilization, these advances are amortized through an offset to depreciation expense in an amount calculated to approximate the depreciation on assets acquired with such advances.

e. Depreciation. Depreciation is provided using a straight-line method with additional annual depreciation, identified as composite, to provide for premature plant retirements.

f. Accounts receivable. Uncollectible accounts receivable of the Panama Canal Commission are recognized as a reduction in revenue when written off. Any subsequent collections of Commission accounts receivable previously written off will be recorded as revenue. The allowance for doubtful accounts which appears on the Commission books is applicable only to the receivables of predecessor agencies.

g. Inventories. Operating materials and supplies are stated at average cost, plus cost of transportation to the ultimate destination on the Isthmus of Panama. An allowance has been established to reflect the estimated cost of obsolete and excess stock.

h. Retirement benefits. Employer payments to the contributory Civil Service Retirement System or to the Republic of Panama Social Security System are charged to expense. The Commission has no liability for future payments to employees under these systems.

Non-United States citizen employees who retired from predecessor agencies prior to October 5, 1958 are not covered by the Civil Service Retirement System but do receive benefits under a separate annuity plan. The amounts of the payments made under this annuity plan are recorded as a current-year expense. The liability of the Commission for future annuity payments to these former employees or their eligible widows is reflected in the balance sheet as "Retirement Benefits to Certain Former Employees of Predecessor Agencies" and an equal amount is recorded as a Deferred Charge.

As required by the Panama Canal Act of 1979, the Panama Canal Commission is liable for the increase in the unfunded liability of the Civil Service Retirement Fund which is attributable to benefits payable from that fund to, or on behalf of, employees and their survivors under the early retirement provisions of the Act. The annual installment to liquidate the increased liability is determined by the Office of Personnel Management.

i. Reserve for lock overhauls. A reserve is provided through an annual charge to expense to cover the estimated cost of periodic lock overhauls.

j. Reserve for casualty losses. A reserve is provided through an annual charge to expense to cover the estimated cost of marine accidents and other casualty losses.

k. Housing use rights. No monetary value is assigned to the rights granted to the United States by the Republic of Panama to use Canal Area housing transferred to the Republic under the terms of the Treaty. The cost to manage, maintain and provide livability improvements to these quarters is charged to expense. Rental income is included in other revenues.

### 3. Plant Valuation Allowances.

At July 1, 1951, certain valuation allowances for property, plant and equipment being transferred from the Panama Canal (agency) to the Panama Canal Company and the Canal Zone Government were established, to reduce to usable value the costs of the assets transferred. At October 1, 1979 such valuation allowances as were applicable to the assets being transferred from the Panama Canal Company and the Canal Zone Government to the Panama Canal Commission were carried forward. At September 30, 1981 and at September 30, 1980, these valuation allowances amounted to \$116.6 million comprised of: (a) \$5.9 million to reduce to usable value the cost of property, plant and equipment transferred; (b) \$50.9 million to offset interest costs imputed for the original Canal construction period; and (c) \$59.8 million to offset the cost of defense facilities and suspended construction projects, the latter being principally the partial construction of a third set of locks abandoned in the early part of World War II.

Property, plant and equipment offset by valuation allowances, when fully or partially reactivated, are reinstated by a reduction in the valuation allowance and by an increase to the non-interest-bearing net direct investment of the United States in proportion to the value to the Commission of the reactivated asset.

4. Depreciation as a Percentage of Average Cost of Plant.

The provision for depreciation, expressed as a percentage of average cost of depreciable plant exclusive of valuation allowances, was 2.41% for fiscal year 1981 and 2.46% for fiscal year 1980.

5. Fund Balances and Cash.

The fund balances and cash of \$128,154,556 are made up of \$123,419,659 on deposit in the U.S. Treasury, \$2,837,812 on deposit in commercial banks, and \$1,897,085 on hand. Of the total, \$94,908,507 is comprised of current budgetary accounts which include appropriated funds for operations, capital and the emergency fund. The emergency fund represents the amount on deposit in the U.S. Treasury which is to be used "... to defray emergency expenditures and to insure the continuous efficient and safe operation of the Panama Canal when funds appropriated for the operation and maintenance of the Canal prove insufficient for such purposes...." The fund balances and cash are composed of the following:

	<u>Millions of Dollars</u>
Operating and capital funds	\$ 84.9
Emergency fund	10.0
Unobligated funds to be withdrawn by the U.S. Treasury	31.5
Postal fund	0.2
Trust fund	<u>1.6</u>
Fund balances and cash	<u>\$128.2</u>

The postal fund consists of outstanding money orders, postal savings and interest accrued thereon. This fund will remain available until liquidated. The trust fund primarily includes deposits made by customers for future tolls, other service payments, and undeposited receipts.

6. Other Receivables.

Other receivables represent services provided in connection with ship accidents for which the Commission is considered to be at least partially responsible. The amounts are included in the computation of estimated liabilities established for damages to vessels.

7. Unrecovered Costs Due from Subsequent Revenues.

Pursuant to the provisions of section 1602(b) of the Panama Canal Act of 1979 (Public Law No. 96-70) the net loss from operations of \$0.9 million was deferred as an unearned cost to be recovered from subsequent revenues. Also, in accordance with section 1341(e) of that Act such unearned costs must be deducted from any future net operating revenues due Panama.

8. Interest-Bearing Net Direct Investment.

The interest-bearing net direct investment of the United States in the Panama Canal is computed based on section 1603(a) of the Panama Canal Act of 1979. Computations are as follows:

Millions of Dollars

Interest-bearing investment from predecessor agency:	
From Panama Canal Company	\$319.3
Transfer to Government of Panama	(74.7)
Transfer to Department of Defense	(1.0)
Transfer from Canal Zone Government	15.3
Panama Canal Company cash turned into the U.S. Treasury	<u>(71.3)</u>
Assumed by the Panama Canal Commission, October 1, 1979	187.6
Fiscal year 1980 transactions:	
Disbursements	346.9
Receipts	(384.2)
Net property transfers	<u>(2.1)</u>
Investment at September 30, 1980	148.2
Fiscal year 1981 transactions:	
Disbursements	390.2
Receipts	(409.7)
Net property transfers	<u>(0.3)</u>
Investment at September 30, 1981	<u>\$128.4</u>

9. Accounts Payable - U.S. Government Agencies.

Included in the accounts payable due to U.S. Government agencies are ship accident and other claims in the amount of \$16.8 million that were forwarded to the Department of Justice in Washington, D. C. after reaching a settlement or receiving a judgement for approval for payment.

10. Claims for Damages to Vessels.

Liabilities arising from claims for damages to vessels are divided into fund and non-fund categories. The fund category is made up of the following:

- a. Accidents which occurred prior to October 1, 1979.
- b. Accidents which occurred within the Canal locks after September 30, 1979.
- c. Accidents which occurred outside the locks after September 30, 1979, for which the claim or estimated liability is \$120,000 or less per ship per accident.

Settlement of liabilities for ship accidents which occurred outside the locks where the claim exceeds \$120,000 requires specific Congressional approval. For this reason, until approval is received, liabilities for these accidents are booked as non-fund.

11. Payments to the Government of Panama.

Based on Article III and Article XIII of the Treaty, the Government of Panama has received payment for public services, fixed annuity and thirty cents per net ton. In addition to these payments, net revenues for fiscal year 1980 in the amount of \$2.7 million were paid to the Government of Panama in accordance with paragraph 4(c) of Article XIII, which states that an annual

amount of up to \$10 million will be paid out of Canal operating revenues to the extent that such revenues exceed expenditures of the Panama Canal Commission. This amount is subject to the limitations set forth in section 1341(e) of the Panama Canal Act of 1979 (Public Law No. 96-70).

12. Reserve for Casualty Losses.

The reserve for casualty losses at September 30, 1981 of \$9.2 million includes \$8.2 million for marine accidents and \$1.0 million for other. The monthly accrual of reserve for marine accidents in fiscal year 1981 was \$1.0 million per month for a total of \$12.0 million.

13. Adjusted Billing for Services.

Revenues for fiscal year 1981 include \$0.8 million for transit-related services of the Canal Support Division which were inadvertently not recognized during fiscal year 1980, due to conditions arising out of the Treaty-related reduction-in-force process with its inherent disruption of a trained staff. Collections of \$0.7 million have been received.

Revenues for fiscal year 1981 also include a net overbilling by Canal Support Division for transit-related services, primarily due to misapplication of the Official Tariff. The net overbilling, estimated to be \$291,000 consists of pilotage overcharges of \$400,000 and tug service undercharges of \$109,000 evaluated at 90% and 95% reliability levels, respectively. The precision of the estimate is plus or minus \$100,000 for pilotage and plus or minus \$173,000 for tug services. As of the balance sheet date, the known adjustments are immaterial. Audit is being made and adjustments will be recorded in fiscal year 1982.

14. Contingent Liabilities and Commitments.

The estimated maximum liability, in addition to liabilities taken into the accounts, which could result from pending claims and lawsuits was \$4.4 million at September 30, 1981. In the opinion of management and Commission counsel, these pending claims and lawsuits will be resolved with no material adverse effect on the financial condition of the agency.

Commitments under uncompleted construction contracts and unfilled purchase orders amounted to \$29.3 million at September 30, 1981. Of this amount, \$0.3 million in unfilled purchase orders were prepaid. In addition, the Panama Canal Commission is liable for an indeterminable amount with respect to death and disability payments under the Federal Employees' Compensation Act.

Cash and negotiable securities of a kind acceptable by the United States Government in the amount of \$7.0 million were on deposit in a United States depository designated by the Panama Canal Commission at September 30, 1981 to guarantee payment by third parties of their obligations.

Section 1244 of the Panama Canal Act of 1979 (Public Law No. 96-70), makes the Panama Canal Commission liable for that portion of any estimated increase in the unfunded liability of the Civil Service Retirement Fund which is attributable to the early retirement benefits extended in sections 1241 and 1242 and the provisions of 1231(b) and 1243(a)(1) of the Act. As of September 30, 1981, the Commission's minimum liability through September 30, 1999

amounted to approximately \$350.7 million based on information furnished by the Office of Personnel Management.

The Panama Canal Treaty of 1977, Article XIII, paragraph 4(c), provides that an annual amount of up to \$10 million per year be paid to the Government of Panama out of Canal operating revenues to the extent that such revenues exceed expenditures. In the event Canal operating revenues in any year do not produce a surplus sufficient to cover this payment, the unpaid balance shall be paid from operating surpluses in future years up to the amount available from these surpluses. As of September 30, 1981, the unpaid balance is \$17.3 million.

PANAMA CANAL COMMISSION  
Schedule 1-A - General Price-Level Balance Sheet  
September 30, 1981  
(Unaudited)

<u>A S S E T S</u>	<u>Historical Dollars</u>	<u>General Price- Level Dollars</u>
	(Dollars in thousands)	
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
At cost.....	\$866,932	\$2,706,136
Less accumulated depreciation and valuation allowances.....	<u>400,616</u>	<u>1,317,714</u>
	<u>466,316</u>	<u>1,388,422</u>
<b>CURRENT ASSETS:</b>		
Fund balances and cash:		
Operating funds:		
Obligated.....	59,433	59,433
Unobligated to be returned to the U.S. Treasury.....	31,512	31,512
Capital funds.....	25,475	25,475
Emergency fund.....	10,000	10,000
Postal fund.....	170	170
Trust fund.....	1,197	1,197
Cash receipts for deposit into U.S. Treasury.....	368	368
	<u>128,155</u>	<u>128,155</u>
Accounts receivable - net.....	11,278	11,278
Other receivables.....	<u>1,202</u>	<u>1,202</u>
	<u>12,480</u>	<u>12,480</u>
Inventories:		
Materials and supplies - net.....	<u>40,284</u>	<u>41,533</u>
Other current assets.....	<u>360</u>	<u>360</u>
	<u>181,279</u>	<u>182,528</u>
<b>OTHER ASSETS:</b>		
Deferred charges:		
Retirement benefits to certain former employees of predecessor agencies.....	12,416	12,416
Other.....	1,021	1,313
	<u>13,437</u>	<u>13,729</u>
Unrecovered costs due from subsequent earnings.....	<u>917</u>	<u>917</u>
	<u>14,354</u>	<u>14,646</u>
<b>TOTAL ASSETS.....</b>	<u>\$661,949</u>	<u>\$1,585,596</u>

The accompanying notes summarize the methods employed in the preparation of this statement.

PANAMA CANAL COMMISSION  
Schedule 1-A - General Price-Level Balance Sheet  
September 30, 1981  
(Unaudited)

<u>L I A B I L I T I E S</u>	<u>Historical Dollars</u>	<u>General Price- Level Dollars</u>
	(Dollars in thousands)	
INVESTMENT OF THE UNITED STATES:		
Invested capital:		
Interest-bearing.....	\$128,419	\$ 896,452
Non-interest-bearing.....	249,102	396,129
	<u>377,521</u>	<u>1,292,581</u>
Current budgetary accounts:		
Obligated operating funds.....	59,433	59,433
Obligated capital funds.....	17,371	17,371
Unobligated capital funds.....	8,104	8,104
Unobligated emergency fund.....	10,000	10,000
	<u>94,908</u>	<u>94,908</u>
	<u>472,429</u>	<u>1,387,489</u>
CURRENT LIABILITIES:		
Accounts payable:		
U.S. Treasury - Unobligated operating funds to be returned.....	31,512	31,512
U.S. Government agencies.....	19,368	19,368
Government of Panama.....	8,397	8,397
Other.....	3,673	3,673
	<u>62,950</u>	<u>62,950</u>
Accrued liabilities:		
Employees' leave.....	34,712	34,712
Salaries and wages.....	5,278	5,278
Retirement benefits to certain former employees of predecessor agencies.....	1,506	1,506
Employees' repatriation.....	2,427	2,427
Damages to vessels.....	11,515	11,515
Earnings payable to Government of Panama..	-	-
Other.....	1,121	1,121
	<u>56,559</u>	<u>56,559</u>
Other current liabilities:		
Advances for capital.....	16,785	16,785
Unfunded damages to vessels.....	13,870	15,005
Other.....	1,196	1,196
	<u>31,851</u>	<u>32,986</u>
	<u>151,360</u>	<u>152,495</u>
LONG-TERM LIABILITIES AND RESERVES:		
Retirement benefits to certain former employees of predecessor agencies.....	10,910	10,910
Employees' repatriation.....	10,086	10,086
Lock overhauls.....	7,965	14,392
Casualty losses.....	9,199	10,224
	<u>38,160</u>	<u>45,612</u>
TOTAL LIABILITIES.....	<u>\$661,949</u>	<u>\$1,585,596</u>

The accompanying notes summarize the methods employed in the preparation of this statement.

PANAMA CANAL COMMISSION  
Schedule 2-A - General Price-Level Income Statement  
For the Year Ended September 30, 1981  
(Unaudited)

	Historical Dollars	General Price- Level Dollars
	(Dollars in thousands)	
OPERATING REVENUES.....	<u>\$388,027</u>	<u>\$400,055</u>
OPERATING EXPENSES:		
Cost of goods sold.....	446	460
Interest.....	11,254	11,603
Operating expense.....	290,280	299,279
Administrative expense.....	69,150	71,293
Depreciation.....	<u>17,814</u>	<u>50,726</u>
	<u>388,944</u>	<u>433,361</u>
Operating revenue or (loss).....	(917)	(33,306)
General price-level gain or (loss).....	<u>-</u>	<u>5,554</u>
NET REVENUE (LOSS).....	<u>\$ (917)</u>	<u>\$(27,752)</u>

The accompanying notes summarize the methods employed in the preparation of this statement.

PANAMA CANAL COMMISSION  
Notes to Price-Level Financial Statements

1. Methods employed in the preparation of the general price-level financial statements:

a. Historical dollars are restated in terms of purchasing power at the end of fiscal year 1981. The change in the value of money has been measured by using the gross national product implicit price deflators provided by the U.S. Department of Commerce.

b. The restatement of revenues and expenses, except for depreciation, reflects the change in purchasing power of the dollar during the current fiscal year. The restatement of depreciation expenses for the year is based upon the investment in property, plant and equipment revalued to reflect their ages. Property, plant and equipment and the investment of the United States are restated from July 1, 1951, the date of the previous reorganization of the enterprise, although the major proportion of the plant facilities, e.g., the Canal itself and the locks, were placed in service in 1914.

c. The net change in valuation of assets and liabilities, normally an increase during a period of inflation, is credited to the investment.

d. Generally accepted accounting principles have been followed except to reflect the change in the purchasing power of the dollar.

2. Price-level-adjusted cost of property, plant and equipment does not purport to be replacement cost.

DOD TREATY-RELATED COSTS THROUGH FISCAL YEAR 1981

(Unaudited)

<u>Agency</u>	<u>Prior FY costs</u>	<u>FY 1981 costs</u>	<u>Total costs</u>
U.S. Army			
Base Operations	\$11,348,807	\$12,613,925	\$23,962,732
Communications	1,570,913	1,083,780	2,654,693
Commissary	1,600,713 a/	1,500,593	3,101,306
Transportation	245,924 a/	218,778	464,702
Technical Assistance	64,430	122,510	186,940
Health Services	15,671,694	16,652,000	32,323,694
Disposition of Remains	133,662	187,888	321,550
Criminal Investigations	43,541	32,870	76,411
Tropic Test Center	15,128	20,280	35,408
Procurement of Equipment	2,653,826	305,152	2,958,978
Military Construction	20,870,622	460,353	21,330,975
Military Pay	4,540,390	5,961,921	10,502,311
Ports	<u>157,381</u>	<u>-</u>	<u>157,381</u>
Total Army	<u>\$58,917,031</u>	<u>\$39,160,050</u>	<u>\$98,077,081</u>
U.S. Air Force	3,028,935	2,986,504	6,015,439
U.S. Navy	309,740	123,872 b/	433,612
DOD Dependents' Schools	2,357,000	2,163,000	4,520,000
Defense Mapping Agency/IAGS	<u>1,209,264</u>	<u>(50,500)</u>	<u>1,158,764</u>
Total DOD	<u>\$65,821,970</u>	<u>\$44,382,926</u>	<u>\$110,204,896</u>

a/Includes an adjustment to prior years cost by the Army to reclassify \$80,672 from "Transportation" to "Commissary."

b/Includes \$10,328 erroneously reported as Treaty-related costs in fiscal year 1980.

TREATY-RELATED COSTS/SAVINGS THROUGH

FISCAL YEAR 1981 NON-DOD AGENCIES

(Unaudited)

<u>Agency</u>	<u>Prior FY Costs</u>	<u>FY 1981 Costs</u>	<u>Total Costs</u>
State Department	\$( 1,620,475)	\$(1,598,450)	\$( 3,218,925)
Foreign Broadcast Information Service	7,000	2,733	9,733
National Oceanic and Atmospheric Administration	1,000	377	1,377
Federal Aviation Administration	( 923,000)	(2,311,900)	( 3,234,900)
Canal Area Court System			
-Clerk of Court	( 41,000)	( 88,348)	( 129,348)
-U.S. Marshall	-	( 118,881) <u>a/</u>	( 118,881)
Smithsonian Tropical Research Institute	366,000	194,042	560,042
American Battle Monuments Commission	154,000	238,637	392,637
Gorgas Memorial Laboratory	52,000	( 62,572) <u>b/</u>	( 10,572)
Bureau of Prisons	34,000	2,586 <u>c/</u>	36,586
	\$( 1,970,475)	\$(3,741,776)	\$( 5,712,251)
Treaty costs prior to FY 1980	<u>18,178,731</u>	<u>-</u>	<u>18,178,731</u>
Total Treaty-related costs	\$ <u>16,208,256</u>	\$ <u>(3,741,776)</u>	\$ <u>12,466,480</u>

a/ Includes \$38,965 in savings not reported in fiscal year 1980.

b/ Includes \$52,000 erroneously reported as Treaty-related costs in fiscal year 1980.

c/ Includes \$32,919 erroneously reported as Treaty-related costs in fiscal year 1980.

PROPERTY TRANSFERRED BY THE DEPARTMENT OF DEFENSE AND FEDERAL

AVIATION ADMINISTRATION TO THE REPUBLIC OF PANAMA SINCE SEPTEMBER 30, 1979

(Unaudited)

	Prior FY transfers	FY 1981 transfers	Total transfers
Department of Defense			
-U.S. Army	\$28,780,879	\$ 395,063	\$ 29,175,942
-U.S. Navy	<u>4,673,633</u>	<u>-</u>	<u>4,673,633</u>
Total DOD	\$33,454,512	\$ 395,063	\$ 33,849,575
Federal Aviation Administration	\$ <u>-</u>	\$ <u>829,912</u>	<u>829,912</u>
Total DOD & FAA transfers	<u>\$33,454,512</u>	<u>\$1,224,975</u>	<u>\$ 34,679,487</u>

PROPERTY TRANSFERRED BY THE PANAMA CANAL COMMISSION

TO THE REPUBLIC OF PANAMA SINCE SEPTEMBER 30, 1979

(Unaudited)

	<u>Prior FY</u> <u>transfers</u>	<u>FY 1981</u> <u>transfers</u>	<u>Total</u> <u>transfers</u>
Canal Zone Government (CZG) - Plant items	\$10,147,105	\$ -	\$10,147,105
Panama Canal Company (PCC) - Plant items	74,062,065	-	74,062,065
PCC/CZG inventory & other assets	677,054	-	677,054
Panama Canal Commission - Plant items and inventory	<u>1,538,689</u>	<u>\$458,723</u>	<u>1,997,412</u>
Total	<u>\$86,424,913</u>	<u>\$458,723</u>	<u>\$86,883,636</u>

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