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United States General Accounting Office

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Report to the Congress

April 1986

REVENUE ESTIMATE

Panama Canal Commission Estimated Revenue for Fiscal Year 1987



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**Comptroller General
of the United States**

B-114839

April 15, 1986

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

The Panama Canal Act of 1979 (22 U.S.C. 3601-3871 (1982)) requires the Comptroller General of the United States to certify the Secretary of Defense's estimate of the Panama Canal Commission's annual revenues to be deposited in the Panama Canal Commission Fund. This letter responds to this requirement for fiscal year 1987 estimated revenues.

The chairman of the Panama Canal Commission's board of directors, who is also the Secretary of Defense's Representative for Panama Canal Affairs, has estimated the fiscal year 1987 operating revenues of the commission to be \$444 million. Vessel tolls are estimated to be \$312 million, and nontoll revenues are estimated to be \$132 million. (See appendix I.)

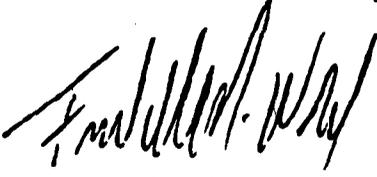
The toll revenue estimate was based on the commission's survey of activities and trends in the maritime industry. The commission's economists, using the survey results in conjunction with the commission's data bases on all vessels which have entered the Canal, forecast the tonnage expected to transit the Canal. A vessel's tonnage and the per ton toll rates approved by the President determine a vessel's toll to transit the Canal. The tonnage forecast and toll rates for fiscal year 1987 then produce the estimated toll revenue.

Nontoll revenues were based on the estimated costs of providing services such as navigation services, water and power production and delivery, and housing. Service rates are set on a cost recovery basis.

We tested the computation of the fiscal year 1987 estimates and reviewed the method and assumptions used to compile the estimates. We performed our review in accordance with applicable generally accepted government auditing standards.

Based on our review, we believe the underlying assumptions provide a reasonable basis for estimating the revenue to be deposited in the Panama Canal Commission Fund during the fiscal year 1987. However, some of these assumptions may not materialize and unanticipated

events may occur; therefore, results achieved may vary from the forecast and the variation may be material.

for 
Comptroller General
of the United States

Certification Request by Board of Directors



Board of Directors *Panama Canal Commission*

January 29, 1986

Honorable Charles A. Bowsler
Comptroller General
of the United States
General Accounting Office
441 G Street, N.W., Room 7000A
Washington, D. C. 20548

Dear Mr. Bowsler:

The Panama Canal Act of 1979 requires the Comptroller General of the United States to certify the expected revenues to be deposited by the Panama Canal Commission for the year in which appropriations are being requested. Accordingly, this is a request to certify the Commission's revenue estimates for fiscal year 1987.

Specifically, Section 1302 (c) (2) of the Panama Canal Act of 1979 provides that:

"No funds may be appropriated to or for the use of the Commission for any fiscal year in excess of (A) the amount of revenue deposited in the Panama Canal Commission Fund during such fiscal year, as such amount is estimated by the Secretary of Defense and certified by the Comptroller General of the United States at the time the budget request for the Commission for such fiscal year is submitted to Congress, plus (B) the amount of revenues deposited in such Fund prior to such fiscal year and remaining unexpended at the beginning of such fiscal year. . . ."

The Commission's budget request for fiscal year 1987 provides for (1) the termination of the special Panama Canal Commission Fund, (2) appropriations to come from the General Fund of the Treasury and (3) the deposit of all Commission receipts into the General Fund of the Treasury. In addition, all references to the Panama Canal Commission Fund in P.L. 96-70 shall mean "the General Fund of the Treasury".

In conformance with subparagraph (2) (A) of section 1302(c) of the Panama Canal Act of 1979, and the proposed changes, I estimate that the operating revenues to be deposited by the Panama Canal Commission during fiscal year 1987 will amount to \$437,370,000 of which \$312,000,000 will come from tolls and \$125,370,000 from other services. In addition to those operating revenue receipts, the Panama Canal Commission will deposit \$6,500,000 from the transit-reservation system and \$100,000 from the disposal of plant assets.

Appendix I
Certification Request by Board of Directors

Honorable Charles A. Bowsher

Total deposits by the Panama Canal Commission during fiscal year 1987 are, therefore, estimated at \$443,970,000 (see attachment). This estimate is based on the projections contained in the President's Budget for fiscal year 1987.

Your certification of the amount estimated for deposit by the Panama Canal Commission in fiscal year 1987 will be appreciated.

Sincerely,



William R. Gianelli
Chairman

Enclosure

Panama Canal Commission
Estimate of Revenues and Deposits
President's Budget FY 1987

	<u>In thousands</u>
Tolls	<u>\$312,000</u>
Revenue other than Tolls:	
Navigation services	65,270
Power services	36,360
Water system	11,700
Employee Housing	1,897
All other	<u>10,143</u>
Total Revenue other than Tolls	<u>125,370</u>
Total operating revenues	437,370
Revenue from transit reservation system	6,500
Proceeds from disposal of fixed assets	<u>100</u>
Total estimated receipts to be deposited in U.S. Treasury - FY 1987	<u>443,970</u>

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