



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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ACCOUNTING AND FINANCIAL
MANAGEMENT DIVISION

FEBRUARY 25, 1985

B-114839

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

Subject: Certification of Panama Canal Commission
Estimated Revenue for Fiscal Year 1986
(GAO/AFMD-85-42)

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 1986 estimated revenues.

The Secretary of Defense Representative for Panama Canal Affairs has estimated the fiscal year 1986 operating revenues for the Panama Canal Commission at \$441.5 million. Vessel tolls are estimated at \$316.9 million and nontoll revenues of \$124.6 million are expected.

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 toll to transit the Canal is determined by the vessel's tonnage and the per ton toll rates approved by the President. The tonnage forecast and toll rate for fiscal year 1986 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 1986 estimates and reviewed the method employed to compile the estimates. 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 fiscal year 1986. However, some of these assumptions may not materialize and unanticipated

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events may occur; therefore, results achieved may vary from the forecast and the variation may be material. Our review was performed in accordance with applicable generally accepted government auditing standards.



Frederick D. Wolf
Director