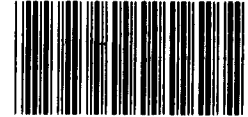


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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548



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B-197901

FEBRUARY 24, 1981

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

The Panama Canal Act (22 U.S.C. 3601) requires the Comptroller General of the United States to certify the estimated revenues to be deposited in the Panama Canal Commission's Fund by the Panama Canal Commission. This report responds to this requirement for fiscal year 1982 estimated revenues.

Section 1302(c)(2) of the Act states that:

"No funds may be appropriated to or for the use of the Commission for such fiscal year in excess of (A) the amount of revenues deposited in the Panama Canal Commission Fund during such fiscal year, as such amount is estimated by the Secretary of Defense <sup>1/</sup> 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 the Congress \*\*\*." (Underscoring supplied.)

The Act provides no criteria for us to use in certifying the estimated revenues. Therefore, we proceeded by testing the Commission's computations of fiscal year 1982 estimates, reviewing the method employed to compile the estimates and forecasts, and reviewing actual revenues for fiscal year 1980 and first quarter of fiscal year 1981. We previously certified the estimated revenues for fiscal years 1980 and 1981.

<sup>1/</sup> Duties assigned by the Act to the Secretary of Defense were subsequently delegated to the Secretary of the Army and by him to the Assistant Secretary of the Army (Civil Works).

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PANAMA CANAL COMMISSION  
REVENUE ESTIMATES

DL606214

The Assistant Secretary of the Army (Civil Works), who is also Chairman of the Commission's Board of Directors, estimated total deposits for fiscal year 1982 as follows:

Tolls for Canal transit	\$320,600,000
Operating revenue other than tolls	<u>117,464,000</u>
	\$438,064,000
Non-operating receipts	<u>1,977,000</u>
Total	<u>\$440,041,000</u>

ANALYSIS OF ESTIMATE

The operating revenues of \$438,064,000 consist of \$320,600,000 from tolls and \$117,464,000 from other services. (See enclosure.) The \$1,977,000 in other revenue consists of \$1,877,000 from the Government of Panama for payment of past due accounts receivables owed the Commission's predecessor organization and \$100,000 from sale and disposition of plant assets. The Republic of Panama began repaying the past due accounts in fiscal year 1979.

Toll revenue

The toll revenue estimate is based primarily on a study which forecast Canal traffic and tolls for the period 1979 to 1983. This study combined aggregative economic forecasting techniques with statistical analysis and economic judgement in forecasting traffic and tolls. It also used disaggregative techniques for certain commodities, such as grain and oil, where changes could impact heavily on Canal traffic. We examined and tested this basic study in certifying revenues for fiscal year 1981. Therefore, we accepted it without retesting as a basis for the fiscal year 1982 revenue estimate.

Since the study was prepared, however, the fiscal year 1982 tolls estimate has been revised several times to reflect more current knowledge of factors which affect Canal traffic and tolls. For example, the estimate was revised upward in July 1980 to its current level of \$320.6 million on the bases of expected increases in Canal traffic resulting from increased shipment of oil from the West Coast, the China-U.S. grain agreement, and general economic growth. Based on our analysis, the adjustments made to the original study data appear reasonable in both method and amount.

The Commission's revenue estimate assumes no toll increase during fiscal year 1982, even though such a possibility has been discussed by the Commission's Board of Directors. Should this materialize, or should any other of a myriad of uncertain or unpredictable events occur, actual fiscal year 1982 revenues could vary substantially from current estimates.

Non-toll revenue

Revenues from supporting activities, such as navigation services or water and power production and delivery, are based on the Commission's most recent estimates for fiscal year 1981, adjusted for foreseeable variations. Our analysis of the Commission's estimate of non-toll revenue shows it to be reasonable in both method and amounts at the time it was submitted. Subsequently, however, the Commission's Board of Directors directed the agency to seek alternatives to the SS Cristobal operation, which provides logistical support between Colon in Panama and New Orleans, Louisiana. If this operation is discontinued during fiscal year 1982, non-toll revenues could be overstated by all or part of the \$5.6 million estimated revenues to be earned by the SS Cristobal in fiscal year 1982. Because no date has been set for discontinuing the operation, the \$5.6 million is included in the fiscal year 1982 estimate.

COMPARISON OF PRIOR YEAR ESTIMATES AND ACTUAL REVENUES

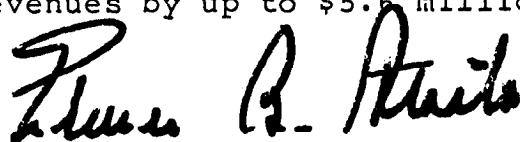
We began certifying Commission revenues with the estimate for fiscal year 1980. The comparison between the estimated and actual revenues for fiscal year 1980, the only year for which comparison is currently possible, is shown below:

	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>
Toll revenue	\$299,638,000	\$293,443,942	\$ 6,194,058
Non-toll revenue	91,576,000	82,874,355	8,701,645
	<u>\$391,214,000</u>	<u>\$376,318,297</u>	<u>\$14,895,703</u>
Non-operating deposits	72,673,000	79,140,319	-6,467,319
Total	<u>\$463,887,000</u>	<u>\$455,458,616</u>	<u>\$ 8,428,384</u>

Actual revenues varied from estimated revenues by about 2 percent. This was the Commission's first year of operation and it was complicated by unanticipated transactions related to winding down the predecessor organization (the Panama Canal Company/Canal Zone Government) and setting up the Commission. For this reason, we believe the accuracy obtained is highly creditable and supplies added confidence in the Commission's current estimate.

CERTIFICATION OF REVENUES

In our opinion, subject to the uncertainties in financial forecasting or unanticipated events and circumstances that may occur, particularly with respect to Canal traffic and toll revenues, the Commission's fiscal year 1982 estimate of \$440,041,000 in receipts to be deposited appears to be reasonable, except that discontinuing operating the SS Cristobal, a decision made subsequent to submission of the estimate, may result in overstating these revenues by up to \$5.6 million.



Comptroller General  
of the United States

Enclosure



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, D.C. 20310

ENCLOSURE

Honorable Elmer A. Staats  
Comptroller General  
of The United States  
Washington, D.C. 20548

Dear Mr. Staats:

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 the 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...."

In conformance with subparagraph (2)(A) of section 1302 (c) of said Act, I estimate that the revenues to be deposited by the Panama Canal Commission into the Panama Canal Commission Fund during fiscal year 1982 will amount to \$438,064,000 of which \$320,600,000 will come from tolls and \$117,464,000 from other services. I further estimate that, in addition to those operating revenue receipts, the Panama Canal Commission will deposit into the Panama Canal Commission Fund in fiscal year 1982 certain other funds amounting to \$1,977,000 comprised of \$237,000 of collections from the Government of Panama for Panama Canal Company accounts receivable; \$1,640,000 of collections from the Government of Panama for Canal Zone Government receivables; and \$100,000 from the sale and disposition of plant assets.

Total deposits by the Panama Canal Commission into the Panama Canal Commission Fund during fiscal year 1982 are, therefore,

ENCLOSURE

estimated at \$440,041,000. (See attachment) This estimate is based on the projections contained in the President's Budget for fiscal year 1982.

Your certification of the amount estimated for deposit into the Panama Canal Commission Fund in fiscal year 1982 will be appreciated.

Sincerely,



Michael Blumenfeld  
Assistant Secretary of the Army  
(Civil Works)

Enclosure

cc: Roger D. Schlickeisen  
Asso. Dir., OMB

ENCLOSURE

Panama Canal Commission  
Estimate of Revenues and Deposits  
President's Budget FY 1982

	<u>In Thousands</u>
Tolls (exclusive of North Slope) .....	\$ 278,600
North Slope oil .....	<u>42,000</u>
Total tolls .....	<u>320,600</u>
Revenue other than Tolls:	
Navigation services .....	56,716
Power services .....	32,422
Water system .....	7,975
Employee Housing .....	6,220
All other .....	<u>14,131</u>
Total Revenue other than Tolls .....	<u>117,464</u>
Total operating revenues .....	438,064
Proceeds from disposal of fixed assets .....	100
Collection of accounts receivables from the Republic of Panama .....	<u>1,877</u>
Total estimated receipts deposited in U. S. Treasury - FY 1982 .....	\$ <u>440,041</u>