

Guam Visitors Bureau FY 2005 Financial Highlights

August 15, 2006

The Guam Visitor's Bureau (GVB) has issued its Fiscal Year 2005 financial audit, conducted by Deloitte and Touche, and is now current in its financial audits. GVB's untimely audits of the past years resulted in audit opinion qualifications of the overall financial statements of the government of Guam. However, GVB's FY 2005 audit was substantially complete by the June 30 deadline imposed by 1 G.C.A. 1909 and sufficient to remove GVB's qualification.

In FY 2005, GVB received \$9.5 million from the Tourist Attraction Fund (TAF), which is maintained at the Department of Administration and funded by hotel occupancy taxes. Although TAF payments to GVB decreased \$773,000 from \$10.3 received in FY 2004, receivables from the government improved by \$1.9 million, from \$3.1 million in FY 2004 to \$1.2 million in FY 2005. GVB received the last month of FY 2005 allotments in FY 2006 as cash allotments have become more timely, however, overall payments to GVB still remain below the \$14.1 million FY 2005 appropriation amount.

Other revenue sources include in-kind contributions of \$112,000, Japan tax refunds of \$310,000 and memberships of \$72,000.

GVB realized a \$2.2 million loss compared to a \$764,000 loss in FY 2004, or an increase of \$1.5 million. This increase was mainly due to a write-off of \$1.2 million in advances by GVB operations to the TAF Projects. The Legislature separately appropriated \$1.5 million to the TAF Projects for Tumon beautification and other tourist attractions. Prior contractual obligations of the TAF Projects could not be paid due to lagging cash allotments. Of the \$1.5 million appropriated, the TAF Projects received only \$777,000 in FY 2006 and \$300,000 was paid in FY 2006.

GVB expenses decreased by 3% to \$10.6 million from \$11 million in FY 2004 partly due to GVB's cost cutting measures to address the lagging cash allotments. FY 2005 expenses for Japan operations were \$4.7 million and Guam operations were \$5.9 million. Promotional expenses for target markets decreased 10% from \$2.2 million in FY 2004 to \$2 million in FY 2005. However, Philippine promotional expense increased 142% from \$44,000 in FY 2004 to \$106,000 in FY 2005. Overall travel costs were reported at \$126,000, a decrease of 21% from \$161,000 in FY 2004. However, other travel costs are included in the specific promotional categories instead of the general travel category and a true amount for travel cannot be determined.

A separate management letter identified six internal control concerns. Among the concerns was the purchase of alcoholic beverages during the enactment of Public Law 27-152, which prohibited the purchases.

For more information, see Management's Discussion and Analysis.