



OFFICE OF THE PUBLIC AUDITOR

Guam Visitors Bureau FY 1999, 2000, & 2001 Highlights**May 12, 2004**

The Guam Visitors Bureau (GVB) financial audits have been issued for fiscal years 1999, 2000, and 2001. These reports are as late as four years. 1 G.C.A. §1909 requires audits of all government entities to be completed by June 30 th of the following fiscal year. The audits were conducted by Deloitte & Touche.

Fiscal year 1999 reported an over-expenditure of \$4.8 million, while 2000 and 2001 reported revenues in excess of expenditures of \$2 million and \$1.4 million, respectively. GVB is trustee of the Special Tourist Attraction Fund (TAF) Projects to beautify Tumon Bay and other tourist attraction projects. The Special TAF Projects reported a 1999 over-expenditure of \$697,000 and revenues over expenditures in FY 2000 and 2001 of \$297,000 and \$120,000, respectively.

GVB's main sources of revenue are Legislative appropriations of the Tourist Attraction Fund considered ♦grants-in-aid.♦ The following are revenues for 1999, 2000, and 2001:

Guam Visitors Bureau							
	Government of Guam	In-kind Contributions	Japan Tax Refund	Memberships	Interest	Other	Total revenues
FY99	\$ 15,252,755	\$ 4,407,418	\$ 458,231	\$ 55,700			\$ 20,174,104
FY00	\$ 13,674,324	\$ 653,258	\$ 313,735	\$ 45,135			\$ 14,686,452
FY01	\$ 14,663,324	\$ 396,831	\$ 338,499	\$ 131,250			\$ 15,529,904
Special Tourist Attraction Fund Projects							
FY99	\$ 483,000				\$ 9,969	\$91,642	\$ 584,611
FY00	\$ 966,000				\$ 2,304		\$ 968,304
FY01	\$ 1,049,000				\$ 8,215		\$ 1,057,215

The severe decline in In-Kind Contributions over the three fiscal years (\$4.4 million in 1999 to \$653,000 in 2000 and \$397,000 in 2001) was attributed to poor economic conditions that prevented the membership from making substantial contributions.

Main uses of GVB revenues consist of personnel costs and contractual expenses classified

as promotional, administrative, and developmental. These contractual expenses were for visitor arrival forms processing and research, warehouse storage, brochures, building maintenance, legal services, exit surveys, visitor safety promotions, and cultural presentations. Japan promotions spent significant amounts on summer campaigns, television advertising, and other campaigns.

The expense classification of **Travel** does not represent all travel costs incurred by GVB. Travel costs have also been incorporated into GVB's various contractual classifications. In preliminary drafts provided to the OPA, we noted that \$223,000 originally classified as **Travel** was later reclassified to **Contractual Promotional**.

	FY01	FY00	FY99
Guam operations:			
Contractual:			
Promotional	\$ 2,335,709	\$ 2,179,424	\$ 1,336,594
Administrative	\$ 1,169,092	\$ 1,043,795	\$ 1,548,793
Developmental	\$ 1,035,993	\$ 979,727	\$ 939,301
Personnel & Benefits	\$ 1,480,684	\$ 1,426,358	\$ 1,311,471
Travel	\$ 191,582	\$ 26,233	\$ 15,567
Others	\$ 269,714	\$ 459,362	\$ 2,487,074
Subtotal	\$ 6,482,774	\$ 6,114,899	\$ 7,638,800
Japan operations:			
Contractual:			
Promotional	\$ 6,776,633	\$ 5,189,186	\$ 12,305,045
Administrative	\$ 543,190	\$ 238,768	\$ 188,890
Personnel & Benefits	\$ 409,155	\$ 405,345	\$ 364,852
Travel	\$ 128,237	\$ 37,103	\$ 39,710
Others	\$ 384,485	\$ 355,406	\$ 4,650,163
Subtotal	\$ 8,241,700	\$ 6,225,808	\$ 17,548,660
TOTAL EXPENSES	\$ 14,724,474	\$ 12,340,707	\$ 25,187,460

The reports on compliance and internal controls reported six findings in 1999, seven findings in 2000, and nine findings in 2001. The three years consistently reported findings related to missing purchase orders to substantiate expenditures, incorrect recording of encumbrances, and missing documentation for credit card expenses. GVB issued 13 credit cards to its employees in FY 1999 and 2000 and 14 cards in FY 2001.

Finding No.6 of the 1999 report states that GVB operations has had to transfer funds to the Special Tourist Attractions Fund Projects because allotments from the Government of Guam have been untimely. As of FY 2001, a \$323,000 payable remains due to GVB operations from Special TAF Projects.

Since 1999, a receivable of \$2.1 million remains due from the Government of Guam for appropriations yet to be disbursed to GVB.

The following table illustrates GVB's employment figures and payroll costs for the three fiscal years:

	FY01	FY00	FY99
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Guam office			
Number of employees	29	30	31
Annual payroll	\$ 1,154,983	\$1,175,778	\$1,141,940
Japan office			
Number of employees	7	6	6
Annual payroll	\$ 355,489	\$ 343,446	\$ 313,580