

News Release

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GEDA Turns Profit for Second Consecutive Year

The Guam Economic Development Authority finished the fiscal year ending September 30, 2001 with net income of \$88,000, marking the second year in a row the agency has been in the black. For fiscal year 2000 GEDA had net income of \$103,000.

The two consecutive years of profitability come after three years in a row in which GEDA operated at a deficit, losing \$1.8 million in 1999, \$565,000 in 1998 and \$750,000 in 1997.

GEDA's audited financial statements, prepared by Deloitte Touche Tohmatsu, show the agency still has a cumulative operating deficit of \$1.4 million.

During 2001 GEDA's rental income declined \$704,000, while service fees increased \$126,000. Operating expenses were reduced by \$349,000 compared to the prior year, but the reduction could have been substantially greater had salaries and benefits not jumped by \$328,000. Despite a freeze in hiring in the Executive Branch of GovGuam, GEDA's number of employees went up from 35 to 38. The increase was due to the absorption of BRAC employees formerly funded entirely by federal grants.

Salaries at GEDA totaled \$1.4 million for FY 2001, compared to \$1.1 million the year previous. Professional services expenses remained constant at approximately \$274 thousand.

GEDA has made significant improvement in its collection of bad debts over the past two years. In FY 2001 GEDA recovered \$585 thousand in bad debts, the year before it recouped \$463,000. However GEDA still had to write off an additional \$923,000 in economic loans and \$246,000 in agricultural assistance during FY 2001. The write off of Alliance Air, a local commuter airline that has gone out of business, accounted for \$637,000.

As the result of a change in law, GEDA's oversight of the Chamorro Heritage Fund (CHF) was terminated. Public Law 26-59 transferred all of the tangible assets of the CHF, amounting to \$321,000, to the Department of Chamorro Affairs.

The Department of Interior Office of the Inspector General has also issued three reports on GEDA during the past year on 1) Bond Services, Lease Operations and Trust Fund Activities; 2) Qualifying Certificate Program; and 3) Loan Programs. You may access these and other DOI/OIG reports at www.guamopa.org.

