



OFFICE OF THE PUBLIC AUDITOR

**Guam Visitors Bureau  
FY 2006 Financial Highlights**

April 27, 2007

The Guam Visitors Bureau (GVB) has issued its fiscal year 2006 financial audit, conducted by Deloitte and Touche before the June 30th deadline. In FY 2006, GVB realized a \$1,400 decrease in net assets (loss) compared to a \$2.2 million loss in FY 2005. The current year's loss was minimized by an increase in government of Guam appropriations.

A total of \$14.3 million was appropriated from the Tourist Attraction Fund (TAF) to GVB, \$12.8 million for operations and \$1.5 million for Special Projects, Pa'a Taotao Tano' and Gef Pago'. The Legislature makes two separate appropriations to GVB from the TAF, which is maintained at the Department of Administration and fully funded by hotel occupancy taxes. However, GVB only received \$10.8 million of the \$12.8 million appropriated from the TAF for operations. Despite the shortfall, this was a \$1.3 million, or 13.7%, increase from the \$9.5 million received in FY 2005.

GVB also received other revenue totaling \$823,000 which included in-kind contributions of \$292,000, consumption tax refund (Japan tax refunds) of \$233,000, and the collection of \$100,000 of \$1.2 million of TAF Special Projects appropriation written-off in 2005.

GVB's overall operating expenses increased by 9.2% or \$980,000 from \$10.6 million in FY 2005 to \$11.6 million in FY 2006. While there were slight decreases in spending in Guam operations, overall spending for Japan operations increased 21.2% or \$995,000.

GVB's total spending in promotions of \$6.5 million remains concentrated in Japan at \$4.6 million or 71% of promotional spending, followed by Korea at \$890,000 or 13.7%. GVB also invests in promotions in Taiwan, North America, Hong Kong, Philippines, and the Pacific and Australia. These areas each comprise 1% to 3% of GVB's promotional spending.

Travel costs are not identified separately, but carried in promotional categories. GVB has begun to revamp its accounting system and is anticipating the FY 2007 audit to show expenditures within the appropriate object category.

GVB's report on compliance and internal controls did not disclose reportable conditions. However, a separate management letter identified five internal control concerns. Two concerns take into account GVB's use of the arbitrary rate of 105 to calculate the value of yen disbursements. The auditor recommends that GVB use average monthly yen exchange rates, and reevaluate the rate after the first three months for Japan vendor contracts. A third concern is that GVB does not have tag numbers assigned to specific assets and has not performed a complete inventory count for several years. The auditor

recommends that GVB place identification tags on all fixed assets and perform an inventory at least biannually. Another concern is that bank reconciliations are prepared on a combined basis and are not segregated by fund. The auditor recommends that GVB perform periodic reconciliations with the Department of Administration to verify amounts received and strengthen its review of bank reconciliations.

GVB does not separately track expenditures made for Board meetings. According to the General Manager such expenditures are nominal.

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