



Guam Economic Development and Commerce Authority FY 2004 Financial Highlights

June 7, 2005

For the second year in a row, the Guam Economic Development and Commerce Authority (GEDCA) has shown dramatic improvement in its finances by ending fiscal year 2004 with net income of \$1.8 million compared to \$767,000 (revenues were restated from \$1 million to \$767,000) in FY 2003 and a loss of \$190,000 in FY 2002. The increase in net income was due to the one time sale of Shipyard equipment (\$700,000), reimbursements for typhoon recovery (\$699,000) and the decrease in operating expenses by \$1.3 million. GEDCA, however, spent over \$1.2 million to rehabilitate its facilities after Typhoon Pongsona.

Overall revenues decreased by \$147,000, going from \$2.1 million in FY 2003 to \$1.95 million in FY 2004. The decrease was attributed to the lack of bond services fees in FY 2004. The decrease in revenues was countered by a decrease in operating expenses, going from \$2.9 million in 2003 to \$1.6 million in 2004. Salaries and benefits declined by \$445,000, from \$1.4 million in FY 2003 to \$978,000 in 2004. At the end of 2004, there were 21 employees, compared to 27 in FY 2003 and 34 in FY 2002. Other attributes to the decrease in operating expenses include professional services, down \$391,000 from the FY 2003 and the provision for doubtful notes and accrued interest receivables, down \$404,000 from FY 2003. The reduction in bad debts was helped by enforcing loan conditions and aggressive collections on accounts.

As a result of these improvements, GEDCA's cash and investments has increased to \$1 million compared to \$201,000 in FY 2003.

In FY 2003, GEDCA started accounting for monies received from the Tobacco Settlement Agreement (TSA). FY 2004 revenues for TSA were \$1.4 million, compared to \$1.6 million in FY 2003.

For the fifth straight year, GEDCA did not realize any questioned costs or findings for federal expenditures, therefore, GEDCA qualified as a low-risk auditee, making them one of only a few government of Guam entities to obtain this status. For a more detailed commentary of GEDCA's operations, refer to the Management Discussion and Analysis in the audit report.