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The Guam International Airport Authority (GIAA) had a net loss of \$5 million in fiscal year 2001, according to the audited financial statements prepared by Deloitte & Touche.

This was the third year in a row that GIAA has had a net loss. In FY 2000 the net loss was \$2.2 million and in FY 1999 the loss was \$7.2 million.

Although GIAA had operating earnings of \$4.6 million, it was not sufficient to prevent the net loss of \$5 million. Operating earnings in prior years were \$6.8 million in FY 2000 and \$6.4 million in FY 1999.

Operating revenues at GIAA have dropped over the last five years from \$53.5 million in 1997 to \$47.1 million in 2001. Facilities revenues accounted for most of the decline, going from \$28.6 million in FY 1997 TO \$18.3 million in 2001. In those same five years, concession fees and rental income increased by more than \$5 million, from \$19 million in 1997 to \$24 million in 2001.

GIAA has two major customers, Continental Airlines and Duty Free Shoppers LTD. Continental contributes 35% of operating revenues while Duty Free adds 25% to revenues.

Operating expenses over the last five years have increased from \$32.6 million in 1997 to \$42.5 million or \$9.9 million. Depreciation and contractual expenses accounted for most of the increase. Depreciation was \$11.2 million in 1997 and now has grown to \$15.7 million. Contractual expenses were up from \$10.3 million in 1997 to \$14.4 million. Personnel costs increased from \$9.9 million to \$11 million during the five years.

Among the major components of contractual expenses of \$14.4 million were \$5 million for repairs and maintenance, \$4.7 for utilities and telephone; \$1.8 million for professional services (down from \$2.1 million the previous year); \$869,000 for advertising and promotions (up from \$825,000 last year and \$206,000 in 1997); \$692,000 for travel (up from \$443,000 in 2001 and \$130,000 in 1997); \$623,000 for insurance and \$672,000 for miscellaneous.

Interest expense on bonds was \$13.3 million or 28% of operating revenues. In 1997 interest expense was \$11.8 million or 22% of revenues.

