



OFFICE OF THE PUBLIC AUDITOR

## **Guam Economic Development and Commerce Authority FY 2006 Financial Highlights**

**February 7, 2007**

The fiscal year 2006 audited financial statements prepared by Deloitte & Touche, issued just over four months after the fiscal year end, reveals the Guam Economic Development and Commerce Authority (GEDCA) has made considerable financial improvement by ending the fiscal year with net income of \$186 thousand compared to the loss of \$460 thousand sustained in FY 2005.

Although GEDCA's operating revenues declined by \$57 thousand going from \$1.9 million in FY 2005 to \$1.8 million in FY 2006, operating expenses decreased by a larger margin. GEDCA curbed operating expenses by \$183 thousand going from \$1.9 million in FY 2005 to \$1.7 million in FY 2006. The decrease in operating expenses was mainly attributed to the decrease of \$83 thousand for Professional Services, \$33 thousand in depreciation and amortization, and the \$89 thousand for doubtful accounts.

GEDCA continues to maintain a healthy cash position, and increased its overall net assets. During the year GEDCA employed aggressive collections on its accounts receivable, which resulted in accounts receivable declining by \$1 million dollars, from \$1.5 million in FY 2005 to \$433 thousand in FY 2006. GEDCA also realized a \$1.4 million increase in investments going from \$1 million in FY 2005 to \$2.5 million. GEDCA closed the year with a \$37 thousand gain on investments, an increase of 180% compared to the prior year.

In addition to improving their financial position, other noteworthy improvements were made during the year. In prior years, the Guam Development Fund (GDFA) was considered a federal grant, after discussions with the U.S. Department of the Interior, the monies reported in the GDFA are no longer classified as federal funds and now are considered local funding for use in developing private industry. As a result, GEDCA incurred only \$190 thousand in federal expenditures during the year. The total federal expenditures fell below the single audit requirement of \$500 thousand therefore an A-133 compliance report was not required.

The independent auditors reported no material weaknesses involving the internal control over financial reporting in GEDCA operations. During the year, GEDCA's management made great strides to reduce audit findings, as FY 2006 marked the first year the agency did not have a single audit finding reported or a separate management letter.

For a more detailed commentary of GEDCA's operations, refer to the Management Discussion and Analysis in the audit report.