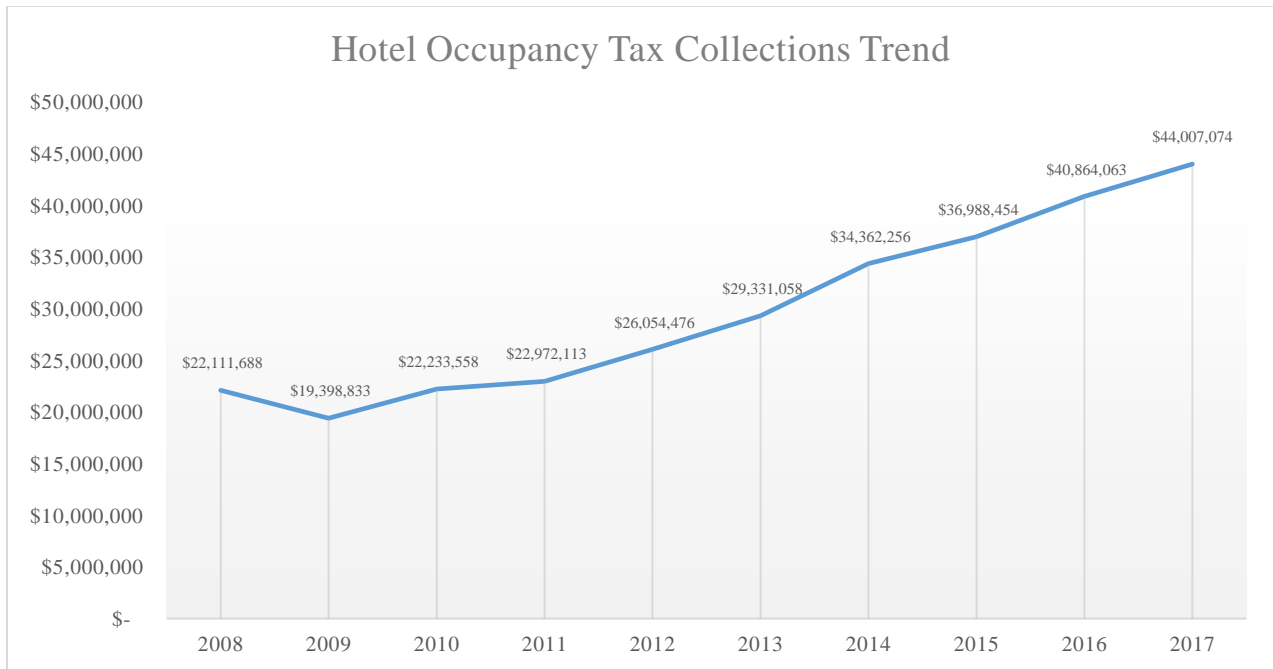




Tourist Attraction Fund FY 2017 Financial Highlights

April 11, 2018

In fiscal year (FY) 2017, Tourist Attraction Fund (TAF) revenues continued to escalate to \$44.0 million (M) from \$40.9M, or a \$3.1M (7.6%) increase from the prior year. The TAF is funded by Hotel Occupancy Tax (HOT) collections which continue to increase over the decade. FY 2017's increase was mainly due to increases in tourist arrivals and hotel room rates. The TAF is comprised of three governmental funds with a combined fund balance of \$25.6M and includes the Operating Fund of \$1.4M, Capital Projects Fund of \$11.9M, and the Debt Service Fund of \$12.3M. Independent Auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on TAF's financial audit.



Operating Fund

Despite record revenues of \$44.0M, expenditures of \$37.4M, and debt service of \$7.0M, the Operating Fund ended with a \$375 thousand (K) deficit leaving a cumulative fund balance of \$1.4M. The top expenditures were payments to the Guam Visitors Bureau of \$23.9M, a 10% decrease from \$26.5M, the Mayor's Council of Guam of \$4.1M, a 31% increase from \$3.1M, and the Department of Parks and Recreation of \$3.1M, a 14% decrease from \$3.6M.

Capital Projects

There was minimal activity during FY 2017 with expenditures from the Capital Projects Fund totaling \$3.2M, compared to \$8.0M in FY 2016 when \$6.8M was spent for the Guam Museum. FY 2017 expenditures include the Guam Museum of \$1.8M, San Vitores Flooding for \$612K, Guam Fisherman's Cooperative for \$450K, and Tumon Bay Improvements for \$337K.

There are 27 capital projects with a budget of \$70.8M. Of the 27 projects, the five largest projects include: (1) Guam Museum for \$26.9M or 38%, (2) Other HOT Bond projects for \$11.7M or 16%, (3) Hagatna Master Plan Projects for \$6.1M or 9%, (4) Guam Preservation Trust Reimbursement for \$4.3M or 6%, and (5) San Vitores Flooding for \$4.0M or 6%. As of FY 2017, \$27.1M of capital projects have yet to be obligated. These include Other HOT Bond Projects of \$11.7M, Hagatna Master Plan Projects of \$5.3M, and the Guam Museum. For the Guam Museum, \$19.5M has been expended and encumbered leaving \$7.3M yet to be obligated. Subsequently, a Request for Proposal (RFP 18-04) was issued for lease and development of Department of Integrated Services for Individuals with Disabilities and Chamorro Land Trust Commission property.

Guam Museum Fund

Public Law No. 33-185 authorized funding for the Guam Museum's operational costs. In March 2016, the Department of Chamorro Affairs entered into a two year contract with a vendor to perform the management, operations and maintenance of the Guam Museum and Chamorro Educational Facility. The vendor was paid \$1.1M in FY 2017 and \$1.5M in FY 2016.

HOT Surplus Fund

Public Law 32-68 created the HOT Surplus Fund authorizing the transfer of revenue collections in excess of the revenue budget. In FY 2017, HOT Surplus Fund transfers were \$2.9M, a 222.8% increase over \$904K from the prior year.

Audit Adjustments and Uncorrected Misstatements

Department of Administration has three audit adjustments that had no effect on fund balance, no uncorrected misstatements, and did not receive a management letter for FY 2017.

For a detailed commentary of the TAF's operations, refer to the Management's Discussion and Analysis in the audit report or visit our website at www.opaguam.org.