



OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagatna, Guam 96910

Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)

www.opaguam.org

Tourist Attraction Fund – FY 2018 Financial Highlights

March 27, 2019

Hagåtña, Guam – The Office of Public Accountability has released the Tourist Attraction Fund’s (TAF) financial statements, report on compliance and internal control, and the auditor’s communication with those charged with governance for fiscal year (FY) 2018. The TAF was created to fund various recreational projects and visitor industry activities. Revenues are derived from the hotel occupancy taxes (HOT) generated from the visitor industry. In FY 2018, the TAF’s total fund balance decreased by \$4.7 million (M) or 18.5%, going from \$25.6M in FY 2017 to \$20.9M in FY 2018.

Independent Auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on TAF’s financial audit. The independent auditors did not identify any material weaknesses or significant deficiencies on TAF’s Report on Internal Control over Financial Reporting and Compliance. There was no Management Letter issued in FY 2018.

Revenues Decrease

The TAF records three governmental funds, the Operating Fund, Capital Projects Fund, and the Debt Service Fund. Revenue collections from the operating fund decreased by approximately \$808K or 1.8%, from \$44M in FY 2017 to \$43.2M in FY 2018. This decrease was primarily due to a decrease in the HOT due to a slight decrease in tourist arrivals in 2018. The Operating Fund reported a negative fund balance of \$174 thousand (K), the Capital Projects Fund reported at \$8.5M, and the Debt Service Fund reported at \$12.5M.

Expenditures Increase

Expenditures in FY 2018 increased by \$556K or 1.2%, going from \$47.6M in FY 2017 to \$48.2M in FY 2018. The top expenditures are as follows: \$24.8M to the Guam Visitors Bureau, a 4% increase from \$23.9M; \$3M to the Department of Parks and Recreation, a 1% decrease from \$3.1M; \$2.9M to the Mayors Council of Guam, a 29% decrease from \$4.1M; and \$2.8M to the Guam Police Department, a 478% increase from \$480K.

Capital Projects Fund

There are 28 capital projects with a budget totaling \$70.8M. The five largest projects included the following: (1) Guam and Chamorro Educational Facility for \$26.8M or 38%; (2) Other HOT Bond Projects for \$10.7M or 15%; (3) Guam Museum for \$6.1M or 9%; (4) Guam Preservation Trust Reimbursement for 4.3M or 6%; and (5) San Vitores Flooding \$4M or 6%.

Expenditures from the Capital Projects Fund cumulatively totaled \$43.3M with the two largest expenditures being \$19.6M for the Guam and Chamorro Educational Facility and \$4.3M for the Guam Preservation Trust Reimbursement. Both the Other HOT Bond Projects and the Dock Facility projects have yet to begin.

Audit Adjustments and Uncorrected Misstatements

There were two uncorrected misstatements with the net effect of a reduction in the fund balance of \$100K. There were no audit adjustments in FY 2018.

For more details on TAF’s operations, see the Management’s Discussion and Analysis in the audit report or visit our website at www.opaguam.org.