



# Guam Visitors Bureau Citizen-Centric Report (CCR) Fiscal Year 2011

## OUR VISION

**“A healthy, vibrant, and growing visitor industry generating business opportunities and employment for all residents, protecting the island’s heritage, cultural values and natural resources, and making positive contribution to the community’s quality of life.”**

## Enabling Statutes & Funding

The Guam Visitors bureau is a public, non-stock and non-profit corporation. It is a unique organization where its members and the people of Guam share an interest in the island’s tourist industry.

GVB is governed by a 13-member Board of Directors. They oversee the overall operations of the Bureau to insure that we meet our goals and objectives.

GVB is funded by the Tourist Attraction Fund and membership dues (less than 1% of total funding).

**There are ten guiding principles that lead our strategic direction:**

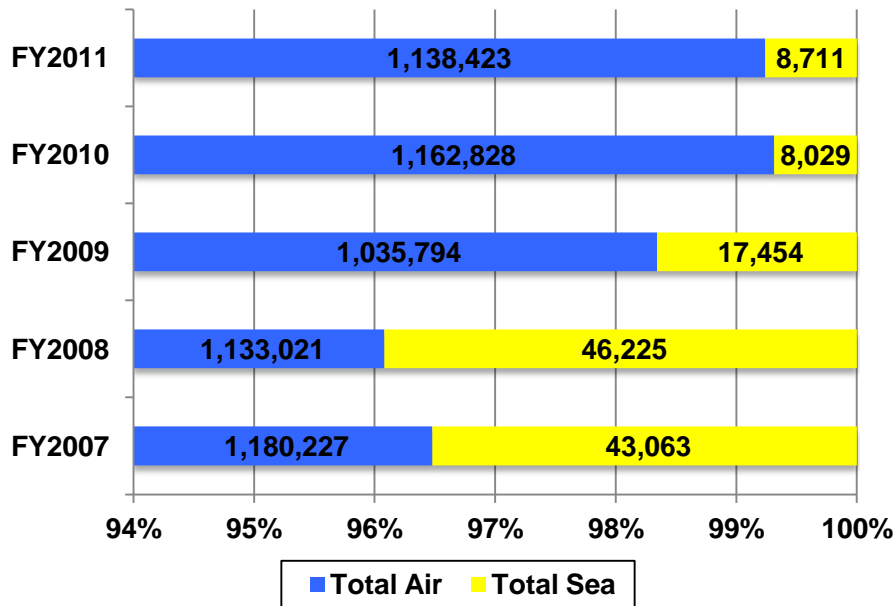
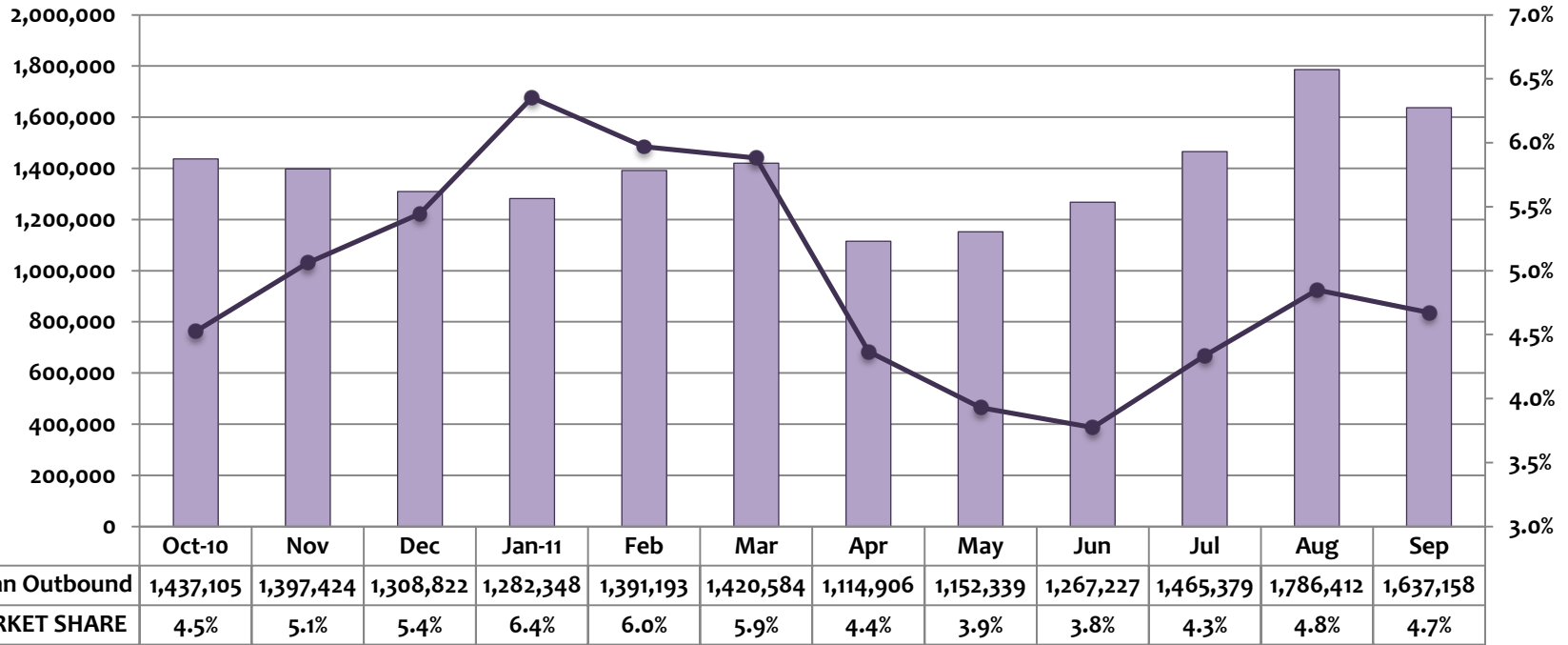
1. Maximize arrivals
2. Focus marketing efforts on Japan, Korea and Business Travelers
3. Grow small & emerging markets
4. Improve destination with new attractions, events, & improvements
5. Maintain a moderate growth rate
6. Focus on our Spanish-Chamorro cultural heritage to promote Guam’s unique image
7. Secure guaranteed funding
8. Explore ways to improve GVB operations
9. Encourage the community to participate
10. Promote Guam’s regional location in Micronesia

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# PERFORMANCE



Guam experienced an overall 2.0% decline in total arrivals, ending the year with a combined 1,147,134 visitors from all markets. Following the March 11<sup>th</sup> Triple Disaster, arrivals from Japan declined by an average of 16.1% from April to September, with the largest decrease of 27.2% in May.

The first five months of FY2011 started strong, with arrivals increasing 7.1% compared to the same period the previous year, highlighted by a 6.4% market share of the total Japan outbound in January.

# FINANCIAL REPORT

An 11% hotel occupancy tax funds the Bureau's operations as authorized through the Legislature's annual budget appropriations. In fiscal year 2011, Public Law 30-196 appropriated \$13,177,625; \$12,191,179 for GVB operations and \$986,446 for special projects. The Bureau was able to recognize the full operations appropriation, of \$12,191,179, including an additional \$1,151,605 for pass-thru appropriations totaling \$13,342,784 in allotment revenues.

In addition, direct appropriations from the Tourist Attraction Fund increased 34% in FY2011, adding up to \$10,001,716. Comparing the total appropriation from the TAF (\$24,319,341) and the actual collections (\$23,050,767), there was a \$1,268,574 shortfall.

Marketing was the largest expenditure at \$7.2 million, but almost 11% less than FY2010 with Japan and Korea representing the largest share at a combined \$5,071,076. At \$1,738,183, personnel salaries and benefits increased 13% over last year due to implementation of the Hay Study pay adjustment, but still only make up 14% of all expenditures.

Hotel Occupancy Tax collections in Fiscal Year (FY) 2011 were up over 6.1% versus FY2010, which resulted in fully funding the Bureau's operational and Special Projects budget of \$13,177,625, authorized by Public Law 30-196. Bureau management and staff maintained a financially conservative philosophy in managing its expenditures to avoid statutory penalties associated with expenditures beyond allotments. Therefore, Operating expenditures totaled \$12,139,319 for the year, which does not include Pass-thru appropriations, Promotional In-Kind Contributions, Community Programs, Depreciation, and Consumption Tax expenditures.

Hotel room inventory (8,844) and the average room rate (\$114) increased slightly, up 1% and 4% respectively, while the weighted occupancy rate remained unchanged at 70%. This year, the Bureau recognized \$30,200 in membership dues, down 43% from the prior year due to it being a non-election year for Directors. Documented in-kind contributions continued to improve, up 14% to \$1,122,634 compared to FY2010 and 57% better than 2009.

**INDEPENDENT AUDIT:** An independent audit, performed by Deloitte & Touche, resulted in the GVB receiving an unqualified (clean) audit opinion. The Office of Public Accountability released the audited financial report dated March 02, 2012 and can be found on the OPA's website, [www.guamopa.com](http://www.guamopa.com).

	2011	2010
Revenues:		
In-kind contributions from members and others	1,122,635	988,083
Consumption tax refund	224,468	210,376
Memberships	30,200	52,700
Total revenues	1,377,303	1,251,159
Less:		
Bad Debts	-	-
Net Revenues	1,377,303	1,251,159
Expenses:		
Professional services	8,086,548	8,903,368
Personnel	1,738,183	1,542,224
Promotional in-kind contributions	1,122,635	988,083
Travel	442,102	451,233
Pass-thru appropriations	1,151,605	391,395
Rent/lease	286,979	283,172
Community Programs	45,735	282,600
Grants	276,607	275,585
Materials and supplies	115,706	184,357
Utilities	211,584	186,606
Depreciation	113,975	113,975
Equipment	22,744	72,723
Advertising	77,848	69,009
Repair and maintenance	31,741	51,107
Insurance	19,940	21,500
Miscellaneous	896,654	977,464
Total operating expenses	14,640,586	14,794,401
Operating revenues net of operating expenses	(13,263,283)	(13,543,242)
Nonoperating revenues (expenses):		
Grants-in-aid from Government of Guam	13,177,625	13,537,490
Other nonoperating income (expense), net	1,641,777	189,936
Interest income	10,147	10,748
Total nonoperating revenues, net	14,829,549	13,738,174
Change in net assets	1,566,266	194,932
Net assets at beginning of year	12,689,174	12,494,242
Net assets at end of year	14,255,440	12,689,174

# FUTURE OUTLOOK

Assuming no catastrophic events occur, arrivals should see an increase in FY 2012, due to Japan's recovery and the continued growth of Korea and Taiwan. The strong yen remains a concern, but GVB will continue to work with industry partners to encourage longer stays and increased spending. We predict that the delay in the military buildup will slow business and military related travel from the US. Our forecast for FY 2012 is an 8% to 10% increase in total visitor arrivals, which would lead to an increase in the Tourist Attraction Fund of 4.9% at \$24,175,003.

Moving forward, the Bureau's focus will be to grow market share in Japan with an effective consumer marketing advertising campaign and ramping up efforts to attract more group travel. Increasing air service from Korea and Taiwan will be key to growing these markets, and GVB will work with the Guam Airport and airline partners to attract new carriers and increase flight frequency. The Bureau will also continue to diversify by developing untapped markets like Singapore and Russia, which are both visa waiver countries, while we continue to lay the groundwork in China so Guam is prepared if China is granted visa waiver status.

