



## **Tourist Attraction Fund FY 2011 Financial Highlights**

April 2, 2012

### ***Increased Revenues***

Despite the triple disaster that struck Japan on March 2011, the Tourist Attraction Fund (TAF) ended fiscal year (FY) 2011 with a revenue increase of 3% or \$731 thousand (K) from \$22.2 million (M) in FY 2010 to \$22.9M in FY 2011. Independent Auditors Deloitte & Touche, LLP rendered an unqualified (clean) opinion for the TAF's financial audit.

Guam saw an overall decrease in visitor arrivals for FY 2011, down by 2% or 23,723 visitors compared to the 11.2% or 1,170,857 increase of visitor arrivals in FY 2010. There was a decrease in arrivals from Japan of 7.29% or 64,578 due to the triple disasters experienced by the region in March 2011. In spite of the catastrophic events, increased visitors from other regions helped offset the adverse effect in Japan's market; Guam's largest visitor market.

The TAF revenues are derived from excise taxes levied and imposed on occupants of hotels and similar facilities on Guam. The TAF was established to fund various recreational projects and visitor industry activities and is the major source of funding for the Guam Visitors Bureau (GVB).

TAF expenditures increased by 12% or \$2.7M from \$22.4M in FY 2010 to \$25.1M in FY 2011. GVB's appropriation increased by 6% or \$847K to \$14.3M in FY 2011. This represents the largest expenditure from the TAF or 57%. Debt service was the next largest category and declined to \$4.1M or 16% of total expenses. Transfers to the General fund were \$2.1M or 8% followed by capital projects of \$1.2M for the reconstruction of the Pale San Vitores Road. The Mayor's Council of Guam received \$1.1M to fund street maintenance and beautification and other islandwide beautification projects. Recreation totaled \$871K for supplies for the maintenance and repair of public restrooms and swimming pools. The University of Guam received \$505K. The remaining \$173K is comprised of miscellaneous expenditures to various entities and programs such as Environmental Protection of \$61K for beach monitoring, Council on the Arts and Humanities for \$48K, general government for \$23K, the Guam Community College for \$22K, and the Federal Grants Fund (FGIA) for \$19K.

### ***Transfer to the General Fund***

Transfers to the General fund totaled \$2.1M were used to fund ongoing operations of which \$1M went to the Supplemental Appropriations Revenue (SAR) fund.

### ***HOT Bond Funding***

In April 2011 the government issued Hotel Occupancy Tax (HOT) Revenue Bonds Series 2011A in the amount of \$90.7M. The bonds were used to refinance the remaining balance of \$22M from the 1997 Series A bonds. Cost of issuance was \$765K leaving \$55.6M available for various projects. Public Law 30-228 authorized the funding of a new museum for \$27M. In December 2011, the Guam Economic Development Authority issued a request for proposal (RFP) for the architectural and engineering services of the museum. Contract negotiations with the number one ranked firm selected

are currently in process. The remaining \$28.6M is to be used for various restorations to Historic Hagatna, the Guam Legislature and other historical scenic sites, to name a few.

***Compliance Report***

The Department of Administration is to be congratulated as Deloitte and Touche, LLP did not identify any deficiencies in internal control over financial reporting or issue a management letter. These reports can be accessed on our website at [www.guamopa.org](http://www.guamopa.org).