



Tourist Attraction Fund FY 2010 Financial Highlights

February 11, 2011

Revenues and Expenditures Increased

The Tourist Attraction Fund (TAF) ended fiscal year (FY) 2010 with a revenue increase of 15% or \$2.8 million (M) from \$19.4M in FY 2009 to \$22.2M in FY 2010. Guam saw an overall increase in visitor arrivals for FY 2010, rebounding by 11.2% or 1,170,757 visitors compared to the 10.7% decline of visitor arrivals in FY 2009. Guam's larger markets, Japan and Korea, increased by 8.6% and 43.3%, respectively. The TAF revenues are derived from excise taxes imposed on occupants of hotels and similar facilities on Guam.

TAF expenditures also increased by 11% or \$2.1M from \$20.3M in FY 2009 to \$22.4M in FY 2010. 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). GVB's appropriation from the TAF increased by 9% or \$1.1M from \$12.4M in FY 2009 to \$13.5M in FY 2010. This represents the largest expenditure from the TAF or 60%. Debt service was \$6.7M or 30% of total expenses. Capital projects, which accounted for 7% of total expenses, increased by more than 600% or \$1.3M from \$212 thousand (K) to \$1.5M. Among the capital projects funded are the Tumon Area Infrastructure in the sum of \$1.5M, and Agat Design and Construction Development Project at \$33K. The remaining 3% or \$732K of expenses is comprised of miscellaneous expenditures, such as Department of Parks and Recreation public restroom maintenance and repairs, Council on the Arts and Humanities Territorial Band, and grants and subsidies to the Guam Community College and University of Guam.

Transfer to the General Fund

In FY 2010, \$4.4M was transferred from the TAF to the General Fund to subsidize operations. This transfer was based on a determination by management that the repayment of an interfund receivable due from the General Fund was not expected to be made within a reasonable time.

New Bond Funding

As of September 30, 2010, the 1997 Series A Limited Obligation Infrastructure Improvement Bonds balance was \$31.4M. In December 2010, Public Law 30-228 authorized the refunding of these bonds for the purpose of acquiring, constructing, restoring and refurbishing historical, community, and recreational projects that benefit Guam's tourism. The proceeds from the bond refinancing is estimated to be \$68.5M, of which \$27M is for the Guam Museum and the remaining \$41.5M for other projects such as resolution of San Vitores flooding, revitalization of Historic Hagatna, restoration of Inarajan community center, rehabilitation of the Malessio Bell Tower, and the acquisition of land for a public park known as Gun Beach in Tumon.

Auditors' Opinion and Compliance

The Independent Auditors, Deloitte and Touche, LLP, issued an unqualified or clean opinion for the FY 2010 financial statements. Three audit adjustments were made by the independent auditors that had a cumulative effect of reducing net assets by \$175K. There were no deficiencies in internal control over financial reporting identified or management letter for FY 2010. These reports can be accessed on our website at www.guamopa.org or at the DOA website at www.doa.guam.gov.