

TOURIST ATTRACTION FUND FY 2020 FINANCIAL AUDIT



Office of Public Accountability
Tel: (671) 475-0390
Fax: (671) 472-7951
Hotline: 47AUDIT (472-8348)

The Tourist Attraction Fund (TAF) was created to fund various recreational projects and visitor industry activities with revenues derived from the hotel occupancy taxes (HOT) generated from the visitor industry.



For more information visit www.opaguam.org.

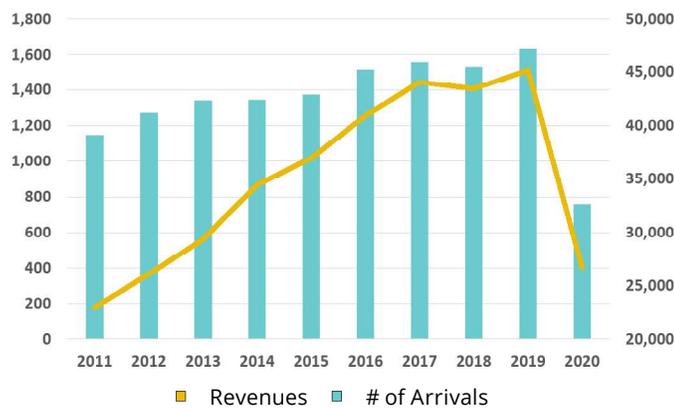
Independent auditors, Ernst & Young, LLP, issued an unmodified (clean) opinion.

TAF records three governmental funds - the Capital Projects Fund with \$8 million (M), the Debt Service Fund with \$12.8M, and the Tourist Attraction Special Revenue Fund with zero fund balance.

COVID-19 Impact

After an all-time high of 1.6M visitors in FY 2019, the pandemic severely hampered visitor arrivals to Guam to 757 thousand (54% decrease). It is anticipated that the HOT revenues collected from hotels providing quarantine shelter will provide sufficient funding for FY 2021 debt payments, however, significant reductions for FY 2021 expenditures will still be required.

Visitor Arrivals and Yearly Revenues
(in thousands)



Tourist Attraction Special Revenue Fund

\$ -

\$2.1M decrease ↓

Capital Projects Fund

\$8M

\$97K increase ↑

Debt Service Fund

\$12.8M

\$686K increase ↑

Revenues

\$26.7M

\$18.5M decrease ↓

Expenses

\$35.7M

\$8.2M decrease ↓

Decline in Expenditures Not Enough to Offset Decline in HOT Revenues

Combined expenditures decreased by \$8.2M (or 19%) from \$43.9M in FY 2019 to \$35.7 in FY 2020. However, the total decline in expenditures was not enough to offset the decline in HOT revenues of \$18.3M (or 41%), from \$44.7M in FY 2019 to \$26.4 in FY 2020.

FY 2020 Books Not Closed Timely

In a separate issued management letter, independent auditors noted TAF's FY 2020 were not closed on a timely basis. DOA noted that the delay's root cause was that the financial management system was not updated to include

financial year closing as a standard feature. Procurement for the new system has begun under Executive Order 2020-44, and 2021-07.

Issuance of Series 2021A Bond

In March 2021, the HOT Revenue Refunding Bonds, Series 2021A were issued in the amount

of \$71.7M to advance refund \$70.5M of the outstanding 2011 Series A bonds. After payment of \$1.3M in underwriting fees, insurance, and other issuance costs, the remainder of net proceeds and \$2.4 M in available funds of the government totaling \$72.8M were placed in escrow. The issuance of

the Series 2021A bonds included revised annual debt service requirements to maturity up to FY 2041. Principal plus interest on the Series 2021A bonds totals about \$100M, which is a \$29.6M savings from the \$129.5M remainder of the 2011 Series A bonds.

Fiscal Year	2021A Principal	2011 Series A Principal	2021 A Interest	2011 Series A Interest	Series 2021 A Total	Total Difference
2021	\$ -	\$ 2,480,000	\$ 253,447	\$ 4,516,200	\$ 253,447	\$ (6,742,753)
2022	\$ -	\$ 2,630,000	\$ 2,943,250	\$ 4,369,288	\$ 2,943,250	\$ (4,056,038)
2023	\$ -	\$ 2,790,000	\$ 2,943,250	\$ 4,209,975	\$ 2,943,250	\$ (4,056,725)
2024	\$ -	\$ 2,960,000	\$ 2,943,250	\$ 4,037,475	\$ 2,943,250	\$ (4,054,225)
2025-2041	\$ 58,865,000	\$ 62,160,000	\$ 32,029,875	\$ 39,377,763	\$ 2,943,250	\$ (10,642,888)
Total	\$ 58,865,000	\$ 73,020,000	\$ 41,113,072	\$ 56,510,701	\$ 129,530,701	\$ (29,552,629)