OFFICE OF THE PUBLIC AUDITOR

Tourist Attraction Fund
FY 2001 Financial Highlights

January 16, 2004

The FY 2001 audit of the Tourist Attraction Fund (TAF) has been completed by Ernst and Young. The audit is eighteen months past due, a repeat of the fiscal year 2000 audit, which was over two years late. The TAF was established to fund various recreational projects, visitor industry activities, and the operations of the Guam Visitors Bureau (GVB). The main revenue sources are hotel occupancy taxes, which are generated at a rate of 11% against transient occupants of Guam�s lodging facilities.

For 2001 hotel occupancy tax revenues were $20.8 million, a slight increase from FY 2000�s $20.2 million. However at the end of the fiscal year, the TAF and related funds had a net loss of $1.7 million. TAF expenses were $24.8 million. This amount includes debt service of $7.4 million, $15.3 million transferred to the GVB for its operations, capital project expenditures of $1.7 million, recreation expenditures of $306,000 and education expenditures of $134,000. In FY 2000 $12.5 was transferred to GVB.

During FY 2001 capital projects expenditures dropped to $1.7 million compared to $6 million in 2000. Several capital projects had little to no activity except Tumon projects. C. L. Taitano Elementary School was authorized $4 million for repairs and reconstruction of which $221,000 was spent in FY 2001. The $4 million was made available through the reappropriation of remaining balances in completed capital improvement projects.

Cash in the Capital Projects Fund account was $38.7 million and is available to fund on-going capital projects of $29 million. However, inquiries with DOA revealed that these appropriations have since been reduced to $6 million as of FY 2003, indicating capital project activity of $23 million occurring subsequent to FY 2001. The unaudited cash balance as of 2003 was $20.4 million, a decrease of only $18.3 million.

The TAF had six findings, which included lack of timely reconciliation of accounts, overstatement of continuing appropriations, and lack of approvals for journal vouchers.