

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

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**FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITORS' REPORT**

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**YEAR ENDED SEPTEMBER 30, 2005**

## INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho  
Governor of Guam:

We have audited the accompanying balance sheet of the Tourist Attraction Fund and of those funds related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, as of September 30, 2005, and the related statement of revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative information has been derived from the Tourist Attraction Fund and funds related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A's 2004 financial statements and in our report dated September 16, 2005, we expressed an unqualified opinion on those financial statements.

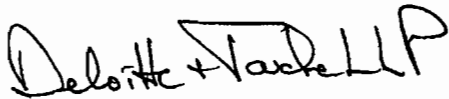
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tourist Attraction Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements present only the Tourist Attraction Fund and those funds related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A. They are not intended to present the financial position and results of operations of the Government of Guam in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the respective financial position of the Tourist Attraction Fund and of those funds related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, as of September 30, 2005, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information (construction project status and additional supplementary information) on pages 11 to 13 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Government of Guam's management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2006 on our consideration of the Tourist Attraction Fund and of those funds related to the Government of Guam Limited Obligation Infrastructure Improvement Bonds 1997 Series A's internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

June 22, 2006

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Balance Sheet  
September 30, 2005

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Totals (Memorandum Only)	
				2005	2004
<b><u>ASSETS</u></b>					
Cash and cash equivalents, restricted	\$ -	\$ 6,748,593	\$ 2,933,064	\$ 9,681,657	\$ 27,029,765
Investments	-	-	10,887,000	10,887,000	-
Taxes receivable	1,468,811	-	-	1,468,811	1,449,777
Due from General Fund	-	5,352,402	-	5,352,402	-
	-	5,352,402	-	5,352,402	-
Total assets	\$ 1,468,811	\$ 12,100,995	\$ 13,820,064	\$ 27,389,870	\$ 28,479,542
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,030,349
Due to General Fund	3,875,783	-	-	3,875,783	2,049,811
Accrued expenditures	-	67,171	-	67,171	97,221
	-	67,171	-	67,171	97,221
Total liabilities	3,875,783	67,171	-	3,942,954	3,177,381
<b><u>FUND BALANCES</u></b>					
Fund balances:					
Reserved for:					
Related assets	-	5,352,402	-	5,352,402	11,349,658
Continuing appropriations	30,403	2,538,505	-	2,568,908	4,975,397
Debt service	-	-	13,820,064	13,820,064	15,906,718
Encumbrances	23,327	266,521	-	289,848	2,402,040
Unreserved (deficit)	(2,460,702)	3,876,396	-	1,415,694	(9,331,652)
	(2,460,702)	3,876,396	-	1,415,694	(9,331,652)
Total fund balances (deficit)	(2,406,972)	12,033,824	13,820,064	23,446,916	25,302,161
Total liabilities and fund balances	\$ 1,468,811	\$ 12,100,995	\$ 13,820,064	\$ 27,389,870	\$ 28,479,542

See accompanying notes to financial statements.

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended September 30, 2005

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Totals (Memorandum Only)	
				2005	2004
<b>Revenues:</b>					
Taxes	\$ 18,946,882	\$ -	\$ -	\$ 18,946,882	\$ 17,674,859
Use of money and property	-	163,758	42,652	206,410	169,047
<b>Total revenues</b>	<b>18,946,882</b>	<b>163,758</b>	<b>42,652</b>	<b>19,153,292</b>	<b>17,843,906</b>
<b>Expenditures/expenses:</b>					
General and administrative	54,031	-	-	54,031	47,197
Capital outlay	-	3,471,226	-	3,471,226	9,051,497
Payments to Guam Visitor's Bureau	10,187,022	-	-	10,187,022	10,009,438
Interest	-	-	3,011,258	3,011,258	3,230,970
Principal	-	-	4,285,000	4,285,000	4,085,000
<b>Total expenditures</b>	<b>10,241,053</b>	<b>3,471,226</b>	<b>7,296,258</b>	<b>21,008,537</b>	<b>26,424,102</b>
Excess (deficiency) of revenues over expenditures	8,705,829	(3,307,468)	(7,253,606)	(1,855,245)	(8,580,196)
<b>Transfers:</b>					
Operating transfers in	847,304	-	-	847,304	26,449,244
Operating transfers out	-	-	(847,304)	(847,304)	(26,449,244)
(Deficiency) excess of revenues and transfers over expenditures	9,553,133	(3,307,468)	(8,100,910)	(1,855,245)	(8,580,196)
Fund balances (deficit) at beginning of year	(11,960,105)	15,341,292	21,920,974	25,302,161	33,882,357
Fund balances (deficit) at end of year	\$ <u>(2,406,972)</u>	\$ <u>12,033,824</u>	\$ <u>13,820,064</u>	\$ <u>23,446,916</u>	\$ <u>25,302,161</u>

See accompanying notes to financial statements.

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Notes to Financial Statements  
September 30, 2005

(1) Summary of Significant Accounting Policies

A. Tourist Attraction Fund

The Tourist Attraction Fund was established by Public Law 10-166 to fund various recreational projects and visitor industry activities. Public Law 19-5 provided that 25 percent of all revenues collected by the Fund be appropriated to the Infrastructure Improvement Fund. The accounts of the Fund are incorporated into the general-purpose financial statements of the Government of Guam.

Public Law 24-111 authorized the issuance and sale of the Government of Guam Limited Obligation Infrastructure Bonds, 1997 Series A, in the aggregate principal amount not to exceed \$76,275,000, for which Bank of Hawaii was appointed Trustee. Public Law 24-111 repealed Public Law 19-5 and effective on the date of sale of the bonds, all remaining unobligated sums in the Government of Guam Infrastructure Improvement Fund were transferred to the Tourist Attraction Fund.

B. Fund Accounting

The assets, liabilities and fund balance of the Government of Guam Tourist Attraction Fund and funds related to the Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, are reported in three self-balancing funds as follows:

- Special Revenue Fund - used to account for hotel occupancy taxes pledged in support of the bond issue and for various recreational projects and visitor industry activities.
- Capital Projects Fund - used to account for the construction of capital improvement projects from bond proceeds.
- Debt Service Fund - used to account for funds required by the bond indenture to redeem bond principal and to pay bond interest as such becomes due.

C. Basis of Accounting

The Funds' accounts are presented on the modified accrual basis of accounting. Expenditures and transfers are recorded when the corresponding liability has been incurred.

Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Tourist Attraction Fund considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Hotel occupancy taxes are recorded as revenue when received in cash. The hotel occupancy tax is an excise tax assessed and collected monthly against transient occupants of a room or rooms in a hotel, lodging house, or similar facility located in Guam. From April 1, 1995 and thereafter, the rate is set at eleven percent of the rental price charged or paid per occupancy per day. If the room or rooms are rented more than once within a twenty-four hour period, each time of occupancy shall be subject to the tax for such accommodations. This tax applies and is collectible when the sale is made, regardless of the time when the price is paid or delivered. It shall be paid by the consumer to the operator or owner of the hotel or rooming house facility.

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Notes to Financial Statements  
September 30, 2005

(1) Summary of Significant Accounting Policies, Continued

D. Appropriations

Section 26 of Public Law 25-98 authorized the reprogramming and re-appropriation of appropriations from completed capital improvement projects. Specifically, except for item (21), all unexpended, un-obligated and unencumbered balances of the appropriations in Subsection (i) of Section 1505, Article 5, Chapter 1 of Title 5 of the Guam Code Annotated, were reprogrammed and re-appropriated as follows: (1) 99% to the Department of Education for the repair and renovation of public school buildings and structures with priority given to the repair and reconstruction of the C.L. Taitano Elementary School and (2) 1% to the Guam Police Department for the renovation of its crime laboratory located in Tiyan.

For the fiscal year ended September 30, 2005, \$0 was expended for the reconstruction of the C.L. Taitano Elementary School and the renovation of the Guam Police Department crime laboratory.

E. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and short-term investments with a maturity date within three months of the date acquired by the entity. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the balance sheet.

F. Investments

Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

G. New Accounting Standard

During fiscal year 2005, the Government of Guam implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3). GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest risk, GASB Statement No. 40 requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

H. Interfund Receivables/Payables

During the course of its operations, the Tourist Attraction Fund records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the balance sheet.

These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year.

**GOVERNMENT OF GUAM  
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Notes to Financial Statements  
September 30, 2005

(1) Summary of Significant Accounting Policies, Continued

H. Interfund Receivables/Payables, Continued

The interfund balances at September 30, 2005 are summarized below:

	<u>Special Revenue Fund</u>	<u>Highway Bond Capital Projects Fund</u>	<u>Debt Service Fund</u>
Due From:			
General Fund	\$ <u>      -</u>	\$ <u>5,352,402</u>	\$ <u>      -</u>
Due To:			
General Fund	\$ <u>3,875,783</u>	\$ <u>      -</u>	\$ <u>      -</u>

I. Restricted Assets

Certain assets of the governmental funds are classified as restricted assets because their use is completely restricted through bond indentures. Specifically, the Tourist Attraction Fund has cash and cash equivalents in the Capital Projects Fund and the Debt Service Fund restricted as defined by the bond indenture and further described in Note 3.

J. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Fund Balance

In the financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose, which includes continuing appropriations, amounts reserved for debt service, and amounts committed to liquidate contracts and purchase orders of the prior period. Designations of fund balance represent tentative management plans that are subject to change.

The unreserved fund balances for the funds represent the amount available for budgeting future operations. Reserve for related assets as of September 30, 2005 is represented by interfund receivables not expected to be repaid within the next twelve months.

L. Memorandum Only-Total Columns

Total columns on the financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with GAAP. Interfund eliminations have been made in the aggregation of this data. Furthermore, certain reclassifications have been made to the 2004 data in order to conform to the 2005 presentation.



**GOVERNMENT OF GUAM  
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Notes to Financial Statements  
September 30, 2005

(2) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. An element of interest rate risk, disclosure is required investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

The deposit and investment policies are governed by its enabling legislation and bond indentures. Management is required to engage one or more fund custodians to assume responsibility for the physical possession of the Government of Guam's investments.

A. Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by the governmental entity or its agent in the entity's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Government of Guam does not have a deposit policy for custodial credit risk.

As of September 30, 2005, the carrying amount of the entity's total cash and cash equivalents maintained in banks is \$9,681,657, which is insured to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) and to \$500,000 by the Securities Investor Protection Corporation (SIPC). Accordingly, these deposits are exposed to custodial credit risk. The Government of Guam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC and SIPC insurance coverage are uncollateralized.

B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

- Category 1 Investments that are insured or registered, or securities held by the governmental entity or its agent in the entity's name;

**GOVERNMENT OF GUAM  
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Notes to Financial Statements  
September 30, 2005

(2) Deposits and Investments, Continued

B. Investments, Continued

Category 2 Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the entity's name; or

Category 3 Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

At September 30, 2005, the Government of Guam had fixed income securities with maturities of less than one year in U.S. Government obligations totaling \$616,000 and in commercial paper totaling \$10,271,000.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Government of Guam's exposure to credit risk at September 30, 2005, was as follows:

<u>Moody's Rating</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>
AAA	\$ 616,000	\$ 616,000	\$ -
P1	<u>10,271,000</u>	<u>10,271,000</u>	<u>-</u>
Total credit risk debt securities	<u>\$ 10,887,000</u>	<u>\$ 10,887,000</u>	<u>\$ -</u>

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the Government of Guam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Government of Guam's investments are held and administered by trustees. Accordingly, these investments are exposed to custodial credit risk. Based on negotiated trust and custody contracts, all of these investments were held in the Government of Guam's name by the Government of Guam's custodial financial institutions at September 30, 2005.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the Government of Guam. There was no concentration of credit risk for investments as of September 30, 2005.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. There was no interest rate risk for investments as of September 30, 2005.

**GOVERNMENT OF GUAM  
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Notes to Financial Statements  
September 30, 2005

(3) Interfund Transfer Activity

Interfund transfers from the Tourist Attraction Fund to the Debt Service Fund represent the transfer of pledged revenues as required by the bond indenture. Interfund transfers from the Debt Service Fund to the Tourist Attraction Fund represent the amount necessary to reimburse the Tourist Attraction Fund for operational expenses incurred by Guam Visitors Bureau (GVB).

(4) Bonds Payable

The Government of Guam Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, were dated December 1, 1997 and were issued in fully registered form, in denominations of \$5,000 or multiples thereof in the aggregate principal amount of \$76,275,000. The bonds mature annually on November 1, 1999 through November 1, 2012, and subsequently on November 1, 2012 and 2017 (term bonds). Interest on the bonds is payable semiannually on May 1 and November 1 of each year. The term bonds are subject to mandatory sinking fund requirements and to redemption prices (as percentages of the face value of the bonds) as follows:

November 1, 2007 to October 31, 2008	102%
November 1, 2008 to October 31, 2009	101%
November 1, 2009 and thereafter	100%

Minimum debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 4,505,000	\$ 2,774,889	\$ 7,279,889
2007	4,735,000	2,520,789	7,255,789
2008	4,990,000	2,253,351	7,243,351
2009	5,250,000	1,971,751	7,221,751
2010	4,960,000	1,697,176	6,657,176
2011-2015	18,160,000	5,667,920	23,827,920
2016-2017	<u>13,225,000</u>	<u>1,013,375</u>	<u>14,238,375</u>
	<u>\$ 55,825,000</u>	<u>\$ 17,899,251</u>	<u>\$ 73,724,251</u>

The 1997 Series A bonds are limited obligations of the Government of Guam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of hotel occupancy taxes. The Government of Guam has pledged to maintain these revenues at a level sufficient to equal the sum of 125 percent of the aggregate debt service becoming due within the next fiscal year, plus amounts required to be deposited pursuant to the tax certificate for the bonds and amounts required to meet the bond reserve fund requirement.

In accordance with the bond indenture, the depository has established a trust account known as the "Construction Fund." Amounts deposited therein are used to (1) implement infrastructure improvement projects prescribed in Public Law 23-137, adopted on January 2, 1997, (2) pay the cost of bond issuance and letter of credit fees and (3) pay the principal and interest on the bonds should other sources be insufficient.

**GOVERNMENT OF GUAM**  
**TOURIST ATTRACTION FUND**

Notes to Financial Statements  
September 30, 2005

(4) Bonds Payable, Continued

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund." In addition, all interest and other profit derived from investments, except those in the "Construction Fund," are to be transferred monthly to the "Revenue Fund." Transactions of the "Revenue Fund" account are accounted for in the Debt Service Fund. On the twentieth day of each month following the month the revenues are deposited, the depository is to deposit into the following funds (all accounted for within the Debt Service Fund) the specified amounts in the following order of priority:

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the then current calendar month upon all bonds then outstanding, plus (2) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal payment date, would aggregate to the amount of the principal becoming due and payable on the outstanding serial bonds on such principal payment date, plus (3) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal payment date, would aggregate to the amount of mandatory sinking fund account payments required to be paid for the outstanding term bonds on such principal payment date.
- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 1997 Series A Bonds.
- Bond Reserve Fund - an amount, if any, needed to equal the least of (1) the maximum annual debt service, (2) 10% of the proceeds received from the sale of the bonds or (3) 125% of average annual debt service on the bonds or an amount as may be specified by supplemental indentures providing for the issuance of a series of bonds. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.
- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

During the year ended September 30, 2005, payments to the trustee totaled \$7,296,258, of which \$4,285,000 represents payment on principal and \$3,011,258 of interest.

Bonds payable at September 30, 2004	\$ 60,110,000
Principal repayment	<u>4,285,000</u>
Bonds payable at September 30, 2005	\$ <u>55,825,000</u>

At September 30, 2005, \$13,820,064 of fund balance is reserved in the Debt Service Fund for debt service purposes.

At September 30, 2005, management of the Funds is of the opinion that it is in compliance with the bond covenants as outlined in the bond indenture.

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Notes to Financial Statements  
September 30, 2005

(5) Encumbrances

Encumbrances are recognized for commitments for goods and services yet to be received. Encumbrances generally arise from contracts and purchase orders. The Government of Guam has also elected to encumber funds based on inter-departmental work requests.

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**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Construction Project Status  
September 30, 2005

Project Title	Budget	Expenditures Year Ended September 30, 2005	Cumulative Expenditures	Outstanding Encumbrances	Budget Available
<b>1997 Series A - Tumon Bay Capital Projects:</b>					
<b>Tumon Bay Projects (DPW):</b>					
Tumon Bay Infrastructure Designs Fees	\$ 1,592,430	\$ -	\$ 1,580,276	\$ -	\$ 12,154
Tumon Bay Beautification Gov Flores/Matapang	8,716,965	803,843	7,644,384	-	268,738
Landscape San Vitores to Beach	3,900,000	264,943	3,596,927	-	38,130
Bus Shelter Construction	141,468	-	141,468	-	-
San Vitores Roadway Power Underground	4,951,991	20,481	4,889,468	39,932	2,110
Sub-total	<u>19,302,854</u>	<u>1,089,267</u>	<u>17,852,523</u>	<u>39,932</u>	<u>321,132</u>
<b>Tumon Bay Projects (GPA):</b>					
San Vitores Power - Underground	4,457,815	-	4,457,815	-	-
San Vitores Substation/Lines	5,549,410	72,759	5,476,651	-	-
Sub-total	<u>10,007,225</u>	<u>72,759</u>	<u>9,934,466</u>	<u>-</u>	<u>-</u>
<b>Tumon Bay Projects (GWA):</b>					
Gun Beach - Fafai Wastewater System	5,841,353	931,191	4,646,399	-	263,763
Tumon Pump Station Force Main	2,796,000	19,209	1,908,702	-	868,089
Refurbishing Northern District Sewage	2,583,000	1,175,491	1,164,551	226,589	16,369
Refurbishing Agana Sewage Plant	1,217,000	74,223	963,660	-	179,117
Oka Point Collector Lines	2,224,526	41,964	2,049,555	-	133,007
Design/ Construction Tumon Waterlines	4,243,413	121,208	3,420,495	-	701,710
Drilling Tumon Water Sources	4,173,994	-	4,173,994	-	-
Sub-total	<u>23,079,286</u>	<u>2,363,286</u>	<u>18,327,356</u>	<u>226,589</u>	<u>2,162,055</u>
<b>C.L. Taitano School Projects (DPW):</b>					
Repair/ Reconstruction C.L. Taitano School	4,000,000	-	3,958,759	-	41,241
<b>Tumon Bay Projects (DPW):</b>					
Const. Management Service/ Acanta Mall to Hilton Intersection	1,000,000	10,051	975,872	-	14,077
<b>L.O. Infrastructure Improvement Bonds:</b>					
Bank Fees	9,437	9,437	-	-	-
<b>Total</b>	<u>\$ 57,398,802</u>	<u>\$ 3,544,800</u>	<u>\$ 51,048,976</u>	<u>\$ 266,521</u>	<u>\$ 2,538,505</u>

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Supplementary Information - Balance Sheets  
September 30, 2005 and 2004

	Tourist Attraction Fund		Capital Projects Fund		Debt Service Fund	
	2005	2004	2005	2004	2005	2004
<b>ASSETS</b>						
Cash and cash equivalents - restricted	\$ -	\$ -	\$ 6,748,593	\$ 11,123,047	\$ 2,933,064	\$ 15,906,718
Investments	-	-	-	-	10,887,000	-
Taxes receivable	1,468,811	1,449,777	-	-	-	-
Due from General Fund	-	-	5,352,402	5,335,402	-	6,014,256
<b>Total assets</b>	<b>\$ 1,468,811</b>	<b>\$ 1,449,777</b>	<b>\$ 12,100,995</b>	<b>\$ 16,458,449</b>	<b>\$ 13,820,064</b>	<b>\$ 21,920,974</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 10,413	\$ -	\$ 1,019,936	\$ -	\$ -
Due to General Fund	3,875,783	13,399,469	-	-	-	-
Contract retention	-	-	67,171	97,221	-	-
<b>Total liabilities</b>	<b>\$ 3,875,783</b>	<b>\$ 13,409,882</b>	<b>\$ 67,171</b>	<b>\$ 1,117,157</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCES</b>						
Fund balances (deficit):						
Reserved for:						
Related assets	-	-	5,352,402	5,335,402	-	6,014,256
Continuing appropriations	30,403	99,751	2,538,505	4,875,646	-	-
Debt service	-	-	-	-	13,820,064	15,906,718
Encumbrances	23,327	62,398	266,521	2,339,642	-	-
Unreserved fund balances (deficit)	(2,460,702)	(12,122,254)	3,876,396	2,790,602	-	-
<b>Total fund balances (deficit)</b>	<b>(2,406,972)</b>	<b>(11,960,105)</b>	<b>12,033,824</b>	<b>15,341,292</b>	<b>13,820,064</b>	<b>21,920,974</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,468,811</b>	<b>\$ 1,449,777</b>	<b>\$ 12,100,995</b>	<b>\$ 16,458,449</b>	<b>\$ 13,820,064</b>	<b>\$ 21,920,974</b>

See accompanying independent auditors' report.

**GOVERNMENT OF GUAM  
TOURIST ATTRACTION FUND**

Supplementary Information - Comparative Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Years Ended September 30, 2005 and 2004

	Tourist Attraction Fund		Capital Projects Fund		Debt Service Fund	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Taxes	\$ 18,946,882	\$ 17,674,859	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	163,758	144,217	42,652	24,830
<b>Total revenues</b>	<b>18,946,882</b>	<b>17,674,859</b>	<b>163,758</b>	<b>144,217</b>	<b>42,652</b>	<b>24,830</b>
<b>Expenditures/expenses:</b>						
General and administrative	54,031	37,388	-	-	-	9,809
Capital projects	-	-	3,471,226	9,051,497	-	-
Payments to Guam Visitor's Bureau	10,187,022	10,009,438	-	-	-	-
Interest	-	-	-	-	3,011,258	3,230,970
Principal	-	-	-	-	4,285,000	4,085,000
<b>Total expenditures</b>	<b>10,241,053</b>	<b>10,046,826</b>	<b>3,471,226</b>	<b>9,051,497</b>	<b>7,296,258</b>	<b>7,325,779</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>8,705,829</b>	<b>7,628,033</b>	<b>(3,307,468)</b>	<b>(8,907,280)</b>	<b>(7,253,606)</b>	<b>(7,300,949)</b>
<b>Transfers:</b>						
Transfers in	847,304	9,039,622	-	-	-	17,409,622
Transfers out	-	(17,409,622)	-	-	(847,304)	(9,039,622)
<b>(Deficiency) excess of revenues and transfers over expenditures</b>	<b>9,553,133</b>	<b>(741,967)</b>	<b>(3,307,468)</b>	<b>(8,907,280)</b>	<b>(8,100,910)</b>	<b>1,069,051</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>(11,960,105)</b>	<b>(11,218,138)</b>	<b>15,341,292</b>	<b>24,248,572</b>	<b>21,920,974</b>	<b>20,851,923</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ (2,406,972)</b>	<b>\$ (11,960,105)</b>	<b>\$ 12,033,824</b>	<b>\$ 15,341,292</b>	<b>\$ 13,820,064</b>	<b>\$ 21,920,974</b>

See accompanying independent auditors' report.