

TOURIST ATTRACTION FUND HIGHLIGHTS

Year Ending September 30, 2007

March 31, 2008

Although the Tourist Attraction Fund (TAF) revenues increased in 2007, it was offset by a greater increase in expenditures, primarily due to increases in payments to the Guam Visitors Bureau (GVB) for its operations. In November 2006, \$4 million was transferred from the TAF Construction Fund to the government of Guam General Fund to pay for regular annual Cost of Living Allowance (COLA) instead of the court-ordered COLA.

COLA Payments

In October 2006, Public Law 28-151 appropriated \$4 million from the TAF Construction Fund to the General Fund for the payment of court-ordered COLA to retirees. However, because the monies were used to pay regular annual COLA and not the court-ordered COLA award, the Office of the Attorney General determined that it should be repaid. The repayment agreement calls for the General Fund to pay the Construction Fund monthly installments of \$500,000 beginning in October 2007 and ending in May 2008. To date, the General Fund is current on its payments.

Operations

Although revenues increased 7% by \$1.4 million to \$21.2 million in 2007 from \$19.8 million in 2006, total expenditures increased by more than the increase in revenues, going to \$15.7 million in 2007 from \$13.4 million in 2006. This is largely due to payments to the GVB for its operations, which increased by \$2.8 million, from \$12.1 million in 2006 to \$15 million in 2007. Of the \$15 million, \$13.1 million was for general operations and personnel services. In addition to funding GVB's operations, the TAF also subsidizes government operations, such as a \$1.7 million payment to the Typhoon Chata'an Reimbursement Fund. Bond payments were \$7.3 million in 2007. The TAF is owed \$1.4 million by the General Fund.

Auditors' Opinion and Compliance

The Independent Auditors, Deloitte and Touche, issued an unqualified or clean opinion. They also did not identify any deficiencies in internal control over financial reporting. The TAF fiscal year 2007 audited financial statements are being issued timely.