GL#34-18-1789
Speaker Benjamin J.F. Cruz

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Received By: Glenn

OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

April 18, 2018

GUAM LEGISLATURE
CENTRAL FILES

ACKNOWLEDGEMENT RECEIPT
Received by:
Time: 2:00
Date: 4-18-18

2018 APR 23 PM 6:25

Honorable Benjamin J.F. Cruz
Speaker
I Mina'trentai Kuattro Na Liheslaturan Guahan
Guam Congress Building, 163 Chalan Santo Papa
Hagatna, Guam 96910

Dear Speaker Cruz:

Hafa Adai! Transmitted herewith is the Tourist Attraction Fund (TAF) fiscal year (FY) 2017 audited Financial Statements, Report on Internal Control and Compliance, and Letter to Those Charged with Governance. Independent auditors, Deloitte & Touche, LLP, issued an unmodified (clean) opinion on TAF FY 2017 financial statements.

To recap FY 2017:

- TAF revenues continue to escalate to $44.0 million (M) from $40.9M or a $3.1M increase from the prior year. This represents TAF's highest tax collections in over a decade.
- TAF expenditures of $37.4M and debt service of $7.0M ended with a $375 thousand (K) deficit leaving a cumulative fund balance of $1.4M.
- The top expenditures were payments to the Guam Visitors Bureau of $23.9M, a 10% decrease from $26.5M, the Mayor's Council of Guam of $4.1M, a 31% increase from $3.1M, and the Department of Parks and Recreation of $3.1M, a 14% decrease from $3.6M.
- There was minimal activity during FY 2017 with expenditures from the Capital Projects Fund totaling $3.2M, compared to $8.0M in FY 2016 when $6.8M was spent for the Guam Museum.
- As of FY 2017, $27.1M of capital projects have yet to be obligated. These include Other HOT Bond Projects of $11.7M, Hagatna Master Plan Projects of $5.3M, and the Guam Museum. For the Guam Museum, $19.5M has been expended and encumbered leaving $7.3M yet to be obligated.
- In March 2016, the Department of Chamorro Affairs entered into a two year contract with a vendor to perform the management, operations and maintenance of the Guam Museum and Chamorro Educational Facility. The vendor was paid $1.1M in FY 2017 and $1.5M in FY 2016.
- Department of Administration has three audit adjustments that had no effect on fund balance, no uncorrected misstatements, and did not receive a management letter for FY 2017.

For your convenience and further detail, you may also view and download OPA's two-page highlights and the reports in their entirety at www.opaguam.org.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor

RECEIPT ACKNOWLEDGED:

By: _____

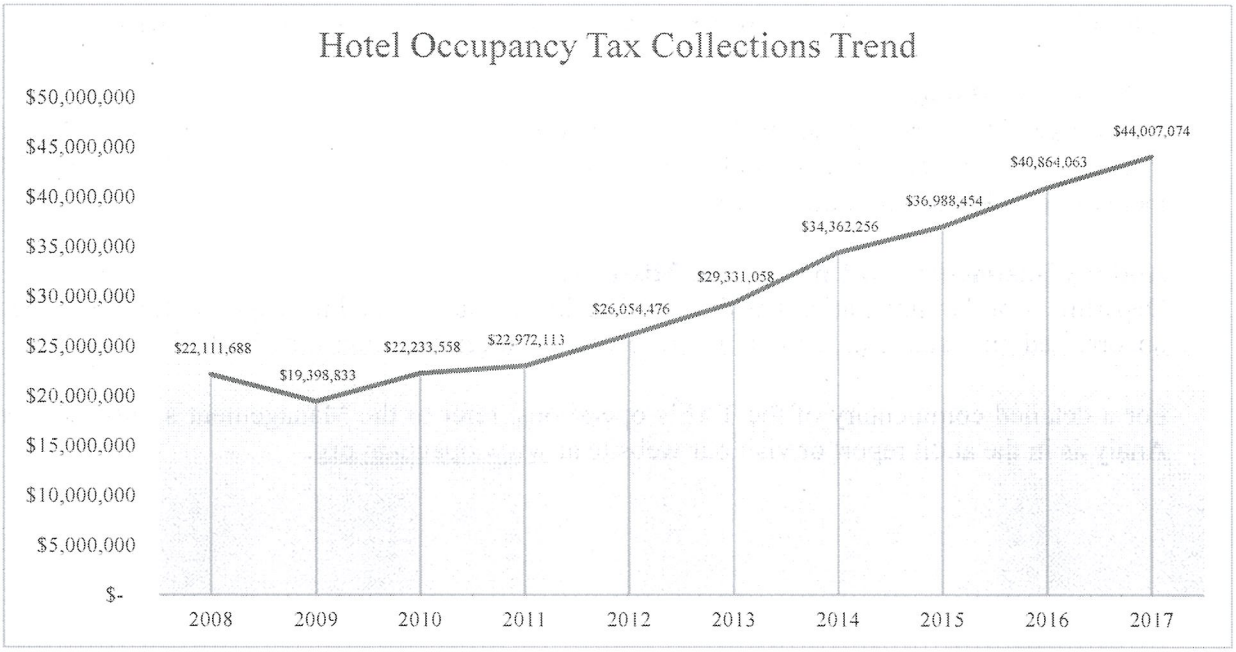
Date: _____

1789

Tourist Attraction Fund
FY 2017 Financial Highlights

April 11, 2018

In fiscal year (FY) 2017, Tourist Attraction Fund (TAF) revenues continued to escalate to $44.0 million (M) from $40.9M, or a $3.1M (7.6%) increase from the prior year. The TAF is funded by Hotel Occupancy Tax (HOT) collections which continue to increase over the decade. FY 2017's increase was mainly due to increases in tourist arrivals and hotel room rates. The TAF is comprised of three governmental funds with a combined fund balance of $25.6M and includes the Operating Fund of $1.4M, Capital Projects Fund of $11.9M, and the Debt Service Fund of $12.3M. Independent Auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on TAF's financial audit.



Operating Fund

Despite record revenues of $44.0M, expenditures of $37.4M, and debt service of $7.0M, the Operating Fund ended with a $375 thousand (K) deficit leaving a cumulative fund balance of $1.4M. The top expenditures were payments to the Guam Visitors Bureau of $23.9M, a 10% decrease from $26.5M, the Mayor's Council of Guam of $4.1M, a 31% increase from $3.1M, and the Department of Parks and Recreation of $3.1M, a 14% decrease from $3.6M.

Doc. No. 34GL-18-1789.

Deloitte.

Deloitte & Touche LLP
361 S. Marine Corps Drive
Tamuning, GU 96913-3973
USA

Tel: (671) 646-3884
Fax: (671) 649-4932
www.deloitte.com

April 6, 2018

Honorable Eddie Baza Calvo
Governor of Guam

Dear Governor Calvo:

We have performed an audit of the financial statements of the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A (the Funds), as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated April 6, 2018.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Funds is responsible.

This report is intended solely for the information and use of management, the Office of the Governor and the Office of Public Accountability of Guam and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Deloitte + Touche LLP

Cc: To Management of the Government of Guam Tourist Attraction Fund

Deloitte.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated August 3, 2017. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the Funds' financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information for the year ended September 30, 2017, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects;

- To express an opinion on whether the supplementary information that accompanies the financial statements is presented fairly, in all material respects, in relation to the financial statements taken as a whole; and

- To report on the Funds' internal control over financial reporting and on their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2017, based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in Government Auditing Standards.

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Office of the Governor are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Office of the Governor of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

SIGNIFICANT ACCOUNTING POLICIES

The Funds' significant accounting policies are set forth in Note 1 to the Funds' 2017 financial statements. During the year ended September 30, 2017, there were no significant changes in previously adopted accounting policies or their application.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. No significant accounting estimates are reflected in the Funds' 2017 financial statements.

Deloitte.

AUDIT ADJUSTMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on the Funds' financial reporting process. Such adjustments, listed in Attachment I, have been recorded in the accounting records and are reflected in the 2017 financial statements.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Funds' 2017 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2017.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Funds' management and staff and had unrestricted access to the Funds' senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Funds' management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Funds are required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment II, a copy of the representation letter we obtained from management.

EMPHASIS-OF-MATTER PARAGRAPH

Reporting Entity

The financial statements of the Fund relate solely to those accounting records maintained by the Fund, and do not incorporate any accounts related to any other departments or agencies of the Government of Guam that may be accounted for by the Government of Guam's Treasury. The Fund is considered to be a blended component unit (governmental fund type-special revenue fund) of the Government of Guam. The proposed wording of the emphasis-of-matter paragraph follows:

"As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A and are not intended to present fairly 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. Our opinion is not modified with respect to this matter."

Deloitte.

CONTROL-RELATED MATTERS

We have issued a separate report to you, also dated April 6, 2018, on the Funds' internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based on the audit performed in accordance with *Government Auditing Standards*.

ATTACHMENT I

Journal Entries - AJE

#	Name	Debit	Credit
	1 AJE To correct transfers out to the DSF		
335450206	TRANSFER FROM TAF		19,033.42
5206-9206-290	TRANSFERS TO DEBT SERVICE FUND	19,033.42	
		19,033.42	19,033.42
	To correct transfers out to the DSF and eliminate interfund balance		
	2 AJE To correct opening fund balances		
125141110	FUND BALANCE		29,294.00
325154103	UNREALIZED GAIN ON INVESTMENTS	29,294.00	
135441110	FUND BALANCE	36,548.00	
335454103	GAIN(LOSS) ON INVESTMENTS		36,548.00
		65,842.00	65,842.00
	To correct opening fund balances for the CPF and the DSF		
	3 AJE To correct transfers into DSF		
335454103	GAIN(LOSS) ON INVESTMENTS	37,547.00	
335450206	TRANSFER FROM TAF		37,547.00
		37,547.00	37,547.00
	To correct transfers into DSF and agree with corresponding transfers out from TAF		

We have reviewed the adjustments above and authorize that they be recorded in the General Ledger as of September 30, 2017. The adjustments are the result of errors and are not the result of fraud or illegal acts.

KATHRINE B. KAKIGI
Financial Manager

ATTACHMENT II

Government of Guam
(Gubetnomention Guahan)
Department of Administration
(Dipattamenton Atmenestration)
Post Office Box 884 Hagatña, Guam 96932
Tel: (671) 475-1101/1250 * Fax: (671) 477-6788

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

Edward M. Birn
Acting Director
Vincent P. Arriola
Deputy Director

April 6, 2018

Deloitte & Touche LLP
361 SOUTH MARINE CORPS DRIVE
TAMUNING, GU 96913

We are providing this letter in connection with your audit of the balance sheet of the Tourist Attraction Fund and of those funds related to the Government of Guam (the Government) Hotel Occupancy Tax Revenue Bonds, 2011 Series A, as of September 30, 2017, and the related statement of revenues, expenditures, and changes in fund balances for the year ended September 30, 2017, which collectively comprise the financial statements of the Tourist Attraction Fund for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and results of operations or changes in fund balances in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the financial statements of financial position of the balance sheet and the related statement of revenues, expenditures, and changes in fund balances, in conformity with GAAP.

b. The fair presentation of the additional information accompanying the financial statements that is presented for the purpose of additional analysis of the financial statements.

c. The design, implementation, and maintenance of internal control:

- Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- To prevent and detect fraud.

d. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for a general-purpose government obtained from the Government Finance Officers Association.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with GAAP. In addition:

    a. The financial statements present only the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A. They are not intended to present the financial position and results of operations of the Government of Guam in conformity with GAAP.

    b. Deposits and investments are properly classified in the category of custodial credit risk.

    c. Required supplementary information is measured and presented within prescribed guidelines.

    d. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

    e. The financial statements properly classify all funds and activities, including special and extraordinary items.

    f. The Government has followed GASB Codification of Government Account and Financial Report Standards ("GASB Codification") Section 1800.178 regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

    g. Interfund, internal, and intra-Government activity and balances have been appropriately classified and reported.

    h. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

2. The Government has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The Government has made available to you:

a. Financial records and related data for all financial transactions of the Government and for all funds administered by the Government. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Government and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

b. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

a. Action taken by Government management that contravenes the provisions of federal laws, or Guam laws, and laws and regulations, or of contracts and grants applicable to the Government.

b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements, which have been provided to you.

5. The Government has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Government and do not believe that the financial statements are materially misstated as a result of fraud.

6. We have no knowledge of any fraud or suspected fraud affecting the Government involving:

a. Management.

b. Employees who have significant roles in internal control over financial reporting.

c. Others, when the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Government's financial statements communicated by employees, former employees, analysts, regulators, or others.

8. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.

9. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

10. We are responsible for the fair presentation of the additional information accompanying the financial statements of the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A that is presented for the purpose of additional analysis of the financial statements.

Except where otherwise stated below, matters less than $300,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

11. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

12. The Government has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

13. Regarding related parties:

    a. We have disclosed to you the identity of the Government's related parties and all the related party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

14. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

15. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

16. There are no:

    a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

17. The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

18. The Government has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.

19. No department or agency of the Government has reported a material instance of noncompliance to us.

20. The Government has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.

21. No events have occurred after September 30, 2017, but before April 6, 2018, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

22. Regarding required supplementary information:

a. We confirm that we are responsible for the required supplementary information.

b. The required supplementary information is measured and presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report.*

c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

23. Regarding supplementary information:

a. We are responsible for the fair presentation of the supplementary information in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report.*

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report.*

c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

24. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

25. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.

26. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by the Government has been discovered.

Very truly yours,

Edward M. Birn
Acting Director

Kathrine B. Kakigi
Financial Manager

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

(A GOVERNMENTAL FUND OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2017

Doc. No. 34GL-18-1789.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Year Ended September 30, 2017
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Deloitte & Touche LLP
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INDEPENDENT AUDITORS' REPORT

Honorable Eddie Baza Calvo
Governor of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A (the Funds), which comprise the balance sheet as of September 30, 2017, and the related statement of revenues, expenditures, and changes in fund balances for the year then ended, and the related notes to the financial statements, which collectively comprise the Funds' financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Doc. No. 34GL-18-1789.

Opinion

In our opinion, the financial statements referred to above 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 Hotel Occupancy Tax Revenue Bonds, 2011 Series A, as of September 30, 2017, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A and are not intended to present fairly 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Other Supplementary Information, as set forth in Section IV of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The Other Supplementary Information is the responsibility of the Funds' management. The 2017 information on pages 20 through 27 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the 2017 information on pages 20 through 27 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The 2016 information on pages 20 through 27 as well as the additional information on page 28 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018, on our consideration of the Funds' internal control over financial reporting and on our tests of its 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 internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.

Deloitte + Touche LLP

April 6, 2018

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Management's Discussion and Analysis
Year Ended September 30, 2017

Our discussion and analysis of the Government of Guam's ("GovGuam") Tourist Attraction Fund (TAF) financial performance and those funds related to the GovGuam Hotel Occupancy Tax Revenue Bonds, 2011 Series A, provides an overview of financial activities for the fiscal years ended September 30, 2017 and 2016. Please read it in conjunction with the financial statements, which follow this section.

1. Financial Highlights

- For the fiscal year ended September 30, 2017, total fund balance decreased by $3,547,394 (or 12.2%) from an ending fund balance of $29,115,781 in 2016 to $25,568,387 in 2017.

- During the years ended September 30, 2017 and 2016, total combined expenditures for governmental fund operations were $47,598,200 and $52,558,406, respectively, including expenditures relating to payments to the Guam Visitor's Bureau of $23,852,472 and $26,500,346, respectively; debt service requirements of $6,998,775 and $6,998,625, respectively; and capital-related expenditures of $3,229,884 and $8,020,718, respectively. These expenditures were funded, in part, by Hotel Occupancy Tax collections during the years ended September 30, 2017 and 2016 of $44,007,074 and $40,864,063, respectively, with the remainder funded by residual bond proceeds.

- Total combined expenditures decreased by $4,960,206 (or 9.4%) from 2016 to 2017 due primarily to a decrease of $4,790,834 for capital-related expenditures associated with the construction of the Guam Museum and other tourism-related projects. Total combined revenues increased by $3,107,302 (or 7.6%) from $40,943,504 in 2016 to $44,050,806 in 2017 due to increases in Hotel Occupancy Tax collections.

- During the years ended September 30, 2017 and 2016, TAF generated operating surpluses before transfers out to the Debt Service Fund of $6,643,276 and $3,341,333, respectively.

2. Overview of the Financial Statements

The financial statements include all of the activities of TAF and of those funds related to the GovGuam Hotel Occupancy Tax Revenue Bonds, 2011 Series A. The financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balance. The assets, liabilities and fund balances of these funds are reported in self-balancing funds.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measureable and available. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting, with the exception of debt service expenditures, which are recorded only when payment is due.

The notes to the financial statements include additional information needed to provide a further understanding of the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain other financial information to further assist the reader in understanding the financial statements.

Doc. No. 34GL-18-1789.

3. Financial Statement Analysis

Balance Sheet

The balance sheet presents information on assets, liabilities and fund balance at year-end. A condensed summary of the balance sheets is shown below as of September 30, 2017 and 2016.

	2017	2016
Assets:		
Investments	$ 3,747,526	$ 5,900,271
Tax receivables	3,173,328	3,587,920
Restricted assets	25,442,726	28,929,829
Total assets	$ 32,363,580	$ 38,418,020
Liabilities:		
Accounts payable and other	$ 1,800,278	$ 1,663,385
Due to General Fund	4,994,915	7,638,854
Total liabilities	6,795,193	9,302,239
Fund balances:		
Restricted	24,121,652	27,294,514
Committed	1,446,735	1,821,267
Total fund balances	25,568,387	29,115,781
Total liabilities and fund balances	$ 32,363,580	$ 38,418,020

Total assets decreased by $6,054,440 (or 15.8%) from $38,418,020 in 2016 to $32,363,580 in 2017. This decrease was primarily the result of a decrease in investments of $2,152,745 for TAF operations and a decrease in restricted assets of $3,487,103 for capital-related expenditures. Total liabilities decreased by $2,507,046 (or 27%) from $9,302,239 in 2016 to $6,795,193 in 2017. This decrease was primarily the result of a decrease in amounts payable to the General Fund of $2,643,939. Total fund balances decreased by $3,547,394 (or 12.2%) during 2017 from $29,115,781 to $25,568,387. Of the total fund balance amounts presented at each respective fiscal year end, certain restrictions limit the availability of fund resources for future use. Specifically, fund balances are restricted by the bond indenture associated with the Hotel Occupancy Tax Revenue Bond, 2011 Series A, wherein these funds are restricted for (i) capital projects associated with a new Guam Museum and certain other related projects that benefit Guam's tourism industry, and (ii) future debt service.

Statement of Revenues, Expenses and Changes in Fund Balances

The statement of revenues, expenditures and changes in fund balance show the effect of revenues and expenditures on fund balance for the year. The statements of revenues, expenses and changes in fund balances for the years ended September 30, 2017 and 2016 are summarized as follows.

	2017	2016
Revenues:		
Hotel occupancy tax	$ 44,007,074	$ 40,864,063
Use of money and property	43,732	79,441
Total revenues	44,050,806	40,943,504
Expenditures:		
Current:		
General government	53,532	23,360
Environmental protection	80,527	47,541
Individual collective rights	5,228,826	3,144,092
Protection of life and property	480,125	1,140,175
Recreation	3,089,321	3,596,206
Economic development	316,676	341,248
Payments to autonomous agencies	24,076,626	26,724,500
Transfers to Guam Museum Fund	1,125,640	1,081,987
Transfers to HOT Surplus Fund	2,918,268	903,944
Capital projects	3,229,884	8,020,718
Debt service	6,998,775	6,998,625
Total expenditures	47,598,200	52,558,406
Net change in fund balances	$ (3,547,394)	$ (11,614,902)

Total revenues collected from hotel occupancy taxes increased by $3,143,011 (or 7.7%) from $40,864,063 in 2016 to $44,007,074 in 2017. The increase was primarily due to an incremental increase in tourist arrivals coupled with an increase in hotel room rates.

Total expenditures decreased by $4,960,206 (or 9.4%) from $52,558,406 in 2016 to $47,598,200 in 2017. The decrease was due primarily to an decrease of $4,790,834 for capital -related expenditures associated with the construction of the Guam Museum and other tourism-related projects; and a decrease of $2,647,874 for payments to autonomous agencies offset by an increase of $961,385 in Mayor's Council operations expenditures and an increase of $2,014,324 in transfers of excess revenues to the Hotel Occupancy Tax Surplus Fund.

4. Capital Assets

Public Law 30-228 authorizes the construction of the Guam Museum and certain other projects that benefit Guam's tourism industry in the amount of $55,609,615. Capital-related expenditures amounted to $3,229,884 in 2017 compared with $8,020,718 in 2016. Outstanding commitments under executed contracts aggregate $3,965,614.

5. Long-Term Debt

In April 2011, GovGuam issued $90,665,000 in Hotel Occupancy Tax Revenue Bonds for the purpose of constructing the Guam Museum and other related tourism projects, refunding a previous bond, and funding capitalized interest. A payment of $28,787,786 was made to a bond escrow agent for the purpose of refunding 1997 Series A bonds with net bond proceeds amounting to $59,760,045. The resultant long-term debt is included as a liability in GovGuam's government-wide financial statements. See note 3 to the accompanying financial statements for additional information relating to this long-term debt.

6. Outlook, Challenges and Opportunities

Around 40,000 fewer tourists are expected to visit Guam in fiscal year 2018 compared to fiscal year 2017. Japanese market expected its downward trend into 2018 stemming from backlash due to North Korean threats. South Korean market,now Guam's top tourist market, made strong strides in 2017. GVB officials expect the South Korean market to continue to grow and bolster Guam Tourism as they try to regain the ailing Japanese Market. Guam Visitor's Bureau plans to continue its marketing projects to strengthen Korea arrivals and curb the declining Japanese market in 2018.

7. Contacting Government of Guam Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the finances of the Tourist Attraction Fund and related funds and to demonstrate accountability for money received and expended. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Division of Accounts, Attention: Kathrine B. Kakigi, Financial Manager, P.O. Box 884, Hagatna, Guam 96932. Telephone No.: (671) 475-1211, Facsimile: (671) 472-8483; Website address: www.admin.gov.gu/doa/.

Doc. No. 34GL-18-1789.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Balance Sheet
September 30, 2017

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Investments	$ 3,747,526	$ -	$ -	$ 3,747,526
Restricted assets:				
Cash and cash equivalents	-	-	4,192,405	4,192,405
Investments	-	13,178,802	8,071,519	21,250,321
Taxes receivable	3,173,328	-	-	3,173,328
Total assets	$ 6,920,854	$ 13,178,802	$ 12,263,924	$ 32,363,580
LIABILITIES				
Accounts payable	$ 141,600	$ 122,042	$ -	$ 263,642
Retention payable	-	998,966	-	998,966
Accrued payroll and other	414,592	123,078	-	537,670
Due to General Fund	4,917,927	76,988	-	4,994,915
	5,474,119	1,321,074	-	6,795,193
Commitments				
FUND BALANCES				
Fund balances:				
Restricted for:				
Capital projects	-	11,857,728	-	11,857,728
Debt service	-	-	12,263,924	12,263,924
Committed for:				
Tourism	1,446,735	-	-	1,446,735
Total fund balances	1,446,735	11,857,728	12,263,924	25,568,387
Total liabilities and fund balances	$ 6,920,854	$ 13,178,802	$ 12,263,924	$ 32,363,580

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, 2017

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Taxes	$ 44,007,074	$ -	$ -	$ 44,007,074
Use of money and property	5,743	30,228	7,761	43,732
Total revenues	44,012,817	30,228	7,761	44,050,806
Expenditures:				
Current:				
General government	53,532	-	-	53,532
Individual collective rights	5,228,826	-	-	5,228,826
Protection of life and property	480,125	-	-	480,125
Environmental protection	80,527	-	-	80,527
Recreation	3,089,321	-	-	3,089,321
Economic development	316,676	-	-	316,676
Payments to Guam Museum Fund	1,125,640	-	-	1,125,640
Payments to Guam Visitors Bureau	23,852,472	-	-	23,852,472
Payments to University of Guam	200,000	-	-	200,000
Payments to Guam Community College	24,154	-	-	24,154
Payments to HOT Surplus Fund	2,918,268	-	-	2,918,268
Capital projects	-	3,229,884	-	3,229,884
Debt service:				
Principal	-	-	2,010,000	2,010,000
Interest	-	-	4,988,775	4,988,775
Total expenditures	37,369,541	3,229,884	6,998,775	47,598,200
Excess (deficiency) of revenues over (under) expenditures	6,643,276	(3,199,656)	(6,991,014)	(3,547,394)
Other financing sources (uses):				
Operating transfers in	-	-	7,017,808	7,017,808
Operating transfers out	(7,017,808)	-	-	(7,017,808)
Total other financing sources (uses)	(7,017,808)	-	7,017,808	-
Net change in fund balances	(374,532)	(3,199,656)	26,794	(3,547,394)
Fund balances at the beginning of the year	1,821,267	15,057,384	12,237,130	29,115,781
Fund balances at the end of the year	$ 1,446,735	$ 11,857,728	$ 12,263,924	$ 25,568,387

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the Tourist Attraction Fund.

A. Reporting Entity

The Government of Guam (GovGuam) Tourist Attraction Fund, created by 11 GCA 30107, was established to fund various recreational projects and visitor industry activities. Additionally, 11 GCA 30108 provides for 25 percent of all revenues collected by the Tourist Attraction Fund be appropriated to the Infrastructure Improvement Fund. Revenues are derived from an excise tax that is levied and imposed on transient occupants of a room or rooms in a hotel, lodging house, or similar facility in Guam. On April 13, 2011, Hotel Occupancy Tax Revenue Bonds, 2011 Series A, were issued for the purpose of refunding the Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, and funding the construction of a new Guam Museum and certain other projects that benefit Guam's tourism industry. The Capital Projects Fund is used to account for the construction of capital improvement projects from bond proceeds. The Debt Service Fund is used to account for funds required by the bond indenture to redeem bond principal and to pay bond interest as such becomes due.

These funds are considered to be governmental funds and are presented as blended component units of GovGuam.

B. Fund Accounting

The accompanying financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The assets, liabilities and fund balances of the Tourist Attraction Fund and funds related to the Hotel Occupancy Tax Revenue Bonds, 2011 Series A, are reported in self-balancing funds. Transactions between funds, if any, have not been eliminated.

C. Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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, revenues are considered available if they are collected within 90 days of the end of the current fiscal period. Revenues susceptible to accrual include excise taxes. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting, with the exception of debt service expenditures, which are recorded only when payment is due.

(1) Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

The excise tax 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.

D. Appropriations

Section 26 of Public Law 25-98 authorized the reprogramming and re-appropriation of appropriations from completed capital improvement projects. Specifically, 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.

E. Budgetary Process

Legislation requires the Governor to present a proposed budget to the Legislature at the beginning of each annual session. The Legislature enacts the budget through passage of specific departmental appropriations. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the Territorial financial plan for the ensuing fiscal year. Supplemental appropriations for specific purposes are made throughout the year.

Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are generally evidenced by outstanding purchase orders, contracts, and intradepartmental work requests. Encumbrances outstanding at year end are reported within the fund balance classifications since they do not constitute expenditures or liabilities. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations. At September 30, 2017, significant encumbrances are summarized as follows:

Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Total
$ 824,903	$ 3,965,614	$ -	$ 4,790,517

F. Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments in U.S. Treasury obligations and commercial paper with a maturity date within three months of the date acquired.

G. Investments

Investments and related investment earnings of the primary government and the discretely presented component units are recorded at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie, the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

(1) Summary of Significant Accounting Policies, Continued

H. Receivables

Receivables are due from businesses residing on the island of Guam and are uncollateralized and non-interest bearing.

I. Interfund Receivables/Payables

During the course of its operations, GovGuam's General Fund records transactions between individual funds for goods provided or services rendered. 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. At September 30, 2017, interfund balances are as follows:

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Total
Due to General Fund	$ 4,917,927	$ 76,988	$ -	$ 4,994,915

J. Restricted Assets

The bond indenture relating to the Hotel Occupancy Tax Revenue Bonds, 2011 Series A, requires amounts to be restricted for capital projects and set aside for debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

K. Fund Balance

Governmental fund balances are classified as follows:

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.

Restricted/committed amounts are spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this.

A formal minimum fund balance policy has not been adopted.

L. Interfund Transactions

Operating transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid.

(1) Summary of Significant Accounting Policies, Continued

M. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

N. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with the financial statements of the Tourist Attraction Fund and funds related to the Hotel Occupancy Tax Revenue Bonds, 2011 Series A, for the year ended September 30, 2016 from which summarized information was derived.

(2) Deposits and Investments

The deposit and investment policies of GovGuam are governed by 5 GCA 21, Investments and Deposits, in conjunction with applicable bond indentures. The Director of Administration is responsible for the safekeeping of all monies paid into the Treasury of Guam. The Director of Administration invests any monies of GovGuam that are deemed not necessary for immediate use. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any eligible institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

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.

As of September 30, 2017, the carrying amount of cash and cash equivalents was $4,192,405, which represents short-term investments held and administered by GovGuam's trustees in accordance with various trust agreements and bond indentures. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2017.

(2) Deposits and Investments, Continued

B. Investments

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

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.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding capital projects that benefit Guam's tourism industry. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2017.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. GovGuam does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2017, investments are classified as follows:

	Tourist Attraction Fund	Capital Projects Fund	Debt Service Fund	Total
Investments:				
Mutual funds	$ 3,747,526	$ 13,178,802	$ 8,071,519	$ 24,997,847

(2) Deposits and Investments, Continued

B. Investments, Continued

GovGuam categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following table sets forth by fair value hierarchy level assets carried at fair value:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Federal Home Loan Bank	$ 3,080,717	$ -	$ 3,080,717	$ -
Federal Home Loan Mortgage Corporation	403,665	-	403,665	-
U.S. Government agencies	3,484,382	$ -	$ 3,484,382	$ -
Investments measured at the net asset value (NAV):				
Mutual funds	24,994,942			
Investments measured at amortized cost:				
Money market investments	710,928			
	$ 29,190,252			

Included in the preceding schedule is $4,192,405 of money market and fixed income investments which are classified as cash equivalents in the accompanying financial statements.

(3) Bonds Payable

On April 13, 2011, Hotel Occupancy Tax Revenue Bonds, 2011 Series A, with varying interest rates of 1% - 6.625% per annum were issued in the amount of $90,665,000 to advance refund $28,095,000 of outstanding 1997 Series A bonds. Of the net proceeds of $88,547,831 (after payment of $2,117,169 in underwriting fees, insurance, and other issuance costs), $28,787,786 were placed in escrow, of which $28,095,000 were used to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the 1997 Series A limited obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements of GovGuam. This advance refunding was undertaken to extend the maturity date of outstanding debt and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry and resulted in an economic gain of $97,720.

(3) Bonds Payable, Continued

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 2,110,000	$ 4,885,775	$ 6,995,775
2019	2,220,000	4,774,750	6,994,750
2020	2,345,000	4,651,988	6,996,988
2021	2,480,000	4,516,200	6,996,200
2022	2,630,000	4,369,288	6,999,288
2023 - 2027	13,460,000	19,351,875	32,811,875
2028 - 2032	14,180,000	15,365,638	29,545,638
2033 - 2037	19,450,000	10,091,250	29,541,250
2038 - 2040	20,820,000	2,816,450	23,636,450
	$ 79,695,000	$ 70,823,214	$ 150,521,214

In accordance with the bond indentures, the depositary has established trust accounts as follows:

- Construction Account - amounts held in this account and the interest earnings thereon do not constitute Revenues and are not pledged to the payment of the Bonds. Amounts in the Construction Account shall be used and withdrawn solely for the payment of Infrastructure Improvement Project Costs of such Infrastructure Improvement Projects, including by (1) direct payment, or (2) payment of any debt obligations issued by GovGuam to finance Infrastructure Improvement Project Costs, or (3) repayment of any advances made from any source for such Infrastructure Improvement Project Costs. The depositary shall disburse moneys in the Construction Account for the purposes of the preceding sentence only upon Requisition of GovGuam stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper and lawful charge against said fund. Upon receipt of a Certificate of GovGuam that amounts in said fund are no longer required for the purpose of said fund, said amounts shall be transferred to the Revenue Fund. The Construction Account is accounted for within the Capital Projects Fund.

At September 30, 2017, $11,857,728 of fund balance in the Capital Projects Fund is restricted for capital projects.

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 Account," are to be transferred monthly to the "Revenue Fund." Transactions of the "Revenue Fund" are accounted for in the Tourist Attraction Fund. On the fifth 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:

(3) Bonds Payable, Continued

- 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.

- 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.

During the year ended September 30, 2017, payments for debt service totaled $6,998,775, of which $2,010,000 represents payment on principal. A summary of the change in bonds payable is as follows:

Bonds payable at October 1, 2016	$ 81,705,000
Principal repayment	(2,010,000)
Bonds payable at September 30, 2017	$ 79,695,000

These bonds are recorded as a liability in the government-wide financial statements of GovGuam.

Tax revenues of the Tourist Attraction Fund have been pledged to repay bond principal and interest. Total debt service for the year ended September 30, 2017 amounted to $6,998,775, which represents 16% of 2017 tax revenues collected. During the year ended September 30, 2017, total transfers from the Tourist Attraction Fund to the Debt Service Fund amounted to $7,017,808.

At September 30, 2017, $12,263,924 of fund balance in the Debt Service Fund is restricted for debt service purposes.

At September 30, 2017, GovGuam is of the opinion that it is in compliance with bond covenants outlined in the bond indenture.

(4) Payments to Autonomous Agencies

Public Laws 33-185, 33-232 and 33-233 authorize the general appropriation for operations of the Guam Visitors Bureau (GVB) as well as other miscellaneous appropriations to be administered by GVB. During the year ended September 30, 2017, total appropriations made to GVB from the Tourist Attraction Fund were as follows:

Operations:	
Marketing	$ 14,532,472
General Administration	3,600,000
Destination development	1,085,000
Visitor safety and satisfaction	950,000
Sports and events	850,000
Cultural heritage and community outreach	750,000
Research	600,000
	22,367,472
Restricted:	
Cultural Sports and Ambassador Fund	200,000
Rainy Day Fund	200,000
	400,000
Pass-through to various non-profit organizations:	
Amot Taotao Tano Farm	25,000
Ayuda Foundation	15,000
Duk Duk Goose	50,000
Guafi Inc	25,000
Guam Fishermen's Cooperative	35,000
Guam Humanities Council	20,000
Guam International Film Festival	50,000
Guam Symphony Society	25,000
Guam Unique Merchandise and Arts	25,000
Guinahan Famagu'on Corporation	50,000
Haya Cultural Preservation Foundation	55,000
Historic Inalahan Foundation	25,000
House of Chamorro	70,000
Humatak Foundation	75,000
Hurao Academy	200,000
Inetnon Gefpa'go Cultural Arts Program	25,000
Learn Chamorro	80,000
Micronesian Cruise Association	50,000
Mister Guam	5,000
Pa'a Taotao Tano	50,000
Pacific War Museum Foundation	50,000
Tourism Education Council	30,000
Traditions Affirming our Seafaring Ancestry	25,000
Traditions Affirming Seafaring Islands	25,000
	1,085,000
	$ 23,852,472

(4) Payments to Autonomous Agencies, Continued

Public Law 32-068 created the Hotel Occupancy Tax (HOT) Surplus Fund authorizing the transfer of revenue collections in excess of the revenue budget. During the year ended September 30, 2017, total transfers made to the HOT Surplus Fund amounted to $2,918,268.

Public Laws 33-185 authorize appropriations to the Guam Museum Fund for the purpose of funding operational costs of the Guam Museum. During the year ended September 30, 2017, total transfers made to the Guam Museum Fund amounted to $1,125,640.

Public Law 33-185 authorizes an appropriation to the Guam Community College (GCC) for the Lodging Management Program/Prostart Program in the amount of $24,154. During the year ended September 30, 2017, total appropriations made to GCC for the Lodging Management Program/Prostart Program amounted to $24,154.

Public Law 33-185 authorizes an appropriation to the University of Guam (UOG) for the operations and programs of the Guampedia Foundation in the amount of $200,000.

(5) Commitments

Public Law 30-228 authorizes the construction of the Guam Museum and certain other projects that benefit Guam's tourism industry in the amount of $55,609,615. GovGuam has entered into certain contracts associated with these projects with capital-related expenditures of $3,229,884 being incurred under these contracts during the year ended September 30, 2017. The remaining unliquidated contract amount of $3,965,614 is recorded within restricted fund balance of the Capital Projects Fund in the accompanying financial statements.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Comparative Balance Sheets
September 30, 2017 and 2016

	Tourist Attraction Fund		Capital Projects Fund		Debt Service Fund	
	2017	2016	2017	2016	2017	2016
ASSETS						
Investments	$ 3,747,526	$ 5,900,271	$ -	$ -	$ -	$ -
Restricted assets:						
Cash and cash equivalents	-	-	-	113,234	4,192,405	1,616,000
Investments	-	-	13,178,802	16,579,465	8,071,519	10,621,130
Taxes receivable	3,173,328	3,587,920	-	-	-	-
Total assets	$ 6,920,854	$ 9,488,191	$ 13,178,802	$ 16,692,699	$ 12,263,924	$ 12,237,130
LIABILITIES						
Accounts payable	$ 141,600	$ -	$ 122,042	$ 610,002	$ -	$ -
Retention payable	-	-	998,966	941,580	-	-
Accrued payroll and other	414,592	111,803	123,078	-	-	-
Due to General Fund	4,917,927	7,555,121	76,988	83,733	-	-
Total liabilities	5,474,119	7,666,924	1,321,074	1,635,315	-	-
FUND BALANCES						
Fund balances:						
Restricted for:						
Capital projects	-	-	11,857,728	15,057,384	-	-
Debt service	-	-	-	-	12,263,924	12,237,130
Committed for:						
Tourism	1,446,735	1,821,267	-	-	-	-
Total fund balances	1,446,735	1,821,267	11,857,728	15,057,384	12,263,924	12,237,130
Total liabilities and fund balances	$ 6,920,854	$ 9,488,191	$ 13,178,802	$ 16,692,699	$ 12,263,924	$ 12,237,130

See accompanying independent auditors' report.

Doc. No. 34GL-18-1789.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Comparative Schedules of Revenues, Expenditures by Function, and Changes in Fund Balances
Years Ended September 30, 2017 and 2016

	Tourist Attraction Fund		Capital Projects Fund		Debt Service Fund	
	2017	2016	2017	2016	2017	2016
Revenues:						
Taxes	$ 44,007,074	$ 40,864,063	$ -	$ -	$ -	$ -
Use of money and property	5,743	3,381	30,228	72,866	7,761	3,194
Total revenues	44,012,817	40,867,444	30,228	72,866	7,761	3,194
Expenditures:						
Current:						
General government	53,532	10,408	-	-	-	12,952
Individual and collective rights	5,228,826	3,144,092	-	-	-	-
Protection of life and property	480,125	1,140,175	-	-	-	-
Public education	-	536,010	-	-	-	-
Environmental protection	80,527	47,541	-	-	-	-
Recreation	3,089,321	3,596,206	-	-	-	-
Economic development	316,676	341,248	-	-	-	-
Payments to Guam Museum Fund	1,125,640	1,081,987	-	-	-	-
Payments to Guam Visitors Bureau	23,852,472	26,500,346	-	-	-	-
Payments to University of Guam	200,000	200,000	-	-	-	-
Payments to Guam Community College	24,154	24,154	-	-	-	-
Payments to HOT Surplus Fund	2,918,268	903,944	-	-	-	-
Capital projects	-	-	3,229,884	8,020,718	-	-
Debt service:					-	
Principal	-	-	-	-	2,010,000	1,920,000
Interest	-	-	-	-	4,988,775	5,078,625
Total expenditures	37,369,541	37,526,111	3,229,884	8,020,718	6,998,775	7,011,577
Excess (deficiency) of revenues over (under) expenditures	6,643,276	3,341,333	(3,199,656)	(7,947,852)	(6,991,014)	(7,008,383)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	7,017,808	6,961,077
Operating transfers out	(7,017,808)	(6,961,077)	-	-	-	-
Total other financing sources (uses), net	(7,017,808)	(6,961,077)	-	-	7,017,808	6,961,077
Net change in fund balances	(374,532)	(3,619,744)	(3,199,656)	(7,947,852)	26,794	(47,306)
Fund balances at the beginning of the year	1,821,267	5,441,011	15,057,384	23,005,236	12,237,130	12,284,436
Fund balances at the end of the year	$ 1,446,735	$ 1,821,267	$ 11,857,728	$ 15,057,384	$ 12,263,924	$ 12,237,130

See accompanying independent auditors' report.

Doc. No. 34GL-18-1789.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Comparative Schedules of Revenues, Expenditures by Object, and Changes in Fund Balances
Years Ended September 30, 2017 and 2016

	Tourist Attraction Fund		Capital Projects Fund		Debt Service Fund	
	2017	2016	2017	2016	2017	2016
Revenues:						
Taxes	$ 44,007,074	$ 40,864,063	$ -	$ -	$ -	$ -
Use of money and property	5,743	3,381	30,228	72,866	7,761	3,194
Total revenues	44,012,817	40,867,444	30,228	72,866	7,761	3,194
Expenditures:						
Salaries and wages - regular	3,227,033	2,888,299	-	-	-	-
Salaries and wages - overtime	1,528	808,229	-	-	-	-
Salaries and wages - fringe benefits	1,052,145	1,159,244	-	-	-	-
Travel	65,456	68,525	-	-	-	-
Contractual services	1,994,849	793,155	1,052,137	1,711,931	-	-
Building rent	109,615	113,034	-	-	-	-
Supplies	684,317	755,224	-	-	-	-
Equipment	206,090	191,248	-	-	-	-
Grants and subsidies	28,120,534	28,710,431	-	-	-	-
Utilities - power and water	1,415,557	1,609,942	-	-	-	-
Communications	144,854	108,123	-	-	-	-
Capital outlays	164,897	159,584	2,177,747	6,308,787	-	-
Principal retirement	-	-	-	-	2,010,000	1,920,000
Interest and fiscal charges	-	-	-	-	4,988,775	5,078,625
Miscellaneous	182,666	161,073	-	-	-	12,952
Total expenditures	37,369,541	37,526,111	3,229,884	8,020,718	6,998,775	7,011,577
Excess (deficiency) of revenues over (under) expenditures	6,643,276	3,341,333	(3,199,656)	(7,947,852)	(6,991,014)	(7,008,383)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	7,017,808	6,961,077
Operating transfers out	(7,017,808)	(6,961,077)	-	-	-	-
Total other financing sources (uses), net	(7,017,808)	(6,961,077)	-	-	7,017,808	6,961,077
Net change in fund balances	(374,532)	(3,619,744)	(3,199,656)	(7,947,852)	26,794	(47,306)
Fund balances at the beginning of the year	1,821,267	5,441,011	15,057,384	23,005,236	12,237,130	12,284,436
Fund balances at the end of the year	$ 1,446,735	$ 1,821,267	$ 11,857,728	$ 15,057,384	$ 12,263,924	$ 12,237,130

See accompanying independent auditors' report.

Doc. No. 34GL-18-1789.

GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Expenditures by Department by Object
Years Ended September 30, 2017 and 2016

	2017	2016
Office of I Maga'lahen Guahan:		
Office of Veteran's Affairs:		
Contractual services	$ -	$ 10,157
Supplies	-	251
Total Office of I Maga'lahen Guahan	-	10,408
Department of Administration:		
Division of Accounts:		
Contractual services	32,000	-
Principal retirement	2,010,000	1,920,000
Interest and fiscal charges	4,988,775	5,078,625
Miscellaneous	19,902	12,952
Total Department of Administration	7,050,677	7,011,577
Department of Revenue and Taxation:		
Office of the Director:		
Contractual services	1,630	-
Department of Public Works:		
Festpac:		
Salaries and wages - regular	-	15,382
Salaries and wages - overtime	-	382,072
Salaries and wages - fringe benefits	-	75,915
Supplies	-	22,806
Utilities - power and water	-	39,835
Total Department of Public Works	-	536,010
Customs and Quarantine Agency:		
Office of the Director:		
Contractual services	-	65,429
Equipment	-	34,385
Total Customs and Quarantine Agency	-	99,814
Guam Fire Department:		
Festpac:		
Salaries and wages - regular	-	9,979
Salaries and wages - overtime	-	107,172
Salaries and wages - fringe benefits	-	10,896
Total Guam Fire Department	-	128,047
Guam Police Department:		
Tumon-Tamuning Precinct:		
Salaries and wages - regular	117,368	168,206
Salaries and wages - fringe benefits	40,777	54,097
Contractual services	-	1,566
Supplies	18,316	34,564
Equipment	182,164	42,697
Capital outlays	121,500	73,394
	480,125	374,524
Overtime Compensation:		
Salaries and wages - regular	-	617
Salaries and wages - overtime	-	154
Salaries and wages - fringe benefits	-	253
	-	1,024
Festpac:		
Salaries and wages - regular	-	157,605
Salaries and wages - overtime	-	296,577
Salaries and wages - fringe benefits	-	82,584
	-	536,766
Total Guam Police Department	480,125	912,314

See accompanying independent auditors' report.

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GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Expenditures by Department by Object, Continued
Years Ended September 30, 2017 and 2016

	2017	2016
Department of Agriculture:		
Office of the Director:		
Salaries and wages - regular	30,829	-
Salaries and wages - overtime	877	-
Salaries and wages - fringe benefits	13,334	-
	45,040	-
Invasive Species:		
Salaries and wages - regular	53,923	47,464
Salaries and wages - overtime	651	19,259
Salaries and wages - fringe benefits	24,106	19,776
Contractual services	4,735	7,611
Supplies	639	7,914
Utilities - power and water	128,535	131,344
Communications	6,080	4,864
	218,669	238,232
Animal Control:		
Salaries and wages - regular	24,174	41,767
Salaries and wages - overtime	-	2,995
Salaries and wages - fringe benefits	11,668	14,667
Travel	2,869	-
Contractual services	3,280	2,699
Supplies	10,976	11,907
Equipment	-	9,381
Capital outlays	-	19,600
	52,967	103,016
Total Department of Agriculture	316,676	341,248
Guam Environmental Protection Agency:		
Beach Monitoring:		
Salaries and wages - regular	34,567	28,550
Salaries and wages - fringe benefits	11,763	10,174
Travel	5,052	-
Supplies	28,555	8,817
Equipment	589	-
Total Guam Environmental Protection Agency	80,526	47,541
Department of Parks and Recreation:		
Office of the Director:		
Salaries and wages - regular	456,565	394,408
Salaries and wages - fringe benefits	171,869	155,516
Contractual services	56,466	17,289
Utilities - power and water	124,322	188,295
Communications	26,780	23,120
	836,002	778,628
Maintenance and Repair of Public Restrooms:		
Contractual services	336,842	310,888
Supplies	68,036	10,167
Utilities - power and water	278,916	379,177
	683,794	700,232
Memorial Services:		
Salaries and wages - regular	28,831	28,205
Salaries and wages - fringe benefits	15,162	15,536
	43,993	43,741

See accompanying independent auditors' report.

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GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Expenditures by Department by Object, Continued
Years Ended September 30, 2017 and 2016

	2017	2016
Department of Parks and Recreation, Continued:		
Community Programs:		
Salaries and wages - regular	181,836	238,049
Salaries and wages - fringe benefits	62,367	70,003
	244,203	308,052
Pool and Beach:		
Salaries and wages - regular	228,426	243,995
Salaries and wages - fringe benefits	85,745	96,266
	314,171	340,261
Paseo Stadium		
Salaries and wages - regular	26,565	36,043
Salaries and wages - fringe benefits	10,923	14,523
	37,488	50,566
Parks Administration and Planning:		
Salaries and wages - regular	40,686	59,996
Salaries and wages - fringe benefits	11,483	22,418
	52,169	82,414
Historic Preservation Division:		
Salaries and wages - regular	-	216,788
Salaries and wages - fringe benefits	-	76,522
	-	293,310
Parks Maintenance:		
Salaries and wages - regular	504,800	567,721
Salaries and wages - fringe benefits	176,430	214,931
	681,230	782,652
Territorial Park Protection:		
Salaries and wages - regular	148,908	162,491
Salaries and wages - fringe benefits	47,363	53,859
	196,271	216,350
Total Department of Parks and Recreation	3,089,321	3,596,206
Mayors' Council of Guam:		
Operations:		
Salaries and wages - regular	1,349,555	471,033
Salaries and wages - fringe benefits	369,155	171,307
Travel	11,977	31,907
Contractual services	122,548	26,266
Building rent	109,615	113,034
Supplies	40,061	34,006
Equipment	1,468	29,678
Utilities - power and water	883,784	871,291
Communications	78,132	77,801
Capital outlays	14,500	49,736
Miscellaneous	13,417	13,572
	2,994,212	1,889,631
Island-wide Village Beautification:		
Contractual services	121,416	130,533
Supplies	181,067	222,802
Equipment	3,574	22,712
Capital outlays	13,998	-
	320,055	376,047

See accompanying independent auditors' report.

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GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Expenditures by Department by Object, Continued
Years Ended September 30, 2017 and 2016

	2017	2016
Mayors' Council of Guam, Continued:		
Village Street Maintenance and Beautification:		
Travel	45,558	36,618
Contractual services	190,292	218,468
Supplies	336,667	401,990
Equipment	18,295	52,395
Communications	33,862	2,338
Capital outlays	14,899	16,854
Miscellaneous	103,347	101,461
	742,920	830,124
Total Mayors' Council of Guam	4,057,187	3,095,802
Council on the Arts and Humanities:		
Guam Territorial Band:		
Miscellaneous	46,000	48,290
Department of Chamorro Affairs:		
Guam Museum:		
Contractual services	1,125,640	-
Guam Museum:		
Contractual services	579,040	1,329,152
Capital outlays	1,181,088	5,507,806
Total Guam Museum	1,760,128	6,836,958
San Vitores Flooding:		
Contractual services	234,622	299,039
Capital outlays	376,979	-
Total San Vitores Flooding	611,601	299,039
Hagatna Pool Improvements:		
Capital outlays	-	58,906
Hagatna Master Plan:		
Contractual services	35,000	-
Crosswalk from Skinner Plaza to Chamorro Village:		
Contractual services	-	55,663
Capital outlays	-	100,264
Total Crosswalk from Skinner Plaza to Chamorro Village	-	155,927
Inarajan Community Center Restoration:		
Contractual services	-	115
Malesso Bell Tower Restoration and Rehabilitation:		
Contractual services	-	14,583
Capital outlays	-	276,652
Total Malesso Bell Tower Restoration and Rehabilitation	-	291,235
Design/Construction of Guam Farmer's Cooperative Association Facility and Dededo Flea Market Relocation:		
Contractual services	36,000	-
Capital outlays	-	215,149
Total Design/Construction of Guam Farmer's Cooperative Association Facility and Dededo Flea Market Relocation	36,000	215,149
Historic Monument and Plaza Commemorating Ferdinand Magellan's Visit to Umatac Bay:		
Contractual services	-	4,290
Capital outlays	-	150,010
Total Historic Monument and Plaza Commemorating Ferdinand Magellan's Visit to Umatac Bay:	-	154,300

See accompanying independent auditors' report.

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GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Expenditures by Department by Object, Continued
Years Ended September 30, 2017 and 2016

	2017	2016
Improvement/Construction of Fisherman's Coop:		
Capital outlays	450,000	-
Tumon Bay Improvements:		
Contractual services	167,475	9,089
Capital outlays	169,680	-
Total Tumon Bay Improvements	337,155	9,089
Guam Museum Fund:		
Grants and subsidies	1,125,640	1,081,987
Guam Visitors Bureau:		
Grants and subsidies	23,852,472	26,500,346
University of Guam:		
Grants and subsidies	200,000	200,000
Guam Community College:		
Grants and subsidies	24,154	24,154
HOT Surplus Fund:		
Grants and subsidies	2,918,268	903,944
	$ 47,598,200	$ 52,558,406

See accompanying independent auditors' report.

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GOVERNMENT OF GUAM
TOURIST ATTRACTION FUND

Schedule of Construction Project Status
Year Ended September 30, 2017

	Total Budget	Expenditures Year Ended September 30, 2017	Cumulative Expenditures	Outstanding Encumbrances	Continuing Appropriations
Tumon Bay Capital Projects:					
Reconstruction of Pale San Vitores Road	$ 3,476,119	$ -	$ 3,343,249	$ -	$ 132,870
Sub-Total	3,476,119	-	3,343,249	-	132,870
Development of the Guam and Chamorro Educational Facility:					
GEDA - RW Armstrong Consulting Fee	2,866,286	-	2,866,286	-	-
Sub-Total	2,866,286	-	2,866,286	-	-
GEDA Projects:					
Guam and Chamorro Educational Facility	26,863,130	1,760,128	18,497,298	1,023,325	7,342,507
Historic Hagatna Projects	1,389,855	-	1,367,837	-	22,018
Crosswalk from Skinner Plaza to Chamorro Village	198,409	-	42,483	-	155,926
Inarajan Community Center Restoration	836,618	-	836,502	-	116
Malesso Bell Tower Restoration and Rehabilitation	362,013	-	70,778	-	291,235
Design/Construction of Guam Farmer's Cooperative Association Facility and Dededo Flea Market Relocation	3,817,097	36,000	3,596,234	-	220,863
Design/Construction of Village Entrance Signs for 19 Municipalities	427,998	-	427,998	-	-
Tumon Bay Improvements	744,523	337,155	381,848	296,620	66,055
Pale San Vitores Road Streetlight Renovation	601	-	601	-	-
Primary or Supplemental Funding for Hagatna Master Plan Projects	6,076,732	35,000	235,000	526,226	5,315,506
Other HOT Bond projects	11,678,803	-	-	-	11,678,803
San Vitores Flooding	4,033,339	611,601	1,769,919	569,443	1,693,977
Historic Monument and Plaza Commemorating Ferdinand Magellan's Visit to Umatac Bay	188,254	-	33,954	-	154,300
Improve Public Facilities Near Fish Eye Pier	128,821	-	128,821	-	-
Mangilao Public Market Improvements	52,466	-	52,466	-	-
Agana Bay Vicinity Streetlight Renovation	421	-	421	-	-
Restoration and Repair of Scenic Byways, Overlooks, and Historic Sites	608,386	-	608,386	-	-
Design and Construction of Permanent Monument for Senator Angel Santos Park	201,599	-	201,599	-	-
Scenic and Informational Highway Signs	4,209	-	4,209	-	-
Hagatna Tennis Court Improvements	157,254	-	157,254	-	-
Hagatna Pool Improvements	145,748	-	145,748	-	-
Public Park at Faifai and Gognga	14,374	-	14,374	-	-
Nimitz Beach Improvements	268,929	-	268,929	-	-
Guam Fishermen's Cooperative	2,000,000	450,000	450,000	1,550,000	-
Guam Preservation Trust Reimbursement	4,288,811	-	4,288,811	-	-
Sub-Total	64,488,390	3,229,884	33,581,470	3,965,614	26,941,306
	$ 70,830,795	$ 3,229,884	$ 39,791,005	$ 3,965,614	$ 27,074,176

See accompanying independent auditors' report.

Doc. No. 34GL-18-1789.

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Eddie Baza Calvo
Governor of Guam:

We have audited, 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, the financial statements of the Tourist Attraction Fund and of those funds related to the Government of Guam Hotel Occupancy Tax Revenue Bonds, 2011 Series A (the Funds) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Funds' financial statements, and have issued our report thereon dated April 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

April 6, 2018

Doc. No. 34GL-18-1789.