



Guam Preservation Trust FY 2009 Financial Highlights

February 17, 2010

The Guam Preservation Trust (GPT) closed the fiscal year (FY) 2009 with a gain of \$189 thousand (K) compared to \$3K in FY 2008. GPT realized \$189K increase in revenues from its building permit fees. GPT received an unqualified (clean) opinion from independent auditors, Ernst & Young LLP. One repeat significant deficiency was noted as GPT's inability to ensure the completeness of revenues. A separate management letter contained three deficiencies pertaining to bank reconciliations, outstanding encumbrances, and grant settlement overage.

Building Permit Fees Increased

GPT's revenues are comprised of building permit fees, re-inspection fees, and fines for vandalism and unlawful taking of historic properties. For FY 2009, a total of \$1.2 million (M) was earned from building permit fees, a 19% or \$189K increase from \$982K in FY 2008.

Increase in Historic Preservation Projects

Overall, GPT has 34 grants totaling \$2.2M towards the rehabilitation and restoration of historic structures. In FY 2009, GPT approved 12 new grants totaling \$1.1M. As a result, grants expenditures increased by 34% or \$197K from \$586K in FY 2008 to \$783K in FY 2009. Among the largest grants are the Lujan House for \$698K, various University of Guam Archaeological Programs for \$401K, and architectural and engineering design for the Guam Legislature building's rehabilitation for \$264K. The Lujan House will be the future office of GPT as soon as rehabilitation is completed in the summer of 2010.

In FY 2009, GPT's operating expenses increased by 10% or \$99K from \$1M in FY 2008 to \$1.1M in FY 2009. Of the \$1.1M total expenses, \$783K or 63% accounted for GPT projects and grants and the remaining \$349K were for the administration and operations of GPT. GPT's administration expenses decreased by 22% or \$98K from \$447K in FY 2008 to \$349K in FY 2009. Decreases were in personnel by 4% or \$10K from \$245K to \$235K and travel by 40% or \$15K from \$38K to \$23K.

Gain in Investments

In FY 2009, GPT realized a gain of \$78K in the sale of its investments and unrealized \$6K gain in its investment portfolio. As of September 30, 2009, GPT's bank balance amounted to \$1.4M. Of this amount, \$566K or 41% were FDIC insured while 59% or \$799K were uninsured and uncollateralized. As of September 2009, GPT adopted an investment policy to provide guidance for the management of the portfolio assets allowing for changing economic, business and investment market conditions.

Employees of GPT are not government of Guam employees and do not contribute to the Government of Guam Retirement Fund (GGRF). GPT has adopted a simple IRA Retirement Plan for its employees where GPT offers a matching contribution of up to 3% of the employee's gross annual salary.

Report on Compliance

The Report on Compliance and Internal Control noted one finding, which has been a repeat finding since 2007. The finding pertains to GPT's inability to ensure the completeness of the building permit fees collected. As of September 30, 2009 and 2008, GPT has recorded an allowance for uncollectible receivables of \$5.4M.

Management Letter Comments

Three findings were reported in a separate management letter:

1. Check disbursement incorrectly recorded resulting in an adjustment of \$5,000. Review of quarterly compilations, including restoring the back-up files, to ensure accuracy of data recorded.
2. Review outstanding encumbrances to ensure projects are still active and in compliance with the terms of the grant agreement.
3. Follow-up on the settlement of the overage for a board project that required more funds than that was originally approved.

For a more detailed discussion on GPT's operations, see the Management's Discussion and Analysis in the audit report at www.guamopa.org and www.guampreservationtrust.com.