



Guam Ancestral Lands Commission FY 2016 Financial Highlights

May 12, 2017

The Guam Ancestral Lands Commission (GALC) closed fiscal year (FY) 2016 with a \$502 thousand (K) net increase in fund balances, a \$44K increase compared to FY 2015. Independent auditors, Deloitte and Touche, LLP, issued an unmodified “clean” opinion on GALC’s FY 2016 financial statements. GALC also received an unmodified “clean” opinion on the report on internal control and compliance with no findings. GALC is commended for this accomplishment.

Increased Revenues

In FY 2016, GALC had \$685K in total revenues, a \$41K or 6% increase from FY 2015. The increase was primarily due to \$59K or 12% increase in base rent and \$12K or 211% increase in participation rent. This was caused by the increased collection and/or remittance by the Guam Economic Development Authority (GEDA) to GALC. In addition, interest income decreased by \$6K or 21% because of a cash transfer from Time Certificate of Deposit to savings.

Decreased Expenditures

Total expenditures decreased slightly by \$2K, going from \$185K in FY 2015 to \$183K. Expenditures mainly included personnel costs (\$70K), management fees (\$83K) paid to GEDA, and contractual services (\$21K). Although there was a noticeable \$11K or 16% increase in GEDA management fees, this was offset by decreases in personnel costs by \$16K and contractual services by \$3K.

Memorandum of Agreement with GEDA

In 2006, GALC entered into a Memorandum of Agreement with GEDA to assist with the development, management, and maintenance of Trust Lands. GEDA is required to remit all rents received from the leases of Trust Lands, but retains a certain percentage of rent collected as payment for GEDA’s services. In FY 2016, GEDA’s management fees increased by \$11K or 16% due to the increase in collection.

Conveyance of Land Titles

GALC, also known as the Land Claims Facilitator, was created through Public Law 25-45 to convey title of the federal excess lands to the original land owners once returned to the Government of Guam (GovGuam). In FY 2016, GALC has returned a total of 34 acres to three original land owners bringing the total properties returned to 2,628 acres as of FY 2016.

Increased Land Valuation

The total investment in land and other real estate at government-wide level was valued at \$436.1 million (M) as of FY 2016, an increase of \$12.3M from \$423.8M in FY 2015. GALC holds \$8.3M of the \$436.1M, with the remaining \$427.8M being held by the Chamorro Land Trust Commission.

Land Bank Rules and Regulations

GALC is mandated to establish the Land Bank Trust Fund to account for all assets and revenues of the Land Bank, which consists of the former Spanish Crown Lands and other non-ancestral lands conveyed by the United States Federal Government to GovGuam. The GALC acts as a developer of the lands with resulting lease rental income which will be used to provide just compensation to dispossessed landowners whose properties cannot be returned. The disbursement of the Trust Fund remains a challenge because of the long approval process of the Land Bank Rules and Regulations.

The Land Bank Rules and Regulations (LBRR) was submitted to the Office of the Attorney General in June 2016 awaiting review in the Administrative Adjudication Law process. The LBRR will determine the distribution method of generated revenue and qualification standards.

Report on Compliance and Internal Control and Management Letter

The independent auditors did not identify any deficiencies in internal control as of FY 2016 and GALC is commended for this accomplishment.

A separate letter was issued to management citing three matters – (1) follow up and overstatement of security deposits, (2) overstatement of unearned revenue, and (3) collectability of outstanding lease receivables.

Audit Adjustments and Uncorrected Misstatements

There were four audit adjustments recorded by GALC that increased fund balance by \$52K and two uncorrected misstatements that would have decreased fund balance by \$3K.

For a more detailed discussion on GALC's operations, see the Management's Discussion and Analysis in the audit reports at www.opaguam.org.