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### Guam Ancestral Lands Commission – FY 2018 Financial Highlights

April 3, 2019

Hagåtña, Guam – The Office of Public Accountability has released the Guam Ancestral Lands Commission’s (GALC) Fiscal Year (FY) 2018 financial statements, report on compliance and internal controls, management letter, and auditor’s communication with those charged with governance. Independent auditors, Deloitte and Touche, LLP issued an unmodified “clean” opinion on GALC’s financial statements and the report on compliance and internal controls. GALC closed FY 2018 with a net increase of \$3.1 million (M) in fund balance (net income), a \$2.3M increase compared to \$862 thousand (K) net income in FY 2017. For FY 2018, GALC did not have any findings and is to be commended for this accomplishment.

#### **Revenues Increased by \$2.3M**

In FY 2018, GALC had \$3.3M in total revenues, a \$2.3M or 215% increase from FY 2017. The increase was primarily due to an increase of \$2.5M within the Land Bank Trust Fund. In September 2018, the GALC received \$2.5M as proceeds of sale of land to Guam Waterworks Authority (GWA). The transfer was approved through Public Law (P.L.) 33-198 which covers an area of 70,000 square meters (sq.m.) for the purpose of construction of the upgrade and expansion of the Northern District Wastewater Treatment Plant.

#### **Expenditures Decreased by \$3K**

Total expenditures decreased slightly by \$3K, going from \$198K in FY 2017 to 195K in FY 2018. Expenditures mainly included personnel costs (\$58K), management fees (\$106K) paid to the Guam Economic Development Authority (GEDA), and contractual services (\$27K). Although there was an \$8K, or 8%, increase in GEDA management fees, this was offset by zero expenditures in FY 2018 spending related to tenant improvement allowances.

#### **Memorandum of Agreement with GEDA**

Throughout FY 2018, GALC continued to utilize the services of GEDA authorized through the amended Memorandum of Understanding (MOU) of 2007. 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.

#### **Conveyance of Land Titles**

GALC, also known as the Land Claims Facilitator, was created through P.L. 25-45 to convey title of the federal excess lands to the original landowners once returned to the Government of Guam (GovGuam). In FY 2018, GALC with the assistance of Department of Land Management (DLM) was able to return two parcels with a total land mass of 57,187 +/- sq.m, bringing the total properties returned to 2,637.94 acres as of FY 2018.

**Land Valuation**

The total investment in land and other real estate at the government-wide level was valued at \$459M as of FY 2018, a decrease of \$2.6M from \$461.3M as of FY 2017. Of the \$459M, GALC's land inventory is valued at \$6.7M, while the Chamorro Land Trust Commission's land inventory is at \$452M.

**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 Land Bank Rules and Regulations (LBRR). GALC's submitted draft rules and regulations to the Office of the Attorney General (OAG) was not approved as to form or legality. Additionally, the OAG determined the LBRR cannot assess the distribution method without the legislative creation of laws establishing "just compensation" to those dispossessed landowners. The GALC Commissioners and Executive Director will continue dialogue with the Guam Legislature to address the concerns of the OAG's office related to the LBRR.

**Report on Compliance and Internal Control and Management Letter**

In FY 2018, the independent auditors did not identify any deficiencies in internal control. GALC is commended for this accomplishment.

A separate letter issued to management cited a recommendation to follow up with a lessee on the remaining \$5,000 security deposit verifying the completeness of recording of lease security deposits.

**Audit Adjustments and Uncorrected Misstatements**

There were three audit adjustments recorded by the GALC that decreased its fund balance by \$7K and no uncorrected misstatements.

For a more detailed discussion on GALC's operations, see the Management's Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org).