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Guam Ancestral Lands Commission – FY 2020 Financial Highlights

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Hagåtña, Guam – The Office of Public Accountability has released the Guam Ancestral Lands Commission’s (GALC) fiscal year (FY) 2020 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. GALC closed FY 2020 with an increase of \$406 thousand (K) (3%) in fund balance (net income), but the overall net income had decreased significantly by \$4.5 million (M) from FY 2019’s net income of \$4.9M.

Revenues Decreased by \$5.1M

GALC’s FY 2020 total revenues of \$899K decreased by \$5.1M, or 85%, from \$6.0M in FY 2019. This was due to the \$4.9M decrease in lease rental revenues, which includes the recognition and recording of the \$4.9M American Telephone & Telegraph (AT&T) settlement claim for the use of the Tanguisson Cable Station land in FY 2019.

Expenditures Decreased by \$603K

Total expenditures decreased by \$603K, or 55%, from \$1.1M in FY 2019 to \$494K in FY 2020. This was mainly due to the decrease of \$759K, or 89% in management fees incurred the Guam Development Economic Authority’s (GEDA) services, which offset the increases in GALC operational costs. GEDA’s decreased management fees pertained to the settlement agreement associated with AT&T in FY 2019.

Land Valuation

The total investment in land and other real estates at the government-wide level was valued at \$453.1M as of FY 2020, an increase of \$2.9M, which is associated with CLTC. Of the total \$453.1M, GALC’s land inventory is valued at \$8.7M based on estimated current value and appraisals.

Land Bank Rules and Regulations

GALC assumed the role of a Claims Facilitator to assist ancestral landowners to exercise the rights in the properties they owned. GALC acts as a developer of the lands and generates lease rental income, which will be used to provide just compensation to dispossessed landowners whose properties cannot be returned.

In FY 2020, GALC was unable to finalize the Land Bank Rules and Regulations (LBRR). They were also unable to resolve easement access issues. The Office of the Attorney General determined that the LBRR could not assess the distribution method without legislation to establish “just compensation” to those dispossessed landowners. The Commission and Executive Director will continue to dialogue with the Guam Legislature to address concerns relative to the LBRR. GALC has been unable to perform some necessary activities due to the lack of staff and committed

funding sources. They will look into working with their available financial resources to recruit needed personnel.

Compliance and Management Letter

The independent auditors noted that the proceeds from the AT&T settlement agreement were accounted for in the wrong fund. GALC received \$4.9M under a settlement agreement with AT&T for the Tanguisson Cable Landing Station property and recorded it in the Survey, Infrastructure, and Development Fund. However, the proceeds should have been recorded under the Land Bank Trust Fund because the property does not represent land associated with Polaris Point parcels.

The auditors recommended that GALC recognize and record collections of lease revenues from land in accordance with the purpose and the property for which the fund was created.

In a separate management letter, the independent auditors identified the following: (1) deficiencies in allowance for uncollectible accounts for delinquent lease rental payments, (2) concern over compliance with the memorandum of understanding for the lease of Wettengel Junction, and (3) commented on formalizing a contract for its office lease with the Department of Land Management office.

For more details, see the Management's Discussion and Analysis in the audit report. These reports may be downloaded at www.galc.guam.gov or www.opaguam.org