



**Executive Summary
Guam Legislature
Capitol District Fund
OPA Report No. 16-01, April 2016**

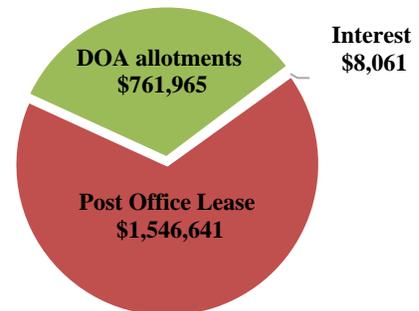
We found that the Capitol District Fund (Fund) receipts and disbursements from August 2008 to December 2015 were in accordance with Guam law. Public Law (P.L.) 31-285, enacted in January 2013, authorized the Guam Legislature to utilize any funds under its control and purview to pay prior obligations. This includes \$761,965 for the 31st and 32nd Guam Legislature’s annual leave lump sum pay outs. To reimburse the Fund, the FY 2014 and FY 2015 Budget Acts appropriated \$761,965 from the General Fund. As of December 31, 2015, the allotments for these appropriations were deposited to the Fund.

The Fund was established in April 2008 by P.L. 29-69 as a special revenue fund of the government of Guam under the purview and control of the Guam Legislature. The purpose of the Fund is solely to repair, restore, renovate, or refurbish the Guam Congress Building or other Capitol District properties. Expenditures are pursuant to legislative resolutions and cannot be used for operations.

The Fund’s receipts are primarily from lease payments for the Hagatna Post Office. The law requires income from Capitol District property leases to be deposited to the Fund.

There were three sources of deposits in the Fund:

- \$1.5M - Hagatna Post Office lease payments from the United States Postal Service.
- \$761,965 - DOA allotments for appropriated reimbursements.
- \$8,061 - Interest.



Fund disbursements were comprised of:

- \$761,965 - Transfers to legislative operations for annual leave lump sum pay outs.
- \$161,250 – Transfers to legislative operations for Guam Legislature Building incremental share of construction costs.
- \$30,000 - Transfers to legislative operations for Hagatna Post Office lease agreement broker’s fee.
- \$2,985 - Guam Legislature Building construction loan interest payments.

Since January 2013, P.L. 31-285 authorized the Guam Legislature to pay prior obligations, such as accrued annual leave pay outs from any funds under its control and purview. As a result, \$761,965 was transferred from the Fund to pay accrued annual leaves for the 31st and 32nd Guam

Legislatures. These amounts were reimbursed by P.L. 32-68 [FY 2014 Budget Act] and P.L. 32-181 [FY 2015 Budget Act]. The Fund was also used to pay for construction costs and construction loan interest for the Guam Legislature Building, and a broker's fee for the Hagatna Post office, a Capitol District property.

On January 30, 2013, \$431,000 was transferred from the Fund to pay \$433,161 in annual leave accrued as of December 31, 2012 for the 31st Guam Legislature. The second transfer of \$330,965 occurred on January 7, 2015 to pay the 32nd Guam Legislature's accrued annual leave of \$310,234 as of December 31, 2014. These amounts are shown in Table 1 below.

Table 1: Legislative Leave Lump Sum Pay Outs

Term		Lump Sum Paid Out (\$)	Transferred from Fund (\$)
31 st Legislature	January 1, 2011 - December 31, 2012	433,161	431,000
32 nd Legislature	January 1, 2013 - December 31, 2014	310,234	330,965
Total		743,395	761,965

Guam Legislature Building Rehabilitation and Renovation

The Guam Preservation Trust (GPT) and the Guam Legislature are funding the Guam Legislature Building's rehabilitation and renovation. In July 2014, the Guam Legislature began sharing the costs through a Memorandum of Agreement which assigned 40% to GPT and 60% to the Legislature. These amounts are shown in Table 2 below.

Table 2: Guam Legislature Building Costs

	Status	Total costs (\$)	GPT share (\$)	Legislature share (\$)
Structural Assessment	Completed Oct. 2008	40,500	40,500	-
A/E Design	Completed Feb. 2013	429,050	429,050	-
Project Management	On-going	606,250	180,000	426,250
Construction	On-going	6,898,194	2,759,594	4,138,600
Total		7,973,994	3,409,144	4,564,850

GPT funding is mainly from its share of proceeds from the Hotel Occupancy Tax Revenue Bonds Series 2011A issued in April 2011. The Guam Legislature secured a \$4.0M construction loan from a local bank pledging the Fund as security for the loan. After construction, the loan payments for the principal and interest will be for up to 18 ½ years at approximately \$27,000 per month for debt service.

Conclusion and Recommendations

We do not have any recommendations to the Legislature at this time. Fund deposits and disbursements appear to have occurred in accordance with authorizations and guidelines. Internal control matters identified at the beginning of this audit have been addressed. The Guam Legislature's Chairperson of the Committee on Rules agreed with the conclusions in this report.

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