



Guam Ancestral Lands Commission FY 2017 Financial Highlights

May 10, 2018

The Guam Ancestral Lands Commission (GALC) closed fiscal year (FY) 2017 with a \$862 thousand (K) net increase in fund balance (net income), a \$360K increase compared to \$502K net income in FY 2016. Independent auditors, Deloitte and Touche, LLP, issued an unmodified “clean” opinion on GALC’s financial statements and the report on internal control and compliance. GALC did not have any findings and is commended for this accomplishment.

Increased Revenues

In FY 2017, GALC had \$1.1 million (M) in total revenues, a \$375K or 55% increase from FY 2016. The increase was primarily due to increases within the Land Bank Trust Fund of \$240K in other revenues and \$153K in base rent. These increases were caused by the collection of proceeds from funds in escrow as a result of mediation in a Superior Court of Guam civil case, and the commencement of lease rental collections for the Camp Edusa property.

Increased Expenditures

Total expenditures increased slightly by \$15K, going from \$183K in FY 2016 to \$198K in FY 2017. Expenditures mainly included personnel costs (\$56K), management fees (\$98K) paid to the Guam Economic Development Authority (GEDA), and contractual services (\$26K). Although there was a \$15K or 18% increase in GEDA management fees, this was offset by the \$14K decrease in personnel costs.

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.

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 2017, GALC returned one parcel with a total land mass of 2,441 square meters, bringing the total properties returned to 2,628.99 acres as of FY 2017.

Land Valuation

The total investment in land and other real estate at the government-wide level was valued at \$461.3M as of FY 2017, an increase of \$25.2M from \$436.1M as of FY 2016. Of the \$461.3M, GALC’s land inventory is valued at \$8.2M, while the Chamorro Land Trust Commission’s land inventory is at \$453.1M.

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 (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. Further discussions with the Guam Legislature will commence to address the OAG's concerns related to the LBRR.

Report on Compliance and Internal Control and Management Letter

In FY 2017, the independent auditors did not identify any deficiencies in internal control. GALC is commended for this accomplishment.

A separate letter issued to management cited two recommendations: (1) follow up with lessee on \$5,000 security deposit and (2) perform periodic reviews of unearned revenues.

Audit Adjustments and Uncorrected Misstatements

There were five audit adjustments recorded by GALC that increased its fund balance by \$10K and one uncorrected misstatement that would have decreased the fund balance by \$4K.

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