



## **Guam Department of Chamorro Affairs FY 2013 Financial Highlights**

May 22, 2014

The Department of Chamorro Affairs- Non-Appropriated Funds (DCANAF) closed Fiscal Year (FY) 2013 with a \$4,131 increase in net position (net income) compared to an increase of \$107 thousand (K) in the prior year. Independent auditors, Ernst & Young, expressed an unmodified (clean) opinion on DCANAF's financial statements. In addition, auditors made seven adjustments to correct errors initially made by DCA.

DCA was reorganized with all cultural and learning resources by merging the Hagatna Restoration and Redevelopment Authority (HRRA), the Guam Council on the Arts and Humanities (CAHA), Guam Public Library System (GPLS), and Guam Education Telecommunications Corporation dba PBS Guam/KGTF. This audit only includes the non-appropriated funds of Chamorro Village, the President's Office, Research, Publication, & Training, and CAHA. There were no financial activities involving HRRA and GPLS in 2013 and 2012.

### ***DCANAF Revenues Decreased***

DCA non-appropriated revenues includes four divisions within DCA: 1) Chamorro Village, 2) Research, Publication, and Training (RPT), 3) President's Office, and 4) CAHA. Total non-appropriated revenues decreased by \$401K, from \$923K in FY 2012 to \$522K in FY 2013. This was primarily due to the \$340K appropriation from the Tourist Attraction Fund for Guam's participation at the 11<sup>th</sup> Festival of Pacific Arts (FESTPAC) in the Solomon Islands.

The Chamorro Village Leases generates 94% of the DCANAF's revenue and nominally increased by \$1K from \$489K in FY 2012 to \$490K in FY 2013. The current rent rates have not changed since 1996. The Chamorro Village Manager procured the services of a company to conduct an assessment of market rates for the Hagatna area. The Sub-Committee will present the report to the DCA Board of Directors for their review. DCANAF other income, which is comprised of grants and fundraising income, decreased by \$55K from \$67K in FY 2012 to \$12K in FY 2013.

### ***DCANAF Expenses Decreased***

DCA non-appropriated expenses decreased by \$298K, from \$816K in FY 2012 to \$518K in FY 2013 primarily due to FESTPAC related expenses. The top three expenses of Chamorro Village are utilities of \$212K, contractual of \$167K, and meals and entertainment of \$66K, which represent 86% of DCANAF expenses. Utilities increased by \$9K, from \$203K in FY 2012 to \$213K in FY 2013. In contrast, contractual and meals and entertainment expenses decreased by \$1K and \$17K, respectively. The decrease in meals and entertainment was due to the reduced amount of meal coupons issued by Chamorro Village on events throughout the year and only issued what was approved by the Board. Further, the entertainment on cultural shows was reduced from three shows to two shows per event.

The Chamorro Village is supplemented with five personnel costing \$235K, which is paid by the General Fund. The positions consist of the Chamorro Village Manager, a Program Coordinator I, Maintenance Supervisor, and two Laborers.

***CAHA and the Festival of Pacific Arts***

In FY 2013, CAHA had revenues of \$8K and expenses of \$16K. In the prior year, CAHA had \$378K in revenues of which \$340K came from FESTPAC appropriations and expenses totaled \$276K of which \$256K were due to travel, marketing and promotions, and performing and literary arts costs related to FESTPAC.

FESTPAC is a traveling festival hosted every four years by a different county in Oceania. CAHA was appointed by the Governor to serve as the lead agency for GovGuam to spearhead Guam's participation at the quadrennial event. The Guam Visitors Bureau was authorized \$1.2 million (M) to be held in a Trust Account for the 12<sup>th</sup> FESTPAC to be held on Guam in 2016 and Guam's participation in the 2015 Smithsonian Folklife Festival of which \$297K has been deposited during FY 2013 bringing a current total of \$1.1M in the Trust Account. This appropriation shall continue to be available until expended and is not subject to transfer or use for any other purpose.

***Compliance Report and Management Letter***

In the Compliance Report, the auditors found a recurring compliance issue for DCANAF due to prior year adjustments that were not recorded in the books or were recorded in the wrong account. In addition, a management letter identified one deficiency related to bank reconciliation statements as cash was not adjusted to the reconciled amount.

For a more detailed discussion on DCA's operations, refer to the Management's Discussion and Analysis or view the reports in their entirety at our website at [www.guamopa.org](http://www.guamopa.org).