



Financial Highlights

Guam Ancestral Lands Commission Financial Audit

Fiscal Year 2022

June 6, 2024

The Guam Ancestral Lands Commission (GALC) received an unmodified (clean) opinion in its Fiscal Year (FY) ended September 30, 2022 financial statements and Report on Compliance and Internal Controls, Management Letter, and Auditor's Communication with Those Charged with Governance from independent auditors, Ernst & Young LLP (EY). EY identified one deficiency in internal control in the Management Letter.

GALC closed FY 2022 with a net change in fund balance (net income) of \$153 thousand (K). GALC's net change in fund balance increased from \$738K in FY 2021 to \$892K in FY 2022.

Revenues Increased by \$141K, Expenditures Decreased by \$12K

Total revenues increased by \$141K, from \$1.3 million (M) in FY 2021 to \$1.4M in FY 2022. The increase was due to an increase of \$290K in interest income and an increase of \$23K in participation rent, offset by a decrease of \$171K in base rent. The GovGuam appropriation from the Ancestral Lands Operations Fund decreased by \$906, pursuant to the Budget Act of FY 2022. Receivables as of FY 2022 of \$2.2M include the applicable allowance for uncollectible accounts of \$1.7M.

Total expenditures decreased by \$12K, from \$563K in FY 2021 to \$551K in FY 2022, due to a decrease in building rent, supplies, communications, and miscellaneous expenditures.

Land Bank Rules and Regulations Not Finalized, Landowners Not Compensated

GALC has not been successful with finalizing the Land Bank Rules and Regulations, and as a result, original landowners who will not benefit from the return of their lands have not been compensated. Commissioners and the Executive Director will continue to work with the Administration and the Guam Legislature for finalization. In addition, GALC was not able to resolve easement access issues for returned properties.

Lease Rentals Revenue

A memorandum of agreement between GALC and the Guam Economic Development Authority (GEDA) authorizes GEDA to assist with the development, management, and maintenance of Trust Lands, as well as collecting and remitting security deposits and lease rental payments to GALC. GEDA retains 14.3% of base rent and 20% of participation rent paid. In FY 2022, GEDA withheld \$127K of all rents received as payment for lease management services. GALC has recognized a liability of \$91K for lease management services. Base rent revenues decreased by \$171K (or -20%), from \$851K in FY 2021 to \$679K in FY 2022. Participation rent increased by \$23K, from \$312 in FY 2021 to \$23K in FY 2022.

GALC has ground lease agreements with eight lessees. The following table lists the revenue recognized from lease agreements with eight lessees.

GALC Lease Revenues as of year ended September 30, 2022

Property	Base Rental Revenue	Interest Income	Participation Rental Revenue
1. Apra Harbor Parcel No. 1 (Commissary Junction)	\$18,901	\$28,495	\$22,810
2. Apra Harbor Reservation F-12 (Polaris Point)	\$126,202	\$206,594	\$624
3. Certain Real Property (1/2 acre)	\$7,200	N/A	N/A
4. Certain Real Property (8 acres)	\$8,800	N/A	N/A
5. Andersen Family Housing Annex no. 1	\$0	\$0	\$0
6. Guam Environmental Protection Agency	\$100,000	N/A	N/A
7. Department of Public Health and Social Services	\$85,593	\$28,495	N/A
8. Tanguisson Cable Landing Station	\$256,431	\$17,970	N/A

Management Letter

A separate management letter identified one deficiency in internal control. Auditors observed that the Commission’s initial assessment of the implementation of GASB No. 87 was provided in October 2023. Upon the finalization of one lease agreement, an updated calculation provided in January 2024 resulted in a proposed audit adjustment. Auditors recommend the Commission consider designating personnel and providing necessary training to develop the skill set and knowledge over the implementation of new GASB statements.

For more details, refer to GALC’s FY 2022 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Management Letter, and Auditor’s Communication With Those Charged With Governance at www.opaguam.org.