



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

April 20, 2016

Senator Rory J. Respicio
Majority Leader
33rd Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

Dear Senator Respicio:

Hafa Adai! Transmitted herewith is OPA Report No. 06-01, Performance Audit of the Guam Legislature's Capitol District Fund.

Our audit 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 including \$761,965 for the 31st and 32nd Guam Legislature's annual leave lump sum pay outs.
- The Fund was reimbursed \$761,965 by the General Fund through FY 2014 and FY 2015 Budget Act appropriations which was deposited to the Fund by December 31, 2015.
- Other Fund transfers were for the refurbishment and renovation of the Guam Legislature Building and Hagatna Post Office lease agreement broker's fee.
- The Fund's receipts were primarily from lease payments for the Hagatna Post Office.

We do not have any recommendations to the Guam Legislature at this time. Internal control matters identified at the beginning of this audit have been addressed.

For your convenience, you may also view and download the report in its entirety at www.opaguam.org. Should you have any questions, please contact Yuka Hechanova, Deputy Public Auditor at 475-0390 ext. 210.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor

RECEIPT ACKNOWLEDGED:

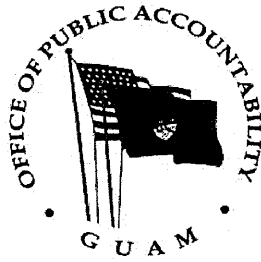
By: JD

Date: 4/20/2016

**Guam Legislature
Capitol District Fund**

**Performance Audit
August 2008 through December 2015**

**OPA Report No. 16-01
April 2016**



Guam Legislature Capitol District Fund

**Performance Audit
August 2008 through December 2015**

**OPA Report No. 16-01
April 2016**

Distribution:

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

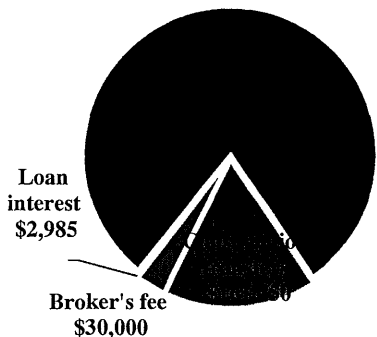
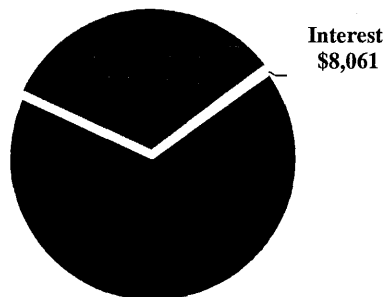
We found that the Capitol District Fund (Fund) receipts and disbursements from August 2008 to December 2015 were in accordance with Guam law. Public Law (P.L.) 31-285, enacted in January 2013, authorized the Guam Legislature to utilize any funds under its control and purview to pay prior obligations. 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.

Doris Flores Brooks, CPA, CGFM
Public Auditor



Introduction

This report presents the results of our audit of the Capitol District Fund (Fund) from August 2008 through December 2015. The audit objectives were to determine if the Fund's receipts and disbursements were in accordance with law.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

This audit was conducted at the request of the Governor of Guam who was concerned about:

- The uses of the Fund for Legislative operations;
- Whether the Guam Legislature had authority to remove funds and use the money for operations; and
- Whether any reimbursements were made for the January 7, 2015 transfer.

Background

The Capitol District Fund was established in April 2008 by Public Law (P.L.) 29-69 and codified in §79602 of Title 21, Chapter 79 of the Guam Code Annotated (GCA). The Fund is a special revenue fund of the Government of Guam (GovGuam) under the purview and control of the Guam Legislature. The Fund's checking account is maintained at a local bank.

The law requires income from Capitol District property leases to be deposited to the Fund. The Fund is solely for the repair, restoration, renovation, or refurbishment of the Guam Congress Building or other Capitol District properties and cannot be used for operations. Expenditures are pursuant to legislative resolutions.

Guam Capitol District and the Hagatna Post Office

In 1997, P.L. 24-110 established Guam's Capitol District which is comprised of the grounds and structures of the Guam Congress Building, Skinner Plaza, Plaza de Espana, Manuel F.L. Guerrero Administration Building, and the Hagatna Post Office. These properties were placed under the Guam Legislature's control and supervision.

For 50 years, from June 1958 to June 2008, the United States Postal Service (USPS) subleased the Hagatna Post Office property, which is owned by GovGuam, from private citizens. The private citizens leased the property for \$725 per year and agreed to construct a suitable post office building on the property for USPS by 1959, the following year.

Prior to the lease with GovGuam expiring in June 2008, P.L. 29-69 authorized the Speaker of the Legislature (Speaker) to negotiate, approve, and execute the USPS Hagatna Post Office lease agreements by legislative resolution passed by 2/3 vote (21 GCA §79601).

In August 2008, a five-year lease agreement was signed by the USPS and the Speaker. The lease agreement was renewed in August 2013 and will expire in August 2018.

Guam Legislature Building Refurbishment and Renovation

The Guam Legislature Building was formerly known as the “Guam Congress Building” and was presented by the United States to the people of Guam on July 21, 1948. In 1990, the Guam Legislature temporarily relocated to another Hagatna building until a new legislative building could be built. However, there was not enough funding to construct a new building at that time.

In 2006, P.L. 28-132 authorized the Legislature to create, construct, lease, or purchase a new building(s) or refurbish, repair, or renovate the Guam Legislature Building and the Manuel F.L. Guerrero Building (§1126 Title 2, GCA). The 30th Guam Legislature passed Resolution No. 174-30 in October 2009 committing the Fund to the Guam Legislature Building refurbishment and renovation project. The estimated cost is \$8.0 million (M) and the expected completion date is August 2016.

The Guam Preservation Trust (GPT) started the structural assessment and architectural design in June 2008 at a cost of approximately \$0.5M. Overall, GPT has committed \$3.4M towards the project primarily from its share of proceeds from the Hotel Occupancy Tax Revenue Bonds Series 2011A issued in April 2011. The Guam Legislature is funding the remaining amounts.

In September 2015, the Guam Legislature, financed \$4.0M for construction through a loan from a local bank. The loan was authorized by P.L. 32-67 and the loan agreement was signed by the Governor of Guam, the Speaker of the 32nd Guam Legislature and the Attorney General of Guam. The loan is secured by a pledge and assignment of the Fund and GovGuam’s full faith and credit.

Results of Audit

We found that the Capitol District Fund receipts and disbursements were in accordance with Guam law. The Fund transferred \$761,965 to the Legislature's operations fund to meet obligations for legislative staff annual leave pay. These disbursements were reimbursed by the General Fund. Other Fund transfers were for the refurbishment and renovation of the Guam Legislature Building and Hagatna Post Office lease agreement broker's fee. From 2008-2015, the Fund's receipts were primarily from lease payments for the Hagatna Post Office. Fund deposits are shown in Chart 1 and disbursements are shown in Chart 2 below.

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.

Chart 1: Fund Deposits

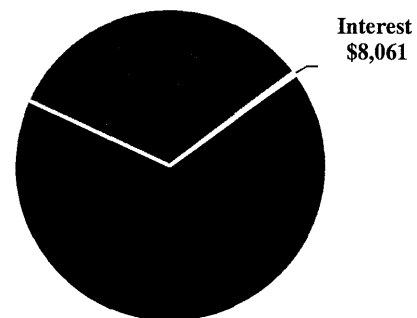
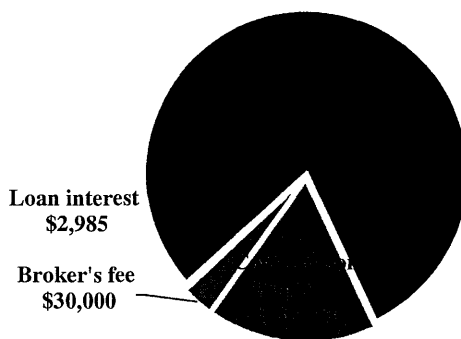


Chart 2: Fund Disbursements



Fund disbursements were comprised of:

- \$761,965 - Transfers to legislative operations for lump sum pay.
- \$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.

See Appendix 3 for the Fund's transaction summary.

Capitol District Fund Transfers Authorized by Public Law 31-285

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. The law states:

Notwithstanding any other provision of law, the Committee on Rules, Federal, Foreign & Micronesian Affairs, and Human & Natural Resources of *I Liheslaturan Guahan*, or its successor committee [emphasis added], is authorized to utilize any funds under the exclusive control and purview of *I Liheslatura* for the purpose of paying prior obligations.

This law was the basis for transfers totaling \$761,965 from the Fund to the Legislature's operations fund on two occasions to pay the lump sum annual leave balances of legislators and staff. 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.

At the end of a legislative term, senators and staff may request for a lump sum payment of their unused annual leave. However, P.L. 31-285 eliminated annual leave benefits for the Governor, Lieutenant Governor, and Senators effective with the 32nd Guam Legislature. See Appendix 4 for P.L. 31-285.

The lump sum pay outs are administered through a "Request for Personnel Action" indicating the amount of unused annual leave hours and pay rate for each senator and staff. These pay outs are funded through special appropriations.

As authorized by P.L. 31-285, 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 3.

Table 3: Lump Sum Pay Outs

Term	Leave Accrual Period	Pay Out Amount (\$)	Transfer Amount (\$)
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

Although the transfers were authorized by P.L. 31-285, there were two separate appropriations, P.L. 32-68 and P.L. 32-181, to reimburse the Fund for these transfers.

Capitol District Fund Appropriations and Department of Administration (DOA) Allotments Effective October 1, 2013, P.L. 32-68 [FY 2014 Budget Act, Chapter XI, Section 8. Reimbursement to the Capitol District Fund.] appropriated \$431,000 from the General Fund to

reimburse the Fund. The appropriation was distributed by DOA to the Guam Legislature in four allotment installments in FY 2014. All four allotments were deposited to the Fund by the Legislature as shown in Table 4.

Table 4: P.L. 32-68 Capitol District Fund Appropriation & Allotments

Appropriation	Effective Date	Amount (\$)
	10/1/2013	431,000
	Total Appropriated:	431,000
Allotments:		
Check No.	Deposit Date	Amount (\$)
0554292	1/31/2014	107,750
0557552	3/19/2014	107,750
0563957	6/26/2014	107,750
0567222	8/22/2014	107,750
	Total Allotments Received:	431,000

Effective October 1, 2014, P.L. 32-181 [FY 2015 Budget Act, Chapter XI, Section 6. Appropriation to the Capitol District Fund.] appropriated \$330,965 from the General Fund to the Fund. The appropriation was distributed by DOA to the Legislature in three installments as shown in Table 5. The Legislature deposited all three allotments to the Fund.

Table 5: P.L. 32-181 Capitol District Fund Appropriation & Allotments

Appropriation	Effective Date	Amount (\$)
	10/1/2014	330,965
	Total appropriated:	330,965
Allotments:		
Check No.	Deposit Date	Amount (\$)
0572417	10/29/2014	82,741
0581156	3/19/2015	82,741
0593933	11/9/2015	165,483
	Total Allotments Received:	330,965

Guam Legislature Building Construction and Loan Payments

The rehabilitation and renovation of the Guam Legislature Building began in 2008 with a grant from the Guam Preservation Trust (GPT) for a structural assessment and architectural and engineering design costing \$469,550 as of December 2015. In July 2014, GPT and the Guam Legislature signed a Memorandum of Agreement (MOA) to coordinate responsibilities for the Guam Legislature Building's funding, rehabilitation, and expansion.

Total construction costs are estimated at \$7.5M. The MOA required GPT to pay 40%, or \$2.9M, and the Legislature to pay 60%, or \$4.6M, as their respective shares to the contractors.¹ GPT retains the construction and project management contracts and is solely responsible for the contractors' performance and payment processing. Project management expenditures are paid incrementally from the Fund while the construction costs are paid through a \$4.0M construction loan from a local bank. The total construction costs are shown in Table 6.

Table 6: Guam Legislature Building Costs

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

As of December 31, 2015, the Fund made four payments to the project manager totaling \$161,250, as shown in Table 7.

Table 7: Capitol District Fund Interest Payments to Project Manager

Payment date	Invoice No.	Amount (\$)
10/23/14	9B	60,000
1/21/2015	10B	33,750
4/13/15	11B	33,750
6/29/15	12B	33,750
Total		161,250

The \$4.0M loan agreement for the Guam Legislature Building's refurbishment and renovation required interest-only payments during the construction period for 18 consecutive months. The interest rate is specified as the sum of the Wall Street Journal Prime Rate plus 1¼ percentage points per annum but not less than 4.5% per annum.

¹ The Guam Legislature will be responsible for the construction management services that extend beyond the construction period estimated at \$112,500 per the construction and project management service schedule.

Beginning October 2015, the Fund began to make the interest-only payments on the \$4.0M construction loan. As shown in Table 8, \$2,985 in interest was paid as of December 31, 2015.

Table 8: Capitol District Fund Interest Payments for Construction Loan

Payment Date	Amount (\$)
10/5/2015	913
11/2/2015	1,015
12/1/2015	1,057
Total	2,985

Following the construction period, payments for the loan’s principal and interest will be for up to 18 ½ years at approximately \$27,000 per month for debt service. The loan is a GovGuam general obligation and secured by a pledge and assignment of the Fund.

Hagatna Post Office Lease Payments

For five years, from August 22, 2008 to August 21, 2013, the USPS leased the Hagatna Post Office property for \$201,420 per year, or \$16,785 per month. The Speaker of the 29th Guam Legislature was authorized by 21 GCA §79601 and Legislative Resolution No. 155, passed in April 2008, to execute the lease. As shown in Table 9, the OPA calculated expected lease payments of \$1,007,100 were received by the end of the lease term.

Table 9: Hagatna Post Office Lease Payments Received 2008 – 2013

	2008	2009	2010	2011	2012	2013	Total
Annual rent received (\$)	55,770	184,635	218,205	201,420	201,420	145,650	1,007,100
Annual rent expected (\$)	72,555	201,420	201,420	201,420	201,420	128,865	1,007,100
Difference (\$)	(16,785)	(16,785)	16,785	-	-	16,785	-

See Appendix 5 for details of the lease payments for 2008-2013 lease.

The lease was renewed for another five years to August 21, 2018 for \$236,965 per year, or \$19,747 per month. Resolution No. 202-32 approved and accepted the terms of the lease agreement after negotiating with the USPS transaction management services provider (Broker). The Broker was paid a commission fee of \$30,000 from the Fund. The Resolution approved a 17.6% increase from the prior agreement.

The OPA calculated expected lease payments of \$559,288 of which \$539,541 was received by December 2015 as shown in Table 10. The rental payment for December 2015 was received on January 7, 2016 and deposited on January 8, 2016.

Table 10: Hagatna Post Office Lease Payments Received 2013 – 2015

	2013	2014	2015	Total
Annual rent received (\$)	65,611	236,965	236,965	539,541
Annual rent expected (\$)	85,358	236,965	236,965	559,288
Difference (\$)	(19,747)	-	-	(19,747)

See Appendix 6 for details of the lease payments for 2013-2018 lease.

Internal Control Matters

At the beginning of our audit of the Fund, we learned that Fund transactions could be executed with only one signature of the four authorized signatories. We immediately recommended that the Fund should require two signatures to strengthen internal controls and provide oversight of spending and a check and balance.

In February 2016, the 33rd Guam Legislature passed Resolution 279-33 to require two of the four authorized signatories to sign checks, withdrawals, and fund transfers for all Legislature bank accounts. The four signatories are the Speaker, the Chairperson of the Committee on Rules/Majority Leader, the Assistant Majority Leader, and the Executive Director.

Conclusion and Recommendations

Fund deposits and disbursements appear to have occurred in accordance with authorizations and guidelines. Internal control matters identified at the outset of this audit have been addressed. As such, we do not have any recommendations at this time.

Classification of Monetary Amounts

	Finding Description	Questioned Costs	Potential Savings	Unrealized Revenue	Other Financial Impact
1	Capitol District Fund Transfers Authorized by Public Law 31-285	\$ -	\$ -	\$ -	\$ -
2	Guam Legislature Building Construction and Loan Payments	\$ -	\$ -	\$ -	\$ -
3	Hagatna Post Office Lease Payments	\$ -	\$ -	\$ -	\$ -
4	Internal Control Matters	\$ -	\$ -	\$ -	\$ -
	Totals	\$ -	\$ -	\$ -	\$ -

Management Response and OPA Reply

The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendations, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. However, there are no recommendations in this report to the Guam Legislature.

The Guam Legislature's Chairperson of the Committee on Rules; Federal, Foreign & Micronesian Affairs; Human & Natural Resources, Election Reform, and Capitol District agreed with the conclusions in this report and his official management response is in Appendix 7.

We appreciate the cooperation given to us by the staff and management of the Guam Legislature.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:**Scope & Methodology**

The audit scope encompassed Capital District Fund transactions from August 22, 2008 through December 31, 2015. The scope also included bank statements and the supporting documentation for the receipts and disbursements of the Capitol District Fund such as Hagatna Post Office lease payment receipts, transfer authorizations, the Guam Legislature Building construction loan documents, pertinent legislative resolutions, and other relevant documentation.

Methodology

The audit methodology included a review of laws, legislative resolutions, agreements and other information pertinent to the Capitol District Fund. We also performed the following:

- Conducted inquiries with key personnel from the Guam Legislature Fiscal Office to gain an understanding of processes related to the Capitol District Fund transactions.
- Reviewed transaction data from the opening of Capitol District Fund bank account in October 2008 to December 31, 2015 provided by the Guam Legislature Chief Fiscal Officer to determine the universe and different types of receipts and disbursements.
- Performed testing of a sample of lease receipts to determine if they were properly deposited into the Capitol District Fund.
- Reviewed all disbursements to determine if they were authorized and supported with sufficient documentation.
- Calculated expected lease payments based on the lease agreement and determined whether these payments were received.

We conducted this audit in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. These standards require that we plan our audit objectives and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix 2:

Prior Audit Coverage

There were no prior audits of the Capitol District Fund. Although the Fund is a special fund of the Government of Guam, it was not presented separately in the annual financial audits of the Government of Guam.

Appendix 3:**Capitol District Fund Transaction Summary CY 2008 - 2015**

	2008	2009	2010	2011	2012	2013	2014	2015	Total
Receipts (\$):									
Hagatna Post Office rent (2008-2013 lease)	55,770	184,635	218,205	201,420	201,420	145,650	-	-	1,007,100
Hagatna Post Office rent (2013-2018 lease)	-	-	-	-	-	65,611	236,965	236,965	539,541
P.L. 32-68 allotments	-	-	-	-	-	-	431,000	-	431,000
P.L. 32-181 allotments	-	-	-	-	-	-	82,741	248,224	330,965
Interest	16	377	895	1,398	1,916	874	1,246	1,338	8,061
Total receipts (\$):	55,786	185,012	219,100	202,818	203,336	212,136	751,952	486,527	2,316,667
Disbursements (\$):									
Transfer to operations for lump sum pay	-	-	-	-	-	431,000	-	330,965	761,965
Transfer to operations for construction	-	-	-	-	-	-	60,000	101,250	161,250
Transfer to operations for brokers fee	-	-	-	-	-	-	30,000	-	30,000
Construction loan interest	-	-	-	-	-	-	-	2,985	2,985
Total disbursements (\$):	-	-	-	-	-	431,000	90,000	435,200	956,200
Bank balance 12/31/15 (\$)									1,360,467



EDDIE BAZA CALVO
Governor

[Signature]
2013 JAN 23 AM 9: 22

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

January 18, 2013

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai dos Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Dear Madame Speaker:

Transmitted herewith is Bill No. 543-31 "AN ACT TO REPEAL SECTIONS 5 AND 6 OF PUBLIC LAW NO, 31-279, RELATIVE TO SALARY REDUCTIONS; TO AMEND SUBSECTION (a) OF 4109 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO ANNUAL LEAVE; AND FOR OTHER PURPOSES," which I signed into law on January 18, 2013 as Public Law 31-285

Senseramente,

[Signature]
EDDIE BAZA CALVO

Attachment: copy of Bill

Office of the Speaker
Judith T. Won Pat, Ed. D.

Date 1/23/13
Time 9:10 AM
Received by JAVA

32-13-33

0033

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

Bill No. 543-31 (COR)
As amended on the Floor.

Introduced by:

Committee on Rules, Federal,
Foreign & Micronesian Affairs,
and Human & Natural Resources

**AN ACT TO REPEAL SECTIONS 5 AND 6 OF PUBLIC
LAW NO. 31-279, RELATIVE TO SALARY
REDUCTIONS; TO AMEND SUBSECTION (a) OF § 4109
OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE
TO ANNUAL LEAVE; AND FOR OTHER PURPOSES.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1.** Sections 5 and 6 of Public Law No. 31-279, resulting from the lapse
3 into law of Bill No. 507-31(LS), are hereby *repealed*.

4 **Section 2.** Notwithstanding any other provision of law, the Committee on
5 Rules, Federal, Foreign & Micronesian Affairs, and Human & Natural Resources of *I*
6 *Liheslaturan Guåhan*, or its successor committee, is authorized to utilize any funds
7 under the exclusive control and purview of *I Liheslatura* for the purpose of paying
8 prior obligations.

9 **Section 3. Elimination of Annual Leave Benefit for Senators, Governor,**
10 **and Lieutenant Governor.** Subsection (a) of § 4109 of Title 4 Guam Code
11 Annotated is hereby *amended* to read:

12 "(a) Annual leave *shall* be granted to employees occupying permanent
13 positions, *except* personnel of the Department of Education, the Guam

1

1 Community College or the University of Guam, who are employed on a
2 school year basis, and Judges and Justices of the Unified Judiciary of
3 Guam who are *not* members of the defined benefits retirement plan of the
4 government of Guam, in accordance with the following schedule:

5 (1) One-half day (4 hours) for each full bi-weekly pay period in the
6 case of employees with *less than* five (5) years of service;

7 (2) Three-fourths day (6 hours) for each full bi-weekly pay period
8 in the case of employees with five (5) years of service, but *less than*
9 fifteen (15) years of service.

10 (3) One (1) day (8 hours) for each full bi-weekly pay period in the
11 case of employees with fifteen (15) years or more of service.

12 For purposes of this Subsection (a), all elected officials, *except*
13 members of the Guam Education Board, the Governor and Lieutenant
14 Governor, Members of *I Liheslaturan Guåhan*, and the Consolidated
15 Commission on Utilities, *shall* be deemed employees occupying
16 permanent positions."

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 543-31 (COR), "AN ACT TO REPEAL SECTIONS 5 AND 6 OF PUBLIC LAW NO. 31-279, RELATIVE TO SALARY REDUCTIONS; TO AMEND SUBSECTION (a) OF § 4109 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO ANNUAL LEAVE; AND FOR OTHER PURPOSES", was on the 4th day of January, 2013, duly and regularly passed.



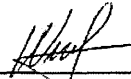
Judith T. Won Pat, Ed.D.
Speaker

Attested.



Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 4th day of Jan,
2013, at 6 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



EDWARD J. B. CALVO
I Maga'lahaen Guåhan

Date: JAN 18 2013

Public Law No. 31-285

Appendix 5:**Hagatna Post Office Lease Payments Received 2008 - 2013**

Capitol District Fund receipts for Hagatna Post Office lease agreement effective August 22, 2008 through August 21, 2013.

	Monthly Receipts (\$)						
	2008	2009	2010	2011	2012	2013	Total
January	-	16,785	16,785	16,785	33,570	16,785	100,710
February	-	16,785	33,570	16,785	-	16,785	83,925
March	-	16,785	33,570	16,785	16,785	16,785	100,710
April	-	16,785	-	16,785	16,785	33,570	83,925
May	-	16,785	16,785	16,785	16,785	-	67,140
June	-	33,570	16,785	16,785	16,785	16,785	100,710
July	-	-	16,785	16,785	33,570	33,570	100,710
August	-	16,785	33,570	16,785	-	-	67,140
September	-	16,785	-	16,785	16,785	11,370	61,725
October	22,200	-	16,785	16,785	33,570	-	89,340
November	16,785	16,785	16,785	33,570	-	-	83,925
December	16,785	16,785	16,785	-	16,785	-	67,140
Annual Rent Received (\$)	55,770	184,635	218,205	201,420	201,420	145,650	1,007,100
Annual Rent Expected (\$)	72,555	201,420	201,420	201,420	201,420	128,865	1,007,100
Difference (\$)	(16,785)	(16,785)	16,785	-	-	16,785	-
	Note 1	Note 2	Note 3			Note 4	

- Note 1: Does not include December 2008 lease payment which was deposited January 15, 2009
 Note 2: Does not include September 2009 lease payment which was deposited February 2, 2010
 Note 3: Includes September 2009 lease payment which was deposited February 2, 2010
 Note 4: Includes December 2012 lease payment which was deposited January 17, 2013

Appendix 6:**Hagatna Post Office Lease Payments Received 2013 - 2015**

Capitol District Fund receipts as of December 31, 2015 for Hagatna Post Office lease agreement effective August 22, 2013 through August 21, 2018.

	Monthly Receipts (\$)			
	2013	2014	2015	Total
January	-	19,747	19,747	39,494
February	-	19,747	19,747	39,494
March	-	19,747	19,747	39,494
April	-	19,747	19,747	39,494
May	-	19,747	19,747	39,494
June	-	19,747	19,747	39,494
July	-	19,747	19,747	39,494
August	-	19,747	19,747	39,494
September	6,370	19,747	19,747	45,864
October	19,747	-	19,747	39,494
November	19,747	39,494	19,747	78,988
December	19,747	19,747	19,747	59,241
Annual rent received (\$)	65,611	236,965	236,965	539,541
Annual rent expected (\$)	85,358	236,965	236,965	559,288
Difference (\$)	(19,747)	-	-	(19,747)

Note 1

Note 2

Note 1: Does not include December 2013 lease payment which was deposited January 8, 2014

Note 2: Does not include December 2015 lease payment which was deposited January 8, 2016

Appendix 7:
Management Response

SENATOR RORY J. RESPICIO
MAJORITY LEADER

CHAIRPERSON
COMMITTEE ON RULES, FEDERAL, FOREIGN & MICRONESIAN AFFAIRS;
HUMAN & NATURAL RESOURCES, ELECTION REFORM, AND CAPITOL DISTRICT



I Mina'trentai Tres na Libeslaturan Guåban
THIRTY-THIRD GUAM LEGISLATURE

April 14, 2016

VIA E-MAIL:

dfbrooks@guamopa.com

Mrs. Doris Flores Brooks
Public Auditor
Office of Public Accountability
Suite 401 DNA Building
238 Archbishop Flores Street
Hagåtña, Guam 96910

Dear Public Auditor Brooks:

Hafa Adai! This is to acknowledge receipt of your draft audit of the Guam Capitol District Fund Performance Audit August 2008 through December 2015. My office agrees wholeheartedly with your findings that all transactions with respect to this Fund has been in full compliance with local statutes.

Thank you for the diligent effort of yourself and your staff in the conduct of this audit. If we can be of any further assistance in this regard, please feel free to contact my office.

Very truly yours,

A handwritten signature in cursive script that reads "Rory J. Respicio".

Rory J. Respicio

Attachment: 4-5-2016 Letter from Public Auditor Doris Flores Brooks to Speaker Judith T. Won Pat

cc: Mr. Vincent P. Arriola, Executive Director, Guam Legislature

155 Hesler Place • Hagåtña, Guam 96910 • (671)472-7679 • Fax: (671)472-3547 • roryforguam@gmail.com

Appendix 8:
Status of Audit Recommendations

No.	Addressee	Audit Recommendation	Status	Action Required
		No recommendations		



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

ACKNOWLEDGEMENTS

Key contributions to this report were made by:
Yuka Hechanova, CPA, CIA, CGFM, CGAP, CGMA, Audit Supervisor
Ashley Gaerlan, Audit Staff
Doris Flores Brooks, CPA, CGFM, Public Auditor

MISSION STATEMENT

**To ensure public trust and assure good governance,
we conduct audits and administer procurement appeals,
independently, impartially, and with integrity.**

VISION

**The Government of Guam is the model for good governance in the Pacific.
OPA is a model robust audit office.**

CORE VALUES

**Objectivity: To have an independent and impartial mind.
Professionalism: To adhere to ethical and professional standards.
Accountability: To be responsible and transparent in our actions.**

REPORTING FRAUD, WASTE, AND ABUSE

- **Call our HOTLINE at 47AUDIT (472-8348)**
- **Visit our website at www.opaguam.org**
- **Call our office at 475-0390**
- **Fax our office at 472-7951**
- **Or visit us at Suite 401, DNA Building in Hagåtña;**

All information will be held in strict confidence.

SENATOR RORY J. RESPICIO
MAJORITY LEADER

CHAIRPERSON
COMMITTEE ON RULES: FEDERAL, FOREIGN & MICRONESIAN AFFAIRS;
HUMAN & NATURAL RESOURCES, ELECTION REFORM, AND CAPITOL DISTRICT



I Mina'trentai Tres na Liheslaturan Guåban
THIRTY-THIRD GUAM LEGISLATURE

News Release
For Immediate Release

PUBLIC AUDITOR GIVES CLEAN BILL OF HEALTH TO LEGISLATURE'S CAPITOL DISTRICT FUND

April 21, 2016- Public Auditor Doris Flores Brooks has posted on the OPA's website her audit of the Legislature's Capitol District Fund. The audit, which was welcomed by the Legislature, found that the funds were used legally and appropriately. The audit report specifically stated, "We found that the Capitol District Fund receipts and disbursements were in accordance with Guam law." The Capitol District Fund was established for the restoration and renovation of the Guam Congress Building (the old Guam Legislature).

Earlier this year, Adelup officials had criticized the administration of the Capitol District Fund despite the release of financial records that proved these criticisms were unfounded. Several months ago, Rules Chairman Senator Rory J. Respicio posted these records online for the review of the general public and the media. Respicio stated, "I am pleased that the Audit has been quickly completed and, as expected, has given our management of the Capitol District Fund a clean bill of health." Respicio further noted that restoration of the Guam Congress Building is now underway and should be completed in the next few months. "When this work is finished, the restored Guam Congress Building will be a great addition to the ongoing efforts to revitalize *Hagåtña* and boost economic growth in our island's capitol," said Respicio.

For more information, please contact Senator Respicio's office at 472-7679.

-30-

Attachment: 4-20-2016 Transmittal Letter from OPA to Senator Rory J. Respicio
April 2016 OPA Report No. 16-01 Performance Audit of the Guam Legislature's Capitol District Fund

UNSWORN DECLARATION: I hereby declare that the foregoing is true and correct to the best of my knowledge and belief, under penalty of perjury of the laws of Guam, this declaration being sworn and made in lieu of an affidavit pursuant to Title 6 Guam Code Annotated §4308, at the place and date identified herein.

Rory J. Respicio