

*Financial Statements, Required Supplementary  
Information, and Supplementary and Other  
Information*

**Guam Department of Education**  
(A Line Agency of the Government of Guam)

*Year ended September 30, 2024  
with Report of Independent Auditors*



**Shape the future  
with confidence**

Guam Department of Education  
(A Line Agency of the Government of Guam)

Financial Statements, Required Supplementary Information, and  
Supplementary and Other Information

Year ended September 30, 2024

**Contents**

Report of Independent Auditors.....	1
Management’s Discussion and Analysis .....	5
Audited Basic Financial Statements	
Department-Wide Financial Statements:	
Statement of Net Position .....	26
Statement of Activities.....	28
Governmental Fund Financial Statements:	
Balance Sheet.....	29
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position.....	30
Statement of Revenues, Expenditures and	
Changes in Fund Balances .....	31
Reconciliation of the Government Funds Statement	
of Revenues, Expenditures and Changes in Fund	
Fund Balances to the Statement of Activities .....	32
Notes to Financial Statements.....	33
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – General Fund (Unaudited) .....	66
Schedule of Proportionate Share of the Net Pension Liability –	
Defined Benefit Plan (Unaudited) .....	67
Schedule of Proportionate Share of the Net Pension Liability –	
Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees (Unaudited) .....	67
Schedule of Proportionate Share of the Net Pension Liability –	
Ad Hoc COLA Plan for DCRS Retirees (Unaudited) .....	67
Schedule of Pension Contributions (Unaudited).....	68
Schedule of Proportionate Share of the Total OPEB Liability (Unaudited).....	69
Notes to the Required Supplementary Information .....	70

Guam Department of Education  
(A Line Agency of the Government of Guam)

Financial Statements, Required Supplementary Information, and  
Supplementary and Other Information

**Contents, continued**

Supplementary and Other Information

Governmental Fund Financial Statements:

Statement of Revenues, Expenditures by Account and Changes in Fund Balances.....	72
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General Fund:

Combining Schedule of Balance Sheet Accounts.....	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Accounts.....	74

Other Information

Personnel.....	75
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## Report of Independent Auditors

Guam Education Board  
Guam Department of Education

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Guam Department of Education (GDOE), a line agency of the Government of Guam (GovGuam), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise GDOE’s basic financial statements as listed in the table of contents (collectively referred to as the “basic financial statements”).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GDOE at September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GDOE, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only GDOE and do not purport to, and do not, present fairly the financial position of GovGuam as of September 30, 2024, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GDOE's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GDOE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GDOE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 25, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund on page 66, the Schedules of Proportionate Share of the Net Pension Liability, on page 67, the Schedule of Pension Contributions on page 68, and the Schedule of Proportionate Share of the Total OPEB Liability on page 69, and notes thereto on pages 70 and 71, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GDOE's basic financial statements. The accompanying supplementary information on pages 72 through 74 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Personnel Count on page 75 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of GDOE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GDOE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GDOE's internal control over financial reporting and compliance.

*Ernst + Young LLP*

December 31, 2025

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis

Year Ended September 30, 2024

**INTRODUCTION**

The Management Discussion and Analysis (MD&A) is a requirement of the Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Statement No. 34 contains significant requirements that enhance financial reporting. These requirements are also designed to make annual reports easier for the public to understand and more useful to stakeholders. Specifically, Statement No. 34 establishes reporting requirements that include financial statements, expanded disclosure, and supplemental information, including the MD&A.

This discussion was prepared by the Guam Department of Education (GDOE, Department) Internal Audit Office to provide an overview of the Department's financial activities for the fiscal year ended September 30, 2024 and was based on the financial statements provided in the annual audit report.

The MD&A should be read in conjunction with the GDOE's basic financial statements and related notes to enhance understanding of the Department's financial performance. Additionally, the completion of the Fiscal Year 2024 (FY 24) Single Audit represents the GDOE's commitment to, and support of, programmatic and financial accountability. Comparable financial data from the prior year is also provided.

The Guam Department of Education

The Guam Department of Education (GDOE, Department) is a semi-autonomous agency within the Government of Guam (GovGuam) and is primarily funded through the GovGuam General Fund (GF). The GDOE is a single unified school district that serves 23,413 students (from Kindergarten to Grade 12. There are twenty-six elementary schools, eight middle schools, six high schools, and an alternative school for a total of forty-one schools. Additionally, the Department administers Head Start, Pre-Kindergarten (Pre-K) GATE (Gifted and Talented Education), and Pre-K classes at selected elementary schools.

The GDOE is governed by policies established by the Guam Education Board (GEB, Board) composed of elected and appointed board members. The Board appoints the Superintendent of Education who is the Chief Executive Officer of the Department. The GEB consists of 12 members: six elected members (Dr. Mary A.Y. Okada, Angel R. Sablan, Peter Alecxis Ada, Maria A. Gutierrez, Lourdes M. Benavente, and Dr. Ron L. McNinch); three appointed members ((Christine W. Baleto (business representative), Karlyn R.C.G. Borja (parent representative), Felicitas "Fely" B. Angel (retired school administrator or teacher representative)); and three ex-officio, non-voting members ((an alternating student representative of the Island-wide Board of Governing Students, Guam Federation of Teachers Timothy Fedenko (collective bargaining unit representative), and Mayor Melissa B. Savares (Mayors' Council of Guam representative)).

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**FISCAL YEAR 2024 OVERVIEW**

- In FY 24, through Board Resolution 2023-04, GDOE requested a budget of \$294.6 million (M) to fund baseline operations including current staffing levels, critical contracts and utilities. Public Law (PL) 37-42 appropriated the Department \$266.8M, or \$27.8M less than requested. Despite the shortfall, local appropriations increased by \$20.2M, or 8.2% from FY 23, including \$10M in supplemental appropriation, allowing GDOE to close FY 24 with an operational surplus of \$67.4M. When combined with the \$9.7M surplus carried forward from FY 23, GDOE's cumulative surplus totaled \$77.0M at the end of FY 24.
- In FY 24 GDOE's total federal grant revenue was \$185.4M and grant expenditure totaled \$181.9M. Total federal grant revenue increased by \$73.9M compared to FY 23, and federal grant spending increased by \$65.6M. The significant increase in grant revenue for FY 24 can be attributed to cost transfer of local teacher payroll to American Rescue Plan (ARP) funding.
- In February 2024, the Western Association of Schools and Colleges (WASC) renewed GDOE's district-wide accreditation for six years, extending its status through June 30, 2030. Several schools also earned individual accreditation in 2024.
- PL 37-22 authorized GDOE to solicit, through the Department of Public Works (DPW), financing, construction, and outfitting of the new Simon Sanchez High School campus. In FY 24, contractor solicitations began, and by August 2024, DPW finalized negotiations with construction manager SSFM International Inc. To facilitate the award, GDOE transferred \$7.9M from its FY 24 supplemental appropriation to DPW to fund construction management, marking significant progress toward completing the long-awaited campus that will provide a modern and safe learning environment for Guam's students.
- In May 2023, Typhoon Mawar caused an estimated \$407M in damages to public assets, including GDOE school facilities. To manage recovery efforts, GDOE established a dedicated FEMA recovery team to coordinate documentation, procurement compliance, and reimbursement activities for an estimated \$100M in eligible assistance. In FY 24, GDOE received \$2.4M in disaster recovery funding from the Gov Guam General Fund and continues to pursue pending FEMA reimbursements, which are expected to increase local cash resources and contribute to a continuing operational surplus.
- In July 2024, GDOE launched its School Refurbishment Project totaling \$125M and contracted to Core Tech International Corporation. This major capital improvement project was funded through the American Rescue Plan and encompasses a comprehensive overhaul of twelve schools across GDOE's four regions: Haya, Kattan, Lagu, and Luchan. The focus areas of the refurbishment include critical infrastructure needs such as crack and spall repair, restroom renovations, exterior door replacement, walkway canopy repair and construction, and electrical upgrades, which are essential for ensuring a safe learning environment.

**Guam Department of Education**  
(A Line Agency of the Government of Guam)

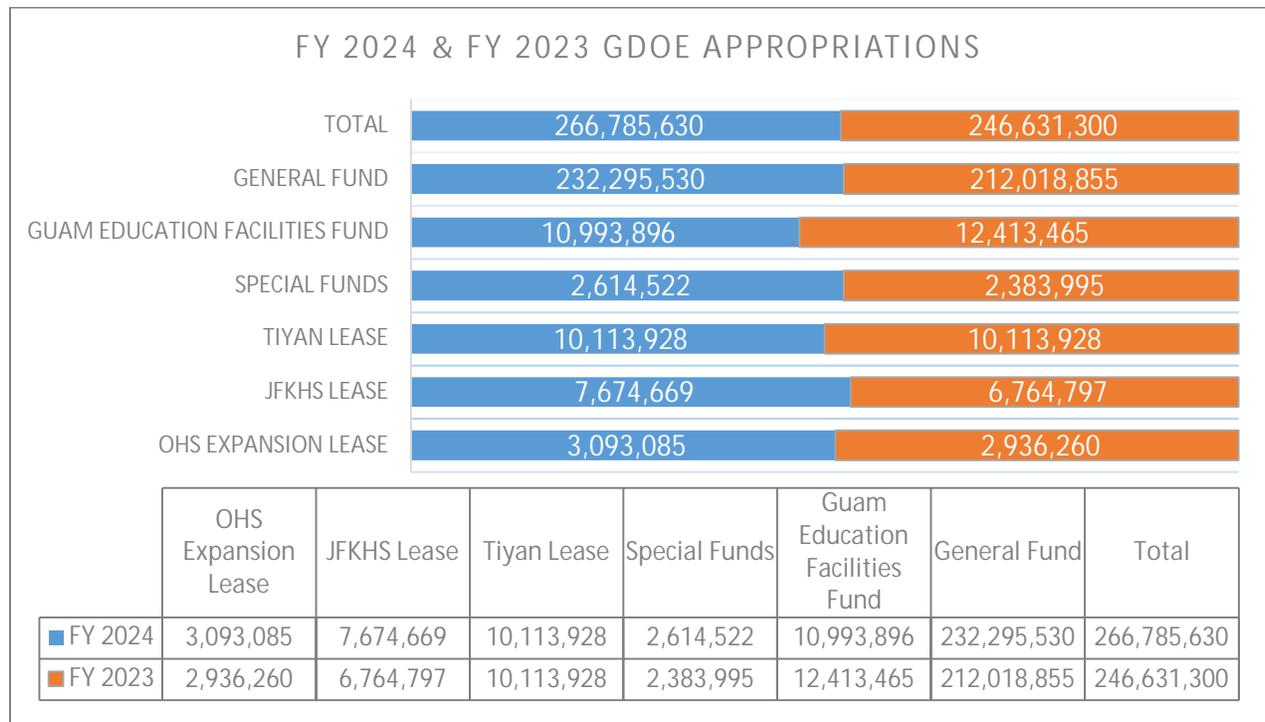
**Management’s Discussion and Analysis, continued**

**FISCAL YEAR 2024 OVERVIEW, continued**

Following severe damage from Typhoon Mawar, Simon Sanchez High School (SSHS) and F.B. Leon Guerrero Middle School (FBLG) students were displaced and placed on double-session schedules at neighboring campuses. To address these disruptions and support recovery efforts, Guam will receive \$10.5M from the Federal Emergency Management Agency (FEMA) to assist GDOE and the Guam Homeland Security Office of Civil Defense with school reconstruction. Of this amount, \$7.2M is allocated to SSHS for 20 modular classrooms, restrooms, and supporting infrastructure, and \$2M to FBLG for repairs, equipment replacement, and utility restoration.

**LOCAL APPROPRIATIONS**

Pursuant to the FY 24 Budget Act (PL 37-42), GDOE appropriations totaled \$266.8M—an increase of \$20.2M, or 8.2%, compared to FY 23 appropriations of \$246.6M.



Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**LOCAL APPROPRIATIONS, continued**

The overall \$20.2M increase in authorized spending is driven by both increases and decreases as summarized below.

GDOE FY 24 appropriations increased in several areas including:

- \$17M increase in funding from the GF to fund GDOE operations;
- \$10M was due to additional funding from FY 23 excess GF revenues, of which \$9.5M was appropriated to supplement FY 24 operations and \$500K to support the CHamoru Language Program.
- \$264.6 thousand (K) increase to the Public School Library Resources Fund, which provides funding for school libraries for books, equipment and supplies;
- \$909.9K increase for the John F. Kennedy High School (JFKHS) lease and refinancing of the Certificates of Participation Series 2010A for JFKHS; and
- \$156.8K increase for the Okkodo High School (OHS) lease payments.

GDOE FY 24 appropriations were also decreased in several areas including:

- \$1.4M decrease in funding from the Guam Educational Facilities Fund (GEFF) for operations;
- \$75K decrease in funding for menstrual hygiene products under the “Period Poverty Act of 2021” (P.L. 36-66), which requires GDOE to provide free menstrual products in public schools. The appropriation was reduced from \$100,000 in FY 23 to \$25,000 in FY 24; and
- \$34K reduction to the Limited Gaming Fund, which provides funding for the repair and construction of GDOE sports facilities and for the procurement of sports equipment and supplies.

Excluded from the comparative table above are:

- \$12.5M in appropriations (Federal reimbursements and cash collections) related to the National School Lunch and Breakfast Programs. Reimbursements are provided by the U.S. Department of Agriculture (USDA)’s Food and Nutrition Services for meals served to public school students;
- \$15.2M in payments for retiree healthcare benefits; and
- \$4.7M in pass-through funds to the Department of Administration (DOA) for school lease-back payments.

The GEB utilizes the 14 Points mandate of the Adequate Education Act as a basis for prioritizing the Department’s operational spending in the areas of curriculum, safety, and facilities. The table below illustrates how the Department prioritized its FY 24 local appropriation by the 14 Points mandate.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**LOCAL APPROPRIATIONS, continued**

	<b>Mandate</b>	<b>Amount</b>
1	A certified teacher for every class in a ratio established by relevant collective bargaining agreements	\$ 153,914,852
2	Certified Professional Administrators	12,493,901
3	Certified Guidance Counselors	7,621,392
4	Certified School Health Counselors	4,793,501
5	Certified Allied Health Professionals	1,230,095
6	Air-conditioned or properly ventilated classrooms in which the sensible air temperature is no greater than 78 degrees	-
7	Potable water sufficient to provide each student a daily ration of drinking and washing water	-
8	A reliable source of electricity	4,394,198
9	Proper sanitation to include flushable toilets, clean restrooms, dining areas and classrooms	461,046
10	Adopted and required textbooks and workbooks issued to each public school student for the classes in which he or she is enrolled	1,500,000
11	Libraries, which meet the standards of the American Association of School Librarians, at each school, operated by certified librarians	4,412,822
12	A healthful, safe, sanitary learning environment	55,800,016
13	At least one hundred eighty (180) instructional days each school year with school years ending no later than thirty (30) days following the end of the calendared school year	11,432,778
14	Regular; timely school bus transportation to and from school	353,347
	<b>Total</b>	<b>\$ 258,407,948</b>

The table above reflects the GDOE’s FY 24 operational spending priorities as approved by the GEB through Board Resolution 2023-09 and is inclusive of the \$12.5M appropriation relative to federal reimbursements from the National School Lunch and Breakfast Program. An additional \$10M was appropriated from excess FY 23 GF revenues for the purpose of supplementing GDOE’s operations for FY 24. \$20.8M in pass-through appropriations for GDOE leases for the JFK High School, Okkodo High School, Tiyan High School, and Tiyan Headquarters are excluded from the table above.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**FINANCIAL STATEMENTS**

The GDOE MD&A provides an overview of the Department's basic financial statements. These statements include government-wide financial statements, funding financial statements, notes to the financial statements, and certain required and other supplementary information:

**Department-Wide Financial Statements**

The government-wide financial statements provide a broad overview of the Department's financial position and operational results. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which present both short-term and long-term information about the Department's overall financial condition.

*The Statement of Net Position* presents the Department's financial position at year-end by reporting all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, thereby showing the Department's overall net position and its capacity to meet both short-term obligations and long-term commitments. Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted.

*The Statement of Activities* presents the full cost of the Department's operations, the extent to which those costs are offset by program revenues such as federal grants, and the remaining portion financed through general revenues, resulting in the overall change in the Department's net position for the fiscal year.

**Governmental Fund Financial Statements**

The fund financial statements provide more detailed information about the Department's major funds. These statements include the *Balance Sheet – Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances*, which present near-term inflows and outflows of spendable resources. Fund statements use the modified accrual basis of accounting, which differs from the department-wide financial statements that present a longer-term view of GDOE's financial position and use the full accrual basis of accounting.

**The Notes to the Financial Statements** provide information that is essential to understanding of the data provided in the department-wide and fund financial statements.

**Required Supplementary Information** presents budgetary comparison schedules and other data that support the basic financial statements.

**Other Supplementary Information** is provided for additional analysis of the financial statements.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**FINANCIAL STATEMENTS, continued**

**STATEMENT OF NET POSITION**

The statement of net position presents information on assets, liabilities and the resources remaining after liabilities are fulfilled. The statement is an indicator of overall financial condition and depicts whether the Department's financial condition has improved or declined during the fiscal year. The following table presents a summary of the GDOE's net position as of the fiscal year ended September 30, 2024, as compared to September 30, 2023.

**Summary Schedule of Net Position  
September 30, 2024 and 2023  
(Amounts in thousands)**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Other current assets	\$ 21,145	\$ 19,416	\$ 1,729	8.9%
Accounts receivable - U.S. Government	102,035	24,435	77,600	317.6%
Restricted assets	1,090	1,051	39	3.7%
Noncurrent assets	250	375	( 125)	-33.3%
Capital assets, net	<u>295,908</u>	<u>292,065</u>	<u>3,843</u>	1.3%
Total assets	<u>420,428</u>	<u>337,342</u>	<u>83,086</u>	24.6%
Deferred outflows of resources	<u>295,392</u>	<u>301,965</u>	<u>( 6,573)</u>	-2.2%
Total assets and deferred outflows of resources	<u>\$ 715,820</u>	<u>\$ 639,307</u>	<u>\$ 76,513</u>	12.0%
<b>Liabilities:</b>				
Current liabilities	\$ 60,313	\$ 48,098	\$ 12,215	25.4%
Noncurrent liabilities	<u>1,406,456</u>	<u>1,308,451</u>	<u>98,005</u>	7.5%
Total liabilities	<u>1,466,769</u>	<u>1,356,549</u>	<u>110,220</u>	8.1%
Deferred inflows of resources	<u>212,432</u>	<u>280,663</u>	<u>( 68,231)</u>	-24.3%
<b>Net Position:</b>				
Invested in capital assets, net of related debt	169,256	155,945	13,311	8.5%
Restricted	941	1,052	( 111)	-10.6%
Unrestricted	<u>(1,133,578)</u>	<u>(1,154,902)</u>	<u>21,324</u>	1.8%
Total net position	<u>( 963,381)</u>	<u>( 997,905)</u>	<u>34,524</u>	-3.5%
Total liabilities, deferred inflows of resources and net position	<u>\$ 715,820</u>	<u>\$ 639,307</u>	<u>\$ 76,513</u>	12.0%

The Department's Statement of Net Position reflects an overall improvement in its financial position for FY 24, with total net position increasing by \$34.5M, or 3.5%. Total assets increased by \$83.1M, or 24.6%, driven by a significant rise in current assets, which grew from \$44.9M to \$124.3M due to higher cash balances and a substantial increase in federal receivables totaling \$102M. Capital assets, net of depreciation, also increased by \$3.8M.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**FINANCIAL STATEMENTS, continued**

Current liabilities increased by \$12.2M, or 25.4%, primarily due to higher accounts payable, which grew from \$24.6M to \$31.1M, and increases in other liabilities and accruals, reflect a greater volume of expenditures incurred but unpaid at fiscal year-end.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION -  
GOVERNMENTAL ACTIVITIES**

The Statement of Activities provides a summary of the Department's revenues and expenses for governmental activities and the resulting change in overall financial position for the fiscal year. The results of operations for FY 24 reflect a net increase in net position of approximately \$34.5M.

**Summary Schedule of Changes in Net Position  
September 30, 2024 and 2023  
(Amounts in thousands)**

	<u>FY 2024</u>	<u>FY 2023</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for services	\$ 1,685	\$ 1,698	\$( 13)	-0.8%
Operating grants & contributions	<u>186,686</u>	<u>112,018</u>	<u>74,668</u>	66.7%
Total Program Revenues	<u>188,371</u>	<u>113,716</u>	<u>74,655</u>	65.7%
General Revenues:				
Operations	271,529	250,839	20,690	8.2%
Retiree healthcare benefits	<u>15,185</u>	<u>13,275</u>	<u>1,910</u>	14.4%
Total General Revenues	<u>286,714</u>	<u>264,114</u>	<u>22,600</u>	8.6%
<b>Total Revenues</b>	<b><u>475,085</u></b>	<b><u>377,830</u></b>	<b><u>97,255</u></b>	<b>25.7%</b>
<b>Expenses:</b>				
Elementary education	102,501	91,302	11,199	12.3%
Secondary education	135,394	114,703	20,691	18.0%
Direct student support	109,749	99,565	10,184	10.2%
General administration	66,958	47,607	19,351	40.6%
Retiree healthcare benefits	15,185	13,276	1,909	14.4%
Interest expense	<u>10,774</u>	<u>11,518</u>	( 744)	-6.5%
<b>Total expenses</b>	<b><u>440,561</u></b>	<b><u>377,971</u></b>	<b><u>62,590</u></b>	<b>16.6%</b>
Change in net position	34,524	( 141)	34,665	-24,585.1%
Net position at beginning of year	(997,905)	(997,764)	( 141)	0.0%
<b>Net position at end of year</b>	<b><u>\$(963,381)</u></b>	<b><u>\$(997,905)</u></b>	<b><u>\$34,524</u></b>	<b>-3.5%</b>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**FINANCIAL STATEMENTS, continued**

Total revenues increased by about \$97.3M, or 25.7%, in FY 24. This was mainly due to a \$22.6M increase in local funding, which included \$2.4M in disaster-related General Fund support, \$4.7M passed through to the Department of Administration for school lease-back payments, and \$10M in supplemental funding for the CHamoru Language Program and other operational needs.

Federal grant revenues also increased by \$74.7 million, or 66.7%, largely due to the transfer of \$51M in local teacher payroll costs to ARP for reimbursement. Although expenditures increased by \$62.6M, or 16.6%, from the prior year, FY 24 overall expenditure was less than FY24 revenues, resulting in a positive change in net position of \$34.5M for FY 24.

**CAPITAL ASSETS**

In FY 24, GDOE’s net value of capital assets increased slightly, by 1.3%, to \$295.9 M, mainly due to growth in construction in progress related to ongoing school refurbishment and modernization projects. See table below:

**GDOE’s Capital Assets  
Net of Depreciation and Amortization  
As of September 30, 2024 and 2023  
(Amounts in thousands)**

<b>GDOE Capital Assets</b>	<b><u>FY 2024</u></b>	<b><u>FY 2023</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Non-depreciable assets:				
Land	\$ 435	\$ 435	\$ -	0.0%
Construction in progress	<u>19,003</u>	<u>4,974</u>	<u>14,029</u>	282.0%
Total non-depreciable assets	<u>19,438</u>	<u>5,409</u>	<u>14,029</u>	259.4%
Depreciable assets:				
Buildings and improvements	489,896	489,896	-	0.0%
Vehicles, furniture and equipment	<u>19,631</u>	<u>19,389</u>	<u>242</u>	1.2%
Total depreciable assets	509,527	509,285	242	0.0%
Accumulated depreciation	<u>(233,057)</u>	<u>(222,629)</u>	<u>(10,428)</u>	4.7%
Depreciable assets, net	<u>276,470</u>	<u>286,656</u>	<u>(10,186)</u>	-3.6%
<b>Totals</b>	<b><u>\$295,908</u></b>	<b><u>\$292,065</u></b>	<b><u>\$ 3,843</u></b>	<b>1.3%</b>

In FY 24, GDOE’s construction in progress increased by \$14M or 282% compared to FY 23, reflecting significant investment in ongoing facility improvements. The increase is primarily attributable to GDOE’s \$125M School Refurbishment Project contracted to Core Tech International, funded through the American Rescue Plan. This major capital improvement initiative encompasses a comprehensive overhaul of twelve school facilities across GDOE’s four regions, addressing long-deferred maintenance and modernization needs. Additionally, GDOE continued work on its \$6M refurbishment contract with Northern Construction for the F.B. Leon

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

Guerrero Middle School campus, which includes electrical upgrades, exterior restoration, and restroom renovations.

**OTHER SUPPLEMENTARY INFORMATION**

Salaries and Benefits

Salaries and benefits, including retirement and healthcare benefits, is a primary component of GDOE expenditures, accounting for \$276.1M or 67.7% of total (federal and local) expenditures in FY 24. In comparison to FY 23, these expenditures increased by 4.3% or \$9.5M.

The overall number of GDOE employees decreased by 202 employees or 5.9% from 3,407 (pay period ended September 23, 2023) to 3,205 (pay period ended September 21, 2024).

<b>Employee Funding</b>	<b>As of PPE 09/21/2024</b>	<b>As of PPE 09/23/2023</b>	<b>% Change</b>
100% Locally Funded	2,531	2,589	-2.2%
100% Federally Funded	667	809	-17.6%
Locally/Federally Funded	7	9	-22.2%
<b>Totals</b>	<b>3,205</b>	<b>3,407</b>	<b>-5.9%</b>

The overall decrease in GDOE’s employee count is primarily attributed to reductions in federally funded, limited-term positions. A total of 66 positions supported under the American Rescue Plan expired on September 30, 2024. These positions, which included school aides and community program aides, were established on a temporary basis to assist teachers and students in mitigating learning loss resulting from the COVID-19 pandemic.

Further decreases occurred among federally funded school aide positions under the Special Education Part B and Consolidated Grant programs, which declined by 54 and 26 employees, respectively. In addition, the number of locally funded teacher positions decreased by 46 due to retirements, realignment of instructional staff in response to declining student enrollment, and continued challenges in teacher recruitment.

Utilities

Utilities expenditures, which include power, water, and telephone services, totaled approximately \$20M in FY 24, representing 4.9% of total expenditures. This amount reflects a decrease of \$2.7M, or 12.2%, compared to FY 23. The reduction was driven by lower costs across all utility categories, with power expenditures decreasing by \$1.9M, water by \$757K, and telephone by \$129K.

<b>Utility</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Increase/(Decrease)</b>	<b>% Change</b>
Power	\$ 15,008,009	\$ 16,895,393	\$ (1,887,384)	-11.2%
Water	4,701,389	5,458,334	( 756,945)	-13.9%
Telephone	244,842	374,281	( 129,439)	-34.6%
<b>Total Utilities Cost</b>	<b>\$ 19,954,240</b>	<b>\$ 22,728,008</b>	<b>\$ (2,773,768)</b>	<b>-12.2%</b>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

Critical Contracts

The costs of several critical contracts and services (listed in the table below) netted an overall decrease of \$654K in FY 24 compared to FY 23.

<b>Critical Contracts</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>\$ Change</b>	<b>% Change</b>
Food Services	\$ 17,732,344	\$ 17,186,381	\$ 545,963	3.2%
Third-Party Fiduciary Agent	110,000	1,597,483	(1,487,483)	-93.1%
Custodial Services	2,407,832	2,233,023	174,809	7.8%
Trash Collection	974,616	988,577	( 13,961)	-1.4%
Copier Services	544,864	482,445	62,419	12.9%
Internet	327,158	310,005	17,153	5.5%
Accreditation	47,160	-	47,160	100%
<b>Total</b>	<b>\$ 22,143,974</b>	<b>\$ 22,797,914</b>	<b>\$( 653,940)</b>	<b>-2.9%</b>

In FY 24, GDOE realized cost savings in key contractual services, spending \$1.5M less on its third-party fiduciary agent contract compared to FY 23. After successfully completing a six-month probationary period, GDOE demonstrated its ability to independently manage its USED federal grant inventory. As a result, USED removed the fiduciary agent requirement, and GDOE concluded its \$2.5M contract with Alvarez & Marsal in October 2023.

GDOE also spent \$13.9K less on trash collection services, which was due to a gap in services pending finalization of a new contract. The solid waste collection contract was executed in July 2024 and terminated in September 2024, with GDOE liquidating only \$228K of the \$954K awarded contract amount.

Federal Grants and Programs

In FY 24, GDOE’s federal grant awards decreased by approximately \$1.8M compared to FY 23. The decline was primarily attributed to a \$1.6M reduction in funding from the U.S. Department of Health and Human Services (HHS) and a \$994K decrease from the U.S. Department of Agriculture (USDA). HHS is the grantor for Head Start and the Personal Responsibility Education Program (PREP), while USDA administers funds relative to the Child Nutrition Program.

The overall decrease was partially offset by an \$849,000 increase in funding from GDOE’s other major grantors, including: The U.S. Department of Education for Consolidated Grants to Insular Areas and Special Education grants; and the U.S. Department of the Interior for the Internal Audit Technical Assistance Grant.

<b>Grantor</b>	<b>FY 2024</b>	<b>FY 2023</b>	<b>\$ Change</b>	<b>% Change</b>
U.S. Department of Education	\$58,305,339	\$57,527,850	\$ 777,489	1.4%
U.S. Department of Agriculture	15,095,822	16,089,710	( 993,888)	-6.2%
U.S. Department of Health & Human Services	4,634,650	6,243,233	(1,608,583)	-25.8%
U.S. Department of Interior	72,000	-	72,000	100%
<b>Totals</b>	<b>\$78,107,811</b>	<b>\$79,860,793</b>	<b>\$(1,752,982)</b>	<b>-2.2%</b>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

The following table illustrates funds expended in FY 24 by the GDOE through a variety of federal grants, representing \$184M or 45.1% of the \$407.7M total (federal and local) expenditures:

Grantor	FY 2024	FY 2023	\$ Change	% Change
U.S. Department of Education	\$162,012,499	\$ 90,044,829	\$71,967,670	79.9%
U.S. Department of Agriculture	16,268,327	17,123,130	( 854,803)	-5.0%
U.S. Department of Defense	453,179	595,896	( 142,717)	-23.9%
U.S. Department of Interior	254,377	6,996,972	( 6,742,595)	-96.4%
U.S. Department of Health & Human Services	<u>5,030,406</u>	<u>4,080,808</u>	<u>949,598</u>	23.3%
<b>Total Grant Expenditures</b>	<b><u>\$184,018,788</u></b>	<b><u>\$118,841,635</u></b>	<b><u>\$65,177,153</u></b>	<b>54.8%</b>

The \$184M in FY 24 grant expenditures is inclusive of \$50.2M for salaries and benefits, \$19.6M for utilities, \$10.3M for contractual services, \$1M for equipment, \$1.5M for off-island travel expenses, and \$972.8K for supplies

Child Nutrition Reimbursements

For School Year (SY) 23-24, the GDOE retained the ratio of outsourced cafeterias to the GDOE operated cafeterias at 37:4 and continued with all 41 schools participating in the federal Community Eligibility Provision program and Child and Adult Care Food Program, which enables high-poverty districts to offer school breakfast and lunch at no cost to students.

SY 2023-2024 SCHOOL LUNCH PROGRAM	LUNCH						BREAKFAST					
	Free	Paid	Reduced	Total Served	ADP*	Enrollment**	Free	Paid	Reduced	Total Served	ADP*	Enrollment**
<b>OUTSOURCED CAFETERIAS</b>												
ELEMENTARY	956,788	-	-	956,788	5,315	10,220	627,819	-	-	627,819	3,488	10,220
MIDDLE	349,726	-	-	349,726	1,943	5,196	202,609	-	-	202,609	1,126	5,196
HIGH	340,246	53,468	-	393,714	2,187	8,370	117,888	18,523	-	136,411	758	8,370
<b>TOTAL</b>	<b>1,646,760</b>	<b>53,468</b>	<b>-</b>	<b>1,700,228</b>	<b>9,445</b>	<b>23,786</b>	<b>948,316</b>	<b>18,523</b>	<b>-</b>	<b>966,839</b>	<b>5,372</b>	<b>23,786</b>
<b>GDOE OPERATED CAFETERIAS</b>												
ELEMENTARY	129,114	-	-	129,114	717	1,570	96,152	-	-	96,152	534	1,570
MIDDLE	-	-	-	-	-	-	-	-	-	-	-	-
HIGH	85,450	13,428	-	98,878	549	1,573	32,571	5,118	-	37,689	210	1,573
<b>TOTAL</b>	<b>214,564</b>	<b>13,428</b>	<b>-</b>	<b>227,992</b>	<b>1,266</b>	<b>3,143</b>	<b>128,723</b>	<b>5,118</b>	<b>-</b>	<b>133,841</b>	<b>744</b>	<b>3,143</b>
<b>GRAND TOTAL</b>	<b>1,861,324</b>	<b>66,896</b>	<b>-</b>	<b>1,928,220</b>	<b>10,711</b>	<b>26,929</b>	<b>1,077,039</b>	<b>23,641</b>	<b>-</b>	<b>1,100,680</b>	<b>6,116</b>	<b>26,929</b>
*Average Daily Participation (ADP): Calculated amount using the Total Meals Served divided by 180 School Days												
**ENROLLMENT: Data provided from the School Year 2023-2024 Child Nutrition Program Data as of October 31, 2023												
SY 2022-2023	2,164,161	70,129	-	2,234,290	12,413	28,457	1,418,683	35,363	-	1,454,046	8,078	28,457
Variance Between Years	(302,837)	(3,233)	-	(306,070)	(1,702)	(1,528)	(341,644)	(11,722)	-	(353,366)	(1,962)	(1,528)
% of Variance	-14%	-5%	0%	-14%	-14%	-5%	-24%	-33%	0%	-24%	-24%	-5%

The table above reflects the number of meals served for SY 23-24 as compared to SY 22-23. Overall, GDOE served 659K less meals in SY 23-24, or 18% fewer meals compared to SY 22-23. GDOE served 306K less lunches and 353K less breakfasts during SY 23-24 than it did during SY 22-23. The decline in meals served was due in part to declining student enrollment as well as the delayed opening of schools pending Department of Public Health safety inspections for SY 23-24.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

Due to a higher cost of living than that of the contiguous United States, the average payments and maximum reimbursements for Guam are now matched with Hawaii, Puerto Rico, and the Virgin Islands. The reimbursement rates for the free School Breakfast Program and the National School Lunch Program increased from \$3.09 and \$5.10 for SY 22-23 to \$3.53 and \$5.64 for SY 23-24. Despite increased reimbursement rates for SY23-24, the decline in the number of meals served resulted in a decrease in federal school meal reimbursements from \$16.8M in FY 23 to \$15.5M in FY 24.

High Risk Grantee Status

FY 24 marked the twelfth year that GDOE incurred local expenditures associated with addressing its 'high risk' grantee status by the U.S. Department of Education (USED). The high risk designation and imposition of specific conditions only pertains to USED grants awarded to GDOE.

In July 2024, USED issued GDOE's FY 24 Specific Conditions, which not only removed the requirement of a third party fiduciary agent, but also emphasized the GDOE Internal Audit Office's structure, which establishes the office as an independent reviewer of all GDOE internal processes to ensure accountability, transparency, and proper oversight of GDOE internal processes. The FFY 2024 specific conditions are relative to:

1. GDOE's IAO and Guam Office of Public Accountability (OPA) periodic audits;
2. Expending federal funds for allowable costs;
3. Charging grants for obligations within the period of availability and liquidating within 120 days after the end of the funding period or within authorized extension period;
4. Establishing and maintain an effective employee time tracking process;
5. Within 24 hours accept/reject goods or services and draw funds for vendor payment; and
6. Ensuring property management procedures are in compliance with federal regulations.

The requirement for the IAO and OPA to perform periodic audits is a new condition that has been added for FY 24. Moving forward, the specific conditions require for GDOE to complete the implementation of the 17 pending items within the Reconsideration Evaluation Plan relative to employee time tracking, financial management improvement system, internal controls, procurement, and property management.

Education Stabilization Fund II Closeout

In January 2021, the GDOE was awarded \$110.6M under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 – Education Stabilization Fund II (ESF II) to support pandemic recovery efforts. The funds were utilized across three primary program components:

1. Distance and Modified Learning Platforms Expansion
2. Student and Employee Health and Safety Initiatives
3. Mental, Social, and Behavioral Health and Wellness Support

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

ESF II grant funds were available to obligate for a period ended September 30, 2023. GDOE successfully obligated the full \$110.6M award by the statutory obligation period and was granted a late liquidation period through September 30, 2024 to expend all properly obligated funds. In September 2024, GDOE requested additional time to liquidate funds, and in October 2024, USED approved an extension of the liquidation period through March 28, 2025.

As of March 2025, GDOE had successfully liquidated \$106.2M of the total ESF II award, resulting in an unliquidated balance of \$4.4M at the expiration of the extended liquidation period.

Expired and Lost Federal Grant Funds

In FY 24 and FY 25, several of GDOE’s major USED grant awards expired with substantial unliquidated balances. As of December 2025, approximately \$12.1M in federal funds has expired and is at risk of loss. The largest unspent balances occurred in the Consolidated Grant, IDEA programs, ARP–Individuals with Disabilities, and the ESF II grant.

Grant Title	Total Grant Award	Total Draws	Total Expired Balance	Last Date To Draw Funds
SPED Part B IDEA FY 21	\$ 16,960,627	\$( 16,713,998)	\$ 246,629	2024-01-30
Consolidated Grant FY 21	32,602,812	( 30,716,283)	1,886,529	2024-08-05
SPED Part B IDEA FY 22	17,234,421	( 15,036,412)	2,198,009	2025-01-30
SPED Part C Infant & Toddlers FY 22	1,544,042	( 1,446,420)	97,622	2025-01-30
SPED Part B IDEA FY 19	16,817,987	( 14,605,419)	2,212,568	2025-08-01
ARP - Individuals with Disabilities	3,385,571	( 2,283,347)	1,102,224	2025-08-01
ESF II FY 21	110,563,287	(106,178,656)	4,384,631	2025-12-04
<b>Totals</b>	<b>\$199,108,747</b>	<b>\$(186,980,535)</b>	<b>\$12,128,212</b>	

These expired balances demonstrate weaknesses in GDOE’s grant management and capacity to implement program activities within required grant performance and liquidation periods. Despite multiple grants receiving liquidation extensions, GDOE was unable to properly utilize \$12.1M in available federal resources, resulting in lost opportunities to deliver special education services, early intervention supports, and other supplies, equipment and services to support public education, which were fully funded but never realized.

American Rescue Plan

In April 2021, GDOE was awarded \$286.9M in American Rescue Plan (ARP) funds to support the safe reopening of schools, sustain in-person instruction, and address students’ academic and social-emotional needs. The grant was available for obligation through September 30, 2024, with a 120-day liquidation period ended on January 28, 2025.

During the grant performance period, ARP funds supported GDOE payroll, utilities, supplies, facilities maintenance, and school capital improvement projects. On December 16, 2024, USED approved GDOE’s request to extend liquidation of \$224M in obligations through March 28, 2026.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

On February 19, 2025, USEd shifted COVID-19 relief grants from direct drawdown to its standard reimbursement system, requiring GDOE to expend local funds before seeking federal reimbursement. A subsequent March 28, 2025 memorandum rescinded all approved liquidation extensions, increasing GDOE's reliance on local cash resources and delaying school refurbishment projects. Despite the cancellation of ARP funds, USEd allowed for education agencies to submit project-specific extension requests for the Department's review. GDOE's request for project-specific extensions was ultimately denied.

However, on June 26, 2025, Secretary of Education McMahon reinstated both the original liquidation extension and the reimbursement structure, enabling GDOE to resume normal grant activity. Since reinstatement, GDOE has successfully been reimbursed \$85.4M for instructional supplies, nurse equipment, and school refurbishment projects.

Local Expenditure Transfer to ARP

Section 2001(e)(1) of the ARP Act requires local education agencies to reserve 20% of their total ARP award to address learning loss through evidence-based interventions such as summer learning, extended day programs, afterschool initiatives, and extended school year services designed to support students most affected by COVID-19 disruptions.

Toward the end of the ARP performance period, GDOE issued a solicitation for professional consulting and logistics services to accelerate learning and meet the 20% learning loss requirement, however, the procurement was unsuccessful following rejection by the Attorney General's Office. As a result, GDOE was unable to obligate funds for learning loss before the grant's expiration.

To comply with the learning loss set-aside, on September 29, 2024, one day before the end of the performance period, GDOE requested approval to transfer \$51M in locally funded teacher payroll expenditures to ARP, asserting that locally funded teachers already provide evidence-based instructional interventions aligned with ARP objectives. During GDOE's communication with USEd, ARP's liquidation period expired. GDOE subsequently submitted a request to extend liquidation for \$245M in ARP obligations, which USEd approved, extending the liquidation period through March 28, 2026. Late liquidation, however, applies only to the specific properly obligated and allowable uses of funds identified in the approved extension request.

Because teacher payroll was not originally included in GDOE's ARP grant plan or budget, and was considered only as a last-minute method to safeguard funds, it was not included as an allowable use of funds in the approved liquidation extension. Despite this, GDOE submitted a \$51M reimbursement request on March 13, 2025, which USEd denied, citing misalignment with the approved extension. GDOE was required to amend its liquidation extension request to add teacher payroll as a use of funds for continued liquidation.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

On September 22, 2025, one year after GDOE’s initial request, USEd approved the amendment, authorizing extended liquidation for a total of \$54M, inclusive of the \$51M payroll expenditure transfer and \$3M in outstanding federal payroll receivables. The delayed approval resulted in the expenditure transfer occurring in FY 26 rather than within the ARP period of performance, indicating that ARP funds were not utilized as originally intended, but for alternative efforts to secure grant funds.

As a result of the transfer, GDOE’s FY 24 ending fund balance reflects a surplus of \$77M from the General Fund, representing unassigned and uncommitted local cash resources.

Accreditation

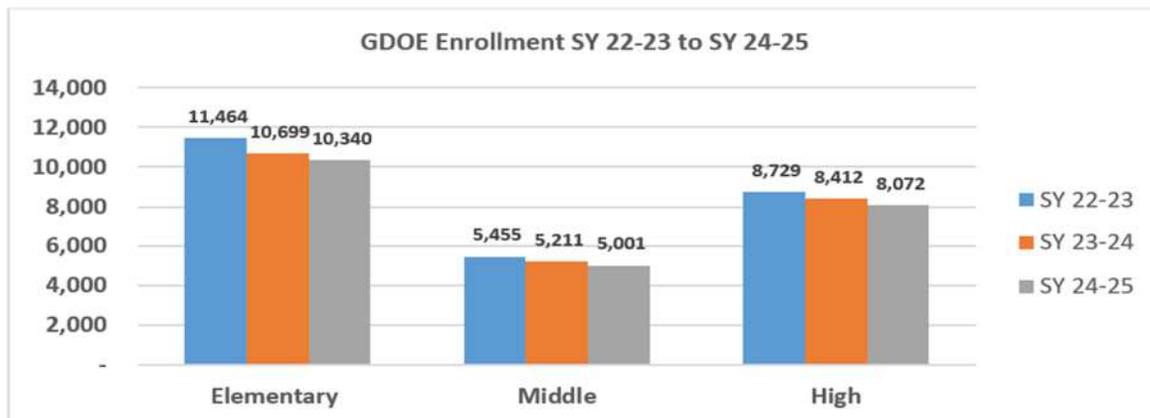
In May 2021, GDOE became the first school district in the nation to accredit all of its schools under the Western Association of Schools and Colleges (WASC). The WASC Accrediting Commission for Schools conducts an ongoing six-year cycle of evaluation requiring schools to demonstrate the capacity and commitment to sustain quality education and continuous improvement through regular self-evaluations, progress reports, and comprehensive reviews.

In February 2024, WASC renewed GDOE’s district-wide accreditation for another six years, extending through June 30, 2030. As part of this cycle, GDOE will submit a mid-cycle progress report in SY 26–27 addressing continuous improvement, implementation of the districtwide action plan, and evidence of improved student achievement.

In addition to its district-wide accreditation, several GDOE schools earned individual accreditation in FY 24, including Wettengel Elementary School, Agana Heights Elementary School, Merizo Martyrs Memorial School, C.L. Taitano Elementary School, Ordot-Chalan Pago Elementary School, Tiyan High School, Harry S. Truman Elementary School, Finegayan Elementary School, and George Washington High School.

Enrollment & Graduation

As of September 30, 2024, total student enrollment was 23,413, a decrease of 909 students from the prior school year’s enrollment of 24,322. The most significant declines occurred in grades 2, 4, 8, 9, and 10, which together dropped by 790 students. 9<sup>th</sup> grade alone declined by 306 students. In contrast, 12th grade enrollment increased by 185 students in SY 24-25.



Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

The number of high school graduates declined from 1,692 in SY 2022–2023 to 1,527 in SY 23-24. However, the overall graduation rate increased slightly from 90.7% to 91.3%. While graduation rates have gradually improved since SY 13-14, reaching their highest point in at least a decade, the increase should be interpreted in the context of significantly declining overall enrollment, which can inflate the rate even when the total number of graduates decreases.

School Safety and Facility Readiness

School safety and sanitation compliance remained a major operational focus throughout FY 24. In preparation for the new school year, several campuses were unable to obtain health and sanitation permits from the Department of Public Health and Social Services (DPHSS) under heightened inspection standards established by PL 37-4. The law restricts DPHSS from granting variances to schools that fail to meet sanitation requirements, resulting in temporary delays to school openings across the island.

In response to the widespread facility deficiencies and inspection challenges, the GEB declared a state of emergency for GDOE’s school facilities. Concurrently, Governor Lou Leon Guerrero mobilized the School Opening Readiness Team (SORT)—a cross-agency task force composed of personnel from multiple government entities—to assist GDOE in addressing maintenance deficiencies, facility repairs, and compliance issues.

Through coordinated efforts, SORT helped expedite the reopening of several campuses, including Chief Brodie Elementary, Okkodo High School, and Inarajan Middle School, all of which successfully passed DPHSS inspections following SORT intervention. The events of FY 24 underscore the need for continued investment in preventive maintenance, capital improvement, and facility oversight to ensure all campuses remain safe, compliant, and ready for uninterrupted in-person instruction.

School Closures and Decommissioning

GDOE has undertaken a comprehensive review of its school facilities in response to declining student enrollment and the need to optimize the use of limited resources. In 2024, the Department initiated the School Decommissioning and Consolidation Plan to identify campuses for potential closure or repurposing based on capacity, enrollment trends, and facility conditions. Throughout FY 24, preliminary assessments and community consultations were conducted to evaluate the operational and fiscal impact of possible consolidations. By late 2024, GDOE leadership presented draft recommendations to the Board for several schools under consideration, with estimated savings of \$2–3M per campus depending on size and configuration. These efforts are intended to align GDOE’s facility footprint with current and projected enrollment levels while maintaining safe, effective, and equitable learning environments for all students. In May 2025, Chief Brodie Memorial Elementary School was decommissioned, with plans to convert the campus into a middle school. Lyndon B. Johnson Elementary School was also closed, and its student population was consolidated with neighboring Tamuning Elementary School.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

Simon Sanchez High School Procurement

Efforts to rebuild Simon Sanchez High School (SSHS) began in 2018 under PL 34-101, which granted GDOE procurement authority and authorized collaboration with DPW, Guam Economic Development Authority, and the Office of the Lt. Governor. In 2019, GDOE and the Governor’s Office pledged \$4M for design work, awarding a \$5.7M contract to Taniguchi Ruth Makio Architects for architectural and engineering services. The new campus design was completed in 2022.

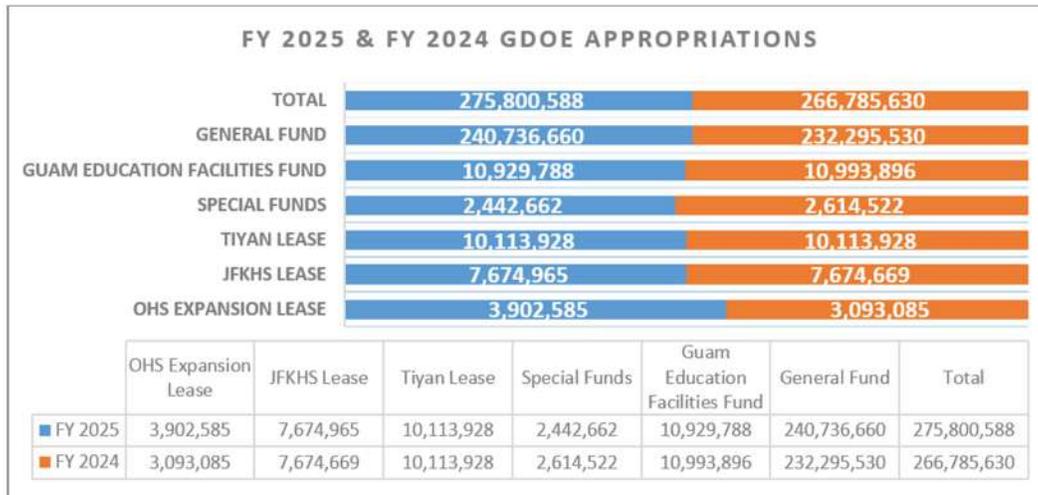
Procurement challenges and protests delayed construction until the passage of PL 37-22 in 2023, which streamlined the procurement process and authorized GDOE, through DPW, to finance, construct, and maintain the new campus under a 30-year, \$166.4M lease-back agreement. Contractor solicitations began in January 2024, and by August 2024, DPW finalized negotiations with SSFM International Inc. for contract management services. To facilitate the award, GDOE transferred \$7.9M from its FY 24 supplemental appropriation to DPW. In June 2025, Core Tech International Corporation was selected to negotiate the final construction contract.

Due to damage caused by Typhoon Mawar, Simon Sanchez High School (SSHS) and F.B. Leon Guerrero Middle School (FBLG) students were displaced and placed on double-session schedules at neighboring schools. To support recovery, FEMA awarded \$10.5 million to GDOE, including \$7.2 million for 20 modular classrooms and supporting infrastructure at SSHS and \$2 million for repairs and utility restoration at FBLG. These funds will provide temporary learning facilities for both schools while reconstruction efforts are underway.

**FACTORS AND NEXT YEAR’S BUDGET**

FY 25 Local Appropriations

Pursuant to the FY 25 Budget Act (PL 37-125), GDOE appropriations totaled \$275.8M—an increase of \$9M, or 3.4%, compared to FY 24 appropriations of \$266.8M.



Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**OTHER SUPPLEMENTARY INFORMATION, continued**

The overall \$9M increase in authorized spending is driven by both increases and decreases as summarized below.

GDOE FY 25 appropriations increased in several areas including:

- \$14.3M increase in GF operational budget;
- \$10.2M in supplemental appropriation from FY 24 excess revenues pursuant to PL 37-135:
  - \$10M to fund operations, maintenance and repairs of GDOE schools;
  - \$205K for Parent Teacher Organizations (PTO) to support schools and school programs; and
  - \$25K for the purchase of opioid antagonists pursuant to the Guam Opioid Overdose Prevention Act (Chapter 16, Title 10, Guam Code Annotated)
- \$810K increase in appropriations for school lease payments; and
- \$5K increase in Limited Gaming Fund appropriations

GDOE FY 25 appropriations were also decreased by \$6.3M in several areas including:

- \$177K decrease in appropriations from the Public School Library Resource Fund;
- \$64K decrease in the GEFf operational budget; and
- The discontinuation of the following appropriations:
  - \$3.1M for merit bonuses
  - \$1.5M for textbooks
  - \$1M for the Bonus, Rewards and Incentives Program (BRIP)
  - \$500K for salary increments

Not included in the comparative table above is additional appropriation of \$12.5M (Federal reimbursements and cash collections) related to the National School Lunch and School Breakfast Programs, reimbursements provided by the USDA's Food and Nutrition Services for meals served to students and children who attend public schools.

GDOE's local appropriations have continued an upward trend over the past three fiscal years, reflecting sustained government support for public education. Appropriations increased by \$34.4M (16.2%) from FY 22 to FY 23, by \$20.2M (8.17%) from FY 23 to FY 24, and by \$9M (3.38%) from FY 24 to FY 25. Although local funding continues to grow each year, the smaller annual increases show that appropriations are beginning to level off, underscoring the importance of strategic budgeting and continued fiscal discipline to sustain GDOE operations.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management's Discussion and Analysis, continued

**OUTLOOK**

Management & Curriculum Audit

In accordance with PL 37-44, GDOE initiated its first management and curriculum audit since 2009 to evaluate operational efficiency, instructional effectiveness, and compliance across key areas including governance, curriculum, finance, human resources, facilities, technology, and safety. Led by the Pacific Policy Research Center (PPRC), the audit covers FY 24 and is funded through GDOE's FY 25 local appropriation. PPRC conducted two on-site visits to Guam – the first in July 2025 to visit Central Office Divisions, and the second in September 2025 to visit a representative sample of schools. Observations included walk-throughs of classroom instruction, administrative operations, and the condition and use of facilities.

Untimely Issuance of Financial Audit

GDOE's FY 23 Financial and Single Audit was issued on November 6, 2024, 129 days after the June 30, 2024 statutory deadline. GDOE's external auditors issued an audit finding related to the untimely completion of the audit, noting that necessary reconciliations remained outstanding nearly a year after fiscal year-end and that the Financial Affairs Division lacked sufficient qualified personnel to complete required financial reporting tasks.

In response, the GEB Audit Committee tasked the Internal Audit Office (IAO) with completing final adjustments, preparing the Schedule of Expenditures of Federal Awards (SEFA), and compiling audit documentation. GDOE subsequently hired a new DFAS, Acting Comptroller, and additional accounting staff, but audit readiness remained incomplete. The IAO provided limited, conditional support to preserve the integrity of the financial statements but formally documented that performing operational accounting functions violates audit independence standards and the IAO Charter. The IAO emphasized that such intervention should remain an extraordinary, nonrecurring measure and may warrant a reassessment of the capacity within the Financial Affairs Division.

As of December 2025, GDOE has not yet closed its FY 25 accounting records, despite a statutory fiscal year-end of September 30 and a final closing deadline of November 15. Based on the current status, the FY 25 audit is also at risk of untimely issuance.

GDOE Management Instability

Since the resignation of the former Superintendent in July 2022, GDOE has experienced significant turnover in executive leadership. Multiple acting and interim appointments were made in the superintendent role to maintain operational continuity until a permanent appointment was finalized in July 2023. In June 2025, the current superintendent announced a planned resignation effective December 31, 2025, prompting the Board to begin an expedited recruitment process. On November 5, 2025, the GEB voted to select a new Superintendent, who is expected to assume the position in January 2026.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Management’s Discussion and Analysis, continued

**OUTLOOK, continued**

Leadership turnover has also extended to other key management positions, affecting the Department’s capacity for sustained leadership. Frequent changes in leadership can disrupt decision-making, delay implementation of strategic initiatives, and hinder organizational continuity. The table below summarizes changes in key leadership positions since the 2022 superintendent resignation through the current fiscal year. The Deputy Superintendent of Curriculum and Instruction was the only management position that remained unchanged during this period.

Position Title	Number of Leadership Changes / Appointments	Summary of Changes
Superintendent	4	Multiple acting and interim appointments following the 2022 resignation; current superintendent announced departure effective Dec. 2025; incoming Superintendent expected to begin in January 2026
Deputy Superintendent of Finance & Administrative Services (DFAS)	3	Frequent turnover between 2022–2024, including acting and permanent appointments.
Deputy Superintendent for Education Support & Community Learning (ESCL)	3	Position changed hands multiple times between 2023–2024; currently filled through acting appointment.
Deputy Superintendent for Accountability & Assessment	1	Vacant since 2020; filled in 2025.

**MANAGEMENT CONTACT**

This financial report is designed to provide GDOE’s stakeholders (citizens, taxpayers, customers, investors, and creditors) with a general overview of the GDOE’s finances and to demonstrate the Department’s accountability for the financial resources it receives.

This fiscal year, delays in completing year-end closing procedures affected the timely issuance of the financial audit, and as a result, the completion of the audit was assigned to the Internal Audit Office.

For questions or additional information, please contact Franklin J.T. Cooper-Nurse, Chief Internal Auditor, Guam Department of Education, 500 Mariner Avenue, Barrigada, Guam 96913; e-mail: [fjtcooper-nurse@gdoe.net](mailto:fjtcooper-nurse@gdoe.net); call (671) 300-1336; or log on to our website at: [www.gdoe.net](http://www.gdoe.net).

Guam Department of Education  
(A Line Agency of the Government of Guam)

Statement of Net Position

September 30, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 21,070,619
Receivables from federal agencies	102,034,553
Due from primary government	63,823
Prepayments and other assets	10,850
Restricted assets:	
Cash and cash equivalents	<u>1,089,744</u>
Total current assets	<u>124,269,589</u>
Noncurrent assets:	
Deferred maintenance and insurance costs	250,000
Capital assets:	
Non-depreciable capital assets	19,438,427
Depreciable capital assets, net of accumulated depreciation	<u>276,469,765</u>
Total noncurrent assets	<u>296,158,192</u>
Total assets	<u>420,427,781</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows from OPEB	166,011,499
Deferred outflows from pension	<u>129,380,321</u>
Total deferred outflows of resources	<u>295,391,820</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Statement of Net Position, continued

LIABILITIES

Current liabilities:	
Accounts payable	31,075,383
Accrued payroll	6,211,985
Other liabilities and accruals	8,815,738
Payable to federal agencies	1,127,328
Current portion of compensated absences payable	2,948,980
Current portion of school financed purchase obligations	<u>10,133,086</u>
Total current liabilities	<u>60,312,500</u>
Noncurrent liabilities:	
OPEB liability	773,432,374
Net pension liability	504,910,545
Accrued sick leave liability	8,573,311
Claims payable	915,083
Compensated absences payable, net of current portion	1,855,634
School financed purchase obligations, net of current portion	<u>116,769,138</u>
Total noncurrent liabilities	<u>1,406,456,085</u>
Total liabilities	<u>1,466,768,585</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows from OPEB	193,883,002
Deferred inflows from pension	<u>18,549,185</u>
Total deferred inflows of resources	<u>212,432,187</u>

Commitments and contingencies

NET POSITION

Net investment in capital assets	169,255,968
Restricted for school activities	941,066
Unrestricted	<u>( 1,133,578,205 )</u>
Total net position	<u><u>\$ ( 963,381,171 )</u></u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Statement of Activities

Year ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Elementary education	\$ 102,500,589	\$ 198,365	\$ ---	\$( 102,302,224 )
Secondary education	135,394,005	1,285,292	---	( 134,108,713 )
Direct student support	109,749,107	---	97,840,197	( 11,908,910 )
General administration	66,957,923	200,876	88,845,432	22,088,385
Retiree healthcare benefits	15,184,570	---	---	( 15,184,570 )
Interest expense	10,773,967	---	---	( 10,773,967 )
Total governmental activities	<u>\$ 440,560,161</u>	<u>\$ 1,684,533</u>	<u>\$ 186,685,629</u>	<u>( 252,189,999 )</u>
General revenues:				
Appropriations:				
				271,529,124
				<u>15,184,570</u>
				286,713,694
Total general revenues				
				<u>34,523,695</u>
Change in net position				
				( <u>997,904,866</u> )
Net position at beginning of year				
				<u>\$( 963,381,171 )</u>
Net position at end of year				

Guam Department of Education  
(A Line Agency of the Government of Guam)

Balance Sheet  
Governmental Funds

September 30, 2024

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue Federal Grants Assistance</u>	<u>Total</u>
Cash and cash equivalents	\$ 18,947,862	\$ 2,122,757	\$ 21,070,619
Receivables from federal agencies	1,630,508	100,404,045	102,034,553
Due from primary government	63,823	---	63,823
Prepayments and other assets	10,850	---	10,850
Due from other funds	69,171,856	---	69,171,856
Restricted assets:			
Cash and cash equivalents	1,089,744	---	1,089,744
<b>Total assets</b>	<b>\$ 90,914,643</b>	<b>\$ 102,526,802</b>	<b>\$ 193,441,445</b>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,229,831	\$ 25,845,552	\$ 31,075,383
Accrued payroll	5,344,158	867,827	6,211,985
Other liabilities and accruals	3,301,499	5,514,239	8,815,738
Payable to federal agencies	---	1,127,328	1,127,328
Due to other funds	---	69,171,856	69,171,856
<b>Total liabilities</b>	<b>13,875,488</b>	<b>102,526,802</b>	<b>116,402,290</b>
Fund balances:			
Restricted	1,089,744	---	1,089,744
Unassigned	75,949,411	---	75,949,411
<b>Total fund balances</b>	<b>77,039,155</b>	<b>---</b>	<b>77,039,155</b>
<b>Total liabilities and fund balances</b>	<b>\$ 90,914,643</b>	<b>\$ 102,526,802</b>	<b>\$ 193,441,445</b>

See accompanying notes.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2024

Total fund balance - governmental funds		\$ 77,039,155
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred maintenance costs associated with school financed purchase obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		250,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:		
Buildings and improvements	\$ 489,896,073	
Vehicles, furniture and equipment	19,631,219	
Land	435,280	
Construction in progress	19,003,147	
Accumulated depreciation	( 233,057,527 )	
Capital assets, net of accumulated depreciation		295,908,192
Deferred outflows are charged to future periods and are not reported in the governmental funds. Those deferred outflows consist of:		
Deferred outflows from OPEB	166,011,499	
Deferred outflows from pension	<u>129,380,321</u>	
		295,391,820
Deferred inflows benefit future periods and are not reported in the governmental funds. Those deferred inflows consist of:		
Deferred inflows from OPEB	( 193,883,002 )	
Deferred inflows from pension	<u>( 18,549,185 )</u>	
		( 212,432,187 )
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. These liabilities include:		
OPEB liability	( 773,432,374 )	
Net pension liability	( 504,910,545 )	
Accrued sick leave liability	( 8,573,311 )	
Compensated absences payable	( 4,804,614 )	
School financed purchase obligations	( 126,902,224 )	
Claims liability	<u>( 915,083 )</u>	
Long-term liabilities		( 1,419,538,151 )
Net position of governmental activities		<u><u>\$ ( 963,381,171 )</u></u>

See accompanying notes.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended September 30, 2024

	<u>General</u>	<u>Special Revenue Federal Grants Assistance</u>	<u>Total</u>
<b>Revenues:</b>			
Appropriations	\$ 286,713,694	\$ ---	\$ 286,713,694
Federal grants and contributions	1,246,146	185,439,483	186,685,629
School activities	1,483,657	---	1,483,657
Cafeteria sales	626	---	626
Fees and other program receipts	200,251	---	200,251
Total revenues	<u>289,644,374</u>	<u>185,439,483</u>	<u>475,083,857</u>
<b>Expenditures:</b>			
Elementary education	65,393,428	23,843,517	89,236,945
Secondary education	86,602,998	26,965,295	113,568,293
Direct student support	13,607,473	84,232,724	97,840,197
General administration	24,168,296	46,837,714	71,006,010
Retiree healthcare benefits	15,184,570	---	15,184,570
<b>Debt service:</b>			
Principal	10,104,876	---	10,104,876
Interest	10,773,967	---	10,773,967
Total expenditures	<u>225,835,608</u>	<u>181,879,250</u>	<u>407,714,858</u>
Excess of revenues over expenditures	<u>63,808,766</u>	<u>3,560,233</u>	<u>67,368,999</u>
<b>Other financing sources (uses):</b>			
Transfers in	3,560,233	---	3,560,233
Transfers out	---	( 3,560,233 )	( 3,560,233 )
Total other financing sources (uses), net	<u>3,560,233</u>	<u>( 3,560,233 )</u>	<u>---</u>
Net change in fund balances	67,368,999	---	67,368,999
Fund balances at beginning of year	<u>9,670,156</u>	<u>---</u>	<u>9,670,156</u>
Fund balances at end of year	<u>\$ 77,039,155</u>	<u>\$ ---</u>	<u>\$ 77,039,155</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities

Year ended September 30, 2024

Total net change in fund balances - governmental funds	\$	67,368,999
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. For the current year, these amounts consist of:

Capital outlays, net of disposals and impairment	\$	14,271,002	
Depreciation expense and impairment loss	(	<u>10,428,262</u> )	3,842,740

Prepayment of school financed purchase obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(	125,000)
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The issuance of long-term debt (eg. financed purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. For the current year, these amounts consist

Repayment of school financed purchase obligations		9,592,828
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. For the current year, these activities consist of:

OPEB activity	(	18,471,261)	
Net pension activity	(	31,308,811)	
Change in compensated absences payable		682,479	
Change in accrued sick leave liability		<u>2,941,721</u>	( <u>46,155,872</u> )

Change in net position of governmental activities	\$	<u>34,523,695</u>
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Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements

Year Ended September 30, 2024

**1. Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Guam Department of Education (GDOE) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. GDOE's significant accounting policies are described below:

**A. Reporting Entity**

GDOE is a line agency of the Government of Guam (GovGuam), which is the primary government, and the accompanying financial statements are included within GovGuam's financial statements. GDOE has followed the same reporting framework as utilized by GovGuam in preparation of its annual financial statements to allow for combination of these financial statements with those of GovGuam. GovGuam's general fund is ultimately liable for the financial operations of GDOE.

The governance of GDOE is vested in the Guam Education Board per 17 GCA 3102, composed of 9 voting members (6 elected and 3 appointed) and 2 nonvoting members. GDOE operates 26 elementary schools and 15 secondary schools to provide free and appropriate education to students residing on Guam.

**B. Department-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities report financial information on all non-fiduciary activities of GDOE. For the most part, the effect of interfund activity has been eliminated from these statements. GDOE activities are governmental activities, which generally are financed through local appropriations and intergovernmental revenues.

The Statement of Net Position presents all of the reporting entity's non-fiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for other debt that is attributed to the acquisition, construction or improvement of those assets.
- *Restricted net position* results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation. Specifically, GDOE reports restricted net position associated with School Activities associated with extra classroom activities.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

**B. Department-Wide Financial Statements, continued**

- *Unrestricted net position* consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider such to be available for general operations. Such often has restrictions that are imposed by management but can be removed or modified.

The department-wide Statement of Net Position reports \$1,089,744 of restricted net position, of which no amount is restricted by enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers or students who purchase, use, or directly benefit from goods or services provided by a particular function. Program revenues also include grants and contributions that are restricted to meeting the operational requirements of a particular function. Local appropriations and other items not meeting the definition of program revenues are, instead, reported as general revenue and offset or supplant the net operating deficit or surplus from governmental operations.

**C. Fund Financial Statements**

The financial reporting entity includes all funds, functions and organizations over which GDOE officials exercise oversight responsibility, which is determined on the basis of financial interdependency ability to significantly influence operations and accountability for fiscal matters. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards. GDOE presents a balance sheet and a statement of revenues, expenditures and changes in fund balances for its governmental funds. The ending fund balance on the balance sheet is then reconciled to the ending governmental activities net position.

**D. Fund Balance**

Fund balance classifications are based on the extent to which GDOE is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

Restricted - Balances that are restricted for specific purposes by external parties such as creditors, grantors or other governments.

Committed - Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Guam Legislature.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

D. Fund Balance, continued

Assigned - Balances that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by either the Guam Legislature or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - Residual balances that are not contained in the other classifications.

GDOE has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of GDOE is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

A formal minimum fund balance policy has not been adopted.

E. Measurement Focus and Basis of Accounting

*Department -Wide Financial Statements*

The department-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; and 2) operating grants and contributions. Internally generated resources are reported as general revenues rather than as program revenues. General revenues are derived from legislative appropriations.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

E. Measurement Focus and Basis of Accounting, continued

*Governmental Funds Financial Statements*

Governmental funds financial statements account for the general governmental activities of GDOE and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally, when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include local appropriations, federal grants, federal reimbursements and other reimbursements for use of materials and services. Revenues from other financing sources are recognized when received. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources.

*Fund Accounting*

GDOE uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain GDOE functions or activities.

GDOE reports the following major governmental funds:

General Fund - This fund is the primary operating fund of GDOE. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

Federal Grants Assistance Fund - This fund is used to account for federally funded programs for GDOE's major activities. This fund is made up entirely by special revenue funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In this case, the expenditures are for activities authorized by the federal agency grantor.

F. Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services and are generally evidenced by outstanding purchase orders, contracts and interdepartmental work requests. As of September 30, 2024, GDOE has significant encumbrances summarized as follows:

General Fund	\$ 6,698,057
Federal Grants Assistance Fund	<u>162,923,021</u>
	<u>\$169,621,078</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

G. Cash and Cash Equivalents

Cash and cash equivalents include deposits with financial institutions on Guam in interest and non-interest bearing accounts as well as short-term investments in U.S. treasury obligations with a maturity date within three months of the date acquired.

H. Receivables

Receivables primarily consist of federal grants due from U.S. federal grantor agencies.

I. Prepaid Items

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items in both department-wide and fund financial statements.

J. Interfund Receivable/Payables

As a general rule, the effect of interfund activity has been eliminated in the department-wide financial statements. Interfund receivables and payables have been eliminated from the Statement of Net Position. Interfund balances account for general fund payments for Federal programs that are expected to be repaid within one year by the special revenue fund with Federal fund reimbursements.

During the course of its operations, GDOE records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as “due from other funds” or “due to other funds” on the governmental fund balance sheet. These balances result from a time lag between the dates the 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made and are scheduled to be collected in the subsequent year.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, sidewalks, and other similar items), are reported in the applicable governmental activity column of the department-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

**K. Capital Assets, continued**

Capital assets are capitalized when the cost of the individual item generally exceeds \$50,000 for financial statement purposes. All vehicles are capitalized for financial statement purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Applicable capital assets are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date. Estimated useful lives are as follows:

<u>Type of Assets</u>	<u>Estimated Useful Life</u>
Buildings	40 to 60 years
Furniture	7 years
Equipment, office equipment and specialized equipment	5 to 20 years
Computer hardware and software	5 to 7 years
Vehicles	5 to 20 years

Capital asset activities for the year ended September 30, 2024 are as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers and Disposals</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 435,280	\$ ---	\$ ---	\$ 435,280
Construction in progress	<u>4,974,135</u>	<u>14,029,012</u>	<u>---</u>	<u>19,003,147</u>
	<u>5,409,415</u>	<u>14,029,012</u>	<u>---</u>	<u>19,438,427</u>
Depreciable capital assets:				
Buildings and improvements	489,896,073	---	---	489,896,073
Vehicles, furniture and equipment	<u>19,389,230</u>	<u>241,989</u>	<u>---</u>	<u>19,631,219</u>
	509,285,303	241,989	---	509,527,292
Less: accumulated depreciation	<u>(222,629,265)</u>	<u>(10,428,262)</u>	<u>---</u>	<u>(233,057,527)</u>
Depreciable capital assets, net	<u>286,656,038</u>	<u>(10,186,273)</u>	<u>---</u>	<u>276,469,765</u>
	<u>\$292,065,453</u>	<u>\$ 3,842,739</u>	<u>\$ ---</u>	<u>\$295,908,192</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

K. Capital Assets, continued

Depreciation expense was charged to functions/programs of GDOE as follows:

Governmental activities:	
Elementary Education	\$ 2,143,693
Secondary Education	7,121,972
General Administration	<u>1,162,597</u>
	<u>\$10,428,262</u>

L. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then.

M. Long-Term Debt

The liabilities reported in the department-wide financial statements include GDOE's school financed purchase obligations, and long-term liabilities including vacation, sick leave, pension and OPEB.

N. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then.

O. Compensated Absences

Non-teacher employees are credited with vacation at rates of 104 or 156 hours per fiscal year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five years of service (5 years of service accrue 4 hours).
2. Three-fourths day (6 hours) for each full bi-weekly pay period in the case of employees with more than 5 years of service (at least five years of service accrue 6 hours).
3. One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

O. Compensated Absences, continued

Accumulation of such vacation credits is limited to 320 hours at fiscal year-end and is convertible to pay upon termination of employment. Compensated absences are recorded as a long-term liability in the statement of net position. Amounts to be paid during the next fiscal year are reported as current. For the governmental fund statements, vested or accumulated vacation and sick leave expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

P. Payable to Federal Agencies

Payable to federal agencies represents federal funds received in advance of eligible expenditures which have not been earned or do not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting.

Q. Interfund Transactions

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid.

R. Dedicated Revenues and Pledges

GDOE entered a school financed purchase agreement for certain schools and facilities whereby GovGuam, on behalf of GDOE, has pledged a portion of future Compact Impact grant funds to finance annual payments under this agreement. This obligation is payable solely from Compact Impact grant revenues payable to GovGuam by the United States Government pursuant to the Compact of Free Association Act, U.S. Public Law 108-188. Total payments remaining on this school financed purchase agreement, to include additional rentals, are \$11,481,500 payable through October 1, 2026. For the year ended September 30, 2024, payments made, and total Compact Impact grant revenues received, were \$4,735,250.

GovGuam, on behalf of GDOE, has also pledged a portion of future Section 30 revenues to finance annual payments for the Okkodo High School Expansion school financed purchase agreement. Total payments remaining on this school financed purchase agreement, to include additional rentals, are \$14,882,805 payable through December 1, 2030. For the year ended September 30, 2024, payments made, and total Section 30 revenues received, were \$3,093,085 and \$76,195,730, respectively.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

S. Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GDOE recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GDOE's proportionate share of excess total pension liability over the pension plan assets - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GDOE's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA payments to Defined Contribution Retirement System (DCRS) members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

T. Other Postemployment Benefits (OPEB)

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GDOE recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents GDOE's proportionate share of total OPEB liability - actuarially calculated - of a single-employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established, thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

U. Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

V. Recently Adopted Accounting Pronouncements

During the year ended September 30, 2024, GDOE implemented the following pronouncements:

- GASB Statement No. 99, *Omnibus 2022*, which modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures. It also provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
- GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which results in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information is provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements results in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The implementation of these Statements did not have a material effect on the accompanying financial statements.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

W. Upcoming Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for the fiscal year ended September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for the fiscal year ended September 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and addressing certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**1. Summary of Significant Accounting Policies, continued**

W. Upcoming Accounting Pronouncements, continued

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

**2. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, GDOE's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging institution but not in the depositor-government's name. GDOE does not have a deposit policy for custodial credit risk.

As of September 30, 2024, the carrying amount of GDOE's total cash and cash equivalents was \$22,160,363 and the corresponding bank balances were \$25,926,158. Of the bank balances, \$25,066,104 is maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amount of \$860,054 represents short-term investments held and administered by GDOE's trustees in accordance with various trust agreements and are subject to Securities Investor Protection Corporation (SIPC) insurance. Based on negotiated trust and custody contracts, all of the investments were held in GDOE's name by GDOE's custodial financial institutions as of September 30, 2024.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**2. Deposits, continued**

As of September 30, 2024, bank deposits in the amount of \$750,000 were FDIC or SIPC insured. In accordance with 5 GCA 21, *Investments and Deposits*, GovGuam requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2024, substantially all of GovGuam’s bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GovGuam’s name.

As of September 30, 2024, restricted cash held by GDOE in the General Fund is \$1,089,744, which are restricted by various student organizations for student activities.

**3. Changes in Long-Term Liabilities**

Changes in long-term liabilities for the year ended September 30, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued sick leave liability	\$ 11,515,032	\$ ---	\$( 2,941,721)	\$ 8,573,311	\$ ---
Claims payable	915,083	---	---	915,083	---
Compensated absences	5,487,093	---	( 682,479)	4,804,614	2,948,980
Net pension liability	517,047,357	---	(12,136,812)	504,910,545	---
OPEB liability	649,857,650	123,574,724	---	773,432,374	---
School financed purchase obligations	<u>136,495,053</u>	<u>---</u>	<u>( 9,592,829)</u>	<u>126,902,224</u>	<u>10,133,086</u>
	<u>\$1,321,317,268</u>	<u>\$123,574,724</u>	<u>\$(25,353,841)</u>	<u>\$1,419,538,151</u>	<u>\$13,082,066</u>

**4. Commitments and Contingencies**

A. Sick Leave

It is the policy of GDOE to record the cost of sick leave when leave is actually taken, and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related family illness. Under the Defined Contribution Retirement System (DCRS), an employee may convert into cash up to 50% of the accrued sick leave liability. For this reason, a sick leave liability is recorded as of September 30, 2024. The accumulated amount of unused sick leave as of September 30, 2024, is \$54,265,171, of which \$8,573,311 may be convertible by DCRS employees upon retirement.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**4. Commitments and Contingencies, continued**

**B. Federal Grants**

GDOE has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. If the audit results in cost disallowances, the general fund may be liable. However, management does not believe this matter will result in a material liability. Therefore, no liability for any amount which may ultimately arise from these matters has been recorded in the accompanying financial statements.

Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying financial statements, as it is not possible to predict a reasonable estimation of these fines and penalties.

GDOE is designated a high-risk grantee by the U.S. Department of Education.

**C. Self-Insurance**

GDOE does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, GovGuam's General Fund would be required to pay the majority of these losses. An annual appropriation is made to the Government Claims Fund (a governmental fund of GovGuam) and then valid claims are paid out against the appropriated amount. No material losses have occurred as a result of the policy in the past three years.

**D. Public Law 28-45**

Under Public Law 28-45, entitled "Every Child is Entitled to an Adequate Public Education Act," effective October 1, 2007, a public school student shall have a claim and standing to sue GovGuam and any officer of the Executive Branch of GovGuam in his or her official capacity only for the purpose of enjoining such officer from failing to provide an adequate public education to that public school student but *not* for money damages. Given the lack of adequate funding to meet all of the requirements of Public Law 28-45, it is reasonably possible that lawsuits will be filed against GDOE, and legal costs will be incurred.

**E. Litigation**

GDOE is party to several legal proceedings arising from governmental operations. GDOE accrued claims liability amounting \$915,083 as of September 30, 2024. GDOE is unable to estimate the potential loss beyond the accrued amount due to the uncertainty surrounding the litigations.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions**

GDOE is statutorily responsible for providing pension benefits for GDOE employees through the GovGuam Retirement Fund (GGRF).

*A. General Information About the Pension Plans*

*Plan Description:* GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. 4 GCA 8105 requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GDOE, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, and prior to January 1, 2018 are required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2021 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – [www.ggrf.com](http://www.ggrf.com).

*Benefits Provided:* The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*A. General Information About the Pension Plans, continued*

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty-six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans: the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*A. General Information About the Pension Plans, continued*

Members of the DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced  $\frac{1}{2}$  of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average.

*Contributions:* Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and GDOE are established and may be amended by the GGRF.

GDOE's statutory contribution rates were 29.43% for the year ended September 30, 2024. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2024.

GDOE's contributions to the DB Plan for the year ended September 30, 2024 were \$25,530,617, which was equal to the statutorily required contributions.

GDOE's contributions for supplemental annuity benefits and the COLA payments for the year ended September 30, 2024 were \$7,286,650, which was equal to the statutorily required contributions.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2024 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the members' regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GDOE's contributions to the DCRS Plan for the year ended September 30, 2024 were \$26,638,127, which was equal to the required contributions. Of these amounts, \$21,016,499 was contributed toward the unfunded liability of the DB Plan for the year ended September 30, 2024.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

*Pension Liability:* Net pension liability at the fiscal year presented for the aforementioned plans was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2024
Measurement date:	September 30, 2023
Valuation date:	September 30, 2022

As of September 30, 2024, GDOE reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2023, which is comprised of the following:

Defined Benefit Plan	\$410,132,797
Ad Hoc COLA/supplemental annuity Plan for DB retirees	73,589,045
Ad Hoc COLA Plan for DCRS retirees	<u>21,188,703</u>
	<u>\$504,910,545</u>

GDOE's proportion of the GovGuam net pension liabilities was based on GDOE's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2024, GDOE's proportionate shares of the GovGuam net pension liabilities were as follows:

Defined Benefit Plan	29.36%
Ad Hoc COLA/supplemental annuity Plan for DB retirees	27.37%
Ad Hoc COLA Plan for DCRS retirees	27.03%

*Pension Expense:* For the year ended September 30, 2024, GDOE recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

Defined Benefit Plan	\$ 75,464,564
Ad Hoc COLA/supplemental annuity Plan for DB retirees	6,768,680
Ad Hoc COLA Plan for DCRS retirees	<u>4,382,930</u>
	<u>\$ 86,616,174</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Deferred Outflows and Inflows of Resources:* At September 30, 2024, GDOE reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Supplemental Annuity Plan for DB</u>		<u>Ad Hoc COLA Plan for DCRS</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 4,211,233	\$(4,613,356)	\$ ---	\$(2,980,393)	\$2,075,939	\$( 272,590)
Net difference between projected and actual earnings on pension plan investments	53,378,190	---	---	---	---	---
Changes of assumptions	---	(2,475,078)	1,127,387	(3,749,229)	4,102,146	(3,751,119)
Contributions subsequent to the measurement date	46,547,116	---	6,373,550	---	913,100	---
Changes in proportion and difference GDOE contributions and proportionate share of contributions	<u>9,619,021</u>	<u>---</u>	<u>---</u>	<u>( 346,517)</u>	<u>1,032,639</u>	<u>( 360,903)</u>
	<u>\$113,755,560</u>	<u>\$(7,088,434)</u>	<u>\$7,500,937</u>	<u>\$(7,076,139)</u>	<u>\$8,123,824</u>	<u>\$(4,384,612)</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2024 will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Defined Benefit Plan</u>	<u>Ad Hoc COLA Plan Supplemental Annuity Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan for DCRS Retirees</u>
2025	\$20,796,636	\$(4,869,392)	\$ 528,422
2026	13,293,343	( 963,855)	528,422
2027	30,677,727	( 115,506)	528,422
2028	( 4,647,693)	---	325,905
2029	---	---	299,798
Thereafter	<u>---</u>	<u>---</u>	<u>615,141</u>
	<u>\$60,120,013</u>	<u>\$(5,948,753)</u>	<u>\$2,826,110</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

*DB Plan*

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Investment rate of return:	The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Ad Hoc Cola/Supplemental Annuity (COLA/SA) Plan for DB Participants*

Inflation:	2.50% per year
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

*Ad Hoc Cola Plan DCRS for Participants*

Inflation:	2.50% per year
Payroll growth:	4.00% for Fiscal Year 2023; 2.50% per year thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	5% of employees assumed to retire each year for ages 55 to 64, 10% of employees thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Expected Rate of Return and Asset Allocation:* The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.88%	2.05%
U.S. Equities (small cap)	4.0%	9.44%	0.38%
Non-U.S. Equities	17.0%	10.16%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.09%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.71%	1.04%
Risk Parity	8.0%	6.64%	0.53%
High Yield Bonds	8.0%	6.52%	0.52%
Global Real Estate (REITs)	2.5%	9.38%	0.23%
Global Equity	7.5%	8.73%	0.65%
Global Infrastructure	2.0%	8.20%	0.16%
Expected average return for one year			7.66%
Expected geometric mean (30 years)			6.94%

*Discount Rate:* The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2023 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2023 was 4.09%, which is equal to the rate of return of a high-quality bond index.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**5. Pensions, continued**

*B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued*

*Discount Rate Sensitivity Analysis:* The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GDOE's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	<u>\$503,691,090</u>	<u>\$410,132,797</u>	<u>\$330,045,904</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase in Discount Rate <u>5.09%</u>
Net Pension Liability	<u>\$80,291,388</u>	<u>\$73,589,045</u>	<u>\$67,735,475</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase in Discount Rate <u>5.09%</u>
Net Pension Liability	<u>\$23,913,972</u>	<u>\$21,188,703</u>	<u>\$18,884,359</u>

*C. Payables to the Pension Plans*

As of September 30, 2024, GDOE recorded a payable to GGRF of \$66,227 representing unremitted required contributions.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB)**

GDOE participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

*A. General Information About the OPEB Plan*

*Plan Description:* The OPEB plan is a single-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration, Suite 224, 2<sup>nd</sup> Floor, ITC Building, 590 South Marine Corps Drive, or by visiting the Guam Department of Administration website – <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

*Benefits:* GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

*Contributions:* No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB Plan is financed on a substantially “pay-as-you-go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

*B. Total OPEB Liability:*

Total OPEB liability at the fiscal year presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting date:	September 30, 2024
Measurement date:	September 30, 2023
Valuation date:	September 30, 2022

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB), continued**

*B. Total OPEB Liability, continued*

Total OPEB liability as of September 30, 2024 is \$773,432,374. Proportionate share of total OPEB liability at September 30, 2024 is 28.28%.

*Actuarial Assumptions:* A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.50% per year.
Discount rate:	4.09%, compounded annually, based on a tax-exempt, high quality municipal bond rate. Previously 4.02%, as of September 30, 2022.
Amortization rate:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years. (Previously, 7.5% for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years, and 4% for service after 15 years.)
Healthcare cost trend rates:	Non-Medicare, Medicare claims and retiree contributions - 8% for FY2023, then 26%, 14% and 0% for FY2024, for non-medicare, medicare claims, and retiree contributions, respectively. 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. The trend rates reflect actual changes in plan costs and retiree contributions through October 1, 2024. Trend assumptions for health care begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB), continued**

*B. Total OPEB Liability, continued*

The trend rates for Medicare Part B and Part D reimbursements are assumed to be 4.25% in year 1 and 3.64% in year 2 to reflect the actual changes in costs through October 1, 2024 and 4.25% per year in subsequent years.

Dental trend rates:	For claims and retiree contributions, 4.25% for year 1 and 8.21% and 0% for claims and retiree contributions, respectively for year 2. For subsequent years, rate will be 4.25%, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Mortality rates:	PUB-2010 Head-count Weighted Mortality Table, set forward 4 years for males and 2 years for females, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.
Participation rates:	Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.
Medicare enrollment:	Based on current over-65 retiree data, 55% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB), continued**

*B. Total OPEB Liability, continued*

Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.
Actuarial cost method:	Entry Age post-employment Normal. The costs of each employee's benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Employee data:	Employee and retiree data as of September 30, 2022 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.
Withdrawal rates:	15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.)
Disability rates:	Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60- 64 years (0.19% for females).

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB), continued**

*B. Total OPEB Liability, continued*

Retirement rates: 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

*Discount rate:* The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that contributions from the Government will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods to determine the total OPEB liability.

*OPEB plan fiduciary net position:* As of September 30, 2024, an OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

*Sensitivity of the total OPEB liability to changes in the discount rate:* The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GDOE's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>3.09%</u>	Current Discount Rate <u>4.09%</u>	1% Increase in Discount Rate <u>5.09%</u>
Total OPEB Liability	<u>\$896,529,840</u>	<u>\$773,432,374</u>	<u>\$673,532,970</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:* The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GDOE's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$658,273,651</u>	<u>\$773,432,374</u>	<u>\$920,898,177</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**6. Other Post-Employment Benefits (OPEB), continued**

*C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended September 30, 2024, GDOE reported total OPEB expense of \$36,789,016, for its proportionate share of the GovGuam total OPEB expense. At September 30, 2024, GDOE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 26,134,978	\$(148,197,704)
Difference between expected and actual experience	118,341,797	( 32,663,977)
Contributions subsequent to the measurement date	15,184,570	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>6,350,154</u>	<u>( 13,021,321)</u>
	<u>\$166,011,499</u>	<u>\$(193,883,002)</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2024 will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>	
2025	\$( 4,929,574)
2026	(16,310,158)
2027	( 8,266,375)
2028	(13,132,898)
2029	(13,132,898)
Thereafter	<u>12,715,830</u>
	<u>\$(43,056,073)</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**7. Appropriations**

During the year ended September 30, 2024, appropriations provided to GDOE were as follows:  
General Fund:

Public Law 37-42:	
GovGuam General Fund:	
Operations	\$224,656,704
Retiree healthcare benefits	15,184,570
Lease Agreements:	
Okkodo Expansion lease	2,443,085
JFK High School lease	5,524,379
Merit bonus	3,100,000
Bonus, rewards and incentives program	1,000,000
Chamorro Studies Division	513,824
Chamorro Language Program	500,000
Simon Sanchez High School Construction	500,000
Salary increments	500,000
Menstrual hygiene products	25,000
Guam Educational Facilities Fund:	
Operations	10,993,896
School grounds maintenance	385,022
Alternative dispute resolution/Mediation services	40,000
Lease Agreements:	
Tiyan lease	10,113,928
JFK High School lease	2,150,290
Okkodo Expansion lease	650,000
Public Library System Fund	951,592
Limited Gaming Fund	346,154
Public Law 37-17:	
Typhoon Mawar emergency response	2,400,000
Public Law 28-47:	
Guam Public School Facilities Project Lease	4,735,250
	<u>\$286,713,694</u>

As of September 30, 2024, receivables from the primary government associated with these appropriations amounted to \$63,823. In addition, Public Law 37-42 appropriates \$12,504,000 of all monies collected by GDOE from Federal funds paid to GDOE for reimbursement under the National School Lunch Program and Breakfast Program and the State Administrative Expenses for Child Nutrition Program to GDOE for non-personnel operating expenditures. The total of such reimbursements from the U.S. Department of Agriculture during the year ended September 30, 2024 is \$15,465,614, which is accounted for within GDOE's Federal Grants Assistance Fund.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**8. School Financed Purchase Obligations**

GovGuam, on behalf of GDOE, has entered into finance leases that are, in substance, a purchase. At the date of acquisition, the assets are valued at the present value of the future minimum lease payments. Finance lease assets and obligations are recorded and reported in the governmental activity column of the department-wide financial statements. Interest expense for the financed purchase obligations is not capitalized. Amortization of assets acquired under these purchase agreements are included with depreciation expense. Details are as follows:

*Guam Public School Facilities Project*

Guam Education Financing Foundation, Inc. (GEFF) was incorporated in Guam as a not-for-profit corporation for the purpose of financing the construction of four new schools (the “Leased Schools”) on Guam, Okkodo High School, Astumbo Middle School, Adacao Elementary School and Ligan Elementary School. GovGuam, on behalf of GDOE, entered into a twenty-year purchase agreement with GEFF for the use of the four new schools, which commenced in October 2006.

Annual payments for the use of the Leased Schools and related facilities commenced on December 1, 2006 and are funded by a pledge of U.S. Compact Impact grant revenues through December 1, 2022, with the remaining payments subject to future appropriations by the Guam Legislature. After a period of twenty years and after all payments have been made, title to the Leased Schools and related facilities will transfer to GDOE.

*John F. Kennedy High School Project*

CaPFA Capital Corp. 2010A (CaPFA) was incorporated in the State of Florida as a not-for-profit corporation for the purpose of financing the new John F. Kennedy (JFK) High School (the “new High School”) to be leased to GDOE upon completion. GovGuam, on behalf of GDOE, entered into a thirty-year purchase agreement with CaPFA for the use of the new High School, which commenced in August 2011.

Annual payments for the use of the new High School commenced on December 1, 2010 and are funded by annual appropriations by the Guam Legislature. After a period of thirty years and after all payments have been made, title to the new High School will transfer to GDOE.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**8. School Financed Purchase Obligations, continued**

*Okkodo High School Expansion Project*

Guam Education Financing Foundation II, Inc. (GEFF II) was incorporated in Guam as a not-for-profit corporation for the purpose of financing the expansion of Okkodo High School to be leased to GDOE upon completion. GovGuam, on behalf of GDOE, entered into an eighteen-year purchase agreement with GEFF II for the use of the expansion, which commenced in July 2014.

Annual payments for the use of the expansion commenced on June 1, 2013 and are funded by annual appropriations by the Guam Legislature. After a period of eighteen years and after all payments have been made, title to the expansion will transfer to GDOE.

*Tiyan Lease*

GovGuam, on behalf of GDOE, entered into an agreement with an option to purchase for certain property located in Tiyan to temporarily house the JFK High School. The facility was vacated by JFK High School in 2011 and subsequently occupied by Untalan Middle School in 2013. The agreement, which is renewable annually, had a fixed annual payment of \$4,493,256 for the first five years payable in cash or by transferable tax credits. Payments commenced in August 2009 with a term through June 30, 2024.

In 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024 with a four-month payment abatement from October 1, 2011 through January 31, 2012 due to non-occupancy of the property. In 2013, GovGuam, on behalf of GDOE, exercised the option to purchase the Tiyan property. In addition to the purchase price of \$43,500,000 that comprises the Tiyan High School premises, the Guam Legislature enacted Public Law 31-229, authorizing GovGuam, on behalf of GDOE, to purchase additional property and the construction of new buildings and facilities for the Tiyan High School and the GDOE administration in the amount of \$43,648,970. Title to the Tiyan properties will transfer to GDOE after all payments have been made.

In 2014, the Tiyan purchase agreement was amended to extend the term through December 31, 2041 plus \$7,499,090 of collateral equipment for the buildings to be constructed. Repayment in the form of tax credits only apply for payment amounts due through January 2015 and included the aforementioned collateral equipment. Effective February 2015, payments due are to be paid in the form of cash. Annual payments include principal with interest at 10% per annum of outstanding principal balance, insurance and maintenance costs.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to Financial Statements, continued

**8. School Financed Purchase Obligations, continued**

Future minimum payments to maturity for the school financed purchase obligations are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 10,133,086	\$10,294,128	\$ 20,427,214
2026	10,694,876	9,622,891	20,317,767
2027	6,513,451	8,911,538	15,424,989
2028	6,932,677	8,389,137	15,321,814
2029	6,374,595	7,830,493	14,205,088
2030 - 2034	33,174,118	31,304,410	64,478,528
2035 - 2039	44,024,370	14,652,348	58,676,718
2040 - 2041	<u>9,055,051</u>	<u>935,767</u>	<u>9,990,818</u>
	<u>\$126,902,224</u>	<u>\$91,940,712</u>	<u>\$218,842,936</u>

Assets acquired through the afore mentioned purchase agreements are as follows:

Assets:	
Buildings and leasehold improvements	\$239,159,248
Less accumulated depreciation	( <u>65,156,075</u> )
	174,003,173
Land	<u>435,280</u>
	<u>\$174,438,453</u>

**9. Related Party Transactions**

During the year ended September 30 2024, GDOE transacted with Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) which are component units of GovGuam. GPA and GWA billed GDOE for power utility services and water utility services amounting to \$15.00 million and \$4.70 million, respectively. Outstanding payable balances due to GPA and GWA as of September 30, 2024 amounted to \$2.26 million and \$0.80 million, respectively.

## Required Supplementary Information

**Guam Department of Education**  
(A Line Agency of the Government of Guam)

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund (Unaudited)**

Year ended September 30, 2024

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
<b>Local appropriations:</b>				
<b>Government of Guam General Fund:</b>				
Operations	\$ 224,656,704	\$ 224,656,704	\$ 224,656,704	\$ ---
Retiree healthcare benefits	15,184,570	15,184,570	15,184,570	---
Typhoon Mawar Emergency Response	---	2,400,000	2,400,000	---
JFK High School Lease	5,524,379	5,524,379	5,524,379	---
Okkodo High School Expansion Project Lease	2,443,085	2,443,085	2,443,085	---
Merit bonus	3,100,000	3,100,000	3,100,000	---
Textbooks	1,500,000	1,500,000	---	( 1,500,000 )
Bonuses, rewards and incentives program	1,000,000	1,000,000	1,000,000	---
Chamorro Studies Division	513,824	513,824	513,824	---
Chamorro Language Program	500,000	500,000	500,000	---
Simon Sanchez High School Construction	500,000	500,000	500,000	---
Salary increments	500,000	500,000	500,000	---
Menstrual hygiene products	25,000	25,000	25,000	---
Guam Public School Facilities Project Lease	---	4,735,250	4,735,250	---
<b>Guam Educational Facilities Fund:</b>				
Operations	10,993,896	10,993,896	10,993,896	---
Tiyan Lease	10,113,928	10,113,928	10,113,928	---
JFK High School Lease	2,150,290	2,150,290	2,150,290	---
Okkodo High School Expansion Project Lease	650,000	650,000	650,000	---
School grounds maintenance	385,022	385,022	385,022	---
Alternative dispute resolution/Mediation services	40,000	40,000	40,000	---
Healthy Futures Fund	891,754	891,754	---	( 891,754 )
Public Library System Fund	951,592	951,592	951,592	---
Limited Gaming Fund	346,154	346,154	346,154	---
Federal grants and contributions	1,246,146	1,246,146	1,246,146	---
School activities	1,460,635	1,460,635	1,483,657	23,022
Fees and other program receipts	---	---	200,251	200,251
Cafeteria sales	---	---	626	626
Total revenues	284,676,979	291,812,229	289,644,374	( 2,167,855 )
<b>Expenditures - Budgetary Basis:</b>				
Elementary Education	83,766,687	83,875,822	65,204,827	18,670,995
Secondary Education	107,971,032	108,511,072	85,642,542	22,868,530
Direct Student Support	21,865,968	24,635,000	17,136,790	7,498,210
General Administration	45,703,866	96,522,125	27,040,697	69,481,428
Retiree healthcare benefits	15,184,570	15,184,570	15,184,570	---
School Activities	1,445,395	1,445,395	1,445,395	---
<b>Debt service:</b>				
Tiyan Lease	8,176,130	8,176,130	8,176,130	---
JFK High School Lease	5,524,379	5,524,379	5,524,379	---
Okkodo High School Expansion Project Lease	2,443,085	2,443,085	2,443,085	---
Guam Public School Facilities Project Lease	4,735,250	4,735,250	4,735,250	---
Total expenditures	296,816,362	351,052,828	232,533,665	118,519,163
Excess (deficiency) of revenues over (under) expenditures	( 12,139,383 )	( 59,240,599 )	57,110,709	116,351,308
<b>Other financing sources:</b>				
Transfers in	---	---	3,560,233	3,560,233
<b>Other changes in fund balance:</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for financial reporting purposes	6,698,057	6,698,057	6,698,057	---
Net change in fund balance	\$( 5,441,326 )	\$( 52,542,542 )	\$ 67,368,999	\$ 119,911,541

Guam Department of Education  
(A Line Agency of the Government of Guam)

Required Supplemental Information (Unaudited)  
Schedule of Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*

Defined Benefit Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GDOE's proportionate share of the net pension liability	\$ 410,132,797	\$ 428,428,027	\$ 268,236,314	\$ 353,553,592	\$ 351,067,002	\$ 346,092,450	\$ 342,294,195	\$ 412,990,587	\$ 428,094,817	\$ 362,292,905
GDOE's proportion of the net pension liability	29.36%	28.24%	27.84%	28.37%	28.91%	29.35%	29.97%	30.18%	29.79%	29.07%
GDOE's covered-employee payroll**	\$ 177,567,250	\$ 174,306,333	145,491,118	117,829,051	116,249,432	121,059,937	121,636,415	130,329,403	152,360,205	146,783,636
GDOE's proportionate share of the net pension liability as a percentage of its covered payroll	230.97%	245.79%	184.37%	300.06%	301.99%	285.89%	281.41%	316.88%	280.98%	246.82%

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GDOE's proportionate share of the net pension liability	\$ 73,589,045	\$ 72,051,636	\$ 85,005,642	\$ 89,351,719	\$ 90,768,342	\$ 81,448,019	\$ 82,317,193	\$ 65,258,484	\$ 67,420,706	*
GDOE's proportion of the net pension liability	27.37%	27.53%	27.57%	27.76%	28.00%	28.10%	28.57%	28.44%	28.59%	*

Ad Hoc COLA Plan for DCRS Retirees

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GDOE's proportionate share of the net pension liability	\$ 21,188,703	\$ 16,567,694	\$ 18,667,503	\$ 17,064,426	\$ 15,523,181	\$ 12,849,041	\$ 16,768,473	\$ 16,247,634	\$ 13,924,782	*
GDOE's proportion of the net pension liability	27.03%	27.00%	26.46%	25.70%	25.92%	26.04%	26.85%	26.34%	26.72%	*

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*This data is presented for those years for which information is available.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Required Supplemental Information (Unaudited)  
Schedule of Pension Contributions  
Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 52,258,042	\$ 49,555,290	\$ 37,254,787	\$ 39,971,803	\$ 39,249,452	\$ 39,463,244	\$ 42,175,174	\$ 41,850,125	\$ 43,136,172	\$ 45,690,371
Contributions in relation to the statutorily required contribution	<u>52,168,743</u>	<u>49,360,693</u>	<u>37,270,602</u>	<u>39,971,803</u>	<u>39,249,452</u>	<u>39,463,244</u>	<u>42,179,430</u>	<u>41,854,257</u>	<u>43,136,172</u>	<u>45,696,846</u>
Contribution (excess) deficiency	<u>\$ 89,299</u>	<u>\$ 194,597</u>	<u>\$( 15,815 )</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$( 4,256 )</u>	<u>\$( 4,132 )</u>	<u>\$ ---</u>	<u>\$( 6,475 )</u>
GDOE's covered-employee payroll **	<u>\$ 177,567,250</u>	<u>\$ 174,306,333</u>	<u>\$ 269,627,584</u>	<u>\$ 273,821,861</u>	<u>\$ 268,065,242</u>	<u>\$ 271,378,864</u>	<u>\$ 305,131,860</u>	<u>\$ 291,741,272</u>	<u>\$ 314,872,488</u>	<u>\$ 146,783,636</u>
Contribution as a percentage of covered-employee payroll	29.38%	28.32%	13.82%	14.60%	14.64%	14.54%	13.82%	14.35%	13.70%	31.13%

\*This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)  
Schedule of Proportionate Share of the Total OPEB Liability  
Last 10 Fiscal Years\*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GDOE's proportionate share of the total OPEB liability	\$ 773,432,374	\$ 649,857,650	\$ 775,538,115	\$ 704,157,441	\$ 752,994,530	\$ 549,588,821	\$ 726,529,256	\$ 704,157,441	*	*
GDOE's proportion of the total OPEB liability	28.28%	28.30%	27.98%	27.96%	29.49%	29.31%	29.89%	27.96%	*	*

This data is presented for those years for which information is available.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to the Required Supplementary Information

September 30, 2024

**1. Budgetary Process**

The Budget Act for fiscal year 2024, Public Law No. 37-42 was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds.

GovGuam's annual budget has been prepared on a basis that differs from governmental GAAP. Actual amounts in the accompanying budgetary comparison statements are presented on a budgetary basis, which includes outstanding encumbrances as a budgetary expenditure.

Encumbrance accounting is employed in governmental funds. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

**2. Changes of Assumptions – Pension Plans**

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses to remain at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Notes to the Required Supplementary Information, continued

**2. Changes of Assumptions – Pension Plans, continued**

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

## Supplementary and Other Information

Guam Department of Education  
(A Line Agency of the Government of Guam)

Statements of Revenues, Expenditures by Account and Changes in Fund Balances  
Governmental Funds

Year ended September 30, 2024

	General	Federal Grants Assistance	Total
Revenues:			
Appropriations	\$ 286,713,694	\$ ---	\$ 286,713,694
Federal grants and contributions	1,246,146	185,439,483	186,685,629
Cafeteria sales	626	---	626
School activities	1,483,657	---	1,483,657
Fees and other program receipts	200,251	---	200,251
Total revenues	289,644,374	185,439,483	475,083,857
Expenditures:			
Salaries and wages	116,795,442	69,326,147	186,121,589
Benefits	48,219,015	26,557,489	74,776,504
Contractual	11,474,911	38,486,499	49,961,410
Capital lease payments	27,700,870	16,509	27,717,379
Food management contract	2,866,786	14,865,559	17,732,345
Retiree healthcare benefits	15,184,570	---	15,184,570
Power	2,127	15,005,882	15,008,009
Supplies	1,149,690	7,252,483	8,402,173
Water	59,497	4,641,892	4,701,389
Equipment	105,684	3,907,754	4,013,438
Travel	485,163	1,559,499	2,044,662
School activities	1,445,395	---	1,445,395
Library books and equipment	---	252,595	252,595
Phone	244,842	---	244,842
Fuel	97,976	---	97,976
Indirect costs	---	7,250	7,250
Miscellaneous	3,640	( 308 )	3,332
Total expenditures	225,835,608	181,879,250	407,714,858
Excess of revenues over expenditures	63,808,766	3,560,233	67,368,999
Other financing sources (uses):			
Transfers in	3,560,233	---	3,560,233
Transfers out	---	( 3,560,233 )	( 3,560,233 )
Total other financing sources (uses), net	3,560,233	( 3,560,233 )	---
Net change in fund balances	67,368,999	---	67,368,999
Fund balances at beginning of year	9,670,156	---	9,670,156
Fund balances at end of year	\$ 77,039,155	\$ ---	\$ 77,039,155

Guam Department of Education  
(A Line Agency of the Government of Guam)

Combining Schedule of Balance Sheet Accounts  
General Fund

September 30, 2024

<u>ASSETS</u>	<u>Operations</u>	<u>School Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 18,947,862	\$ ---	\$ 18,947,862
Receivables from federal agencies	1,630,508	---	1,630,508
Due from primary government	63,823	---	63,823
Prepayments and other assets	10,850	---	10,850
Due from other funds	69,171,856	---	69,171,856
Restricted assets:			
Cash and cash equivalents	---	1,089,744	1,089,744
Total assets	<u>\$ 89,824,899</u>	<u>\$ 1,089,744</u>	<u>\$ 90,914,643</u>
<u>LIABILITIES AND FUND</u>			
<u>BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,229,831	\$ ---	\$ 5,229,831
Accrued payroll	5,344,158	---	5,344,158
Other liabilities and accruals	3,301,499	---	3,301,499
Total liabilities	<u>13,875,488</u>	<u>---</u>	<u>13,875,488</u>
Fund balances:			
Restricted	---	1,089,744	1,089,744
Unassigned	75,949,411	---	75,949,411
Total fund balances	<u>75,949,411</u>	<u>1,089,744</u>	<u>77,039,155</u>
Total liabilities and fund balances	<u>\$ 89,824,899</u>	<u>\$ 1,089,744</u>	<u>\$ 90,914,643</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances Accounts  
General Fund

Year ended September 30, 2024

	Operations	School Activities	Total
<b>Revenues:</b>			
Appropriations	\$ 286,713,694	---	\$ 286,713,694
Federal grants and contributions	1,246,146	---	1,246,146
Student activities	---	1,483,657	1,483,657
Cafeteria sales	626	---	626
Fees and other program receipts	200,251	---	200,251
	<u>288,160,717</u>	<u>1,483,657</u>	<u>289,644,374</u>
Elementary education	65,252,154	141,274	65,393,428
Secondary education	85,377,491	1,225,507	86,602,998
Direct student support	13,607,473	---	13,607,473
General administration	24,168,296	---	24,168,296
Retiree healthcare benefits	15,184,570	---	15,184,570
Debt service:			
Principal	10,104,876	---	10,104,876
Interest	10,773,967	---	10,773,967
	<u>224,468,827</u>	<u>1,366,781</u>	<u>225,835,608</u>
Excess of revenues over expenditures	<u>63,691,890</u>	<u>116,876</u>	<u>63,808,766</u>
<b>Other financing sources:</b>			
Transfers in	3,560,233	---	3,560,233
Net change in fund balances	67,252,123	116,876	67,368,999
Fund balances at beginning of year	<u>8,845,966</u>	<u>824,190</u>	<u>9,670,156</u>
Fund balances at end of year	<u>\$ 76,098,089</u>	<u>\$ 941,066</u>	<u>\$ 77,039,155</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Personnel  
September 30, 2024 and 2023

Comparative totals for GDOE’s employee count are as follows:

	Employee Count as of PPE <u>September 21, 2024</u>	Employee Count as of PPE <u>September 23, 2023</u>
100% Locally Funded	2,531	2,589
100% Federally Funded	667	809
Locally/Federally Funded	<u>7</u>	<u>9</u>
Total Employee Count	<u>3,205</u>	<u>3,407</u>

The overall number of GDOE employees decreased by 202 employees.

The overall decrease in GDOE’s employee count is primarily attributed to reductions in federally funded, limited-term positions. A total of 66 positions supported under the American Rescue Plan (ARP) expired on September 30, 2024. These positions, which included school aides and community program aides, were established on a temporary basis to assist teachers and students in mitigating learning loss resulting from the COVID-19 pandemic.

Further decreases occurred among federally funded school aide positions under the Special Education Part B and Consolidated Grant programs, which declined by 54 and 26 employees, respectively. In addition, the number of locally funded teacher positions decreased by 46 due to retirements, realignment of instructional staff in response to declining student enrollment, and continued challenges in teacher recruitment.