

*The Auditor's Communication With Those Charged
With Governance*

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

Year ended September 30, 2024



**Shape the future
with confidence**

December 31, 2025

Members of the Guam Education Board
Guam Department of Education

We have performed an audit of the 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, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated December 31, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Guam Education Board (the Board) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of GDOE is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated February 17, 2023 and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements, required supplementary information and supplementary and other information are the responsibility of GDOE's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the December 2024 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about GDOE's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Related party relationships and transactions

We noted no significant matters regarding GDOE's relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

None.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by GDOE.

Difficult or contentious matters subject to consultation outside of the audit team

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to the “Management Representations Letter” in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to the “Management Representations Letter” in Appendix A

Significant deficiencies and material weaknesses in internal control over financial reporting

We have identified material weaknesses in internal control during the course of our audit which have been included in our separately issued report 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, dated December 31, 2025.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the December 2024 meeting and at the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

No issues have been identified with regard to management’s planned application of new accounting pronouncements.

New accounting pronouncements, continued

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no difficulties encountered in dealing with management in performing the audit.

Management consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with GDOE or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may provide services for EY in connection with the Audit Services.

Representations we are requesting from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

Engagement team’s involvement with preparation of the financial statements

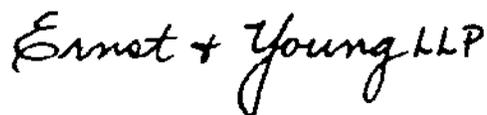
Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 Provision of Non-audited Services to Audited Entities explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on GDOE’s trial balance with our understanding that GDOE’s underlying books and records are maintained by GDOE’s accounting department and that the final trial balance prepared by GDOE is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of GDOE.
- GDOE’s Chief Internal Auditor and General Accounting Supervisor have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Guam Education Board, GDOE management, and the Office of Public Accountability - Guam and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Appendix

A – Management Representations Letter

A – Management Representations Letter



K. ERIK SWANSON, Ph.D.
Superintendent of Education

**DEPARTMENT OF EDUCATION
OFFICE OF THE SUPERINTENDENT**

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December 31, 2025

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
Tamuning, Guam 96931

In connection with your audit of the basic financial statements of the Guam Department of Education (GDOE) as of September 30, 2024 (referred to hereafter as the “balance sheet date”) and for the year then ended, and the related notes (collectively referred to hereafter as the “financial statements”), we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GDOE and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated February 17, 2023, for the preparation and fair presentation of the financial statements in accordance with US GAAP applied on a basis consistent with that of the preceding period.

In preparing the financial statements, we evaluated 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 one year after the basic financial statement date.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

We acknowledge our responsibility for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Management's responsibilities, continued

We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within GDOE from whom you determined it necessary to obtain evidence.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

From November 6, 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to GDOE's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in Appendix B, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Uncorrected misstatements, continued

In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements, summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit and supplementary information.

Internal control

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2024.

Minutes, contracts and internal audit reports

The dates of meetings of the Guam Education Board and important management committees from October 1, 2023 to the date of this letter are as follows:

October 3, 2023	August 7, 2024	March 18, 2025
October 17, 2023	August 14, 2024	April 1, 2025
November 28, 2023	August 27, 2024	April 15, 2025
December 19, 2023	September 17, 2024	May 6, 2025
January 29, 2024	September 30, 2024	May 20, 2025
February 27, 2024	October 15, 2024	May 28, 2025
March 5, 2024	October 21, 2024	June 17, 2025
March 11, 2024	November 12, 2024	July 15, 2025
March 19, 2024	November 26, 2024	July 29, 2025
April 2, 2024	December 30, 2024	August 19, 2025
April 16, 2024	January 21, 2025	September 23, 2025
May 21, 2024	February 4, 2025	October 21, 2025
June 18, 2024	February 18, 2025	November 6, 2025
July 18, 2024	March 4, 2025	November 25, 2025

We have made available to you all minutes of the meetings of the Guam Education Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Minutes, contracts and internal audit reports, continued

We also have made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including fair value measurements, are reasonable and supportable.

Ownership and pledging of assets

Except for direct financing leases in accordance with GASB Statements No. 87, 94 and 96 - as amended, for which we were provided the right-to-use another entity's nonfinancial asset (the underlying asset), GDOE has satisfactory title to all assets appearing in the statement of net position. No security agreements have been carried out under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which GDOE has satisfactory title appear in the statement of net position.

Receivables and revenues

Adequate provision has been made for any receivable as of the statement of net position date that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Revenues and other governmental fund financial resources are recognized in the period in which they became both measurable and available to finance expenditures of the fiscal period.

Long-lived assets to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Fair value measurements, continued

The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72 - as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72 - as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72 - as amended.

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 - as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Events of default under debt agreements

No events of default have occurred with respect to any of GDOE's debt agreements.

Oral or written guarantees

There are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

At September 30, 2024, GDOE had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Purchase commitments, continued

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2024 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that GDOE's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have disclosed to you all significant facts relating to any frauds or suspected frauds, or allegations of fraud known to us that may have affected GDOE (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving others where the fraud could have a material effect on the financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.

Independence

We have communicated to you the names of GDOE's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for GDOE.

We are not aware of any business relationship between GDOE and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of GDOE's audit.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Conflicts of interest

There are no instances where any officer or employee of GDOE has an interest in a company with which GDOE has done business with that would be considered a “conflict of interest.” Such an interest would be contrary to GDOE policy.

Effects of adopting new accounting standards

As discussed in Note 1 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in the Governmental Accounting Standards Board (GASB) Statements as follows:

- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

GDOE is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes that constitute the plan.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the Management’s Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the Schedules of Proportionate Share of the Net Pension Liability, the Schedule of Pension Contributions, and the Schedule of Proportionate Share of the Total OPEB Liability, and notes thereto, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Required supplementary information, continued

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

We believe that the separate presentation of the schedule of changes in total pension liability related to GASB Statement No. 73 is not significant. The required information is combined with schedules required under GASB Statement No. 68.

Supplementary and Other information

We are responsible for the preparation and fair presentation of the following schedules (the "Supplementary and Other Information"):

- Statement of Revenues, Expenditures by Account and Changes in Fund Balances, Governmental Funds
- Combining Schedule of Balance Sheet Accounts, General Fund
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance Accounts, General Fund
- Personnel

We believe the supplementary and other information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Additional representations

- We have followed all applicable laws and regulations in adopting, approving and amending budgets, deposits and investments, including collateral requirements on depository accounts and investments.
- GDOE has no component units and no joint venture with an equity interest.
- GDOE has no fiduciary activities as required by GASB Statement No. 84.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Additional representations, continued

- The financial statements include all fiduciary activities as required by GASB Statement No.84.
- The basic financial statements properly classify all funds and activities in accordance with GASB Statement No. 54 - as amended.
- All funds that meet the quantitative criteria in GASB Statement No. 34, as amended and GASB Statement No. 37, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- GDOE has no investments, derivative transactions, and land and other real estate held by endowments.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
- Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
- Special and extraordinary items are appropriately classified and reported.
- Risk disclosures associated with deposits and investment securities are presented in accordance with GASB requirements.
- Capital assets are properly capitalized, reported and, if applicable, depreciated.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Additional representations, continued

- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
- GDOE has obligated, expended, received and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt or use of public funds was in accordance with any limitations, conditions or mandatory directions imposed by Guam or federal law.
- Money or similar assets handled by GDOE on behalf of the Government of Guam or Federal Government have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate and in accordance with law.
- GDOE has no asset retirement obligations associated with tangible capital assets in accordance with GASB Statement No. 83, *Certain Retirement Obligations*.
- There have been no instances of abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the financial statements.

Other matters

We have received a draft copy of our financial statements as of and for the year ended September 30, 2024. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

We acknowledge that we have reviewed them and taken responsibility for them.

A – Management Representations Letter, continued

Guam Department of Education
Letter of Representations

December 31, 2025

Subsequent events

Subsequent to September 30, 2024, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to GDOE's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position and changes in financial position of GDOE.

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of GDOE and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

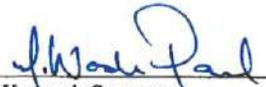
Very truly yours,



Franklin J.T. Cooper-Nurse
Chief Auditor



Morgan "Wade" Borja Paul
Deputy Superintendent of Finance and
Administrative Services



for Dr. Kenneth Swanson
Superintendent

A – Management Representations Letter, continued

Guam Department of Education
 Letter of Representations

December 31, 2025

APPENDIX A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements										
Entity: Guam Department of Education - Department-Wide		Period ended: 30-Sep-2024			Currency: USD					
Corrected misstatements No.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)								
		Assets		Liabilities		Equity		Effect on the current period OCI		Income statement effect of the current period
		Current	Non-current	Current	Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit) Non-taxable
OF-02 To reconcile GF appropriations with GovGuam										
	Revenue - Appropriations								(15,224,570)	X
	Expenditure - Retiree healthcare benefits								15,184,570	X
	Due from primary government	40,000								
DW-01 To adjust the OPEB-related accounts based on the audited OPEB Schedules for the measurement period ended September 30, 2023 and correct error in posting of OPEB transaction to net pension										
	Deferred Outflows from OPEB		26,920,955							
	Deferred inflows from OPEB				69,684,241					
	OPEB liability				(123,574,728)					
	OPEB Expense								16,366,656	X
	Net pension liability				10,372,834					
DW-02 To adjust the Net pension-related accounts based on the audited pension schedules for the measurement period ended September 30, 2023										
	Net pension liability						12,136,812			
	Deferred outflows from pension		(41,792,021)							
	Deferred inflows from pension						(1,653,602)			
	Pension expense								31,308,611	X
DW-03 To adjust school financial purchase obligations as of 9/30/2024										
	School financial purchase obligations - non-current					10,133,086				
	School financial purchase obligations - current			(540,258)						
	Deferred maintenance and insurance costs		(125,000)							
	Capital lease expense								(5,487,838)	X
DW-04 To adjust compensated absences payable as of 9/30/2024										
	Compensated absences payable - current			324,587						
	Compensated absences payable - non-current				357,492					
	Expenditure - Elementary education								(183,889)	X
	Expenditure - Secondary education								(268,850)	X
	Expenditure - Direct student support								(179,667)	X
	Expenditure - General administration								(120,353)	X
DW-05 To adjust accrued sick leave liability as of 9/30/2024										
	Accrued sick leave liability					2,941,721				
	Expenditure - Elementary education								(706,334)	X
	Expenditure - Secondary education								(898,004)	X
	Expenditure - Direct student support								(774,431)	X
	Expenditure - General administration								(562,952)	X
Total of corrected misstatements before income tax		40,000	(14,096,066)	(215,271)	(19,432,143)	0	0	0	34,573,477	
Financial statement amounts		124,269,989	591,550,012	(60,512,500)	(1,618,886,272)	953,381,171			(34,523,656)	
Effect of corrected misstatements on FIS amounts		0.0%	-2.5%	0.4%	1.2%	0.0%			-100.1%	

A – Management Representations Letter, continued

Guam Department of Education
 Letter of Representations

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APPENDIX A – Summary of Corrected Misstatements, Continued

Communication schedule for corrected misstatements									
Entity: Guam Department of Education - General Fund		Period ended: 30-Sep-2024				Currency: USD			
Corrected misstatements		Analysis of misstatements Debit/Credit							
No.	Account (misstatements are recorded as journal entries with a description)	Assets Current Debit/(Credit)	Assets Non-current Debit/(Credit)	Liabilities Current Debit/(Credit)	Liabilities Non-current Debit/(Credit)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit) Non-taxable	
CF: 02 is records of appropriations with GovGuam.									
	Revenue - Appropriations							(15,239,610)	X
	Expenditure - Retiree healthcare benefits							15,194,570	X
	Due from primary government	40,000							
Total of corrected misstatements before income tax		40,000	0	0	0	0	0	(40,000)	
Financial statement amounts		90,914,643	0	(13,875,488)	0	(77,038,156)		(87,368,689)	
Effect of corrected misstatements on F/S amounts		0.0%	0.0%	0.0%	0.0%	0.0%		0.1%	

A – Management Representations Letter, continued

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APPENDIX A – Summary of Corrected Misstatements, Continued

Communication schedule for corrected misstatements									
Entity: <u>Guam Department of Education - Federal Grants Fund</u>		Period ended: <u>30-Sep-2024</u>			Currency: <u>USD</u>				
Corrected misstatements		Analysis of misstatements Debit(Credit)							
No.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OIG	Income statement effect of the current period	
	(misstatements are recorded as journal entries with a description)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Debit(Credit)	Non-taxable
FG-01	To record vendor invoices for services rendered in FY2024								
	Expenditures - General Administration			(1,267,312)				1,267,312	X
	Other liabilities and accruals								
	Receivables from federal agencies	1,267,312							
	Federal grants and contributions							(1,267,312)	X
Total of corrected misstatements before income tax		1,267,312	0	(1,267,312)	0	0	0	0	
Financial statement amounts		102,626,802	0	(102,626,802)	0	0	0	0	
Effect of corrected misstatements on F/S amounts		1.2%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	

A – Management Representations Letter, continued

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APPENDIX B – Summary of Uncorrected Misstatements

Communication schedule for uncorrected misstatements										
Entity: <u>Guam Department of Education - Department Wide</u>		Period Ended: <u>30-Sep-2024</u>			Currency: <u>US\$</u>					
No.	Account (Note 1) <small>(Misstatements are recorded as journal entries with a description.)</small>	Analyze of misstatements Debit/Credit								
		Assets Current Debit/Credit (Note 2)	Assets Non-current Debit/Credit (Note 2)	Liabilities Current Debit/Credit (Note 2)	Liabilities Non-current Debit/Credit (Note 2)	Equity components Debit/Credit	Effect on the current period OCI Debit/Credit	Income statement, effect of the current period Debit/Credit	Non taxable	Income statement, effect of the prior period Debit/Credit
Final misstatements:										
SAD 01 - DW	To correct accumulated depreciation of schools under leased curricula agreements.									
	Net Position					(7,303,894)				
	Accumulated depreciation	1,520,304								
SAD 02 - DW	To record GASB 67 issues.		2,882,100							
	Leased asset		2,882,100							
	Amortization lease expense							684,812	X	482,438
	Accumulated Amortization Leased assets		(864,812)							
	Lease liability - current			(850,000)						
	Lease liability - noncurrent				(1,641,750)					
	Interest expense							170,288	X	83,700
	General Administration expense							(1,086,284)	X	(843,167)
SAD 03 - FG	To record federal revenues in FY2023 which was collected and recorded only in FY2024.									
	Revenues - Federal grants and contributions									(1,877,814)
Total of uncorrected misstatements before income tax		0	3,368,700	(850,000)	(1,641,750)	(1,603,894)	0	56,310		(1,861,099)
Total of uncorrected misstatements		0	3,368,700	(850,000)	(1,641,750)	(1,603,894)	0	56,310		(1,861,099)
Financial statement accounts		120,288,688	981,450,242	88,512,900	(1,818,886,274)	869,381,171		(84,523,680)		161,487
Effect of uncorrected misstatements on FTD amounts		0.8%	0.8%	0.8%	8.9%	0.2%		-0.2%		-1391.4%
Memo: Total of post-tax effect items marked 'X' above)										
Uncorrected misstatements before income tax								56,310		(1,861,099)
Less: Tax effect of misstatements at current year marginal rate								(12)		0
Uncorrected misstatements in income tax								0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround								56,310		(1,861,099)
Turnaround effect of prior period uncorrected misstatements										
All fiscal and projected misstatements - judgmental misstatements (Note 3)								1,861,430		1,861,430
Cumulative effect of uncorrected misstatements, after turnaround effect								0		0
Current year income before tax								1,861,430		1,861,430
Current year income after tax								1,861,430		1,861,430

A – Management Representations Letter, continued

Guam Department of Education
 Letter of Representations

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APPENDIX B – Summary of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements												
Entity: <u>Guam Department of Education - General Fund</u>		Period ended: <u>30 Sep 2025</u>				Currency: <u>USD</u>						
No.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description)</small>	Analysis of misstatements Debit/Credit							Income statement effect of the prior period			
		Assets Current Debit/Credit (Note 2)	Assets Non-current Debit/Credit (Note 2)	Liabilities Current Debit/Credit (Note 2)	Liabilities Non-current Debit/Credit (Note 2)	Equity components Debit/Credit	Effect on the current period OCI Debit/Credit	Income statement effect of the current period Debit/Credit	Non-taxable	Prior period Debit/Credit	Non-taxable	
Projected misstatements:												
SAD 01 - GP	To record projected misstatements for expenditures recorded in the current year but incurred and performed in the prior year										383,519	X
Total of uncorrected misstatements before income tax		0	0	0	0	0	0	0	0	0	383,519	
Total of uncorrected misstatements		0	0	0	0	0	0	0	0	0	383,519	
Financial statement accounts		00,818,643	0	(13,879,488)	0	(17,038,195)				(87,308,966)	0	
Effect of uncorrected misstatements on F/S amounts		0.0%	0.0%	0.0%	0.0%	0.0%				0.0%	0.0%	
Notes: Total of non-taxable items (marked 'X' above)											383,519	
Uncorrected misstatements before income tax							0.0%	0			383,519	
Less: Tax effect of misstatements at current year marginal rate							0%	0			0	
Uncorrected misstatements in income tax								0			0	
Cumulative effect of uncorrected misstatements after tax but before turnaround							0.0%	0			383,519	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements											383,519	
Adjusted misstatements (Note 2)											0	
Cumulative effect of uncorrected misstatements, after turnaround effect							0.0%	0			383,519	
Current year income before tax											87,308,966	
Current year income after tax											87,308,966	

A – Management Representations Letter, continued

Guam Department of Education
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APPENDIX B – Summary of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements												
Entity: <u>Guam Department of Education - Federal Grants Fund</u>		Period Ended: <u>31-Sep-2024</u>		Currency: <u>USD</u>								
No.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/Credit										
		Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period	Income statement effect of the current period	Income statement effect of the prior period			
		Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit	Debit/Credit	Debit/Credit	Debit/Credit	Non-taxable		
Factual misstatements												
DAD 01 - PD	To record federal revenues in FY2023 which was collected and recorded only in FY2024. Revenues - Federal grants and contributions										11,875,870	X
Total of uncorrected misstatements before income tax											11,875,870	
Total of uncorrected misstatements											11,875,870	
Financial statement amounts		50,530,000	0	101,100,000	0	0	0	0	0	0	0	
Effect of uncorrected misstatements on FIS amounts		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Memo: Total of non-taxable items (marked "X" above)												
Uncorrected misstatements before income tax											11,875,870	
Less: Tax effect of misstatements at current year marginal rate											0	
Uncorrected misstatements in income tax											0	
Cumulative effect of uncorrected misstatements after tax but before turnaround											11,875,870	
Turnaround effect of prior period uncorrected misstatements											0	
All factual and projected misstatements - judgmental misstatements (Note 3):											1,825,870	
Cumulative effect of uncorrected misstatements, after turnaround effect											1,825,870	
Current year income before tax											0	
Current year income after tax											0	