

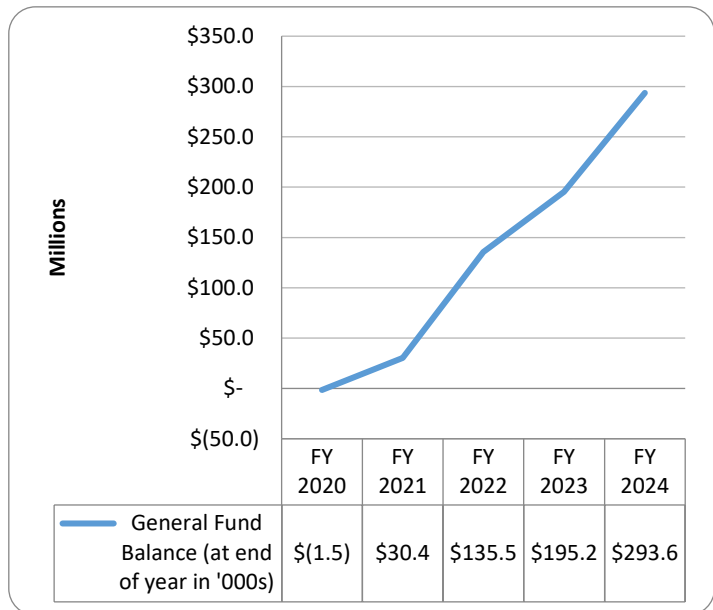


Financial Highlights
Government of Guam Financial Audit
Fiscal Year 2024

April 26, 2026

The Government of Guam (GovGuam)’s financial statements showed an upward trend in the Primary Government’s net position and the General Fund’s balance. For Fiscal Year (FY) 2024, the Primary Government’s net position ended with a positive change of \$121 million (M) and a year-end net position of negative \$2.14 billion (B), while the General Fund – GovGuam’s primary operating fund – had a surplus of \$98.41M that resulted in a fund balance of \$293.63M¹. The Administration cited “maximizing revenues, limiting expenditures, and replacing unfunded current obligations with bonded long-term debt” in contributing towards the improving trend in the fund balance since FY 2021. While financial results improved in FY 2024, GovGuam’s net position remains negative, reflecting a reduced cumulative deficit. See Figure 1.

Figure 1: General Fund (Fund Balance) - 5 Year Trend



A commentary on GovGuam’s compliance report and management letter is issued separately.

Continued Delay of Audit Issuance Contributes to Practice of Unbalanced Budgeting

As the Guam Financial Management Information System (GFMIS) was deployed in February 2024, the financial statements for FY 2024 were prepared, in part, with information derived from both the legacy AS400 system and the GFMIS. Independent financial auditors Ernst & Young LLP (EY) issued an unmodified or “clean” opinion on GovGuam’s financial statements; however, it has been one year and six months since FY 2024 ended on September 30, 2024, and over nine months since the statutory deadline of June 30, 2025. The delay was attributable in part to the late issuance of the FY 2024 financial audit reports for the Guam Department of Education in January 2026; and the shortage of qualified accounting professionals both in GovGuam and at the external auditors. GovGuam has engaged in discussions with EY and the United States (U.S.) Department of Interior to improve audit timeliness – an issue common with most U.S. territories and some states.

¹ Figure 1 reflects the trend in the General Fund balance, while the FY 2024 ending balance of \$759M reflects the combined ending fund balance reported for the year.

Due to the delay in audit issuance, the Guam Legislature – tasked with determining annual appropriations for GovGuam each fiscal year – has not had a clear reference for funds available for appropriation. For FY 2024, the Legislature adopted a General Fund revenue level of \$909.3M and made its initial appropriations based on that revenue adoption; however, the Guam Legislature passed 12 additional appropriations amounting to \$82M without adjusting the FY 2024 adopted revenues, leading to an unbalanced budget for that year. Such appropriations include funding provided for Guam Power Authority power credits under the Prugrâman Ayuda Para I Taotao-Ta Energy Credit Program; payment for merit bonuses owed to current and former GovGuam employees of the executive branch line agencies; administrative and operational costs for charter schools and the Guam Academy Charter School Council, and Guam Memorial Hospital Authority (GMHA); and coverage of credit card fees for individuals payors and Cost of Living Allowance payments for retirees through the Department of Administration.

The practice continued for the FY 2025 budget, with an adopted revenue level of \$994.8M and subsequent appropriations of \$15.3M without a corresponding increase to adopted revenues. From April to December 2025, the Guam Legislature passed four public laws (P.L.), which appropriated \$78.60M from the FY 2025 General Fund. Such appropriations comprised largely for funding provided to the University of Guam and GMHA for capital improvement projects and other related purposes.

The Guam Legislature passed P.L. 38-75 in October 2025, which appropriated \$13.1M from FY 2025 net unobligated excess revenue to the Department of Public Health and Social Services to fund the Supplemental Nutrition Assistance Program and Women, Infants, and Children program for the month of November in response to the U.S. federal government shutdown. P.L. 38-75 states that the appropriation shall be available until fully expended or until the federal government shutdown ceases and funding for the programs are released, whichever occurs first; however, the Guam Legislature later passed P.L. 38-124 in April 2026 to appropriate \$25M to support anticipated emergency response to Typhoon Sinlaku prior to its landfall in Guam, of which \$7.1M was earmarked from the remaining unused funds authorized from P.L. 38-75. As of the date of the issuance of the financial statements, GovGuam is unable to reasonably estimate the full financial impact of Typhoon Sinlaku on its future financial statements.

The treatment of subsequent appropriations without a corresponding adjustment to the fund balance, along with the authorization of prior year budgetary lapses without stating the specified amount, will result in an instability in government finances due to the risk of arbitrarily appropriating already appropriated fund balances. This approach is not considered prudent financial practice and is not adopted by the federal or other state governments. The Administration is continuously monitoring budgetary fund allocations to ensure that the net unassigned fund balance of the General Fund does not fall into a deficit.

Increase in Overall Primary Government Revenues

Total revenues for the Primary Government – comprising of program and general revenues derived from taxes and federal assistance – increased by \$283.92M from \$1.96B in FY 2023 to \$2.25B in FY 2024. The increase is primarily due to the reclassification of Medical and Dental Self-Insurance as business-type activities for FY 2024, which resulted in an additional \$162.58M in program revenues for the Primary Government which were previously accounted for as separate Funds in FY 2023. Net increases to total revenues of \$283.92M were greater than the \$78.97M increase in total Primary Government expenses for FY 2024, which contributed to the reduction in the Primary Government activities’ negative net position from \$2.26B in FY 2023 to \$2.14B in FY 2024.

Primary Government program revenues – comprising of Charges for Services and Operating Grants and Contributions for governmental activities – decreased by \$34.59M from \$932.53M in FY 2023 to \$897.94M in FY 2024; however, Primary Government general revenues – comprising of taxes, investment earnings, and other – increased by \$155.93M from \$1.03B in FY 2023 to \$1.19B in FY 2024. Significant changes in the Primary Government’s program and general revenues are as follows:

Table 1: Significant Changes in Primary Government Revenues (Program and General)

↓ Decreases	↑ Increases
↓ \$45.76M in general government program revenues	↑ \$65.77M in Income Tax general revenues
↓ \$32.66M in public health program revenues	↑ \$65.68M in public education program revenues
↓ \$13.58M in economic development program revenues	↑ \$43.08M in Gross Receipts Tax (GRT) general revenues
↓ \$10.63M in community services program revenues	↑ \$39.80M in other general revenues
	↑ \$16.69M in individual and collective rights program revenues

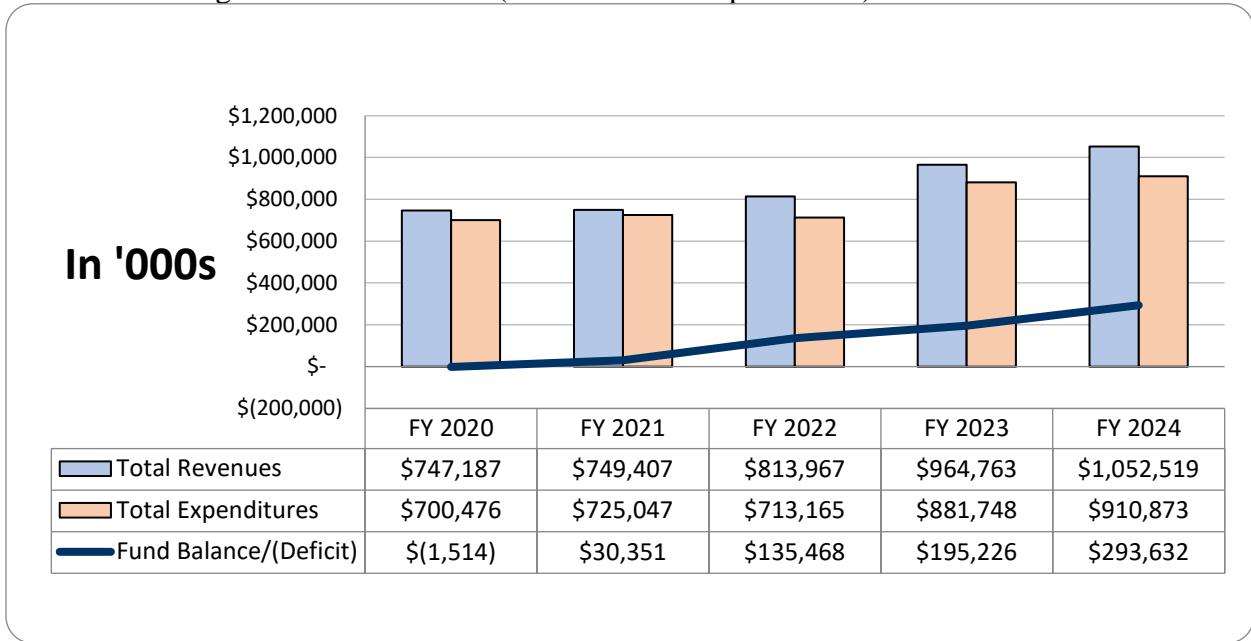
Increase in General Fund Expenditures

Expenditures for the General Fund increased by \$29.12M from \$881.75M in FY 2023 to \$910.87M in FY 2024. Most of the expenditure categories increased, with significant increases in:

- Payments to the GMHA by \$38.28M from \$26.26M in FY 2023 to \$64.54M in FY 2024.
- Principal retirement of debt service by \$21.52M from \$22.78M in FY 2023 to \$44.30M in FY 2024.
- Public Health expenditures by \$11.70M from \$9.32M in FY 2023 to \$21.02M in FY 2024.

Conversely, Public Education expenditures decreased by \$50.53M from \$225.95M in FY 2023 to \$175.42M in FY 2024. The increase in total General Fund expenditures of \$29.12M was less than the increase in its total revenues of \$87.86M. This contributed to the increase in the General Fund’s Change in Fund Balance to \$98.41M in FY 2024, compared to \$59.76M in FY 2023, and the General Fund’s increased ending fund balance for FY 2024 to \$293.63M compared to \$195.23M in FY 2023. See Figure 2.

Figure 2: General Fund (Revenues and Expenditures) - 5 Year Trend



General Fund Actuals More Than Budget

The General Fund Actual Net Change in Fund Balance for FY 2024 was \$42.53M or \$83.19M more than the final budgeted amount at negative \$40.67M. Significant differences between budget and actual amounts were from:

- \$80.59M increase in Income Tax, with a \$412.47M final budget vs. \$493.06M actual.
- \$72.81M increase in Gross Receipts, with a \$357.50M final budget vs. \$430.31M actual.
- \$37.48M decrease in Other revenues, with a \$68.58M final budget vs. \$31.10M actual.
- \$34.50M increase in Payments to Component Units for Retiree Healthcare Premiums, with a \$39.93M final budget vs. \$74.43M actual.
- \$21.71M increase in Transfers Out to the GMHA Pharmaceutical Fund, representing the actual amount vs. no budgeted total.

These variances reflect differences between the amounts projected and actual collections and expenditures.

Medical and Dental Self-Insurance Funds

FY 2024 represents the first full year in which GovGuam’s Medical and Dental Self-Insurance activities were recorded as a business-type activity (proprietary fund), which affects comparability with prior years and reflects a change in financial reporting presentation. The funds account for the costs of providing services to the employees, retirees and dependents of GovGuam and are intended to be self-sustaining through charges to contributing participants based on the determined rates that cover anticipated claims, administrative costs, and reserves for future claims. Premiums are recognized as revenue in the period for which coverage is provided. Claims and related expenses are recorded when the loss is incurred; including an estimate for claims that have been incurred but not reported.

The Medical and Dental Self-Insurance Funds ended with a combined positive net position of \$6.02M for FY 2024. Revenues of \$173M came from Charges for Services from beneficiaries and their employer contributions to the plan. The Government spent \$10M on dental and \$146.6M on medical costs. In July 2025, the OPA initiated a request for proposal for an independent financial audit of the self-insurance plan for FYs 2024, 2025 and 2026.

Decrease in Federal Grants Assistance Fund Revenues

The Federal Grants Assistance Fund – a Special Revenue Fund that accounts for U.S. federal assistance grants and contracts used by GovGuam to finance general governmental operations and provide services – reported an ending fund balance for FY 2024 of \$553 thousand (K), which is an increase of \$163K from \$390K in FY 2023. Intergovernmental revenues decreased by \$36.13M from \$579.24M in FY 2023 to \$543.11M in FY 2024. The decrease in revenues was primarily due to an overall decrease in federal grants as pandemic-era grants started closing out. As federal expenses are the primary driver for revenues, there was a corresponding decrease of \$11.32M in expenditures from \$592.65M in FY 2023 to \$581.33M in FY 2024. Expenditures for Community Services and GMHA payments decreased by \$10M each while being offset by a \$14M increase in Individual and Collective Rights.

As of September 30, 2024, the Federal Grants Assistance Fund owes the General Fund \$87.1M, which is a \$28.59M increase from \$58.51M in FY 2023. Correspondingly, the General Fund owes the Federal Grants Assistance Fund \$6.6M.

Decrease in ARPA Assistance Fund Revenues

The ARPA Assistance Fund – a Special Revenue Fund that accounts for federal assistance grants under the American Rescue Plan Act (ARPA) of 2021 – reported a combined ending fund balance for FY 2024 of \$23.97M, an increase of \$11.96M from \$12.01M in FY 2023. Intergovernmental revenues decreased by \$36.90M from \$79.19M in FY 2023 to \$42.29M in FY 2024. The decrease was due primarily to an overall exhaustion of ARPA grants as the period of performance has started close out. Like the Federal Grants Assistance Fund, federal expenses are the primary driver for revenues. There was a corresponding decrease in ARPA expenditures of \$35.87M.

The ARPA funding was to be obligated by December 2024 and must be expended by December 2026. As of September 30, 2024, the ARPA Assistance Fund owes the General Fund \$32.30M. This is a \$4.7M increase from \$27.61M in FY 2023.

A pending legal dispute between the Elected Attorney General (AG) and the Governor of Guam may affect the use of certain federal funds. The AG is suing the Governor to stop the Governor from using over \$100M in Federal ARPA funds for a Medical Campus in Mangilao, claiming that it violates the Organic Act of Guam. The Governor argues that the lawsuit jeopardizes federal funds and interferes with her Organic Duty over public welfare. The outcome remains uncertain as of the report date, but could result in over \$100M loss of federal funds since the funds cannot be reallocated after December 2024.

Debt Under Ceiling

The Organic Act set the debt ceiling limitation (public indebtedness) of GovGuam not to exceed 10% of the aggregate tax value or assessed value of property in Guam. GovGuam’s total debt outstanding that is subject to the debt ceiling was at \$881.18M as of September 30, 2024. The ceiling was at \$1.40B as of October 30, 2024, when the property assessment was certified.

Increase in Special Revenue Funds Fund Balance

Special Revenue Funds are used to account for specific revenues sources for restricted purposes. The total net change in fund balances for GovGuam’s Special Revenue Funds for FY 2024 was \$61.42M; however, as of February 2024, there is a projected shortfall in Special Revenue Funds amounts of \$23M for FY 2026. There were 13 Special Revenue Funds which had significant changes in their individual fund balances:

Table 2: Excerpt of Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit) - Special Revenue Funds

Statement Line Item	Totals
Total revenues	\$246,226,580
Total expenditures	\$190,587,008
Excess (deficiency) of revenues over (under) expenditures	\$55,639,572
Total other financing sources (uses), net	\$5,778,723
<i>Excerpt of select Special Revenue Funds with changes in fund balances (deficit) over \$1M</i>	
<i>Ordot Dump Reserve</i>	\$30,715,554
<i>Territorial Highway</i>	\$9,663,700
<i>Territorial Educational Facilities</i>	\$8,726,048
<i>Solid Waste Operations</i>	\$3,169,051
<i>Guam Ancestral Land Bank</i>	\$2,420,562
<i>Customs, Agriculture and Quarantine Inspection Services</i>	\$2,231,895
<i>Workman’s Compensation</i>	\$1,825,335
<i>Guam Invasive Species Inspection Fee</i>	\$1,363,560
<i>Recycling Revolving</i>	\$1,192,305
<i>Land Survey Revolving</i>	(\$1,136,857)
<i>Manpower Development</i>	(\$1,370,572)
<i>Enhanced 911 Emergency Reporting System</i>	(\$1,696,392)
<i>Community Health Centers</i>	(\$4,037,123)
Total net change in fund balances (deficit) [all Special Revenue Funds]	\$61,418,295
Fund balances (deficit) at beginning of year	\$102,279,258
Fund balances (deficit) at end of year	\$163,697,553

For more details, please refer to GovGuam’s FY 2024 Financial Statements, Reports on Compliance, Management Letter, and The Auditor’s Communication With Those Charged With Governance at www.opaguam.org.