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FOR IMMEDIATE RELEASE

GDOE ACHIEVES EIGHTH CONSECUTIVE CLEAN AUDIT

In line with the requirements set forth by the Office of Public Accountability (OPA) and the U.S. Department of Education (ED), the Guam Department of Education (GDOE) issued its earliest financial and Single Audits with clean opinions since Fiscal Year (FY) 2003. As part of the specific conditions imposed on the GDOE as a “high-risk” grantee, the GDOE is required to issue its audit report nine months after fiscal year end. The FY 2020 audit was issued within six months where independent auditors Deloitte & Touche, LLP rendered clean opinions on both the financial and Single Audits.

The FY 2020 audit marks GDOE’s eighth consecutive year with unmodified (clean) audit opinions on its financial statements and compliance over major federal program requirements, demonstrating the department’s sustained commitment to fiscal responsibility and improved audit performance. GDOE has worked hard over the past decade to sustain operational improvements and strong internal controls as it works toward relief of its specific conditions and high-risk designation.

“I am proud that we have been able to continue our progress with an eighth straight year of clean audit opinions,” said GDOE Superintendent Jon Fernandez. “To achieve this performance for the largest agency in our government shows our commitment to safeguarding and effectively managing the local and federal dollars that are provided to us by taxpayers here and abroad. This is due to the hard work of our GDOE managers and staff who take pride in being part of an agency that prioritizes accountability and continuous improvement.”

GDOE closed FY 2020 with a \$601,000 governmental fund deficit, primarily due to a \$7.9 million increase in revenues from federal grants and contributions. Local appropriations for the year overall decreased by \$2.6 million. Had the local appropriation level not decreased, the GDOE would have ended with a positive fund balance. The GDOE’s governmental fund revenues (including federal grants) totaled \$320.5 million in FY 2020 or \$5.5 million more than \$315 million received in FY 2019.

GDOE’s governmental fund expenditures totaled \$319.6 million in FY 2020 or \$900,000 less than the \$318.7 million expended in FY 2019. This decrease is primarily due to the separation of the charter schools’ financial reporting (i.e. Guahan Academy, iLearn Academy, and Science is Fun and Awesome Learning Academy) from GDOE. Excluding the charter schools, the GDOE’s governmental fund expenditures were \$9.9 million more than \$309.6 million expended in FY

2019, primarily due to a \$7.9 million increase in supplies expenditures under the Federal Grants Assistance Fund.

Although the GDOE maintained its clean audit opinions, the GDOE's external auditors identified two significant deficiencies in internal controls over major federal programs. The deficiencies were relative to equipment and real property management, capital assets, and unrecorded expenditures. GDOE agreed with the findings and is in the process of implementing corrective actions to prevent repeat findings in next year's audit.

The GDOE's financial position was affected by the COVID-19 pandemic. However, due to the uncertainty of the duration of the state of emergency, the GDOE is unable to reasonably estimate the pandemic's total financial impact. The GDOE received additional federal funding totaling \$45.4 million during FY 2020 under the Coronavirus Aid, Relief, and Economic Security Act. Another \$161 million of federal funding was added to date and to assist Guam in its pandemic response. The receipt of these significant amounts of federal funding brings forth increased reporting standards and greater accountability of the federal awards to GDOE.

“Our GDOE team continues to prove that we are consistent in managing our financial resources responsibly. This is another team accomplishment that we are all proud of,” said Guam Education Board (GEB) Mark Mendiola, who also chairs the GEB's budget committee. “As we continue our fight to remove our federal high-risk designation and our special conditions, nothing speaks louder than an independent and clean audit report, which shows that we are able to be accountable for the funds entrusted to our department. I want to thank the superintendent, his management team, our internal auditors and financial staff, and all of the employees throughout the department who have played a role in helping us to achieve another year of progress and strong performance.”

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