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Guahan Academy Charter School – FY 2021 Financial Highlights

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Hagåtña, Guam – The Office of Public Accountability has released the Guahan Academy Charter School’s (GACS) fiscal year (FY) 2021 financial statements, report on compliance and internal control, and the auditor’s communication with those charged with governance. GACS ended FY 2021 with a positive net position of \$2.64 million (M), a \$2.31M increase from FY 2020’s net position of \$325 thousand (K). This was attributed to debt forgiveness, federal grants, non-cash donations, and funding received for textbooks. Independent auditors Deloitte and Touche LLP rendered a clean opinion on GACS’ financial statements.

GACS Continues to be Dependent on the Government of Guam (GovGuam)

Independent auditors have again emphasized GACS’ ability to sustain their operations as they continue to be dependent on sufficient GovGuam appropriations. For FY 2021, GACS received a total of \$4.35M in appropriations and had a total enrollment of 767 students. This is the highest number of students enrolled and is 27 students above the authorized level of 740 students per school year. The total number of approved student enrollment has remained unchanged since FY 2017. As such, GACS proposes increasing the authorized student enrollment to 765 for FY 2023.

Budget	FY 2019	FY 2020	FY 2021
Enrolled Students	740	740	740
Cost per Enrollee	\$6.08 K	\$6.15 K	\$6 K
GovGuam Funding	\$4.51 M	\$4.55 M	\$4.44 M
<i>Actual</i>			
Enrolled Students	740	750	767
Cost per Enrollee	\$6.23 K	\$7.51 K	\$7.09 K
GovGuam Funding	\$3.84 M	\$4.55 M	\$4.35 M
In-Kind (Non-cash) Contributions	\$766.9 K	\$1.08 M	\$1.08 M

In addition to the per-pupil appropriation, GACS was allowed the use of Buildings C, D, and E in Tiyan, which has a fair market value of \$935K and equipment rental totaling \$132K, at no cost. Unlike other charter schools, GACS does not have to use its per-pupil appropriation for rental expenses. GACS records this as an in-kind (non-cash) contribution from GovGuam based on an August 2013 Memorandum of Agreement (MOA) between GovGuam and GACS for the use of the Tiyan campus. The MOA is set to expire in June 2023. With a total of \$5.44M in funding, GACS’ cost per student for FY 2021 amounted to \$7.09K per student.

Prior Year Obligations

The Guam Legislature passed Public Law (P.L.) 35-29, P.L. 35-36, P.L. 35-99, and P.L. 36-54 authorizing the Charter schools to pay their prior year obligations using their current appropriations. GACS received \$1.87M for its prior year obligations from the Department of Administration and the Guam Academy Charter School Council. These funds were used to pay off outstanding vendor payables that were settled during FY 2021, including \$294K paid to Rex International, Inc. for construction services, \$600K paid to U-One Ludixell, LTD for furnishing

all materials necessary to complete the project, and \$538K paid to George Cruz for land purchased to build a new campus.

GACS is currently in a settlement discussion to resolve a third vendor liability. Per discussion with GACS management, the total amount received to pay off vendor payables and long-term debt is included as part of GACS' FY 2021 appropriations.

Revenues Increase and Expenses Decrease

GACS' FY 2021 total revenues of \$7.1M increased by \$1.29M (or 22%) compared to \$5.76M in FY 2020. This is mainly due to the recording of debt forgiveness of \$1M and Education Stabilization Fund I Grant of \$549K, which was offset by the decrease in per-pupil allocation of \$197K.

FY 2021 total expenses of \$4.74M decreased by \$58.33K (or 1.21%) compared to \$4.80M in FY 2020. This was attributed mainly to the 37% decrease in GACS' contractual services expenses, which went from \$472K in FY 2020 to \$297K in FY 2021.

New Campus for Up to 1,000 Students, Administration, and Support Staff

GACS has proposed a facility expansion plan, which intends to consolidate the organization's facilities, minimize costs, and expand its enrollment capacity. The project includes a permanent campus to provide school facilities for up to 1,000 students, administration, and support staff. GACS is looking forward to starting this project by FY 2023 or FY 2024.

Report on Internal Control

Two deficiencies in internal controls reported in the FY 2020, 2019, and 2018 audits remain unresolved. These relate to allowing a Parent Teacher Organization to operate inside the premises without demonstrating good standing with the Department of Revenue and Taxation and fundraising activities initiated without a central approval process. GACS is expected to address and correct these findings in FY 2022.

For a detailed discussion on GACS' operations, refer to the Management's Discussion and Analysis or view the reports in their entirety on our website at www.opaguam.org.