



OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Guam Public School System's FY 2008 Payroll Analysis
Report No. 08-03, June 2008

Although actual General Fund revenues will control what the Guam Public School System (GPSS) receives in FY 2008, Public Law (P.L.) 29-19 authorized \$157.2 million for GPSS personnel expenditures and an additional \$1.2 million for salary increments and teacher reclassifications for fiscal years 2006 and 2007. GPSS' cash disbursement schedule for FY 2008, dated December 6, 2007, totaled \$173.1 million for payroll and operating expenditures.¹ Of this schedule, GPSS allotted \$151.4 million to payroll, which was \$7 million less than the authorized \$158.3 million.

According to GPSS, as of April 2008, \$88.9 million was expended for locally-funded personnel and 10 special payroll runs were processed for salary increments and teacher reclassifications. The increments and reclassifications totaled \$1,859,219 (local funds only) and exceeded the authorized \$1.2 million by \$659,219. The difference was funded with FY 2008 personnel appropriations. According to the GPSS Comptroller, the total needed for salary increments and reclassifications is unknown at this time.

Notwithstanding any pending reclassifications,² GPSS' remaining \$59.2 million authorization for personnel should be sufficient for the remainder of the fiscal year. We estimate GPSS will have a \$7.6 million³ surplus in its personnel budget. Although we did not find any provision in P.L. 29-19 that allows GPSS to utilize the excess payroll appropriations for other operational needs, the 29th Guam Legislature introduced Bill 268, which would allow GPSS to transfer funds between appropriations made in P.L. 29-19. Given all the other obligations of GPSS, we support Bill 268 since GPSS may need to utilize its estimated surplus for other obligations, such as contractual, past retirement fund, and utility payments.

The Department of Administration (DOA) has not provided GPSS with the amount of cash requested for payroll because the GPSS cash disbursement schedule usually exceeds actual expenditures. DOA faces a number of fiscal challenges, including how to manage its limited cash resources in the face of the \$524 million deficit as of FY 2006. Despite these deficit challenges, DOA has done its utmost to ensure that GPSS receives sufficient cash to meet its biweekly payroll and other major obligations. DOA is to be commended for their prudent fiscal management efforts to provide cash to GPSS and other government of Guam functions.

Doris Flores Brooks, CPA, CGFM
Public Auditor

¹ The authorized \$1.2 million was not included in the GPSS cash disbursement schedule.

² This projected surplus is based on the amount appropriated and is not based on GPSS' cash disbursement submission.

³ \$158.3 million authorized for personnel expenditures *less* estimated \$150.7 million (\$94.9 million actual personnel expenditures through May 2, 2008 plus \$55.8 million estimated personnel expenditures through September 30, 2008, salary increments, reclassifications, and personal leave payments) *equals* \$7.6 million surplus. See Table 1 in the report for details.