

April 12, 2021

The Board of Trustees
Guam Memorial Hospital Authority

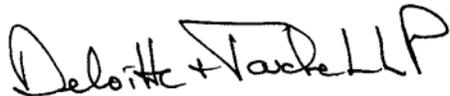
Dear Members of the Board of Trustees:

We have performed an audit of the financial statements of the Guam Memorial Hospital Authority (the Authority) as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated April 12, 2021.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Authority is responsible.

This report is intended solely for the information and use of management, the Board of Trustees, the Office of the Public Accountability of Guam and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Yours truly,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

cc: The Management of Guam Memorial Hospital Authority

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated September 9, 2020, a copy of which has been provided to you. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the Authority's financial statements for the year ended September 30, 2020 (the "financial statements"), in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") in all material respects, and to perform specified procedures on the required supplementary information for the year ended September 30, 2020;
- To express an opinion on whether the supplementary information that accompanies the financial statements, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements taken as a whole;
- To report on the Authority's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2020, based on an audit of financial statements performed in accordance with standards applicable to financial audits contained in generally accepted government auditing standards; and
- To report on the Authority's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Trustees are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Trustees of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

We also considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of the Authority's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES

The Authority's significant accounting policies are set forth in Note 2 to the Authority's 2020 financial statements. During the year ended September 30, 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

We have evaluated the significant qualitative aspects of the Authority's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events.

Significant accounting estimates reflected in the Authority's 2020 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based on management's evaluation of the collectability of current accounts and historical trends, management's estimate of the provision for inventory obsolescence, which is determined based on management's evaluation of the inventory's realizable value, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2020, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendix B and Appendix C to Attachment I, a summary of uncorrected misstatements and a summary of disclosure items passed, respectively, that we presented to management during the current audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

MATERIAL CORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The material misstatements listed as Appendix A to Attachment I were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period.

OTHER INFORMATION IN THE ANNUAL REPORTS OF THE AUTHORITY

When audited financial statements are included in documents containing other information such as Annual Reports, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that the Authority issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in the Authority's 2020 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Trustees.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Authority's 2020 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2020.

SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board of Trustees.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Authority's management and staff and had unrestricted access to the Authority's senior management in the performance of our audit.

EMPHASIS OF MATTERS

Going Concern

The accompanying financial statements have been prepared assuming that GMHA will continue as a going concern. As discussed in Note 15 to the financial statements, GMHA has incurred recurring losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COVID-19

As discussed in Note 16 to the financial statements, GMHA determined that the COVID-19 pandemic may negatively impact its business, results of operations and financial position. However, due to uncertainty surrounding the duration of the pandemic, GMHA is unable to reasonably estimate its ultimate financial impact.

Our opinion is not modified with respect to these matters.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the Authority's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the Authority is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

CONTROL-RELATED MATTERS

We have issued a separate report to you, also dated April 12, 2021, on the Authority's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. Within that report, we noted certain matters that were considered to be material weaknesses under standards established by the American Institute of Certified Public Accountants.

We have communicated to management, in separate letters also dated April 12, 2021, certain deficiencies and other matters related to the Authority's internal control over financial reporting and to the Authority's internal control over its information technology environment that we identified during our audit.



Although we have included management's written responses to our comments, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.



GUAM MEMORIAL HOSPITAL AUTHORITY

ATURIDĀT ESPETĀT MIMURIĀT GUĀHĀN

850 Governor Carlos Camacho Road, Tamuning, Guam 96913
Operator: (671) 647-2330 or 2552 | Fax: (671) 649-5508



April 12, 2021

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning GU, 96913

We are providing this letter in connection with your audits of the financial statements of the Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam (GovGuam), as of September 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise GMHA's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations and changes in net position, and cash flows of GMHA in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the basic financial statements of financial position, results of operations, and cash flows, in conformity with GAAP.
- b. The design, implementation, and maintenance of internal control:
 - Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - To prevent and detect fraud
- c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for a stand-alone business-type activities governments obtained from the Government Finance Officers Association. Additionally, we agree to the recorded adjustments included in Appendix A.

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.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with GAAP. In addition:
 - a. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
 - b. Deposits are properly classified in the category of custodial credit risk.
 - c. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
 - d. Required supplementary information is measured and presented within prescribed guidelines.
 - e. Other supplementary information is measured and presented within prescribed guidelines.
 - f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
 - g. Revenues and expenses are appropriately classified in the statements of revenues, expenses and changes in net position within operating revenues, operating expenses, non-operating revenues and expenses.
2. GMHA has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. GMHA has made available to you:
 - a. All minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared. The following details the summary of minutes:

<u>Name</u>	<u>Date</u>	<u>Name</u>	<u>Date</u>
Regular Meeting	November 6, 2019	Regular Meeting	July 29, 2020
Regular Meeting	December 11, 2019	Special Meeting	August 17, 2020
Regular Meeting	January 29, 2020	Regular Meeting	September 2, 2020
Regular Meeting	February 26, 2020	Regular Meeting	September 30, 2020
Special Meeting	March 12, 2020	Regular Meeting	October 14, 2020
Regular Meeting	April 8, 2020	Regular Meeting	October 28, 2020
Regular Meeting	April 28, 2020	Regular Meeting	November 9, 2020
Regular Meeting	May 27, 2020	Regular Meeting	November 25, 2020
Regular Meeting	June 24, 2020	Regular Meeting	December 9, 2020
Special Meeting	July 12, 2020	Regular Meeting	January 13, 2021

- b. All financial records and related data for all financial transactions of GMHA and for all funds administered by GMHA. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by GMHA and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
- c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

- d. Third-party payor reports and information.
4. There has been no:
 - a. Action taken by GMHA management that contravenes the provisions of federal laws and Guam laws and regulations, or of contracts and grants applicable to GMHA except as discussed in the Schedule of Findings and Questioned Costs section of your Independent Auditors' Reports on Internal Control and on Compliance.
 - b. Communication from regulatory agencies concerning noncompliance with laws and regulations (including those related to the Medicare and Medicaid antifraud and abuse statutes) or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
 5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.
 6. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we identified certain disclosures that, although required by GAAP, have been omitted from our financial statements. Those omitted disclosures that are regarded as more than clearly trivial are attached as Appendix C. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.
 7. GMHA has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in GMHA and do not believe that the financial statements are materially misstated as a result of fraud.
 8. We have no knowledge of any fraud or suspected fraud affecting GMHA involving:
 - a. Management.
 - b. Employees who have significant roles in internal control over financial reporting.
 - c. Others, where the fraud could have a material effect on the financial statements.
 9. We have no knowledge of any allegations of fraud or suspected fraud affecting GMHA's financial statements communicated by employees, former employees, analysts, regulators, or others.
 10. There are no unasserted claims or assessments that we are aware of that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*. Management is of the opinion, based on discussions with applicable legal counsel, that adequate provision has been made in the financial statements for unasserted claims or assessments and we do not believe that resolution of these matters will have material impact on the financial statements.

12. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified and disclosed all of GMHA's government programs and related activities subject to the OMB Uniform Guidance compliance audit. In addition, we have accurately completed the appropriate sections of the data collection form.
13. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance, and provisions of grants and contracts relating to GMHA's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. GMHA is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
14. We have informed you of all investigations or legal proceedings that have been initiated during the year ended September 30, 2020 or are in process as of September 30, 2020.
15. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its federal programs.
16. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
17. No events have occurred subsequent to September 30, 2020 that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.
18. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2020.
19. No changes in internal control over compliance or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by GMHA with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to September 30, 2020.
20. Federal awards expenditures have been charged in accordance with applicable cost principles.
21. GMHA has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by local, state, or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by local, state, or federal law.

22. Money or similar assets handled by GMHA on behalf of the Federal Government have been properly and legally administered, and the accounting and record keeping related thereto is proper, accurate, and in accordance with law.
23. The Reporting Package submitted to the Federal Audit Clearinghouse (FAC) as defined by the OMB Uniform Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information
24. We have disclosed all contracts or other agreements with service organizations
25. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal awards at those organizations.
26. We have:
 - a. Identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program under audit.
 - b. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal awards except as disclosed in the Schedule of Findings and Questioned Costs.
 - c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.
 - d. Made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through GMHA, as applicable.
 - e. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits, program reviews, or any communications from federal awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.
 - f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.
 - g. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

27. We are responsible for follow-up on all prior-year findings. We have prepared a summary schedule of prior-year findings by federal awarding agency and pass-through entity, including all management decisions, to report the status of our efforts in implementation of the prior-year's corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with OMB Uniform Guidance.
28. We are responsible for taking corrective action on audit findings and have developed a corrective action plan that meets the requirements of OMB Uniform Guidance. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.
29. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
30. No organizations were identified that meet the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity*.

Except where otherwise stated below, matters less than \$830,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

31. Except as listed in Appendices B and C, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
32. GMHA has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
33. Regarding related parties:
 - a. We have disclosed to you the identity of GMHA's related parties and all the related party relationships and transactions of which we are aware.
 - b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
34. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
 - b. The effect of the change would be material to the financial statements.

35. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
 - a. The concentration exists at the date of the financial statements.
 - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.
 - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
36. There are no:
 - a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Anti-Kickback Act, Limitation on Certain Physician Referrals (commonly referred to as the "Stark Law", and the False Claims Act), in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
 - c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.
 - d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as disclosed in Note 15 to the financial statements.
37. GMHA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
38. GMHA has complied with all aspects of contractual agreements that may have an effect on the financial statements except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.
39. No department or agency of GMHA has reported a material instance of noncompliance to us except for instances of noncompliance included in the Schedule of Findings and Questioned Costs.
40. Regarding required supplementary information:
 - a. We confirm that we are responsible for the required supplementary information.
 - b. The required supplementary information is measured and presented in accordance with the requirements of the Governmental Accounting Standards Board.
 - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

41. Regarding supplementary information:
- a. We are responsible for the fair presentation of the supplementary information in accordance with GAAP.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP.
 - c. The method of measurement and presentation of the supplementary information has not changed from those used in the prior period.
42. During fiscal year 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has elected to postpone implementation of these statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

43. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
44. Financial instruments with significant individual or group concentration credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
45. GMHA has disclosed whether, subsequent to September 30, 2020, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.
46. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of programs administered by GMHA has been discovered.
47. In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of GovGuam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of GovGuam who earn a superior performances grade. The bonus is calculated at 3.5% of the employee's base salary beginning 1991. GMHA did not pay any bonuses pursuant to the law from 1991 through 2002. In 2003, GMHA adopted a merit system similar to the GovGuam merit system. GMHA has assessed the impact of the requirements of the law for fiscal years 1991 through 2020.

48. GMHA plans to take actions and measures to address losses from operations and negative cash flows from operations, which are intended to mitigate the relevant conditions or events that raise substantial doubt about GMHA 's ability to continue as a going concern within one year after the date that the financial statements are issued, believes that it is probable that those plans can be effectively implemented and that such plans will mitigate the conditions or events that raise substantial doubt. Note 15 to the financial statements discloses all the matters of which we are aware that are relevant to GMHA's ability to continue as a going concern, including principal conditions or events, management's evaluation of the significance of those conditions or events in relation to the GMHA's ability to meet its obligations, and management's plans that alleviated substantial doubt about the GMHA's ability to continue as a going concern
49. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
50. GMHA is responsible for determining and maintaining the adequacy of the allowance for accounts receivable, as well as estimates used to determine such amounts. Management believes that allowances are adequate to absorb currently estimated bad debts in the account balances.
51. The recorded valuation allowances for accounts receivable and settlements with third parties are necessary, appropriate, and properly supported. Provision has been made for estimated retroactive adjustments by third-party payors under reimbursement agreements.
52. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of GMHA and do not include any items consigned to it or any items billed to customers.
53. GMHA, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment. During the year ended September 30, 2019, GMHA recorded \$400,000 impairment loss for the Z-Wing portion of the Hospital, which was specifically determined to be unsafe for use. No additional impairment was recorded during the year ended September 30, 2020.
54. We believe that all expenditures that have been deferred to future periods are recoverable.
55. We have disclosed to you all additions or changes to the existing pension plan.
56. We agree with the findings of the experts contracted by the Government of Guam Retirement Fund and the Government of Guam Department of Administration for the actuarial evaluations of the Government of Guam's retirement plan, postretirement liabilities and other post-employment benefits (OPEB). We did not give any instructions, nor cause any instructions to be given, to management's experts with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's experts.

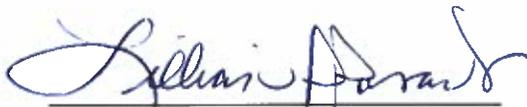
57. We believe that the actuarial assumptions and methods used to measure pension and postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.
58. We believe that the actuarial assumptions and methods used to measure other post-employment benefit liabilities are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.
59. We have no intention of terminating our participation in the Government of Guam Retirement plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension plans to which we contribute.
60. All additions to GMHA's property accounts consist of replacements or additions that are properly capitalizable.
61. There were no items of physical property contained in the property accounts of GMHA that were either (a) abandoned or (b) out of service and not regarded as either (i) standby property or equipment or (ii) property held for use only temporarily out of service.
62. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.
63. Accrual for losses from malpractice, workers compensation, and other types of self-insured risk, including accruals for claims incurred but not reported have been properly recorded and disclosed in the financial statements.
64. While confirmation was not received from Fisher and Associates, we acknowledge that GMHA is no longer involved with the attorney and that all cases previously handled have been transferred to the Office of the Attorney General.
65. In response to COVID-19 pandemic, GMHA has implemented staggered staffing to address social distancing and restricted visitation, elective and outpatient services. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Due to uncertainty, the accompanying financial statements do not reflect any adjustments which may ultimately arise from these matters.

66. On March 11, 2020, GMHA announced that insurance coverage under TakeCare Insurance Company, Inc. (TakeCare) was no longer accepted due to non-payment of past due accounts. TakeCare subscribers presenting themselves for treatment at the hospital were billed as self-paying patients. On April 13, 2020, TakeCare filed a government claim against GMHA alleging TakeCare overpaid GMHA by approximately \$6.3 million.

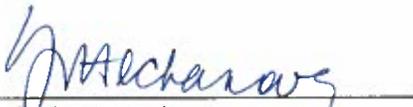
On September 9, 2020, GMHA and TakeCare entered into a Memorandum of Agreement (MOA) to have a third party reconcile claims with dates of service ending May 1, 2017. Upon signing the MOA, TakeCare made good faith payments of \$3,228,639 in September 2020 for claims with dates of service from January 1, 2018 to March 11, 2020, subject to reconciliation. In addition, GMHA resumed accepting insurance coverage under TakeCare. As of report date, the claims reconciliation being performed by a third-party firm is ongoing.

67. Except for matters discussed disclosed in Note 17 to the financial statements, no events have occurred after September 30, 2020, but before April 12, 2021, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

Very truly yours,



Ms. Lillian Perez-Posadas
Chief Executive Officer



Ms. Yukari Hechanova
Chief Financial Officer

APPENDIX A - POSTED ADJUSTMENTS AND FINANCIAL STATEMENTS RECLASSIFICATION ENTRIES

Audit Adjustments and Reclassifications

Journal Entries -CAJE

CO-Dept-Acct	Name	Debit	Credit
	1 CAJE To reverse accrual in August 2020		
1.02021.00000	TRADE PAYABLES	150,000.00	
1.08460.07700	UTILITIES-ELECTRICITY		150,000.00
		<u>150,000.00</u>	<u>150,000.00</u>
	2 CAJE To reclass GL accounts		
1.01241.00000	MOVABLE EQUIPMENT	15,211.54	
1.07011.09000	OTHER DIRECT EXPENSES		15,211.54
1.01241.00000	MOVABLE EQUIPMENT	410,706.00	
1.08480.06200	REPAIRS & MAINTENANCE		410,706.00
1.08480.09100	DEPRECIATION EXPENSE	61,605.90	
1.01291.00000	ACCUM DEPRECIATION-MAJOR MOVABLE		61,605.90
		<u>487,523.44</u>	<u>487,523.44</u>
	3 CAJE To record FY 2020 Revenue Accruals		
1.01023.00500	DUE FROM GOV GUAM	47,988.00	
1.05521.00001	GOV GUAM SUBSIDY		47,988.00
1.01023.00500	DUE FROM GOV GUAM	29,009.33	
1.08470.08500	TELEPHONE		420.00
1.08460.07700	UTILITIES-ELECTRICITY		11,232.00
1.08460.07900	UTILITIES-WATER		660.00
1.08440.04500	CLEANING SUPPLIES		16,697.33
		<u>76,997.33</u>	<u>76,997.33</u>
	4 CAJE To record FY 2020 Expense Accruals		
1.01081.00000	INVENTORY-GENERAL STORE (1310)	3,323.52	
1.06174.02500	REGISTRY NURSES	2,763.75	
1.07011.04900	OTHER MINOR EQUIPMENT	2.53	
1.07011.09000	OTHER DIRECT EXPENSES	386,931.97	
1.07460.02000	MEDICAL-PHYSICIANS	7,200.00	
1.07500.02600	OTHER CONTRACTED SERVICES	516.60	
1.07500.04100	OTHER CHARGEABLE MEDICAL SUPPLIE	79,930.90	
1.07500.04150	OTHER MEDICAL CARE MATERIALS & S	135.38	
1.07630.04100	OTHER CHARGEABLE MEDICAL SUPPLIE	1,801.60	
1.07770.04600	OFFICE & ADMINISTRATIVE SUPPLIES	49.60	
1.08400.07501	RENTAL/LEASE COPIER	1,207.35	
1.08460.06900	OTHER PURCHASED SERVICES	12,600.00	
1.08480.06200	REPAIRS & MAINTENANCE	7,000.00	
1.08480.06903	SOFTWARE SUPPORT	157,724.81	
1.08620.06900	OFFICE & ADMINISTRATIVE SUPPLIES	999.99	
1.08390.04600	OFFICE & ADMINISTRATIVE SUPPLIES	54.45	
1.02021.00000	TRADE PAYABLES		662,242.45
		<u>662,242.45</u>	<u>662,242.45</u>
	5 CAJE To take up CC payment		
1.08510.08700	OUTSIDE TRAINING SESSIONS	650.00	
1.02021.00000	TRADE PAYABLES		650.00
		<u>650.00</u>	<u>650.00</u>
	6 CAJE To record adjustments on federal grants		
1.01023.00500	DUE FROM GOV GUAM	2,941,190.92	
1.05521.00006	COMPACT IMPACT FUND		3,975.00
1.05521.00007	BIOTERRORISM GRANT		24,805.38
1.05521.00010	CARES ACT STIMULUS		2,912,410.54
1.02090.01000	DEFERRED REVENUES		6,069,645.17
1.05521.00010	CARES ACT STIMULUS	6,069,645.17	
		<u>9,010,836.09</u>	<u>9,010,836.09</u>

APPENDIX A - POSTED ADJUSTMENTS AND FINANCIAL STATEMENTS RECLASSIFICATION ENTRIES

Audit Adjustments and Reclassifications			
Journal Entries - AJE			
CO-Dept-Acct	Name	Debit	Credit
	1 AJE To adjust allowance		
1.05810.00010	CONTRACTUAL ADJUSTMENTS-MEDICARE		274,000.00
1.05810.00020	CONTRACTUAL ADJUSTMENTS-MEDICAID		2,913,000.00
1.05810.00060	CONTRACTUAL ADJUSTMENTS-SELECTCA	280,000.00	
1.05890.00080	BAD DEBTS - SELF PAY	1,818,000.00	
1.05810.00030	CONTRACTUAL ADJUSTMENTS-MIP		614,000.00
1.05810.00040	CONTRACTUAL ADJUSTMENTS-PACIFICA	4,577,000.00	
1.05810.00050	CONTRACTUAL ADJUSTMENTS-STAYWELL	164,000.00	
1.05810.00065	CONT ADJUSTMENT-AETNA		97,000.00
1.05810.00070	CONTRACTUAL ADJUSTMENTS-NETCARE	351,000.00	
1.05810.00090	CONTRACTUAL ADJUSTMENTS-OTHER	5,788,000.00	
1.01041.00000	ALLOW FOR CONTRACTUAL ADJ-MEDICA	274,000.00	
1.01042.00000	ALLOW FOR CONTRACTUAL ADJ-MEDICA	2,913,000.00	
1.01043.00000	ALLOW FOR CONTRACTUAL ADJ-MIP	614,000.00	
1.01044.00000	ALLOW FOR CONTRACTUAL ADJ-TAKECA		4,577,000.00
1.01045.00000	ALLOW FOR CONTRACTUAL ADJ-STAYWE		164,000.00
1.01046.00000	ALLOW FOR CONTRACTUAL ADJ-SELECT		280,000.00
1.01046.06500	ALLOW FOR CONTRACT ADJ-AETNA	97,000.00	
1.01047.00000	ALLOW FOR CONTRACTUAL ADJ-NETCAR		351,000.00
1.01049.00000	ALLOW FOR CONTRACTUAL ADJ-OTHER		5,788,000.00
1.01048.00000	ALLOW FOR CONTRACTUAL ADJ-SELF P		1,818,000.00
		<u>16,876,000.00</u>	<u>16,876,000.00</u>
	2 AJE To record GASB 68 and 73 at 09/30/2020		
1.02150.00000	DEFERRED INFLOWS FROM PENSION	1,120,400.00	
1.01500.00000	DEFERRED OUTFLOWS FROM PENSION	4,286,321.00	
1.02034.00000	NET PENSION LIABILITY		4,561,985.00
DT-04	Pension expense - Nursing		1,770,171.49
DT-05	Pension expense - Professional Support		771,744.99
DT-06	Pension expense - Amministrative Support		321,504.93
DT-07	Pension expense - Fiscal Services		286,074.98
DT-08	Pension expense - Administration		157,221.13
DT-09	Pension expense - Medical Staff		48,994.48
1.08814.00000	PENSION EXP (CONTRA DEFF OUTFLOW)	2,510,976.00	
		<u>7,917,697.00</u>	<u>7,917,697.00</u>
	3 AJE To record ad hoc COLA and supplemental benefits		
DTT .08411.00	Retiree Ad hoc COLA and supplemental benefits	1,651,428.00	
DTT .08412.00	Transfers from GovGuam - Ad hoc COLA and supplemental benefits		1,651,428.00
		<u>1,651,428.00</u>	<u>1,651,428.00</u>
	4 AJE To record GASB 75 at 09/30/2020		
1.01501.00000	DEFERRED OUTFLOWS OF RES-OPEB	29,571,998.00	
1.02033.00000	OPEB LIABILITY		48,680,218.00
1.02151.00000	DEFFERED OUTFLOWS OF RESOURCES	12,640,617.00	
DT-10	Retiree OPEB Expense	6,467,603.00	
		<u>48,680,218.00</u>	<u>48,680,218.00</u>
	5 AJE To adjust retiree healthcare costs		
1.08813.00000	RETIREE HEALTHCARE COSTS		285,218.73
1.05521.00003	TRANSFERS FROM GOVGUAM RET HEALT	285,218.73	
		<u>285,218.73</u>	<u>285,218.73</u>

APPENDIX A - POSTED ADJUSTMENTS AND FINANCIAL STATEMENTS RECLASSIFICATION ENTRIES

Audit Adjustments and Reclassifications			
Journal Entries - RJE			
CO-Dept-Acct	Name	Debit	Credit
1.02032.00000	1 RJE To reclassify current portion of annual leave ACCRUED ANNUAL LEAVE	1,777,757.00	
DTT .06212.00	ACCRUED ANNUAL LEAVE - CURRENT PORTION		1,777,757.00
		<u>1,777,757.00</u>	<u>1,777,757.00</u>
1.02920.00100	2 RJE To reclass reimbursements of expenses related to DOC DOA SUBSIDY	2,169,720.00	
DT-11	Other Revenue (DOC)		2,169,720.00
		<u>2,169,720.00</u>	<u>2,169,720.00</u>
1.01049.00000	3 RJE To reclass allowance for DOC receivables ALLOW FOR CONTRACTUAL ADJ-OTHER	1,719,042.12	
DT-13	ALLOW FOR CONTRACTUAL ADJ - DOC		1,719,042.12
		<u>1,719,042.12</u>	<u>1,719,042.12</u>
1.05650.00000	4 RJE To reclassify capital contributions DONATIONS	206,553.58	
DT-12	Capital Contributions		206,553.58
		<u>206,553.58</u>	<u>206,553.58</u>

APPENDIX B - UNPOSTED ADJUSTMENTS AND FINANCIAL STATEMENT RECLASSIFICATION ENTRIES

Misstatement Description	Type of Mistatement	Balance Sheet			Income Statement
		Assets Dr (Cr)	Liabilities Dr (Cr)	Net Position Dr (Cr)	Revenue Expenses Dr (Cr)
To reclassify estimated valid patient credit balances	Extrapolated	151,000	(151,000)		
To reduce accrued liability	Judgmental		560,000		(560,000)
		<u>151,000</u>	<u>409,000</u>	<u>0</u>	<u>(560,000)</u>

APPENDIX C - DISCLOSURE MISSTATEMENTS

Disclosure	Description of Disclosure Misstatement	Amount
Discrete Presentation of CU Financials	Inclusion of GMHVA financial statements	387,126
		<u>387,126</u>