

*The Auditor's Communication With Those Charged
With Governance*

Guam Community College
(A Component Unit of the Government of Guam)

Year Ended September 30, 2022





Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

August 22, 2023

Board of Trustees
Guam Community College
1 Sesame Street
Mangilao, Guam 96913

We have performed an audit of the financial statements of Guam Community College (“the College”), a component unit of the Government of Guam, and its discretely presented component unit as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated August 22, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, “*The Auditor’s Communication With Those Charged With Governance*”, and other applicable auditing standards.

This communication is intended solely for the information and use of the members of the Board of Trustees and management and the Office of Public Accountability of Guam, 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.

Very truly yours,

REQUIRED COMMUNICATIONS

Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the College's financial statements as of and for the year ended September 30, 2022.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the November 2022 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the College's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 1 of the financial statements.

We are not aware of any significant accounting policies used by the College in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor the College's operations. These budgets include determining how existing financial resources will be used in the College's operations.
- Evaluating whether there are indications that the carrying value of the College's long-lived assets is impaired.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

A discussion of related party relationships and transactions is included in footnote 9 of the financial statements. We noted no significant matters regarding the College's relationships and transactions with related parties.

Changes to the terms of the audit with no reasonable justification for the change

We are not aware of any matters that require communication.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by the College.

Difficult or contentious matters subject to consultation outside of the audit team

None.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No significant deficiencies and material weaknesses have been identified. We have identified certain deficiencies in the internal control during the course of our audit which have been included in our separately issued management letter dated August 22, 2023.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the November 2022 meeting and the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no material disagreements with the College's management on financial accounting and reporting matters during the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the College or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

Engagement team's involvement with preparation of the financial statements

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the College.
- The preparation of the financial statements is based on the College's trial balance with the understanding that underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete.
- The College's Vice President for Finance & Administration and Controller have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

Appendix

A – Management Representations Letter

Appendix A – Management Representation Letter



August 22, 2023

Ernst & Young LLP
Suite 201 Ernst & Young Building
231 Ypao Road,
Tamuning, Guam 96913

In connection with your audit of the financial statements of the Guam Community College (the College), and its discretely presented component unit, as of September 30, 2022 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the College and the respective changes in financial position and cash flows, where applicable, thereof in conformity with US generally accepted accounting principles (US GAAP).

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.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated November 9, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for 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. We have provided you with:

Appendix A – Management Representation Letter, continued

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the College from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2021 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the College's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit.

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

Appendix A – Management Representation Letter, continued

Minutes and contracts and internal audit reports

The dates of meetings of trustees and important management committees are as follows:

<u>Date Meeting</u>	<u>Type</u>
November 5, 2021	Board of Trustees Meeting
December 23, 2021	Board of Trustees Meeting
January 6, 2022	Board of Trustees Meeting
February 11, 2022	Board of Trustees Meeting
March 11, 2022	Board of Trustees Meeting
April 8, 2022	Board of Trustees Meeting
May 6, 2022	Board of Trustees Meeting
June 10, 2022	Board of Trustees Meeting
July 8, 2022	Board of Trustees Meeting
August 12, 2022	Board of Trustees Meeting
September 9, 2022	Board of Trustees Meeting
October 7, 2022	Board of Trustees Meeting
November 10, 2022	Board of Trustees Meeting
December 23, 2022	Board of Trustees Meeting
February 10, 2023	Board of Trustees Meeting
March 10, 2023	Board of Trustees Meeting
April 14, 2023	Board of Trustees Meeting
May 11, 2023	Board of Trustees Meeting
July 20, 2023	Board of Trustees Meeting

We have made available to you all minutes of the meetings of trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Ownership and pledging of assets

Except for right-to-use another entity's nonfinancial asset (the underlying asset), the College has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged [except as disclosed in the financial statements]. All assets to which the College has satisfactory title appear in the statement of net position.

Appendix A – Management Representation Letter, continued

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

Leases

Our calculation of the cumulative effect of initially applying GASB Statement No. 87—as amended that is reported as a restatement of beginning net position for the earliest period restated is in accordance with our accounting policies established under GASB Statement No. 87—as amended.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Long-lived assets to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

Appendix A – Management Representation Letter, continued

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended other than those disclosed in the financial statements.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed in the financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements other than those disclosed or accrued in the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statement of financial position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

There are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

At September 30, 2022, the College had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

Appendix A – Management Representation Letter, continued

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the College's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the College's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the College.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

Independence

We have communicated to you the names of the College's affiliates, officers and directors, or individuals who serve in such capacity for the College.

We are not aware of any business relationship between the College's and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the College's audit.

Conflicts of interest

There are no instances where any officer or employee of the College has an interest in a company with which the College does business that would be considered a "conflict of interest." Such an interest would be contrary to the College's policy.

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB), as discussed in Note 1.

Appendix A – Management Representation Letter, continued

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

The College is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statement is adopted.

Going concern

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis on pages 5 through 15, the schedule of proportionate share of net pension liability on pages 54, 56, and 58, the schedule of contributions on pages 55, 57, 59 and 61, and the schedule of proportionate share of other postemployment benefits liability on page 60, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the "supplementary information")

- Schedule 9 - Salaries and Wages (Cash Basis)
- Schedule 10 – Expenditures by Function and Object Code

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Appendix A – Management Representation Letter, continued

Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Amendment to the Building 100 lease agreement with the Guam Community College Foundation (the Foundation)

We have made available to you the amendment to the community facilities loan between the Foundation and the United States Department of Agriculture which reduced the annual loan repayment of the Foundation to \$200,400. The loaned amount was utilized by the Foundation in the construction of Building 100. Concurrently, the Foundation executed an agreement to lease Building 100 to the College. We are of understanding that such amendment to the loan is also the supporting documentation for the amendment reducing the annual lease payments of the College to the Foundation to \$200,400.

Additional representations

- We have followed all applicable laws and regulations in adopting, approving and amending budgets, deposits and investments, including collateral requirements on depository accounts and investments.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Risk disclosures associated with deposits and investment securities transactions are presented in accordance with GASB requirements.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

Other matters

We have received a draft copy of our financial statements as of and for the year ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,

Appendix A – Management Representation Letter, continued

- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

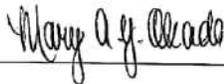
We have reviewed the draft financial statements for accuracy and completeness.

Subsequent events

Subsequent to September 30, 2022, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the College's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the College .

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the College and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Mary A.Y. Okada, Ed.D.
President



Rodalyn Gerardo, CPA, CGFM, CIA
Vice President for Finance & Administration



Edwin Limtuatco
Controller

Appendix A – Management Representation Letter, continued

Appendices

A – Schedule of Corrected Misstatements

B – Schedule of Uncorrected Misstatements

Appendix A – Management Representation Letter, continued

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Guam Community College

Period ended: 30-Sep-2022

Currency: Dollar

Corrected misstatements			Analysis of misstatements Debit/(Credit)								
No.	WP ref.	Account (misstatements are recorded as journal entries with a description)	Assets	Assets	Liabilities	Liabilities	Equity	Effect on the	Income statement effect		
			Current	Non-current	Current	Non-current	components	current period OCI	Debit/(Credit)	Non Taxable	
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			
AJE 01	LRE0130	To correct the GASB 67 adoption entry relative to Building 100 as a result of considering the lease commencement at 10/1/2021 rather than lease inception. Lease asset Lease liability Net position, at beginning of year		(1,250,300)		1,002		1,258,394			
AJE 02	VD100	To record retro healthcare costs, COLA, benefits paid by DGA on behalf of GCC Retiree Healthcare Costs COLA and Supplemental Benefits Government Appropriation								1,066,107 463,162 (1,731,269)	
AJE 03	P1100	To record pension adjustments in FY2022 Operating expenses Other non-operating income/expenses Deferred inflow of resources Deferred outflow of resources Net pension liability		(2,623,025)		(3,574,492)	7,956,677			(1,762,460)	
AJE 04	P2100	To record OPEB adjustments in FY2022 Operating expenses Other non-operating income/expenses Deferred inflow of resources Deferred outflow of resources Net OPEB liability		(2,730,562)		5,422,552	(5,109,755)			2,516,785	
AJE 05	C0100	To correct checks not released as of 09/30/2022 Cash Accrued payroll	260,528		(260,528)						
AJE 06	H0100	To correct investment value based on investment statement as of year-end Investment income/loss Investment		(98,457)						98,457	
AJE 07	K0110	To correct property, plant and equipment arising from incorrect posting of prior year adjusting entries Buildings Transfers Accumulated depreciation		(60,022)						89,661	
				(9,639)							

Form 430GL (3 August 2022)

Appendix A – Management Representation Letter, continued

Appendix A – Schedule of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Guam Community College Period ended: 30-Sep-2022 Currency: Dollar

Corrected misstatements		Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period
(misstatements are recorded as journal entries with a description)			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit) Non taxable
AJE 08	A4	To correct classification of federal grants and contracts							5,490,106
		Federal grants and contacts- operating							(4,086,083)
		Federal grants and contacts- nonoperating							(1,404,023)
		Federal capital grants							
Total of corrected misstatements before income tax			260,528	(6,810,101)	(256,526)	4,608,282	1,258,394	0	942,423
Financial statement amounts			26,460,575	61,960,400	(6,248,666)	(115,676,907)	31,504,792		(4,013,601)
Effect of corrected misstatements on F/S amounts			0.9%	-11.0%	4.2%	-4.0%	4.0%		-23.5%

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

Appendix A – Management Representation Letter, continued

Appendix B– Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Communication schedule for uncorrected misstatements											Income statement effect of the prior period		
Entity: <u>Guam Community College</u> Period Ended: <u>30-Sep-2022</u> Currency: <u>Dolla</u>											Prior period		
Uncorrected misstatements	No.	WP ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description.)</small>	Analysis of misstatements Debit/(Credit)						Income statement effect of the current period		Income statement effect of the prior period	
				Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Debit/(Credit)	Non-taxable	Debit/(Credit)	Non-taxable
				Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non-taxable	Debit/(Credit)	Non-taxable
Factual misstatements:													
PV S&D 01	AJ.2.1		To correct 2021 revenues (bootcamp services) that were only recorded in FY2022										
			Receivables									(71,322)	
			Other revenues										
SAD 01	LHE0120		To recognize lease accounts in accordance with GASB 87 for certain long-term equipment contracts.		202,196		(202,196)						
			Lease asset		202,196								
			Lease liability				(202,196)						
			Rent expense							(84,932)			
			Lease liability				44,932						
			Depreciation									57,776	
			Accumulated depreciation		(87,776)								
SAD 02	KB111		To adjust depreciation expense based on an independent recalculation.										
			Depreciation expense									(74,000)	
			Accumulated depreciation			74,000							
SAD 03	AJ.2.1		To reverse the internal revenues and costs										
			Indirect Costs									(155,430)	
			Administrative Recoveries (revenue)									155,430	
SAD 04	F1410		To record the understatement of deferred outflow of resources as a result of difference between actual and expected contributions		390,000								
			Deferred outflow of resources		390,000								
			Pension expense									(390,000)	

Appendix A – Management Representation Letter, continued

Appendix B– Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity:		Guam Community College		Period Ended:		30-Sep-2022		Currency:		(\$/USD)		Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1) <small>(misstatements are recast as journal entries with a description)</small>	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period			
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current		Equity components	Debit/(Credit)	Non-taxable	Prior period Debit/(credit)	Non-taxable	
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Non-taxable	Prior period Debit/(credit)	Non-taxable		
Judgmental misstatements:													
SAD 05	E0171	To adjust the balance for allowance for doubtful accounts for accounts receivable - others for balances in excess of 90 days outstanding								246,000			
		Revenue: Bad debts expense											
		Accounts receivable: Others - Allowance for bad debts	(246,000)										
Total of uncorrected misstatements before income tax			1,248,000	608,420	0	1,187,264	0	0	0	(205,160)			(71,522)
Total of uncorrected misstatements			(246,000)	608,420	0	1,187,264	0	0	0	(205,160)			(71,522)
Financial statement amounts			28,480,875	61,860,400	(6,243,868)	(115,676,807)	31,504,792			(4,013,861)			4,193,843
Effect of uncorrected misstatements on F/S amounts			0.9%	1.0%	0.0%	0.1%	0.0%			5.1%			1.7%
Memo: Total of non-taxable items (marked "X" above)										0			0
Uncorrected misstatements before income tax								5.1%		(205,160)			(71,522)
Less: Tax effect of misstatements at current year marginal rate								0%		0			0
Uncorrected misstatements in income tax										0			0
Cumulative effect of uncorrected misstatements after tax but before turnaround								5.1%		(205,160)			(71,522)
Turnaround effect of prior period uncorrected misstatements													
All factual and projected misstatements:										After tax			Memo: Before tax
Judgmental misstatements (Note 3):										71,522			71,522
Cumulative effect of uncorrected misstatements, after turnaround effect								3.3%		(133,638)			0
Current year income before tax										(4,013,861)			
Current year income after tax										(4,147,399)			

Appendix A – Management Representation Letter, continued



August 22, 2023

Ernst & Young LLP
231 Ypao Road
Suite 2021 Ernst & Young Building
Tamuning, Guam, 96913

We are providing this letter in connection with your audit of the federal award programs of Guam Community College (the College) as of and for the year ended September 30, 2022, which was performed in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure and we understand that the purpose of your testing of transactions and records from the College's federal programs was to obtain reasonable assurance that the College had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of its major programs.

In connection with your audit, we confirm, to the best of our knowledge and belief, the following representations:

1. We acknowledge our responsibility for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs. We are responsible for complying, and have complied, with the requirements of the Uniform Guidance.
2. We have 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 of the College's major federal programs.
3. We have identified and disclosed to you any changes to compliance requirements for any COVID-19 related awards.
4. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for any existing awards not due to additional COVID-19 funding.
5. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for existing awards due to those respective agencies' adoption of various COVID-19 related US Office of Management and Budget memoranda listed in Appendix VII of the OMB Compliance Supplement.

Appendix A – Management Representation Letter, continued

6. We have made available to you 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.
7. We have made available to you 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.
8. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
9. We acknowledge our responsibility for the design, implementation, and maintenance of internal control over compliance and have designed, implemented and maintained effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on the federal programs.
10. We have complied in all material respects with the requirements of the Uniform Guidance including with the direct and material compliance requirements, and with federal statutes, regulations, and the terms and conditions federal awards related to each of the federal programs, except for those findings disclosed in the Schedule of Findings and Questioned Costs and/or otherwise disclosed to you.
11. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
12. We are responsible for the presentation of the Schedule of Expenditures of Federal Awards ("the Schedule") in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the schedule, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the schedule from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the schedule.
13. We acknowledge that it is our responsibility for understanding and complying with the compliance requirements related to the preparation of the Schedule. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and have included in the Schedule all expenditures made during the period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees and other noncash awards, property (including donated surplus property), cooperative agreements under the Federal Acquisition Regulations, interest subsidies, insurance, food commodities, direct appropriations and other direct assistance. The schedule is accurate and complete in all material respects, presents the information required by the Uniform Guidance, and includes all federal program expenditures made during the year ended September 30, 2022.
14. We have charged costs to federal awards in accordance with applicable cost principles.
15. Information presented in federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the College's financial statements have been prepared, and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards.

Appendix A – Management Representation Letter, continued

16. Amounts claimed or used for matching were determined in accordance with the applicable cost principles and administrative requirements.
17. The copies of the College's federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted to the federal agencies or pass-through entities, as applicable.
18. We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud affecting federal programs involving management or other employees who have a significant role in internal control over financial reporting and compliance. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the federal programs. We have disclosed to you any allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by "whistle-blowers") where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the federal program.
19. We have accurately completed the appropriate sections of the Data Collection Form.
20. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
21. The reporting package does not contain protected personally identifiable information.
22. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
23. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of this letter.
24. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the year ended September 30, 2022 to the date of this letter.
25. We have disclosed to you all known noncompliance with direct and material compliance requirements occurring subsequent to the year ended September 30, 2022.
26. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the year ended September 30, 2022.
27. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the year ended September 30, 2022.
28. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Appendix A – Management Representation Letter, continued

29. From October 1, 2021 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on a major federal program, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
30. We have communicated to you the names of all of the College's affiliates, officers and directors, or individuals who serve in such capacity for the College.
31. We are not aware of any business relationship between the College and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.
32. We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the College's audit.
33. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
34. We have issued management decisions for any audit findings that relate to federal awards we make to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.
35. We have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from us in our capacity as the pass-through entity
36. We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.

In connection with your audit, we also confirm, to the best of our knowledge and belief, the following representations related to any findings included in the Schedule of Findings and Questioned Costs:

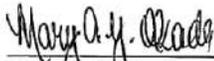
37. We have resolved any audit findings and recommendations directed to us and have a process to track their status.
38. We have taken timely and appropriate steps to remedy fraud, noncompliance with federal statutes, regulations, the terms and conditions of federal awards or abuse that you have reported.
39. We have provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

Appendix A – Management Representation Letter, continued

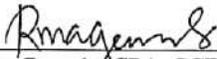
40. We have developed a corrective action plan that meets the requirements of the Uniform Guidance and addresses each of the findings reported in the Schedule of Findings and Questioned Costs.

We understand that your audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, and the audit requirements of the Uniform Guidance and, and was, therefore, designed for the purpose of obtaining reasonable assurance about whether the Schedule of Expenditures of Federal Awards is presented fairly, in all material respects, in relation to the financial statements taken as a whole and whether the College had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each major federal program. Accordingly, we understand that your tests of the accounting and federal program records and other auditing procedures were limited to those that you considered necessary for those purposes.

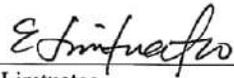
Very truly yours,



Mary A. Y. Okada, Ed.D.
President



Rodalyn Gerardo, CPA, CGFM, CIA
Vice President for Finance & Administration



Edwin Limtuatco
Controller



Julie Ulloa-Heath, Ed.D.
Assistant Director for Planning and Development