

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

Guam Community College

Year ended September 30, 2024



June 6, 2025

Board of Trustees
Guam Community College

We have performed an audit of the financial statements of the business-type activities and discretely presented component unit of the Guam Community College (“the College”), collectively a component unit of the Government of Guam, as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States 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 June 6, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board of Trustees with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of the College is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated November 9, 2022 and at our audit planning meeting with management.

Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements, required supplementary information and supplementary information are the responsibility of the College’s management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

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 express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

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

Our audit strategy is consistent with the plan communicated during the December 2024 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.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

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.

Related party relationships and transactions

We noted no significant matters regarding the College's relationships and transactions with related parties other than disclosed in footnote 7 to the financial statements.

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

None.

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

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to the “Summary of Corrected Misstatements” in Appendix A.

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

Refer to the “Management Representations Letter” in Appendix B.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses have been identified.

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 December 2024 meeting and at 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. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

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 difficulties encountered in dealing with management in performing 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

There are no significant matters arising from the audit that required us to subcontract portions of the Audit Services to other EY firms and that required participation of personnel from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers.

Representations we are requesting 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 B.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands 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 control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on the College's trial balance with our understanding that the College's underlying books and records are maintained by the College's accounting department and that the final trial balance prepared by the College is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the College.
- The College's Vice President of Finance and Administration and Controller have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst & Young LLP

Appendices

A – Summary of Corrected Misstatements

B – Management Representations Letter

A – Summary of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Period ended: Currency:

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 1	UA.11	To record retiree healthcare costs paid by DOA on behalf of GCC based on confirmed amount by DOA									
		Retiree Healthcare Costs							2,035,118		
		GovGuam Appropriation							(2,035,118)		
AJE 2	PX1.00	To record adjustment in pension based on actuarial report and audited pension amounts									
		Instruction							344,264		
		Planning							26,789		
		Academic support							74,451		
		Student services							115,804		
		Institutional support							216,372		
		Operations and maintenance of plant							82,699		
		Scholarship and fellowships							133,490		
		Auxiliary enterprises							15,298		
		Deferred inflows of resources					469,260				
		Net pension liability					1,749,072				
		Deferred outflow of resources		(3,227,499)							

Form 430GL (3 August 2022)

A – Summary of Corrected Misstatements, continued

Communication schedule for corrected misstatements

Entity: Guam Community College			Period ended: 30-Sep-2024		Currency: USD					
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)	Debit/(Credit)	Non taxable
AJE 3	OPGN1.00	To record adjustment in OPEB based on actuarial report and audited OPEB amounts								
		Instruction								780,936
		Planning								490,824
		Academic support								262,692
		Student services								302,811
		Institutional support								187,597
		Operations and maintenance of plant								168,886
		Scholarship and fellowships								60,769
		Auxiliary enterprises								34,702
		Deferred outflow of resources	2,230,232							
Deferred inflows of resources						4,959,243				
Collective total OPEB liability						(9,478,692)				
Total of corrected misstatements before income tax			0	(997,267)	0	(2,301,117)	0	0	0	3,298,384
Financial statement amounts			32,093,848	71,574,564	(5,399,555)	(122,536,380)	24,267,503			888,844
Effect of corrected misstatements on F/S amounts			0.0%	-1.4%	0.0%	1.9%	0.0%			371.1%

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

Form 430GL (3 August 2022)

B – Management Representations Letter



OFFICE OF THE PRESIDENT

June 6, 2025

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

In connection with your audits of the basic financial statements of the Guam Community College (the College or GCC), as of September 30, 2024 and 2023 and for the periods 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 business-type activities and the aggregate discretely presented component unit of Guam Community College and the respective changes in financial position and cash flows, where applicable, thereof in accordance with accounting principles generally accepted in the United States of America (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 basic 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 basic financial statement date.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls 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:

B – Management Representations 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, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- 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.

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

From October 1, 2023 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.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedule, accumulated by you during the current and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit and to the supplementary information.

In addition, to the extent that uncorrected misstatements (including those related to supplementary information) have been subsequently identified in the current period that affect prior period financial statements and/or supplementary information, we have evaluated the effect of correcting prior period financial statements and/or supplementary information 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 and supplementary information.

Please refer to Appendix A.

Internal control

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

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees are as follows:

B – Management Representations Letter, continued

<u>Date Meeting</u>	<u>Type</u>
October 18, 2023	Board of Trustees Meeting
November 14, 2023	Board of Trustees Meeting
December 15, 2023	Board of Trustees Meeting
January 12, 2024	Board of Trustees Meeting
February 13, 2024	Board of Trustees Meeting
March 15, 2024	Board of Trustees Meeting
April 12, 2024	Board of Trustees Meeting
May 24, 2024	Board of Trustees Meeting
July 12, 2024	Board of Trustees Meeting
August 23, 2024	Board of Trustees Meeting
October 21, 2024	Board of Trustees Meeting
December 5, 2024	Board of Trustees Meeting
January 9, 2025	Board of Trustees Meeting
February 7, 2025	Board of Trustees Meeting
March 13, 2025	Board of Trustees Meeting
April 25, 2025	Board of Trustees Meeting

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the financial statements.

We also have made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

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 assets accounted for in accordance with GASB Statements No. 87, 94 and 96—as amended, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), the College has satisfactory title to all assets appearing in the statements 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 basic financial statements. All assets to which the College has satisfactory title appear in the statements of net position.

B – Management Representations Letter, continued

Receivables and revenues

Adequate provision has been made for any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

Inventories

Physical counts and measurements of inventories were made by competent employees under the supervision of management and book records were appropriately adjusted after giving recognition to cut-off for materials received and products shipped.

Adequate provision has been made for losses under firm purchase commitments for goods or inventory. There have been no reductions of the selling prices of inventories subsequent to September 30, 2024 and none are contemplated.

Leases

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.

Fair value measurements

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

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.

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.

Long-lived assets (asset groups) 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 (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

B – Management Representations Letter, continued

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.

Oral and written guarantees

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

Purchase commitments

At September 30, 2024 and 2023, 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.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2024 and 2023 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 internal controls 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 disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

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.

Effects of adopting new accounting principles standards

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.

B – Management Representations Letter, continued

- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

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 statements are adopted.

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.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis on pages 5 through 14, the schedule of proportionate share of net pension liability on pages 58, 60, and 62, the schedule of contributions on pages 59, 61, and 63, and the schedule of proportionate share of other postemployment benefits liability on page 64, 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") and its form and content in conformity with the GASB.

- Schedule 8 - Salaries and Wages (Cash Basis)
- Schedule 9 – Expenditures by Function and Object Code

We believe the supplementary information, including its form and content, is fairly stated in all material respects.

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

B – Management Representations Letter, continued

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

Independence

We have communicated to you the names of the College's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client 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 (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

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

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 College policy.

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 identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- The basic financial statements include component unit.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Investments are properly valued.

B – Management Representations Letter, continued

- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statements of revenues, expenses and changes in net position.
- Risk disclosures associated with deposits and investment securities and derivatives 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 years ended September 30, 2024 and 2023. 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,
- 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.

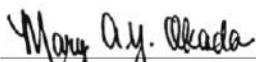
B – Management Representations Letter, continued

Subsequent events

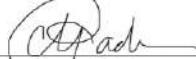
Subsequent to September 30, 2024, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the College's affairs to require mention in a note to 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. Please refer to Appendix B.

We understand that your audits were 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 were, 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



Clarissa A.T. Padua, MAcc, PMBA
Vice President of Finance and Administration



Edwin Limtuatco
Controller

B – Management Representations Letter, continued

Appendices

A – Schedule of Uncorrected Misstatements

B – Subsequent Event Questionnaire

B – Management Representations Letter, continued

Appendix A– Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: **Guam Community College**

Period Ended: **30-Sep-2024**

Currency: **USD**

No.	VIE ref.	Account (Note 1)	Analysis of misstatements Debit/(Credit)						Income statement effect of the prior period			
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCH	Income statement effect of the current period	Prior period Debit/(Credit)		
(misstatements are recorded as journal entries with a description)										Non taxabl		
Factual misstatements:												
1	HD100	To correct presentation of cash within investment account										
		Cash and cash equivalents	110,330									
		Investments		(110,330)								
2	LPE100	To recognize lease accounts in accordance with GASB 87 for certain long-term equipment contracts										
		Lease asset	202,196									
		Lease liability			(202,196)							
		Rent expense						(104,797)	X			
		Lease liability			104,797							
		Depreciation expense						17,321	X			
		Accumulated depreciation	(175,118)									
3	UA102	To correct a revenue earned in PY2023 that was recorded in FY2024										
		Revenue								(145,237)		
		Accounts Receivable										
4	PX1011	To record the understatement of pension deferred outflow of resources as a result of difference between actual and expected contributions										
		Deferred outflow of resources	606,160									
		Pension expense						(195,54)	X			
										(410,616)		
5	P03.2	To correct accrued payroll										
		Cash	177,000									
		Accrued liabilities			(177,000)							
6	HD100	To correct restricted net position										
		Unrestricted net position					10,610					
		Restricted net position					(10,610)					

B – Management Representations Letter, continued

Appendix A– Schedule of Uncorrected Misstatements, continued

Entity: Guam Community College		Period Ended: 30-Sep-2024		Currency: USD							
Analysis of misstatements Debit/Credit											
No.	WR ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period (DC)	Income statement effect of the current period	Income statement effect of the prior period	
		(misstatements are recorded as journal entries with a description)		Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)	Debit/Credit (Note 2)
1	K.02.1	To correct overstatement of depreciation expense									
		Depreciation expense									
		Accumulated depreciation		261,288							
Projected misstatements:											
1	K.02.1	To correct overstatement of depreciation expense									
		Depreciation expense									
		Accumulated depreciation		261,288							
Judgmental misstatements:											
1	PY	To correct estimated collective total OPEB liability as a result of difference in employee count									
		OPEB expense									
		Collective total OPEB liability									
Total of uncorrected misstatements before income tax			296,338	795,333	(177,000)	(67,339)	0	0	847,932	1,143,543	
Total of uncorrected misstatements			296,338	795,333	(177,000)	(67,339)	0	0	847,932	1,143,543	
Financial statement amounts			32,093,648	71,574,564	(5,339,559)	(22,596,160)	24,267,503		856,844	(8,926,150)	
Effect of uncorrected misstatements on FTS amounts			0.3%	1.1%	3.3%	0.1%	0.0%		-95.4%	14.1%	
Memo: Total of non-taxable items (marked 'X' above)									847,932	0	
Uncorrected misstatements before income tax								95.4%	847,932	1,143,543	
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								-95.4%	847,932	(1,143,543)	
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:											
Judgmental misstatements (Note 3):											
Cumulative effect of uncorrected misstatements, after turnaround effect								53.0%	524,037		
Current year income before tax										(888,844)	
Current year income after tax										888,844	

B – Management Representations Letter, continued

Appendix B – Subsequent Event Questionnaire

Guam Community College Subsequent Events Questionnaire Coverage: For the period from October 1, 2024 to Audit Report Date	
	Question
1	Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?
2	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?
3	Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
4	Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?
5	Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
6	Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
7	Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
8	Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
9	Have there been any changes in the entity's related parties?
10	Have any significant new related party transactions occurred?
11	Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?
12	Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).
13	Did GCC provide all of minutes of BOT meeting that were held subsequent to the balance sheet date?
14	Are you aware of any fraud or suspected fraud affecting GCC involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?
15	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of GCC?
16	Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?
17	Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?
18	Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?
19	Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?
20	Are you aware of any going concern indicators (such negative working capital, significant losses, significant credit deterioration of major customers) subsequent to balance sheet date?
21	Are you aware of any journal entries that would have a material effect on the financial statements as of the balance sheet date?