

**GUAM MEMORIAL HOSPITAL AUTHORITY**

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**FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITORS' REPORT**

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**YEARS ENDED SEPTEMBER 30, 2000 AND 1999**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Guam Memorial Hospital Authority:

We have audited the accompanying balance sheets of the Guam Memorial Hospital Authority (GMHA), a component unit of the Government of Guam, as of September 30, 2000 and 1999, and the related statements of revenues and expenses, changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of GMHA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GMHA as of September 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Guam Memorial Hospital Authority, taken as a whole. The accompanying schedules on pages 13 and 14 are presented for the purpose of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the management of Guam Memorial Hospital Authority. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have issued our report dated September 20, 2001, on our consideration of Guam Memorial Hospital Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is stylized and appears to be written in a cursive or semi-cursive script.

September 20, 2001

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Balance Sheets  
September 30, 2000 and 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
Current assets:		
Cash	\$ 3,357,596	\$ 3,303,654
Restricted cash	<u>493,023</u>	<u>527,013</u>
Total cash	3,850,619	3,830,667
Patient accounts receivable, net (note 8)	28,080,241	29,271,315
Other receivables	556,406	230,834
Inventories	1,244,305	1,542,473
Prepaid expenses	<u>47,439</u>	<u>21,146</u>
Total current assets	33,779,010	34,896,435
Property, plant and equipment, net (notes 2, 5 and 6)	<u>46,148,564</u>	<u>47,646,280</u>
	<u>\$ 79,927,574</u>	<u>\$ 82,542,715</u>

See accompanying notes to financial statements.

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Balance Sheets, Continued  
September 30, 2000 and 1999

<u>LIABILITIES AND FUND BALANCE</u>	<u>2000</u>	<u>1999</u>
Current liabilities:		
Current portion of long-term debt (note 6)	\$ 3,191,099	\$ 2,745,479
Accounts payable - trade	7,430,726	6,714,998
Accounts payable - Government of Guam (note 9)	4,181,882	10,610,618
Accrued payroll and benefits	839,950	633,112
Current portion of accrued annual leave	1,661,579	1,788,701
Other accrued liabilities	<u>871,586</u>	<u>836,543</u>
Total current liabilities	18,176,822	23,329,451
Long-term debt (note 6)	27,852,542	30,231,619
Deferred retirement fund contributions (note 4)	15,905,244	15,250,750
Accrued annual leave - non-current portion	<u>1,357,985</u>	<u>1,368,854</u>
Total liabilities	<u>63,292,593</u>	<u>70,180,674</u>
Fund balance:		
Unrestricted	14,178,346	9,905,611
Restricted (note 10)	<u>2,456,635</u>	<u>2,456,430</u>
Total fund balance	<u>16,634,981</u>	<u>12,362,041</u>
Commitments and contingencies (notes 5, 6 and 7)	<u>\$ 79,927,574</u>	<u>\$ 82,542,715</u>

See accompanying notes to financial statements.

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Statements of Revenues and Expenses  
Years Ended September 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Net patient service revenue (note 6)	\$ 69,946,670	\$ 65,369,367
Other operating revenue:		
Food sales, cafeteria	566,703	557,935
Other (note 11)	<u>281,549</u>	<u>1,120,986</u>
Total operating revenue	<u>70,794,922</u>	<u>67,048,288</u>
Operating expenses:		
Nursing	26,021,580	24,426,820
Ancillary	15,882,457	14,918,642
Bad debts	9,854,190	6,399,187
General services	9,234,094	7,798,916
Administrative support	8,243,021	7,235,979
Depreciation	3,220,390	3,267,704
Administration	3,003,383	2,410,711
Medical staff	<u>2,288,096</u>	<u>2,012,384</u>
Total operating expenses	<u>77,747,211</u>	<u>68,470,343</u>
Excess of operating expenses over operating revenues	<u>(6,952,289)</u>	<u>(1,422,055)</u>
Non-operating revenues (expenses):		
Contributions	53,583	79,045
Transfers from the Government of Guam (note 7)	9,453,997	-
Other revenue (expense), net (note 7)	3,235,323	(1,358,326)
Interest and penalties (note 9)	(2,704,296)	(2,656,511)
Forgiveness of debt (note 6)	<u>-</u>	<u>2,901,446</u>
Total non-operating revenues (expenses)	<u>10,038,607</u>	<u>(1,034,346)</u>
Net excess of revenues over expenses (expenses over revenues)	<u>\$ 3,086,318</u>	<u>\$ (2,456,401)</u>

See accompanying notes to financial statements.

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Statements of Changes in Fund Balances  
Years Ended September 30, 2000 and 1999

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Balance at September 30, 1998	\$ 12,173,961	2,588,274	\$ 14,762,235
Assets released from restrictions, year ended September 30, 1999	188,051	(188,051)	-
Excess of expenses over revenues, year ended September 30, 1999	(2,456,401)	-	(2,456,401)
Other sources	<u>-</u>	<u>56,207</u>	<u>56,207</u>
Balance at September 30, 1999	9,905,611	2,456,430	12,362,041
Capital contributions	-	1,186,622	1,186,622
Assets released from restrictions year ended September 30, 2000	1,186,417	(1,186,417)	-
Excess of revenues over expenses, year ended September 30, 2000	<u>3,086,318</u>	<u>-</u>	<u>3,086,318</u>
Balance at September 30, 2000	<u>\$ 14,178,346</u>	<u>\$ 2,456,635</u>	<u>\$ 16,634,981</u>

See accompanying notes to financial statements.

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Statements of Cash Flows  
Years Ended September 30, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Cash received from patients	\$ 60,957,982	\$ 57,258,152
Payments to suppliers and employees for goods and service:	(59,611,488)	(52,645,469)
Other operating revenues	848,252	1,678,920
Net cash provided by operating activities:	2,194,746	6,291,603
Cash flows from non-capital financing activities:		
Transfers from the Government of Guar	2,945,431	-
Repayment of notes payable	(1,662,557)	(2,154,415)
Interest paid	(2,704,298)	(2,656,511)
Contributions	53,584	79,045
Other sources	-	56,207
Net cash used in non-capital financing activities:	(1,367,840)	(4,675,674)
Cash flows from capital and related financing activities:		
Repayment of capital leases	(270,901)	(867,164)
Acquisition and construction of capital assets	(1,722,675)	(1,788,453)
Contributed capital	1,186,622	-
Decrease in restricted payables	-	(124,259)
Net cash used in capital and related financing activities:	(806,954)	(2,779,876)
Net increase (decrease) in cash:	19,952	(1,163,947)
Cash at beginning of year	3,830,667	4,994,614
Cash at end of year	\$ 3,850,619	\$ 3,830,667
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (6,952,289)	\$ (1,422,055)
Other expenses	-	(1,358,326)
Adjustments to reconcile operating loss and other expense to net cash provided by (used in) operating activities:		
Depreciation	3,220,390	3,267,704
Bad debts	9,854,190	6,399,189
(Increase) decrease in assets:		
Patient accounts receivable, net	(8,663,116)	(10,020,075)
Other receivables	(325,572)	1,123,274
Inventories	298,168	785,585
Prepaid expenses	(26,293)	67,911
Increase (decrease) in liabilities:		
Accounts payable	4,030,881	8,414,003
Accrued payroll and employee benefits	206,839	152,012
Accrued annual leave	(137,991)	188,564
Deferred retirement fund contributions:	654,496	(929,603)
Other accrued liabilities	35,043	(376,580)
Net cash provided by operating activities:	\$ 2,194,746	\$ 6,291,603

Non-cash transactions:

During the year ended September 30, 2000, GMHA recorded a reduction in accounts payable - Government of Guam of \$3,235,323 due to the forgiveness of accrued penalties and interest under the "Tax and Business License Amnesty Program." GMHA also recorded a reduction in accounts payable - Government of Guam of \$6,508,566 due to forgiveness of withholding taxes payable. This forgiveness of the payable was recorded as a transfer from the Government of Guam.

During the year ended September 30, 1999, GMHA recorded forgiveness of debt and a corresponding reduction of note payable of \$2,901,446 (note 6).

See accompanying notes to financial statements

# GUAM MEMORIAL HOSPITAL AUTHORITY

Notes to Financial Statements  
September 30, 2000 and 1999

## (1) Summary of Significant Accounting Policies

General. Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality (component unit) of the Government of Guam on July 26, 1977. The law provides for control of GMHA to be vested with the Board of Trustees of the Hospital. GMHA is a component unit of the Government of Guam.

Restricted Funds. Restricted funds are used to differentiate the use of funds which may be designated by a particular donor from funds on which the donor places no restriction or which arise as a result of normal operations of the Hospital.

Funds which are restricted for plant replacement and expansion are recorded as “assets released from restrictions” and are transferred from Restricted to Unrestricted Funds to the extent expended within the period.

Grants, Donations and Contributions. Restricted grants, donations and contributions are directly credited to the applicable fund balance. Unrestricted grants, donations and contributions are recorded as non-operating revenue in the Unrestricted Funds.

Net Patient Service Revenue. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Cash. For the purpose of the balance sheets and the statements of cash flows, cash is defined as cash on hand and cash on deposit in banks.

At September 30, 2000, cash balances in banks of \$300,000 are covered by the Federal Deposit Insurance Corporation. The remaining balances are not insured.

Patient Accounts Receivable. Patient accounts receivable are primarily due from individuals and businesses located within Guam, the Federated States of Micronesia and from Medicare.

The allowance for uncollectible accounts receivable is determined based on past collection history for different classes of patient receivables. This allowance is based on estimates and, while management believes the amount is adequate, the ultimate uncollectible balance may be in excess or less than the amounts provided. The methods for making such estimates and for establishing the resulting allowance are continually reviewed, and any adjustments are reflected in earnings currently.

Inventories. Inventories are recorded at the lower of cost or market value, with cost being derived through an average historical cost.

Accrued Annual Leave. Employees are credited with vacation leave at rates depending on their length of service. Accumulation of vacation leave is limited to 480 hours at fiscal year end and is convertible to pay upon termination of employment.



**GUAM MEMORIAL HOSPITAL AUTHORITY**

Notes to Financial Statements  
September 30, 2000 and 1999

(1) Summary of Significant Accounting Policies, Continued

Property, Plant and Equipment. Property, plant and equipment acquired prior to June 30, 1978, are recorded at their appraised value as of that date. Subsequent additions are primarily valued at cost. Major renewals and betterments are charged to the property accounts while maintenance and repairs which do not improve or extend the life of an asset are charged to expense. Depreciation is provided over the estimated useful lives of the respective assets through use of the straight-line method. Useful lives for property, plant and equipment are based on the American Hospital Association Guide "Estimated Useful Lives of Depreciable Hospital Assets" and are as follows:

Building and land improvements	10-40 years
Equipment	3-20 years

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards. Pursuant to Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Facilities that use Proprietary Fund Accounting*, GMHA has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Risk Management. GMHA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. Commercial insurance coverage is provided for claims arising from such matters. GMHA is self insured for medical malpractice claims and judgements, as discussed in note 5.

(2) Property, Plant and Equipment

A summary of property, plant and equipment at September 30, 2000 and 1999, follows:

	<u>2000</u>	<u>1999</u>
Depreciable assets:		
Building and land improvements	\$ 60,100,311	\$ 60,058,726
Equipment	17,390,362	17,868,986
Equipment under capital lease	<u>3,159,028</u>	<u>3,159,030</u>
	80,649,701	81,086,742
Less accumulated depreciation and amortization	<u>(35,737,236)</u>	<u>(34,188,361)</u>
	44,912,465	46,898,381
Construction-in-progress	<u>1,236,099</u>	<u>747,899</u>
	<u>\$ 46,148,564</u>	<u>\$ 47,646,280</u>

# GUAM MEMORIAL HOSPITAL AUTHORITY

Notes to Financial Statements  
September 30, 2000 and 1999

### (3) Contracts with Government Agencies

GMHA is reimbursed for the cost of patient services rendered under certain programs administered by government agencies (primarily Medicare). During the year, the agencies reimburse GMHA on the basis of interim rates. Final settlements are based on annual cost reports prepared in accordance with agency requirements.

### (4) Employees' Retirement Plan

Employees of GMHA hired before September 30, 1995 are under the Government of Guam Employees' Retirement System (a defined benefit, contributory pension plan). Employees hired after September 30, 1995, are members of the new Defined Contribution Retirement System (DCRS). Until December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, have the option to switch to the Defined Contribution Retirement System. Otherwise, they remain under the old plan.

The Defined Benefit Plan and DCRS are administered by the Government of Guam Retirement Fund, to which GMHA contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

As a result of most recent actuarial valuation performed as of September 30, 1999, it has been determined that for the fiscal year ended September 30, 2000, a minimum combined employer and employee contribution rate of 33.41% of covered Defined Benefit payroll, is required to appropriately fund current retirement costs, to amortize prior service costs and to provide for interest on the unfunded accrued liability. Statutory contribution rates for employer and employee contributions were 18.6% and 9.5%, respectively, for the year ended September 30, 2000. The effect of GMHA's prior year accruals for its share of pension underfunding reduces the actuarially determined employer contribution rate from 23.91% to an effective rate of 20.47% for the year ended September 30, 2000. In recognition of the above, an accrual increase of 1.87% is necessary to increase the unfunded liability based on the difference between 20.47% and the employer's statutory rate of 18.6%. The effective employer's accrual rate for the year ended September 30, 1999 was 13.73%.

Retirement expense for the years ended September 30, 2000 and 1999 is as follows:

	<u>2000</u>	<u>1999</u>
Current contributions	\$ 5,306,302	\$ 4,736,989
Increase (reduction) of unfunded retirement liability	<u>654,494</u>	<u>(929,603)</u>
	\$ <u>5,960,796</u>	\$ <u>3,807,386</u>

The plan utilizes the actuarial cost method termed "entry age normal" with an assumed rate of return of 8% and an assumed salary scale increase of 5½% per annum. The most recent actuarial valuation performed as of September 30, 1999, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation were performed for GMHA as a separate entity, the accrual unfunded liability at September 30, 2000 and 1999, may be materially different than that recorded in the accompanying financial statements.

## GUAM MEMORIAL HOSPITAL AUTHORITY

Notes to Financial Statements  
September 30, 2000 and 1999

### (4) Employees' Retirement Plan, Continued

The Guam Legislature enacted legislation during the year ended September 30, 2000 which offered retirement incentives for employees to retire or voluntarily separate from service with the Government of Guam and also required the Retirement Fund to incur the costs of providing certain supplemental retiree benefits. This legislation resulted in a significant increase in the Retirement Fund's unfunded accrued liability and is the primary reason for the increase in the employer's contribution rate for the year ended September 30, 2000.

Contributions into the DCRS by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Employer contributions into the DCRS are based on a statutory amount of 18.6% of the member's regular base pay. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited into the member's individual annuity account. The remaining 13.6% is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service, and have attained the age of 55 years at termination, have a vested balance of 100% of both member and employer contributions plus any earnings thereon. Members who have completed five years of service, but have not attained the age of 55, are eligible only for the amount of member contributions plus any earnings thereon.

### (5) Commitments and Contingencies

Litigation - GMHA is the defendant in several malpractice claims and has received several claims which are pending review or are expected to go to litigation. While GMHA intends to pursue an aggressive defense of these cases and claims, the possibility exists that some may result in material monetary damages being awarded to claimants or plaintiffs. At September 30, 2000, GMHA's maximum exposure under these claims is approximately \$4.9 million. However, GMHA is unable to estimate the actual monetary damages from these self-insured malpractice claims. A provision of \$466,000 has been recorded in the financial statements for losses that may result from these claims.

Reserve for Encumbrances - As of September 30, 2000, GMHA had material purchase commitments under outstanding encumbrances.

Self-Insurance - GMHA is self-insured for malpractice. GMHA's exposure under malpractice claims is limited to \$300,000 per claim by the Government Claims Act.

Medicare - The Government of Guam and its component units, including GMHA, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998 for employees hired after March 31, 1986. Prior to October 1998, the Government of Guam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for such amounts, an indeterminate liability could result. It is the opinion of GMHA and all other component units of the Government of Guam that this health insurance component is optional prior to October 1998. Therefore, no liability for any amount which may ultimately arise from this matter has been recorded in the accompanying financial statements.

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Notes to Financial Statements  
September 30, 2000 and 1999

**(6) Long-Term Debt**

At September 30, 2000 and 1999, long-term debt consists of the following:

	<u>2000</u>	<u>1999</u>
Promissory note payable to a bank in monthly installments of \$292,260 including interest at a variable rate based on the bank's index rate less one half percentage point (9% and 8.25% at September 30, 2000 and 1999, respectively), due in 2002 with an extension of the promissory note for seven additional years, collateralized by a pledge and assignment of medical services revenue and a property mortgage on the hospital facility and guaranteed by the Government of Guam and a pledge of Government of Guam Section 30 revenues, subordinate to certain Government of Guam bond issuances.	\$ 22,538,053	\$ 24,104,103
Balance due on several capital leases of computer hardware and software with a computer manufacturer, payable in total monthly installments of \$87,869 including interest at effective rates ranging from 6.2% to 7.8%, collateralized by the computer hardware and software, with a bargain purchase option at the end of the lease of \$1 in 1999.	-	183,787
Balance due on several capital leases of computer hardware and software with a computer manufacturer, payable in total monthly installments of \$10,210.48 including interest at effective rates ranging from 6.7% to 7.6%, collateralized by the computer hardware and software, with a bargain purchase option at the end of the lease.	270,900	-
Promissory note payable to a medical equipment vendor, payable in quarterly installments of \$60,195 including interest at the prime rate plus 2% (10.25% and 10% at September 30, 2000 and 1999), due December 18, 2001.	51,903	252,111
Promissory note payable to a medical equipment vendor, payable in monthly installments of \$7,026 including interest at the rate of 11.5%, due June 15, 2001.	60,308	140,474
Promissory note payable to the Government of Guam Retirement Fund in equal quarterly installments of \$366,064 including interest at the bank's prime rate plus 1% (9.25% at September 30, 2000 and 1999) starting March 1998 with a balloon payment in March 2003.	<u>8,122,477</u>	<u>8,296,623</u>
Total long-term debt	31,043,641	32,977,098
Current portion	<u>3,191,099</u>	<u>2,745,479</u>
	\$ <u>27,852,542</u>	\$ <u>30,231,619</u>

**GUAM MEMORIAL HOSPITAL AUTHORITY**

Notes to Financial Statements  
September 30, 2000 and 1999

**(6) Long-Term Debt, Continued**

The scheduled maturities of long-term debt at September 30, 2000 are as follows:

<u>Year ending September 30,</u>		
2001	\$	3,191,099
2002		2,837,533
2003		8,356,155
2004		2,245,113
2005		2,431,457
Thereafter		<u>11,982,285</u>
	\$	<u>31,043,642</u>

In fiscal year 1995, GMHA received a \$6 million advance from the Government of Guam and entered into a Memorandum of Understanding (MOU) to repay the advance by endorsing back to the Government of Guam 50% of the payments received under the Medically Indigent Program. No repayments have been made by GMHA since 1996 and GovGuam has made no attempts to collect the remaining balance. GMHA has interpreted GovGuam's inaction as a forgiveness of this debt and wrote off the outstanding balance of \$2,901,446 at September 30, 1999. However, the MOU is still in effect and it is possible that GMHA may be called upon to repay this balance at some time in the future.

**(7) Transfers from the Government of Guam and Going Concern**

Transfers from the Government of Guam General Fund to GMHA were \$9,453,997 and \$0 for the years ended September 30, 2000 and 1999, respectively. In addition, GMHA recorded other revenue in 2000 of \$3,235,323 resulting from the forgiveness of accrued penalties and interest on past due withholding taxes under a tax amnesty program.

GMHA has recorded operating expenses in excess of operating revenues in both 1999 and 2000. This condition raises substantial doubt about GMHA's ability to continue as a going concern without continuing subsidies from the Government of Guam.

**(8) Patient Accounts Receivable, Net**

As of September 30, 2000 and 1999, patient accounts receivable, net, were as follows:

	<u>2000</u>	<u>1999</u>
Total patient accounts receivable	\$ 75,519,651	\$ 76,081,089
Less allowance for doubtful receivables	(47,439,410)	(46,809,774)
Patient accounts receivable, net	\$ <u>28,080,241</u>	\$ <u>29,271,315</u>

## GUAM MEMORIAL HOSPITAL AUTHORITY

Notes to Financial Statements  
September 30, 2000 and 1999

### (9) Accounts Payable - Government of Guam

Accounts payable to the Government of Guam at September 30, 2000 and 1999 include \$0 and \$8,031,938 due to the Department of Revenue and Taxation and \$4,171,596 and \$2,578,680 due to the Government of Guam Retirement Fund, respectively. GMHA incurred \$685,853 and \$630,770 in interest and penalties with these two agencies during the years ended September 30, 2000 and 1999, respectively, due to its failure to deposit income taxes withheld from employees with the Department of Revenue and Taxation and employee and employer retirement payments with the Government of Guam Retirement Fund.

### (10) Restricted Fund Balance

The restricted fund balance at September 30, 2000 and 1999 is temporarily restricted for use in capital improvements to renovate or expand the hospital and the long-term care facility.

### (11) Other Operating Revenue

GMHA recorded other operating revenue of \$390,000 and \$702,000, respectively, for the years ended September 30, 2000 and 1999 from the lease of its long-term care facility to a school. The lease which called for monthly payments of \$78,000 expired in March 2000.

GUAM MEMORIAL HOSPITAL AUTHORITY  
(A Public Corporation)

Schedule 1  
Schedule of Expenses  
Years Ended September 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Nursing:		
Salaries	\$ 18,594,406	\$ 17,535,802
Fringe benefits	3,518,732	2,827,173
Supplies and materials	3,005,452	2,913,953
Utilities	557,895	277,823
Contractual services	245,469	725,105
Travel	64,606	87,020
Minor equipment	19,979	42,840
Training	7,265	1,441
Miscellaneous	7,776	15,663
	<u>\$ 26,021,580</u>	<u>\$ 24,426,820</u>
Ancillary:		
Salaries	\$ 6,893,125	\$ 6,986,824
Supplies and materials	5,224,454	5,354,838
Contractual services	2,135,155	1,270,504
Fringe benefits	1,533,164	1,157,748
Minor equipment	19,098	27,248
Travel	18,211	36,713
Utilities	12,870	8,908
Training	5,260	9,958
Miscellaneous	41,120	65,901
	<u>\$ 15,882,457</u>	<u>\$ 14,918,642</u>
Administration:		
Contractual services	\$ 782,407	\$ 615,174
Salaries	660,418	814,452
Public Utilities Commission	572,876	-
Fringe benefits	345,591	198,081
Supplies and materials	23,364	34,032
Travel	11,329	21,658
Training	3,159	5,831
Minor equipment	2,051	2,051
Utilities	-	4,440
Miscellaneous	602,188	714,992
	<u>\$ 3,003,383</u>	<u>\$ 2,410,711</u>

GUAM MEMORIAL HOSPITAL AUTHORITY  
(A Public Corporation)

Schedule 1  
Schedule of Expenses, Continued  
Years Ended September 30, 2000 and 1999

	2000	1999
<b>Administrative Support:</b>		
Salaries	\$ 4,268,825	\$ 4,334,954
Contractual services	1,079,216	783,271
Fringe benefits	1,013,145	839,821
Supplies and materials	868,916	741,287
Annual leave expense	617,227	311,236
Minor equipment	51,534	145,683
Utilities	32,709	18,887
Travel	30,533	31,344
Training	2,585	11,612
Miscellaneous	278,331	17,884
	\$ 8,243,021	\$ 7,235,979
<b>General Services:</b>		
Salaries	\$ 3,878,457	\$ 3,781,465
Contractual services	1,963,048	1,321,702
Utilities	1,633,346	1,379,273
Fringe benefits	962,863	794,919
Supplies and materials	655,195	384,851
Minor equipment	89,518	101,245
Travel	42,165	24,045
Training	4,355	4,235
Miscellaneous	5,147	7,181
	\$ 9,234,094	\$ 7,798,916
<b>Medical Staff:</b>		
Contractual services	\$ 1,306,597	\$ 1,170,385
Salaries	682,119	652,255
Fringe benefits	285,051	168,441
Supplies and materials	5,308	9,149
Minor equipment	3,599	1,316
Training	1,410	150
Miscellaneous	4,012	10,688
	\$ 2,288,096	\$ 2,012,384
Employees at end of year	938	953

See accompanying independent auditors' report.