

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE  
GOVERNMENT OF GUAM)**

---

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

---

**YEARS ENDED SEPTEMBER 30, 2017 AND 2016  
(AS RESTATED)**

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Table of Contents  
Years Ended September 30, 2017 and 2016

	<u>Page</u>
I. Independent Auditors' Report	1
Management's Discussion and Analysis	4
II. Basic Financial Statements:	
Statements of Net Position	14
Guam Community College Foundation Statements of Financial Position	15
Statements of Revenues, Expenses and Changes in Net Position	16
Guam Community College Foundation Statements of Activities	17
Statements of Cash Flows	18
Notes to Basic Financial Statements	19
III. Other Supplementary Information:	
Schedule of Proportional Share of the Net Pension Liability	44
Schedule of Pension Contributions	47
Schedule of Funding Progress and Actuarial Accrued Liability – Post Employment Benefits Other Than Pension	48
Schedule of Salaries and Wages, Cash Basis	49
Schedule of Expenditures by Function and Object Code	50
Unrestricted and Restricted Fund Supplemental Schedule – Balance Sheet	53
Unrestricted and Restricted Fund Supplemental Schedule – Statement of Changes in Fund Balances	54

## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
Guam Community College:

### **Report on Financial Statements**

We have audited the accompanying financial statements of Guam Community College (the College), and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2017 and 2016, and which collectively comprise the College's basic financial statements, as set forth in Section II of the forgoing table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of September 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note 1 to the financial statements in 2017, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. As a result of adopting this standard, the College has elected to restate its 2016 financial statements to reflect the adoption of this standard.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Schedule of Proportional Share of the Net Pension Liability on pages 39 through 41, the Schedule of Pension Contributions on page 42, and the Schedule of Funding Progress and Actuarial Accrued Liability - Post Employment Benefits Other Than Pensions on page 43 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

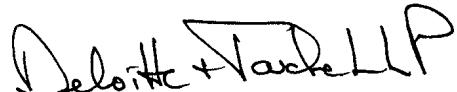
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule - balance sheet, and unrestricted and restricted fund supplemental schedule - statement of changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule - balance sheet, and unrestricted and restricted fund supplemental schedule - statement of changes in fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is cursive and fluid, with "Deloitte" on the first line and "& Touche LLP" on the second line.

April 16, 2018

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

For the seventeenth consecutive year, Guam Community College (GCC) has maintained its low-risk auditee status. Given this designation by the Independent Auditor, review of the College's financial records demonstrates there were no questioned costs or unresolved prior year audit findings in fiscal year 2017. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

**Fiscal Year 2017 Overview**

The College continued to maintain its operations during fiscal year 2017 as enrollment decreased slightly from prior years. With the passage of the Government of Guam Budget under PL 33-185, appropriations decreased by 12% overall. There is a continued decrease in cash allotments from the Manpower Development Fund of 83% due to required restrictions to be placed on all local budgets. The College implemented restrictions on institution spending as local appropriation releases were delayed and a 10% cash reserve was imposed by GovGuam Department of Administration (DOA). General Fund appropriations cover a majority of salaries and benefits and utility costs.

GCC entered into a lease/leaseback agreement with Guam Community College Foundation (GCCF) on September 12, 2016, for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. GCC was granted authorization for this lease/leaseback agreement through Public Law 31-229. In December 2016, the GCCF was awarded a \$5,000,000 Community Facilities Direct loan from USDA for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. The Building 100 renovation project was awarded in September 2016 with anticipated completion originally by December 7, 2017, extended to July 2018. The construction will expand Building 100 into a two-story concrete structure with Leadership in Energy and Environmental Design (LEED) features. Building 100 will house several programs (Criminal Justice, Emergency Management, Fire Science) and will be outfitted with classrooms, faculty offices and supporting spaces. This 2-story building will have a total floor area of 16,800 square feet. While the first floor (8,400 square feet) has classrooms, offices, and a conference room, the second floor (8,400 square feet) has classrooms, faculty offices and three work rooms. The total cost of Building 100 was awarded at \$4.7 Million. Building 100 will be connected to Building E as one facility.

The USDA loan portion of \$2M and the GCC Capital Improvement Fund of \$2.76M are the combined funding sources for construction of the \$4.76M Building 100 project. In December 2016, GCC transferred \$2,764,427 to the GCCF based on the Board of Trustees Resolution 23-2014 and USDA loan requirements. These funds are to be used solely for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. Completion of the project is slated for July 2018.

In December 2016, negotiations for the 2017-2023 contract with the Guam Community College Faculty Union Local 6476 AFT/AFL-CIO & the Board of Trustees (BOT) were completed. The Faculty Union voted to ratify the contract on February 24, 2017 and at the March 11, 2017 BOT meeting, the board unanimously voted to approve the contract. The negotiated contract is effective in Fall 2017.

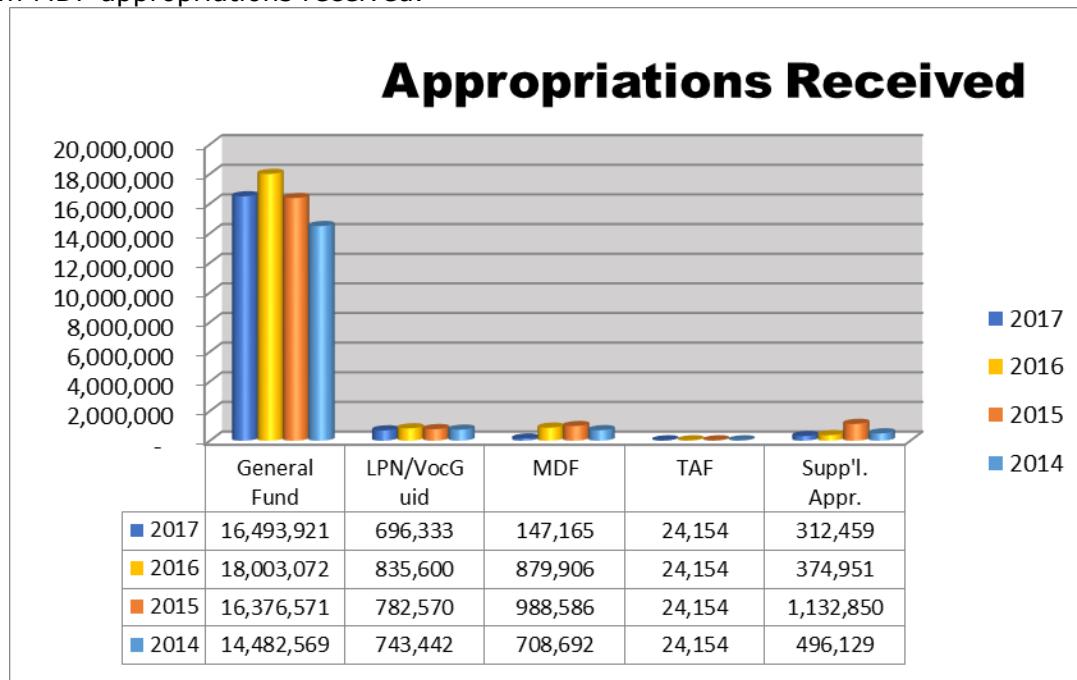
In June and July 2017, GCC hosted its first Marine Terrestrial Law Enforcement Academy to 18 law enforcement professionals from around the region to study methods of enforcing conservation of precious marine and land resources. Funding was made possible through a grant from the Micronesian Conservation Trust amounting to \$43,686.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

In July 2017, as part of the GCC Management Information Systems Computer Labs Replacement Cycle, instructional and student computer labs in Rooms LRC4111 and TC1218 were upgraded with 50 PC desktops and TC1108 and TC1222 were upgraded with 46 Mac computers. Student Technology fees in the amount of \$156,598 allocated for fiscal year 2017 were used to purchase these new desktop PCs and Macs running on Microsoft Windows 10 or Mac OS 10, with MS Office 2016 software, battery backups, and security cables included. A total of 96 computers were purchased.

The College continued its fiscal conservation practices that were in line with the Government of Guam (GovGuam) policy on fiscal conservation through the maintenance/reduction of personnel costs and increased accountability. Based on prior year collection declines, anticipated allotment reductions in the Manpower Development Fund (MDF) directly correlate to the number of H-2B workers on Guam. Although, MDF budget appropriation increased to \$1,094,624 or by 24% from FY2016, final MDF collections totaled \$147,165 or 13% of appropriations. The Legislature and the Governor acknowledged the shortages in the MDF funds and provided additional General Fund appropriations included in the budget law (PL 33-185) in the amount of \$374,951. In total, GCC saw an overall decrease of 9% or \$1,710,910: 9% from the General Fund and a decrease of 87% from MDF appropriations received.



GCC was exempted from GovGuam Bureau of Budget and Management Research (BBMR) allotment release control, however it was subjected to a 10% cash hold from GovGuam Department of Administration. The released reserves and the Governor's fiscal responsibility plan of fiscal management and prioritization and cost savings, helped to ensure that tax returns continued to be paid on time. GovGuam continued its financial conservation with stringent cash management and payoff of prior year liabilities. However, delays in the military buildup and increased tax return payments for the Earned Income Tax Credit lead to continued efforts for strict financial policy.

The College was able to maintain its fiscal accountability through the management of its available resources. The College budgets wisely and allocates financial resources to obtain maximum benefits. Additionally, the College incorporates its fiscal conservation measures through the reduction of contractual operating costs for maintenance, grass cutting, telephone, and strict

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

management of personnel costs. Power conservation measures continue with the standardized temperature settings, installation of PV parking lights and solar panels in newly constructed buildings, and seeking sustainability projects.

Continued federal discussions to reduce the overall deficit did not reduce the amount of financial aid available to students as Pell funding for AY 2016-2017 held a maximum full time award of \$5,815, or \$35 increase per student per academic year. The AY 2017-2018 maximum Pell award increased to \$5,920 or \$105 per student per academic year. Pell grants make up approximately 63% or \$4,056,949 of students' tuition and fee payments. This is an increase as compared with 2016 amounts where 58% or \$4,286,536 of students' tuition and fees were paid with Pell grants.

The College continues to seek and apply for additional funding resources through grants and loans. The College received additional funds during the year through various federal and local grants. The ability of the College to source and receive additional resources through federal and local grants greatly shows its fiscal responsiveness and management of different funding sources.

- As the state agency for Career and Technical Education on Guam, in July 2017, GCC was awarded a \$630,855 Vocational Education – Basic Grants to States award for the tenth year. This grant is to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in CTE programs and provides states with support for state leadership activities, administration of the state plan for vocational and technical education, and sub-grants to eligible recipients to improve vocational and technical education programs
- As the State Agency responsible for providing adult education programs on Guam, GCC (Workforce Investment Opportunity Act (WIOA) State Plan for the Territory of Guam) is mandated to provide adult education programs to eligible individuals. In July 2017, GCC received a WIOA grant of \$443,356.
- GCC was the sub-recipient of an Area Health Education Center Cooperative Agreement under Guam Micronesia Area Health Education Center amounting to \$100,379. The sub-grant allows the College to provide Medical Coding and Billing courses, Interpreting in Health and Community Settings training courses, Phlebotomy Tech courses, NCLEX-PN review, Advanced Emergency Tech course, Certified Nursing Assistant Training and Review, and professional development for faculty of [Nursing](#) or [Allied Health](#) programs, materials, and supplies.
- The College was the sub-recipient of the National Transportation Summer Institute Grant for \$20,069. The sub-grant supports a three-week program focusing on introducing middle school students to careers in the transportation industry.
- In September 2017, GCC's Allied Health Program received a \$100,000 grant for scholarships, faculty training, and equipment and supplies from TakeCare. Over the past nine years, TakeCare has contributed \$900,000 to our Allied Health program, grant funding for both students and faculty scholarships, and funding the purchase of updated equipment and supplies.
- On September 26, 2017, GCC entered into a contract agreement with GDOE and received a \$653,078 purchase order from the Guam Department of Education (GDOE) to provide secondary Career and Technical Education in the six public high schools. GCC submitted a proposal to provide Allied Health, automotive, construction, electronics, marketing, tourism, visual communications and early childhood education to GDOE students in the CTE programs.

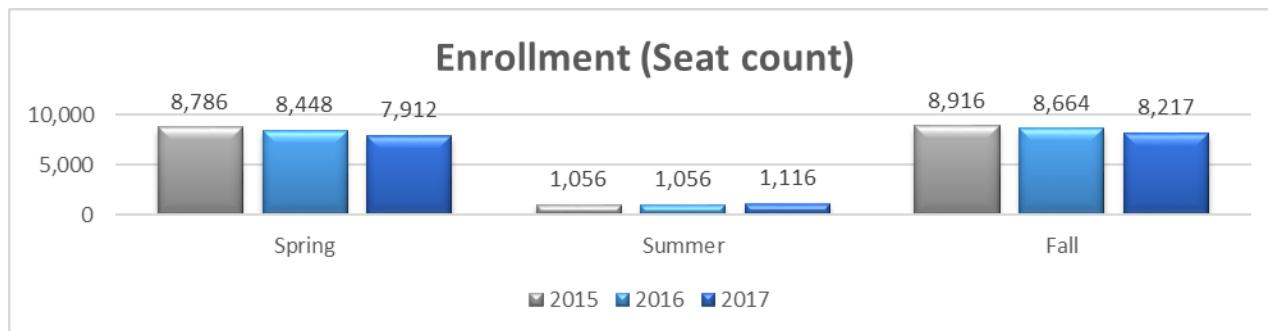
**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

The College operated with 244 full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel costs at the College campus and at the six secondary high schools and the post-secondary programs. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program addresses the Island's continued need to develop and train students for the Allied Health fields. The funding places Vocational Counselors in five of the public high schools to provide information to students about the career and technical opportunities available to them from the College. Also, the College receives funds from the Manpower Development Fund to support the apprenticeship programs, which served 546 and 560 apprentices over 74 active employers in Fall 2017 and 2016, respectively. This is a decrease of 3% of apprentices in the program as compared to the previous year, due to high apprentice graduates in May 2017.

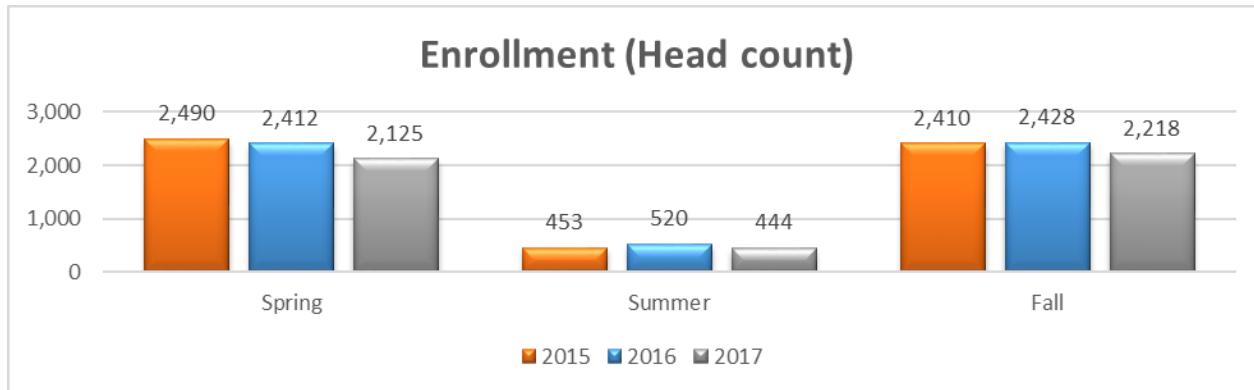
Tuition at GCC currently remains at \$130 per credit hour. The last increase occurred in Fall 2011 from \$110 to \$130 per credit hour. There was no change in tuition per credit hour since Fall 2011 and there has been no increase request expected for FY18. However, programs seeking course fee increases go through the adjudication process. Overall, actual tuition revenues have decreased due to a decline in the number of students and seats during the academic year 2016-2017. As authorized by the BOT, 50% of the proceeds from the increased tuition revenue will be used to hire additional full time permanent faculty and 20% to hire staff and administrative positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition and technology fees. Funds utilized in FY2017 for capital projects and technology fees were \$683,000 and \$360,000, respectively.

There were slight decreases in the post-secondary enrollment seats for the Spring 2017 and Fall 2017 of -6.3% and -5.15% respectively, as compared to prior 2016 semesters. Based on prior trends, increases in the global economy, increases in the local minimum wage to \$8.25, decreases in H2-B workers, and decreases in unemployment rates, usually lead to decreases in post-secondary enrollment, as people tend to work versus going to school. However, the decrease was slight as the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased for available students. Additionally, during FY 2017, the College launched the CLYMER program which allows students the opportunity to skip placement tests because of good grades in higher level high school math and English courses. Also, the College has promoted the Dual Enrollment Accelerated Learning (DEALS) and Dual Credit Articulated Programs of Study (DCAPS) which allow students to earn college credit while in high school.



**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016



In accordance with PL 14-77 (amended by PL 31-99), the College is mandated to provide career and technical education programs in all public high schools on Guam. Due to this mandate, GovGuam appropriations continue to support 49 instructional and non-instructional faculty and supplies at each of the six public high schools as of FY17 and FY16. The College continues to provide career and technical education programs for students in six of the Guam high schools: GW, JFK, Southern, Simon Sanchez, Okkodo and Tiyan. The secondary high school's enrollment decreased by 9% from 2,978 to 2,719 students in SY16-17 and SY17-18 respectively. These programs include Allied Health, Auto Body, Automotive Service, Construction, Electronics/Networking, Lodging Management, Marketing, Tourism, Early Childhood Education and Visual Communications. Not all programs are available at each of the high school locations due to space limitations.

**Overview of the Financial Statements and Financial Analysis**  
(All figures are in thousands)

**Summary Statement of Net position**

	<u>2017</u>	<u>2016 (As Restated)</u>	<u>2015 (As Restated)</u>
<b>Assets:</b>			
Other current assets	\$ 21,273	\$ 20,604	\$ 20,352
Accounts receivable – U.S.			
Government	226	1,849	1,182
Investments (noncurrent)	1,950	1,932	1,917
Capital assets, net	<u>33,404</u>	<u>35,010</u>	<u>36,639</u>
Total assets	<u>56,853</u>	<u>59,395</u>	<u>60,090</u>
Deferred outflows from pension	<u>4,318</u>	<u>5,698</u>	<u>4,486</u>
Total assets and deferred outflows of resources	<u>\$ 61,171</u>	<u>\$ 65,093</u>	<u>\$ 64,576</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

**Summary Statement of Net position, Continued**

Liabilities:			
Current liabilities	\$ 4,347	\$ 3,948	\$ 4,809
Non-current liabilities	<u>45,679</u>	<u>47,555</u>	<u>42,888</u>
Total liabilities	<u>50,026</u>	<u>51,503</u>	<u>47,697</u>
Deferred inflows from pension	<u>308</u>	<u>34</u>	<u>3,004</u>
Net position:			
Net investment in capital assets	30,173	30,595	31,082
Restricted – expendable	1,398	1,399	1,313
Unrestricted	(20,734)	(18,438)	(18,520)
Total net position	<u>10,837</u>	<u>13,556</u>	<u>13,875</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 61,171</u>	<u>\$ 65,093</u>	<u>\$ 64,576</u>

The overall financial situation at the College declined as compared with prior year, mainly due to the contributions to the GCC Foundation for the renovation of Building 100. However, there is some increased fiscal conservation methods that were placed by the College and funding set aside in preparation for capital projects starting in FY17 and FY18. Accounts receivable decreased due to timely collection of GovGuam appropriations and increases in cash are due to capital project funding requirements for Building 100 and Forensic Lab extension, USDA funding requirements and Building 300 FEMA matching requirements. At the end of the fiscal year, the College received 75% of total appropriations, or \$15.5M out of \$20.7M. In December 2017, \$2M was received for FY17 appropriations. However, due to timing, this amount will be recorded in FY18 appropriation revenues. The College has increased collections from students and received 34% return on collections forwarded to a collection agency, totaling over \$378,066. Federal receivables decreased due to timely reimbursement of grants. Investment balances increased slightly as markets provided positive returns during this period. There were slight increases in building, equipment and improvements due to equipment purchases and various repairs to buildings and infrastructure. Additionally, there were increases in Construction in Progress due to projects for the campus-wide fire alarm and mass notification system, Building 100 A/E, Wellness Center and Maintenance Building A/E, Building 300 A/E, and other projects. However, accumulated depreciation increases offset these capital changes. Slight increases in accounts payable occurred due to timing of deferred revenue from tuitions, and were offset with decrease in loan payments. Increases in accrued liabilities resulted from additional accruals for annual and sick leave liabilities.

Due to changes in the calculation of GASB 68 and implementation of GASB 73, the 2016 financial statements were restated. This required the College to record a pension expense of \$4.30M and \$5.12M as of September 30, 2017 and 2016, respectively. Total net deferred outflows for FY2017 were \$4.01M and total net deferred outflows for FY2016 were \$5.67M.

Due to the constraints of College and University accounting, approximately \$1,628,243 in encumbrances incurred in fiscal year 2017 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2018 net position. The decrease in encumbrances is related to the construction and renovation of Building 100 starting at the end of fiscal year 2016 and contract commitments paid out in fiscal year 2017 related to Building 100.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

**Summary Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2017</u>	<u>2016 As Restated</u>	<u>2015 As Restated</u>
Operating revenues	\$ 17,048	\$ 19,207	\$ 18,498
Operating expenses	<u>35,343</u>	<u>38,387</u>	<u>34,255</u>
Operating loss	(18,295)	(19,180)	(15,757)
Non-operating revenues, net	15,576	18,566	20,075
Capital contributions	<u>—</u>	<u>295</u>	<u>2,562</u>
Change in net position	(2,719)	(319)	6,880
Net position at beginning of year	<u>13,556</u>	<u>13,875</u>	<u>6,995</u>
Net position at end of year	<u>\$ 10,837</u>	<u>\$ 13,556</u>	<u>\$ 13,875</u>

**Statement of Cash Flows**

	<u>2017</u>	<u>2016 As Restated</u>	<u>2015 As Restated</u>
Cash provided by (used in):			
Operating activities	\$(12,049)	\$(15,184)	\$(16,394)
Noncapital financing activities	21,500	20,439	15,979
Capital and related financing activities	(4,705)	(1,936)	(441)
Investing activities	<u>(26)</u>	<u>(30)</u>	<u>(179)</u>
Net change in cash and cash equivalents	4,720	3,289	(1,035)
Cash and cash equivalents at beginning of year	<u>8,531</u>	<u>5,242</u>	<u>6,277</u>
Cash and cash equivalents at end of year	<u>\$ 13,251</u>	<u>\$ 8,531</u>	<u>\$ 5,242</u>

At the end of FY 2017 and 2016, the College recognized an 11.5% and 4%, respectively, decrease in student tuition and fees due to changes in student enrollment, seat counts, and new programs implemented by the College to reduce the need for developmental courses and placement tests. Federal revenue decreases were due to termination of funding from the College Access Grant Program of \$1.5M and Pell grants decreases due to student enrollment declines. Decreases of local grants and auxiliaries were due to decreases in Title V sub-grant now listed under other revenues as GCC is a contractor and no longer a sub-recipient. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC plan. The net position of the College shows a decrease of approximately \$2,719M for the current year due to \$2,764M transfer to GCC Foundation and recognition of net pension expense of \$795K. Although non-appropriated revenues decreased due to enrollment, the College maintained a positive net position due to maintained local

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

appropriations, successful collection efforts, costs reduction and cost saving measures implemented by the College to reduce operational costs from utilities and contractual services.

Pell grant expenditures decreased by 5.6% due to enrollment decreases. Instructional and Academic Support costs decreased and is in line with the termination of the College Access Grant funds and decrease in student enrollment. The actual full-time employee count decreased by two employees, from 246 to 244, with slight change in personnel costs. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the prescribed authorized levels. Overall expenditures decreased due to timing of federal grant expenditures recognized in the current year.

**Capital Assets and Debt Administration**

GCC's capital assets of \$33,404,254 as of September 30, 2017, included land, buildings and equipment. Slight increases in buildings, improvements, and equipment were due to small renovation projects and equipment purchases. Increases in Construction in Progress were due to projects for the campus-wide fire alarm and mass notification system, Wellness Center and Maintenance Building A/E, Building 300 A/E, Building 1000 restroom renovations and other projects. The Guam Community College Foundation has been awarded a \$5,000,000 Community Facilities Direct loan from USDA for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. Any costs over the \$5M will be funded by GCC with the approval of the GCC Board of Trustees. The College remained current in the repayment of the Foundation Building construction loan from USDA and made principal and interest payments of \$1,184,680 and \$149,850, respectively, during fiscal year 2017. Please refer to notes 3 and 8 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt, respectively.

Management's Discussion and Analysis for the years ended September 30, 2016 and 2015, is set forth in the College's report on the audit of the financial statements, which is dated March 31, 2017, and that Discussion and Analysis explains the major factors impacting the 2016 and 2015 financial statements and can be viewed at the Office of Public Accountability – Guam website at [www.opaguan.org](http://www.opaguan.org).

**Economic Outlook for FY 2018**

The College continues to closely track the economic situation of the Government of Guam (GovGuam), as it receives 55% of its operational funding locally and 78% of the local appropriation is used for personnel costs. The College's FY18 appropriation for all funds decreased by 0.03% or by \$69,879 and with the passage of PL 22-34. GCC continued to be exempted from BBMR allotment release control, but not exempt from the Department of Administration cash reserve release control. The Manpower Development Funds collections continue to be monitored closely as the collection of these funds remains unpredictable as seen in fiscal year 2017 when only \$147,165 of the \$1,094,624 appropriations were collected. This amounted to 13% collected or \$947,849 uncollected, due to the decline of H2B visa approvals. Although the Government of Guam has been able to update its liability and significantly pay down overdue tax refunds and personnel liabilities, the College remains conservative in its allocation of resources. The Government of Guam's stretched resources, future bond payments, special payouts, and now Trump tax cuts affect the government cash flow and funding availability. Although the College continues to seek additional funding from non-GovGuam sources, it still requires its base budget to meet the future island demands on education and the increased requirements for personnel costs.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

As of April 3, 2018, the College has received \$6.9M or 40% of its FY18 appropriations from the General Fund and \$0 from the Manpower Development Funds. A 16% cash reserve from GovGuam Department of Administration has been placed on GCC allotment releases. The College continues to follow up on appropriations releases on a weekly basis. GCC has a track record of being fiscally responsible and has implemented conservation measures to ensure that the operations of the College are maintained. The General Fund appropriation is budgeted to fund salaries and benefits for full-time classified employees, utility costs, contractual expenditures, and minimal supply costs. Adjustments continue to be made to department budgets and spending constraints are reviewed for the entire College. Funds continue to be limited to essential instructional costs, contractual services, personnel costs, and utility costs.

The College takes its finances seriously and monitors its spending within the College's procurement process. The College's management team has weekly discussions of federal, national, international, and local economic conditions, and how such conditions will affect the Government of Guam's finances. Based on such discussions and projection of allotments to be received from the Department of Administration, adjustments to College department budgets will be made throughout the year. The College will continue to maintain fiscal accountability for the benefit of our students.

Guam Community College recognizes the job opportunities that will be created because of Guam's military expansion, hotel and hospital expansions, and growing community needs. On November 3, 2017 at the Guam Chamber of Commerce meeting, Gary Hiles, Chief Economist of the Department of Labor noted that there continues to be growth in visitor arrivals from the Korean and Chinese markets, increase in real estate sales, federal and local infrastructure growths, and approved military construction budgets contribute to the stable growth in 2017 and into 2018, with partial resolution of the H2-B visa issues. The impact of Trump's changes to the tax code continue to be monitored closely by the Government of Guam due to the expected decrease in revenues.

The College is preparing for the on-going training needs for the immediate economic impact resulting from the island's increased military activity. Consequently, the valuable skills and higher income which the military buildup brings to Guam provides opportunities for GCC to expand its programs and services, not only to its civilian community, but the direct and indirect associations that result from this base realignment project. GCC will partner with federal and local government entities as well as private sector businesses to ensure that Guam's workforce is able to take advantage of opportunities that are available through GCC's expansive information technology, allied health, construction & trades courses- which will include GCC's Construction Trades Boot Camp, Allied Health, Education, and other academic programs – offered at the College.

The Forensic DNA Lab extension went out to bid in October 2016 and the bid opening was held in December 2016. However, in January 2017, the sole bidder was rejected due to non-conformance with bid specifications. In June 2017, the bid was re-issued with 2 proposals received and notice of intent to award issued in September 2017. A protest was received that same month and upon rejection of the protest an OPA appeal was filed in October 2017. GCC received a decision on this OPA appeal on February 28, 2018.

The College submitted its Institutional Self Evaluation Report (ISER) in December 2017. The ISER is a culmination of six years of data and information collected, compiled, and written by the four standard committees. On March 7-9, 2018, a nine member ACCJC accreditation team visited the GCC campus to corroborate information contained within the ISER report. Interviews, discussions, classroom visits, and open forums for the College community to include students, faculty, administration, and others took place.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2017 and 2016

In September 2017, 100 employees switched from the DC retirement plan to the DB 1.75 retirement plan. These changes were implemented on January 1, 2018. Under the DB 1.75 retirement plan employees are required to have 9.5% deduction for this plan and a 1% required contribution to the GovGuam 457 plan. Additionally, due to changes in the Trump Tax plan, the new withholding tax rates were implemented for PPE 2/3/18.

The College continues to collaborate with the U.S. Federal Government, the Government of Guam, Department of the Interior, and private sector businesses in Guam in identifying issues and developing solutions that relate to Guam's military buildup and the impact it will have on the Territory and the neighboring islands of Micronesia.

Other small capital improvement projects are planned for FY 2018 and carryover of projects from FY2017 include repair of building structural cracks and corroded doors, painting of buildings and parking stalls, repair of solar photovoltaic parking/walkway lights, water bottle filling station installations, replacement of campus fencing, installation of power-line conditioners, retrofit open yard for Facility Maintenance relocation and storage, retrofit walkway between buildings for ADA compliance, repair of domestic water systems, AC repair and replacements, interior and exterior directional signs, Building A & D restroom renovations, and acquisition of classroom collaterals, and ADA compliance issues. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Statements of Net Position  
 September 30, 2017 and 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2017	2016 As Restated
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,015,171	\$ 8,294,776
Cash and cash equivalents - restricted	235,632	235,632
Time certificate of deposit	2,043,384	2,034,779
Due from Government of Guam, less allowance for doubtful accounts of \$854,277 and \$101,864 at September 30, 2017 and 2016, respectively	653,475	5,425,532
Tuition receivable, less allowance for doubtful accounts of \$1,664,490 and \$1,530,159 at September 30, 2017 and 2016, respectively	3,528,654	2,994,869
Accounts receivable - U.S. Government	226,062	1,849,285
Accounts receivable - other	1,174,329	1,065,562
Inventories	622,731	551,066
Total current assets	<u>21,499,438</u>	<u>22,451,501</u>
<b>Noncurrent assets:</b>		
Investments	1,949,737	1,932,464
Property, plant and equipment:		
Buildings and structures	54,843,567	54,711,706
Furniture, fixtures and equipment	11,949,876	11,433,799
Vehicles	611,352	560,438
Less accumulated depreciation	67,404,795 (37,102,942)	66,705,943 (35,077,278)
Total depreciable property, plant and equipment	<u>30,301,853</u>	<u>31,628,665</u>
Land	1,903,000	1,903,000
Construction in progress	1,199,401	1,478,569
Total non-depreciable property, plant and equipment	3,102,401	3,381,569
Property, plant and equipment, net	<u>33,404,254</u>	<u>35,010,234</u>
Total noncurrent assets	<u>35,353,991</u>	<u>36,942,698</u>
Total assets	<u>56,853,429</u>	<u>59,394,199</u>
<b>Deferred outflows of resources:</b>		
Deferred outflows from pension	<u>4,317,966</u>	<u>5,698,303</u>
Total assets and deferred outflows of resources	<u>\$ 61,171,395</u>	<u>\$ 65,092,502</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 52,100	\$ 121,336
Accounts payable and accrued liabilities	1,170,612	1,381,636
Unearned revenue	2,595,447	1,959,417
Deposits held on behalf of others	281,181	281,181
Current portion of accrued annual leave	247,443	204,747
Total current liabilities	<u>4,346,783</u>	<u>3,948,317</u>
<b>Noncurrent liabilities:</b>		
Accrued annual leave, net of current portion	252,765	307,120
DCRS sick leave liability	1,721,154	1,566,120
Long-term debt, net of current portion	3,178,609	4,294,053
Net pension liability	40,526,801	41,386,320
Total liabilities	<u>50,026,112</u>	<u>51,501,930</u>
<b>Deferred inflows of resources:</b>		
Deferred inflows from pension	<u>307,850</u>	<u>34,332</u>
<b>Commitment and contingencies</b>		
<b>Net position:</b>		
Net investment in capital assets	30,173,545	30,594,845
Restricted expendable	1,398,146	1,399,174
Unrestricted	(20,734,258)	(18,437,779)
Total net position	<u>10,837,433</u>	<u>13,556,240</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 61,171,395</u>	<u>\$ 65,092,502</u>

See accompanying notes to financial statements.

## **GUAM COMMUNITY COLLEGE FOUNDATION**

### Statements of Financial Position September 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 153,337	\$ 85,115
Cash and cash equivalents - restricted	1,003,287	-
Investments	11,464,629	10,319,595
Accounts receivable	2,070	2,070
Construction in progress	2,084,818	-
Plant and equipment, net	<u>18,008</u>	<u>18,008</u>
<b>Total assets</b>	<b>\$ 14,726,149</b>	<b>\$ 10,424,788</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Construction contract payable	\$ 322,092	\$ -
Due to Guam Community College	<u>833,679</u>	<u>707,214</u>
<b>Total liabilities</b>	<b><u>1,155,771</u></b>	<b><u>707,214</u></b>
Commitments		
Net assets:		
Unrestricted	10,742,728	9,655,937
Temporarily restricted	2,784,021	18,008
Permanently restricted	<u>43,629</u>	<u>43,629</u>
	<u>13,570,378</u>	<u>9,717,574</u>
<b>Total liabilities and net assets</b>	<b>\$ 14,726,149</b>	<b>\$ 10,424,788</b>

See accompanying notes to financial statements.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Statements of Revenues, Expenses and Changes in Net Position  
 Years Ended September 30, 2017 and 2016

	2017	2016 As Restated
<b>Revenues:</b>		
Operating revenues:		
Student tuition and fees	\$ 6,445,955	\$ 7,283,247
Less: Scholarship discounts and allowances	<u>(4,056,949)</u>	<u>(4,286,536)</u>
	2,389,006	2,996,711
Federal grants and contracts	11,606,127	13,897,471
Auxiliary enterprises	1,827,801	1,626,445
Other revenues	<u>1,360,238</u>	<u>839,729</u>
	17,183,172	19,360,356
Total operating revenues		
Bad debts	<u>(135,355)</u>	<u>(153,407)</u>
Net operating revenues	<u>17,047,817</u>	<u>19,206,949</u>
<b>Operating expenses:</b>		
Education and general:		
Instruction	11,536,183	11,975,622
Scholarships and fellowships	6,260,244	6,698,571
Institutional support	5,141,769	5,265,453
Student services	3,042,088	2,938,482
Depreciation	2,380,898	2,590,157
Operations and maintenance of plant	2,062,569	1,921,420
Academic support	1,708,270	3,293,717
Retiree healthcare costs	1,593,403	1,561,116
Planning	821,451	996,415
Auxiliary enterprises	<u>795,772</u>	<u>1,146,496</u>
	35,342,647	38,387,449
Total operating expenses		
Operating loss	<u>(18,294,830)</u>	<u>(19,180,500)</u>
<b>Nonoperating revenues (expenses):</b>		
Government of Guam appropriations:		
Operations, net	18,320,971	18,741,778
Contributions to GCC Foundation	<u>(2,764,427)</u>	-
Other nonoperating receipts	169,329	-
Interest expense	<u>(149,850)</u>	<u>(176,188)</u>
	15,576,023	18,565,590
Net nonoperating revenues		
<b>Capital contributions:</b>		
Contributions from U.S. Government	-	295,153
Change in net position	<u>(2,718,807)</u>	<u>(319,757)</u>
<b>Net position:</b>		
Net position at beginning of year	<u>13,556,240</u>	<u>13,875,997</u>
Net position at end of year	<u>\$ 10,837,433</u>	<u>\$ 13,556,240</u>

See accompanying notes to financial statements.

## GUAM COMMUNITY COLLEGE FOUNDATION

### Statements of Activities Years Ended September 30, 2017 and 2016

	2017				2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
<b>Revenues, gains and other additions:</b>									
Net investment gains	\$ 1,145,034	\$ -	\$ -	\$ 1,145,034	\$ 777,133	\$ -	\$ -	\$ 777,133	
Interest income	519	1,716	-	2,235	23	-	-	23	
Contributions from Guam Community College	-	2,764,427	-	2,764,427	-	-	-	-	
Fundraising	101,576	-	-	101,576	52,329	-	-	52,329	
Other additions	74,240	20	-	74,260	8,742	-	-	8,742	
<b>Total revenues, gains and other additions</b>	<b>1,321,369</b>	<b>2,766,163</b>	<b>-</b>	<b>4,087,532</b>	<b>838,227</b>	<b>-</b>	<b>-</b>	<b>838,227</b>	
<b>Expenditures and other deductions:</b>									
Payments to Guam Community College	216,779	-	-	216,779	136,699	-	-	136,699	
Fundraising	12,569	-	-	12,569	9,789	-	-	9,789	
Professional services	4,730	-	-	4,730	6,602	-	-	6,602	
Scholarships	500	-	-	500	-	-	-	-	
Other deductions	-	150	-	150	183	-	-	183	
<b>Total expenditures and other deductions</b>	<b>234,578</b>	<b>150</b>	<b>-</b>	<b>234,728</b>	<b>153,273</b>	<b>-</b>	<b>-</b>	<b>153,273</b>	
<b>Change in net assets</b>	<b>1,086,791</b>	<b>2,766,013</b>	<b>-</b>	<b>3,852,804</b>	<b>684,954</b>	<b>-</b>	<b>-</b>	<b>684,954</b>	
<b>Net assets at beginning of year</b>	<b>9,655,937</b>	<b>18,008</b>	<b>43,629</b>	<b>9,717,574</b>	<b>8,970,983</b>	<b>18,008</b>	<b>43,629</b>	<b>9,032,620</b>	
<b>Net assets at end of year</b>	<b>\$ 10,742,728</b>	<b>\$ 2,784,021</b>	<b>\$ 43,629</b>	<b>\$ 13,570,378</b>	<b>\$ 9,655,937</b>	<b>\$ 18,008</b>	<b>\$ 43,629</b>	<b>\$ 9,717,574</b>	

See accompanying notes to financial statements.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Statements of Cash Flows  
 Years Ended September 30, 2017 and 2016

	2017	2016 As Restated
<b>Cash flows from operating activities:</b>		
Student tuition and fees	\$ 2,355,896	\$ 2,927,842
Federal grants and contracts	13,229,350	13,230,152
Government of Guam grants and contracts	-	(215,376)
Auxiliary enterprises	1,827,801	887,511
Other receipts	1,251,471	506,019
Payments to employees	(17,981,050)	(18,581,350)
Payments to suppliers	(6,884,565)	(8,856,584)
Payments for scholarships and fellowships	<u>(5,847,707)</u>	<u>(5,083,074)</u>
Net cash used in operating activities	<u>(12,048,804)</u>	<u>(15,184,860)</u>
<b>Cash flows from investing activities:</b>		
Increase in investments	(17,273)	(15,900)
Increase in time certificates of deposit	<u>(8,605)</u>	<u>(14,127)</u>
Net cash used in investing activities	<u>(25,878)</u>	<u>(30,027)</u>
<b>Cash flows from noncapital financing activities:</b>		
Government of Guam appropriations	<u>21,499,624</u>	<u>20,439,786</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(774,918)	(961,345)
Contributions to GCC Foundation	(2,764,427)	-
Other contributions received	169,328	-
Capital contributions received	-	295,153
Principal paid on long-term debt	(1,184,680)	(1,093,908)
Interest paid on long-term debt	<u>(149,850)</u>	<u>(176,188)</u>
Net cash used in capital and related financing activities	<u>(4,704,547)</u>	<u>(1,936,288)</u>
Net change in cash and cash equivalents	4,720,395	3,288,611
Cash and cash equivalents at beginning of year	<u>8,530,408</u>	<u>5,241,797</u>
Cash and cash equivalents at end of year	<u>\$ 13,250,803</u>	<u>\$ 8,530,408</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (18,294,830)	\$ (19,180,500)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,380,898	2,590,157
On-behalf payments for retiree healthcare, COLA and annuity costs	1,593,403	1,561,116
Bad debts	135,355	(153,407)
Non-cash pension costs	794,337	1,413,435
Changes in assets and liabilities:		
Tuition receivable	(669,140)	933,114
Accounts receivable - U.S. Government	1,623,223	(667,319)
Other receivables	(108,767)	(1,065,562)
Inventories	(71,665)	79,550
Accounts payable and accrued liabilities	(211,023)	(793,263)
Accrued annual leave	(11,659)	13,359
DCRS sick leave liability	155,034	153,329
Unearned revenue	<u>636,030</u>	<u>(68,869)</u>
Net cash used in operating activities	<u>\$ (12,048,804)</u>	<u>\$ (15,184,860)</u>

See accompanying notes to financial statements.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(1) Organization and Purpose**

Guam Community College (the College) was established by the enactment of Public Law 14-77, "The Community College Act of 1977" (the Law), which became effective on November 11, 1977. Administration and operation of the College is under the control of a nine-member Board of Trustees appointed by the Governor with the advice and consent of the Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union. The College is a component unit of the Government of Guam (GovGuam). The operation of the College is reliant on the appropriations provided by GovGuam.

On September 30, 2011, Public Law 31-99 was signed into law which updates, amends and repeals sections of previously enacted Public Law 14-77. Public Law 31-99 amends the purposes of the College to read as follows:

1. To establish career and technical education, and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;
2. To coordinate with the Guam Education Board the development of career and technical education programs in all public schools on Guam;
3. To establish and maintain short-term extension and apprenticeship training programs in Guam;
4. To expand and maintain secondary and postsecondary educational programs in the career and technical fields;
5. To award appropriate certificates, degrees and diplomas to qualified students; and
6. To serve as the State Agency and the Board of Control for vocational education for purposes of the United States Vocational Education Act of 1946 and 1963 and subsequent amendments thereto.

The Guam Community College Foundation (the Foundation) was founded in August 1982, as a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of the College. The accompanying financial statements include the accounts of the Foundation.

**(2) Summary of Significant Accounting and Reporting Policies**

**Basis of Presentation**

Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, establishes the financial statement presentation for the College and provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Basis of Presentation, Continued

The College has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and presents the Guam Community College Foundation (the Foundation), a legally separate, tax-exempt entity, as a discretely presented component unit. The Foundation provides financial support for the objectives, purposes and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the College. Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and its Statements of Financial Position and Statements of Activities and Changes in Net Position are separately presented in the College's financial statements. In addition, significant notes are summarized under Foundation Investments.

The Foundation is a private organization that reports under accounting standards established by the Financial Accounting Standards Board (FASB), which is the source of generally accepted accounting principles for not-for-profit entities. The financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The separate financial statements of the Foundation can be obtained directly by contacting the Foundation's Board of Governors, P.O. Box 23069, GMF, Barrigada, Guam 96921.

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks including restricted accounts, money market accounts and time certificates of deposit with original maturities of less than three months. Time certificates of deposit with original maturities of more than three months are separately presented.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from U.S. Federal agencies for various federal grant awards as well as amounts due from GovGuam for local appropriations. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Receivables are written-off against the allowance through the specific identification method.

Inventory

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Investments and Investment Income

Investments in marketable securities are stated at current market value. Market value is determined using quoted market prices. Investment income consists of interest and dividend income, realized gains and losses, and the net change for the year in the fair value of investments carried at fair value.

Property, Plant and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts, except as noted below, and except for transfers of assets from GovGuam or GovGuam agencies subsequent to October 1, 2007, which are stated at GovGuam's basis at the date of transfer.

Physical plant and certain equipment were transferred to the College from GovGuam effective July 1, 1978, except for Police Academy assets, which were transferred on September 28, 1978. Physical plant is valued at the June 1, 1979 appraised value of \$6,493,585. Transferred equipment and fiscal year 1979 acquisitions are valued at the October 9, 1979 appraised value of \$1,008,192. Subsequent to that date, equipment acquisitions are stated at cost.

The College capitalizes assets with costs greater than \$5,000. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until the applicable future period.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until the applicable future period.

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. As of September 30, 2017 and 2016, an accumulated vacation leave liability of \$500,208 and \$511,867, respectively, is included within the statement of net position as accrued annual leave. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GCC recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GCC's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GCC's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Income Taxes

As an instrumentality of GovGuam, the College and all property acquired by or for the College, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed by the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. Effective Fall 2012, the Board of Trustees voted to approve the Guam Community College Tuition Benefit Program for Employees' Spouse and Dependents. The total of senior citizen waivers provided is \$65,065 and \$59,800 for the years ended September 30, 2017 and 2016, respectively.

Net Position

Net position represent the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three sections: net investment in capital assets; restricted expendable and non-expendable, and unrestricted. Net investment in capital assets include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The accounts shown as restricted assets are amounts required to be maintained in revenue bond fund accounts and amounts set aside in accordance with terms of a U.S. Department of Agriculture capital grant agreement. All other net position is unrestricted.

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

*Operating Revenues and Expenses* – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) investment earnings.

*Nonoperating Revenues and Expenses* – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue and expense sources that are defined as nonoperating revenues and expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Foundation Investments

The Foundation has adopted the accounting guidance within ASC 320, *Investments - Debt and Equity Securities*, which require that the Foundation account for its investments at market value.

The market values of investments at September 30, 2017 and 2016 are \$11,464,629 and \$10,319,595, respectively. The following represents the composition of market values of investments:

	<u>2017</u>	<u>2016</u>
Equities and related	\$ 7,601,106	\$ 5,430,820
Mutual funds	468,876	3,226,701
Government securities	1,314,908	923,482
Corporate bonds	1,377,280	-
Exchange-traded funds	14,268	-
Cash and equivalents	<u>688,191</u>	<u>738,592</u>
	<u>\$ 11,464,629</u>	<u>\$ 10,319,595</u>

The following represents the composition of the net investment gains for the years ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Unrealized investment gains	\$ 997,883	\$ 706,796
Net realized investment (losses) gains	(100,996)	31,346
Interest income and dividends	<u>248,147</u>	<u>38,991</u>
	<u>\$ 1,145,034</u>	<u>\$ 777,133</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deposits and Investments

For the College, investment in debt securities are carried at cost which approximates market value.

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

**A. Deposits**

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The College does not have a deposit policy for custodial credit risk.

As of September 30, 2017 and 2016, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$15,294,187 and \$10,565,187, respectively, and the corresponding bank balances were \$16,152,777 and \$13,857,445, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2017 and 2016, bank deposits in the amount of \$731,075 and \$746,231, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

**B. Investments**

GASB Statement No. 40 provides for disclosure requirements addressing common risks of investments such as credit risk, interest rate risk, concentration of credit risk, foreign currency risk and custodial credit risk.

Pursuant to Public Law 25-187, the College is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by the College to be expended exclusively for enhancement of learning resources and technology. At September 30, 2017 and 2016, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service Shares mutual fund of \$1,949,737 and \$1,932,464, respectively.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deposits and Investments, Continued

The College categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College investments are in mutual funds as of September 30, 2017 and 2016 whose fair values are Level 1 based on quoted prices in active markets for identical assets.

New Accounting Standards

During fiscal year ended September 30, 2017 the College implemented the following pronouncements:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The implementation of this statement had a material effect on the accompanying financial statements resulting in the restatement of the College's fiscal year 2016 financial statements to reflect the reporting of pension liabilities, deferred inflows of resources and deferred outflows of resources for ad hoc COLAs and supplemental annuity payments and the recognition of pension expense in accordance with the provisions of GASB Statement No. 73. The 2016 financial statements were also restated as follows due to changes in actuarial assumptions and other inputs used to determine the pension liabilities, deferred inflows of resources and deferred outflows of resources for the qualified defined benefit pension plan.

	As Previously Reported	Adjustment	As Restated
<b>As of October 1, 2015:</b>			
Net position	\$ 19,614,226	\$ (5,738,229)	\$ 13,875,997
<b>For the year ended September 30, 2016:</b>			
Operating expenses	\$ 33,052,086	\$ 1,827,430	\$ 34,879,516
Government of Guam appropriations	\$ 18,098,437	\$ 643,341	\$ 18,741,778
Change in net position	\$ 864,332	\$ (1,184,089)	\$ (319,757)
<b>As of September 30, 2016:</b>			
Deferred outflows of resources from pension	\$ 4,469,317	\$ 1,228,986	\$ 5,698,303
Net pension liability	\$ (33,269,348)	\$ (8,116,972)	\$ (41,386,320)
Deferred inflows of resources from pension	\$ -	\$ (34,332)	\$ (34,332)
Net position	\$ 20,478,558	\$ (6,922,318)	\$ 13,556,240

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB).

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

New Accounting Standards, Continued

- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units.
- GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Except for GASB Statement No. 73, the implementation of these statements did not have a material effect on the College's financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on an actuarial valuation dated October 1, 2015, the net OPEB obligation that the College will record upon implementation of Statement 75 is anticipated to be \$21,746,656 as of September 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of the College.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management has not evaluated the impact that the implementation of this statement will have on the financial statements of the College.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(2) Summary of Significant Accounting and Reporting Policies, Continued

New Accounting Standards, Continued

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The provisions in Statement No. 85 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the GovGuam. The College has no related expenditures for capital projects for the years ended September 30, 2017 and 2016.

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 disclosure 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.

Risk Management

The College is exposed to various risks of loss; theft of, damage to, and destruction of assets; operation liability; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. There is commercial insurance coverage obtained to provide for claims arising from most of these matters. No material losses have been sustained as a result of the College's risk management practices during the past three years.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(3) Property, Plant and Equipment**

Movements of property, plant and equipment for the years ended September 30, 2017 and 2016 were as follows:

	Estimated Useful Life (in years)	Balance October 1, <u>2016</u>	Additions	Retirement/ Transfers	Balance September 30, <u>2017</u>
<b>Depreciable:</b>					
Buildings and structures	10-30	\$ 54,711,706	\$ 414,951	\$ (283,090)	\$ 54,843,567
Furniture, fixtures and equipment	5-6	11,433,799	588,221	(72,144)	11,949,876
Vehicles	5	<u>560,438</u>	<u>50,914</u>	<u>-</u>	<u>611,352</u>
		<u>66,705,943</u>	<u>1,054,086</u>	<u>(355,234)</u>	<u>67,404,795</u>
<b>Accumulated depreciation:</b>					
Buildings and structures		(25,155,246)	(1,446,863)	283,090	(26,319,019)
Furniture, fixtures and equipment		(9,668,121)	(861,846)	72,144	(10,457,823)
Vehicles		<u>(253,911)</u>	<u>(72,189)</u>	<u>-</u>	<u>(326,100)</u>
		<u>(35,077,278)</u>	<u>(2,380,898)</u>	<u>355,234</u>	<u>(37,102,942)</u>
		<u>31,628,665</u>	<u>(1,326,812)</u>	<u>-</u>	<u>30,301,853</u>
<b>Non-depreciable:</b>					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,478,569</u>	<u>70,783</u>	<u>(349,951)</u>	<u>1,199,401</u>
		<u>3,381,569</u>	<u>70,783</u>	<u>(349,951)</u>	<u>3,102,401</u>
		<u>\$ 35,010,234</u>	<u>\$ (1,256,029)</u>	<u>\$ (349,951)</u>	<u>\$ 33,404,254</u>
	Estimated Useful Life (in years)	Balance October 1, <u>2015</u>	Additions	Retirement/ Transfers	Balance September 30, <u>2016</u>
<b>Depreciable:</b>					
Buildings and structures	10-30	\$ 54,492,503	\$ 219,203	\$ -	\$ 54,711,706
Furniture, fixtures and equipment	5-6	11,132,045	495,811	(194,057)	11,433,799
Vehicles	5	<u>594,269</u>	<u>-</u>	<u>(33,831)</u>	<u>560,438</u>
		<u>66,218,817</u>	<u>715,014</u>	<u>(227,888)</u>	<u>66,705,943</u>
<b>Accumulated depreciation:</b>					
Buildings and structures		(23,739,975)	(1,415,271)	-	(25,155,246)
Furniture, fixtures and equipment		(8,755,238)	(1,106,940)	194,057	(9,668,121)
Vehicles		<u>(219,796)</u>	<u>(67,946)</u>	<u>33,831</u>	<u>(253,911)</u>
		<u>(32,715,009)</u>	<u>(2,590,157)</u>	<u>227,888</u>	<u>(35,077,278)</u>
		<u>33,503,808</u>	<u>(1,875,143)</u>	<u>-</u>	<u>31,628,665</u>
<b>Non-depreciable:</b>					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,232,238</u>	<u>246,331</u>	<u>-</u>	<u>1,478,569</u>
		<u>3,135,238</u>	<u>246,331</u>	<u>-</u>	<u>3,381,569</u>
		<u>\$ 36,639,046</u>	<u>\$ (1,628,812)</u>	<u>\$ -</u>	<u>\$ 35,010,234</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(4) Employees' Retirement Plans**

**A. General Information About the Pension Plans**

**Defined Benefit Plan**

*Plan Description:* The College participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes GCC, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commenced on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – [www.ggrf.com](http://www.ggrf.com).

*Plan Membership:* As of September 30, 2016, the most recent measurement date, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,298
Terminated employees entitled to benefits but not yet receiving them	4,463
Current members	<u>2,208</u>
	<u>13,969</u>

*Benefits Provided:* The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(4) Employees' Retirement Plans, Continued**

**A. General Information About the Pension Plans, Continued**

**Defined Benefit Plan, Continued**

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

*Contributions and Funding Policy:* Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2015 actuarial valuation was used for determining the year ended September 30, 2017 statutory contributions. Member contributions are required at 9.55% of base pay (9.54% in 2016).

As a result of actuarial valuations performed as of September 30, 2015, 2014, and 2013, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2017, 2016 and 2015, respectively, have been determined as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal costs (% of DB Plan payroll)	16.27%	15.86%	15.92%
Employee contributions (DB Plan employees)	<u>9.55%</u>	<u>9.54%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>6.72%</u>	<u>6.32%</u>	<u>6.37%</u>
Employer portion of normal costs (% of total payroll)	1.87%	1.94%	2.05%
Unfunded liability cost (% of total payroll)	<u>21.60%</u>	<u>22.42%</u>	<u>24.09%</u>
Government contribution as a % of total payroll	<u>23.47%</u>	<u>24.36%</u>	<u>26.14%</u>

Statutory contribution rates as a % of DB Plan payroll:

Employer	<u>27.41%</u>	<u>28.16%</u>	<u>29.85%</u>
Employee	<u>9.55%</u>	<u>9.54%</u>	<u>9.55%</u>

The College's contributions to the DB Plan for the years ended September 30, 2017, 2016 and 2015 were \$1,169,733, \$1,341,605, and \$1,432,545, respectively, which were equal to the required contributions for the respective years then ended.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued

Defined Benefit Plan, Continued

*Actuarial Assumptions:* Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	14.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	6.70%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued

Defined Benefit Plan, Continued

*Discount Rate:* The total pension liability is calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except ad hoc cost-of-living adjustments (COLA) and supplemental annuity (SA) payments to DB retirees. The rate of return of a high quality bond index applies to the ad hoc COLAs and supplemental annuity payments to DB retirees, which are not funded by plan assets. The blended rate calculated as described above is 6.70%.

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.70%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate <u>5.70%</u>	Current Discount Rate <u>6.70%</u>	1% Increase in Discount Rate <u>7.70%</u>
Net Pension Liability	\$ 41,034,550	\$ 33,654,754	\$ 27,302,750

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

*Plan Description:* GCC participates in the GovGuam ad hoc COLA/supplemental annuity plan for DB retirees, a single-employer defined benefit pension plan administered by the GGRF. GCC considers this as a separate pension plan for DB retirees. A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for this plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – [www.ggrf.com](http://www.ggrf.com).

*Plan Membership:* The plan membership is the same as the DB plan described above.

*Benefits Provided, Contributions and Funding Policy:* Ad hoc COLA and supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature, but are funded on a "pay-as-you-go" basis so there is no plan trust. Ad hoc COLAs are made through annual allocations to provide DB Plan retired members and spouse survivors with COLA payments of \$2,000 per year. In addition, DB Plan retired members and survivors whose benefits commenced prior to October 1, 1995, have received supplemental annuity payments in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

For the years ended September 30, 2017, 2016 and 2015, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling \$613,055, \$625,341 and \$630,474, respectively, that GovGuam's general fund paid directly for the

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees, Continued

DB Plan retirees on behalf of the College, which were equal to the statutorily required contributions.

*Actuarial Assumptions:* The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Discount Rate:	6.70%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012

*Discount Rate:* The total pension liability is calculated using a discount rate that is a blend of the expected investment rate of return and a high quality bond index rate. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments to DB retirees. The rate of return of a high quality bond index applies to the ad hoc COLAs and supplemental annuity payments to DB retirees, which are not funded by plan assets. The blended rate calculated as described above is 6.70%.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

A. General Information About the Pension Plans, Continued

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees, Continued

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.70%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate <u>5.70%</u>	Current Discount Rate <u>6.70%</u>	1% Increase in Discount Rate <u>7.70%</u>
Net Pension Liability	\$ <u>6,553,941</u>	\$ <u>6,090,911</u>	\$ <u>5,681,019</u>

Ad Hoc COLA Plan for DCRS Retirees

*Plan Description:* GCC participates in the GovGuam ad hoc COLA plan for DCRS retirees, a single-employer defined benefit pension plan administered by the GGRF. GCC considers this as a separate pension plan for DCRS retirees. A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for this plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - [www.ggrf.com](http://www.ggrf.com).

*Plan Membership:* As of September 30, 2016, the most recent measurement date, plan membership consisted of 8,858 active DCRS participants.

*Benefits Provided, Contributions and Funding Policy:* Ad hoc COLA benefits, contributions and funding policy are the same as those for DB retirees.

For the years ended September 30, 2017, 2016 and 2015, the College recognized ad hoc COLA payments as transfers from GovGuam, totaling \$20,000, \$18,000 and \$14,000, respectively, that GovGuam's general fund paid directly for the DB Plan retirees on behalf of the College, which were equal to the statutorily required contributions.

*Actuarial Assumptions:* The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2015
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(4) Employees' Retirement Plans, Continued**

**A. General Information About the Pension Plans, Continued**

**Ad Hoc COLA Plan for DCRS Retirees, Continued**

Discount Rate:	3.058%
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to age 74, 100% at age 75
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

*Discount Rate:* The total pension liability is calculated using a discount rate of 3.058% that is the high quality bond index rate. The rate of return of a high quality bond index applies to benefit payments that are not funded by plan assets.

*Discount Rate Sensitivity Analysis:* The following schedule shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.058%) in measuring the 2017 Net Pension Liability.

	1% Decrease in Discount Rate <u>2.058%</u>	Current Discount Rate <u>3.058%</u>	1% Increase in Discount Rate <u>4.058%</u>
Net Pension Liability	\$ <u>892,280</u>	\$ <u>781,136</u>	\$ <u>686,564</u>

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability:* At September 30, 2017 and 2016, GCC reported a net pension liability for its proportionate shares of the GovGuam net pension liabilities which comprised of the following:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	\$ 33,654,754	\$ 34,887,450
Ad hoc COLA/supplemental annuity plan for DB retirees	6,090,911	5,929,180
Ad hoc COLA plan for DCRS retirees	<u>781,136</u>	<u>569,690</u>
	<u>\$ 40,526,801</u>	<u>\$ 41,386,320</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued**

GCC's proportion of the GovGuam net pension liabilities was based on projection of GCC's long-term share of contributions to the pension plans relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2017 and 2016, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	2.46%	2.43%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.65%	2.51%
Ad hoc COLA plan for DCRS retirees	1.27%	1.09%

*Pension Expense:* For the years ended September 30, 2017 and 2016, GCC recognized pension expense from the above pension plans as follows:

	<u>2017</u>	<u>2016</u>
Defined benefit plan	\$ 3,437,331	\$ 4,442,235
Ad hoc COLA/supplemental annuity plan for DB retirees	793,710	628,445
Ad hoc COLA plan for DCRS retirees	<u>72,549</u>	<u>49,573</u>
	<u>\$ 4,303,590</u>	<u>\$ 5,120,253</u>

*Deferred Outflows and Inflows of Resources:* At September 30, 2017 and 2016, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017					
	Ad Hoc COLA/SA			Ad Hoc COLA Plan for DCRS Retirees		
	Defined Benefit Plan	Plan for DB Retirees	for DCRS Retirees	Defined Benefit Plan	Plan for DB Retirees	for DCRS Retirees
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 110,870	\$ 477	\$ -	\$ 15,078	\$ 6,575
Net difference between projected and actual earnings on pension plan investments	-	176,031	75,770	-	-	-
Changes of assumptions	95,824	-	6,283	-	85,308	-
Contributions subsequent to the measurement date	3,225,473	-	613,054	-	20,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>98,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,944</u>	<u>14,374</u>
	<u>\$ 3,420,052</u>	<u>\$ 286,901</u>	<u>\$ 695,584</u>	<u>\$ -</u>	<u>\$ 202,330</u>	<u>\$ 20,949</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(4) Employees' Retirement Plans, Continued**

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued**

	2016					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-
Contributions subsequent to the measurement date	3,420,159	-	625,342	-	18,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>1,517,840</u>	<u>—</u>	<u>91,110</u>	<u>12,963</u>	<u>25,852</u>	<u>21,369</u>
	<u>\$ 4,937,999</u>	<u>\$ —</u>	<u>\$ 716,452</u>	<u>\$ 12,963</u>	<u>\$ 43,852</u>	<u>\$ 21,369</u>

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2017 will be recognized in pension expense as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Defined</u> <u>Benefit Plan</u>	<u>Ad Hoc COLA/SA</u> <u>Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan</u> <u>for DCRS Retirees</u>
2018	\$ (305,796)	\$ 82,529	\$ 10,170
2019	89,378	-	10,170
2020	313,350	-	10,170
2021	(189,254)	-	10,170
2022	-	-	10,170
Thereafter	<u>—</u>	<u>—</u>	<u>110,532</u>
	<u>\$ (92,322)</u>	<u>\$ 82,529</u>	<u>\$ 161,382</u>

**Defined Contribution Plan (DCRS)**

Contributions into the DCRS plan 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 investment account within the DCRS. Employees are afforded the opportunity to select from different investment options available under the DCRS.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(4) Employees' Retirement Plans, Continued

Defined Contribution Plan (DCRS), Continued

Statutory employer contributions into the DCRS plan for the years ended September 30, 2017 and 2016, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only the equivalent of 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS plan are 100% vested in their own contributions, plus earnings thereon. Upon completion of five years of government service, DCRS members are 100% vested in employer contributions plus any earnings thereon.

The College's contributions to the DCRS Plan for the years ended September 30, 2017, 2016 and 2015 were \$2,971,881, \$2,973,394 and \$3,071,381, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$2,055,740, \$2,078,554 and \$2,190,305 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2017, 2016 and 2015, respectively.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The College has accrued an estimated liability of \$1,721,154 and \$1,566,120 at September 30, 2017 and 2016, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

Other Post-Employment Benefits

*Plan Description:* GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

*Funding Policy:* GovGuam contributes to the Plan a portion of the medical and dental premiums based on a schedule of semi-monthly rates provided through insurance companies, with GovGuam's contribution amount set each year at renewal. Retirees are also required to pay a portion of the medical and dental insurance premiums. Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions. Retirees and covered spouses are eligible for a \$10,000 life insurance benefit. Retirees do not share in the cost of this benefit. Monthly life insurance premium is \$15.52 per covered life.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(4) Employees' Retirement Plans, Continued**

**Other Post-Employment Benefits, Continued**

For the years ended September 30, 2017, 2016 and 2015, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$960,349, \$917,775 and \$865,448, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

GCC's net OPEB obligation at September 30, 2017, 2016 and 2015 for the above mentioned Plan is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	\$ <u>21,746,656</u>	\$ <u>18,394,393</u>	\$ <u>15,179,000</u>

**(5) Due from Government Agencies**

Due from Government of Guam consists of receivables from GovGuam General Fund. Accounts receivable - U.S. Government consists of uncollected grants at September 30, 2017 and 2016. While some grants are available for use during the fiscal year, others are available either on a calendar-year basis or for a period of twenty-seven months.

During the year ended September 30, 2017, the College believed that it would collect the total amount appropriated from the General Fund. In February 2018, management learned that \$2,758,369 of appropriations would not necessarily be funded and as a result reduced its aggregate Government of Guam appropriations as follows:

Appropriations per law	\$ 20,711,323
Add FY2016 appropriation collected in FY2017	2,000,000
Add retiree healthcare cost	960,349
Add COLA and annuity cost	633,055
Less amount that may not be collected	(2,758,369)
Less prior year appropriation that may not be collected	(752,413)
Less amount collected in FY 2018 against FY 2017 continuing appropriation	<u>(2,472,974)</u>
Net appropriations	<u>\$ 18,320,971</u>

The \$2,472,974 was received against the 2017 appropriations but given the time frame in which it was received, the amount is recognized in the College's appropriation revenue in fiscal year 2018.

**(6) Encumbrances**

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$1,628,243 and \$6,267,643 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2017 and 2016, respectively. Of the \$6,267,643 as of September 30, 2016, \$4,516,000 relates to contract commitments.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(7) Related Party Transactions**

Non-voting members of the Foundation's Board of Governors are also members of the College's Board of Trustees.

Included within the College's other revenues are \$158,752 and \$153,275 in contributions from the Foundation during the years ended September 30, 2017 and 2016, respectively.

**(8) Long-Term Debt**

	<u>2017</u>	<u>2016</u>
Note payable of an original amount of \$2,250,000 to U.S. Department of Agriculture, for facility construction purposes, interest at 4.125%, repayable in monthly installments of principal and interest of \$9,698 from March 10, 2013 through March 10, 2051, collateralized by a pledge of all gross revenues and a security interest in all equipment, furniture and fixtures.	\$ -	\$ 1,115,454
Note payable of an original amount of \$3,500,000 to U.S. Department of Agriculture, for facility construction purposes, interest at 3.125%, repayable in monthly installments of principal and interest of \$12,810 through March 6, 2053, collateralized by a pledge of all gross revenues.	<u>3,230,709</u>	<u>3,299,935</u>
Less current portion	<u>3,230,709</u>	<u>4,415,389</u>
	<u>52,100</u>	<u>121,336</u>
	<u>\$ 3,178,609</u>	<u>\$ 4,294,05</u>

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 52,100	\$ 101,620	\$ 153,720
2019	53,752	99,968	153,720
2020	55,456	98,264	153,720
2021	57,214	96,506	153,720
2022	59,028	94,692	153,720
2023-2027	324,424	444,176	768,600
2028-2032	379,213	389,387	768,600
2033-2037	443,254	325,346	768,600
2038-2042	518,112	250,488	768,600
2043-2047	605,611	162,989	768,600
2048-2052	676,423	92,177	768,600
2053	<u>6,122</u>	<u>275</u>	<u>6,397</u>
	<u>\$ 3,230,709</u>	<u>\$ 2,155,888</u>	<u>\$ 5,386,597</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

(8) Long-Term Debt, Continued

The College has pledged all future gross revenues to repay \$2,250,000, and \$3,500,000 of U.S. Department of Agriculture debts issued in 2011 and 2013, respectively. Note payable proceeds financed facility construction. The notes are payable from gross revenues and are payable through March 2051 and March 2053, respectively. Annual interest and principal payments on the notes are expected to require less than one percent of net operating revenues. On August 18, 2017, the College fully paid the remaining balance of interest and principal outstanding for the \$2,250,000 loan amounting to \$1,072,017. The total interest and principal remaining to be paid on the \$3,500,000 loan as of September 30, 2017 is \$5,386,597. Principal and interest paid for fiscal year 2017 and net operating revenues were \$1,334,530 and \$17,047,817, respectively.

(9) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2017 and 2016, were as follows:

	Beginning Balance October 1, 2016 (As restated)	Additions	Reductions	Ending Balance September 30, 2017	Amount due within one year
Loans payable	\$ 4,415,389	\$ -	\$ (1,184,680)	\$ 3,230,709	\$ 52,100
Accrued annual leave	511,867	478,016	(489,675)	500,208	247,443
DCRS sick leave liability	1,566,120	155,034	-	1,721,154	-
Net pension liability	<u>41,386,320</u>	<u>_____</u>	<u>(859,519)</u>	<u>40,526,801</u>	<u>_____</u>
	<u>\$ 47,879,696</u>	<u>\$ 633,050</u>	<u>\$ (2,533,874)</u>	<u>\$ 45,978,872</u>	<u>\$ 299,543</u>

	Beginning Balance October 1, 2015 (As restated)	Additions	Reductions	Ending Balance September 30, 2016 (As Restated)	Amount due within one year
Loans payable	\$ 5,509,297	\$ -	\$ (1,093,908)	\$ 4,415,389	\$ 121,366
Accrued annual leave	498,508	13,359	-	511,867	204,747
DCRS sick leave liability	1,412,791	153,329	-	1,566,120	-
Net pension liability	<u>35,792,154</u>	<u>5,594,166</u>	<u>_____</u>	<u>41,386,320</u>	<u>_____</u>
	<u>\$ 43,212,750</u>	<u>\$ 5,760,854</u>	<u>\$ (1,093,908)</u>	<u>\$ 47,879,696</u>	<u>\$ 326,113</u>

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Notes to Financial Statements  
September 30, 2017 and 2016

**(10) Contingencies**

**Medicare**

GovGuam and its component units, including the College, 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. Prior to that date, GovGuam did not withhold or remit Medicare payments to the U.S. Social Security system. If the Government is found to be liable for Medicare payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the College and all other component units of GovGuam that payment of 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.

**Lawsuit and Claims**

The College is involved in various legal proceedings. Management believes that any losses arising from these actions will not materially affect the College's financial position.

**Financial and Compliance Audits**

The College has participated in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The College's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of the College.

**(11) Subsequent Event**

In October 2016, Bill 2-33 was passed, enacting two new government retirement plans; the DB Lite Plan and the Guam Retirement Security Plan. Beginning 2018, the Security Plan and Defined Contribution Plan are to become the primary retirement systems for all new hires.

On December 5, 2017, GCC paid \$557,844 to the Guam Community College Foundation as an advance lease payment for GCC Building 100.

**GUAM COMMUNITY COLLEGE**  
**(A Component Unit of the Government of Guam)**

Required Supplemental Information (Unaudited)  
 Schedule of Proportional Share of the Net Pension Liability  
 Last 10 Fiscal Years\*

**Defined Benefit Plan**

	2017	2016	2015	2014
Total net pension liability	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754	\$ 1,303,304,636
GCC's proportionate share of the net pension liability	\$ 33,654,754	\$ 34,887,450	\$ 29,423,616	\$ 33,015,503
GCC's proportion of the net pension liability	2.46%	2.43%	2.36%	2.53%
GCC's covered-employee payroll**	\$ 12,450,380	\$ 12,416,546	\$ 11,921,032	\$ 11,661,597
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	54.62%	52.32%	56.60%	53.94%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A Component Unit of the Government of Guam)**

Required Supplemental Information (Unaudited)  
Schedule of Proportional Share of the Net Pension Liability  
Last 10 Fiscal Years\*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	<u>2017</u>	<u>2016</u>
Total net pension liability***	\$ 229,486,687	\$ 235,799,709
GCC's proportionate share of the net pension liability	\$ 6,090,911	\$ 5,929,180
GCC's proportion of the net pension liability	2.65%	2.51%
GCC's covered-employee payroll**	\$ 13,438,531	\$ 12,858,300
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	45.32%	46.11%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A Component Unit of the Government of Guam)**

Required Supplemental Information (Unaudited)  
Schedule of Proportional Share of the Net Pension Liability  
Last 10 Fiscal Years\*

Ad Hoc COLA Plan for DCRS Retirees

	<u>2017</u>	<u>2016</u>
Total net pension liability***	\$ 61,688,067	\$ 52,115,736
GCC's proportionate share of the net pension liability	\$ 781,136	\$ 569,690
GCC's proportion of the net pension liability	1.27%	1.09%
GCC's covered-employee payroll**	\$ 4,622,757	\$ 3,890,382
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	16.90%	14.64%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

\*\*\* No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A Component Unit of the Government of Guam)**

Required Supplemental Information (Unaudited)  
 Schedule of Pension Contributions  
 Last 10 Fiscal Years\*

	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,059,454	\$ 3,265,964	\$ 3,166,082	\$ 3,089,025
Contributions in relation to the actuarially determined contribution	<u>3,225,473</u>	<u>3,420,159</u>	<u>3,554,912</u>	<u>3,541,069</u>
Contribution (excess) deficiency	<u>\$ (166,019)</u>	<u>\$ (154,194)</u>	<u>\$ (388,831)</u>	<u>\$ (452,043)</u>
GCC's covered-employee payroll **	<u>\$ 12,450,380</u>	<u>\$ 12,416,546</u>	<u>\$ 11,921,032</u>	<u>\$ 11,661,597</u>
Contribution as a percentage of covered-employee payroll	25.91%	27.55%	29.82%	30.37%

\* This data is presented for those years for which information is available.

\*\* Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A Component Unit of the Government of Guam)**

**Schedule of Funding Progress and Actuarial Accrued Liability - Post  
 Employment Benefits Other Than Pension (Unaudited)**

The Schedule of Funding Progress presents GASB 45 results of Other Post Employment Benefits (OPEB) valuations as of fiscal year ends September 30, 2017, 2016, 2011 and 2007 for the Guam Community College's share of the Government of Guam Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
October 1, 2007	\$ -	\$ 14,935,000	\$ 14,935,000	0.00%	\$ 11,410,000	130.89%
October 1, 2011	\$ -	\$ 19,794,000	\$ 19,794,000	0.00%	\$ 14,242,000	138.98%
October 1, 2015	\$ -	\$ 39,992,714	\$ 39,992,714	0.00%	\$ 11,532,619	346.78%
October 1, 2016*	\$ -	\$ 42,753,137	\$ 42,753,137	0.00%	\$ 11,993,924	356.46%

\*Projected

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Schedule 1  
 Schedule of Salaries and Wages (Cash Basis)  
 Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Salaries and wages:</b>		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 13,784,569	\$ 14,219,166
Benefits	<u>5,300,205</u>	<u>4,758,217</u>
Total salaries, wages and benefits	<u>\$ 19,084,774</u>	<u>\$ 18,977,383</u>
Full-time employees at end of year	<u>244</u>	<u>246</u>
<b>Federal Funds:</b>		
Salaries	\$ 628,732	\$ 1,181,337
Benefits	<u>166,169</u>	<u>323,128</u>
Total salaries, wages and benefits	<u>\$ 794,901</u>	<u>\$ 1,504,465</u>
Full time federal employees at end of year (inclusive in above amount)	<u>10</u>	<u>14</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Schedule of Expenditures by Function and Object Code  
 Years Ended September 30, 2017 and 2016

	2017	2016 As Restated
<b>Instruction:</b>		
Salaries, wages and benefits	\$ 9,376,499	\$ 9,846,490
Travel	36,941	38,408
Contract services	331,118	321,515
Supplies	228,969	288,980
Minor equipment	249,754	245,691
Capital expenditures	15,125	114,033
Miscellaneous	1,297,777	1,120,505
	\$ 11,536,183	\$ 11,975,622
Total employees at end of year	110	116
<b>Planning:</b>		
Salaries, wages and benefits	\$ 731,623	\$ 784,495
Travel	5,342	26,045
Contract services	46,558	163,401
Supplies	9,277	8,313
Minor equipment	19,129	11,357
Miscellaneous	9,522	2,804
	\$ 821,451	\$ 996,415
Total employees at end of year	10	10
<b>Academic Support:</b>		
Salaries, wages and benefits	\$ 1,452,226	\$ 1,954,548
Travel	21,465	65,369
Contract services	111,933	651,313
Supplies	29,070	82,929
Minor equipment	14,973	65,743
Miscellaneous and transfers	78,603	473,815
	\$ 1,708,270	\$ 3,293,717
Total employees at end of year	18	22

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Schedule of Expenditures by Function and Object Code, Continued  
 Years Ended September 30, 2017 and 2016

	2017	2016
	As Restated	
<b>Student Services:</b>		
Salaries, wages and benefits	\$ 2,812,562	\$ 2,757,417
Travel	10,745	991
Contract services	109,549	83,455
Supplies	31,435	20,987
Minor equipment	14,855	19,705
Miscellaneous and transfers	<u>62,942</u>	<u>55,927</u>
	<u>\$ 3,042,088</u>	<u>\$ 2,938,482</u>
<b>Total employees at end of year</b>	<u>42</u>	<u>42</u>
	<u>2017</u>	<u>2016</u>
<b>Institutional Support and Interest:</b>		
Salaries, wages and benefits	\$ 3,613,404	\$ 3,533,845
Travel	191,019	221,815
Contract services	1,215,438	1,190,293
Supplies	39,670	25,438
Minor equipment	11,370	21,969
Interest and miscellaneous	<u>70,868</u>	<u>272,093</u>
	<u>\$ 5,141,769</u>	<u>\$ 5,265,453</u>
<b>Total employees at end of year</b>	<u>50</u>	<u>46</u>
	<u>2017</u>	<u>2016</u>
<b>Operations and Maintenance of Plant:</b>		
Salaries, wages and benefits	\$ 410,169	\$ 436,676
Contract services	460,091	265,123
Supplies	72,645	68,922
Minor equipment	26,991	93,562
Capital expenditures	60,970	46,470
Utilities	<u>1,031,703</u>	<u>1,010,667</u>
	<u>\$ 2,062,569</u>	<u>\$ 1,921,420</u>
<b>Total employees at end of year</b>	<u>9</u>	<u>7</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Schedule of Expenditures by Function and Object Code, Continued  
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u> <u>As Restated</u>
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 411,119	\$ 495,939
Travel	60	6,672
Contract services	970	269
Supplies	299	419
Minor equipment	89	-
Miscellaneous	<u>5,847,707</u>	<u>6,195,272</u>
	<u>\$ 6,260,244</u>	<u>\$ 6,698,571</u>
Total employees at end of year	<u>3</u>	<u>3</u>
Auxiliary:		
Salaries, wages and benefits	\$ 111,160	\$ 352,063
Supplies	2,177	2,243
Minor equipment	682,435	777,738
Capital expenditures	-	14,452
	<u>\$ 795,772</u>	<u>\$ 1,146,496</u>
Total employee at end of year	<u>2</u>	<u>2</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Unrestricted and Restricted Fund Supplemental Schedule  
 Balance Sheet  
 September 30, 2017  
 (With Comparative Balances as of September 30, 2016)

	Unrestricted			Restricted			Capital	Tobacco	Investment	Agency	Grand Total					
	Appropriated	Non-appropriated		Federal	Other Grants						2017	As Restated				
		Fund	Fund	Total	Fund	Fund										
<b>ASSETS</b>																
Cash	\$ -	\$ 13,015,171	\$ 13,015,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,632	\$ -	\$ 13,250,803	\$ 8,530,408				
TCD	-	2,043,384	2,043,384	-	-	-	-	-	-	-	2,043,384	2,034,779				
Investments	-	-	-	-	-	-	-	-	-	-	1,949,737	1,932,464				
Due from Government of Guam	854,277	558,926	1,413,203	-	94,549	94,549	-	-	-	-	-	1,507,752	5,527,396			
Due from other College funds	3,255,267	39,777,237	43,032,504	20,159,722	888,422	21,048,144	-	140,000	341,035	45,549	(64,607,232)	-	-			
Accounts receivable - U.S. Government	-	107,241	107,241	62,431	56,390	118,821	-	-	-	-	-	226,062	1,849,285			
Accounts receivable - tuition	-	5,193,144	5,193,144	-	-	-	-	-	-	-	-	5,193,144	4,524,978			
Accounts receivable - others	-	1,174,329	1,174,329	-	-	-	-	-	-	-	-	1,174,329	1,065,562			
Allowance for doubtful accounts	(854,277)	(1,664,490)	(2,518,767)	-	-	-	-	-	-	-	-	(2,518,767)	(1,631,973)			
Inventories	-	622,731	622,731	-	-	-	-	-	-	-	-	622,731	551,066			
Construction in progress	-	-	-	-	-	-	-	-	1,199,401	-	-	1,199,401	1,478,569			
Land	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000			
Buildings	-	-	-	-	-	-	-	-	54,843,567	-	-	54,843,567	54,711,706			
Equipment	-	-	-	-	-	-	-	-	11,949,876	-	-	11,949,876	11,433,799			
Vehicles	-	-	-	-	-	-	-	-	611,352	-	-	611,352	560,438			
Accumulated depreciation	-	-	-	-	-	-	-	-	(37,102,942)	-	-	(37,102,942)	(35,077,278)			
Deferred outflows from pension	-	4,317,966	4,317,966	-	-	-	-	-	-	-	-	4,317,966	5,698,303			
	\$ 3,255,267	\$ 65,145,639	\$ 68,400,906	\$ 20,222,153	\$ 1,039,361	\$ 21,261,514	\$ -	\$ 2,089,737	\$ 33,745,289	\$ 281,181	\$ (64,607,232)	\$ 61,171,395	\$ 65,092,502			
<b>LIABILITIES AND FUND BALANCE</b>																
Accounts payable	\$ 149,032	\$ 499,160	\$ 648,192	\$ 2,285	\$ 639	\$ 2,924	\$ -	\$ -	\$ -	\$ -	\$ -	651,116	\$ 565,334			
Loans payable	-	3,230,709	3,230,709	-	-	-	-	-	-	-	-	3,230,709	4,415,389			
Due to other College funds	3,128,655	30,278,976	33,407,631	19,860,444	-	19,860,444	11,339,157	-	-	-	(64,607,232)	-	-			
Due to depositor	-	-	-	-	-	-	-	-	281,181	-	-	281,181	281,181			
Accrued liabilities	-	1,019,704	1,019,704	-	-	-	-	-	-	-	-	1,019,704	1,328,169			
DCRS sick leave liability	-	1,721,154	1,721,154	-	-	-	-	-	-	-	-	1,721,154	1,566,120			
Net pension liability	-	40,526,801	40,526,801	-	-	-	-	-	-	-	-	40,526,801	41,386,320			
Unearned revenue	-	2,595,447	2,595,447	-	-	-	-	-	-	-	-	2,595,447	1,959,417			
Deferred inflows from pension	-	307,850	307,850	-	-	-	-	-	-	-	-	307,850	34,332			
Fund balance	(22,420)	(15,034,162)	(15,056,582)	359,424	1,038,722	1,398,146	(11,339,157)	2,089,737	33,745,289	-	-	10,837,433	13,556,240			
	\$ 3,255,267	\$ 65,145,639	\$ 68,400,906	\$ 20,222,153	\$ 1,039,361	\$ 21,261,514	\$ -	\$ 2,089,737	\$ 33,745,289	\$ 281,181	\$ (64,607,232)	\$ 61,171,395	\$ 65,092,502			

See Accompanying Independent Auditors' Report.

**GUAM COMMUNITY COLLEGE**  
**(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Unrestricted and Restricted Fund Supplemental Schedule  
 Statement of Changes in Fund Balances  
 Year Ended September 30, 2017  
 (With Comparative Balances for the year ended September 30, 2016)

	Unrestricted												Restricted												Grand Total					
	Appropriated				Non-appropriated				Total				Federal		Other		Capital		Tobacco		Campus		Investment							
	General	TAF	MDF	Total	Appropriated	NAF	Unrestricted	Total	Fund	Grant	Total	Projects	Settlement	Housing	In-Plant	2017	As Restated													
Revenues:																														
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 6,445,955	\$ 6,445,955	\$ 6,445,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,445,955	\$ 6,445,955	\$ 7,283,247												
Government of Guam appropriations	\$ 18,173,806		\$ 147,165	\$ 18,320,971				\$ 18,320,971											\$ 18,320,971	\$ 18,741,778										
Federal grants and contracts	-	-	-	-	-	-	-	-	7,287,004	262,174	7,549,178	-	-	-	-	-	-	-	-	7,549,178	9,610,935									
Sales and services of auxiliary enterprises	-	-	-	-	\$ 1,827,801	\$ 1,827,801	\$ 1,827,801	-	-	-	-	-	-	-	-	-	-	-	1,827,801	1,626,445										
Other sources	-	-	-	-	\$ 1,342,965	\$ 1,342,965	\$ 1,342,965	-	-	-	-	-	-	-	-	-	-	-	1,342,965	839,729										
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,452				
Total current revenues	\$ 18,173,806		\$ 147,165	\$ 18,320,971	\$ 9,616,721	\$ 27,937,692	\$ 7,287,004	\$ 262,174	\$ 7,549,178	-	\$ 17,273	-	-	-	-	-	-	-	\$ 35,504,143	\$ 38,116,586										
Expenditures and mandatory transfers:																														
Educational and general:																														
Instruction	6,499,004	-	517,434	7,016,438	3,868,128	10,884,566	635,917	15,700	651,617	-	-	-	-	-	-	-	-	-	11,536,183	11,975,622										
Planning	598,598	-	-	598,598	73,660	672,248	149,203	-	149,203	-	-	-	-	-	-	-	-	-	821,451	996,415										
Academic support	1,050,767	-	-	1,050,767	524,453	1,575,220	25,672	107,378	133,050	-	-	-	-	-	-	-	-	-	1,708,270	3,293,717										
Student services	2,397,561	-	-	2,397,561	358,177	2,755,738	286,350	-	286,350	-	-	-	-	-	-	-	-	-	3,042,088	2,938,482										
Institutional support	4,193,151	-	-	4,193,151	809,522	5,002,673	-	139,096	139,096	-	-	-	-	-	-	-	-	-	5,141,769	5,265,453										
Operation and maintenance of plant	1,773,826	-	-	1,773,826	56,234	1,830,060	-	-	-	-	-	-	-	-	-	-	-	-	2,062,569	1,921,420										
Scholarship and fellowship	184,917	-	-	184,917	159,705	344,622	5,915,622	-	5,915,622	-	-	-	-	-	-	-	-	-	6,260,244	6,698,571										
Retiree healthcare costs	960,349	-	-	960,349	-	960,349	-	-	-	-	-	-	-	-	-	-	-	-	960,349	917,775										
Retiree COLA and supplemental annuity costs	633,054	-	-	633,054	-	633,054	-	-	-	-	-	-	-	-	-	-	-	-	633,054	643,341										
Interest Expense	-	-	-	-	149,850	149,850	-	-	-	-	-	-	-	-	-	-	-	149,850	190,640											
Bad debts expense	-	-	-	-	135,355	135,355	-	-	-	-	-	-	-	-	-	-	-	135,355	153,407											
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,380,898	2,380,898											
	\$ 18,291,217	-	517,434	\$ 18,808,651	\$ 6,135,084	\$ 24,943,735	\$ 7,012,764	\$ 262,174	\$ 7,274,938	\$ 232,509	-	-	-	-	-	-	-	-	2,380,898	\$ 34,832,080	\$ 37,585,000									
Auxiliary enterprises:																														
Expenditures	54,429	-	-	54,429	741,343	795,772	-	-	-	-	-	-	-	-	-	-	-	-	795,772	1,146,496										
Total expenditures	\$ 18,345,646	-	517,434	\$ 18,863,080	\$ 6,876,427	\$ 25,739,507	\$ 7,012,764	\$ 262,174	\$ 7,274,938	\$ 232,509	-	-	-	-	-	-	-	-	2,380,898	\$ 35,627,852	\$ 38,731,496									
Net (decrease) increase in fund balance	(171,840)	-	(370,269)	(542,109)	2,740,294	2,198,185	274,240	-	274,240	(232,509)	17,273	-	(2,380,898)	(123,709)	(614,910)															
Beginning fund balance	(3,958,855)	(58,425)	4,597,939	580,659	(14,814,132)	(14,233,473)	360,452	1,038,722	1,399,174	(11,033,194)	2,072,464	-	35,351,269	13,556,240	13,875,997															
Fund transfer	(60,970)	-	-	(60,970)	(2,960,324)	(3,021,294)	(275,268)	-	(275,268)	(73,454)	-	-	774,918	(2,595,098)	295,153															
Ending fund balance	\$ (4,191,665)	\$ (58,425)	\$ 4,227,670	\$ (22,420)	\$ (15,034,162)	\$ (15,056,582)	\$ 359,424	\$ 1,038,722	\$ 1,398,146	\$ (11,339,157)	\$ 2,089,737	\$ -	\$ 33,745,289	\$ 10,837,433	\$ 13,556,240															

See Accompanying Independent Auditors' Report.