

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

---

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

---

**YEARS ENDED SEPTEMBER 30, 2019 and 2018**

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

Table of Contents  
Years Ended September 30, 2019 and 2018

	<u>Page</u>
I. Independent Auditors' Report	1
Management's Discussion and Analysis	4
II. Basic Financial Statements:	
Statements of Net Position	16
Guam Community College Foundation Statements of Financial Position	17
Statements of Revenues, Expenses and Changes in Net Position	18
Guam Community College Foundation Statements of Activities	19
Statements of Cash Flows	20
Notes to Basic Financial Statements	21
III. Other Supplementary Information:	
Schedule of Proportional Share of the Net Pension Liability	53
Schedule of Pension Contributions	56
Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios	57
Schedule of Proportional Share of the Total OPEB Liability	58
Schedule of OPEB Contributions	59
Schedule of Salaries and Wages, Cash Basis	60
Schedule of Expenditures by Function and Object Code	61
Unrestricted and Restricted Fund Supplemental Schedule – Balance Sheet	64
Unrestricted and Restricted Fund Supplemental Schedule – Statement of Changes in Fund Balances	65

## **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, 2019 and 2018, 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, 2019 and 2018, 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-Matter

### *Guam Community College Foundation*

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* in 2019. The Foundation has elected to restate its 2018 financial statements to reflect the adoption of this standard. Our opinion is not modified with respect to this matter.

### *COVID-19*

As discussed in Note 12 to the financial statements, GCC determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. However, due to uncertainty surrounding the duration of the state of emergency due to the pandemic, GCC is unable to reasonably estimate its ultimate financial impact. Our opinion is not modified with respect to this matter.

## 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 15, the Schedule of Proportional Share of the Net Pension Liability on pages 53 through 55, the Schedule of Pension Contributions on page 56, the Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios on page 57, the Schedule of Proportional Share of the Total OPEB Liability on page 58, and the Schedule of OPEB Contributions on page 59 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.

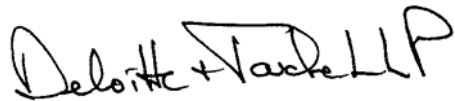
### *Other Information*

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, 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 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 May 28, 2020 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 + Tuck LLP". The signature is written in a cursive, stylized font.

May 28, 2020

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

For the nineteenth 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 2019. 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.

As management of Guam Community College, we offer readers of Guam Community College's financial statements this narrative overview and analysis of the financial activities of Guam Community College for fiscal years ended September 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with additional information available in the College's basic financial statements.

**Fiscal Year 2019 Overview**

*Institutional Strategic Master Plan (ISMP)*

The 2020-2026 ISMP was approved by the Board of Trustees at its October 4, 2019 Board meeting. Planning for the ISMP project started as a yearlong process in Fall of 2018 and consisted of participation from all constituents, including students, faculty, staff, administrators, and external partners. The ISMP planning sessions occurred at Leadership Strategic Planning meetings, College Assemblies including breakout sessions, Student Focus Groups, an Industry Stakeholder session, and other sessions. The 2020-2026 ISMP effective date is January 2020.

The creation of the 2020-2026 ISMP goals focused on the transformational framework consist of the following:

Goal 1: Advancing Workforce Development and Training: It is GCC's intent to ensure that industry partners and business needs are met, by closely monitoring labor force requirements and proper alignment of GCC programs, student knowledge and skills, with industry needs.

- Objective 1.1 Respond to local and regional occupational needs
- Objective 1.2 Cultivate meaningful partnerships

Goal 2: Fostering 100% Student-Centered Success

- Objective 2.1 Enhance the professional development process for all employees
- Objective 2.2 Implement innovative strategies and practice flexibility in meeting student needs

Goal 3: Leveraging Transformational Engagement and Training

- Objective 3.1 Strengthen stakeholder opportunities to engage in the transformational process, governance and institutional decision-making
- Objective 3.2 Foster an organizational culture that empowers and facilitates transformational engagement and rewards collaboration

Goal 4: Optimizing Resources

- Objective 4.1 Diversify revenue streams
- Objective 4.2 Integrate Return on Investment (ROI) and Total Cost of Ownership (TCO)
- Objective 4.3 Provide employee professional development
- Objective 4.4 Develop and implement succession planning
- Objective 4.5 Cultivate team building

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

Goal 5: Modernizing and Expanding Infrastructure and Technology

Objective 5.1 Expand educational footprint

Objective 5.2 Ensure robust technology

Objective 5.3 Provide access to sustainable facilities

*Associates of Science Degree in Practical Nursing*

In February 2019, GCC received approval for its substantive change application to Accrediting Commission for Community and Junior Colleges (ACCJC) seeking program approval to transform its Practical Nursing Certificate program into an Associate of Science Degree in Practical Nursing beginning Fall 2019 and subsequently received approval from the Guam Board of Nursing Examiners in April 2019. Implementation of the Associates degree in Nursing was effective for Fall 2019 and replaced the LPN Certificate program that was voluntarily withdrawn in Spring 2018 at the Guam Board of Nursing Examiners meeting.

*Building 100*

In September 2019, the College held the ribbon cutting for formerly Building 100, connect to Building E as one facility. The construction expanded Building 100 into a two-story concrete structure with Leadership in Energy and Environmental Design (LEED) features. Building 100 houses several programs (Criminal Justice, Emergency Management, Fire Science, and Developmental Education) and is outfitted with classrooms, faculty offices and supporting spaces. This 2-story building has a total floor area of 16,800 square feet. While the first floor (8,400 square feet) has four classrooms, offices, and a conference room, the second floor (8,400 square feet) has six classrooms, faculty offices and three work rooms). The renovation and construction of Building 100 total cost is \$5.183M of which \$5M is funded through a USDA Community Facility Direct loan under the GCC Foundation.

*Banner Modernization Project*

In October 2018, the College contracted with Ellucian to maximize the use of the Banner Integrated Database System functionality and embrace new solutions to include Ellucian Mobile, Degree Works, Ethos Integration & Ellucian Analytics to support our students' success in the Cloud. Removal of old maintenance costs and implementation of the new solutions, allowed the College to realize a 5 year cost savings of over \$500,000. Cost savings due to server hardware replacement, warranty-related expenses, reduction of power and carbon footprint, technical expertise, and labor savings are realized from moving to the Cloud.

The implementation of Degree Works will greatly enhance the student experience in planning for their path to completion at Guam Community College. Declared students will be able to view their degree plan online and schedule classes based on their degree plan with their advisor and counselor. Also, Degree Works allow the College to track students and create semester offerings that meet the needs of students and effectively maximize their time at the College.

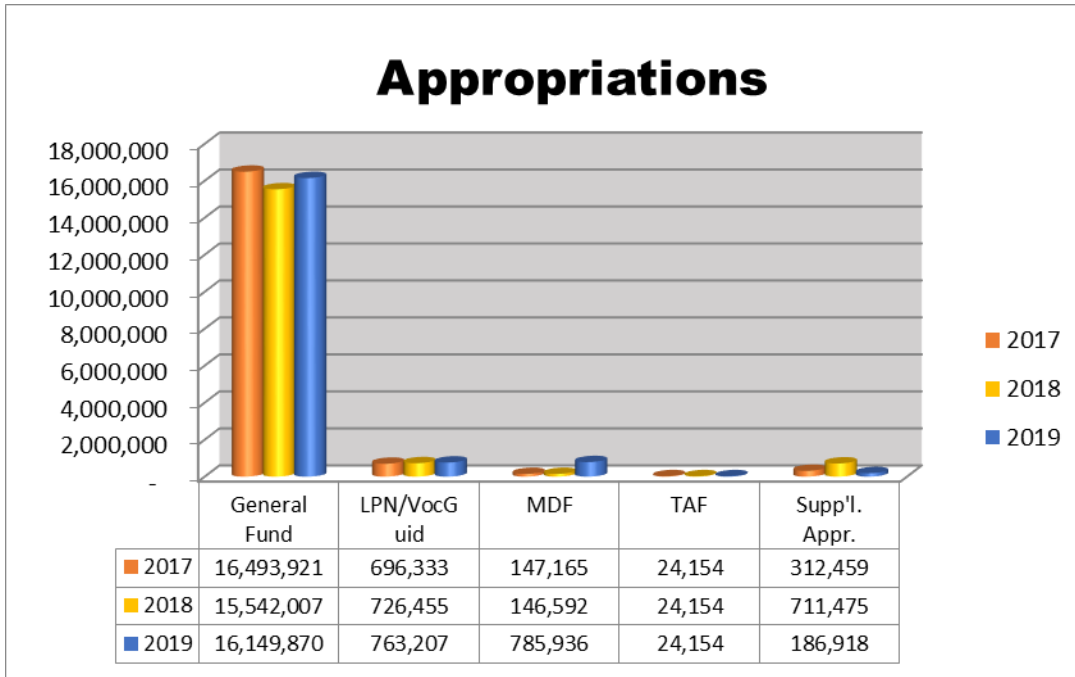
**GUAM COMMUNITY COLLEGE  
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)**

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

*Local Appropriations*

The College continued to maintain its operations during fiscal year 2019 although enrollment decreased from prior years. Under PL 34-116, the Government of Guam Budget law appropriated a significant decrease of 11% or \$2.17M, resulting in an \$18.5M FY19 budget versus the FY18 budget of \$20.6M. Although an initial reserve of 15% was implemented in September 2018, this reserve was eventually released by fiscal year end. As a result of the reduction in appropriation from the General Fund, PL 34-116 placed restrictions on all FY2019 local budgets, to include a salary increment freeze, hiring freeze, government funded travel restrictions, wireless communication, and other restrictions. General Fund appropriations cover a majority of salaries, benefits, and utility costs. By October 2019, GCC received 100% of the FY19 appropriations, except for the 31% or \$61K reduction in the First Generation Trust Funds. This reduction was placed on the First Generation Trust, funded by property taxes to ensure that the entire debt service was funded for obligations already incurred.

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. Manpower Development Fund (MDF) increases directly correlate to the increased number of H-2B workers approved to work on federal Guam contracts, behind the fence. MDF budget appropriation increased from \$388,337 to \$948,888 or 140% from FY18, which corresponded to a reduction in the General fund Apprenticeship supplemental budget.



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 insurance in addition to the strict management of personnel costs. Power conservation measures include the standardized temperature settings, installation of PV parking lights and solar panels on newly constructed buildings, and seeking sustainability projects. The College prioritized FY2019 budgets for personnel, utility costs and required contractual commitments.



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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

Continued federal discussions to reduce the overall deficit did not reduce the amount of financial aid available to students as Pell funding for AY 2018-2019 held a maximum full time award of \$6,095, or a \$175 increase per student per academic year. The AY 2019-2020 maximum Pell award increased to \$6,195 or \$100 per student per academic year. Pell grants make up approximately 58% or \$3,588,781 of students tuition and fee payments. This is a decrease as compared with 2018 amounts where 57% or \$4,038,934 of student's tuition and fees were paid with Pell grants.

*Grant funding sources*

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 responsible for providing adult education programs on Guam, Guam Community College (Workforce Investment Opportunity Act (WIOA) State Plan for the Territory of Guam) is mandated to provide adult education programs to eligible individuals. In July 2018, GCC received a WIOA grant of \$475,070, for the period of July 1, 2018 to September 30, 2019.
- In August 2019, GCC was awarded year three of the TRIO Project AIM five-year grant for \$321,755. The TRIO grant will help 200 first generation students per year to succeed in earning their associate degree and continuing their education at a four-year institution.
- On September 26, 2017, GCC entered into a contract agreement with the Guam Department of Education (GDOE) and received a contract for \$653,078 to provide secondary Career and Technical Education in the six public schools. GCC submitted a proposal to provide support and services for the following CTE programs: Allied Health, Automotive (Service Technology and Collision Repair) Construction Trades (Carpentry and AutoCAD), Early Childhood Education, Electronics Technology, Marketing, Tourism (Lodging Management and ProStart) and Visual Communications. The College also provides access and assessment for ACT WorkKeys® and KeyTrain®, CHOICES 360®, and Work Experience. On August 19, 2019, the contract was amended to increase by \$122,622 for a total of \$775,700, to expand CTE to students who were not able to take the courses during the regular academic year.
- GCC was the sub-recipient of an Area Health Education Center Cooperative Agreements under the Guam Micronesia Area Health Education Center amounting to \$105,726, effective November 2018. The sub-grant allows the College to provide community health worker training, behavioral health integration training with a focus on opioid misuse and abuse, and funds for the development of AHEC scholars program.
- On June 25, 2019, GCC's Allied Health Program received a \$100,000 Transforming Guam's Health Career Opportunities grant to fund scholarships, Licensed Practical Nursing (LPN) review materials and exam fees for NCLEX, instructional equipment and supplies, and professional development funds from TakeCare. Over the past ten years, TakeCare has contributed \$1,100,000 to our Allied Health program, grant funding for both student and faculty scholarships, and funding the purchase of updated equipment and supplies.
- On September 1, 2019, the College was the recipient of the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance sub-award for \$21,628. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science programs; funds science area exploration at the College.

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

- On July 3, 2019, the College entered into a three-year agreement for \$140,000 with American Association of Community Colleges in support of the Expanding Community College Apprenticeships Initiative (ECCA) for the participation in the AACC Virtual Apprenticeship Network. This initiative is to provide direct support to community colleges to expand registered apprenticeship opportunities.

The College operated with 238 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 Associate 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 the six public high schools to provide information to students about the career and technical opportunities available to them from the College. In addition, the College receives funds from the Manpower Development Fund to support the apprenticeship programs, which served 329 and 399 apprentices over 76 active employers in Fall 2019 and 2018, respectively.

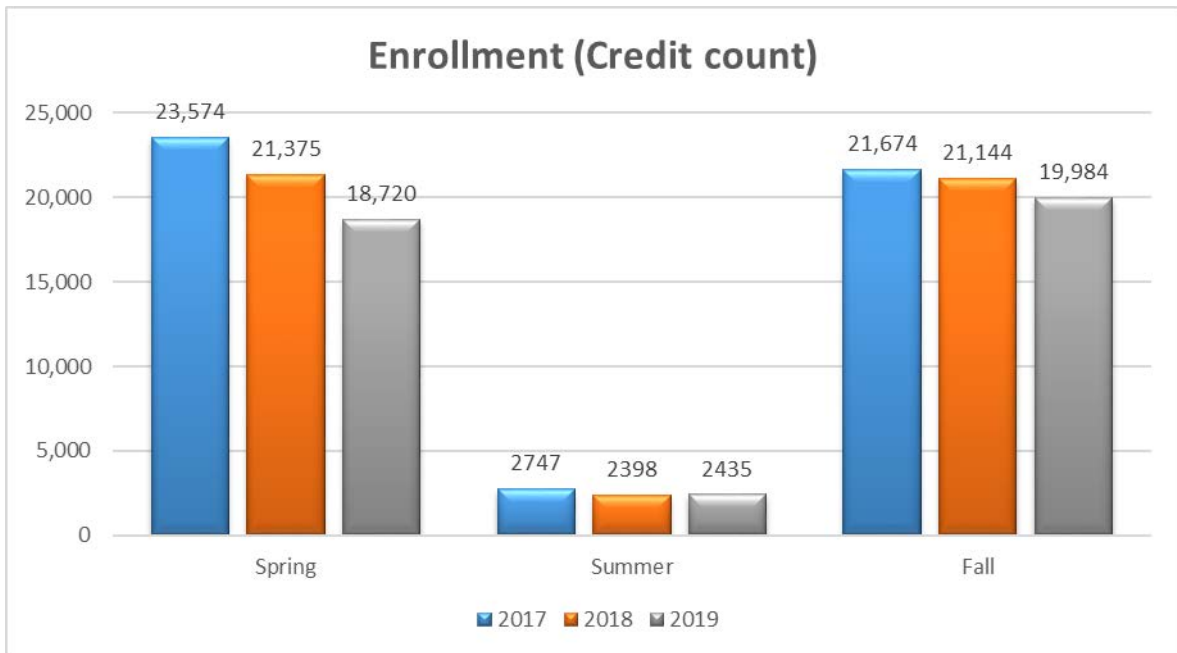
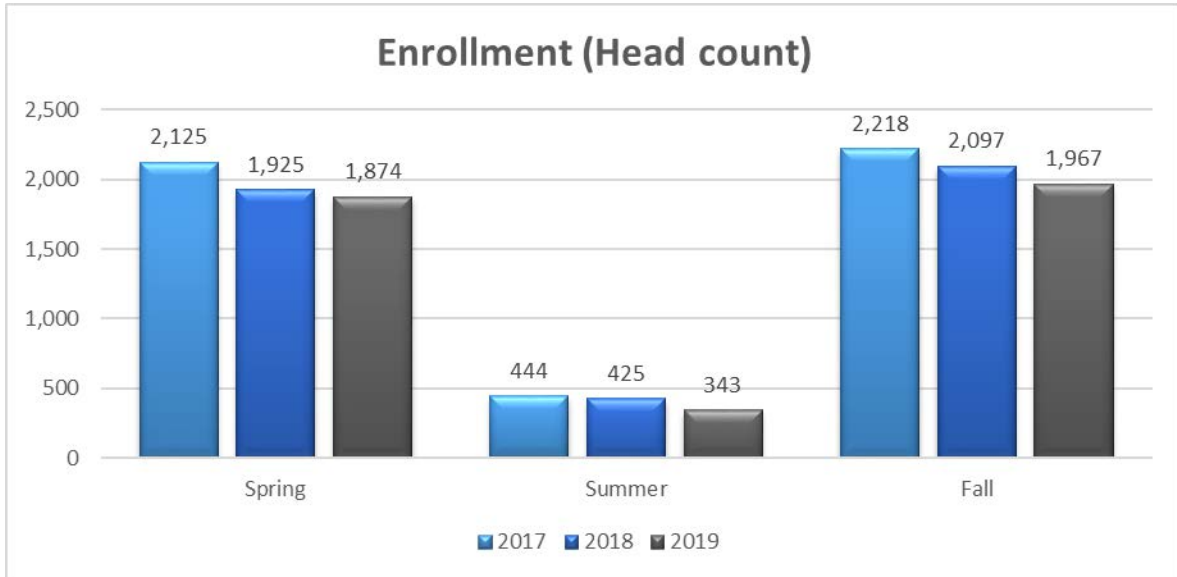
*Enrollment*

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 FY19. 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 2018-2019. When the economy improves and demand for workers is high, people tend to choose jobs over education; thus contributing to the decline in enrollment. As authorized by the Board of Trustees (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 FY2019 for capital projects and technology fees were \$618,000 and \$306,000, respectively.

Although the number of post-secondary enrollment students decreased for Spring 2019 and Fall 2019 by (2.65%) and (6.20%), respectively, there were decreases in credit counts for the Spring 2019 and Fall 2019 of (12.42%) and (5.49%), respectively, as compared to prior 2018 Spring and Fall semesters. The decline over the past six years has been due to increased demands for jobs, increases in the local minimum wage to \$8.25 (\$8.75 in March 2020), decreases in H2-B workers, and decreases in unemployment rates. All of these factors usually lead to decreases in post-secondary enrollment, as people tend to seek jobs versus going to school. Although the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased for available students, there continues to be decline in enrollment. In FY2019, the College launched the Early Middle College initiative in Construction Technology. This allows high school students to earn a high school diploma and post-secondary credits or an Associate's Degree at the same time. Additionally, to encourage enrollment the College offers the Credit Learning Yields Math and English Readiness (CLYMER) program, which provides students with an alternative to placement testing because of good grades in higher-level high school Math and English courses. In addition, the College has promoted the Dual Enrollment Accelerated Learning (DEALS) and Dual Credit Articulated Programs of Study (DCAPS) programs, 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, 2019 and 2018



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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

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 FY19 and FY18. The career and technical education programs for students are available in six of the Guam high schools: GW, JFK, Southern, Simon Sanchez, Okkodo and Tiyan. The secondary high school's enrollment increased by 1% from 2,719 to 2,754 students in SY17-18 and SY18-19 respectively. These programs include Allied Health, Automotive Collision Repair Technology, Automotive Service Technology, Construction Trades Auto CAD and Carpentry, Electronics Technology, Tourism Lodging Management, Pro Start-Culinary, Marketing, 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>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Other current assets	\$ 24,274	\$ 25,787	\$ 21,273
Prepaid lease	1,009	558	-
Accounts receivable – U.S. Government	371	662	226
Investments (noncurrent)	2,013	1,959	1,950
Capital assets, net	<u>34,117</u>	<u>33,344</u>	<u>33,404</u>
Total assets	61,784	62,310	56,853
Deferred outflows of resources	<u>13,737</u>	<u>9,894</u>	<u>9,875</u>
 Total assets and deferred outflows of resources	 \$ <u>75,521</u>	 \$ <u>72,204</u>	 \$ <u>66,728</u>
Liabilities:			
Current liabilities	\$ 5,674	\$ 4,516	\$ 4,347
Non-current liabilities	<u>82,377</u>	<u>89,523</u>	<u>97,005</u>
Total liabilities	88,051	94,039	101,352
Deferred inflows of resources	<u>17,596</u>	<u>5,809</u>	<u>293</u>
Net position:			
Net investment in capital assets	31,992	30,165	30,174
Restricted – expendable	1,398	1,398	1,398
Unrestricted	<u>(63,516)</u>	<u>(59,207)</u>	<u>(66,489)</u>
Total net position	\$ (30,126)	\$ (27,644)	\$ (34,917)
 Total liabilities, deferred inflows of resources and net pension	 \$ <u>75,521</u>	 \$ <u>72,204</u>	 \$ <u>66,728</u>

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

The overall financial situation at the College decreased as compared with prior year, mainly due to the application of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), FY2019 appropriation reductions and GCC Foundation contributions. Fiscal conservation measures continue to be applied by the College and funding set aside in preparation for capital projects scheduled in FY19 and FY20. In current assets, cash increases were due to collection of FY2018 GovGuam appropriations of \$2.5M and timely receipt of FY2019 allotments. At the end of the fiscal year, the College received 96% of total appropriations, or \$17.7M out of \$18.5M, and \$18.25M or 99% as of October 2019. Other receivables decreased due to the \$2M transfer to the Foundation for the USDA loan bridge financing. Investment balances remained stable 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 related to Building 100 and 300 construction and other projects. However, accumulated depreciation increases offset these capital changes.

Adjustments due to GASB 75, resulted in a \$1.9M increase in noncurrent liabilities and related deferred outflows and inflows from OPEB. OPEB benefits include COLA and supplemental annuity plans for retirees. Increases in accounts payable occurred due to a requirement to allot 1% of construction projects over \$100K for local art in public buildings, 1. GCA Ch. 8 Article 2 section 850 – 853.

Due to the constraints of College and University accounting, approximately \$1,969,059 in encumbrances incurred in fiscal year 2019 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2019 net position. The encumbrances are related to the construction and renovation of Building 300 and other capital projects.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 16,805	\$ 17,276	\$ 17,048
Operating expenses	<u>36,722</u>	<u>31,770</u>	<u>39,682</u>
Operating loss	(19,917)	(14,494)	(22,634)
Non-operating revenues, net	17,435	21,767	15,576
Change in net position	(2,482)	7,273	(7,058)
Net position at beginning of year	<u>(27,644)</u>	<u>(34,917)</u>	<u>(27,859)</u>
Net position at end of year	\$ <u>(30,126)</u>	\$ <u>(27,644)</u>	\$ <u>(34,917)</u>

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

**Statement of Cash Flows**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash provided by (used in):			
Operating activities	\$ (10,202)	\$ (15,809)	\$ (12,608)
Noncapital financing activities	21,359	17,105	22,059
Capital and related financing activities	(7,233)	(2,373)	(4,705)
Investing activities	<u>(104)</u>	<u>(8)</u>	<u>(26)</u>
Net change in cash and cash equivalents	3,820	(1,085)	4,720
Cash and cash equivalents at beginning of year	<u>12,166</u>	<u>13,251</u>	<u>8,531</u>
Cash and cash equivalents at end of year	\$ <u>15,986</u>	\$ <u>12,166</u>	\$ <u>13,251</u>

At the end of FY 2019 and 2018, the College recognized a 3.4% and 0.6%, respectively, decrease in student tuition and fees due to changes in student enrollment, head and credit counts, favorable economic conditions, and new programs implemented by the College to reduce the need for developmental courses and placement tests. Federal revenues and Pell grant expenditures decreased in line with enrollment decreases. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC, DB and DB 1.75 plan.

Changes to GCC's net position are the result of the following:

- Revenue decrease due to student enrollment decline of \$311K and FY2018 DPHSS contract of \$500K.
- GASB 75 implementation resulted in a \$1.9M expenditure increase.
- GovGuam appropriations decrease due to \$2.1M decline in FY2019 appropriations as compared to FY2018.
- FY2018 Sick leave accrual and expenditure reduction of \$1.25M resulting from employee transfers from the DC to DB 1.75 retirement plan.
- Adjunct salaries and benefit increased by \$259K due to the FY2019 hiring freeze; capital projects increased to include contractual costs of \$1M to move the College IT infrastructure (servers) to the cloud; the percentage of the Arts accrual is estimated at \$242K.
- Net nonoperating revenues decreased due to a \$2.M Foundation contribution for Forensic DNA Building construction.
- Bad debt expense decrease of \$340K.

The net position of the College shows a decrease for the current year, due to decreases in appropriated revenues, decreased enrollment, contribution to GCC Foundation and OPEB adjustment. Although the net position resulted in a negative balance, the College was successful in the collections of local appropriations, costs reduction and cost saving measures implemented by the College to reduce operational costs from utilities and contractual services, and personnel costs. Additionally, fiscal conservation measures placed on college spending including reductions in contractual services and supplies. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the prescribed authorized levels.

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

**Capital Assets and Debt Administration**

GCC's capital assets of \$34,117,034 as of September 30, 2019, 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 Building 100 and 300 construction renovation and other projects. The Guam Community College Foundation was awarded a \$5,000,000 Community Facilities Direct loan from the United States Department of Agriculture (USDA) for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. In September 2017, the College contributed \$2,764,427 to the Foundation for their project share and in March 2018 transferred \$2M to the Foundation to support bridge financing for the project. In September 2019, USDA agreed to apply the \$5M loan to Building 100 project as it was 99% complete at that time. This was to ensure full utilization of the \$5M loan and drawdown before expiration on September 30, 2019. GCC committed to continue the Crime Lab extension with the remaining project funds set aside. In September 2019, the \$2M was recorded as a contribution to finance Forensic DNA building. The College remained current in the repayment of the Foundation Building construction loan from USDA, and made principal and interest payments of \$1,053,410 and \$100,310, respectively, during fiscal year 2019. Additionally, the College subsequently made an advance payment of \$1M in October 2019. Please refer to notes 3 and 9 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ended September 30, 2018 and 2017, is set forth in the College's report on the audit of the financial statements, which is dated March, 29, 2019, and that Discussion and Analysis explains the major factors impacting the 2018 and 2017 financial statements and can be viewed at the Office of Public Accountability – Guam website at [www.opaguam.org](http://www.opaguam.org).

**Economic Outlook for FY 2020**

As it receives in total 50% of its operational funding locally and 76% of the local appropriation for personnel costs, the College continues to closely track the economic situation of the Government of Guam (GovGuam). The College's FY2020 appropriation for all funds increased by 6.35% or by \$1,148,162 with the passage of PL 35-36. The Manpower Development Funds appropriations increased by 9% or \$376,212 in FY2020. MDF collections continue to be monitored closely as the collection of these funds remains unpredictable due to the limitations of H2B visa approvals. As of April 21, 2020, the College has received \$10.57M or 57% of its FY2020 appropriations from the General Fund and \$487,783 or 37% from the Manpower Development Funds. In accordance with §19403(a), Chapter 19, Title 10 GCA, the Bureau of Budget and Management Research transferred \$651,808 from GCC FY2020 General Fund budget to fund the COVID-19 Mandatory Quarantine Protocol. The College continues to receive appropriations releases on a weekly to bi-weekly basis. GCC has a record of accomplishment of being fiscally responsible and implements conservation measures to ensure that the operations of the College are maintained.

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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

Although the Government of Guam (GovGuam) continues to release allotments timely, the College closely monitors the financial situation of GovGuam. On March 14, 2020, Governor Lou Leon Guerrero, through Executive Order (E.O.) 2020-03, declared a state of emergency for the island of Guam due to the COVID-19 pandemic. With confirmation of Guam's first COVID-19 cases, on March 16, 2020 E.O. 2020-03 ordered the closure of all non-essential GovGuam offices and all Guam schools, placed restrictions on social gatherings, business operations, and travelers entering into Guam. E.O. 2020-05 issued on March 19, 2020, effectively closed all non-essential businesses and limited food service business offerings. Due to increased COVID-19 positive cases, Guam was placed on lockdown until May 5, 2020. The shutdown affects all sectors of Guam's economy with over 10,000 Guam residents laid off or furloughed and 38,000 expected to apply for benefits. Businesses and residents are seeking benefits from the \$2 trillion COVID-19 national stimulus package in the way of loans, grants, and aid.

The College has transitioned a majority of the students to online delivery of classes for the remainder of the Spring 2020 semester and has made arrangements for students to complete courses up through Spring 2021. It is anticipated that Summer 2020 courses will be through online instruction. The College received notification of \$1.1M available from the CARES ACT: Higher Education Emergency Relief Fund to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student's cost of attendance such as food, housing, course materials, technology, health care, and child care).

Although the Government of Guam expects to receive reimbursements and federal grants from the COVID-19 stimulus package, it is unsure of the timing of these funds and how they will affect the College and its students. In addition, there is great uncertainty surrounding when businesses will be allowed to reopen, employees allowed to return to work, and how daily routines will be affected post-COVID19. Guam's largest tourism industry may take longer to recover due to lack of travelers, decreased spending ability, and fears of the unknown.

The College remains conservative in its allocation of resources. The College takes its finances seriously and monitors its spending within the College's procurement process. The budgeting and allocation of budget process is closely monitored to ensure transparency and accountability. The General Fund appropriation budget allocations are determined based on need and adjustments are made to department budgets as needed, due to spending constraints. 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. 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 by the Department of Administration, adjustments to College department budgets will be made throughout the year. The College continues to maintain fiscal accountability for the benefit of our students.

GCC Building 300 renovation project was awarded on February 20, 2018 after the second bid attempt. The \$4.7M project is funded in two part by a FEMA Pre-Disaster Competitive Grant for \$1,190,322 and GCC Capital Improvement Fund of \$3.5M, approved by BOT Resolution 11-2016. The Building 300 renovation project is a one-story 9000 of LEED building. It will be used as a multiple purpose space building that can be subdivided into smaller breakout spaces. FEMA has granted a no cost extension until September 2020, due to delays in the project from bid award, permitting, and lead paint detection and abatement.



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

Management's Discussion and Analysis  
Years Ended September 30, 2019 and 2018

The Forensic DNA Lab extension project awarded for \$5,079,425 in July 2, 2019, after it had gone out to bid two times in October 2016 and June 2017 and was protested and appealed in October 2017. In February 2018, GCC received a favorable opinion from the OPA regarding the protest appeal filed. GCC was able to move forward and award the bid. The project was originally funded by a \$3M portion of the \$5M USDA loan. However, in September 2019, the \$5M USDA loan was used for Building 100 renovation. Therefore, the project is now fully funded through the GCC Capital Improvement Fund. The contractor is in the process of obtaining a building permit. The initial completion date of the project is December 12, 2020. However, unanticipated delays in the building permit process and the COVID-19 pandemic will expand the completion timeline.

Other small capital improvement projects planned for FY 2020 and carryover projects from FY2019 include: LRC A/C replacement, barrel vault canopy system connecting buildings 3000 and 6000, solar parking light replacements, ADA compliance projects, repair of domestic water systems, AC repair and replacements, and replacement of canopy/walkway connecting building C and D. 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, 2019 and 2018

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 15,629,267	\$ 11,809,125
Cash and cash equivalents - restricted	357,085	356,694
Time certificate of deposit	2,091,806	2,042,000
Due from Government of Guam, less allowance for doubtful accounts of \$828,165 at September 30, 2019 and 2018	703,818	3,650,511
Tuition receivable, less allowance for doubtful accounts of \$2,003,540 and \$1,851,955 at September 30, 2019 and 2018, respectively	2,842,386	3,039,145
Accounts receivable - U.S. Government	371,497	662,260
Accounts receivable - other, less allowance for doubtful accounts of \$479,766 and \$393,184 at September 30, 2019 and 2018, respectively	2,037,905	4,340,969
Inventories	610,123	547,766
Total current assets	24,643,887	26,448,470
Noncurrent assets:		
Prepaid lease	1,009,300	557,844
Investments	2,013,287	1,959,164
Property, plant and equipment:		
Buildings and structures	56,630,156	55,506,136
Furniture, fixtures and equipment	12,967,165	12,510,351
Vehicles	611,352	611,352
	70,208,673	68,627,839
Less accumulated depreciation	(41,145,875)	(39,058,627)
Total depreciable property, plant and equipment	29,062,798	29,569,212
Land	1,903,000	1,903,000
Construction in progress	3,151,236	1,872,161
Total non-depreciable property, plant and equipment	5,054,236	3,775,161
Property, plant and equipment, net	34,117,034	33,344,373
Total noncurrent assets	37,139,621	35,861,381
Total assets	61,783,508	62,309,851
Deferred outflows of resources:		
Deferred outflows from OPEB	8,393,990	5,330,040
Deferred outflows from pension	5,343,133	4,564,210
Total deferred outflows of resources	13,737,123	9,894,250
Total assets and deferred outflows of resources	\$ 75,520,631	\$ 72,204,101
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Current portion of long-term debt	\$ 88,558	\$ 53,752
Accounts payable and accrued liabilities	3,032,968	1,701,857
Construction contract payable	138,138	320,083
Retainage payable	218,096	63,854
Unearned revenue	1,588,244	1,770,971
Deposits held on behalf of others	357,085	356,694
Current portion of accrued annual leave	250,768	249,215
Total current liabilities	5,673,857	4,516,426
Noncurrent liabilities:		
Accrued annual leave, net of current portion	256,423	270,508
DCRS sick leave liability	489,206	475,176
Long-term debt, net of current portion	2,036,972	3,125,188
Net OPEB liability	42,285,436	49,740,344
Net pension liability	37,308,811	35,910,920
Total liabilities	88,050,705	94,038,562
Deferred inflows of resources:		
Deferred inflows from OPEB	16,683,397	4,262,357
Deferred inflows from pension	912,839	1,546,837
Total deferred inflows of resources	17,596,236	5,809,194
Commitment and contingencies		
Net position:		
Net investment in capital assets	31,991,504	30,165,433
Restricted expendable	1,398,120	1,398,144
Unrestricted	(63,515,934)	(59,207,232)
Total net position	(30,126,310)	(27,643,655)
Total liabilities, deferred inflows of resources and net position	\$ 75,520,631	\$ 72,204,101

See accompanying notes to financial statements.

**GUAM COMMUNITY COLLEGE FOUNDATION**

Statements of Financial Position  
September 30, 2019 and 2018

ASSETS	2019	2018 (As Restated)
Cash and cash equivalents	\$ 273,804	\$ 796,964
Cash and cash equivalents - restricted	5,718,581	1,240,622
Investments	12,463,532	12,259,240
Due from Guam Community College	608,683	412,617
Construction in progress	5,141,811	4,425,302
Plant and equipment, net	18,008	18,008
Total assets	\$ 24,224,419	\$ 19,152,753
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Loan payable, current	84,027	-
Construction contract payable	\$ 137,591	\$ 456,043
Retainage payable	273,652	442,530
Advance lease payment from Guam Community College, current	278,922	278,922
Due to Guam Community College	1,683,256	3,451,336
Total current liabilities	2,457,448	4,628,831
Advance lease payment from Guam Community College, net of current portion	730,378	278,922
Loan payable, net of current portion	4,854,228	-
Total liabilities	8,042,054	4,907,753
Commitments		
Net assets:		
Without donor restrictions	11,440,793	11,416,012
With donor restrictions	4,741,572	2,828,988
	16,182,365	14,245,000
Total liabilities and net assets	\$ 24,224,419	\$ 19,152,753

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, 2019 and 2018

	2019	2018
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 6,190,018	\$ 6,410,635
Less: Scholarship discounts and allowances	(3,588,781)	(4,038,934)
	2,601,237	2,371,701
Federal grants and contracts	10,916,498	11,457,483
Auxiliary enterprises	1,799,447	2,840,963
Other revenues	1,725,139	1,183,407
Total operating revenues	17,042,321	17,853,554
Bad debts	(237,385)	(577,558)
Net operating revenues	16,804,936	17,275,996
Operating expenses:		
Education and general:		
Instruction	11,700,832	10,098,808
Scholarships and fellowships	5,865,094	5,892,827
Institutional support	5,750,965	3,349,251
Student services	2,999,040	2,941,174
Academic support	2,618,454	1,845,342
Operations and maintenance of plant	2,478,927	2,253,721
Depreciation	2,315,220	2,252,431
Retiree healthcare costs	1,635,256	1,619,588
Planning	752,978	834,314
Auxiliary enterprises	606,182	682,354
Total operating expenses	36,722,948	31,769,810
Operating loss	(19,918,012)	(14,493,814)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations, net	20,047,624	21,722,167
Contributions to GCC Foundation	(2,000,000)	-
Other nonoperating receipts (payments)	(511,957)	147,021
Interest expense	(100,310)	(101,951)
Net nonoperating revenues	17,435,357	21,767,237
Change in net position	(2,482,655)	7,273,423
Net position:		
Net position at beginning of year	(27,643,655)	(34,917,078)
Net position at end of year	\$ (30,126,310)	\$ (27,643,655)

See accompanying notes to financial statements.

**GUAM COMMUNITY COLLEGE FOUNDATION**

Statements of Activities  
Years Ended September 30, 2019 and 2018

	2019			2018 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other additions:						
Net investment gains	\$ 204,292	\$ -	\$ 204,292	\$ 794,611	\$ -	\$ 794,611
Interest income	858	1,340	2,198	722	1,518	2,240
Contributions from Guam Community College	-	2,000,000	2,000,000	-	-	-
Fundraising	55,901	-	55,901	120,762	-	120,762
Other additions	3,324	-	3,324	14,005	-	14,005
Total revenues, gains and other additions	<u>264,375</u>	<u>2,001,340</u>	<u>2,265,715</u>	<u>930,100</u>	<u>1,518</u>	<u>931,618</u>
Expenditures and other deductions:						
Payments to Guam Community College	219,612	-	219,612	205,897	-	205,897
Fundraising	14,119	-	14,119	41,247	-	41,247
Professional services	5,480	-	5,480	3,900	-	3,900
Interest expense	-	88,576	88,576	-	-	-
Bank charges	-	180	180	-	-	-
Other deductions	383	-	383	5,772	180	5,952
Total expenditures and other deductions	<u>239,594</u>	<u>88,756</u>	<u>328,350</u>	<u>256,816</u>	<u>180</u>	<u>256,996</u>
Change in net assets	<u>24,781</u>	<u>1,912,584</u>	<u>1,937,365</u>	<u>673,284</u>	<u>1,338</u>	<u>674,622</u>
Net assets at beginning of year	<u>11,416,012</u>	<u>2,828,988</u>	<u>14,245,000</u>	<u>10,742,728</u>	<u>2,827,650</u>	<u>13,570,378</u>
Net assets at end of year	<u>\$ 11,440,793</u>	<u>\$ 4,741,572</u>	<u>\$ 16,182,365</u>	<u>\$ 11,416,012</u>	<u>\$ 2,828,988</u>	<u>\$ 14,245,000</u>

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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Student tuition and fees	\$ 2,377,884	\$ 1,459,176
Federal grants and contracts	11,207,261	11,021,287
Auxiliary enterprises	1,799,447	2,840,963
Other receipts (payments)	4,028,203	(726,742)
Payments to employees	(17,654,707)	(17,635,155)
Payments to suppliers	(6,725,435)	(5,758,764)
Payments for scholarships and fellowships	(5,234,535)	(5,753,601)
Net cash used in operating activities	(10,201,882)	(14,552,836)
Cash flows from investing activities:		
Increase in investments	(54,123)	(9,427)
(Increase) decrease in time certificates of deposit	(49,806)	1,384
Net cash used in investing activities	(103,929)	(8,043)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	21,359,061	17,105,543
Cash flows from capital and related financing activities:		
Purchases of capital assets	(3,115,585)	(1,808,613)
Contributions to GCC Foundation	(2,000,000)	-
Other (payments) receipts	(511,956)	147,021
Prepaid lease payment	(451,456)	(557,844)
Principal paid on long-term debt	(1,053,410)	(51,769)
Interest paid on long-term debt	(100,310)	(101,951)
Net cash used in capital and related financing activities	(7,232,717)	(2,373,156)
Net change in cash and cash equivalents	3,820,533	(1,084,984)
Cash and cash equivalents at beginning of year	12,165,819	13,250,803
Cash and cash equivalents at end of year	\$ 15,986,352	\$ 12,165,819
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (19,918,012)	\$ (14,493,814)
Adjustments to reconcile operating loss to net cash used		
in operating activities:		
Depreciation	2,315,220	2,252,431
On-behalf payments for retiree healthcare, COLA and annuity costs	1,635,256	1,619,588
Bad debts	237,385	577,558
Non-cash pension costs	1,969,453	(704,988)
Changes in assets and liabilities:		
Tuition receivable	(40,626)	(88,049)
Accounts receivable - U.S. Government	290,763	(436,198)
Other receivables	2,220,763	(1,910,148)
Inventories	(62,357)	74,965
Accounts payable, accrued liabilities and deposits held for others	1,331,502	606,758
Accrued annual leave	(12,532)	19,515
DCRS sick leave liability	14,030	(1,245,978)
Unearned revenue	(182,727)	(824,476)
Net cash used in operating activities	\$ (10,201,882)	\$ (14,552,836)

See accompanying notes to financial statements.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, 2019 and 2018

(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 Assets 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, 2019 and 2018

(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, 2019 and 2018

(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, 2019 and 2018, an accumulated vacation leave liability of \$507,191 and \$519,723, 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 and Other Postemployment Benefits (OPEB)

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, 2019 and 2018

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

Pensions and Other Postemployment Benefits (OPEB), Continued

OPEB is required to be recognized and disclosed using the accrual basis of accounting. The College recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents the College's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB 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 OPEB 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 OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

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 \$73,136 and \$100,969 for the years ended September 30, 2019 and 2018, 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 (USDA) capital grant agreement. All other net position is unrestricted.

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

Notes to Financial Statements  
September 30, 2019 and 2018

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

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.

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, 2019 and 2018 are \$12,463,532 and \$12,259,240, respectively. The following represents the composition of market values of investments:

	<u>2019</u>	<u>2018</u>
Equities	\$ 8,152,009	\$ 8,231,992
Fixed income	3,133,169	2,878,763
Exchange-traded funds	10,585	13,990
Mutual funds	575,965	572,614
Cash	<u>591,804</u>	<u>561,881</u>
	<u>\$ 12,463,532</u>	<u>\$ 12,259,240</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

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

Foundation Investments, Continued

The Foundation's investment in securities balance at September 30, 2019 and 2018 include cash deposited within the cash sweep program of \$591,804 and 561,881, respectively. Of the Foundation's cash deposited within the cash sweep program, \$250,000 are insured by the Securities Investor Protection Corporation. The remaining balances are uninsured.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Foundation's exposure to credit risk at September 30, 2019, was as follows:

<u>Moody's Rating</u>		
AAA/AAA	\$	990,590
AA1/AA+		100,834
A1/A		287,977
A1/AA		75,098
A2/A		625,384
A3/A-		40,248
A3/BBB+		339,813
BA2/BB		58,053
B2/B+		53,981
BA1/BBB-		46,630
BA1/BB+		33,156
BAA2/BBB-		10,225
BA3/B+		32,610
BA3/BB		93,895
BA3		10,966
BA2/BB-		11,325
B1/B		53,792
B1/BB		59,581
B2/BB		17,127
B2/B		21,855
B3/B		101,585
B3/BB-		8,700
CAA1/CCC+		11,100
Not rated		<u>48,644</u>
Total	\$	<u><u>3,133,169</u></u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

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

Foundation Investments, Continued

The Foundation's exposure to credit risk at September 30, 2018, was as follows:

<u>Moody's Rating</u>	
AAA/AAA	\$ 1,191,258
AA1/AA+	100,168
AA2/AA	85,258
A1/A	288,884
A1/AA	75,297
A2/A	187,032
A3/A-	202,924
A3/BBB+	78,104
BA1/BB	15,179
BA2/BB	49,275
B2/B	82,413
BA1/BBB-	34,681
BA1/BB+	43,797
BAA3/BBB-	5,289
BAA2/BBB-	11,853
BA3/B+	24,137
BA3/BB	65,680
BA3	9,925
B1/B	44,332
B1/BB	78,482
B2/BB-	18,293
B2/B	20,640
B3/B-	31,545
B3/B+	22,365
CAA1/B+	10,177
CAA1/CCC+	8,250
Not rated	<u>93,525</u>
Total	\$ <u>2,878,763</u>

The following represents the composition of the net investment gains for the years ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Unrealized investment (losses) gains	\$ ( 29,077)	\$ 848,486
Net realized investment losses	(114,106)	(346,042)
Interest income and dividends	<u>347,475</u>	<u>292,167</u>
	\$ <u>204,292</u>	\$ <u>794,611</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(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, 2019 and 2018, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$18,078,158 and \$14,207,819, respectively, and the corresponding bank balances were \$18,407,838 and \$14,522,078, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2019 and 2018, bank deposits in the amount of \$2,837,719 and \$2,804,249, 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, 2019 and 2018, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service Shares mutual fund of \$2,013,287 and \$1,959,164, respectively.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(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, 2019 and 2018 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, 2019 the College implemented the following pronouncements:

- GASB 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.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The implementation of these statements did not have a material effect on the College's financial statements.

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.

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 has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 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.



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

Notes to Financial Statements  
September 30, 2019 and 2018

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

New Accounting Standards, Continued

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 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.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

Foundation Restatement

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which significantly changes the presentation requirements for financial statements of not-for-profit entities. The ASU amendments are effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The ASU amendment requires the Foundation to present its financial position at the end of the period in two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. Prior to the amendment, net assets are classified as unrestricted, temporarily restricted and permanently restricted. The ASU also requires change in the statement of activities similar to its presentation of the new classes of net assets.

The Foundation’s net assets as of September 30, 2018 have been restated to reflect the required presentation as follows:

	As Previously <u>Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of September 30, 2018:			
Unrestricted net assets	\$ 11,416,012	\$ (11,416,012)	\$ -
Temporarily restricted net assets	2,785,359	(2,785,359)	-
Permanently restricted net assets	43,629	(43,629)	-
Without donor restrictions net assets	-	11,416,012	11,416,012
With donor restrictions net assets	-	2,828,988	2,828,988

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

Notes to Financial Statements  
September 30, 2019 and 2018

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

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, 2019 and 2018.

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.

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2019 and 2018 were as follows:

	Estimated Useful Life (in years)	Balance October 1, 2019	Additions	Retirement/ Transfers	Balance September 30, 2019
Depreciable:					
Buildings and structures	10-30	\$ 55,506,136	\$ 1,124,020	\$ -	\$ 56,630,156
Furniture, fixtures and equipment	5-6	12,510,351	684,786	(227,972)	12,967,165
Vehicles	5	<u>611,352</u>	<u>-</u>	<u>-</u>	<u>611,352</u>
		<u>68,627,839</u>	<u>1,808,806</u>	<u>(227,972)</u>	<u>70,208,673</u>
Accumulated depreciation:					
Buildings and structures		(27,812,197)	(1,553,771)	-	(29,365,968)
Furniture, fixtures and equipment		(10,845,110)	(687,687)	227,972	(11,304,825)
Vehicles		<u>(401,320)</u>	<u>(73,762)</u>	<u>-</u>	<u>(475,082)</u>
		<u>(39,058,627)</u>	<u>(2,315,220)</u>	<u>227,972</u>	<u>(41,145,875)</u>
		<u>29,569,212</u>	<u>( 506,414)</u>	<u>-</u>	<u>29,062,798</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,872,161</u>	<u>1,836,166</u>	<u>(557,091)</u>	<u>3,151,236</u>
		<u>3,775,161</u>	<u>1,836,166</u>	<u>(557,091)</u>	<u>5,054,236</u>
		<u>\$ 33,344,373</u>	<u>\$ 1,329,752</u>	<u>\$ (557,091)</u>	<u>\$ 34,117,034</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(3) Property, Plant and Equipment, Continued

	Estimated Useful Life (in years)	Balance October 1, 2017	Additions	Retirement/ Transfers	Balance September 30, 2018
Depreciable:					
Buildings and structures	10-30	\$ 54,843,567	\$ 684,476	\$ (21,907)	\$ 55,506,136
Furniture, fixtures and equipment	5-6	11,949,876	847,536	(287,061)	12,510,351
Vehicles	5	<u>611,352</u>	<u>          </u>	<u>          </u>	<u>611,352</u>
		<u>67,404,795</u>	<u>1,532,012</u>	<u>(308,968)</u>	<u>68,627,839</u>
Accumulated depreciation:					
Buildings and structures		(26,319,019)	(1,502,863)	9,685	(27,812,197)
Furniture, fixtures and equipment		(10,457,823)	(674,348)	287,061	(10,845,110)
Vehicles		<u>(326,100)</u>	<u>(75,220)</u>	<u>          </u>	<u>(401,320)</u>
		<u>(37,102,942)</u>	<u>(2,252,431)</u>	<u>296,746</u>	<u>(39,058,627)</u>
		<u>30,301,853</u>	<u>( 720,419)</u>	<u>( 12,222)</u>	<u>29,569,212</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,199,401</u>	<u>705,385</u>	<u>( 32,625)</u>	<u>1,872,161</u>
		<u>3,102,401</u>	<u>705,385</u>	<u>( 32,625)</u>	<u>3,775,161</u>
		<u>\$ 33,404,254</u>	<u>\$ ( 15,034)</u>	<u>\$ ( 44,847)</u>	<u>\$ 33,344,373</u>

(4) Pensions

GCC is statutorily responsible for providing pension benefits for GCC employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

*Plan Description:* GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). 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 public corporations 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 commences on or after October 1, 1995, are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans are eligible to receive an annual ad hoc cost of living allowance (COLA).

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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, 2018 (the measurement date), plan membership consisted of the following:

DB members:

Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	<u>5,188</u>
	15,631

DCRS members:

Active employees	<u>5,921</u>
	<u>21,552</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. 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.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. 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.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). Commencing April 1, 2017 through September 30, 2018, eligible employees may elect, during the “election window”, to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the GRSP. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

Members of DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for three years of service.

*Contributions and Funding Policy:* Contribution requirements of participating employers and active members to the DB Plan 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, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2017, 2016 and 2015, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2019, 2018 and 2017, respectively, have been determined as follows:

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Normal costs (% of DB Plan payroll)	13.54%	15.97%	16.27%
Employee contributions (DB Plan employees)	<u>9.52%</u>	<u>9.55%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>4.02%</u>	<u>6.42%</u>	<u>6.72%</u>
Employer portion of normal costs (% of total payroll)	2.29%	1.60%	1.87%
Unfunded liability cost (% of total payroll)	<u>21.29%</u>	<u>22.12%</u>	<u>21.60%</u>
Government contribution as a % of total payroll	<u>23.58%</u>	<u>23.72%</u>	<u>23.47%</u>
Employer	<u>26.56%</u>	<u>27.83%</u>	<u>27.41%</u>
Employee	<u>9.52%</u>	<u>9.55%</u>	<u>9.55%</u>

The College's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were \$ \$2,876,470, \$2,494,308, and \$1,169,733, respectively, which were equal to the required contributions for the respective years then ended.

For the years ended September 30, 2019, 2018 and 2017, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling \$624,852, \$623,328 and \$613,055, 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.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay, which increased to 6.2% effective January 1, 2018. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2019 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS, which increased to 6.2% effective January 1, 2018. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

The College's contributions to the DCRS Plan for the years ended September 30, 2019, 2018 and 2017 were \$1,393,298, \$1,902,057 and \$2,971,881, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$866,709, \$1,263,815 and \$2,055,740 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2019, 2018 and 2017, respectively.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

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

*Pension Liability:* At September 30, 2019 and 2018, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2018 and 2017, respectively, which comprised of the following:

	<u>2019</u>	<u>2018</u>
Defined benefit plan	\$ 28,895,965	\$ 27,687,544
Ad hoc COLA/supplemental annuity plan for DB retirees	7,675,606	7,464,622
Ad hoc COLA plan for DCRS retirees	<u>737,240</u>	<u>758,754</u>
	<u>\$ 37,308,811</u>	<u>\$ 35,910,920</u>

GCC's proportion of the GovGuam net pension liabilities was based on GCC's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2019 and 2018, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2019</u>	<u>2018</u>
Defined Benefit Plan	2.45%	2.42%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.65%	2.59%
Ad hoc COLA plan for DCRS retirees	1.49%	1.22%

*Pension Expense:* For the years ended September 30, 2019 and 2018, GCC recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2019</u>	<u>2018</u>
Defined benefit plan	\$ 3,302,927	\$ 1,566,029
Ad hoc COLA/supplemental annuity plan for DB retirees	823,680	2,104,012
Ad hoc COLA plan for DCRS retirees	<u>(170,665)</u>	<u>66,953</u>
	<u>\$ 3,955,942</u>	<u>\$ 3,736,994</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

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

*Deferred Outflows and Inflows of Resources:* At September 30, 2019 and 2018, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 81,549	\$ -	\$ 113,561	\$ -	\$ 105,923	\$ 6,737
Net difference between projected and actual earnings on pension plan investments	-	518,014	-	-	-	-
Changes of assumptions	-	-	-	254,759	87,805	98,399
Contributions subsequent to the measurement date	3,743,179	-	624,852	-	40,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>217,866</u>	<u>-</u>	<u>111,916</u>	<u>-</u>	<u>216,482</u>	<u>34,930</u>
	<u>\$ 4,042,594</u>	<u>\$ 518,014</u>	<u>\$ 850,329</u>	<u>\$ 254,759</u>	<u>\$ 450,210</u>	<u>\$ 140,066</u>
	2018					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ 34,474	\$ 5,894
Net difference between projected and actual earnings on pension plan investments	-	1,345,579	-	-	-	-
Changes of assumptions	-	-	-	-	76,632	50,463
Contributions subsequent to the measurement date	3,758,124	-	615,310	-	28,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>-</u>	<u>111,265</u>	<u>-</u>	<u>33,636</u>	<u>51,670</u>	<u>-</u>
	<u>\$ 3,758,124</u>	<u>\$ 1,456,844</u>	<u>\$ 615,310</u>	<u>\$ 33,636</u>	<u>\$ 190,776</u>	<u>\$ 56,357</u>



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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

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

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, 2019 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>
2020	\$ 194,900	\$ (13,945)	\$ 24,391
2021	(305,963)	(13,945)	24,391
2022	(244,545)	(1,392)	24,391
2023	137,009	-	24,391
2024	-	-	24,391
Thereafter	<u>-</u>	<u>-</u>	<u>148,189</u>
	\$ <u>(218,599)</u>	\$ <u>(29,282)</u>	\$ <u>270,144</u>

*Actuarial Assumptions:* Actuarially determined contribution rates for the DB Plan 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, 2017
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.0% to 7.50%
Retirement age:	50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

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

Mortality: RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30 2015.

The investment rate assumption as of September 30, 2017 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>
U.S. Equities (large cap)	29.0%	7.47%
U.S. Equities (small cap)	7.0%	8.73%
Non-U.S. Equities	16.5%	9.27%
Non-U.S. Equities (emerging markets)	2.0%	11.09%
U.S. Fixed Income (aggregate)	21.5%	4.67%
Risk parity	8.0%	6.50%
High yield bonds	8.0%	6.59%
Global Real Estate (REITs)	5.0%	8.60%
Master Limited Partnerships	3.0%	6.56%

*Changes in Actuarial Assumptions:* The following changes in actuarial assumptions occurred from the September 30, 2016 valuation to the September 30, 2017 valuation:

Remaining amortization period: The unfunded liability was being amortized over a closed period ending on May 1, 2031. This was extended by 2 years to May 1, 2033 by Public Law 33-186

*Discount Rate:* The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 and 2017 was 7.0%, which is equal to the expected investment rate of return. 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 supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2018 was 4.18% (3.64% as of September 30, 2017), which is equal to the rate of return of a high quality bond index.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(4) Pensions, Continued

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

*Discount Rate Sensitivity Analysis:* The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase in Discount Rate <u>8.00%</u>
Net Pension Liability	\$ <u>36,845,506</u>	\$ <u>28,895,965</u>	\$ <u>22,072,201</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Net Pension Liability	\$ <u>8,396,833</u>	\$ <u>7,675,606</u>	\$ <u>7,052,242</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Net Pension Liability	\$ <u>829,377</u>	\$ <u>737,240</u>	\$ <u>658,544</u>

C. Payables to the Pension Plans:

As of September 30, 2019 and 2018, GCC recorded payables to GGRF of \$164,215 and \$173,092, respectively, representing statutorially required contributions unremitted as of the respective year-ends.

(5) Other Post-Employment Benefits (OPEB)

GCC participates in the retiree health care benefits program. GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides 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. The program covers retirees and is considered an other postemployment benefits plan.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

A. General Information About the OPEB Plan:

*Plan Description:* The other postemployment benefits plan is a single employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB 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.

*Plan Membership:* As of September 30, 2018 and 2017 (the respective measurement periods), OPEB plan membership consisted of the following as of September 30, 2018 and 2016 (the respective actuarial valuation dates):

	<u>2018</u>	<u>2017</u>
Inactive plan members or beneficiaries currently receiving benefits	7,930	7,342
Active plan members	<u>10,136</u>	<u>10,282</u>
	<u>18,066</u>	<u>17,624</u>

*Benefits Provided:* The OPEB Plan provides post employment medical, dental and life insurance benefits to GCC retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GCC contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants.

- Standard island wide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

*Contributions:* No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB plan is financed on a substantially "pay-as-you go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2019, 2018 and 2017, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$970,404, \$976,278 and \$960,349, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability:

As of September 30, 2019 and 2018, GCC reported a total OPEB liability of \$42,285,436 and \$49,740,344, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2018 and 2017. The following presents GCC's proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2017	2.05%
Proportion at measurement date, September 30, 2018	2.26%
Increase/(decrease) in proportion	0.21%

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%
Amortization Method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary Increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years. Previously, 7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Previously, 8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retirees will elect to participate. Life - 100% of eligible retirees will elect to participate. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

- Medicare enrollment: 15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
- Dependent status: Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.  
Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement.  
Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement.  
Life – 100% of spouses of active employees will elect to participate at the active employee's retirement.  
For current retired employees, the actual census information is used. Previously, 60% of employees are assumed to retire with a covered spouse.
- Actuarial cost method: Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
- Healthy retiree mortality rates: RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
- Disabled Retiree mortality rates: RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
- Withdrawal rates: 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
- Disability rates: 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Retirement rates: 50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

*OPEB plan fiduciary net position:* As of September 30, 2019 and 2018, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

*Discount Rate:* The discount rate used to measure the total OPEB liability was 4.18% as of September 30, 2018 (3.63% as of September 30, 2017). The projection of cash flows used to determine the discount rate assumed that contributions from GCC will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 4.18% municipal bond rate as of September 30, 2018 (3.63% as of September 30, 2017) was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Total OPEB Liability:

Changes in GCC's proportionate share of the total OPEB liability for the years ended September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of the year	\$ <u>49,740,344</u>	\$ <u>51,326,386</u>
Changes for the year:		
Service cost	2,197,881	2,453,943
Interest	1,869,974	1,632,886
Expected benefit payments	(847,567)	(766,278)
Change in proportionate share	5,498,664	206,481
Differences between expected and actual experience	(11,780,523)	-
Change of assumptions	<u>(4,393,337)</u>	<u>(5,113,074)</u>
Net change	<u>(7,454,908)</u>	<u>(1,586,042)</u>
Balance at end of the year	\$ <u>42,285,436</u>	\$ <u>49,740,344</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

C. Changes in the Total OPEB Liability, Continued:

*Sensitivity of the total OPEB liability to changes in the discount rate:* The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>3.18%</u>	Current Discount Rate <u>4.18%</u>	1% Increase in Discount Rate <u>5.18%</u>
Total OPEB Liability	\$ <u>49,868,087</u>	\$ <u>42,285,436</u>	\$ <u>36,194,421</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:* The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ <u>35,261,680</u>	\$ <u>42,285,436</u>	\$ <u>51,377,350</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended September 30, 2019 and 2018, the College recognized OPEB expense of \$2,439,295 and \$4,004,935, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2018 and 2017. At September 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 9,665,528	\$ -	\$ -
Changes of assumptions	3,062,567	7,017,869	3,698,482	4,262,357
Contributions subsequent to measurement date	970,404	-	976,278	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>4,361,019</u>	<u>-</u>	<u>655,280</u>	<u>-</u>
	<u>\$ 8,393,990</u>	<u>\$ 16,683,397</u>	<u>\$ 5,330,040</u>	<u>\$ 4,262,357</u>



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

Notes to Financial Statements  
September 30, 2019 and 2018

(5) Other Post-Employment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2019 will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	
2020	\$ (1,784,732)
2021	(1,784,732)
2022	(1,784,732)
2023	(2,785,762)
2024	(1,119,853)
	\$ <u>(9,259,811)</u>

(6) 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, 2019 and 2018. 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, 2019, the College believed that it would collect the total amount appropriated from the General Fund as follows:

Net appropriations per law	\$ 18,412,368
Add retiree healthcare cost	970,404
Add COLA and annuity cost	<u>664,852</u>
Net appropriations	\$ <u>20,047,624</u>

The outstanding due from Government of Guam of \$703,818 as of September 30, 2019 was subsequently received.

(7) 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, \$1,969,059 and \$7,189,765 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2019 and 2018, respectively. Of the \$1,969,059 as of September 30, 2019, \$174,195 relates to contract commitments.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(8) Related Party Transactions

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

As of September 30, 2018, the College has a \$2M receivable from the Foundation pertaining to an advance to the Foundation to cover the USDA loan in lieu of the bridge financing requirement. As of September 30, 2019, the College's Board approved to reverse the receivable into a permanent transfer of funds to the Foundation.

(9) Long-Term Debt

Long-term debt at September 30, 2019 and 2018 is as follows:

Direct Borrowings:

	<u>2019</u>	<u>2018</u>
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. Original maturity date of the loan was March 6, 2053, collateralized by a pledge of all gross revenues. However, due to advance payments made, the loan can be fully paid on November 6, 2037	<u>2,125,530</u>	<u>3,178,940</u>
	2,125,530	3,178,940
Less current portion	<u>88,558</u>	<u>53,752</u>
	<b>\$ <u>2,036,972</u></b>	<b>\$ <u>3,125,188</u></b>

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>
2020	\$ 88,558	\$ 65,162	\$ 153,720
2021	91,366	62,354	153,720
2022	94,262	59,458	153,720
2023	97,251	56,469	153,720
2024	100,334	53,386	153,720
2025-2029	551,444	217,156	768,600
2030-2034	644,572	124,028	768,600
2035-2038	<u>457,743</u>	<u>23,348</u>	<u>481,091</u>
	<b>\$ <u>2,125,530</u></b>	<b>\$ <u>661,361</u></b>	<b>\$ <u>2,786,891</u></b>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(9) Long-Term Debt, Continued

Direct Borrowings, Continued:

The College has pledged all future gross revenues and a security interest in all its equipment, furniture, and fixtures to repay \$3,500,000 of U.S. Department of Agriculture debts issued in 2013. Note payable proceeds financed facility construction. The notes are payable from gross revenues and are payable through March 2053. Annual interest and principal payments on the notes are expected to require less than one percent of net operating revenues. In addition, the note contains a provision that in an event of default, USDA may, at its option, collect interest income and principal and exercise any other right or remedy provided by the Uniform Commercial Code after giving any notice required thereby. The total interest and principal remaining to be paid on the \$3,500,000 loan as of September 30, 2019 and 2018 is \$2,786,891, and \$5,232,934, respectively. On May 24, 2019, advance payment of \$1,000,000 was made which was applied to principal balance. Principal and interest paid for fiscal year 2019 and net operating revenues were \$1,153,720 and \$16,804,936, respectively.

At September 30, 2019 and 2018, GCC does not have any unused lines of credit.

Long-term debt activities for the years ended September 30, 2019 and 2018, were as follows:

	Beginning Balance October 1, 2018	Additions	Reductions	Ending Balance September 30, 2019	Amount due within one year
Loans payable	\$ <u>3,178,940</u>	\$ _____	\$ <u>(1,053,410)</u>	\$ <u>2,125,530</u>	\$ <u>88,558</u>

	Beginning Balance October 1, 2017	Additions	Reductions	Ending Balance September 30, 2018	Amount due within one year
Loans payable	\$ <u>3,230,709</u>	\$ _____	\$ <u>(51,769)</u>	\$ <u>3,178,940</u>	\$ <u>53,752</u>

Foundation Direct Borrowings:

	<u>2019</u>	<u>2018</u>
Note payable of an original amount of \$5,000,000 to U.S. Department of Agriculture, for the construction of Building 100, interest at 2.375%, repayable in monthly installments of principal and interest of \$16,700 through November 6, 2056, collateralized by a pledge of all rental income and revenue from facilities lease agreement with Guam Community College.	\$ 4,938,255	\$ -
Less current portion	<u>84,027</u>	<u>-</u>
	\$ <u>4,854,228</u>	\$ _____

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

Notes to Financial Statements  
September 30, 2019 and 2018

(9) Long-Term Debt, Continued

Foundation Direct Borrowings, Continued:

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>
2020	\$ 84,027	\$ 116,373	\$ 200,400
2021	86,044	114,356	200,400
2022	88,110	112,290	200,400
2023	90,226	110,174	200,400
2024	92,392	108,008	200,400
2025-2029	496,320	505,680	1,002,000
2030-2034	558,835	443,165	1,002,000
2035-2039	629,223	372,777	1,002,000
2040-2044	708,478	293,522	1,002,000
2045-2049	797,715	204,285	1,002,000
2050-2054	898,192	103,808	1,002,000
2055-2057	<u>408,693</u>	<u>9,144</u>	<u>417,837</u>
	<u>\$ 4,938,255</u>	<u>\$ 2,493,582</u>	<u>\$ 7,431,837</u>

(10) Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2019 and 2018, were as follows:

	Beginning Balance October <u>1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2019</u>	Amount due within <u>one year</u>
Accrued annual leave	\$ 519,723	\$ 483,473	\$ ( 496,005)	\$ 507,191	\$ 250,768
DCRS sick leave liability	475,176	197,035	( 183,005)	489,206	-
Net OPEB liability	49,740,344	4,223,994	(11,678,902)	42,285,436	-
Net pension liability	<u>35,910,920</u>	<u>6,029,602</u>	<u>(4,631,711)</u>	<u>37,308,811</u>	<u>-</u>
	<u>\$ 86,646,163</u>	<u>\$ 10,934,104</u>	<u>\$ (16,989,623)</u>	<u>\$ 80,590,644</u>	<u>\$ 250,768</u>

	Beginning Balance October <u>1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2018</u>	Amount due within <u>one year</u>
Accrued annual leave	\$ 500,208	\$ 498,326	\$ (478,811)	\$ 519,723	\$ 249,215
DCRS sick leave liability	1,721,154	89,316	(1,335,294)	475,176	-
Net OPEB liability	51,326,386	-	(1,586,042)	49,740,344	-
Net pension liability	<u>40,526,801</u>	<u>-</u>	<u>(4,615,881)</u>	<u>35,910,920</u>	<u>-</u>
	<u>\$ 94,074,549</u>	<u>\$ 587,642</u>	<u>\$ (8,016,028)</u>	<u>\$ 86,646,163</u>	<u>\$ 249,215</u>

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

Notes to Financial Statements  
September 30, 2019 and 2018

(11) Commitments and 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.

Lease Agreement with GCC Foundation (the Foundation)

On September 12, 2016, the College signed a facilities lease agreement with the Foundation for the lease of GCC Gregorio G. Perez Crime Lab and Building #100 (the Facilities), for a period of forty-two years up to September 30, 2058. The construction of the Facilities are to be financed by the Foundation from a loan with the U.S. Department of Agriculture (USDA).

Future minimum lease payments as of September 30, 2019 are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 278,922
2021	278,922
2022	278,922
2023	278,922
2024	278,922
Thereafter	<u>9,483,348</u>
Total	\$ <u>10,877,958</u>

As of September 30, 2019 and 2018, the College made advance lease payments to the Foundation amounting to \$1,009,300 and \$557,844, respectively.

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

Notes to Financial Statements  
September 30, 2019 and 2018

(12) Subsequent Events

*COVID-19*

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, President Donald J. Trump declared a national emergency within the United States. In response to the national emergency declared by the U.S. President, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses have closed. GCC has closed its offices to the public and has required all non-essential employees to work from home. While the disruption is currently expected to be temporary, there is uncertainty around the duration. While this matter is expected to negatively impact GCC's business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

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

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

Defined Benefit Plan

	2019	2018	2017	2016	2015	2014
Total net pension liability	\$ 1,179,192,550	\$ 1,142,249,393	\$ 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	\$ 28,895,965	\$ 27,687,544	\$ 33,654,754	\$ 34,887,450	\$ 29,423,616	\$ 33,015,503
GCC's proportion of the net pension liability	2.45%	2.42%	2.46%	2.43%	2.36%	2.53%
GCC's covered-employee payroll**	\$ 12,592,233	\$ 12,320,945	\$ 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	229.47%	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	63.28%	60.63%	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)**

Schedules of 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total net pension liability***	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
GCC's proportionate share of the net pension liability	\$ 7,675,606	\$ 7,464,622	\$ 6,090,911	\$ 5,929,180
GCC's proportion of the net pension liability	2.65%	2.59%	2.65%	2.51%
GCC's covered-employee payroll**	\$ 13,606,649	\$ 13,167,825	\$ 13,438,531	\$ 12,858,300
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	56.41%	56.69%	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)**

Schedules of 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total net pension liability***	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GCC's proportionate share of the net pension liability	\$ 737,240	\$ 758,754	\$ 781,136	\$ 569,690
GCC's proportion of the net pension liability	1.49%	1.22%	1.27%	1.09%
GCC's covered-employee payroll**	\$ 3,951,609	\$ 4,578,199	\$ 4,622,757	\$ 3,890,382
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	18.66%	16.57%	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)**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,329,005	\$ 3,036,596	\$ 3,059,454	\$ 3,265,964	\$ 3,166,082	\$ 3,089,025
Contributions in relation to the actuarially determined contribution	<u>3,743,179</u>	<u>5,271,542</u>	<u>3,225,473</u>	<u>3,420,159</u>	<u>3,622,850</u>	<u>3,541,069</u>
Contribution (excess) deficiency	<u>\$ (414,174)</u>	<u>\$ (2,234,946)</u>	<u>\$ (166,019)</u>	<u>\$ (154,195)</u>	<u>\$ (456,768)</u>	<u>\$ (452,044)</u>
GCC's covered-employee payroll **	<u>\$ 12,592,233</u>	<u>\$ 12,320,945</u>	<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	29.73%	42.79%	25.91%	27.55%	30.39%	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)**

Schedules of Required Supplemental Information (Unaudited)  
Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios  
Last 10 Fiscal Years\*

	2019	2018	2017	2016
Total OPEB Liability:				
Service cost	\$ 2,197,881	\$ 2,453,943	\$ 1,990,422	
Interest	1,869,974	1,632,886	1,660,185	
Expected benefit payments	(847,567)	(766,278)	(766,278)	
Change in proportionate share	5,498,664	206,481	-	
Differences between expected and actual experience	(11,780,523)	-	-	
Changes of assumptions	<u>(4,393,337)</u>	<u>(5,113,074)</u>	<u>5,300,419</u>	
Net change in Total OPEB liability	\$ (7,454,908)	\$ (1,586,042)	\$ 8,184,748	
Total OPEB liability - beginning	<u>49,740,344</u>	<u>51,326,386</u>	<u>43,141,638</u>	
Total OPEB liability - ending	<u>\$ 42,285,436</u>	<u>\$ 49,740,344</u>	<u>\$ 51,326,386</u>	<u>\$ 43,141,638</u>
Covered-employee payroll	\$ 12,161,278	\$ 11,532,619	\$ 11,532,619	
GCC's total OPEB liability as a percentage of covered-employee payroll	347.71%	431.30%	445.05%	

Notes to schedule:

<i>Discount rate</i>	4.18%	3.63%	3.058%	3.71%
----------------------	-------	-------	--------	-------

*Changes of benefit terms:*

None.

*Changes of assumptions:*

Discount rate has changed from respective measurement dates.

\* Information for 2009-2015 is not available

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

See Accompanying Independent Auditors' Report.

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

Schedules of Required Supplemental Information (Unaudited)  
Schedule of Proportional Share of the Total OPEB Liability  
Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability **	\$ 1,874,970,335	\$ 2,431,048,672	\$2,532,753,040
GCC's proportionate share of the total OPEB liability	\$ 42,285,436	\$ 49,740,344	\$ 51,326,386
GCC's proportionate of the total OPEB liability	2.26%	2.05%	2.03%
GCC's covered-employee payroll	\$ 12,161,278	\$ 11,532,619	\$ 11,532,619
GCC's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	347.71%	431.30%	445.05%

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

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

See Accompanying Independent Auditors' Report.

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

Schedules of Required Supplemental Information  
Schedule of OPEB Contributions  
Last 10 Fiscal Years\*

	2019	2018	2017
Actuarially determined contribution	\$ 5,026,780	\$ 5,167,186	\$ 4,472,350
Contributions in relation to the actuarially determined contribution	<u>847,567</u>	<u>766,278</u>	<u>766,278</u>
Contribution deficiency	\$ 4,179,213	\$ 4,400,908	\$ 3,706,072
GCC's covered-employee payroll **	<u>\$ 12,161,278</u>	<u>\$ 11,532,619</u>	<u>\$ 11,532,619</u>
Contribution as a percentage of covered-employee payroll	6.97%	6.64%	6.64%

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2018.

Method and assumptions used to determine contributions rates:

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period for pay-as-you-go funding.
Amortization period:	30 years
Inflation:	2.75%
Healthcare cost trend rates:	Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25%
Salary increase:	4.0% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disabled Mortality Table for males and females.

\* Information for 2009 - 2016 is not available

See Accompanying Independent Auditors' Report.

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

Schedule of Salaries and Wages (Cash Basis)  
Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 13,531,472	\$ 12,064,110
Benefits	<u>6,011,884</u>	<u>3,639,596</u>
Total salaries, wages and benefits	<u>\$ 19,543,356</u>	<u>\$ 15,703,706</u>
Full-time employees at end of year	<u>238</u>	<u>238</u>
Federal Funds:		
Salaries	\$ 673,620	\$ 636,170
Benefits	<u>154,670</u>	<u>160,756</u>
Total salaries, wages and benefits	<u>\$ 828,290</u>	<u>\$ 796,926</u>
Full time federal employees at end of year (inclusive in above amount)	<u>10</u>	<u>10</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Instruction:		
Salaries, wages and benefits	\$ 9,269,087	\$ 8,214,923
Travel	45,942	28,294
Contract services	511,447	300,200
Supplies	267,222	264,977
Minor equipment	314,455	296,645
Miscellaneous	<u>1,292,679</u>	<u>993,769</u>
	<u>\$ 11,700,832</u>	<u>\$ 10,098,808</u>
 Total employees at end of year	 <u>107</u>	 <u>109</u>
Planning:		
Salaries, wages and benefits	\$ 661,582	\$ 752,927
Travel	10,754	24,162
Contract services	64,082	14,606
Supplies	2,706	32,670
Minor equipment	5,968	7,426
Miscellaneous	<u>7,886</u>	<u>2,523</u>
	<u>\$ 752,978</u>	<u>\$ 834,314</u>
 Total employees at end of year	 <u>7</u>	 <u>10</u>
Academic Support:		
Salaries, wages and benefits	\$ 2,041,842	\$ 1,532,768
Travel	24,497	22,869
Contract services	266,363	106,682
Supplies	98,137	67,605
Minor equipment	91,576	72,773
Miscellaneous and transfers	<u>96,039</u>	<u>42,645</u>
	<u>\$ 2,618,454</u>	<u>\$ 1,845,342</u>
 Total employees at end of year	 <u>29</u>	 <u>20</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Student Services:		
Salaries, wages and benefits	\$ 2,815,514	\$ 2,732,726
Travel	10,048	3,413
Contract services	64,768	69,094
Supplies	25,211	34,266
Minor equipment	7,410	28,766
Miscellaneous and transfers	<u>76,089</u>	<u>72,909</u>
	<u>\$ 2,999,040</u>	<u>\$ 2,941,174</u>
 Total employees at end of year	 <u>38</u>	 <u>41</u>
 Institutional Support and Interest:		
Salaries, wages and benefits	\$ 3,490,068	\$ 1,921,138
Travel	80,710	96,895
Contract services	1,686,850	1,215,124
Supplies	40,872	31,271
Minor equipment	2,421	8,806
Interest and miscellaneous	<u>550,354</u>	<u>76,017</u>
	<u>\$ 5,851,275</u>	<u>\$ 3,349,251</u>
 Total employees at end of year	 <u>44</u>	 <u>45</u>
 Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 508,456	\$ 335,947
Contract services	213,534	372,658
Supplies	78,002	94,627
Minor equipment	205,748	24,838
Capital expenditures	-	202,332
Utilities	1,231,405	1,223,319
Miscellaneous	<u>241,782</u>	<u>-</u>
	<u>\$ 2,478,927</u>	<u>\$ 2,253,721</u>
 Total employees at end of year	 <u>8</u>	 <u>8</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, 2019 and 2018

	2019	2018
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 625,932	\$ 136,226
Travel	-	-
Contract services	-	967
Supplies	682	2,030
Minor equipment	3,945	-
Miscellaneous	5,234,535	5,753,604
	\$ 5,865,094	\$ 5,892,827
Total employees at end of year	3	3
 Auxiliary:		
Salaries, wages and benefits	\$ 130,875	\$ 77,051
Contract services	-	158
Supplies	2,245	1,239
Minor equipment	473,062	603,906
	\$ 606,182	\$ 682,354
Total employees at end of year	2	2

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, 2019  
(With Comparative Balances as of September 30, 2018)

	Unrestricted			Restricted			Capital Projects	Tobacco Settlement	Investment in Plant	Agency Fund	Elimination	Grand Total	
	Appropriated Fund	Non- appropriated Fund	Total	Federal Fund	Other Grants Fund	Total						2019	2018
<b>ASSETS</b>													
Cash	\$ -	\$ 15,986,352	\$ 15,986,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,986,352	\$ 12,165,819
TCD	-	2,091,806	2,091,806	-	-	-	-	-	-	-	-	2,091,806	2,042,000
Investments	-	-	-	-	-	-	-	-	-	-	-	2,013,287	1,959,164
Due from Government of Guam	1,531,983	1,174,191	2,706,174	-	-	-	-	-	-	-	-	2,706,174	5,735,168
Due from other College funds	4,866,605	42,633,293	47,499,898	19,976,361	1,013,702	20,990,063	9,481	140,000	57,115	357,085	(69,053,642)	-	-
Accounts receivable - U.S. Government	-	112,419	112,419	215,472	43,606	259,078	-	-	-	-	-	371,497	662,260
Accounts receivable - tuition	-	4,845,926	4,845,926	-	-	-	-	-	-	-	-	4,845,926	4,891,100
Accounts receivable - others	-	1,343,480	1,343,480	-	-	-	-	-	-	-	-	1,343,480	3,477,661
Allowance for doubtful accounts	(828,165)	(2,483,306)	(3,311,471)	-	-	-	-	-	-	-	-	(3,311,471)	(3,073,304)
Inventories	-	610,123	610,123	-	-	-	-	-	-	-	-	610,123	547,766
Prepaid lease	1,009,300	-	1,009,300	-	-	-	-	-	-	-	-	1,009,300	557,844
Construction in progress	-	-	-	-	-	-	-	-	3,151,236	-	-	3,151,236	1,872,161
Land	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	56,630,156	-	-	56,630,156	55,506,136
Equipment	-	-	-	-	-	-	-	-	12,967,165	-	-	12,967,165	12,510,351
Vehicles	-	-	-	-	-	-	-	-	611,352	-	-	611,352	611,352
Accumulated depreciation	-	-	-	-	-	-	-	-	(41,145,875)	-	-	(41,145,875)	(39,058,627)
Deferred outflows from pension	-	13,737,123	13,737,123	-	-	-	-	-	-	-	-	13,737,123	9,894,250
	<u>\$ 6,579,723</u>	<u>\$ 80,051,407</u>	<u>\$ 86,631,130</u>	<u>\$ 20,191,833</u>	<u>\$ 1,057,308</u>	<u>\$ 21,249,141</u>	<u>\$ 9,481</u>	<u>\$ 2,153,287</u>	<u>\$ 34,174,149</u>	<u>\$ 357,085</u>	<u>\$ (69,053,642)</u>	<u>\$ 75,520,631</u>	<u>\$ 72,204,101</u>
<b>LIABILITIES AND FUND BALANCE</b>													
Accounts payable	\$ 246,919	\$ 1,983,541	\$ 2,230,460	\$ 3,645	\$ 18,585	\$ 22,230	\$ 570,552	\$ -	\$ -	\$ -	\$ -	\$ 2,823,242	\$ 1,499,715
Retainage payable	-	-	-	-	-	-	9,481	-	-	-	-	9,481	63,854
Loans payable	-	2,125,530	2,125,530	-	-	-	-	-	-	-	-	2,125,530	3,178,940
Due to other College funds	1,539,119	33,053,427	34,592,546	19,828,791	-	19,828,791	14,622,824	-	9,481	-	(69,053,642)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	357,085	-	357,085	356,694
Accrued liabilities	-	1,063,670	1,063,670	-	-	-	-	-	-	-	-	1,063,670	1,041,948
DCRS sick leave liability	-	489,206	489,206	-	-	-	-	-	-	-	-	489,206	475,176
Net pension liability	-	79,594,247	79,594,247	-	-	-	-	-	-	-	-	79,594,247	85,651,264
Unearned revenue	-	1,588,244	1,588,244	-	-	-	-	-	-	-	-	1,588,244	1,770,971
Deferred inflows from pension	-	17,596,236	17,596,236	-	-	-	-	-	-	-	-	17,596,236	5,809,194
Fund balance	4,793,685	(57,442,694)	(52,649,009)	359,397	1,038,723	1,398,120	(15,193,376)	2,153,287	34,164,668	-	-	(30,126,310)	(27,643,655)
	<u>\$ 6,579,723</u>	<u>\$ 80,051,407</u>	<u>\$ 86,631,130</u>	<u>\$ 20,191,833</u>	<u>\$ 1,057,308</u>	<u>\$ 21,249,141</u>	<u>\$ 9,481</u>	<u>\$ 2,153,287</u>	<u>\$ 34,174,149</u>	<u>\$ 357,085</u>	<u>\$ (69,053,642)</u>	<u>\$ 75,520,631</u>	<u>\$ 72,204,101</u>

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, 2019  
(With Comparative Balances for the year ended September 30, 2018)

	Unrestricted						Restricted			Capital Projects	Tobacco Settlement	Investment In-Plant	Grand Total	
	Appropriated			Non-appropriated			Federal Fund	Other Grant	Total				2019	2018
	General	TAF	MDF	Total Appropriated	NAF	Total Unrestricted								
<b>Revenues:</b>														
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 6,190,018	\$ 6,190,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,190,018	\$ 6,410,635
Government of Guam appropriations	19,098,736	-	948,888	20,047,624	-	20,047,624	-	-	-	-	-	-	20,047,624	21,722,167
Federal grants and contracts	-	-	-	-	-	-	6,743,305	584,412	7,327,717	-	-	-	7,327,717	7,418,549
Sales and services of auxiliary enterprises	-	-	-	-	1,799,447	1,799,447	-	-	-	-	-	-	1,799,447	2,840,963
Other sources	-	-	-	-	1,671,016	1,671,016	-	-	-	-	54,123	-	1,725,139	1,183,407
<b>Total current revenues</b>	<b>19,098,736</b>	<b>-</b>	<b>948,888</b>	<b>20,047,624</b>	<b>9,660,481</b>	<b>29,708,105</b>	<b>6,743,305</b>	<b>584,412</b>	<b>7,327,717</b>	<b>-</b>	<b>54,123</b>	<b>-</b>	<b>37,089,945</b>	<b>39,575,721</b>
<b>Expenditures and mandatory transfers:</b>														
<b>Educational and general:</b>														
Instruction	6,174,420	-	293,593	6,468,013	4,451,829	10,919,842	775,942	5,048	780,990	-	-	-	11,700,832	10,098,808
Planning	603,203	-	-	603,203	56,789	659,992	92,986	-	92,986	-	-	-	752,978	834,314
Academic support	1,299,933	-	-	1,299,933	1,102,628	2,402,561	123,635	92,258	215,893	-	-	-	2,618,454	1,845,342
Student services	2,211,961	-	-	2,211,961	464,007	2,675,968	323,072	-	323,072	-	-	-	2,999,040	2,941,174
Institutional support	4,264,340	-	-	4,264,340	1,486,625	5,750,965	-	-	-	-	-	-	5,750,965	3,349,251
Operation and maintenance of plant	1,779,980	-	-	1,779,980	313,206	2,093,186	-	-	-	385,741	-	-	2,478,927	2,253,721
Scholarship and fellowship	201,157	-	-	201,157	346,142	547,299	5,317,795	-	5,317,795	-	-	-	5,865,094	5,892,827
Retiree healthcare costs	970,404	-	-	970,404	-	970,404	-	-	-	-	-	-	970,404	976,278
Retiree COLA and supplemental annuity costs	664,852	-	-	664,852	-	664,852	-	-	-	-	-	-	664,852	643,310
Interest Expense	-	-	-	-	100,310	100,310	-	-	-	-	-	-	100,310	101,951
Bad debts expense	-	-	-	-	237,385	237,385	-	-	-	-	-	-	237,385	577,558
Depreciation expense	-	-	-	-	-	-	-	-	-	-	2,315,220	-	2,315,220	2,252,431
	18,170,250	-	293,593	18,463,843	8,558,921	27,022,764	6,633,430	97,306	6,730,736	385,741	-	2,315,220	36,454,461	31,766,965
<b>Auxiliary enterprises:</b>														
Expenditures	58,080	-	-	58,080	548,102	606,182	-	-	-	-	-	-	606,182	682,354
<b>Total expenditures</b>	<b>18,228,330</b>	<b>-</b>	<b>293,593</b>	<b>18,521,923</b>	<b>9,107,023</b>	<b>27,628,946</b>	<b>6,633,430</b>	<b>97,306</b>	<b>6,730,736</b>	<b>385,741</b>	<b>-</b>	<b>2,315,220</b>	<b>37,060,643</b>	<b>32,449,319</b>
Net (decrease) increase in fund balance	870,406	-	655,295	1,525,701	553,458	2,079,159	109,875	487,106	596,981	(385,741)	54,123	(2,315,220)	29,302	7,126,402
Beginning fund balance	(986,616)	(58,425)	4,374,262	3,329,221	(55,075,682)	(51,746,461)	359,422	1,038,722	1,398,144	(12,695,972)	2,099,164	33,301,470	(27,643,655)	(34,917,078)
Fund transfer	(61,237)	-	-	(61,237)	(2,920,470)	(2,981,707)	(109,900)	(487,105)	(597,005)	(2,111,663)	-	3,178,418	(2,511,957)	147,021
<b>Ending fund balance</b>	<b>\$ (177,447)</b>	<b>\$ (58,425)</b>	<b>\$ 5,029,557</b>	<b>\$ 4,793,685</b>	<b>\$ (57,442,694)</b>	<b>\$ (52,649,009)</b>	<b>\$ 359,397</b>	<b>\$ 1,038,723</b>	<b>\$ 1,398,120</b>	<b>\$ (15,193,376)</b>	<b>\$ 2,153,287</b>	<b>\$ 34,164,668</b>	<b>\$ (30,126,310)</b>	<b>\$ (27,643,655)</b>

See Accompanying Independent Auditors' Report.