



OFFICE OF THE PUBLIC AUDITOR
Guam Community College
FY 2008 Financial Highlights

June 8, 2009

The Guam Community College (GCC) closed Fiscal Year (FY) 2008 with a \$2.3 million (M) increase in net assets, compared to the prior year's \$1.6M decrease in net assets. The increase in net assets is mainly due to a \$1M reimbursement from FEMA, fee increases totaling \$847,000 and a decrease in total expenditures of \$1.3M.

Independent auditors Deloitte & Touche rendered an unqualified or clean opinion on GCC's financial statements and Report on Compliance and Internal Controls. GCC qualified as a low risk auditee for the eighth consecutive fiscal year, beginning in 2001.

Increase in Revenues

GCC's revenues are comprised of government of Guam appropriations (56%), federal and local grants and contracts (28%), student tuition and fees net of scholarship discounts and allowances (8%), contracted educational services (3%), auxiliary enterprises (3%), and other revenues (1%). Government of Guam appropriations increased \$740,000 or 5% from \$14.1M in FY 2007 to \$14.9M in FY 2008. Federal grants and contracts increased \$1.1M or 18% from \$6.4M to \$7.5M. Student tuition and fees net of scholarship discounts and allowances increased \$891,000 or 77% from \$1.2M to \$2.1M. Contracted education services increased by \$72,000 or 12% from \$595,000 to \$667,000. Auxiliary enterprises increased by \$113,000 or 19% from \$610,000 to \$723,000. Other revenues decreased by \$134,000 or 32% from \$417,000 to \$283,000.

The College increased tuition rates for Fall 2008 by \$20 per credit to \$110. The Guam Community College Board of Trustees has suspended the tuition increase of \$20 per credit hour for Fall 2009. Student enrollment for post-secondary and high school students decreased by 235 from 3,922 students in academic year 2007 to 3,687 in 2008.

Decrease in Expenses

Total operating expenses decreased by \$1.3M, going from \$25.3M in FY 2007 to \$23.9M in FY 2008. Institutional support decreased \$1.1M from \$5.6M to \$4.5M. Instruction expenses decreased \$456,000 from \$8.3M to \$7.8M. Auxiliary enterprises expenses decreased \$127,000 from \$609,000 to \$482,000.

At the end of FY 2008, GCC employed 219 full-time employees, 13 of which are funded by federal grants. The 219 employees exclude adjunct faculty members hired to teach additional postsecondary courses. Total salaries and wages increased \$324,000, going from \$13.6M to \$13.9M.

Appropriation Holdbacks

With the government of Guam's financial situation, the global recession, housing mortgage crisis and landfill issues, the allotments from the government of Guam may continue to affect GCC's ability to run its operations. The government of Guam owes GCC \$332,000 for FY 2008 appropriations. To date, GCC has yet to receive this amount.

GCC Endowment Foundation

The GCC Endowment Foundation is a legally separate, private corporation that meets the criteria for reporting as a component unit of the College. The Foundation was audited by Deloitte and Touche, LLP. The global recession adversely affected the Foundations' investment portfolio. The Foundation recorded a decrease in net assets by \$1.5M from \$8.8M in FY 2007 to \$7.3M in FY 2008 and an unrealized investment loss of \$1.4M in FY 2008 compared to a gain of \$1.1M in FY 2007.

Expenditures decreased by \$486,000 from \$748,000 in FY 2007 to \$262,000 in FY 2008. The decrease was primarily due to the small amount transferred to GCC. In FY 2008, the Foundation transferred \$80,000 to GCC, compared to \$668,000 in FY 2007. The Foundation had fundraising proceeds of \$132,000, fundraising expenses of \$98,000, and a net increase of \$34,000 was realized.

Report on Compliance and Management Letter

There were no deficiencies identified in the independent auditor's Report on Compliance and on Internal Control. However, in a separate Management Letter, the auditors did identify six findings related to proper application of student account, assigned identification number for student receivables, recording of transactions in the correct accounting period, capital assets incorrectly recorded as expenditures, blanket purchase orders, and procurement. For a more detailed commentary of GCC's operations, refer to the Management Discussion and Analysis in the audit report. A separate document to the Board was issued by Deloitte and Touche auditors outlining strategies, emphasis, required communication, audit differences, and adjustments.

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