

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

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

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

Independent Auditors' Report

Board of Trustees
Guam Community College:

We have audited the accompanying financial statements of the Guam Community College (a component unit of the Government of Guam) and its discretely presented component unit as of and for the years ended September 30, 2008 and 2007. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

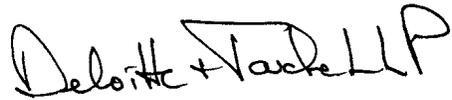
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Guam Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Guam Community College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Guam Community College and its discretely presented component unit as of September 30, 2008 and 2007, and the respective changes in its net assets and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB). This information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However we did not audit the information and express no opinion on it.

Our audits of the financial statements were made for the purpose of expressing our opinion on the basic financial statements taken as a whole. The accompanying schedules on pages 28 – 33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These accompanying schedules are the responsibility of the Guam Community College's management. The accompanying schedules on pages on 29-33 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The accompanying schedule on page 28 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2009, on our consideration of the Guam Community College's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

June 2, 2009

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

Management's Discussion and Analysis
Year Ended September 30, 2008

Introduction

The following discussion and analysis provides an overview of the financial activities of the Guam Community College (the College). This is a requirement of the Government Accounting Standards Board (GASB) found in Statement 34, *Basic Financial Statements and Management's Discussion for State and Local Governments*. In November 1999, GASB issued Statement No. 35 "*Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*," which established new reporting standards for public colleges and universities. This discussion has been prepared by College Management. It is based on the three financial statements provided in the annual audit report. The presentation format used in these statements has also been updated by GASB. This is the fourth year this report format is being used. As a result, comparable financial data from the prior year is also being provided. The three statements presented are the:

Statement of Net Assets – This statement is similar to a balance sheet. Net assets represent the difference between the institution's total assets and the institution's liabilities. Net assets were previously called fund balance.

Statement of Revenues, Expenses, and Changes in Net Assets – This statement presents the financial results of operating the College for the whole fiscal year. In this presentation, appropriated funds are considered as non-operating revenue. Because of this change, these additions to revenue are placed after the results of operations. Previously, they were grouped at the beginning of the statement with other revenues.

Statement of Cash Flows – This statement provides information about the College's ability to generate the cash flows needed to meet the financial obligations of the College as well as the extent to which external financing is being used to fund College operations.

These three reports present data in a summarized form. The College is most often asked questions about how specific monies have been expended. Because the summarized format is not able to provide answers to these specific questions, the College also provides a set of financial statements in the fund accounting format used previously. These statements are found at the end of the report and the statements are structured so the dollar totals there link to the official statements.

For the eight consecutive year, GCC has maintained its low-risk auditee status. Given this designation, review of the College's financial records demonstrate there were no questioned costs or unresolved prior year audit findings through fiscal year 2008. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

Fiscal Year 2008 Overview

The College continued the implementation of the Integrated Data Base System (IDBS) with the rollout of the human resources module and financial aid module in January and June 2008, respectively. The human resources module automates payroll processing, employee tracking and information processes. Banner Financial Aid automates the disbursement of awards directly to the student accounts. Students can be monitored for progress and tracking. The Banner Human Resources and Financial Aid module allows the College to keep up-to-date on regulations and requirements governing these modules as the updates are integrated into the maintenance plan.

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Management's Discussion and Analysis
Year Ended September 30, 2008

Through a collaborative partnership with Homeland Security, GCC launched a certificate and associate's degree in Emergency Management. GCC is the only institution within the Pacific region to provide a degree or certificate in this specialized area. Additionally, the College offered its first Diesel Mechanic course in conjunction with the Guam Contractors' Association (GCA). During the year, GCC signed a memorandum of agreement with GCA Trades Academy to partner and provide construction related courses.

The College received additional funds during the year through various federal and local grants.

- In Feb. 2008, GCC was awarded \$443,993 in grant money from the Department of the Interior for Operations and Maintenance Improvement Program (OMIP) funds. This award provides funds to purchase needed equipment for the Construction Trades department.
- In Aug. 2008, the Citi Foundation awarded a \$15,000 grant to GCC. This allowed 20 high school seniors to receive academic instruction in English, Reading and Math over the summer. Several of these students went on to enroll in the College's postsecondary programs.
- In August 2008, GCC was awarded the College Access Challenge Grant of \$330,000 over two years. The funds will be used to implement activities and services for students who may be at-risk of not enrolling or completing postsecondary education. The grant will improve access to, or participation in, postsecondary education and College retention.
- GCC received a two-year grant amounting to \$2,218,628 from USDOE under the Asian American and Native American Pacific Island-serving Institution (AANAPISI) to build a new Learning Resource Center (LRC). The LRC is expected to break ground in July 2009 and cover approximately 20,000 square feet.

The College operated with 219 full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. For the academic year 2008-2009 the College hired five additional secondary faculty for its Okkodo High School programs. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program will address the islands' continued need to develop and train students for the Allied Health fields. The additional funding also places Vocational Counselors in each of the five public high schools to provide information to students about the career and technical opportunities available to them from the College. The College continues to receive funds from the Manpower Development Fund to support its apprenticeship programs.

The College continued its increase in tuition rates for Fall 2008 and Fall 2007, by \$20 per credit. This has resulted in an increase of tuition and fees of 27% for FY2008 and 12% for FY 2007. As authorized by the Board of Trustees, 50% of the proceeds from the revenue increases will be used to hire additional full time permanent faculty and 20% to hire staff positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. At the April 2009 Board of Trustees meeting, a resolution was passed to suspend tuition and fee increases scheduled for Fall 2009. A tuition increase of \$20 for each subsequent fall semester is expected to resume in Fall 2010. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition, technology and parking fees. Funds utilized in FY2008 for capital projects and technology fees were \$274,000 and \$158,000, respectively.

There was a slight decrease of 5% in the post secondary enrollment seats and a decrease of 5% in the number of students enrolled at the College in academic year 2008 versus 2007. This is mainly attributable to increases in tuition rates and a decline in the global economy.

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Management's Discussion and Analysis
Year Ended September 30, 2008

	<u>2008</u>	<u>2007</u>
<u>Enrollment (Seat)</u>		
Spring	4,689	5,069
Summer	464	559
Fall	<u>5,034</u>	<u>5,200</u>
Total	<u>10,187</u>	<u>10,828</u>

<u>Enrollment (Head)</u>		
Spring	1,685	1,743
Summer	280	361
Fall	<u>1,722</u>	<u>1,818</u>
Total	<u>3,687</u>	<u>3,922</u>

The College continues to provide career and technical education programs in four of the Guam high schools including GW, JFK, Southern and Simon Sanchez and started providing programs in Okkodo high school in August 2008. There was a slight decrease in enrollment in these courses from 2,098 students to 1,925 students in SY 06-07 and SY07-08, respectively.

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

Summary Statement of Net Assets

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Current assets	\$ 7,394	\$ 5,922	\$ 6,973
Accounts receivable – U.S. Government	1,355	740	-
Investments (noncurrent)	1,675	1,740	1,740
Capital assets, net	<u>13,879</u>	<u>14,069</u>	<u>14,697</u>
Total	\$ <u>24,303</u>	\$ <u>22,471</u>	\$ <u>23,410</u>
Liabilities:			
Current liabilities	\$ 3,125	\$ 3,169	\$ 4,039
Non-current liabilities	<u>2,326</u>	<u>2,791</u>	<u>1,265</u>
Total	<u>5,451</u>	<u>5,960</u>	<u>5,304</u>
Net assets:			
Invested in capital assets	11,963	11,763	12,130
Restricted –expendable	1,903	1,914	1,845
Unrestricted	<u>4,986</u>	<u>2,834</u>	<u>4,131</u>
Total liabilities and net assets	\$ <u>24,303</u>	\$ <u>22,471</u>	\$ <u>23,410</u>

**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Year Ended September 30, 2008

The overall economic situation at the College remained consistent from the previous year. Increases in current assets were due to the \$1 million received for FEMA reimbursement and increases in student tuition receivable. Investments declined due to the housing market crisis and the economic recession. The changes in current and non-current liabilities are due to loan payments made to USDOE for the administration building.

Due to the constraints of College and University accounting, approximately \$5,340,183 in encumbrances incurred in fiscal year 2008 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2008 net assets. The increase in encumbrances of \$3.8 million is due to the construction costs of the Allied Health Building.

Summary Statement of Revenues, Expenses, and Changes in Net Assets

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 11,524	\$ 9,642	\$ 10,944
Operating expenses	<u>23,938</u>	<u>25,252</u>	<u>22,628</u>
Operating Loss	(12,414)	(15,610)	(11,684)
Non operating revenues	<u>14,755</u>	<u>14,015</u>	<u>11,002</u>
Change in net assets	2,341	(1,595)	(682)
Net assets at beginning of year	<u>16,511</u>	<u>18,106</u>	<u>18,788</u>
Net assets at end of year	\$ <u>18,852</u>	\$ <u>16,511</u>	\$ <u>18,106</u>

Statement of Cash Flows

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash provided by (used in):			
Operating activities	\$ (12,378)	\$ (13,015)	\$ (11,444)
Noncapital financing activities	15,147	12,695	11,008
Capital financing activities	(1,506)	(1,345)	(4,783)
Investing activities	<u>65</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	1,328	(1,665)	(5,219)
Cash and cash equivalents at beginning of year	<u>727</u>	<u>2,392</u>	<u>7,611</u>
Cash and cash equivalents at end of year	\$ <u>2,055</u>	\$ <u>727</u>	\$ <u>2,392</u>

At the end of FY 2008, the net assets of the College increased by \$2.3 million. The increase is due to the \$1 million reimbursement from FEMA for super typhoon Pongsona and tuition and fee increases totaling approximately \$650,000. The FEMA revenues were collected in FY2008, but the College expended the funds in prior years for costs incurred to repair damaged buildings and replace equipment from Super typhoon Pongsona, which devastated the island in December 2002. Expenditures decreased from 2007 due to the completion of the IDBS implementation. In fiscal year 2008, the College was able to receive most of its appropriations from the Government of Guam as compared to the previous year's \$2.6 million deferred amount. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the levels of authorizations.

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Management's Discussion and Analysis
Year Ended September 30, 2008

Capital Assets and Debt Administration

GCC's capital assets of \$13,879,282 as of September 30, 2008, included land, buildings and equipment. Costs incurred for the technology building generator, A&E costs for the Allied Health Building and the Student Center were included in CIP. The technology building generator was completed in December 2008 and the Allied Health Building construction commenced in late September and is expected to be completed by September 2009. The College anticipates construction for the Library Resources Center to begin in Fall 2009. The College does not anticipate any major financing activities for fiscal year 2009. The College remains current in the repayment of the College Housing and Academic Facilities Loan to USDOE and made two principal and loan payments of \$342,620 during fiscal year 2008. Please see the notes to financial statements for additional information regarding GCC's capital assets.

The College did not incur additional long-term debt during the year ended September 30, 2008. For additional information concerning the College's debt, please refer to the notes to the financial statements.

Management's Discussion and Analysis for the years ended September 30, 2007 and 2006, is set forth in the College's report on the audit of the financial statements, which is dated June 13, 2008, and that Discussion and Analysis explains the major factors impacting the 2007 and 2006 financial statements and can be viewed at the Office of the Public Auditor's website at www.guamopa.com.

Economic Outlook for FY 2009

The College continues to monitor the economic situation of the Government of Guam closely, as it receives 60% of its funding locally. The global recession, housing mortgage crisis and landfill issues continue to affect local funding availability. As of May 2009, the College has received 59% or \$6.8 million of its \$11.5 million requested allotments. The slow release of funds has caused a strain on the College's financial resources and affected the programs and future programs to students. The College takes its finances seriously and no expenses are encumbered or expended unless funding is available and a funding source is identified within the College's procurement process. The College's management team has periodic discussion of national 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 are made to department budgets throughout the College. The College will continue to maintain fiscal accountability for the benefit of our students.

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

**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Year Ended September 30, 2008

The College continues to collaborate with the Federal Government, the Government of Guam, the private sector and the people of Guam in identifying issues and developing solutions that relate to Guam's military buildup and the impact it will have on the Territory and the neighboring islands of Micronesia. GCC plans to implement a Construction Trades Boot Camp in the summer of 2009 that will provide students with basic hand and power tool recognition, use and care so that students are able to join Guam's growing workforce. The impact GCC's Boot Camp will have to our economy will help fill the void of available skilled workers in Guam and the neighboring islands of Micronesia. Additionally, the College has taken an active role in assisting the working group of the Interagency Group on Insular Areas (IGIA) as they develop an integrated comprehensive master plan that will accommodate the island's military expansion.

In FY2008, the College awarded the construction contract for the Allied Health Building. The Allied Health Building project broke ground in August 2008 and is expected to cost \$3.8 million. The \$1 million FEMA reimbursement will be used towards the construction costs of the Allied Health Building. In March 2009, GCC received an additional \$943,000 from Department of Interior Capital Improvement Projects grant, administered through the Office of the Governor, for the Allied Health construction project. As of the beginning of May 2009, the project was estimated to be 49% complete with the scheduled completion date in September 2009, and classrooms utilization starting in Spring 2010. The building will provide much needed classroom and office space with over 24,000 additional square feet for the Allied Health and Science programs.

In November 2008, Takecare awarded \$50,000 for the College's Allied Health Program. The funds will be used to enhance GCC's Medical Assisting and Practical Nursing Program.

The College was selected to receive federal earmark grant of \$383,187 in FY 2009. These funds will be used to support the boot camps and special electronics programs for postsecondary students. Additionally, the College received funding under the Pacific Vocational Education Improvement Program to support career and technical education for secondary students. The purchase and installation of a backup generator needed for the Technology Center was completed in December 2008. Other small capital improvement projects are planned for FY 2009, such as modification of the campus ramps and doors for ADA Compliance; repair and renovation of restrooms and installation of water fountains on campus; and some installation of typhoon shutters to the administrative building. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College assets.

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

Statements of Net Assets
September 30, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 1,772,088	\$ 440,717
Cash and cash equivalents - restricted	283,528	286,499
Due from Government of Guam	2,117,917	2,382,889
Tuition receivable, less allowance for doubtful accounts of \$1,220,562 at September 30, 2008 and 2007	2,826,865	2,096,901
Accounts receivable - U.S. Government and others	1,354,508	740,767
Other receivables	235,236	577,685
Inventories	159,282	136,117
Total current assets	8,749,424	6,661,575
Noncurrent assets:		
Investments	1,675,000	1,740,000
Property, plant and equipment, net	13,879,282	14,069,570
Total noncurrent assets	15,554,282	15,809,570
	\$ 24,303,706	\$ 22,471,145
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 633,590	\$ 458,637
Accounts payable and accrued liabilities	1,094,937	1,439,715
Deferred revenue	1,184,943	1,113,076
Current portion of accrued annual leave	211,696	157,393
Total current liabilities	3,125,166	3,168,821
Noncurrent liabilities:		
Accrued annual leave	256,340	299,688
DCRS sick leave liability	503,083	436,654
Long-term debt, net of current portion	1,283,443	1,768,049
Deposits held on behalf of others	283,528	286,499
Total liabilities	5,451,560	5,959,711
Commitments and contingency		
Net assets:		
Invested in capital assets, net of related debt	11,962,249	11,763,357
Restricted:		
Expendable	1,903,147	1,914,175
Unrestricted	4,986,750	2,833,902
Total net assets	18,852,146	16,511,434
	\$ 24,303,706	\$ 22,471,145

See accompanying notes to financial statements.

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

Statements of Financial Position
September 30, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 28,721	\$ 9,818
Investments	6,972,594	8,417,877
Accounts receivable	1,590	65
Plant and equipment, net	<u>300,134</u>	<u>360,161</u>
Total assets	<u>\$ 7,303,039</u>	<u>\$ 8,787,921</u>
NET ASSETS AND LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 97,326</u>	<u>\$ 6,672</u>
Total liabilities	<u>97,326</u>	<u>6,672</u>
Commitments		
Net assets:		
Unrestricted	5,073,310	3,741,774
Temporarily restricted	1,812,820	4,659,865
Permanently restricted	<u>319,583</u>	<u>379,610</u>
	<u>7,205,713</u>	<u>8,781,249</u>
Total net assets and liabilities	<u>\$ 7,303,039</u>	<u>\$ 8,787,921</u>

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 Assets
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 3,952,260	\$ 3,105,694
Less: Scholarship discounts and allowances	<u>(1,899,474)</u>	<u>(1,943,825)</u>
	2,052,786	1,161,869
Federal grants and contracts	7,489,751	6,372,562
Government of Guam grants and contracts	307,685	485,458
Contracted educational services	667,140	595,279
Auxiliary enterprises	723,302	610,270
Other revenues	283,518	416,503
Less uncollectible revenues	<u>-</u>	<u>(290)</u>
Total operating revenues	<u>11,524,182</u>	<u>9,641,651</u>
Operating expenses:		
Education and general:		
Instruction	7,810,094	8,266,302
Institutional support	4,507,330	5,613,324
Scholarships and fellowships	2,949,222	2,973,429
Student services	2,865,708	2,880,857
Operations and maintenance of plant	1,721,096	1,716,858
Academic support	1,448,476	1,296,771
Depreciation	1,289,265	938,341
Planning	864,478	957,201
Auxiliary enterprises	<u>482,377</u>	<u>608,686</u>
Total operating expenses	<u>23,938,046</u>	<u>25,251,769</u>
Operating loss	<u>(12,413,864)</u>	<u>(15,610,118)</u>
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	14,881,819	14,142,196
Interest expense	<u>(127,243)</u>	<u>(127,243)</u>
Net nonoperating revenues	<u>14,754,576</u>	<u>14,014,953</u>
Change in net assets	2,340,712	(1,595,165)
Net assets:		
Net assets at beginning of year	<u>16,511,434</u>	<u>18,106,599</u>
Net assets at end of year	<u>\$ 18,852,146</u>	<u>\$ 16,511,434</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION
(A COMPONENT UNIT OF THE GUAM COMMUNITY COLLEGE)

Statements of Activities
Years Ended September 30, 2008 and 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Investment (loss) income	\$ (1,173,161)	\$ (272,122)	\$ -	\$ (1,445,283)	\$ 636,351	\$ 489,481	\$ -	\$ 1,125,832
Interest income	59	-	-	59	1,463	-	-	1,463
Net assets released from restriction:								
Satisfaction of program restrictions	2,574,923	(2,574,923)	-	-	-	-	-	-
Other additions	131,598	-	-	131,598	5,077	-	-	5,077
Total gains and other additions	<u>1,533,419</u>	<u>(2,847,045)</u>	<u>-</u>	<u>(1,313,626)</u>	<u>642,891</u>	<u>489,481</u>	<u>-</u>	<u>1,132,372</u>
Expenditures and other deductions:								
Depreciation	-	-	60,027	60,027	-	-	60,027	60,027
Transfer to Guam Community College	80,245	-	-	80,245	667,616	-	-	667,616
Professional services	4,791	-	-	4,791	4,678	-	-	4,678
Scholarship	3,000	-	-	3,000	3,000	-	-	3,000
General and administrative	2,590	-	-	2,590	1,400	-	-	1,400
Other deductions	13,207	-	-	13,207	11,274	-	-	11,274
Fundraising expense	98,050	-	-	98,050	-	-	-	-
Total expenditures and other deductions	<u>201,883</u>	<u>-</u>	<u>60,027</u>	<u>261,910</u>	<u>687,968</u>	<u>-</u>	<u>60,027</u>	<u>747,995</u>
Excess of gains and other additions over expenditures and other deductions	1,331,536	(2,847,045)	(60,027)	(1,575,536)	(45,077)	489,481	(60,027)	384,377
Net assets at beginning of year	<u>3,741,774</u>	<u>4,659,865</u>	<u>379,610</u>	<u>8,781,249</u>	<u>3,786,851</u>	<u>4,170,384</u>	<u>439,637</u>	<u>8,396,872</u>
Net assets at end of year	<u>\$ 5,073,310</u>	<u>\$ 1,812,820</u>	<u>\$ 319,583</u>	<u>\$ 7,205,713</u>	<u>\$ 3,741,774</u>	<u>\$ 4,659,865</u>	<u>\$ 379,610</u>	<u>\$ 8,781,249</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Student tuition and fees	\$ 1,395,035	\$ 1,723,771
Federal grants/contracts	6,876,011	6,029,206
Government of Guam grants and contracts	650,134	571,985
Auxiliary services	321,407	33,602
Other receipts/payments	839,620	686,299
Payments for educational and general expenses	(19,510,713)	(19,086,793)
Scholarship/fellowships	<u>(2,949,222)</u>	<u>(2,973,429)</u>
Net cash used in operating activities	<u>(12,377,728)</u>	<u>(13,015,359)</u>
Cash flows from noncapital financing activities:		
Government of Guam appropriations	<u>15,146,791</u>	<u>12,694,734</u>
Net cash provided by noncapital financing activities	<u>15,146,791</u>	<u>12,694,734</u>
Cash flows from capital financing activities:		
Expended on plant facility and capital assets	(1,068,767)	(311,103)
Payment of debt	(309,653)	(340,334)
Interest paid on long-term debt	<u>(127,243)</u>	<u>(692,726)</u>
Net cash used in capital financing activities	<u>(1,505,663)</u>	<u>(1,344,163)</u>
Cash flows from investing activities		
Decrease in short term investment	<u>65,000</u>	<u>-</u>
Net cash provided by investing activities	<u>65,000</u>	<u>-</u>
Net change in cash and cash equivalents	1,328,400	(1,664,788)
Cash and cash equivalents at beginning of year	<u>727,216</u>	<u>2,392,004</u>
Cash and cash equivalents at end of year	<u>\$ 2,055,616</u>	<u>\$ 727,216</u>
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (12,413,864)	\$ (15,610,118)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,289,265	938,341
Gain on disposal of fixed asset	(30,212)	-
Uncollectible revenues	-	290
Changes in assets and liabilities:		
Accounts receivable, net	(1,001,254)	124,024
Inventories	(23,165)	(30,173)
Accounts payable	(344,778)	1,594,864
Accrued liabilities	10,955	(21,886)
DCRS sick leave liability	66,429	81,361
Deferred revenue	71,867	(112,417)
Deposits held on behalf of others	<u>(2,971)</u>	<u>20,355</u>
Net cash used in operating activities	<u>\$ (12,377,728)</u>	<u>\$ (13,015,359)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2008 and 2007

(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. The Law sets forth the purposes of the College as follows:

1. To establish technical, vocational and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;
2. To coordinate vocational-technical 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 vocational-technical fields;
5. To award appropriate certificates, degrees and diplomas to qualified students; and
6. To serve as 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

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

Other GASB Statements are required to be implemented in conjunction with GASB Statements No. 34 and No. 35. Therefore, the College has also implemented, where applicable, Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

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

Notes to Financial Statements
September 30, 2008 and 2007

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

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.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

Reporting Entity

The College adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Guam Community College Foundation (Foundation) is a legally separate, tax-exempt entity which meets the criteria set forth for component units under GASB Statement No. 39. 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 FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, money market accounts and time certificates of deposit with original maturities of less than three months.

Accounts Receivable

The allowance for doubtful accounts is stated at 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.

Inventory

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

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

Notes to Financial Statements
September 30, 2008 and 2007

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

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.

Physical plant and certain equipment were transferred to the College from the Government of Guam effective July 1, 1978, except for Police Academy assets, which were transferred on September 28, 1978. Title to the land is held by the Government of Guam. 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 over the estimated useful lives of the related assets. Vehicles, furniture and fixtures are depreciated over a period of 5 years. Building and structures are depreciated over a period of 30 years. Depreciation is computed on the straight line method.

Deferred Revenues

Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Earned employee vacation leave is accrued at year end for financial statement purposes. Included in the accounts payable and accrued liabilities at September 30, 2008 and 2007 are amounts related to compensated absences earned but unused. The amounts are also included as a component of operating expense in the Statement of Revenues, Expenses and Changes in Net Assets.

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. The College provides no waivers to faculty, staff or dependents. The total of senior citizen waivers provided is \$42,184 and less than \$27,580 for the years ended September 30, 2008 and 2007, respectively.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of notes payable; and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

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

Notes to Financial Statements
September 30, 2008 and 2007

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

Net Assets

Net assets represent the residual interest in the College's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted expendable, and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net assets are 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 the terms of U.S. Department of the Interior capital grant agreements. All of the College's restricted net assets are expendable. All other net assets are unrestricted.

Classification of Revenues and Expenses

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

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

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 Assets. 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.

Capitalization of Interest

The College capitalizes interest on construction in progress based on the weighted average interest rate. During the years ended September 30, 2008 and 2007, no interest was capitalized.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2008 and 2007

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

Foundation Investments

The Foundation adopted the requirements of Financial Accounting Standards Statements 116, 117 and 124 which require that the Foundation account for its investments at market value.

The original cost and market values of investments at September 30, 2008 and 2007, are:

	<u>2008</u>		<u>2007</u>
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
	\$ <u>5,348,663</u>	\$ <u>6,972,594</u>	\$ <u>5,348,663</u>
			\$ <u>8,417,877</u>

The following represents the composition of market values of the above investments:

	<u>2008</u>	<u>2007</u>
Equities and related	\$ 5,254,795	\$ 6,744,567
Fixed income securities	1,205,288	1,177,436
Cash and equivalents	<u>512,511</u>	<u>495,874</u>
	\$ <u>6,972,594</u>	\$ <u>8,417,877</u>

The following represents the composition of investment income (loss) for the years ended September 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unrealized investment (losses) gains	\$ (1,698,399)	\$ 875,818
Net interest income and dividends	<u>253,116</u>	<u>250,014</u>
	\$ <u>(1,445,283)</u>	\$ <u>1,125,832</u>

Statutes authorize the Foundation to invest the Term Endowment Funds during the twenty-year grant period, in savings account(s) or in low-risk securities as required by State law(s) regulating insurance company investments for Guam, such as federally insured bank savings account(s); comparable interest bearing accounts offered by a bank; money market funds; securities issued by the U.S. Treasury, other U.S. Agencies and instrumentalities; certificates of deposit; mutual funds; stock or bonds, but not in real estate. The investments are pooled and earnings and expenses are allocated to the respective funds which comprise the Foundation. There are no limits on the investment policy of the Quasi-Endowment Fund.

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

Notes to Financial Statements
September 30, 2008 and 2007

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

Deposits and Investments

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. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by the College or its agent in the College's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the College's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the College's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those 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, 2008 and 2007, the carrying amount of the College's total cash and cash equivalents was \$2,055,616 and \$727,216, respectively, and the corresponding bank balances were \$3,191,904 and \$1,624,118, respectively. Of the bank balance amounts, \$2,891,904 and \$1,324,118, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2008 and 2007, bank deposits in the amount of \$300,000 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. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

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

Notes to Financial Statements
September 30, 2008 and 2007

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

Deposits and Investments, Continued

- | | |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category 1 | Investments that are insured or registered, or securities held by the College or its agent in the College's name; |
| Category 2 | Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the College's name;
or |
| Category 3 | Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the College's name. |

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

As of September 30, 2008 and 2007, the College has one fixed income security known as the Tobacco Bond. The bond amount is \$1,675,000 and \$1,740,000 with a rating of BBB- by Fitch, with interest at 5.45%, maturing on May 15, 2041. The principal is restricted by law but use of interest earned from the investment is not restricted.

New Accounting Standards

During fiscal year 2008, the College implemented the following pronouncements:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other post-employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The Government of Guam has determined that implementation of GASB Statement No 45 does not have a material effect on its financial statements or on the financial statements of its component units.

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.
- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

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

Notes to Financial Statements
September 30, 2008 and 2007

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

New Accounting Standards, Continued

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by the Government of Guam 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 Government of Guam. During the years ended September 30, 2008 and 2007, the fund earned interest of \$5,919 and \$68,890, respectively. The College expended \$140,000 and \$0 for capital projects for the years ended September 30, 2008 and 2007, respectively.

Estimates

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

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2008 and 2007

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

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, 2008 and 2007 are as follows:

	Balance September 30, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2008</u>
<u>Depreciable:</u>				
Building	\$ 26,216,954	\$ 124,834	\$ -	\$ 26,341,788
Equipment	5,548,797	1,694,541	1,857,392	5,385,946
Vehicles	<u>323,454</u>	<u>21,700</u>	<u>82,796</u>	<u>262,358</u>
	<u>32,089,205</u>	<u>1,841,075</u>	<u>1,940,188</u>	<u>31,990,092</u>
<u>Accumulated depreciation:</u>				
Building	16,851,322	377,605	-	17,228,927
Equipment	4,234,509	902,933	1,887,670	3,249,772
Vehicles	<u>287,197</u>	<u>8,727</u>	<u>82,729</u>	<u>213,195</u>
	<u>21,373,028</u>	<u>1,289,265</u>	<u>1,970,399</u>	<u>20,691,894</u>
<u>Non-depreciable:</u>				
Land	1,903,000	-	-	1,903,000
Construction in progress	<u>1,450,393</u>	<u>493,261</u>	<u>1,265,570</u>	<u>678,084</u>
Net	\$ <u>14,069,570</u>	\$ <u>1,045,071</u>	\$ <u>1,235,359</u>	\$ <u>13,879,282</u>
	Balance September 30, <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2007</u>
<u>Depreciable:</u>				
Building	\$ 25,598,053	\$ 618,901	\$ -	\$ 26,216,954
Equipment	5,200,893	430,714	82,810	5,548,797
Vehicles	<u>323,454</u>	<u>-</u>	<u>-</u>	<u>323,454</u>
	<u>31,122,400</u>	<u>1,049,615</u>	<u>82,810</u>	<u>32,089,205</u>
<u>Accumulated depreciation:</u>				
Building	16,477,153	374,169	-	16,851,322
Equipment	3,761,746	555,573	82,810	4,234,509
Vehicles	<u>278,598</u>	<u>8,599</u>	<u>-</u>	<u>287,197</u>
	<u>20,517,497</u>	<u>938,341</u>	<u>82,810</u>	<u>21,373,028</u>
<u>Non-depreciable:</u>				
Land	1,903,000	-	-	1,903,000
Construction in progress	<u>2,188,905</u>	<u>184,824</u>	<u>923,336</u>	<u>1,450,393</u>
Net	\$ <u>14,696,808</u>	\$ <u>296,098</u>	\$ <u>923,336</u>	\$ <u>14,069,570</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2008 and 2007

(4) Due from Government Agencies

Due from Government of Guam agencies consists of receivables from the Government of Guam General Fund and the accounts receivable - U.S. Government consists of uncollected grants at September 30, 2008 and 2007. While some grants are available for use during the fiscal year, others are available on either a calendar-year basis or for a period of twenty-seven months.

At September 30, 2008 and 2007, the College has fiscal year appropriations due from the Government of Guam. The College has not received appropriations subsequent to September 30, 2008 to date. Therefore, revenue recognition has been deferred and will only occur upon receipt of the cash. The net receivable is as follows:

	<u>2008</u>	<u>2007</u>
Receivable from the Government of Guam	\$ 2,449,686	\$ 3,275,126
Amount deferred	<u>331,769</u>	<u>892,237</u>
Net receivable from the Government of Guam	\$ <u>2,117,917</u>	\$ <u>2,382,889</u>

(5) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The GovGuam Defined Benefit (DB) Plan is a single-employer defined benefit contributory pension plan administered by the GovGuam Retirement Fund (GGRF) to which all funds and agencies, including component units, as well as employees who are members of the DB Plan, contribute a fixed percentage of qualifying payroll. The DB Plan provides retirement, disability, and survivor benefits to members and beneficiaries who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. All new employees whose employment commences on or after October 1, 1995, are required to participate in the new Defined Contribution Retirement System (DCRS).

Hence, the DB Plan became a closed group. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service. 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

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2006, 2005, and 2004, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2008, 2007 and 2006, respectively, have been determined as follows:

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2008 and 2007

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Funding Policy, Continued:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Normal costs (% of DB Plan payroll)	17.94%	18.21%	17.83%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>8.44%</u>	<u>8.71%</u>	<u>8.33%</u>
Employer portion of normal costs (% of total payroll)	3.99%	4.26%	4.64%
Unfunded liability cost (% of total payroll)	<u>20.75%</u>	<u>20.66%</u>	<u>21.36%</u>
Government contribution as a % of total payroll	<u>24.74%</u>	<u>24.92%</u>	<u>26.00%</u>
Statutory contribution rates as a % of DB Plan payroll			
Employer	<u>24.07%</u>	<u>22.94%</u>	<u>21.81%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The Annual Required Contribution for the years ended September 30, 2008, 2007 and 2006 was determined as part of the September 30, 2006, 2005 and 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included the following:

Interest rate and rate of return	7.0%
Payroll growth	3.5%
Salary increases	4.0% - 8.5%

The assumptions did not include cost-of-living adjustments, which have been funded by the College when granted through annual legislation. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of total payroll through May 1, 2031. The remaining amortization period at September 30, 2008 was 22.58 years.

The actuarial valuations performed as of September 30, 2006, 2005, and 2004, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

As a result of Public Law 21-03, the College has no further responsibility to pay for its share of the unfunded retirement costs. This responsibility now rests with the General Fund of the Government of Guam. Rather, the College's responsibility is to pay the statutorily imposed retirement rate. As of September 30, 2008 and 2007, the General Fund has accrued approximately \$6,538,424 and \$5,795,287, respectively, for the College's cumulative unfunded retirement liability as a result of the adoption of GASB 27.

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

Notes to Financial Statements
September 30, 2008 and 2007

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Contributions to the DB for the years ended September 30, 2008 and 2007 are \$1,687,786 and \$1,655,385, respectively.

Defined Contribution Plan

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

Statutory employer contributions into the DCRS plan for the years ended September 30, 2008 and 2007, 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 member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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 to the DCRS for the years ended September 30, 2008 and 2007 are \$1,366,357 and \$1,379,727, respectively.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The College has accrued an estimated liability of \$503,083 and \$436,654 at September 30, 2008 and 2007, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

(6) Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$5,340,183 and \$1,651,247 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2008 and 2007, respectively.

(7) Commitment and Contingency

Medicare

The Government of Guam 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, the Government of Guam did not withhold or remit Medicare payments to the U.S. Social Security system. If the Government is found to be liable for 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 the Government of Guam 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.

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

Notes to Financial Statements
September 30, 2008 and 2007

(7) Commitments and Contingency, Continued

Contract Commitments

Contract commitments in connection with a project currently under construction approximate \$3,778,550 at September 30, 2008.

(8) Transfer of Property

In February 2000, the College received title to 314 acres of land situated in the municipality of Mangilao from the Government of Guam with no restrictions. As of the report date, the College had not received an appraised value of the land and therefore, the land has not been recorded in the accompanying financial statements.

(9) Long-Term Debt

	<u>2008</u>	<u>2007</u>
Note payable to U.S. Department of Education, for facility construction purposes, interest at 5.5%, repayable in semi-annual installments of principal and interest of \$342,620 through December 1, 2010.	\$ 1,580,362	\$ 1,871,515
Note payable to U.S. Department of Agriculture, for facility construction purposes, interest at 4.375%, repayable in monthly installments of principal and interest of \$2,755 through April 16, 2024, collateralized by the income and principal related to the reserve account and the booster pump equipment.	<u>336,671</u>	<u>355,171</u>
	1,917,033	2,226,686
Less current portion	<u>633,590</u>	<u>458,637</u>
	\$ <u>1,283,443</u>	\$ <u>1,768,049</u>

The future maturities of long-term debt are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 633,590	\$ 84,710	\$ 718,300
2010	668,709	49,591	718,300
2011	336,715	17,235	353,950
2012	21,322	11,738	33,060
2013	22,273	10,787	33,060
2014-2018	127,198	38,102	165,300
2019-2023	<u>107,226</u>	<u>8,622</u>	<u>115,848</u>
	\$ <u>1,917,033</u>	\$ <u>220,785</u>	\$ <u>2,137,818</u>

During 2008, the College refinanced the loan payable amount of \$1,871,515 to the U.S. Department of Education to mature on December 1, 2010.

All gross revenues of GCC have been pledged to repay U.S. Department of Education loan principal and interest. The loan payable amount was \$448,655 and \$1,000,000 for the years ended September 30, 2008 and 2007, respectively, or approximately 11.1% and 30.6%, respectively, of pledged gross revenues for those years.

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

Notes to Financial Statements
September 30, 2008 and 2007

(10) Noncurrent Liabilities

Noncurrent liability activity at September 30, 2008 and 2007, was as follows:

	Beginning Balance September 30, 2007	Additions	Reductions	Ending Balance September 30, 2008	Amount due within one year
Loans payable	\$ 2,226,686	\$ -	\$ 309,653	\$ 1,917,033	\$ 633,590
Deposit held on behalf of others	286,499	-	2,971	283,528	-
Accrued annual leave	457,081	397,480	386,525	468,036	211,696
DCRS sick leave liability	<u>436,654</u>	<u>66,429</u>	<u>-</u>	<u>503,083</u>	<u>-</u>
Total noncurrent liabilities	\$ <u>3,406,920</u>	\$ <u>463,909</u>	\$ <u>699,149</u>	\$ <u>3,171,680</u>	\$ <u>845,286</u>
	Beginning Balance September 30, 2006	Additions	Reductions	Ending Balance September 30, 2007	Amount due within one year
Loans payable	\$ 2,567,020	\$ -	\$ 340,334	\$ 2,226,686	\$ 458,637
Deposit held on behalf of others	266,144	20,355	-	286,499	-
Accrued annual leave	478,967	218,167	240,053	457,081	157,393
DCRS sick leave liability	<u>355,293</u>	<u>81,361</u>	<u>-</u>	<u>436,654</u>	<u>-</u>
Total noncurrent liabilities	\$ <u>3,667,424</u>	\$ <u>319,883</u>	\$ <u>580,387</u>	\$ <u>3,406,920</u>	\$ <u>616,030</u>

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

Schedule 1
Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 10,881,574	\$ 10,654,296
Benefits	<u>2,993,461</u>	<u>2,896,905</u>
Total salaries, wages and benefits	<u>\$ 13,875,035</u>	<u>\$ 13,551,201</u>
Full-time employees at end of year	219	212
Federal Funds:		
Salaries	\$ 528,753	\$ 466,231
Benefits	<u>137,903</u>	<u>131,452</u>
Total salaries, wages and benefits	<u>\$ 666,656</u>	<u>\$ 597,683</u>
Full time federal employees at end of year (inclusive in above amount)	13	11

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Instruction:		
Salaries, wages and benefits	\$ 6,644,033	\$ 7,059,178
Travel	52,252	31,670
Contract services	189,666	256,100
Supplies	174,424	166,853
Minor equipment	404,744	352,877
Capital expenditures	-	26,316
Miscellaneous	<u>344,975</u>	<u>373,308</u>
	<u>\$ 7,810,094</u>	<u>\$ 8,266,302</u>
 Total employees at end of year	 <u>90</u>	 <u>98</u>
	 <u>2008</u>	 <u>2007</u>
Planning:		
Salaries, wages and benefits	\$ 497,193	\$ 461,418
Travel	30,383	23,932
Contract services	273,928	372,322
Supplies	16,151	22,611
Minor equipment	16,800	44,328
Capital expenditures	27,066	13,228
Miscellaneous	<u>2,957</u>	<u>19,362</u>
	<u>\$ 864,478</u>	<u>\$ 957,201</u>
 Total employees at end of year	 <u>9</u>	 <u>9</u>
	 <u>2008</u>	 <u>2007</u>
Academic Support:		
Salaries, wages and benefits	\$ 1,076,738	\$ 1,034,904
Travel	53,185	411
Contract services	79,192	16,741
Supplies	88,943	56,307
Minor equipment	107,524	142,533
Capital expenditures	474	8,875
Miscellaneous	<u>42,420</u>	<u>37,000</u>
	<u>\$ 1,448,476</u>	<u>\$ 1,296,771</u>
 Total employees at end of year	 <u>16</u>	 <u>12</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Student Services:		
Salaries, wages and benefits	\$ 2,465,129	\$ 2,398,727
Travel	57,388	25,021
Contract services	134,501	196,571
Supplies	70,563	55,199
Minor equipment	93,592	93,419
Miscellaneous and transfers	44,535	111,920
	<u>\$ 2,865,708</u>	<u>\$ 2,880,857</u>
Total employees at end of year	<u>45</u>	<u>42</u>
	<u>2008</u>	<u>2007</u>
Institutional Support:		
Salaries, wages and benefits	\$ 2,672,912	\$ 2,137,009
Travel	132,100	45,741
Contract services	1,472,539	3,298,015
Supplies	76,667	44,715
Minor equipment	19,107	30,402
Capital expenditures	4,569	13
Miscellaneous	256,680	184,672
	<u>\$ 4,634,573</u>	<u>\$ 5,740,567</u>
Total employees at end of year	<u>48</u>	<u>39</u>
	<u>2008</u>	<u>2007</u>
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 252,569	\$ 288,072
Contract services	314,747	273,959
Supplies	54,204	75,094
Minor equipment	21,132	42,447
Capital expenditures	-	69,593
Utilities	1,078,444	967,573
Miscellaneous	-	120
	<u>\$ 1,721,096</u>	<u>\$ 1,716,858</u>
Total employees at end of year	<u>7</u>	<u>9</u>

See accompanying independent auditors' report.

GUAM COMMUNITY COLLEGE
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Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2008 and 2007

	2008	2007
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 223,280	\$ 130,051
Contract services	837	819
Supplies	665	802
Minor equipment	1,457	1,102
Miscellaneous	2,722,983	2,840,655
	\$ 2,949,222	\$ 2,973,429
Total employees at end of year	3	2
	2008	2007
Auxiliary:		
Salaries, wages and benefits	\$ 43,181	\$ 41,842
Travel	570	-
Supplies	1,741	655
Minor equipment	436,885	550,298
Miscellaneous	-	15,891
	\$ 482,377	\$ 608,686
Total employee at end of year	1	1

GUAM COMMUNITY COLLEGE
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
Unrestricted and Restricted Fund Supplemental Schedule
Balance Sheet
September 30, 2008
(With Comparative Balances as of September 30, 2007)

	Unrestricted			Restricted			Capital Projects	Tobacco Settlement	Campus Housing	Investment in Plant	Agency Fund	Elimination	Grand Total	
	Appropriated Fund	Non- appropriated Fund	Total	Federal Fund	Other Grant Fund	Total							2008	2007
ASSETS														
Cash	\$ -	\$ 1,634,533	\$ 1,634,533	\$ -	\$ -	\$ -	\$ -	\$ 137,555	\$ -	\$ -	\$ 283,528	\$ -	\$ 2,055,616	\$ 564,069
Investment	-	-	-	-	-	-	-	1,675,000	-	-	-	-	1,675,000	1,903,147
Due from Government of Guam	1,836,433	281,484	2,117,917	-	-	-	-	-	-	-	-	-	2,117,917	2,382,889
Due from other College funds	361,400	10,552,967	10,914,367	-	1,135,589	1,135,589	-	140,000	-	-	-	(12,189,956)	-	-
Accounts receivable - U.S. Government	-	-	-	1,327,448	27,060	1,354,508	-	-	-	-	-	-	1,354,508	740,767
Accounts receivable - tuition	-	4,014,359	4,014,359	20,057	13,011	33,068	-	-	-	-	-	-	4,047,427	3,317,463
Accounts receivable - other	-	43,406	43,406	-	191,830	191,830	-	-	-	-	-	-	235,236	577,685
Allowance for doubtful accounts	-	(1,214,990)	(1,214,990)	(5,572)	-	(5,572)	-	-	-	-	-	-	(1,220,562)	(1,220,562)
Inventory	-	159,282	159,282	-	-	-	-	-	-	-	-	-	159,282	136,117
Construction in progress	-	-	-	-	-	-	-	-	-	678,084	-	-	678,084	1,450,393
Land	-	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	-	26,341,787	-	-	26,341,787	26,216,953
Equipment	-	-	-	-	-	-	-	-	-	5,385,946	-	-	5,385,946	5,548,797
Vehicles	-	-	-	-	-	-	-	-	-	262,358	-	-	262,358	323,454
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(20,691,893)	-	-	(20,691,893)	(21,373,027)
	<u>\$ 2,197,833</u>	<u>\$ 15,471,041</u>	<u>\$ 17,668,874</u>	<u>\$ 1,341,933</u>	<u>\$ 1,367,490</u>	<u>\$ 2,709,423</u>	<u>\$ -</u>	<u>\$ 1,952,555</u>	<u>\$ -</u>	<u>\$ 13,879,282</u>	<u>\$ 283,528</u>	<u>\$ (12,189,956)</u>	<u>\$ 24,303,706</u>	<u>\$ 22,471,145</u>
LIABILITIES AND FUND BALANCE														
Accounts payable	\$ 217,299	\$ 721,615	\$ 938,914	\$ 101,415	\$ 20,999	\$ 122,414	\$ (796)	\$ -	\$ 34,405	\$ -	\$ -	\$ -	\$ 1,094,937	\$ 1,439,715
Loan payable	-	336,671	336,671	-	-	-	-	-	1,580,362	-	-	-	1,917,033	2,226,686
Due to other College funds	3,296,969	4,935,878	8,232,847	952,066	7,775	959,841	147,540	-	2,849,728	-	-	(12,189,956)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	-	283,528	-	283,528	286,499
Accrued liabilities	-	468,036	468,036	-	-	-	-	-	-	-	-	-	468,036	457,081
DCRS sick leave liability	-	503,083	503,083	-	-	-	-	-	-	-	-	-	503,083	436,654
Deferred revenue	-	1,184,943	1,184,943	-	-	-	-	-	-	-	-	-	1,184,943	1,113,076
Fund balance	(1,316,435)	7,320,815	6,004,380	288,452	1,338,716	1,627,168	(146,744)	1,952,555	(4,464,495)	13,879,282	-	-	18,852,146	16,511,434
	<u>\$ 2,197,833</u>	<u>\$ 15,471,041</u>	<u>\$ 17,668,874</u>	<u>\$ 1,341,933</u>	<u>\$ 1,367,490</u>	<u>\$ 2,709,423</u>	<u>\$ -</u>	<u>\$ 1,952,555</u>	<u>\$ -</u>	<u>\$ 13,879,282</u>	<u>\$ 283,528</u>	<u>\$ (12,189,956)</u>	<u>\$ 24,303,706</u>	<u>\$ 22,471,145</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, 2008
(With Comparative Balances for the year ended September 30, 2007)

	Appropriated			Unrestricted				Restricted								Grand Total		
	General	Trades	MDF	Total Appropriated	Non-appropriated			Total Unrestricted	Federal Fund	Other Grant	Total	Capital Projects	Tobacco Settlement	Campus Housing	Investment In-Plant	Elimination	2008	2007
					NAF Supp	NAF Adj	NAF											
Revenues:																		
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,952,260	\$ 3,952,260	\$ 3,952,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,952,260	\$ 3,105,694
Government of Guam appropriations	13,629,232	-	1,252,587	14,881,819	-	-	-	-	14,881,819	-	-	-	-	-	-	-	14,881,819	14,142,196
Federal grants and contracts	-	-	-	-	-	-	-	-	-	4,904,107	1,086,170	5,590,277	-	-	-	-	5,590,277	4,428,737
Government of Guam grants and contracts/agency	-	-	-	-	-	-	-	-	-	-	307,685	307,685	-	-	-	-	307,685	485,458
Sales and services of auxiliary enterprises	-	-	-	-	-	-	723,302	723,302	723,302	-	-	-	-	-	-	-	723,302	610,270
Contracted educational services	-	-	-	-	-	-	667,140	667,140	667,140	-	-	-	-	-	-	-	667,140	595,279
Other sources	-	-	-	-	-	-	123,417	123,417	123,417	-	-	-	-	49,408	-	30,212	203,037	384,484
Total current revenues	13,629,232	-	1,252,587	14,881,819	-	-	5,466,119	5,466,119	20,347,938	4,504,107	1,393,855	5,897,962	-	49,408	-	30,212	26,325,520	23,752,118
Expenditures and mandatory transfers:																		
Educational and general:																		
Instruction	5,525,698	-	550,634	6,076,332	-	-	1,222,499	1,222,499	7,298,831	447,998	63,265	511,263	-	-	-	-	7,810,094	8,266,302
Planning	421,117	-	-	421,117	-	-	43,227	43,227	464,344	400,134	-	400,134	-	-	-	-	864,478	957,201
Academic support	924,922	-	-	924,922	-	-	253,528	253,528	1,178,450	115,966	154,060	270,026	-	-	-	-	1,448,476	1,296,771
Student services	2,129,037	-	-	2,129,037	-	-	276,374	276,374	2,405,411	443,893	16,404	460,297	-	-	-	-	2,865,708	2,880,857
Institutional support	3,456,387	-	-	3,456,387	-	-	1,022,245	1,022,245	4,478,632	-	-	-	43,560	-	112,381	-	4,634,573	5,740,567
Operation and maintenance of plant	835,277	-	-	835,277	-	-	845,477	845,477	1,680,754	-	-	-	40,342	-	-	-	1,721,096	1,716,858
Scholarship and fellowship	170,246	-	-	170,246	-	-	1,500	1,500	171,746	2,777,476	-	2,777,476	-	-	-	-	2,949,222	2,973,429
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,289,265	1,289,265	938,341
Total educational and general	13,462,684	-	550,634	14,013,318	-	-	3,664,850	3,664,850	17,678,168	4,185,467	233,729	4,419,196	83,902	-	112,381	1,289,265	23,582,912	24,770,616
Auxiliary enterprises:																		
Expenditures	43,388	-	-	43,388	-	-	438,989	438,989	482,377	-	-	-	-	-	-	-	482,377	608,686
Total expenditures	13,506,072	-	550,634	14,056,706	-	-	4,103,839	4,103,839	18,160,545	4,185,467	233,729	4,419,196	83,902	-	112,381	1,289,265	24,065,289	25,379,302
Net (decrease) increase in fund balance	123,160	-	701,953	825,113	-	-	1,362,280	1,362,280	2,187,393	318,640	1,160,126	1,478,766	(83,902)	49,408	(112,381)	(1,259,053)	2,260,231	(1,627,184)
Beginning fund balance	(2,218,934)	-	134,674	(2,084,260)	-	-	7,590,300	7,590,300	5,596,040	287,780	390,349	678,129	59,121	1,903,147	(4,254,180)	12,619,177	16,511,434	18,106,599
Fund transfer	(57,288)	-	-	(57,288)	-	-	(1,631,765)	(1,631,765)	(1,689,053)	(317,968)	(211,759)	(529,727)	(121,963)	-	(97,934)	2,519,158	80,481	32,019
Ending fund balance	\$ (2,153,062)	\$ -	\$ 836,627	\$ (1,316,435)	\$ -	\$ -	\$ 7,320,815	\$ 7,320,815	\$ 6,004,380	\$ 288,452	\$ 1,338,716	\$ 1,627,168	\$ (146,744)	\$ 1,952,555	\$ (4,464,495)	\$ 13,879,282	\$ 18,852,146	\$ 16,511,434

See Accompanying Independent Auditors' Report.