



Guam Community College FY 2015 Financial Highlights

March 15, 2016

The Guam Community College (GCC) received unmodified (clean) opinions on its fiscal year (FY) 2015 financial statements and reports on compliance and internal control from independent auditors, Deloitte & Touche, LLP. No material weaknesses or significant deficiencies were identified. GCC achieved a milestone by qualifying as a low-risk auditee for the 15th consecutive fiscal year. GCC is to be commended for this significant achievement for it is the only Government of Guam (GovGuam) agency to do so. Additionally, no Management Letter was deemed necessary.

GCC closed FY 2015 with an increase in net position (net income) of \$6.9 million (M), an increase from FY 2014's restated net income of \$5M. Of the \$6.9M increase, \$3M was due mainly to the pension adjustment that resulted from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the reporting of net pension liability. The implementation of GASB 68 resulted in the restatement of GCC's FY 2014 financial statements and the recognition of GCC's pro rata share of GovGuam's \$1.2 billion net pension liability. GCC's pro rata share in FY 2015 was \$29.4M, compared to \$33M in FY 2014.

Continued Dependence on GovGuam Appropriations

GCC's three major categories of revenues are Net Student Tuition and Fees, Federal Grants and Contracts, and Government of Guam Appropriations. Total revenues in FY 2015 amounted to \$41.3M, which is a \$1.5M increase over the prior year's revenues of \$39.9M. Net Student Tuition and Fees contributed \$2.7M or 6.6% of total revenues. Federal Grants and Contracts brought in another \$12.7M or 30.8%. However, as appropriations contributed about half of its operations or \$20.3M, GCC continues to rely on GovGuam for personnel costs at the GCC campus and at Guam's public high schools. Under Public Law 31-99, which mandates GCC to provide career and technical education programs in Guam's public high schools, 47 instructional and non-instructional employees are placed at satellite public schools under GCC's funding and pay structure.

FY 2015 appropriations increased by \$2.8M over the prior year's appropriations, while \$2.6M of capital contributions were received from the U.S. Government for the construction and fixtures of Building E, as well as for the purchase of Federally-funded vehicles. However, Federal Grants and Contracts decreased by \$2.7M, due to the timing of grant award drawdowns and decrease in federally related construction grants.

Investment in Capital Assets

GCC continues to be successful in obtaining Federal grants and loans to expand and improve its capital facilities. At \$36.6M, net Property, Plant and Equipment made up GCC's largest asset.

During FY 2015, GCC completed the \$5.2M renovation and expansion of Building E, which houses the Education and Computer Aided Design and Drafting (CADD) programs, as well as the English Department. The Building E project was funded in part by a \$1.5M grant from the U.S. Department of Homeland Security/Federal Emergency Management Agency (FEMA), with the remainder provided by the Board of Trustees Capital Projects Fund, and collateral equipment funded by a Department of the Interior Technical Assistance grant.

\$8.5M Due from GovGuam as of FY 2015

GCC's second largest asset is in Due from Government of Guam, which made up 13.3% or \$8.5M at the end of FY 2015. The \$8.5M included the \$6.5M still pending from GovGuam appropriations. With GovGuam Appropriations covering 77% of personnel costs, GCC management expressed concern for the slow releases of allotment. The \$8.5M Due from Government of Guam is net of a \$1.2M allowance for doubtful accounts to reflect the remaining FY 2015 appropriations GCC has yet to receive as of report issuance. None of GCC's FY 2016 appropriations have been received as of report issuance.

Audit Adjustments and Uncorrected Misstatements

Eight audit adjustments were made that cumulatively increased GCC's net position by \$2.6M. Three uncorrected misstatements were identified that would have increased FY 2015's net position by \$18 thousand (K). One uncorrected misstatement was identified that would have increased FY 2014's restated net position by \$45K.

GCC Foundation

The GCC Foundation (Foundation) is a legally separate, tax-exempt, public benefit corporation that is a component unit of GCC. The Foundation closed FY 2015 with a decrease in net position (net loss) of \$527K. The decrease can be attributed to a \$336K net investment loss, a \$396K transfer of investments, and \$213K of salaries, benefits, and other expenditures. Fundraising, net of expenses, accounted for only \$18K or 18.6% of the Foundation's revenues, gains, and other additions. At the end of FY 2015, the Foundation's Investments remained at \$9.5M, despite the net investment loss.

For more details, refer to the Management's Discussion and Analysis in the audit report at www.opaguam.org and www.guamcc.edu.