



Guam Community College FY 2016 Financial Highlights

April 3, 2017

The Guam Community College (GCC) received unmodified (clean) opinions on its fiscal year (FY) 2016 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 16th consecutive fiscal year. GCC is commended for this significant achievement as the only Government of Guam (GovGuam) agency to do so. Additionally, no Management Letter was deemed necessary.

GCC closed FY 2016 with an increase in net position (net income) of \$864 thousand (K), a \$6.0 million (M) decrease from FY 2015's net income of \$6.9M. In FY 2016, total revenues were \$37.6M, a decline of \$3.7M or 9% from prior year's \$41.3M due to decrease in contributions from U.S. Government, uncollected GovGuam appropriations, and decrease in auxiliary enterprises. Total expenditures were \$36.6M in FY 2016 compared to \$34.3M in FY 2015, an increase of \$2.3M. This was mainly attributed to pension expense adjustments. However, actual increase in salaries and wages amounted to \$505K due to regular salary increments and additional employees.

Continued Dependence on GovGuam Appropriations

Total revenues of \$37.6M majority includes (1) GovGuam Appropriations of \$17.9M or 48%, (2) Federal Grants and Contracts of \$13.9M or 37%, and (3) Net Student Tuition and Fees of \$3.0M or 8%.

Gross Student Tuition and Fees was \$7.3M in FY 2016, a decrease of 4% or \$268K from FY 2015 due to the decline in the number of students and seats during academic year 2015-2016. At \$7.3M, tuition and fees represented 19% of total revenues. Of the \$7.3M tuition and fees, \$4.3M was received through federal Pell Grants and is shown as discounts and allowances on the financial statements. In FY 2016, Federal Grants and Contracts increased by 9% or \$1.2M due primarily to increase in Pell award amount per student.

As GovGuam appropriations contribute nearly half of its revenues, GCC continues to rely heavily on GovGuam to pay for personnel costs at the GCC campus and at the six secondary high schools and the post-secondary programs. Public Law 31-99 mandates GCC to provide career and technical education programs in Guam's public high schools, hence, 49 instructional and non-instructional faculty at each of the six public schools are under GCC's funding and pay structure.

Capital Contributions of \$2.6M were received from the U.S. Government in FY 2015 for the construction and fixtures of Building E, as well as for the purchase of Federally-funded vehicles. In FY 2016, minimal contributions of \$295K was received from the U.S. Government.

Investment in Capital Assets

GCC continues to be successful in obtaining federal grants and loans to expand and improve its capital facilities. Net Property, Plant and Equipment of \$35.0M is GCC's largest asset at 55%. GCC's Building E, which was completed in FY 2015, received the designation of Leadership in Energy and Environmental Design (LEED) Gold in FY 2016. This is GCC's third LEED-designed structure which contains solar panels, a rainwater catchment system and other sustainable features, and houses the Education and Pre-Architectural Drafting Programs and the English Department.

In September 2016, GCC broke ground on the renovation and expansion of GCC's Building 100 project with expected completion in December 2017. The U. S. Department of Agriculture and the GCC Capital Improvement Fund are the combined funding sources for construction of the \$4.5M project. The construction will expand Building 100 into a two-story concrete structure with LEED features. It will house the Criminal Justice Program and connect to Building E.

Audit Adjustments and Uncorrected Misstatements

Four audit adjustments were made that cumulatively decreased GCC's net position by \$2.2M pertaining to pension, bad debts, interest income, and GovGuam appropriation. Two uncorrected misstatements were identified that would have decreased net position by \$436K.

GCC Foundation

The GCC Foundation (Foundation) is a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of GCC. The Foundation closed FY 2016 with an increase in net assets (net income) of \$685K, compared to a net loss of \$527K in FY 2015. This was primarily due to the \$777K gain in the Foundation's investments from favorable market performance in FY 2016 compared to the \$336K loss in FY 2015. Total investments amounted to \$10.3M as of FY 2016 which is 96% of the Foundation's total assets.

In addition, expenditures only amounted to \$153K in FY 2016 compared to \$624K in FY 2015 due to lower transfers to GCC and not having capital outlay and equipment expenditures in FY 2016.

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