



OFFICE OF THE PUBLIC AUDITOR

**Guam Community College
FY 2007 Financial Highlights**

June 18, 2008

For the seventh-consecutive year, Guam Community College (GCC) qualified as a low-risk auditee as there were no questioned costs or unresolved prior year audit findings. In fiscal year (FY) 2007, GCC received \$3 million more in government of Guam appropriations compared to the previous fiscal year; however, expenditures also increased by \$2.6 million. GCC's expenditures outweighed revenues resulting in a \$1.6 million decrease in net assets. Enrollment of post-secondary students decreased slightly with 3,922 students in 2007 compared to 4,075 in 2006, although high school students enrolled in GCC's career and technical education programs increased from 1,913 students to 2,098.

In FY 2007, GCC also resolved the issue of non-compliance with the construction of the college dormitory that was converted to the principal administration building by negotiating a repayment schedule with the US Department of Education. The loan is to be paid off by December 2010.

Increase in Revenues

Revenues increased from \$22.1 million in FY 2006 to \$23.8 million, or \$1.7 million more in FY 2007. This increase was mainly attributed to GCC receiving more in appropriations from the government of Guam (\$14.1 million in 2007 compared to \$11.1 million in FY 2006), student tuition and fees (\$3.1 million compared to \$2.8 million), and federal grants and contracts (\$6.4 million compared to \$5.8 million). A decline in revenues was seen in government of Guam grants and contracts (\$485,000 compared to \$1.3 million), contracted educational services (\$595,000 compared to \$1.3 million), and other revenues (\$417,000 compared to \$1.2 million).

Increase in Expenditures

Total expenses increased by \$2.6 million, going from \$22.6 million in 2006 to \$25.3 million in 2007. The increase in expenses came from institutional support (\$5.6 million versus \$3.3 million), instruction (\$8.3 million versus \$7.6 million), planning (\$957,000 versus \$613,000), and depreciation (\$938,000 versus \$800,000). The increase in institutional support was mainly due to contract services relating to the implementation of the college's Integrated Data Base System (IDBS), including training, consultant work, licensing, and system maintenance support.

At the end of FY 2007, there were 212 employees at GCC, with 11 being paid with federal funds. Total salaries and wages increased \$588,000, going from \$13 million in FY 2006 to \$13.6 million. These increases do not correspond with the decrease in student enrollment.

Infrastructure and Systems Improvements

In FY 2007, GCC completed several construction projects, including the Multi-purpose Auditorium and the Culinary Arts Kitchen, which went from 850 square feet to 4,200 square feet. The college also unveiled their new web portal system called MyGCC and the student module through the college's IDBS. This system allows students to register online, access

grades online, and obtain class and course information. The MyGCC portal provides and intranet service for students, faculty, staff, and administrators. In October 2007, the finance module was activated, with several other modules slated for release.

GCC Endowment Foundation

The GCC Foundation, a component unit of GCC, recorded an increase in investment income, going from \$695,000 to \$1.1 million, a \$431,000 increase. Expenditures also increased, going from \$70,000 to \$748,000. The increase in expenditures is mainly due to a \$668,000 transfer to the Guam Community College for collateral equipment to support campus upgrades for the Culinary Arts Kitchen and Technology Center.

Report on Compliance and Management Letter

The independent auditor's Report on Compliance and on Internal Control noted one finding related to the reconciliation of inventory of equipment. A separate Management Letter identified three findings pertaining to GCC adhering to their capitalization policy, a missing fixed asset, and the monitoring of contracts. For a more detailed commentary of GCC's operations, refer to the Management Discussion and Analysis in the audit report. Independent auditors Deloitte & Touche conducted the financial and compliance audit.