



# OFFICE OF PUBLIC ACCOUNTABILITY

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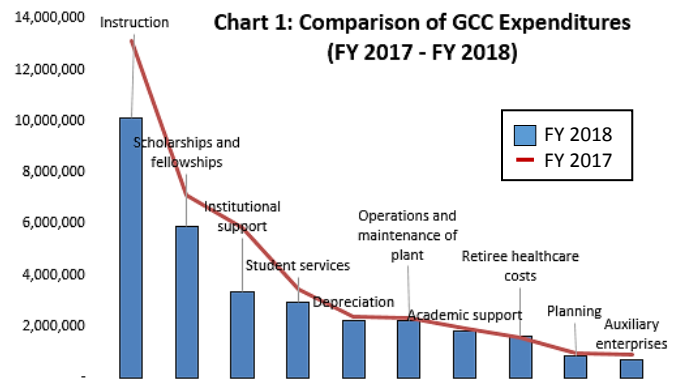
## Guam Community College – FY 2018 Financial Highlights

April 10, 2019

Hagåtña, Guam – The Office of Public Accountability has released the Guam Community College’s (GCC) financial statements, reports on compliance and on internal control, and the auditor’s communication with those charged with governance for fiscal year (FY) 2018. Independent auditors, Deloitte & Touche, LLP, rendered an unmodified (clean) opinion on GCC’s financial statements and compliance over major federal programs. No material weaknesses or significant deficiencies were identified. Additionally, no management letter was deemed necessary.

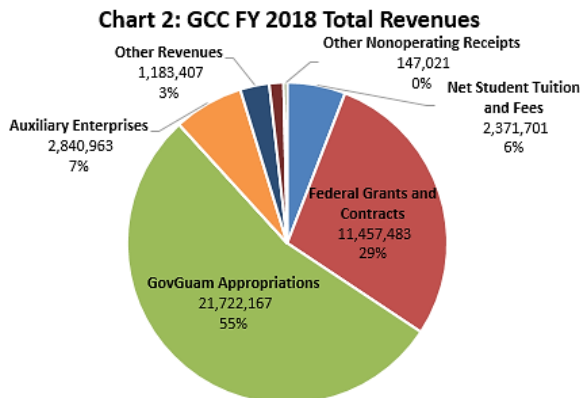
Certain accounts from the prior year were restated in order to report the net obligation of other post-employment benefits, according to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. This implementation resulted in a decrease in net position (net loss) of \$7.1 million (M) in FY 2017 compared to the previously reported net loss of \$2.7M. GCC is commended for qualifying as a low-risk auditee for the 18<sup>th</sup> consecutive year. GCC is the only Government of Guam (GovGuam) agency to do so.

GCC closed FY 2018 with an increase in net position (net income) of \$7.3M, a \$14.3M increase from FY 2017’s restated net loss of \$7.1M. In FY 2018, operating and nonoperating revenues totaled \$39.1M, which is an increase of \$3.6M due to increased GovGuam appropriations and auxiliary enterprises. Operating expenditures declined by \$7.9M to \$31.8M in FY 2018 due in part to GCC’s cost reductions and cost saving measures.



### Continued Dependence on GovGuam Appropriations

A majority of the \$39.1M in revenues included (1) GovGuam appropriations of \$21.7M or 55%, (2) federal grants and contracts of \$11.5M or 29%, and (3) auxiliary enterprises of \$2.8M or 7%.



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

In FY 2018, federal grants and contracts slightly decreased by \$149 thousand (K) due to a reduction in Pell Grant awards. Pell grants made up approximately 57% or \$4.0M of students tuition and fee payments. Auxiliary enterprises increased by \$1.0M to \$2.8M in FY 2018 due to GCC entering into contracts with the Guam Department of Health and Social Services, Guam Department of Education, and Guam Fire Department.

### **Investment in Capital Assets**

GCC successfully continues to obtain federal grants and loans to expand and improve its facilities. As of FY 2018, net property, plant and equipment of \$33.3M made up GCC's largest asset at 46%.

In September 2017, GCC transferred \$2.8M to the GCC Foundation in order to obtain a United States Department of Agriculture (USDA) loan for the renovation and expansion of GCC's Building 100 and the Gregorio D. Perez Crime Lab's extension, which was extended to be completed in April 2019.

The USDA loan and the GCC Capital Improvement Fund are the combined funding sources for the \$4.8M construction of Building 100. The construction will expand Building 100 into a two-story concrete structure with Leadership in Energy and Environmental Design (LEED) features, house the Criminal Justice Program, and connect Building E.

### **Audit Adjustments and Uncorrected Misstatements**

Six audit adjustments were made that cumulatively decreased GCC's net position by \$1.6M in order to record retiree healthcare costs, cost-of-living adjustments (COLA) and supplemental benefits, GovGuam appropriations, pension adjustments, and GASB 75 restatements. Five uncorrected misstatements were identified that would have increased GCC's net position by \$338K.

### **GCC Foundation**

The GCC Foundation is a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of GCC. The Foundation closed FY 2018 with an increase in net assets (net income) of only \$675K, compared to its \$3.9M net income in FY 2017. FY 2017's \$3.9M net income was due primarily to the \$2.8M transfer for the construction of Building 100. Total investments made up 65% (or \$12.3M) of the Foundation's total assets as of FY 2018.

The Foundation's expenditures amounted to \$257K in FY 2018, a 9% increase due mainly to increases in fundraising expenses and other deductions.

For more details on GCC, refer to the Management's Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) and [www.guamcc.edu](http://www.guamcc.edu).