

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

---

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE AND ON INTERNAL CONTROL**

---

**YEAR ENDED SEPTEMBER 30, 2008**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Guam Community College:

We have audited the financial statements of the Guam Community College (the College), a component unit of the Government of Guam, as of and for the year ended September 30, 2008, and have issued our report thereon dated June 2, 2009. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

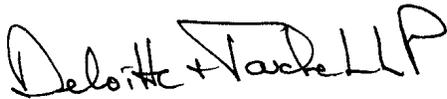
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as define above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the College in a separate letter dated June 2, 2009.

This report is intended solely for the information and use of the Board of Trustees and management of the Guam Community College, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies and others within the entity, and is not intended to be and should not be used by anyone other than those specified parties. However, this report is also a matter of public record.

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

June 2, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees  
Guam Community College:

Compliance

We have audited the compliance of the Guam Community College (the College) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs (page 6). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

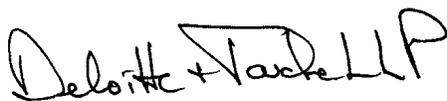
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the College, as of and for the year ended September 30, 2008, and have issued our report thereon dated June 2, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (page 5) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees and management of the College, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities, the cognizant audit and other federal agencies, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.



June 2, 2009

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

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2008

| CFDA #   | Federal Grantor/Program Title   | Accrued (Deferred)<br>Balance at<br>September<br>30, 2007 | Expenditures        | Cash Receipts         | Accrued (Deferred)<br>Balance at<br>September<br>30, 2008 |
|--|---|---|---------------------|-----------------------|---|
| U.S. Department of Education (Direct Programs):                      |   |   |                     |                       |   |
| 84.002A  | Adult Education - State Grant Program                                     | \$ 107,827  | \$ 336,185          | (434,693)             | \$ 9,319  |
| 84.007   | Federal Supplemental Education Opportunity Grants                         | 1,975   | 59,130              | (54,170)              | 6,935   |
| 84.031A  | Higher Education-Institution Aid  | 177,866   | 176,995             | (309,489)             | 45,372  |
| 84.033   | Federal Work-Study Program  | 15,901  | 69,493              | (60,682)              | 24,712  |
| 84.042A  | TRIO-Student Support Services   | 56,623  | 263,499 *           | (214,103)             | 106,019   |
| 84.044   | TRIO-Talent Search  | 42,411  | 4,695 *             | (26,537)              | 20,569  |
| 84.047   | TRIO-Upward Bound   | -   | 176,982 *           | (105,565)             | 71,417  |
| 84.048A  | Career and Technical Education -- Basic Grants to States                  | 101,284   | 654,131             | (610,623)             | 144,792   |
| 84.063   | Federal Pell Grant Program  | 230,001   | 2,647,547           | (2,035,802)           | 841,746   |
| 84.346   | Vocational Education-Occupational and Employment Information State Grants | 237   | -                   | -                     | 237   |
| 84.375   | Academic Competitiveness Grants   | 375   | -                   | -                     | 375   |
| Total U.S. Department of Education (Direct Programs)                 |   | <u>734,500</u>  | <u>4,388,657</u>    | <u>(3,851,664)</u>    | <u>1,271,493</u>  |
| U.S. Department of Health and Human Services (Direct Programs):      |   |   |                     |                       |   |
| 93.587   | Promote the Survival and Continuing Vitality of Native American Languages | -   | 114,655 *           | (64,966)              | 49,689  |
| Total U.S. Department of Health and Human Services (Direct Programs) |   | <u>-</u>  | <u>114,655</u>      | <u>(64,966)</u>       | <u>49,689</u>   |
| Pass-through from:   |   |   |                     |                       |   |
| 94.088/GEN-73  | University of Guam  | (45,549)  | -                   | -                     | (45,549)  |
| Guam Public School System:   |   |   |                     |                       |   |
| 84.922   | Consolidated Grants   | 242,551   | 258,523             | (296,385)             | 204,689 **  |
| Department of Public Works:  |   |   |                     |                       |   |
| 20.600   | State and Community Highway Safety  | (6,800)   | -                   | -                     | (6,800)   |
| Government of Guam:  |   |   |                     |                       |   |
| 15.875   | Economic, Social, and Political Development of the Territories            | 184,824   | 46,113              | (217,709)             | 13,228 **   |
| 97.036   | Disaster Grants - Public Assistance (Presidentially Declared Disasters)   | -   | 1,100,002 *         | (1,086,170)           | 13,832 **   |
| Total Pass-through grants  |   | <u>375,026</u>  | <u>1,404,638</u>    | <u>(1,600,264)</u>    | <u>179,400</u>  |
| Total Federal Assistance   |   | <u>\$ 1,109,526</u>                                       | <u>\$ 5,907,950</u> | <u>\$ (5,516,894)</u> | <u>\$ 1,500,582</u>                                       |

\* Denotes a major program as defined by OMB Circular A-133.

\*\* Recorded in other receivables in the financial statements.

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

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

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2008

**Part I - Summary of Auditors' Results**

*Financial Statements*

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued:   | Unqualified   |
| Internal control over financial reporting:  |               |
| 2. Material weakness(es) identified?  | No            |
| 3. Significant deficiency(ies) identified that is not considered to be a material weakness? | None reported |
| 4. Noncompliance material to the financial statements noted?                                | No            |

*Federal Awards*

Internal control over major programs:

- |   |               |
|---|---------------|
| 5. Material weakness(es) identified?  | No            |
| 6. Significant deficiency(ies) identified that is not considered to be a material weakness?                               | None reported |
| 7. Type of auditors' report issued on compliance for major programs:  | Unqualified   |
| 8. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No            |
| 9. The College's major programs were as follows:  |               |

| <u>Name of Federal Program or Cluster</u>                                | <u>CFDA Number</u> |
|--|--------------------|
| TRIO-Student Support Services  | 84.042             |
| TRIO-Talent Search   | 84.044             |
| TRIO-Upward Bound  | 84.047             |
| Promote the Survival and Continuing Vitality of Native American Language | 93.587             |
| Disaster Grants – Public Assistance (Presidentially Declared Disaster)   | 97.036             |

- |  |           |
|--|-----------|
| 10. Dollar threshold used to distinguish between Type A and Type B Programs, as those terms are defined in OMB Circular A-133: | \$300,000 |
| 11. The College qualified as a low-risk auditee, as that term is defined in OMB Circular A-133?                                | Yes       |

**Part II - Financial Statement Findings Section**

No items are reportable.

**Part III - Federal Award Findings and Questioned Cost Section**

No items are reportable.

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

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2008

There are no unresolved prior year audit findings or questioned costs.