

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

**FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Guam Community College:

Report on Financial Statements

We have audited the accompanying financial statements of Guam Community College (the College or GCC), and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2021 and 2020, and which collectively comprise the College's basic financial statements, as set forth in Section II of the forgoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

COVID-19

As discussed in Note 13 to the financial statements, GCC determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Schedule of Proportional Share of the Net Pension Liability on pages 51 through 53, the Schedule of Pension Contributions on page 54, the Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios on page 55, the Schedule of Proportional Share of the Total OPEB Liability on page 56, and the Schedule of OPEB Contributions on page 57 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

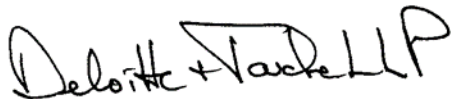
Other Matters, Continued

Other Information, Continued

The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



April 1, 2022

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

Management's Discussion and Analysis
Years Ended September 30, 2021 and 2020

Fiscal Year (FY) 2021 marks the Guam Community College's ("the College" or "GCC") twenty-first consecutive low-risk auditee status. This designation by the Independent Auditor demonstrates that the College had no questioned costs or unresolved prior year audit findings in FY 2021. The College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, despite increasing federal and local mandates.

As management of Guam Community College, we offer to the readers of the College's financial statements this narrative overview and analysis of the financial activities for fiscal years ended September 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with additional information available in the College's basic financial statements.

Fiscal Year 2021 Overview

Amid the Coronavirus Pandemic

As noted in Guam Community College's 2021 Annual Report, the College has a habit of turning challenges into opportunities and FY 2021 was no exception. At a time when our community was evolving and adapting to the pandemic's impact on our lives, Guam's economy was also adjusting to the new realities. All the progress made with the programs and campus facilities in FY 2021 was aimed at increasing student success at GCC.

The shift from tourism to construction, healthcare and hi-tech jobs left many in our island with years of experience but without qualifications for the jobs available. To close the chasm between available jobs and the skillsets of our existing workforce, GCC partnered with the Government of Guam and the private sector to identify job skills required to get people back to work. GCC expanded our work-ready boot camps from its focus on construction and development to include healthcare, information technology, telecommunications, transportation, and more. The outcome was 13 work-ready boot camps which started and completed in FY 2021.

CARES, CRRSAA, and ARP Funding

The College was awarded funding under the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan (ARP), supplements to the original Coronavirus Aid, Relief and Economic Security (CARES) Act. Specifically:

- Funding for Emergency Financial Aid Grants to Students under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$4,044,452 for the period of April 20, 2020 to June 30, 2023.
- Funding for Emergency Financial Aid Grants to Institutions in the amount of \$6,198,541 for the period of May 6, 2020 to June 30, 2023.
- Funding for Emergency Financial Aid Grants to Minority Serving Institutions in the amount of \$2,776,342 for the period of June 8, 2020 to June 30, 2023.

GCC made funds available to students to help cover the costs of college and daily expenses during the pandemic. In Spring 2021, the College provided a total of \$669,820 to 1,570 students. In addition, students were provided an opportunity to apply for student tuition and fees supplemental aid.

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Funds were also used to support faculty development associated with distance learning, technological devices (laptops and MiFi’s) for students’ use, and PPEs needed to support the health and safety of the campus community. Additionally, GCC partnered with WestCare Pacific Islands to offer UpLift Counseling services to our students and employees at the GCC campus.

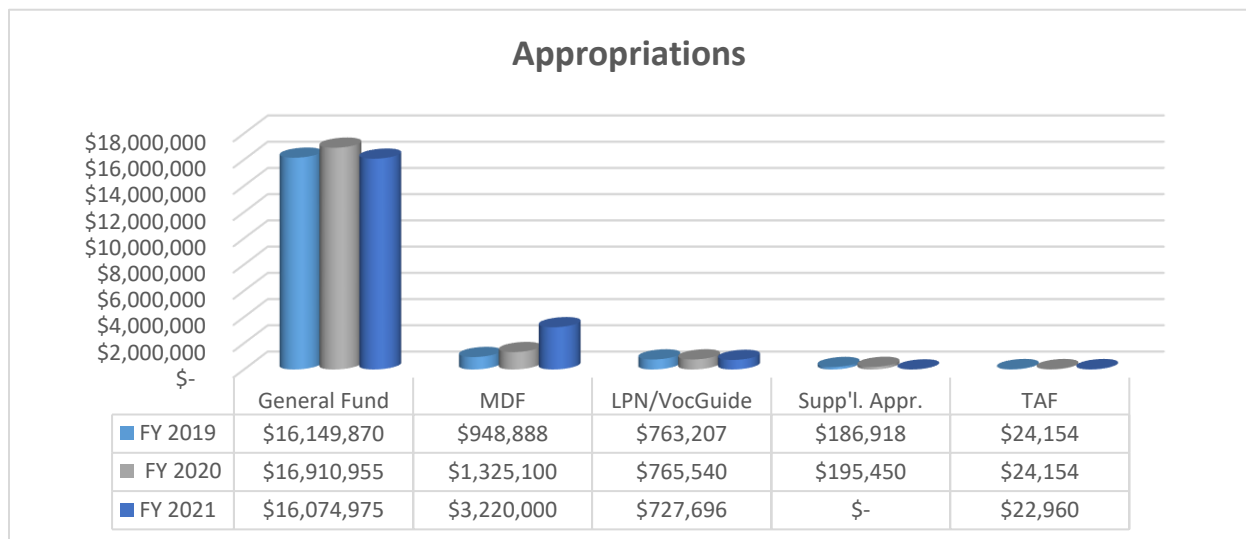
GCC Barrel Vault Walkway with Solar-Powered Lights

Following the completion of the barrel vault walkway with solar-powered lights between the Student Center (Building 5000) and Anthony A. Leon Guerrero Allied Health Building (Building 3000) in FY 2020, GCC completed another covered walkway construction connecting Buildings C and D in May 2021. The walkway has solar panels on the rooftop which powers its lights at night. This is yet another project demonstrating the College’s commitment to sustainability and campus safety.

Local Appropriations

The College continued to maintain its operations during fiscal year 2021 with the financial resources available, despite an enrollment decrease from prior years and the uncertainties caused by the COVID-19 pandemic.

Public Law (P.L.) 35-99, the Government of Guam Appropriations Act for fiscal year 2021, appropriated an increase of 4% or \$824,263, resulting in a \$20.4M FY2021 budget versus a FY2020 budget of \$19.6M. General Fund appropriations cover a majority of salaries, benefits and utility costs. By September 30, 2021, GCC received 97% of its FY 2021 appropriations. Funding includes \$200,400 to fund the debt service for the construction of Building 100 and the expansion of the Director Gregorio G. Perez Forensic Lab. In addition, the College received \$200,000 to support high school students pursuing postsecondary education under the First Generation Trust Fund.



As a result of P.L. 34-98, an Act relative to developing a local skilled workforce on Guam, by increasing the registration fees of non-migrant temporary workers, the MDF budget appropriation increased from \$1,325,100 to \$3,220,000 or 143% from FY 2020. However, based on collections for the fiscal year, GCC received \$2,552,973 or 79% of the \$3.2M appropriated.

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The College's Government of Guam local appropriation funds are used to support personnel costs for postsecondary career and technical education (CTE) programs on campus and at the six secondary high schools. Courses provided at the secondary public schools are delivered by GCC faculty. As of September 30, 2021, GCC had 216 full-time personnel, a decrease from the prior year's 233 personnel due to retirements and resignations. Fifty-one employees are GCC secondary faculty.

The College continues to receive funding for the Licensed Practical Nursing (LPN) program. The LPN program addresses the islands' continued need to develop and train students for the Allied Health fields, including medical assistants, nursing assistants, and licensed practical nurses.

Grant Funding Sources

The College continues to seek and apply for additional funding resources through grants and loans to support its mission. In addition to the CARES funding, other funding came from the following sources:

- GCC is the State Agency responsible for providing adult education programs to eligible individuals on Guam through the Workforce Investment Opportunity Act (WIOA) State Plan for the Territory of Guam. In July 2020, GCC received \$523,126 in WIOA grant funds for the period of July 1, 2020 to June 30, 2021.
- In Academic Year (AY) 2020-2021, the Pell funding maximum full-time award was \$6,345, a \$150 increase per student per academic year. Pell grants make up approximately 52% or \$2,571,770 of students' tuition and fee payments. This is a decrease from 2020 where 68% or \$3,311,476 of students' tuition and fees were paid with Pell grants. This decrease is attributed to the decrease in enrollment for FY 2021.
- GCC received \$1,192,395 through a contractual agreement with the Guam Department of Education (GDOE) to provide secondary CTE programs in the six public high schools. The grant provided support and services for the following CTE programs: Allied Health, Automotive (Service Technology and Collision Repair) Construction Trades (Carpentry and AutoCAD), Early Childhood Education, Electronics Technology/Communications, Marketing, Tourism (Lodging Management and ProStart) and Visual Communications. The College also provides access and assessment for ACT WorkKeys® and KeyTrain®, CHOICES 360®, and Work Experience. The contract ended on September 30, 2021.
- The College was a recipient of the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance sub-award of \$21,250. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science. It also funds science area exploration at the College.
- GCC entered into a memorandum of agreement with the Office of the Lieutenant Governor of Guam – Guam State Clearinghouse for \$498,272 from the U.S. Department of the Interior (DOI) to support the funding for the "free college" initiative. The programs selected include Lodging Management and Culinary Arts to support the tourism and hospitality industry on Guam. The First-Year Culinary Arts cohort I began in Summer 2020 and ended Spring 2021 with 21 completers who each earned 27 college credits. The First-Year Hospitality & Tourism cohort I began in Summer 2020 and ended in Fall 2020 with 9 completers who each earned 28 college credits. The First Year Culinary Arts (Baking) cohort II began in Summer 2021 and will continue in Spring 2022 with 31 participants. The Baking cohort will earn 30 credits. The First-Year Hospitality & Tourism cohort II began in Fall 2021 with 11 students and will continue in Spring 2022. The grant expires on June 30, 2022.

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Years Ended September 30, 2021 and 2020

- GCC entered into a memorandum of agreement with the Office of the Governor of Guam – Guam State Clearinghouse for \$529,200 for the purpose of refunding or reimbursing at a minimum 50% of internet and/or online student fees for the Fall 2020 and Spring 2021 semesters, while excess funds, if any, is to be utilized toward ensuring that GCC is able to continue to efficiently and effectively deliver distance learning courses. The College used the funding to provide support for all students' technology needs.
- GCC was awarded \$20,400 from DOI via Bureau of Budget Management Research for the Temporary Nurse Assistant Program (TNAP). The program's purpose was to recruit volunteers to help COVID-19 patients in hospitals and clinics. The College used the funding to support a TNAP boot camp that resulted in 20 completers.
- GCC entered into a memorandum of agreement with Northern Mariana College for \$59,384 to provide professional development, technical assistance and establish demonstration in English as a Second Language, Family and Workplace Literacy.
- GCC was awarded \$456,054 from DOI for the GCC Construction Bootcamps in getting people back to work. The grant expires on September 30, 2024.
- GCC was awarded \$140,288 from DOI for increasing GCC Facilities Maintenance capabilities. The grant funding will provide essential training for GCC's facilities team to get their job done safely and efficiently, as well as to procure necessary tools and equipment to allow the team to complete assigned preventive maintenance jobs on campus. Funding expires on September 30, 2024.
- GCC was awarded \$475,200 from DOI for the installation of 100-KW solar panel system on GCC campus in support of the College's commitment to sustainability. GCC submitted to local and federal agencies its Request for Evaluation of Proposed Project Impacts for the 100-KW solar project as they relate to any environmental, land, historical, local, or federal regulations and requirements. The grant expires on September 30, 2022.

Enrollment

Entering the second year of the pandemic, the College braced itself as enrollment continued to decline. Although the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased, enrollment continues to decline. It should be noted that other colleges and universities are also facing similar challenges.

Spring 2021 enrollment was 1,585, a decrease of 9.7% compared to Spring 2020, while Fall 2021 enrollment was at 1,756, a decrease of 2.8% compared to Fall 2020. Similar downward trends can be seen with the total credit counts, going from 17,991 credits in Spring 2020 to 15,673 credits in Spring 2021, a 12.9% decline, or from 17,581 credits in Fall 2020 to 17,316 credits in Fall 2021.

Through the First Generation Trust Fund, 264 high school students availed of \$500 scholarships in AY 2020-2021, totaling \$132,000. Additionally, nine high school students availed of the Dual Credit Articulated Program of Study (DCAPS). This program provides college credit upon successful attainment of a "B" grade or better in GCC's Career and Technical Education high school program, earning the certificate of mastery, and the completion of 180 hours of work experience.

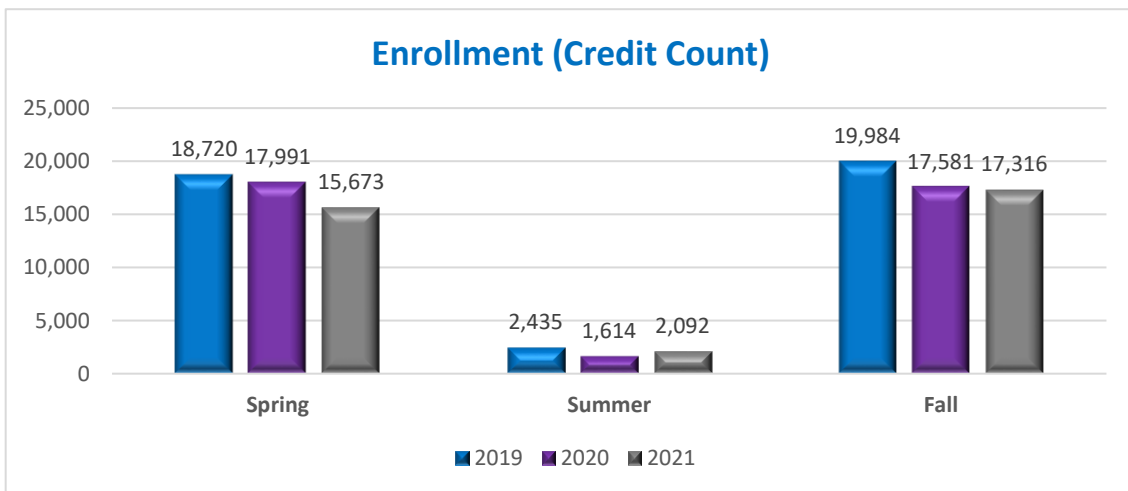
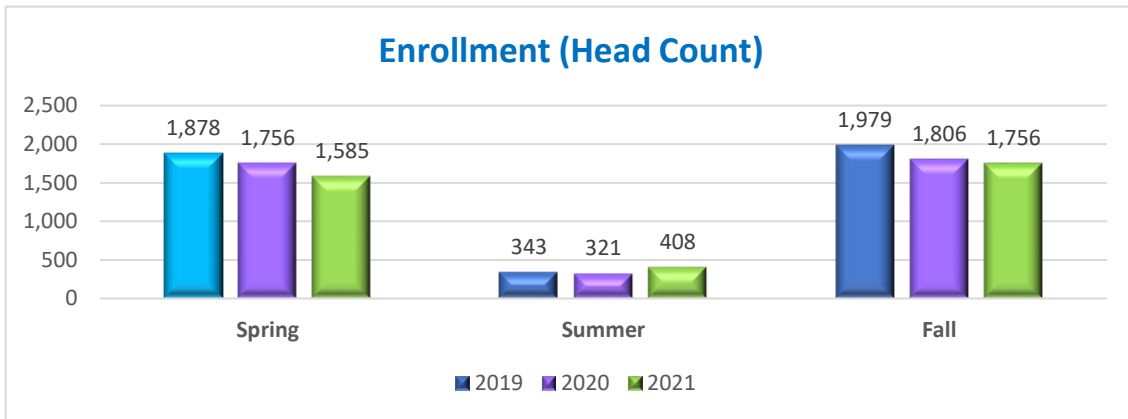
Tuition at GCC currently remains at \$130 per credit hour. There has been no change in tuition per credit hour since Fall 2011. Tuition revenues have decreased due to decline in student enrollment during academic year 2020-2021.

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Management’s Discussion and Analysis
Years Ended September 30, 2021 and 2020

As authorized by the Board of Trustees, 50% of the proceeds from tuition revenue set forth in the last tuition increase in 2011, is used to hire additional full-time permanent faculty and 20% is to hire staff and administrative positions. Positions are determined based on data to support additional personnel needed for expansion of programs or services. The Board of Trustees authorized 30% of tuition revenue to be used for capital improvements to the campus and related operating expenses. Technology fees are used to upgrade information technology infrastructure and labs. Funds utilized in FY2021 for capital projects and technology fees were \$442,000 and \$563,000, respectively.

Recognizing the negative effects of the pandemic, students who were unable to complete their course work in Fall 2020, especially those courses that required “hands on” experience to achieve the student learning outcomes, were allowed additional time to complete in Spring 2021. Efforts to increase enrollment have been ongoing, including promoting bootcamps to support the economic development of our island and providing hands on financial aid workshops.



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In AY 2021, 2,782 public high school students participated in GCC's Career and Technical Education Programs. These programs include Allied Health, Automotive Collision Repair Technology, Automotive Service Technology, Construction Trades Auto CAD, Carpentry, HVAC, Early Childhood Education, Electronics Technology, Marketing, Tourism Lodging Management, Pro Start-Culinary, Telecommunications, and Visual Communications. Not all programs are available at each of the high school locations due to space limitations. In AY 2021, 82 students attained Certificates of Mastery and 436 students earned Certificates of Completion.

Overview of the Financial Statements and Financial Analysis
(All figures are in thousands)

Summary Statements of Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|------------------|
| Assets: | | | |
| Other current assets | \$ 22,090 | \$ 23,335 | \$ 24,274 |
| Prepaid lease | - | - | 1,009 |
| Accounts receivable – U.S. Government | 459 | 460 | 371 |
| Investments (noncurrent) | 2,055 | 2,042 | 2,013 |
| Capital assets, net | <u>39,500</u> | <u>38,159</u> | <u>34,117</u> |
| Total assets | <u>64,104</u> | <u>63,996</u> | <u>61,784</u> |
| Deferred outflows of resources | <u>26,323</u> | <u>24,174</u> | <u>13,737</u> |
| Total assets and deferred outflows of resources | \$ <u>90,427</u> | \$ <u>88,170</u> | \$ <u>75,521</u> |
| Liabilities: | | | |
| Current liabilities | \$ 4,371 | \$ 4,495 | \$ 5,674 |
| Non-current liabilities | <u>101,724</u> | <u>101,080</u> | <u>82,377</u> |
| Total liabilities | 106,095 | 105,575 | 88,051 |
| Deferred inflows of resources | <u>18,592</u> | <u>13,920</u> | <u>17,596</u> |
| Net position: | | | |
| Net investment in capital assets | 38,812 | 37,821 | 31,992 |
| Restricted – expendable | 1,398 | 1,398 | 1,398 |
| Unrestricted | <u>(74,470)</u> | <u>(70,544)</u> | <u>(63,516)</u> |
| Total net position | <u>(34,260)</u> | <u>(31,325)</u> | <u>(30,126)</u> |
| Total liabilities, deferred inflows of resources and net position | \$ <u>90,427</u> | \$ <u>88,170</u> | \$ <u>75,521</u> |

The College's overall financial position declined primarily as a result of OPEB and pension liability adjustments, but the College continues to apply fiscal conservation measures.

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Management's Discussion and Analysis
Years Ended September 30, 2021 and 2020

Current assets decreased by 5% primarily due to withdrawal of time certificate of deposit and write-off of long-outstanding tuition receivable. Land, buildings, and equipment increased due to the purchase of the Workforce Development Center (WDC) from the GCC Foundation, which will be used as a satellite location for construction trades courses, the purchase of laptops for employees to allow them to telework during the pandemic, and various repairs to buildings and infrastructure. Additionally, there were increases in Construction in Progress due to ongoing construction projects related to Building 100, Building 300, Forensic DNA Lab extension, and other projects. However, accumulated depreciation increases offset these capital changes. See Note 3 to the financial statements for additional information.

Current liabilities decreased due to reduction in accounts payable and accrued liabilities, despite increases in construction contract payable and retainage payable, both of which are related to ongoing capital projects. Noncurrent liabilities increased primarily due to a \$1.1M increase in net pension liability.

As a result of the constraints of College and University accounting, approximately \$4,058,658 in encumbrances incurred in fiscal year 2021 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2022 net position. The encumbrances are related to the construction and renovation of Building 300, Building 100, and other capital projects.

Summary Statements of Revenues, Expenses, and Changes in Net Position

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-----------------------------------|--------------------|--------------------|--------------------|
| Operating revenues | \$ 14,941 | \$ 14,583 | \$ 16,805 |
| Operating expenses | <u>(36,854)</u> | <u>(36,915)</u> | <u>(36,722)</u> |
| Operating loss | (21,913) | (22,332) | (19,917) |
| Non-operating revenues, net | <u>18,978</u> | <u>21,133</u> | <u>17,435</u> |
| Change in net position | (2,935) | (1,199) | (2,482) |
| Net position at beginning of year | <u>(31,325)</u> | <u>(30,126)</u> | <u>(27,644)</u> |
| Net position at end of year | \$ <u>(34,260)</u> | \$ <u>(31,325)</u> | \$ <u>(30,126)</u> |

Statements of Cash Flows

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|------------------|
| Cash provided by (used in): | | | |
| Operating activities | \$ (14,672) | \$ (15,721) | \$ (12,202) |
| Noncapital financing activities | 19,756 | 20,326 | 21,359 |
| Capital and related financing activities | (5,888) | (3,976) | (5,233) |
| Investing activities | <u>2,095</u> | <u>(46)</u> | <u>(104)</u> |
| Net change in cash and cash equivalents | 1,291 | 583 | 3,820 |
| Cash and cash equivalents at beginning of year | <u>16,569</u> | <u>15,986</u> | <u>12,166</u> |
| Cash and cash equivalents at end of year | \$ <u>17,860</u> | \$ <u>16,569</u> | \$ <u>15,986</u> |

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At the end of FY 2021, the College recognized a 1.5% increase in student tuition and fees, despite a decrease in enrollment compared to the prior year. The College experienced a 8.6% decrease in federal revenues, but a 66.2% increase in auxiliary revenues due to an uptick in Bookstore sales. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC, DB, and DB 1.75 plans.

Despite its best efforts to increase revenues and reduce or contain expenditures, GCC ended FY 2021 with a negative \$2,934,849 change in net position, a 145% change from FY 2020's negative \$1,199,100. Changes to GCC's net position resulted from the following:

- Net operating revenues increased by \$358K.
- Operating expenses decreased by \$60K.
- Net nonoperating revenues decreased by \$2.1M.
- Bad debt expense increased by \$103K.

The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the prescribed authorized levels.

Management's Discussion and Analysis for the years ended September 30, 2020 and 2019, is set forth in the College's report on the audit of the financial statements, which is dated March 19, 2021. The Discussion and Analysis explains the major factors impacting the 2020 and 2019 financial statements and can be viewed at the Office of Public Accountability website at www.opaguam.org.

Economic Outlook for FY 2022

The impact of the COVID-19 pandemic on our island community served as an opportunity to reexamine the priorities for economic opportunity and sustainability for Guam's workforce. While our tried-and-true pillars of economic strength will remain vital to our recovery, we must take a new look at the durability of our workforce, to withstand catastrophic blows to our economy.

As we look to the future, GCC is developing a GED boot camp to prepare individuals with the basic educational requirements to qualify for federal and local government employment as well as with many large employers on-island. GCC has included, as standard to our boot camps and now into the Guam Department of Education high schools, the ACT WorkKeys exam. High school students and boot camp participants who score Bronze or higher on the WorkKeys test will receive a National Career Readiness Certificate (NCRC), indicating their level of workplace competency. The NCRC is nationally recognized throughout the United States.

As the GCC work-ready boot camps continue to evolve and respond to the workplace demands of our community, we are focused on ensuring that participants are well-prepared to enter or re-enter the workforce with the broad set of skills necessary to thrive in a modern economy. These auxiliary services are also available to GCC's students on traditional degree tracks because they are skills that are valued and needed at all levels of the economy.

Whether students enter GCC for a bachelors degree, an associates degree, a certificate, or through our work-ready boot camps, GCC's commitment is to prepare them to be a sustainable employee in our economy, able to withstand even once-in-a-hundred years challenges. This means while they may be impacted by job loss, they will be employable across multiple industries.

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With the increase in federal funding, some financial relief was made available to students in FY 2021. The unprecedented financial support received provided opportunities to upgrade technological support for students. With these funds, however, it is imperative that the College also consider its sustainability in the years to come. The College continues to exercise due care when selecting the infrastructure and facilities to upgrade, as well as to provide the necessary professional development and tools to ensure students success.

Among the projects slated for completion in FY 2022 are the DNA Forensics Lab, Building 300 Multipurpose Auditorium, campus-wide wireless network upgrade, switch over from plain old telephone system (POTS) to voice over internet protocol (VOIP) system, Technology Audit, Physical Master Plan, and Strategic Resource Plan. GCC will also be commencing the construction renovation of Building B and construction of the Facilities Maintenance and Wellness Center.

The College will continue to advocate for sustained funding in order to support student recruitment, retention and completion. Monitoring our enrollment, seeking alternate funding, and managing financial resources are imperative to address the increasing need for workers to support Guam's economy. The College is well positioned to engage in partnerships to promote workforce development.

For further news and up-to-date information concerning the Guam Community College, please visit the website at www.guamcc.edu for our annual report and financial statements.

GUAM COMMUNITY COLLEGE
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Statements of Net Position
September 30, 2021 and 2020

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 17,503,447 | \$ 16,179,820 |
| Cash and cash equivalents - restricted | 356,700 | 389,366 |
| Time certificates of deposit | - | 2,108,925 |
| Tuition receivable, less allowance for doubtful accounts of \$1,544,659 and \$1,997,276 at September 30, 2021 and 2020, respectively | 1,496,760 | 1,906,671 |
| Accounts receivable - U.S. Government, less allowance for doubtful accounts of \$12,040 and \$0 at September 30, 2021 and 2020, respectively | 458,794 | 459,702 |
| Accounts receivable - other, less allowance for doubtful accounts of \$131,990 and \$489,720 at September 30, 2021 and 2020, respectively | 2,321,858 | 2,280,085 |
| Inventories | 410,842 | 470,536 |
| Total current assets | 22,548,401 | 23,795,105 |
| Noncurrent assets: | | |
| Investments | 2,055,374 | 2,041,940 |
| Property, plant and equipment: | | |
| Buildings and structures | 58,382,452 | 56,871,098 |
| Building under capital lease | 5,205,646 | 4,988,932 |
| Furniture, fixtures and equipment | 13,418,401 | 13,286,348 |
| Vehicles | 713,608 | 674,901 |
| | 77,720,107 | 75,821,279 |
| Less accumulated depreciation | (45,905,920) | (43,487,098) |
| Total depreciable property, plant and equipment | 31,814,187 | 32,334,181 |
| Land | 2,465,500 | 1,903,000 |
| Construction in progress | 5,220,196 | 3,921,691 |
| Total non-depreciable property, plant and equipment | 7,685,696 | 5,824,691 |
| Property, plant and equipment, net | 39,499,883 | 38,158,872 |
| Total noncurrent assets | 41,555,257 | 40,200,812 |
| Total assets | 64,103,658 | 63,995,917 |
| Deferred outflows of resources: | | |
| Deferred outflows from OPEB | 18,003,525 | 16,718,347 |
| Deferred outflows from pension | 8,319,617 | 7,455,404 |
| Total deferred outflows of resources | 26,323,142 | 24,173,751 |
| Total assets and deferred outflows of resources | \$ 90,426,800 | \$ 88,169,668 |

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

Statements of Net Position, Continued
September 30, 2021 and 2020

| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|
| Current liabilities: | | |
| Current portion of capital lease liability | \$ 42,027 | \$ 40,290 |
| Accounts payable and accrued liabilities | 1,740,769 | 2,183,804 |
| Construction contract payable | 245,737 | 61,200 |
| Retainage payable | 441,909 | 276,951 |
| Unearned revenue | 1,290,999 | 1,301,567 |
| Deposits held on behalf of others | 356,700 | 389,366 |
| Current portion of accrued annual leave | 253,273 | 241,583 |
| Total current liabilities | 4,371,414 | 4,494,761 |
| Noncurrent liabilities: | | |
| Accrued annual leave, net of current portion | 305,887 | 332,246 |
| DCRS sick leave liability | 708,663 | 637,293 |
| Capital lease liability, net of current portion | 3,630,824 | 3,672,851 |
| Net OPEB liability | 56,385,944 | 56,904,135 |
| Net pension liability | 40,692,469 | 39,533,673 |
| Total liabilities | 106,095,201 | 105,574,959 |
| Deferred inflows of resources: | | |
| Deferred inflows from OPEB | 18,033,077 | 13,346,808 |
| Deferred inflows from pension | 558,781 | 573,311 |
| Total deferred inflows of resources | 18,591,858 | 13,920,119 |
| Commitment and contingencies | | |
| Net position: | | |
| Net investment in capital assets | 38,812,237 | 37,820,721 |
| Restricted expendable | 1,398,123 | 1,398,122 |
| Unrestricted | (74,470,619) | (70,544,253) |
| Total net position | (34,260,259) | (31,325,410) |
| Total liabilities, deferred inflows of resources and net position | \$ 90,426,800 | \$ 88,169,668 |

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position
September 30, 2021 and 2020

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 316,619 | \$ 277,359 |
| Cash and cash equivalents - restricted | 2,725,591 | 4,793,649 |
| Investments | 17,452,645 | 12,894,274 |
| Lease receivable, current portion | 42,027 | 40,290 |
| Due from Guam Community College | <u>633,162</u> | <u>620,971</u> |
| Total current assets | 21,170,044 | 18,626,543 |
| Lease receivable, net of current portion | 3,630,823 | 3,672,851 |
| Construction in progress | 4,503,748 | 1,016,967 |
| Land | - | 562,500 |
| Plant and equipment, net | <u>18,008</u> | <u>635,002</u> |
| Total assets | <u>\$ 29,322,623</u> | <u>\$ 24,513,863</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Loan payable, current portion | \$ 88,110 | \$ 86,044 |
| Construction contract payable | 618,260 | 322,477 |
| Retainage payable | 450,375 | 360,060 |
| Due to Guam Community College | <u>1,968,249</u> | <u>1,851,905</u> |
| Total current liabilities | 3,124,994 | 2,620,486 |
| Loan payable, net of current portion | <u>3,854,880</u> | <u>4,693,255</u> |
| Total liabilities | <u>6,979,874</u> | <u>7,313,741</u> |
| Commitments | | |
| Net assets: | | |
| Without donor restrictions | 14,411,375 | 11,718,729 |
| With donor restrictions | <u>7,931,374</u> | <u>5,481,393</u> |
| | <u>22,342,749</u> | <u>17,200,122</u> |
| Total liabilities and net assets | <u>\$ 29,322,623</u> | <u>\$ 24,513,863</u> |

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021 and 2020

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Revenues: | | |
| Operating revenues: | | |
| Student tuition and fees | \$ 4,908,914 | \$ 4,838,312 |
| Less: Scholarship discounts and allowances | (2,571,770) | (3,311,476) |
| | 2,337,144 | 1,526,836 |
| Federal grants and contracts | 9,502,386 | 10,393,219 |
| Auxiliary enterprises | 1,264,342 | 760,760 |
| Other revenues | 1,940,258 | 1,902,013 |
| Total operating revenues | 15,044,130 | 14,582,828 |
| Bad debts | (103,266) | - |
| Net operating revenues | 14,940,864 | 14,582,828 |
| Operating expenses: | | |
| Education and general: | | |
| Instruction | 10,164,290 | 11,298,260 |
| Scholarships and fellowships | 6,270,135 | 6,380,623 |
| Institutional support | 6,242,740 | 6,227,363 |
| Student services | 4,047,493 | 3,166,364 |
| Academic support | 2,566,312 | 2,427,854 |
| Depreciation | 2,418,822 | 2,441,892 |
| Retiree healthcare costs | 1,660,695 | 1,582,680 |
| Operations and maintenance of plant | 1,657,531 | 1,968,340 |
| Planning | 935,654 | 841,834 |
| Auxiliary enterprises | 890,753 | 579,855 |
| Total operating expenses | 36,854,425 | 36,915,065 |
| Operating loss | (21,913,561) | (22,332,237) |
| Nonoperating revenues (expenses): | | |
| Government of Guam appropriations: | | |
| Operations, net | 21,416,630 | 21,204,448 |
| Contributions to GCC Foundation | (2,109,085) | - |
| Other nonoperating receipts (expenses) | (168,722) | 123,361 |
| Interest expense | (160,111) | (194,672) |
| Net nonoperating revenues | 18,978,712 | 21,133,137 |
| Change in net position | (2,934,849) | (1,199,100) |
| Net position: | | |
| Net position at beginning of year | (31,325,410) | (30,126,310) |
| Net position at end of year | \$ (34,260,259) | \$ (31,325,410) |

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2021 and 2020

| | 2021 | | | 2020 | | |
|---|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, gains and other additions: | | | | | | |
| Net investment gains | \$ 2,449,286 | \$ - | \$ 2,449,286 | \$ 430,742 | \$ - | \$ 430,742 |
| Interest income | 69 | 160,987 | 161,056 | 236 | 167,120 | 167,356 |
| Lease income | - | 15,984 | 15,984 | - | 55,907 | 55,907 |
| Contributions from Guam Community College | - | 2,109,085 | 2,109,085 | - | 650,000 | 650,000 |
| Fundraising | 46,970 | - | 46,970 | 27,566 | - | 27,566 |
| Other additions | 8,502 | - | 8,502 | 14,117 | - | 14,117 |
| Gain on sale of fixed asset | - | 285,147 | 285,147 | - | - | - |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program restrictions | 121,222 | (121,222) | - | 133,206 | (133,206) | - |
| Total revenues, gains and other additions | <u>2,626,049</u> | <u>2,449,981</u> | <u>5,076,030</u> | <u>605,867</u> | <u>739,821</u> | <u>1,345,688</u> |
| Expenditures and other deductions: | | | | | | |
| Payments to Guam Community College | 48,480 | - | 48,480 | 151,132 | - | 151,132 |
| Fundraising | 15,176 | - | 15,176 | 17,335 | - | 17,335 |
| Professional services | 4,071 | - | 4,071 | 4,658 | - | 4,658 |
| Interest expense | 50,091 | - | 50,091 | 41,444 | - | 41,444 |
| Bank charges | 254 | - | 254 | 180 | - | 180 |
| Scholarships | - | - | - | 4,500 | - | 4,500 |
| Depreciation | 36,029 | - | 36,029 | 31,525 | - | 31,525 |
| Other deductions | 87,555 | - | 87,555 | 77,157 | - | 77,157 |
| Total expenditures and other deductions | <u>241,656</u> | <u>-</u> | <u>241,656</u> | <u>327,931</u> | <u>-</u> | <u>327,931</u> |
| Transfer of liabilities to Guam Community College | 308,253 | - | 308,253 | - | - | - |
| Change in net assets | <u>2,692,646</u> | <u>2,449,981</u> | <u>5,142,627</u> | <u>277,936</u> | <u>739,821</u> | <u>1,017,757</u> |
| Net assets at beginning of year | <u>11,718,729</u> | <u>5,481,393</u> | <u>17,200,122</u> | <u>11,440,793</u> | <u>4,741,572</u> | <u>16,182,365</u> |
| Net assets at end of year | <u>\$ 14,411,375</u> | <u>\$ 7,931,374</u> | <u>\$ 22,342,749</u> | <u>\$ 11,718,729</u> | <u>\$ 5,481,393</u> | <u>\$ 17,200,122</u> |

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2021 and 2020

| | 2021 | 2020 |
|--|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Student tuition and fees | \$ 2,633,220 | \$ 2,175,873 |
| Federal grants and contracts | 9,503,294 | 10,305,014 |
| Auxiliary enterprises | 1,264,342 | 760,760 |
| Other receipts | 1,898,485 | 1,659,833 |
| Payments to employees | (17,746,393) | (17,642,384) |
| Payments to suppliers | (6,811,366) | (7,381,408) |
| Payments for scholarships and fellowships | (5,413,502) | (5,598,455) |
| Net cash used in operating activities | (14,671,920) | (15,720,767) |
| Cash flows from investing activities: | | |
| Increase in investments | (13,434) | (28,653) |
| Withdrawal of time certificates of deposit | 2,108,925 | - |
| Increase in time certificates of deposit | - | (17,119) |
| Net cash provided by (used in) investing activities | 2,095,491 | (45,772) |
| Cash flows from noncapital financing activities: | | |
| Government of Guam appropriations | 19,755,935 | 20,325,586 |
| Cash flows from capital and related financing activities: | | |
| Purchases of capital assets | (3,410,338) | (1,512,881) |
| Contributions to GCC Foundation | (2,109,085) | - |
| Other receipts (expenses) | (168,722) | 123,361 |
| Prepaid lease payment | - | (227,866) |
| Principal paid on long-term debt | - | (2,125,530) |
| Interest paid on long-term debt | - | (32,897) |
| Principal paid on capital lease liability | (40,290) | (38,625) |
| Interest paid on capital lease liability | (160,110) | (161,775) |
| Net cash used in capital and related financing activities | (5,888,545) | (3,976,213) |
| Net change in cash and cash equivalents | 1,290,961 | 582,834 |
| Cash and cash equivalents at beginning of year | 16,569,186 | 15,986,352 |
| Cash and cash equivalents at end of year | \$ 17,860,147 | \$ 16,569,186 |
| Reconciliation of cash and cash equivalents to the statements of net position: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,503,447 | \$ 16,179,820 |
| Cash and cash equivalents - restricted | 356,700 | 389,366 |
| | \$ 17,860,147 | \$ 16,569,186 |
| <u>Reconciliation of operating loss to net cash used in operating activities:</u> | | |
| Operating loss | \$ (21,913,561) | \$ (22,332,237) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 2,418,822 | 2,441,892 |
| On-behalf payments for retiree healthcare, COLA and annuity costs | 1,660,695 | 1,582,680 |
| Bad debts | 103,266 | - |
| Non-cash pension costs | 3,162,953 | 2,730,816 |
| Changes in assets and liabilities: | | |
| Tuition receivable | 306,645 | 935,715 |
| Accounts receivable - U.S. Government | 908 | (88,205) |
| Other receivables | (41,773) | (242,180) |
| Inventories | 59,694 | 139,587 |
| Accounts payable, accrued liabilities and deposits held for others | (475,702) | (816,883) |
| Accrued annual leave | (14,669) | 66,638 |
| DCRS sick leave liability | 71,370 | 148,087 |
| Unearned revenue | (10,568) | (286,677) |
| Net cash used in operating activities | \$ (14,671,920) | \$ (15,720,767) |

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2021 and 2020

(1) Organization and Purpose

Guam Community College (the College or GCC) was established by the enactment of Public Law 14-77, "The Community College Act of 1977" (the Law), which became effective on November 11, 1977. Administration and operation of the College is under the control of a nine-member Board of Trustees appointed by the Governor with the advice and consent of the Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union. The College is a component unit of the Government of Guam (GovGuam). The operation of the College is reliant on the appropriations provided by GovGuam.

On September 30, 2011, Public Law 31-99 was signed into law which updates, amends and repeals sections of previously enacted Public Law 14-77. Public Law 31-99 amends the purposes of the College to read as follows:

1. To establish career and technical education, and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;
2. To coordinate with the Guam Education Board the development of career and technical education programs in all public schools on Guam;
3. To establish and maintain short-term extension and apprenticeship training programs in Guam;
4. To expand and maintain secondary and postsecondary educational programs in the career and technical fields;
5. To award appropriate certificates, degrees and diplomas to qualified students; and
6. To serve as the State Agency and the Board of Control for vocational education for purposes of the United States Vocational Education Act of 1946 and 1963 and subsequent amendments thereto.

The Guam Community College Foundation (the Foundation) was founded in August 1982, as a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of the College. The accompanying financial statements include the accounts of the Foundation.

(2) Summary of Significant Accounting and Reporting Policies

Basis of Presentation

Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities*, establishes the financial statement presentation for the College and provides a comprehensive, entity-wide perspective of the College's assets and deferred outflows of resources, liabilities and deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Basis of Presentation, Continued

The College has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and presents the Guam Community College Foundation (the Foundation), a legally separate, tax-exempt entity, as a discretely presented component unit. The Foundation provides financial support for the objectives, purposes and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the College. Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and its Statements of Financial Position and Statements of Activities and Changes in Net Assets are separately presented in the College's financial statements. In addition, significant notes are summarized under Foundation Investments.

The Foundation is a private organization that reports under accounting standards established by the Financial Accounting Standards Board (FASB), which is the source of generally accepted accounting principles for not-for-profit entities. The financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The separate financial statements of the Foundation can be obtained directly by contacting the Foundation's Board of Governors, P.O. Box 23069, GMF, Barrigada, Guam 96921.

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks including restricted accounts, money market accounts and time certificates of deposit with original maturities of less than three months. Time certificates of deposit with original maturities of more than three months are separately presented.

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from U.S. Federal agencies for various federal grant awards as well as amounts due from GovGuam for local appropriations. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Receivables are written-off against the allowance through the specific identification method.

Inventory

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Investments and Investment Income

Investments in marketable securities are stated at current market value. Market value is determined using quoted market prices. Investment income consists of interest and dividend income, realized gains and losses, and the net change for the year in the fair value of investments carried at fair value.

Property, Plant and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts, except as noted below, and except for transfers of assets from GovGuam or GovGuam agencies subsequent to October 1, 2007, which are stated at GovGuam's basis at the date of transfer.

Physical plant and certain equipment were transferred to the College from GovGuam effective July 1, 1978, except for Police Academy assets, which were transferred on September 28, 1978. Physical plant is valued at the June 1, 1979 appraised value of \$6,493,585. Transferred equipment and fiscal year 1979 acquisitions are valued at the October 9, 1979 appraised value of \$1,008,192. Subsequent to that date, equipment acquisitions are stated at cost.

The College capitalizes assets with costs greater than \$5,000. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until the applicable future period.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until the applicable future period.

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. As of September 30, 2021 and 2020, an accumulated vacation leave liability of \$559,160 and \$573,829, respectively, is included within the statement of net position as accrued annual leave. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GCC recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GCC's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GCC's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Pensions and Other Postemployment Benefits (OPEB), Continued

OPEB is required to be recognized and disclosed using the accrual basis of accounting. The College recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents the College's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Income Taxes

As an instrumentality of GovGuam, the College and all property acquired by or for the College, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed by the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. Effective Fall 2012, the Board of Trustees voted to approve the Guam Community College Tuition Benefit Program for Employees' Spouse and Dependents. The total of senior citizen waivers provided is \$39,940 and \$77,155 for the years ended September 30, 2021 and 2020, respectively.

Net Position

Net position represent the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three sections: net investment in capital assets; restricted expendable and non-expendable, and unrestricted. Net investment in capital assets include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The accounts shown as restricted assets are amounts required to be maintained in revenue bond fund accounts and amounts set aside in accordance with terms of a U.S. Department of Agriculture (USDA) capital grant agreement. All other net position is unrestricted.

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) investment earnings.

Nonoperating Revenues and Expenses – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue and expense sources that are defined as nonoperating revenues and expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Foundation Investments

The Foundation has adopted the accounting guidance within ASC 320, *Investments - Debt and Equity Securities*, which require that the Foundation account for its investments at market value.

The market values of investments at September 30, 2021 and 2020 are \$17,452,645 and \$12,894,274, respectively. The following represents the composition of market values of investments:

| | <u>2021</u> | <u>2020</u> |
|-----------------------|----------------------|----------------------|
| Equities | \$ 11,088,070 | \$ 8,338,540 |
| Fixed income | 4,456,227 | 3,282,898 |
| Exchange-traded funds | 852,205 | - |
| Mutual funds | - | 553,518 |
| Cash | <u>1,056,143</u> | <u>719,318</u> |
| | <u>\$ 17,452,645</u> | <u>\$ 12,894,274</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Foundation Investments, Continued

The Foundation's investment in securities balance at September 30, 2021 and 2020 include cash deposited within the cash sweep program of \$1,056,143 and \$719,318, respectively. Of the Foundation's cash deposited within the cash sweep program, \$250,000 is insured by the Securities Investor Protection Corporation. The remaining balances are uninsured.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Foundation's exposure to credit risk at September 30, 2021, was as follows:

| <u>Moody's Rating</u> | | |
|-----------------------|----|------------------|
| AAA/AAA | \$ | 1,411,462 |
| A1/BBB+ | | 204,711 |
| A2/A- | | 237,263 |
| A3/A- | | 69,109 |
| A3/BBB+ | | 185,151 |
| A2/BBB+ | | 186,610 |
| BA2/BB- | | 12,822 |
| BA2/BB | | 41,934 |
| BA2/BB+ | | 108,908 |
| B2/B | | 19,295 |
| B2/B+ | | 31,529 |
| BA1/BBB- | | 49,589 |
| BA1/BB+ | | 46,591 |
| BA2/BBB | | 12,886 |
| BAA3/BB- | | 13,457 |
| BAA3/BBB- | | 12,396 |
| BAA3/B+ | | 12,106 |
| BA3/B+ | | 67,093 |
| BA3/BB | | 60,668 |
| BA3 | | 13,560 |
| BA1/BB+ | | 17,850 |
| BA3/BB- | | 67,204 |
| B1/B+ | | 17,850 |
| BA2/BB- | | 12,960 |
| B1/B | | 27,283 |
| B1/BB | | 35,804 |
| B1/BB- | | 49,267 |
| B2/BB | | 19,274 |
| B2/B- | | 15,475 |
| B3/B+ | | 41,310 |
| CAA1/B- | | 16,978 |
| Not rated | | <u>1,337,832</u> |
| Total | \$ | <u>4,456,227</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Foundation Investments, Continued

The Foundation's exposure to credit risk at September 30, 2020, was as follows:

| <u>Moody's Rating</u> | | |
|-----------------------|----|-------------------------|
| AAA/AAA | \$ | 1,045,419 |
| A1/A | | 50,817 |
| A2/A- | | 525,756 |
| A3/A- | | 389,278 |
| A3/BBB+ | | 402,484 |
| A2/BBB+ | | 137,731 |
| BA2/BB+ | | 55,454 |
| B2/B+ | | 35,630 |
| BA1/BBB- | | 44,691 |
| BA1/BB+ | | 35,303 |
| BAA3/BB- | | 11,790 |
| BA3/B+ | | 48,529 |
| BA3/BB+ | | 64,291 |
| BA3 | | 10,992 |
| BA3/BB- | | 59,557 |
| BA2/BB- | | 11,400 |
| B1/B+ | | 29,655 |
| B1/BB- | | 48,315 |
| B2/BB | | 31,991 |
| B2/B | | 20,217 |
| B3/B+ | | 70,995 |
| B2/CCC | | 9,275 |
| CAA1/B- | | 18,704 |
| B3/CCC+ | | 8,800 |
| CAA1/CCC+ | | 6,800 |
| Not rated | | <u>109,024</u> |
| Total | \$ | <u><u>3,282,898</u></u> |

The following represents the composition of the net investment gains for the years ended September 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|---------------------|-------------------|
| Unrealized investment gains | \$ 2,335,122 | \$ 252,706 |
| Net realized investment losses | (120,545) | (113,342) |
| Interest income and dividends | <u>234,709</u> | <u>291,378</u> |
| | <u>\$ 2,449,286</u> | <u>\$ 430,742</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deposits and Investments

For the College, investment in debt securities are carried at cost which approximates market value.

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

A. Deposits

GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The College does not have a deposit policy for custodial credit risk.

As of September 30, 2021 and 2020, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$17,860,147 and \$18,678,111, respectively, and the corresponding bank balances were \$18,022,449 and \$19,432,353, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2021 and 2020, bank deposits in the amount of \$743,068 and \$2,874,513, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

GASB Statement No. 40 provides for disclosure requirements addressing common risks of investments such as credit risk, interest rate risk, concentration of credit risk, foreign currency risk and custodial credit risk.

Pursuant to Public Law 25-187, the College is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by the College to be expended exclusively for enhancement of learning resources and technology. At September 30, 2021 and 2020, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of \$2,055,374 and \$2,041,940, respectively.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Deposits and Investments, Continued

The College categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College investments are in mutual funds as of September 30, 2021 and 2020 whose fair values are Level 1 based on quoted prices in active markets for identical assets.

New Accounting Standards

In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

During the year ended September 30, 2021, the College implemented the following pronouncements:

- GASB Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ended September 30, 2022.

The implementation of these statements did not have a material effect on the accompanying financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

New Accounting Standards, Continued

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. In accordance with GASB Statement No. 95, the remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

New Accounting Standards, Continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 98 will be effective for fiscal year ending September 30, 2022.

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the GovGuam. The College has no related expenditures for capital projects for the years ended September 30, 2021 and 2020.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(2) Summary of Significant Accounting and Reporting Policies, Continued

Risk Management

The College is exposed to various risks of loss; theft of, damage to, and destruction of assets; operation liability; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. There is commercial insurance coverage obtained to provide for claims arising from most of these matters. No material losses have been sustained as a result of the College's risk management practices during the past three years.

Reclassifications

Certain balances in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications had no impact on operating income, net position or cash flows as previously reported.

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2021 and 2020 were as follows:

| | Estimated Useful Life (in years) | Balance October 1, <u>2020</u> | <u>Additions</u> | Retirement/ <u>Transfers</u> | Balance September 30, <u>2021</u> |
|--------------------------------------|--|--------------------------------------|---------------------|---------------------------------|---|
| Depreciable: | | | | | |
| Buildings and structures | 10-30 | \$ 56,871,098 | \$ 1,511,354 | \$ - | \$ 58,382,452 |
| Building under capital lease | 40 | 4,988,932 | 216,714 | - | 5,205,646 |
| Furniture, fixtures and equipment | 5-6 | 13,286,348 | 132,053 | - | 13,418,401 |
| Vehicles | 5 | <u>674,901</u> | <u>38,707</u> | - | <u>713,608</u> |
| | | <u>75,821,279</u> | <u>1,898,828</u> | - | <u>77,720,107</u> |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | (30,903,637) | (1,698,287) | - | (32,601,924) |
| Building under capital lease | | (127,921) | (144,476) | - | (272,397) |
| Furniture, fixtures and equipment | | (11,900,832) | (541,046) | - | (12,441,878) |
| Vehicles | | <u>(554,708)</u> | <u>(35,013)</u> | - | <u>(589,721)</u> |
| | | <u>(43,487,098)</u> | <u>(2,418,822)</u> | - | <u>(45,905,920)</u> |
| | | <u>32,334,181</u> | <u>(519,994)</u> | - | <u>31,814,187</u> |
| Non-depreciable: | | | | | |
| Land | | 1,903,000 | 562,500 | - | 2,465,500 |
| Construction in progress | | <u>3,921,691</u> | <u>1,543,008</u> | (244,503) | <u>5,220,196</u> |
| | | <u>5,824,691</u> | <u>2,105,508</u> | (244,503) | <u>7,685,696</u> |
| | | <u>\$ 38,158,872</u> | <u>\$ 1,585,514</u> | <u>\$ (244,503)</u> | <u>\$ 39,499,883</u> |

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Notes to Financial Statements
September 30, 2021 and 2020

(3) Property, Plant and Equipment, Continued

| | Estimated Useful Life (in years) | Balance October 1, <u>2019</u> | <u>Additions</u> | Retirement/ <u>Transfers</u> | Balance September 30, <u>2020</u> |
|--------------------------------------|--|--------------------------------------|---------------------|---------------------------------|---|
| Depreciable: | | | | | |
| Buildings and structures | 10-30 | \$ 56,630,156 | \$ 438,609 | \$ (197,667) | \$ 56,871,098 |
| Building under capital lease | 40 | - | 4,988,932 | - | 4,988,932 |
| Furniture, fixtures and equipment | 5-6 | 12,967,165 | 319,183 | - | 13,286,348 |
| Vehicles | 5 | <u>611,352</u> | <u>63,549</u> | - | <u>674,901</u> |
| | | <u>70,208,673</u> | <u>5,810,273</u> | <u>(197,667)</u> | <u>75,821,279</u> |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | (29,365,968) | (1,638,337) | 100,668 | (30,903,637) |
| Building under capital lease | | - | (127,921) | - | (127,921) |
| Furniture, fixtures and equipment | | (11,304,825) | (596,007) | - | (11,900,832) |
| Vehicles | | <u>(475,082)</u> | <u>(79,626)</u> | - | <u>(554,708)</u> |
| | | <u>(41,145,875)</u> | <u>(2,441,891)</u> | <u>100,668</u> | <u>(43,487,098)</u> |
| | | <u>29,062,798</u> | <u>3,368,382</u> | <u>(96,999)</u> | <u>32,334,181</u> |
| Non-depreciable: | | | | | |
| Land | | 1,903,000 | - | - | 1,903,000 |
| Construction in progress | | <u>3,151,236</u> | <u>1,086,655</u> | <u>(316,200)</u> | <u>3,921,691</u> |
| | | <u>5,054,236</u> | <u>1,086,655</u> | <u>(316,200)</u> | <u>5,824,691</u> |
| | | \$ <u>34,117,034</u> | \$ <u>4,455,037</u> | \$ <u>(413,199)</u> | \$ <u>38,158,872</u> |

(4) Obligation under Capital Lease

On October 1, 2019, GCC leased Building 100 owned by the Foundation. The agreement was determined to be a capital lease and the related asset is recorded as capital lease asset under property, plant and equipment. The related lease liability is payable in annual installments of principal and interest of \$200,400, interest rate at 4.31%, for period of thirty-nine (39) years. The lease will be payable from GCC's annual appropriation from the Territorial Educational Facilities Fund of GovGuam. Future lease payments under the agreement are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ 42,027 | \$ 158,373 | \$ 200,400 |
| 2023 | 43,840 | 156,560 | 200,400 |
| 2024 | 45,730 | 154,670 | 200,400 |
| 2025 | 47,702 | 152,698 | 200,400 |
| 2026 | 49,759 | 150,641 | 200,400 |
| 2027-2031 | 282,889 | 719,111 | 1,002,000 |
| 2032-2036 | 349,371 | 652,629 | 1,002,000 |
| 2037-2041 | 431,477 | 570,523 | 1,002,000 |
| 2042-2046 | 532,879 | 469,121 | 1,002,000 |
| 2047-2051 | 658,112 | 343,888 | 1,002,000 |
| 2052-2056 | 812,775 | 189,225 | 1,002,000 |
| 2057-2058 | <u>376,290</u> | <u>24,510</u> | <u>400,800</u> |
| | \$ <u>3,672,851</u> | \$ <u>3,741,949</u> | \$ <u>7,414,800</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
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(4) Obligation under Capital Lease, Continued

At September 30, 2021, the cost of building under capital lease is \$5,205,646 and accumulated depreciation of \$272,397 which is presented as part of property, plant and equipment in the accompanying statements of net position.

(5) Pensions

GCC is statutorily responsible for providing pension benefits for GCC employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of public corporations of GovGuam, which includes GCC, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995 and prior to January 1, 2018 are required to participate in the DCRS Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, retirees under the DB and DCRS Plans who retired prior to September 30, 2020 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan.

That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2020 (the measurement date), plan membership consisted of the following:

| | |
|--|---------------|
| DB members: | |
| Inactive employees or beneficiaries currently receiving benefits | 7,399 |
| Inactive employees entitled to but not yet receiving benefits | 3,257 |
| Active employees | <u>4,440</u> |
| | 15,096 |
| DCRS members: | |
| Active employees | <u>6,810</u> |
| | <u>21,906</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retirees in the amount of \$4,238 per year, but not to exceed \$40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB and DCRS retirees in a lump sum amount of \$2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Government of Guam Retirement Security Plan (GRSP). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee’s base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution. Benefits are fully vested upon attaining 5 years of credited service.

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

Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Members of DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the member as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for the three years of service that produce the highest average pay.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the September 30, 2019 actuarial valuation was used for determining the year ended September 30, 2021 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2019, 2018 and 2017, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2021, 2020 and 2019, respectively, have been determined as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|---------------|
| Normal costs (% of DB Plan payroll) | 13.70% | 13.86% | 13.54% |
| Employee contributions (DB Plan employees) | <u>9.52%</u> | <u>9.52%</u> | <u>9.52%</u> |
| Employer portion of normal costs (% of DB Plan payroll) | <u>4.18%</u> | <u>4.34%</u> | <u>4.02%</u> |
| Employer portion of normal costs (% of total payroll) | 2.18% | 2.39% | 2.29% |
| Unfunded liability cost (% of total payroll) | <u>21.44%</u> | <u>20.70%</u> | <u>21.29%</u> |
| Government contribution as a % of total payroll | <u>23.62%</u> | <u>23.09%</u> | <u>23.58%</u> |
| Employer | <u>26.97%</u> | <u>26.28%</u> | <u>26.56%</u> |
| Employee | <u>9.52%</u> | <u>9.52%</u> | <u>9.52%</u> |

The College's contributions to the DB Plan for the years ended September 30, 2021, 2020 and 2019 were \$2,609,453, \$2,939,093, and \$2,876,470, respectively, which were equal to the required contributions for the respective years then ended.

For the years ended September 30, 2021, 2020 and 2019, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling \$645,162, \$664,852 and \$664,852, respectively, that GovGuam's general fund paid directly for the DB Plan retirees on behalf of the College, which were equal to the statutorily required contributions.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

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

Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Contributions into the DCRS plan by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the years ended September 30, 2021 and 2020 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

The College's contributions to the DCRS Plan for the years ended September 30, 2021, 2020 and 2019 were \$1,638,222, \$1,677,138 and \$1,393,298, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$1,024,846, \$1,037,265 and \$866,709 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2021, 2020 and 2019, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2021 and 2020, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2020 and 2019, respectively, which comprised of the following:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Defined benefit plan | \$ 30,560,601 | \$ 29,913,409 |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 8,697,171 | 8,710,956 |
| Ad hoc COLA plan for DCRS retirees | <u>1,434,697</u> | <u>909,308</u> |
| | <u>\$ 40,692,469</u> | <u>\$ 39,533,673</u> |

GCC's proportion of the GovGuam net pension liabilities was based on GCC's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2021 and 2020, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------|
| Defined Benefit Plan | 2.45% | 2.46% |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 2.70% | 2.69% |
| Ad hoc COLA plan for DCRS retirees | 2.16% | 1.52% |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Pension Expense (Benefit): For the years ended September 30, 2021 and 2020, GCC recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Defined benefit plan | \$ 2,515,554 | \$ 2,743,943 |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 802,751 | 792,589 |
| Ad hoc COLA plan for DCRS retirees | <u>181,473</u> | <u>97,495</u> |
| | <u>\$ 3,499,778</u> | <u>\$ 3,634,027</u> |

Deferred Outflows and Inflows of Resources: At September 30, 2021 and 2020, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2021 | | | | | |
|---|--------------------------------|-------------------------------|--|-------------------------------|---|-------------------------------|
| | <u>Defined Benefit Plan</u> | | <u>Ad Hoc COLA/SA Plan for DB Retirees</u> | | <u>Ad Hoc COLA Plan for DCRS Retirees</u> | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 76,285 | \$ 149,206 | \$ 5,518 | \$ 138,881 | \$ 138,366 | \$ 33,363 |
| Net difference between projected and actual earnings on pension plan investments | 2,189,631 | - | - | - | - | - |
| Changes of assumptions | - | - | 682,057 | 12,379 | 349,087 | 108,771 |
| Contributions subsequent to the measurement date | 3,634,299 | - | 603,162 | - | 42,000 | - |
| Changes in proportion and difference between GCC contributions and proportionate share of contributions | <u>69,818</u> | <u>88,487</u> | <u>81,013</u> | <u>-</u> | <u>448,381</u> | <u>27,694</u> |
| | <u>\$ 5,970,033</u> | <u>\$ 237,693</u> | <u>\$ 1,371,750</u> | <u>\$ 151,260</u> | <u>\$ 977,834</u> | <u>\$ 169,828</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

| | 2020 | | | | | |
|---|---|--|--|--|---|--|
| | <u>Defined Benefit Plan</u> | | <u>Ad Hoc COLA/SA Plan for DB Retirees</u> | | <u>Ad Hoc COLA Plan for DCRS Retirees</u> | |
| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
| Difference between expected and actual experience | \$ 42,936 | \$ 265,172 | \$ 60,362 | \$ - | \$ 95,765 | \$ 26,411 |
| Net difference between projected and actual earnings on pension plan investments | 1,051,851 | - | - | 26,786 | - | - |
| Changes of assumptions | - | - | 782,085 | 135,414 | 218,918 | 88,216 |
| Contributions subsequent to the measurement date | 3,976,358 | - | 624,852 | - | 40,000 | - |
| Changes in proportion and difference between GCC contributions and proportionate share of contributions | <u>219,292</u> | <u>-</u> | <u>139,013</u> | <u>-</u> | <u>203,972</u> | <u>31,312</u> |
| | <u>\$ 5,290,437</u> | <u>\$ 265,172</u> | <u>\$ 1,606,312</u> | <u>\$ 162,200</u> | <u>\$ 558,655</u> | <u>\$ 145,939</u> |

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2021 will be recognized in pension expense as follows:

| <u>Year Ending September 30</u> | <u>Defined Benefit Plan</u> | <u>Ad Hoc COLA/SA Plan for DB Retirees</u> | <u>Ad Hoc COLA Plan for DCRS Retirees</u> |
|-------------------------------------|---------------------------------|--|---|
| 2022 | \$ 358,661 | \$ 432,867 | \$ 90,011 |
| 2023 | 786,261 | 179,223 | 90,011 |
| 2024 | 678,932 | 5,238 | 90,011 |
| 2025 | 274,187 | - | 90,011 |
| 2026 | - | - | 90,011 |
| Thereafter | <u>-</u> | <u>-</u> | <u>315,951</u> |
| | <u>\$ 2,098,041</u> | <u>\$ 617,328</u> | <u>\$ 766,006</u> |

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

| | |
|------------------------|-------------------------------------|
| Valuation Date: | September 30, 2019 |
| Actuarial Cost Method: | Entry age normal |
| Amortization Method: | Level percentage of payroll, closed |

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

Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

| | |
|--------------------------------|--|
| Remaining Amortization Period: | May 1, 2033 (13.58 years remaining as of September 30, 2019) |
| Asset Valuation Method: | 3-year smoothed market value (effective September 30, 2009) |
| Inflation: | 2.50% per year |
| Total payroll growth: | 2.75% per year |
| Salary Increases: | 4.0% to 7.50% |
| Retirement age: | 50% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 100% at age 75. |
| Mortality: | RP-2000 healthy mortality table (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB. |

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ. The next experience study for the period October 1, 2015 to September 30, 2019 is scheduled to be performed prior to the next year's valuation.

The investment rate assumption as of September 30, 2020 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

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Notes to Financial Statements
September 30, 2021 and 2020

(5) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Nominal Return</u> |
|--------------------------------------|--------------------------|-----------------------|
| U.S. Equities (large cap) | 26.0% | 7.01% |
| U.S. Equities (small cap) | 4.0% | 8.61% |
| Non-U.S. Equities | 17.0% | 8.66% |
| Non-U.S. Equities (emerging markets) | 3.0% | 10.59% |
| U.S. Fixed Income (aggregate) | 24.0% | 3.33% |
| Risk Parity | 8.0% | 5.66% |
| High Yield Bonds | 8.0% | 6.11% |
| Global Real Estate (REITs) | 2.5% | 8.55% |
| Global Equity | 7.5% | 7.74% |

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2020 and 2019 was 7.0%, which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2020 was 2.21% (2.66% as of September 30, 2019), which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

| | 1% Decrease in Discount Rate <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase in Discount Rate <u>8.00%</u> |
|-----------------------|---|--|---|
| Net Pension Liability | \$ <u>38,305,609</u> | \$ <u>30,560,601</u> | \$ <u>23,894,523</u> |

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

| | 1% Decrease in Discount Rate <u>1.21%</u> | Current Discount Rate <u>2.21%</u> | 1% Increase in Discount Rate <u>3.21%</u> |
|-----------------------|---|--|---|
| Net Pension Liability | \$ <u>9,561,051</u> | \$ <u>8,697,171</u> | \$ <u>7,946,722</u> |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
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(5) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Ad Hoc COLA Plan for DCRS Retirees:

| | 1% Decrease in Discount Rate <u>1.21%</u> | Current Discount Rate <u>2.21%</u> | 1% Increase in Discount Rate <u>3.21%</u> |
|-----------------------|---|--|---|
| Net Pension Liability | \$ <u>1,627,210</u> | \$ <u>1,434,697</u> | \$ <u>1,270,886</u> |

C. Payables to the Pension Plans:

As of September 30, 2021 and 2020, GCC recorded payables to GGRF of \$175,695 and \$162,756, respectively, representing statutorially required contributions unremitted as of the respective year-ends.

(6) Other Post-Employment Benefits (OPEB)

GCC participates in the retiree health care benefits program. GovGuam’s Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an OPEB plan.

A. General Information About the OPEB Plan:

Plan Description: The OPEB plan is a single employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor’s recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a “pay-as-you-go” basis. Because the OPEB Plan consists solely of GovGuam’s firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Plan Membership: As of September 30, 2020 and 2019 (the respective measurement periods), the date of the most recent valuation (the actuarial valuation date), plan membership consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|---------------|---------------|
| Inactive plan members or beneficiaries currently receiving benefits | 8,114 | 7,462 |
| Active plan members | <u>11,080</u> | <u>10,832</u> |
| | <u>19,194</u> | <u>18,294</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(6) Other Post-Employment Benefits (OPEB), Continued

A. General Information About the OPEB Plan, Continued:

Benefits Provided: The OPEB Plan provides post employment medical, dental and life insurance benefits to GCC retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GCC contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants.

- Standard Island Wide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB plan is financed on a substantially “pay-as-you go” basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

For the years ended September 30, 2021, 2020 and 2019, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$1,015,533, \$917,828 and \$970,404, respectively, representing certain healthcare benefits that GovGuam’s general fund paid directly on behalf of College retirees.

B. Total OPEB Liability:

As of September 30, 2021 and 2020, GCC reported a total OPEB liability of \$56,385,944 and \$56,904,135 respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2020 and 2019. The following presents GCC’s change in proportion since the prior measurement date:

| | |
|--|-------|
| Proportion at prior measurement date, September 30, 2019 | 2.23% |
| Proportion at measurement date, September 30, 2020 | 2.24% |
| Increase in proportion | 0.01% |

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
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(6) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2020 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|---|
| Inflation: | 2.75% |
| Discount rate: | 2.21% as of September 30, 2020 (2.66% as of September 30, 2019), net of investment expenses, including inflation. |
| Amortization Method: | Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding. |
| Salary Increases: | 7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years. |
| Healthcare cost trend rates: | Non-Medicare and Medicare - 6% for Year 1-3 then reducing 0.25% annually to an ultimate rate of 4.25%. Part B 4.25%. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions, Medicare Part B and Medicare Part D reimbursements are assumed to be 4.25% per year. |
| Dental trend rates: | 4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 3.8% in year one, 3.75% per year thereafter. |
| Participation rates: | Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below. |

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Notes to Financial Statements
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(6) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

| | |
|-----------------------------------|--|
| Medicare enrollment: | Based on current over-65 retiree data, 55% (previously 15%) of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan. |
| Dependent status: | Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee’s retirement. Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee’s retirement. Life – 100% of spouses of active employees will elect to participate at the active employee’s retirement. For current retired employees, the actual census information is used. |
| Actuarial cost method: | Entry Age Normal. The costs of each employee’s post-employment benefits are allocated as a level basis over the earnings of the employee between the employee’s date of hire and the assumed exit ages. |
| Healthy retiree mortality rates: | RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. |
| Disabled Retiree mortality rates: | RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB. |
| Withdrawal rates: | 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years. |
| Disability rates: | 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). |
| Retirement rates: | 50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. |

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Notes to Financial Statements
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(6) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Discount Rate: The discount rate used to measure the total OPEB liability was 2.21% as of September 30, 2020 (2.66% as of September 30, 2019). The projection of cash flows used to determine the discount rate assumed that contributions from GCC will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.21% municipal bond rate as of September 30, 2020 (2.66% as of September 30, 2019) was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2021 and 2020, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

C. Changes in the Total OPEB Liability:

Changes in GCC's proportionate share of the total OPEB liability for the years ended September 30, 2021 and 2020 are as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Balance at beginning of the year | \$ <u>56,904,135</u> | \$ <u>42,285,436</u> |
| Changes for the year: | | |
| Service cost | 2,464,469 | 1,605,467 |
| Interest | 1,567,167 | 1,815,062 |
| Expected benefit payments | (905,129) | (936,755) |
| Change in proportionate share | 396,703 | (516,224) |
| Differences between expected and actual experience | 6,269,824 | - |
| Change of assumptions | <u>(10,311,225)</u> | <u>12,651,149</u> |
| Net change | <u>(518,191)</u> | <u>14,618,699</u> |
| Balance at end of the year | \$ <u>56,385,944</u> | \$ <u>56,904,135</u> |

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease in Discount Rate <u>1.21%</u> | Current Discount Rate <u>2.21%</u> | 1% Increase in Discount Rate <u>3.21%</u> |
|----------------------|---|--|---|
| Total OPEB Liability | \$ <u>66,943,710</u> | \$ <u>56,385,944</u> | \$ <u>47,969,818</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(6) Other Post-Employment Benefits (OPEB), Continued

C. Changes in the total OPEB Liability, Continued:

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|----------------------|----------------------|--|----------------------|
| Total OPEB Liability | \$ <u>46,966,257</u> | \$ <u>56,385,944</u> | \$ <u>68,634,670</u> |

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the years ended September 30, 2021 and 2020, the College recognized OPEB expense of \$3,885,734 and \$3,841,933, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2020 and 2019. At September 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2021 | | 2020 | |
|---|--------------------------------------|-------------------------------------|---|-------------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources | Deferred outflows of resources | Deferred inflows of resources |
| Differences between expected and actual experience | \$ 5,162,081 | \$ 5,396,061 | \$ - | \$ 7,460,796 |
| Changes of assumptions | 9,173,341 | 12,183,748 | 12,403,974 | 5,305,778 |
| Contributions subsequent to measurement date | 1,015,533 | - | 917,828 | - |
| Changes in proportion and difference between GCC contributions and proportionate share of contributions | <u>2,652,570</u> | <u>453,268</u> | <u>3,396,545</u> | <u>580,234</u> |
| | \$ <u>18,003,525</u> | \$ <u>18,033,077</u> | \$ <u>16,718,347</u> | \$ <u>13,346,808</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(6) Other Post-Employment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2021 will be recognized in OPEB expense as follows:

| <u>Year Ended September 30</u> | |
|------------------------------------|------------------------------|
| 2022 | \$ (268,837) |
| 2023 | (1,262,649) |
| 2024 | 387,812 |
| 2025 | 565,993 |
| 2026 | <u>(467,404)</u> |
| | \$ <u><u>(1,045,085)</u></u> |

(7) Due from Government Agencies

Due from Government of Guam consists of receivables from GovGuam General Fund. Accounts receivable - U.S. Government consists of uncollected grants at September 30, 2021 and 2020. While some grants are available for use during the fiscal year, others are available either on a calendar-year basis or for a period of twenty-seven months.

During the years ended September 30, 2021 and 2020, the College collected all amount appropriated from the General Fund as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Net appropriations per law | \$ 19,755,935 | \$ 19,621,768 |
| Add retiree healthcare cost | 1,015,533 | 917,828 |
| Add COLA and annuity cost | <u>645,162</u> | <u>664,852</u> |
| | \$ <u><u>21,416,630</u></u> | \$ <u><u>21,204,448</u></u> |

(8) Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$4,058,658 and \$3,830,138 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2021 and 2020, respectively. Of the \$4,058,658 as of September 30, 2021, \$839,756 relates to contract commitments.

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

Notes to Financial Statements
September 30, 2021 and 2020

(9) Related Party Transactions

As of September 30, 2021, the College transferred \$2,109,085 to the Foundation as a restricted transfer for the Foundation to invest on behalf of the College. Funds may only be withdrawn and be used specifically for the College's capital projects. Unless otherwise decided through a Foundation resolution, gains will become part of the investment balance and will be reinvested according to the Foundation's Investment Policy Statement. Additionally, losses will be charged against the current investment balance.

In September 2021, the College purchased property, land and building, from the Foundation for \$1,428,612. The College will renovate the property and is currently applying for a grant from the US Economic Development Administration (EDA) for its funding.

(10) Long-Term Debt- Foundation

Foundation Direct Borrowings:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Note payable of an original amount of \$5,000,000 to U.S. Department of Agriculture, for the construction of Building 100, interest at 2.375%, repayable in monthly installments of principal and interest of \$16,700 through November 6, 2056, collateralized by a pledge of all rental income and revenue from facilities lease agreement with Guam Community College. | \$ 3,942,990 | \$ 4,779,299 |
| Less current portion | <u>88,110</u> | <u>86,044</u> |
| | <u>\$ 3,854,880</u> | <u>\$ 4,693,255</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(10) Long-Term Debt- Foundation, Continued

Foundation Direct Borrowings, Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

| <u>Year ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| 2022 | \$ 88,110 | \$ 112,290 | \$ 200,400 |
| 2023 | 90,226 | 110,174 | 200,400 |
| 2024 | 92,392 | 108,008 | 200,400 |
| 2025 | 94,610 | 105,790 | 200,400 |
| 2026 | 96,882 | 103,518 | 200,400 |
| 2027-2031 | 520,440 | 481,560 | 1,002,000 |
| 2032-2036 | 585,992 | 416,008 | 1,002,000 |
| 2037-2041 | 659,802 | 342,198 | 1,002,000 |
| 2042-2046 | 742,908 | 259,092 | 1,002,000 |
| 2047-2051 | 836,482 | 165,518 | 1,002,000 |
| 2052-2057 | <u>135,146</u> | <u>60,159</u> | <u>195,305</u> |
| | <u>\$ 3,942,990</u> | <u>\$ 2,264,315</u> | <u>\$ 6,207,305</u> |

(11) Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2021 and 2020, were as follows:

| | Beginning Balance October <u>1, 2020</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance September <u>30, 2021</u> | Amount due within <u>one year</u> |
|---------------------------|---|---------------------|-----------------------|---|---|
| Capital lease | \$ 3,713,141 | \$ 160,110 | \$ (200,400) | \$ 3,672,851 | \$ 42,027 |
| Accrued annual leave | 573,829 | 392,400 | (407,069) | 559,160 | 253,273 |
| DCRS sick leave liability | 637,293 | 153,544 | (82,174) | 708,663 | - |
| Net OPEB liability | 56,904,135 | 386,938 | (905,129) | 56,385,944 | - |
| Net pension liability | <u>39,533,673</u> | <u>5,800,010</u> | <u>(4,641,214)</u> | <u>40,692,469</u> | <u>-</u> |
| | <u>\$ 101,362,071</u> | <u>\$ 6,893,002</u> | <u>\$ (6,235,986)</u> | <u>\$ 102,019,087</u> | <u>\$ 295,300</u> |

| | Beginning Balance October <u>1, 2019</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance September <u>30, 2020</u> | Amount due within <u>one year</u> |
|---------------------------|---|----------------------|-----------------------|---|---|
| Capital lease | \$ - | \$ 4,988,932 | \$ (1,275,791) | \$ 3,713,141 | \$ 40,290 |
| Accrued annual leave | 507,191 | 514,852 | (448,214) | 573,829 | 241,583 |
| DCRS sick leave liability | 489,206 | 199,142 | (51,055) | 637,293 | - |
| Net OPEB liability | 42,285,436 | 15,555,454 | (936,755) | 56,904,135 | - |
| Net pension liability | <u>37,308,811</u> | <u>6,632,893</u> | <u>(4,408,031)</u> | <u>39,533,673</u> | <u>-</u> |
| | <u>\$ 80,590,644</u> | <u>\$ 27,891,273</u> | <u>\$ (7,119,846)</u> | <u>\$ 101,362,071</u> | <u>\$ 281,873</u> |

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

Notes to Financial Statements
September 30, 2021 and 2020

(12) Commitments and Contingencies

Litigation

The College is a defendant in a legal action. The ultimate outcome is presently undeterminable; however, College management is of the opinion that resolution of this matter will not have a material effect on the accompanying financial statements.

Medicare

GovGuam and its component units, including the College, began withholding and remitting funds to the U.S. Social Security system for the health insurance component of its salaries and wages effective October 1998. Prior to that date, GovGuam did not withhold or remit Medicare payments to the U.S. Social Security system. If the Government is found to be liable for Medicare payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the College and all other component units of GovGuam that payment of this health insurance component is optional prior to October 1998. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

Financial and Compliance Audits

The College has participated in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The College's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of the College.

(13) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, President Donald J. Trump declared a national emergency within the United States. In response to the national emergency declared by the U.S. President, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses have closed. GCC has closed its offices to the public and has required all non-essential employees to work from home. While the disruption is currently expected to be temporary, there is uncertainty around the duration. While this matter is expected to negatively impact GCC's business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

Defined Benefit Plan

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total net pension liability | \$ 1,246,336,897 | \$ 1,214,462,675 | \$ 1,179,192,550 | \$ 1,142,249,393 | \$ 1,368,645,126 | \$ 1,436,814,230 | \$ 1,246,306,754 |
| GCC's proportionate share of the net pension liability | \$ 30,560,601 | \$ 29,913,409 | \$ 28,895,965 | \$ 27,687,544 | \$ 33,654,754 | \$ 34,887,450 | \$ 29,423,616 |
| GCC's proportion of the net pension liability | 2.45% | 2.46% | 2.45% | 2.42% | 2.46% | 2.43% | 2.36% |
| GCC's covered-employee payroll** | \$ 12,815,409 | \$ 12,549,428 | \$ 12,592,233 | \$ 12,320,945 | \$ 12,450,380 | \$ 12,416,546 | \$ 11,921,032 |
| GCC's proportionate share of the net pension liability as percentage of its covered employee payroll | 238.47% | 238.36% | 229.47% | 224.72% | 270.31% | 280.98% | 246.82% |
| Plan fiduciary net position as a percentage of the total pension liab | 61.48% | 63.25% | 63.28% | 60.63% | 54.62% | 52.32% | 56.60% |

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Total net pension liability*** | \$ 321,889,969 | \$ 324,192,725 | \$ 289,875,668 | \$ 288,147,121 | \$ 229,486,687 |
| GCC's proportionate share of the net pension liability | \$ 8,697,171 | \$ 8,710,956 | \$ 7,675,606 | \$ 7,464,622 | \$ 6,090,911 |
| GCC's proportion of the net pension liability | 2.70% | 2.69% | 2.65% | 2.59% | 2.65% |
| GCC's covered-employee payroll** | \$ 14,121,362 | \$ 13,690,041 | \$ 13,606,649 | \$ 13,167,825 | \$ 13,438,531 |
| GCC's proportionate share of the net pension liability as percentage of its covered employee payroll | 61.59% | 63.63% | 56.41% | 56.69% | 45.32% |

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

Ad Hoc COLA Plan for DCRS Retirees

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Total net pension liability*** | \$ 66,393,472 | \$ 59,884,407 | \$ 49,342,424 | \$ 62,445,490 | \$ 61,688,067 |
| GCC's proportionate share of the net pension liability | \$ 1,434,697 | \$ 909,308 | \$ 737,240 | \$ 758,754 | \$ 781,136 |
| GCC's proportion of the net pension liability | 2.16% | 1.52% | 1.49% | 1.22% | 1.27% |
| GCC's covered-employee payroll** | \$ 5,602,871 | \$ 3,576,004 | \$ 3,951,609 | \$ 4,578,199 | \$ 4,622,757 |
| GCC's proportionate share of the net pension liability as percentage of its covered employee payroll | 25.61% | 25.43% | 18.66% | 16.57% | 16.90% |

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 2,915,051 | \$ 2,994,057 | \$ 3,329,005 | \$ 3,036,596 | \$ 3,059,454 | \$ 3,265,964 | \$ 3,166,082 |
| Contributions in relation to the actuarially determined contribution | <u>3,634,299</u> | <u>3,976,358</u> | <u>3,743,179</u> | <u>5,271,542</u> | <u>3,225,473</u> | <u>3,420,159</u> | <u>3,622,850</u> |
| Contribution excess | <u>\$ (719,248)</u> | <u>\$ (982,301)</u> | <u>\$ (414,174)</u> | <u>\$ (2,234,946)</u> | <u>\$ (166,019)</u> | <u>\$ (154,195)</u> | <u>\$ (456,768)</u> |
| GCC's covered-employee payroll ** | <u>\$ 12,815,409</u> | <u>\$ 12,549,428</u> | <u>\$ 12,592,233</u> | <u>\$ 12,320,945</u> | <u>\$ 12,450,380</u> | <u>\$ 12,416,546</u> | <u>\$ 11,921,032</u> |
| Contribution as a percentage of covered-employee payroll | 28.36% | 31.69% | 29.73% | 42.79% | 25.91% | 27.55% | 30.39% |

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2016 |
|--|---------------|---------------|----------------|----------------|---------------|
| Total OPEB Liability: | | | | | |
| Service cost | \$ 2,464,469 | \$ 1,605,467 | \$ 2,197,881 | \$ 2,453,943 | |
| Interest | 1,567,167 | 1,815,062 | 1,869,974 | 1,632,886 | |
| Expected benefit payments | (905,129) | (936,755) | (847,567) | (766,278) | |
| Change in proportionate share | 396,703 | (516,224) | 5,498,664 | 206,481 | |
| Differences between expected and actual experience | 6,269,824 | - | (11,780,523) | - | |
| Changes of assumptions | (10,311,225) | 12,651,149 | (4,393,337) | (5,113,074) | |
| Net change in Total OPEB liability | \$ (518,191) | \$ 14,618,699 | \$ (7,454,908) | \$ (1,586,042) | |
| Total OPEB liability - beginning | 56,904,135 | 42,285,436 | 49,740,344 | 51,326,386 | |
| Total OPEB liability - ending | \$ 56,385,944 | \$ 56,904,135 | \$ 42,285,436 | \$ 49,740,344 | \$ 51,326,386 |
| Covered-employee payroll | 11,869,183 | 11,834,077 | \$ 12,161,278 | \$ 11,532,619 | |
| GCC's total OPEB liability as a percentage of covered-employee payroll | 475.06% | 480.85% | 347.71% | 431.30% | |

Notes to schedule:

| | | | | | |
|----------------------|-------|-------|-------|-------|-------|
| <i>Discount rate</i> | 2.21% | 2.66% | 4.18% | 3.63% | 3.06% |
|----------------------|-------|-------|-------|-------|-------|

Changes of benefit terms:

None.

Changes of assumptions:

Discount rate has changed from respective measurement dates.

* This data is presented for those years for which information is available.

** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Total OPEB Liability
Last 10 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|------------------|
| Total OPEB liability ** | \$ 2,518,489,145 | \$ 2,553,523,376 | \$ 1,874,970,335 | \$ 2,431,048,672 |
| GCC's proportionate share of the total OPEB liability | \$ 56,385,944 | \$ 56,904,135 | \$ 42,285,436 | \$ 49,740,344 |
| GCC's proportionate of the total OPEB liability | 2.24% | 2.23% | 2.26% | 2.05% |
| GCC's covered-employee payroll | \$ 11,869,183 | \$ 11,834,077 | \$ 12,161,278 | \$ 11,532,619 |
| GCC's proportionate share of the total OPEB liability as percentage of its covered-employee payroll | 475.06% | 480.85% | 347.71% | 431.30% |

* This data is presented for those years for which information is available.

** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedules of Required Supplemental Information
Schedule of OPEB Contributions
Last 10 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 5,306,535 | \$ 4,171,326 | \$ 5,026,780 | \$ 5,167,186 |
| Contributions in relation to the actuarially determined contribution | <u>905,129</u> | <u>936,755</u> | <u>847,567</u> | <u>766,278</u> |
| Contribution deficiency | <u>\$ 4,401,406</u> | <u>\$ 3,234,571</u> | <u>\$ 4,179,213</u> | <u>\$ 4,400,908</u> |
| GCC's covered-employee payroll ** | <u>\$ 11,869,183</u> | <u>\$ 11,834,077</u> | <u>\$ 12,161,278</u> | <u>\$ 11,532,619</u> |
| Contribution as a percentage of covered-employee payroll | 7.63% | 7.92% | 6.97% | 6.64% |

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2020.

Method and assumptions used to determine contributions rates:

| | |
|-------------------------------|---|
| Actuarial cost method: | Entry age normal. |
| Amortization method: | Level dollar amount on an open amortization period for pay-as-you-go funding. |
| Amortization period: | 30 years |
| Inflation: | 2.75% |
| Healthcare cost trend rates: | Non-Medicare and Medicare -6% for Year 1-3 then reducing 0.25% annually to an ultimate rate of 4.25%. Part B 4.25% |
| Salary increase: | 4.0% to 7.5% |
| Mortality (Healthy Retiree): | RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively. |
| Mortality (Disabled Retiree): | RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB |

* Information for 2010 - 2016 is not available

See Accompanying Independent Auditors' Report.

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

Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Salaries and wages: | | |
| Regular, differential and hazardous pay (inclusive of part-time employees) | \$ 13,089,437 | \$ 13,608,666 |
| Benefits | <u>7,876,610</u> | <u>6,979,266</u> |
| Total salaries, wages and benefits | <u>\$ 20,966,047</u> | <u>\$ 20,587,932</u> |
| Full-time employees at end of year | <u>216</u> | <u>232</u> |
| Federal Funds: | | |
| Salaries | \$ 362,714 | \$ 451,129 |
| Benefits | <u>87,048</u> | <u>102,253</u> |
| Total salaries, wages and benefits | <u>\$ 449,762</u> | <u>\$ 553,382</u> |
| Full time federal employees at end of year (inclusive in above amount) | <u>5</u> | <u>6</u> |

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|----------------------|----------------------|
| Instruction: | | |
| Salaries, wages and benefits | \$ 9,046,269 | \$ 9,493,635 |
| Travel | - | 14,064 |
| Contract services | 273,748 | 378,060 |
| Supplies | 219,553 | 213,279 |
| Minor equipment | 79,873 | 265,383 |
| Capital expenditures | 870 | - |
| Miscellaneous | <u>543,977</u> | <u>933,839</u> |
| | <u>\$ 10,164,290</u> | <u>\$ 11,298,260</u> |
| | | |
| Total employees at end of year | <u>96</u> | <u>107</u> |
| Planning: | | |
| Salaries, wages and benefits | \$ 795,902 | \$ 705,750 |
| Travel | - | - |
| Contract services | 65,169 | 61,996 |
| Supplies | 2,544 | 7,057 |
| Minor equipment | 53,840 | 66,548 |
| Capital expenditures | 17,837 | - |
| Miscellaneous | <u>362</u> | <u>483</u> |
| | <u>\$ 935,654</u> | <u>\$ 841,834</u> |
| | | |
| Total employees at end of year | <u>10</u> | <u>8</u> |
| Academic Support: | | |
| Salaries, wages and benefits | \$ 2,064,777 | \$ 2,077,782 |
| Travel | - | 3,777 |
| Contract services | 161,505 | 146,657 |
| Supplies | 49,112 | 54,337 |
| Minor equipment | 6,968 | 44,885 |
| Utilities | - | 1,797 |
| Miscellaneous and transfers | <u>283,950</u> | <u>98,619</u> |
| | <u>\$ 2,566,312</u> | <u>\$ 2,427,854</u> |
| | | |
| Total employees at end of year | <u>25</u> | <u>23</u> |

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Student Services: | | |
| Salaries, wages and benefits | \$ 3,414,936 | \$ 2,931,615 |
| Travel | - | 3,455 |
| Contract services | 180,446 | 48,064 |
| Supplies | 70,592 | 24,261 |
| Minor equipment | 23,456 | 24,780 |
| Utilities | - | 30 |
| Miscellaneous and transfers | <u>358,063</u> | <u>134,159</u> |
| | <u>\$ 4,047,493</u> | <u>\$ 3,166,364</u> |
| Total employees at end of year | <u>33</u> | <u>39</u> |
| Institutional Support and Interest: | | |
| Salaries, wages and benefits | \$ 3,781,417 | \$ 3,918,026 |
| Travel | 6,364 | 22,061 |
| Contract services | 1,646,272 | 1,700,087 |
| Supplies | 35,278 | 79,620 |
| Minor equipment | 447,727 | 200,088 |
| Utilities | - | 4,991 |
| Interest and miscellaneous | <u>485,793</u> | <u>497,162</u> |
| | <u>\$ 6,402,851</u> | <u>\$ 6,422,035</u> |
| Total employees at end of year | <u>41</u> | <u>42</u> |
| Operations and Maintenance of Plant: | | |
| Salaries, wages and benefits | \$ 816,589 | \$ 535,336 |
| Contract services | (144,453) | 191,451 |
| Supplies | 71,942 | 78,364 |
| Minor equipment | 17,762 | 38,840 |
| Capital expenditures | (8,972) | 68,433 |
| Utilities | 904,663 | 1,005,881 |
| Miscellaneous | <u>-</u> | <u>50,035</u> |
| | <u>\$ 1,657,531</u> | <u>\$ 1,968,340</u> |
| Total employees at end of year | <u>7</u> | <u>8</u> |

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2021 and 2020

| | 2021 | 2020 |
|--------------------------------|--------------|--------------|
| Scholarships and Fellowships: | | |
| Salaries, wages and benefits | \$ 854,493 | \$ 780,688 |
| Supplies | 1,700 | 812 |
| Minor equipment | 440 | 670 |
| Miscellaneous | 5,413,502 | 5,598,453 |
| | \$ 6,270,135 | \$ 6,380,623 |
| Total employees at end of year | 3 | 3 |
| | | |
| Auxiliary: | | |
| Salaries, wages and benefits | \$ 191,664 | \$ 145,100 |
| Contract services | 363 | - |
| Supplies | 59,638 | 1,590 |
| Minor equipment | 639,088 | 433,165 |
| | \$ 890,753 | \$ 579,855 |
| Total employees at end of year | 1 | 2 |

See accompanying independent auditors' report.

GUAM COMMUNITY COLLEGE
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
 Unrestricted and Restricted Fund Supplemental Schedule
 Balance Sheet
 September 30, 2021
 (With Comparative Balances as of September 30, 2020)

| | Unrestricted | | | Restricted | | | Capital Projects | Tobacco Settlement | Investment in Plant | Agency Fund | Elimination | Grand Total | |
|---|----------------------|------------------------------|-----------------------|----------------------|-------------------------|----------------------|---------------------|-----------------------|------------------------|-------------------|------------------------|----------------------|----------------------|
| | Appropriated Fund | Non- appropriated Fund | Total | Federal Fund | Other Grants Fund | Total | | | | | | 2021 | 2020 |
| ASSETS | | | | | | | | | | | | | |
| Cash | \$ - | \$ 17,860,147 | \$ 17,860,147 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,860,147 | \$ 16,569,186 |
| TCD | - | - | - | - | - | - | - | - | - | - | - | - | 2,108,925 |
| Investments | - | - | - | - | - | - | - | 2,055,374 | - | - | - | 2,055,374 | 2,041,940 |
| Due from Government of Guam | - | 622,318 | 622,318 | - | - | - | - | - | - | - | - | 622,318 | 2,012,705 |
| Due from other College funds | 7,546,115 | 44,909,062 | 52,455,177 | 19,909,086 | 914,034 | 20,823,120 | 113,112 | 140,000 | (2,734,425) | 356,700 | (71,153,684) | - | - |
| Accounts receivable - U.S. Government | - | 54,162 | 54,162 | 383,228 | 21,404 | 404,632 | - | - | - | - | - | 458,794 | 459,702 |
| Accounts receivable - tuition | - | 3,053,459 | 3,053,459 | - | - | - | - | - | - | - | - | 3,053,459 | 3,903,947 |
| Accounts receivable - others | - | 1,727,645 | 1,727,645 | - | 103,886 | 103,886 | - | - | - | - | - | 1,831,531 | 1,585,265 |
| Allowance for doubtful accounts | - | (1,688,690) | (1,688,690) | - | - | - | - | - | - | - | - | (1,688,690) | (3,315,161) |
| Inventories | - | 410,842 | 410,842 | - | - | - | - | - | - | - | - | 410,842 | 470,536 |
| Construction in progress | - | - | - | - | - | - | - | - | 5,220,196 | - | - | 5,220,196 | 3,921,691 |
| Land | - | - | - | - | - | - | - | - | 2,465,500 | - | - | 2,465,500 | 1,903,000 |
| Buildings | - | - | - | - | - | - | - | - | 58,382,452 | - | - | 58,382,452 | 56,871,098 |
| Capital lease asset | - | - | - | - | - | - | - | - | 5,205,646 | - | - | 5,205,646 | 4,988,932 |
| Equipment | - | - | - | - | - | - | - | - | 13,418,401 | - | - | 13,418,401 | 13,286,348 |
| Vehicles | - | - | - | - | - | - | - | - | 713,608 | - | - | 713,608 | 674,901 |
| Accumulated depreciation | - | - | - | - | - | - | - | - | (45,905,920) | - | - | (45,905,920) | (43,487,098) |
| Deferred outflows from pension and OPEB | - | 26,323,142 | 26,323,142 | - | - | - | - | - | - | - | - | 26,323,142 | 24,173,751 |
| | <u>\$ 7,546,115</u> | <u>\$ 93,272,087</u> | <u>\$ 100,818,202</u> | <u>\$ 20,292,314</u> | <u>\$ 1,039,324</u> | <u>\$ 21,331,638</u> | <u>\$ 113,112</u> | <u>\$ 2,195,374</u> | <u>\$ 36,765,458</u> | <u>\$ 356,700</u> | <u>\$ (71,153,684)</u> | <u>\$ 90,426,800</u> | <u>\$ 88,169,668</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | | | |
| Accounts payable | \$ 250,173 | \$ 478,113 | \$ 728,286 | \$ 277 | \$ 600 | \$ 877 | \$ 502,687 | \$ - | \$ - | \$ - | \$ - | \$ 1,231,850 | \$ 1,831,698 |
| Retainage payable | - | - | - | - | - | - | 441,909 | - | - | - | - | 441,909 | 61,200 |
| Capital lease liability | - | - | - | - | - | - | - | - | 3,672,851 | - | - | 3,672,851 | 3,713,141 |
| Due to other College funds | (1,791,240) | 35,817,498 | 34,026,258 | 19,932,638 | - | 19,932,638 | 17,209,397 | - | (14,609) | - | (71,153,684) | - | - |
| Due to depositor | - | - | - | - | - | - | - | - | - | 356,700 | - | 356,700 | 389,366 |
| Accrued liabilities | - | 1,313,816 | 1,313,816 | - | - | - | - | - | - | - | - | 1,313,816 | 1,202,886 |
| DCRS sick leave liability | - | 708,663 | 708,663 | - | - | - | - | - | - | - | - | 708,663 | 637,293 |
| Net pension and OPEB liability | - | 97,078,413 | 97,078,413 | - | - | - | - | - | - | - | - | 97,078,413 | 96,437,808 |
| Unearned revenue | - | 1,290,999 | 1,290,999 | - | - | - | - | - | - | - | - | 1,290,999 | 1,301,567 |
| Deferred inflows from pension and OPEB | - | 18,591,858 | 18,591,858 | - | - | - | - | - | - | - | - | 18,591,858 | 13,920,119 |
| Fund balance | 9,087,182 | (62,007,273) | (52,920,091) | 359,399 | 1,038,724 | 1,398,123 | (18,040,881) | 2,195,374 | 33,107,216 | - | - | (34,260,259) | (31,325,410) |
| | <u>\$ 7,546,115</u> | <u>\$ 93,272,087</u> | <u>\$ 100,818,202</u> | <u>\$ 20,292,314</u> | <u>\$ 1,039,324</u> | <u>\$ 21,331,638</u> | <u>\$ 113,112</u> | <u>\$ 2,195,374</u> | <u>\$ 36,765,458</u> | <u>\$ 356,700</u> | <u>\$ (71,153,684)</u> | <u>\$ 90,426,800</u> | <u>\$ 88,169,668</u> |

See Accompanying Independent Auditors' Report.

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

Unrestricted and Restricted Fund Supplemental Schedule
Statement of Changes in Fund Balances
Year Ended September 30, 2021
(With Comparative Balances for the year ended September 30, 2020)

| | Unrestricted | | | | | | Restricted | | | | Grand Total | | | |
|---|---------------------|--------------------|---------------------|---------------------|------------------------|------------------------|-------------------|---------------------|---------------------|------------------------|---------------------|----------------------|------------------------|------------------------|
| | Appropriated | | | Non-appropriated | | | Federal Fund | Other Grant | Total | Capital Projects | Tobacco Settlement | Investment In-Plant | 2021 | 2020 |
| | General | TAF | MDF | Total Appropriated | NAF | Total Unrestricted | | | | | | | | |
| Revenues: | | | | | | | | | | | | | | |
| Tuition and fees | \$ - | \$ - | \$ - | \$ - | \$ 4,908,914 | \$ 4,908,914 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,908,914 | \$ 4,838,312 |
| Government of Guam appropriations | 18,863,657 | - | 2,552,973 | 21,416,630 | - | 21,416,630 | - | - | - | - | - | - | 21,416,630 | 21,204,448 |
| Federal grants and contracts | - | - | - | - | - | - | 6,239,296 | 691,320 | 6,930,616 | - | - | - | 6,930,616 | 7,081,743 |
| Sales and services of auxiliary enterprises | - | - | - | - | 1,264,342 | 1,264,342 | - | - | - | - | - | - | 1,264,342 | 760,760 |
| Other sources | - | - | - | - | 1,926,824 | 1,926,824 | - | - | - | - | 13,434 | - | 1,940,258 | 1,902,013 |
| Total current revenues | 18,863,657 | - | 2,552,973 | 21,416,630 | 8,100,080 | 29,516,710 | 6,239,296 | 691,320 | 6,930,616 | - | 13,434 | - | 36,460,760 | 35,787,276 |
| Expenditures and mandatory transfers: | | | | | | | | | | | | | | |
| Educational and general: | | | | | | | | | | | | | | |
| Instruction | 5,946,011 | - | 316,454 | 6,262,465 | 3,569,635 | 9,832,100 | 198,114 | 134,076 | 332,190 | - | - | - | 10,164,290 | 11,298,260 |
| Planning | 741,372 | - | - | 741,372 | 93,000 | 834,372 | 52,789 | 48,493 | 101,282 | - | - | - | 935,654 | 841,834 |
| Academic support | 1,403,747 | - | - | 1,403,747 | 1,108,430 | 2,512,177 | 35,482 | 18,653 | 54,135 | - | - | - | 2,566,312 | 2,427,854 |
| Student services | 2,591,394 | - | 461,669 | 3,053,063 | 750,830 | 3,803,893 | 220,354 | 23,246 | 243,600 | - | - | - | 4,047,493 | 3,166,364 |
| Institutional support | 3,680,378 | - | - | 3,680,378 | 1,930,231 | 5,610,609 | 631,855 | 276 | 632,131 | - | - | - | 6,242,740 | 6,227,363 |
| Operation and maintenance of plant | 1,524,496 | - | - | 1,524,496 | 303,447 | 1,827,943 | - | - | - | (170,412) | - | - | 1,657,531 | 1,968,340 |
| Scholarship and fellowship | 212,239 | - | - | 212,239 | 605,517 | 817,756 | 5,057,303 | 395,076 | 5,452,379 | - | - | - | 6,270,135 | 6,380,623 |
| Retiree healthcare costs | 1,015,533 | - | - | 1,015,533 | - | 1,015,533 | - | - | - | - | - | - | 1,015,533 | 917,828 |
| Retiree COLA and supplemental annuity costs | 645,162 | - | - | 645,162 | - | 645,162 | - | - | - | - | - | - | 645,162 | 664,852 |
| Interest Expense | 160,111 | - | - | 160,111 | - | 160,111 | - | - | - | - | - | - | 160,111 | 194,672 |
| Bad debts expense | - | - | - | - | 103,266 | 103,266 | - | - | - | - | - | - | 103,266 | - |
| Depreciation expense | - | - | - | - | - | - | - | - | - | - | - | 2,418,822 | 2,418,822 | 2,441,892 |
| | 17,920,443 | - | 778,123 | 18,698,566 | 8,464,356 | 27,162,922 | 6,195,897 | 619,820 | 6,815,717 | (170,412) | - | 2,418,822 | 36,227,049 | 36,529,882 |
| Auxiliary enterprises: | | | | | | | | | | | | | | |
| Expenditures | 66,686 | - | - | 66,686 | 824,067 | 890,753 | - | - | - | - | - | - | 890,753 | 579,855 |
| Total expenditures | 17,987,129 | - | 778,123 | 18,765,252 | 9,288,423 | 28,053,675 | 6,195,897 | 619,820 | 6,815,717 | (170,412) | - | 2,418,822 | 37,117,802 | 37,109,737 |
| Net (decrease) increase in fund balance | 876,528 | - | 1,774,850 | 2,651,378 | (1,188,343) | 1,463,035 | 43,399 | 71,500 | 114,899 | 170,412 | 13,434 | (2,418,822) | (657,042) | (1,322,461) |
| Beginning fund balance | 736,127 | (58,425) | 5,829,486 | 6,507,188 | (58,655,543) | (52,148,355) | 359,398 | 1,038,724 | 1,398,122 | (15,974,691) | 2,181,940 | 33,217,574 | (31,325,410) | (30,126,310) |
| Fund transfer | (71,384) | - | - | (71,384) | (2,163,387) | (2,234,771) | (43,398) | (71,500) | (114,898) | (2,236,602) | - | 2,308,464 | (2,277,807) | 123,361 |
| Ending fund balance | \$ 1,541,271 | \$ (58,425) | \$ 7,604,336 | \$ 9,087,182 | \$ (62,007,273) | \$ (52,920,091) | \$ 359,399 | \$ 1,038,724 | \$ 1,398,123 | \$ (18,040,881) | \$ 2,195,374 | \$ 33,107,216 | \$ (34,260,259) | \$ (31,325,410) |

See Accompanying Independent Auditors' Report.