*Financial Statements, Required Supplementary Information, and Supplementary and Other Information*

**Guam Community College**
(A Component Unit of The Government of Guam)

*Year Ended September 30, 2022*
*with Report of Independent Auditors*

Building a better working world

Guam Community College
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Year Ended September 30, 2022

## Contents


Report of Independent Auditors ....1
Management's Discussion and Analysis ....5

Audited Financial Statements

Statement of Net Position ....16
Guam Community College Foundation Statement of Financial Position ....18
Statement of Revenues, Expenses and Changes in Net Position ....19
Guam Community College Foundation Statement of Activities ....20
Statement of Cash Flows ....21
Notes to Financial Statements ....22

Required Supplementary Information

Schedule 1 - Schedule of the College's Proportionate Share of Net Pension Liability – Defined Benefit Plan ....54
Schedule 2 - Schedule of the College's Contributions – Defined Benefit Plan ....55
Schedule 3 - Schedule of the College's Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants ....56
Schedule 4 - Schedule of the College's Contributions Ad Hoc COLA/Supplemental Annuity Plan for DB Participants ....57
Schedule 5 - Schedule of the College's Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA Plan for DCRS Participants ....58
Schedule 6 - Schedule of College's Contributions Ad Hoc COLA Plan for DCRS Participants ....59
Schedule 7 - Schedule of the College's Proportionate Share of Collective Total Other Postemployment Benefit Liability ....60
Schedule 8 - Schedule of the College's Contributions Other Postemployment Benefit Plan ....61
Note to Required Supplementary Information ....62

Guam Community College
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and Supplementary and Other Information

Year Ended September 30, 2022

## Contents, continued


Supplementary and Other Information

Schedule 9 - Schedule of Salaries and Wages (Cash Basis) ........................................................63
Schedule 10 - Schedule of Expenditures by Function and Object Code......................................64

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*..................................................................................66

Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

# Report of Independent Auditors

The Board of Trustees
Guam Community College

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the 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 year ended September 30, 2022 , and the related notes to the financial statements, which collectively comprise the College's financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit at September 30, 2022, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 15, the Schedule of the College's Proportionate Share of the Net Pension Liability on pages 54, 56 and 58, the Schedule of the College's Contributions on page 55, 57, 59 and 61, the Schedule of the College's Proportionate Share of the Collective Total Other Postemployment Benefit Liability on 60, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The schedule of salaries and wages (cash basis) on page 63 and the schedule of expenditures by function and object code on pages 64 and 65 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of salaries and wages (cash basis) and the schedule of expenditures by function and object code are fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the financial statements. The other information comprises the Employee Data on pages 64 and 65 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2023 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 solely 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 the effectiveness of the College's 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.

Ernst + Young LLP

August 22, 2023

Guam Community College ("the College" or "GCC") garnered low-risk auditee status for Fiscal year 2022 for having no questioned costs or unresolved prior year audit findings. The following overview and analysis of the financial activities for fiscal years ended September 30, 2022 and 2021, provides valuable information to all readers. We encourage readers to consider the information presented here in conjunction with additional information available in the College's basic financial statements.

**Fiscal Year 2022 Overview**

*GCC's 45th Anniversary: Innovation & Excellence*
Academic Year (AY) 2021-2022 marked the College's 45th Anniversary. The milestone anniversary was not only a time for celebration and reflection on how far we have come, but also a launching point of where we must go as an institution of learning and advancement. The GCC team continues to raise the bar on how education and training is delivered to our island by providing innovative approaches to support our mission. GCC was responsive to our island community's workforce needs. Specifically:

- The College stood up and completed 21 work-ready boot camps.
- The first completers of the Nursing and Allied Health Associate Degree in Licensed Practical Nursing program completed the NCLEX-PN exam with a 100% pass rate.
- The College launched the second U.S. Department of the Interior Baking cohort, wherein the first year of the two-year Associate Degree program is fully paid by the US DOI through the Office of the Lieutenant Governor.
- The Continuing Education and Workforce Development serviced 6,085 customers through non-credit/continuing education units, testing, and WorkKeys.

After two years of limited interaction with the community, the College reengaged through our 45th Anniversary celebrations, which included the GCC Alumni and Friends lunch, the Annual Wine Tasting, Barbecue Burgers and Beer, the GCC Annual Golf Tournament, and the GCC/UOG joint float in the 78th Annual Liberation Day Parade.

*CARES, CRRSAA, ARP, and SSARP Funding*
As previously reported, the College was awarded funding under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan (ARP). These funds totaling $13,019,335 were initially due to expire in 2022, but were extended to June 30, 2024 by the U.S. Department of Education.

*CARES, CRRSAA, ARP, and SSARP Funding, continued*
GCC made funds available to students to help cover the costs of college and daily expenses during the pandemic. The College provided a total of $2,598,100 to 3,360 students during Fall 2021 and Spring 2022.

Funds were also used to upgrade the campus' network infrastructure, replace old air conditioning units and adding air purification systems, and outdoor benches to allow for social distancing. GCC continued to offer Westcare's UpLift Counseling services to our students and employees at the GCC campus.

In July 2022, the College received a $590,489 award under the Supplemental Support under the American Rescue Plan (SSARP) program, which will be used to make additional emergency student aid payments to GCC students in the Fall 2022 and Spring 2023 semesters.

*Network Infrastructure Upgrade & Other Projects*
In support of the College's motto of "Student First, Mission Always", the College undertook projects to upgrade the campus' network infrastructure to enhance the wireless connectivity experience of the students, faculty, and staff. In FY 2022, GCC modernized its network infrastructure to include underground fiber optic backbone connections throughout the campus, as well as phase 1 of the wireless network upgrade. Phase 2 of the wireless network upgrade is slated to be completed in FY 2023.

Other projects completed during FY 2022 include the switch over from plain old telephone system (POTS) to voice over internet protocol (VOIP) system; Technology Audit to update the Institutional Technology Strategic Plan and Enterprise Architecture; and the update to the GCC Campus Physical Master Plan.

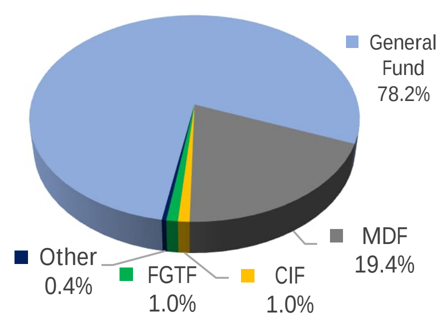
*Local Appropriations*
The College continued to maintain its operations during fiscal year 2022 with the financial resources available, despite setbacks caused by enrollment decreases from prior years and the uncertainties caused by the COVID-19 pandemic.

Public Law (P.L.) 36-54, the Government of Guam Appropriations Act for FY 2022 appropriated 1% less or $217,020, resulting in a $20.2M FY2022 budget compared to FY2021's budget of $20.4M. General Fund appropriations cover a majority of salaries, benefits, and utility costs. 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 DNA Lab. In addition, the College received $200,000 to support high school students pursuing postsecondary education under the First Generation Trust Fund, as well as $78,500 to establish the Scholarship Office to administer the Western Interstate Commission for Higher Education Professional Student Exchange Program (WICHE PSEP). See Table below for the appropriations received during the last three fiscal years (FY 2020 to FY 2022).

*Local Appropriations, continued*

| | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|
| General Fund | $ 17,700,649 | $ 16,825,631 | $ 15,825,631 |
| Manpower Development Fund (MDF) | $ 1,325,100 | $ 3,220,000 | $ 3,924,480 |
| Capital Improvement Fund (CIF) | $ 200,400 | $ 200,400 | $ 200,400 |
| First Gen. Trust Fund (FGTF) | $ 200,000 | $ 200,000 | $ 200,000 |
| Other | $ 195,619 | $ - | $ 78,500 |
| TOTAL | **$ 19,621,768** | **$ 20,446,031** | **$ 20,229,011** |

FY 2022 APPROPRIATIONS




As a result of P.L. 34-98, an act relative to developing a local skilled workforce on Guam, the MDF budget appropriation increased 22% from $3,220,000 to $3,924,480 from the prior year as a result of the increase in the registration fees of non-migrant temporary workers.

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. Thirteen CTE programs [Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications] are provided at the six secondary public schools and were delivered by 46 GCC faculty. Not all programs are offered at each high school due to space limitations.

GCC had 228 full-time personnel as of September 30, 2022, an increase from the prior year's 216 personnel. The increase in personnel was a result of filling vacancies from resignations and retirements in the prior year for secondary and post-secondary faculty as well as support staff in various departments throughout the College. GCC also hired four program coordinators to support the Literacy Navigators Program that commenced in FY 2022.

*Tuition and Fees*
Tuition revenue, beginning in 2011, is used to hire full-time permanent faculty (50%), staff and administrative positions (20%), as well as capital improvement projects and other related expenses (30%). Positions are determined based on data to support additional personnel needed for expansion of programs or services. In addition, technology infrastructure and labs throughout the campus are upgraded using Technology Fee revenue. In FY 2022, GCC utilized $442,000 for capital projects and $529,000 for technology and lab upgrades.

*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 sources in FY 2022 are as follows:

- As the State Agency responsible for providing adult education programs to eligible individuals on Guam through the Workforce Investment Opportunity Act (WIOA) for the Territory of Guam, GCC received $543,354 in WIOA grant funds for the period of July 1, 2021 to June 30, 2022.
- In AY 2021-2022, the Pell funding maximum full-time award was increased by $150 to $6,495 per student per academic year. There were 1,782 students awarded Pell grant during AY 2021-2022 and the students' Pell awards covered 43% or $2,216,364 of the total tuition and fee revenue. This is a decrease from 2021 where 52% or $2,571,770 of students' tuition and fees were paid with Pell award. Although tuition rates remained the same since 2011, students paid out-of-pocket for the portion of the tuition and fees not covered by their Pell awards.
- GCC received $1,192,395, through a contractual agreement with the Guam Department of Education (GDOE), to provide 13 secondary CTE programs in the six public high schools. The grant provided support and services for the following CTE programs: Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications. The College also provides access and assessment for ACT WorkKeys® and KeyTrain®, CHOICES 360®, and Work Experience. The contract period was through September 30, 2022 and was subsequently renewed through September 30, 2023.
- GCC received a $3,668,135 award from the Education Stability Fund (ESF) through a contractual agreement with the Office of the Governor of Guam to partially fund the renovation and expansion of the Student Success Center, also known as Building B. The project was awarded in May 2022 and will continue through October 2023.
- GCC received a $1,208,218 award through a contractual agreement with the Office of the Governor of Guam for the literacy program to expand literacy in Guam's public schools. The Literacy Navigator Program is geared towards helping students raise their literacy skill level in order to drastically improve their academic success. The contact ends on September 30, 2023.
- The College received for the fourth year the sub-award of $21,250 for the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance. The sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science, and funds science area exploration at the College. The year four sub-award ended August 31, 2022.

*Grant Funding Sources, continued*

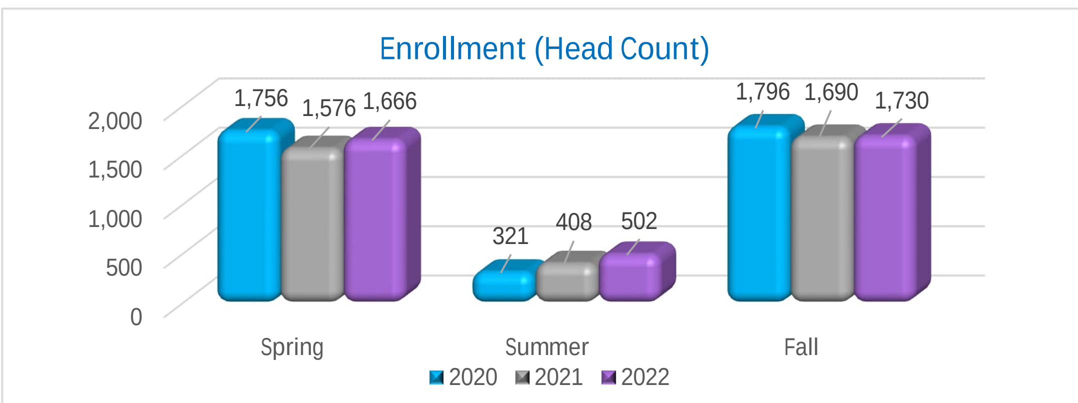
- As a continuation of the "free college" initiative that started in Summer 2020, the First-Year Culinary Arts Baking Cohort I began in Summer 2021 and continued in Spring 2022 with 31 participants. Both the Baking Cohort II and Culinary Arts Cohort II began in Summer 2022 with 13 students each. These students earned college credits towards their Associate of Arts in Culinary Arts. The First-Year Hospitality & Tourism Cohort II began in Fall 2021 with 11 students and continued in Spring 2022. The Hospitality & Tourism students may choose to work towards an Associate of Science in Tourism & Travel Management or Associate of Science in International Hotel Management. The grant expired on September 30, 2022.
- GCC was awarded $456,054 from DOI for the GCC Construction Bootcamps to assist in getting people back to work. Two boot camps (Construction Boot Camp III and Ship Repair Bootcamp IV) were completed as of September 30, 2022, resulting in 26 completers and 16 completers accepting jobs with employer sponsors respectively. A third boot camp, Truck Driving Boot Camp IV is on track to be completed in June 2023, while additional boot camps are scheduled for the remainder of FY 2023 and into FY 2024. The grant expires on September 30, 2024.
- GCC was awarded $140,288 from DOI for increasing GCC Facilities Maintenance capabilities. The grant funding provided essential safety and skills enhancement training for facility personnel in the areas of HVAC, electrical, and plumbing. The grant also provided funds to procure necessary tools and equipment to allow the team to complete assigned preventive maintenance jobs on campus. Additional tools and equipment will be purchased with the remaining funds during FY 2023. Funding expires on September 30, 2024.
- In support of the College's commitment to sustainability, GCC was awarded $475,200 from DOI for the installation of 100-KW solar panel system for Buildings A and C. Upon receiving approval of the project from local and federal agencies related to any environmental, land, historical, local, and federal regulations and requirements, GCC began the procurement process during FY 2022. The grant was initially due to expire on September 30, 2022. Due to the significant amount of time taken to obtain all the necessary approvals, the grant was extended to September 30, 2023.
- GCC was awarded $594,000 from DOI for the installation of 100-KW solar panel system for the Student Services and Administration Building 2000. 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 will expire on September 30, 2024.

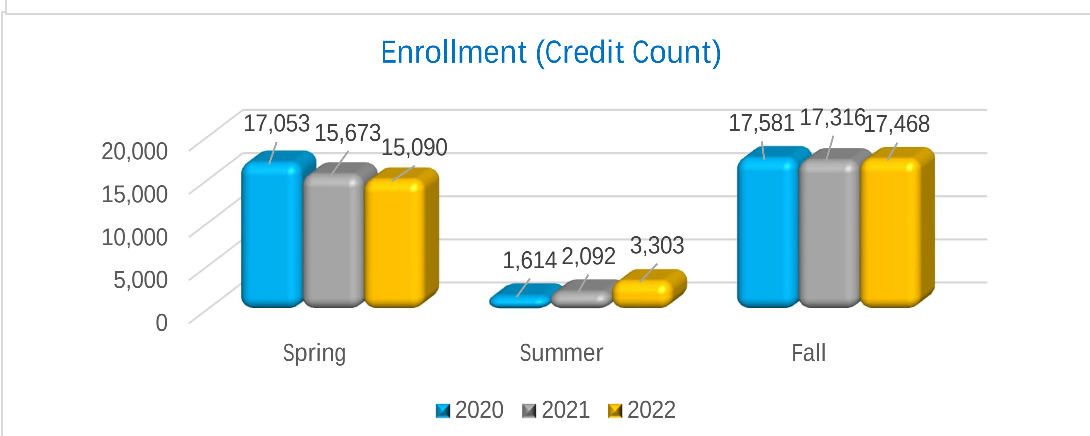
*Enrollment*

Similar to other colleges and universities, GCC was challenged with maintaining or increasing student enrollment amid the third year of the global pandemic. Efforts to increase enrollment have been ongoing, including promoting bootcamps to support the economic development of our island, providing hands on financial aid workshops, and conducting outreach activities to our island high schools and the community.

The College maintained competitive tuition rates at $130 per credit hour during academic year 2021-2022. There was no change in tuition per credit hour since Fall 2011.

The College began to see a slight uptick in student enrollment beginning in Spring 2022 (1,666 students), an increase of 5.7% compared to Spring 2021, while Spring 2022 credit hours of 15,090 was 3.7% less than Spring 2021. This meant that students were enrolled in less courses than the prior Spring 2021. Fall 2022 enrollment was at 1,730, an increase of 2.4% compared to Fall 2021. Similarly, Fall 2022 students were registered for 17,468 credit hours, or 0.9% more than Fall 2021 students' 17,316 credit hours. GCC experienced a 23% increase in enrollment in Summer 2022 compared to Summer 2021, which was a result of the College's pilot Criminal Justice program that was free for high school students and the beginning of the DOI Baking cohort III. While the Spring, Summer, and Fall 2022 trends suggest that we are slowly beginning to recover from the pandemic, it remains to be seen if this trend will continue for Spring 2023 and beyond.



*Enrollment, continued*

Through the First Generation Trust Fund, 231 high school students were awarded a one-time $500 scholarship in AY 2021-2022, totaling $115,500.

Seven high school students availed of the Dual Credit Articulated Program of Study (DCAPS) compared to nine students in the prior year. 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. Additionally, three students took on the Dual Enrollment Accelerated Learning (DEAL) program, wherein the students enroll concurrently in college and high school classes to receive both a high school and college credit simultaneously.

In AY 2021-2022, 2,513 public high school students participated in GCC's CTE Programs. In AY 2021-2022, 90 students attained Certificates of Mastery and 391 students earned Certificates of Completion.

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

**Summary Statement of Net Position**

| | 2022 | 2021 |
|---|---|---|
| Assets: | | |
| Other current assets | $ 26,521 | $ 22,090 |
| Accounts receivable – U.S. Government | 1,940 | 459 |
| Investments (noncurrent) | 1,702 | 2,055 |
| Capital assets, net | 39,298 | 39,500 |
| Total assets | 69,461 | 64,104 |
| Deferred outflows of resources | 20,960 | 26,323 |
| Total assets and deferred outflows of resources | 90,421 | 90,427 |
| Liabilities: | | |
| Current liabilities | 6,249 | 4,371 |
| Non-current liabilities | 98,933 | 101,724 |
| Total liabilities | 105,182 | 106,095 |
| Deferred inflows of resources | 16,744 | 18,592 |
| Net position: | | |
| Net investment in capital assets | 34,027 | 38,812 |
| Restricted - nonexpendable for learning resources & technology | 1,702 | 1,398 |
| Unrestricted | (67,234) | (74,470) |
| Total net position | (31,505) | (34,260) |
| Total liabilities, deferred inflows of resources and net pension | $ 90,421 | $ 90,427 |

The College's overall financial situation improved as compared to the prior year, going from a negative $34.26 million net position to a negative $31.51 million net position or a positive net change in assets of $4.01 million. This improvement is primarily attributed to the following:

- Increase in current assets of $4.43M.
- Increase in accounts receivable of $1.48M.
- Decrease in non-current liabilities of $2.79M.

Current assets increased by 20%, primarily due to increase in HEERF (CARES Act) funding, ESF funding via the MOU with the Office of the Lieutenant Governor- Guam State Clearing House, and in accounts receivable. Investments decreased due to the decline in market values and capital projects funded by interest earned from the investments. Buildings, infrastructure, and equipment increased due to purchases of air conditioning units with air purification systems to prevent the spread of the coronavirus, computers and laptops to support the computer labs throughout the campus, as well as various repairs to buildings and infrastructure. Ongoing construction projects, such as Building 300, Director Gregorio G. Perez Forensic DNA Lab, Student Success Center (Building B), Student Center canopy, and Building 2000 generator resulted in a 54% increase in Construction in Progress. Accordingly, accumulated depreciation increased to offset the capital changes.

Current liabilities increased due to increases in accounts payable, construction payable, and deferred revenue. Noncurrent liabilities decreased due to a significant reduction in net pension liability, going from $40.69M to $32.73M.

As a result of the constraints of College and University accounting, approximately $12,473,133 in encumbrances incurred in fiscal year 2022 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2023 net position. The encumbrances are related to the construction and renovation of Building 300 Multipurpose Auditorium, Director Gregorio G. Perez Forensic DNA Lab, Building B, Building 5000 Student Center Canopy, Building 2000 Emergency Generator, and other capital projects.

**Summary Statement of Revenues, Expenses, and Changes in Net Position**

| | 2022 | 2021 |
|---|---|---|
| Operating revenues | $ 12,313 | $ 14,941 |
| Operating expenses | (35,826) | (36,854) |
| Operating loss | (23,513) | (21,913) |
| Non-operating revenues, net | 26,123 | 18,978 |
| Federal capital grants | 1,404 | --- |
| Change in net position | 4,014 | ( 2,935) |
| Net position at beginning of year | (35,519) | (31,325) |
| Net position at end of year | $(31,505) | $(34,260) |

The difference between net position at end of year 2021 and at beginning of year 2022 is the result of GASB 87 *Leases* adoption.

**Statement of Cash Flows**

| | 2022 | 2021 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities | $(21,016) | $(14,672) |
| Noncapital financing activities | 26,046 | 19,756 |
| Capital and related financing activities | ( 1,202) | ( 5,889) |
| Investing activities | --- | 2,095 |
| Net change in cash and cash equivalents | 3,828 | 1,291 |
| Cash and cash equivalents at beginning of year | 17,860 | 16,569 |
| Cash and cash equivalents at end of year | $ 21,688 | $ 17,860 |

At the end of FY 2022, the College recognized a 3.8% increase in student tuition and fees, which is in line with the slight increase in enrollment during FY 2022 compared to the prior year. The College experienced a 75.6% increase in federal revenues due to increases in federal awards and sub-awards during the year, as well as a 24.5% increase in auxiliary revenues due to an uptick in Bookstore sales and rental revenue. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC, DB, and DB 1.75 plans.

The College's ongoing efforts to fiscally and responsibly manage all available funds, increase revenues, and reduce or contain expenditures resulted in a $4.01 million positive change in net position, a 237% improvement from FY 2021's negative $2,934,849 change in net position. Changes to GCC's net position resulted from the following:

- Net operating revenues decreased by $2.6M or 17.6%.
- Operating expenses decreased by $1.0M or 2.8%.
- Net nonoperating revenues increased by $7.1M or 37.6%.

Management's Discussion and Analysis for the years ended September 30, 2021 and 2020, is set forth in the College's report on the audit of the financial statements, which is dated April 1, 2022. The Discussion and Analysis explains the major factors impacting the 2021 and 2020 financial statements and can be viewed at the Office of Public Accountability website at www.opaguam.org.

## Economic Outlook for FY 2023

Operating an institution of higher education amid a global pandemic is certainly no easy feat. In response to the many challenges brought on by the pandemic, such as keeping our college community safe, providing enhanced internet connectivity throughout the campus, upgrading certain facilities to allow for social distancing, and offering mental health counseling services, our students' educational success remained at the forefront. GCC saw the last three years as an opportunity to be innovative and showcase our flexibility, while staying responsive to the training and upskilling demands to support Guam's workforce.

GCC offers the 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. With the ACT Workkeys exam now included as a standard to our boot camps as well as within the Guam Department of Education high schools, students and boot camp participants who score Bronze or higher on the WorkKeys test will receive a National Career Readiness Certificate (NCRC). The NCRC is nationally recognized throughout the United States.

GCC remains committed to prepare all our students to be sustainable employees in our economy, whether they enter GCC for a certificate, associates degree, bachelors degree, or through our work-ready boot camps. In addition, GCC is focused on ensuring that boot camp participants are well-prepared to enter or re-enter the workforce with the broad set of skills necessary to thrive in a modern economy.

Similar to the past two years, the College will provide some financial relief to our students via the U.S. Department of Education CARES/ARP funding in the Fall 2022 and Spring 2023 semesters. In line with the 2020-2026 Institutional Strategic Master Plan and the 2020-2030 GCC Physical Campus Master Plan, the College continues to exercise due care when selecting the infrastructure and facilities to upgrade, as well as the procurement of equipment and tools to support and ensure students' success.

Among the projects slated for completion in FY 2023 are the construction and renovation of the Director Gregorio G. Perez Forensic DNA Lab, Building 300 Multipurpose Auditorium, Building B, Building 5000 student center canopy, Building 2000 emergency generator, and campus-wide wireless network upgrade. The renovation of the Workforce Development Center in Barrigada is slated to commence in FY 2023. The College is in the process of seeking funding approval for the renovation of Building 400 Culinary and Baking Center as well as the construction of the Facilities Maintenance and Wellness Center.

In line with the 2020-2026 ISMP, the College continues to monitor our enrollment, seek additional and alternate funding, and manage financial resources to mitigate the increasing need for workers to support Guam’s economy. GCC is eager to connect with existing and new partners to promote workforce development on the island. At a time of ever-increasing costs, the College seeks to streamline processes and implement cost-cutting measures, while simultaneously assessing and planning for upgrades to the physical and technology infrastructure in support of the 2020-2030 Physical Campus Master Plan and the Institutional Technology Strategic Plan. In addition, GCC will be preparing for its accreditation review with the Accrediting Commission for Community and Junior Colleges (ACCJC) in 2025.

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
## (A Component Unit of the Government of Guam)

## Statement of Net Position

September 30, 2022

| | | |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 21,688,418 |
| Tuition receivable, less allowance for doubtful accounts of $1,528,754 | | 1,176,532 |
| Accounts receivable - U.S. Government, less allowance for doubtful accounts of $59,676 | | 1,939,658 |
| Due from Guam Community College Foundation | | 1,617,200 |
| Accounts receivable - other, less allowance for doubtful accounts of $117,968 | | 1,576,551 |
| Inventories | | 462,216 |
| Total current assets | | 28,460,575 |
| Noncurrent assets: | | |
| Investments | | 1,702,277 |
| Depreciable capital assets, net of accumulated depreciation | | 28,786,561 |
| Nondepreciable capital assets | | 10,511,013 |
| Total noncurrent assets | | 40,999,851 |
| Total assets | | 69,460,426 |
| **Deferred outflows of resources:** | | |
| Deferred outflows from OPEB | | 15,263,963 |
| Deferred outflows from pension | | 5,696,592 |
| Total deferred outflows of resources | | 20,960,555 |
| Total assets and deferred outflows of resources | $ | 90,420,981 |

# Guam Community College
(A Component Unit of the Government of Guam)

## Statement of Net Position, continued

September 30, 2022

| | |
|---|---|
| **Liabilities** | |
| Current liabilities: | |
| Current portion of lease liability | $ 43,840 |
| Current portion of accrued annual leave | 251,486 |
| Accounts payable and accrued liabilities | 2,616,076 |
| Construction contract payable | 1,091,699 |
| Retainage payable | 549,257 |
| Unearned revenue | 1,389,711 |
| Deposits held on behalf of others | 306,797 |
| Total current liabilities | 6,248,866 |
| Noncurrent liabilities: | |
| Accrued annual leave, net of current portion | 285,954 |
| DCRS sick leave liability | 742,982 |
| Lease liability, net of current portion | 3,585,981 |
| Total collective OPEB liability | 61,585,699 |
| Net pension liability | 32,732,493 |
| Total liabilities | 105,181,975 |
| **Deferred inflows of resources:** | |
| Deferred inflows from OPEB | 12,610,525 |
| Deferred inflows from pension | 4,133,273 |
| Total deferred inflows of resources | 16,743,798 |
| Commitment and contingencies | |
| **Net position:** | |
| Net investment in capital assets | 34,026,797 |
| Restricted nonexpendable for learning resources and technology | 1,702,277 |
| Unrestricted | (67,233,866) |
| Total net position | (31,504,792) |
| Total liabilities, deferred inflows of resources and net position | $ 90,420,981 |

# Guam Community College Foundation

## Statement of Financial Position

September 30, 2022

| | |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash and cash equivalents | $ 1,103,724 |
| Other receivables | 8,548 |
| Investments | 14,588,942 |
| Capital lease receivable, current portion | 43,840 |
| Total current assets | 15,745,054 |
| Capital lease receivable, net of current portion | 3,586,983 |
| Construction in progress | 5,071,894 |
| Plant and equipment, net | 18,008 |
| Total assets | $ 24,421,939 |
| **Liabilities and Net Assets** | |
| Current liabilities: | |
| Current portion of loan payable | $ 110,515 |
| Construction contract payable and other accruals | 82,035 |
| Retainage payable | 253,595 |
| Due to Guam Community College | 1,614,568 |
| Total current liabilities | 2,060,713 |
| Loan payable, net of current portion | 3,744,365 |
| Total liabilities | 5,805,078 |
| Net assets: | |
| Without donor restrictions | 16,740,571 |
| With donor restrictions | 1,876,290 |
| | 18,616,861 |
| Total liabilities and net assets | $ 24,421,939 |

*See accompanying notes*

## Guam Community College
(A Component Unit of the Government of Guam)

# Statement of Revenues, Expenses and Changes in Net Position

Year Ended September 30, 2022

| | |
|---|---|
| Revenues: | |
| Operating revenues: | |
| Student tuition and fees | $ 5,096,458 |
| Less: Scholarship discounts and allowances | ( 2,216,364 ) |
| | 2,880,094 |
| Federal grants and contracts | 6,512,113 |
| Auxiliary enterprises | 1,574,239 |
| Other revenues | 1,346,379 |
| Total operating revenues | 12,312,825 |
| Operating expenses: | |
| Education and general: | |
| Instruction | 10,552,007 |
| Institutional support | 7,135,494 |
| Scholarships and fellowships | 4,627,528 |
| Student services | 3,097,360 |
| Depreciation | 2,536,730 |
| Academic support | 2,527,698 |
| Operations and maintenance of plant | 2,230,369 |
| Retiree pension and healthcare costs | 1,731,269 |
| Planning | 824,004 |
| Auxiliary enterprises | 563,693 |
| Total operating expenses | 35,826,152 |
| Operating loss | ( 23,513,327 ) |
| Nonoperating revenues (expenses): | |
| Government of Guam appropriations: | |
| Operations, net | 21,960,280 |
| Federal grants and contracts | 4,086,083 |
| Net contributions from GCC Foundation | 179,105 |
| Other nonoperating receipts | 56,069 |
| Interest expense | ( 158,372 ) |
| Net nonoperating revenues | 26,123,165 |
| Federal capital grants | 1,404,023 |
| Change in net position | 4,013,861 |
| Net position: | |
| Net position at beginning of year, as restated | ( 35,518,653 ) |
| Net position at end of year | $( 31,504,792 ) |

*See accompanying notes*

# Guam Community College Foundation

## Statement of Activities

### Year Ended September 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenues, gains and other additions: | | | |
| Net investment losses | $( 3,053,537 ) | $( 490,225 ) | $( 3,543,762 ) |
| Interest income | 158,549 | --- | 158,549 |
| Fundraising | 60,689 | --- | 60,689 |
| Other additions | 41,000 | --- | 41,000 |
| Total revenues, gains and other additions | ( 2,793,299 ) | ( 490,225 ) | ( 3,283,524 ) |
| Expenditures and other deductions: | | | |
| Management and general | 353,770 | --- | 353,770 |
| Fundraising | 88,594 | --- | 88,594 |
| Total expenditures and other deductions | 442,364 | --- | 442,364 |
| Change in net assets | ( 3,235,663 ) | ( 490,225 ) | ( 3,725,888 ) |
| Net assets at beginning of year | 19,976,234 | 2,366,515 | 22,342,749 |
| Net assets at end of year | $ 16,740,571 | $ 1,876,290 | $ 18,616,861 |

# Guam Community College
(A Component Unit of the Government of Guam)

## Statement of Cash Flows

Year Ended September 30, 2022

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Student tuition and fees | $ 3,299,034 |
| Federal grants and contracts | 5,031,249 |
| Auxiliary enterprises | 1,574,239 |
| Other receipts | 827,583 |
| Payments to employees | ( 19,033,555 ) |
| Payments to suppliers | ( 8,094,137 ) |
| Payments for scholarships and fellowships | ( 4,620,795 ) |
| Net cash used in operating activities | ( 21,016,382 ) |
| **Cash flows from noncapital financing activities:** | |
| Government of Guam appropriations | 21,960,280 |
| Federal grants and contracts | 4,086,083 |
| Cash provided by noncapital financing activities | 26,046,363 |
| **Cash flows from capital and related financing activities:** | |
| Purchases of capital assets | ( 2,640,507 ) |
| Federal capital grants | 1,404,023 |
| Net contributions from GCC Foundation | 179,105 |
| Other receipts | 56,069 |
| Principal paid on lease liability | ( 42,028 ) |
| Interest paid on lease liability | ( 158,372 ) |
| Net cash used in capital and related financing activities | ( 1,201,710 ) |
| Net change in cash and cash equivalents | 3,828,271 |
| Cash and cash equivalents at beginning of year | 17,860,147 |
| Cash and cash equivalents at end of year | $ 21,688,418 |
| Reconciliation of cash and cash equivalents to the statements of net position: | |
| Current assets: | |
| Cash and cash equivalents | $ 21,688,418 |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | $( 23,513,327 ) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 2,536,730 |
| Noncash other employment benefit cost | 3,627,793 |
| Noncash pension cost | 1,879,397 |
| Unrealized loss on investment | 353,097 |
| Changes in assets and liabilities: | |
| Tuition receivable | 320,228 |
| Accounts receivable - U.S. Government | ( 1,480,864 ) |
| Other receivables | ( 871,893 ) |
| Inventories | ( 51,374 ) |
| Accounts payable, accrued liabilities and deposits held for others | 825,404 |
| Accrued annual leave | ( 21,720 ) |
| DCRS sick leave liability | 34,319 |
| Unearned revenue | 98,712 |
| Net pension liability | ( 3,641,856 ) |
| Total collective OPEB liability | ( 1,111,028 ) |
| Net cash used in operating activities | $( 21,016,382 ) |

*See accompanying notes*

## 1. Organization and Summary of Significant Accounting Policies

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.

## 1. Organization and Summary of Significant Accounting Policies, continued

### 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.

### 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, 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. 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.

### 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. 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).

## 1. Organization and Summary of Significant Accounting Policies, continued

### 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.

### 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.

## 1. Organization and Summary of Significant Accounting Policies, continued

### 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, 2022, an accumulated vacation leave liability of $537,440 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.

## 1. Organization and Summary of Significant Accounting 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 total collective 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 total collective 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 the total collective 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 $66,942 for the year ended September 30, 2022.

## 1. Organization and Summary of Significant Accounting Policies, continued

### Net Position

Net position represents 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.

### 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.

## 1. Organization and Summary of Significant Accounting Policies, continued

### 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.

### New Accounting Standards

In 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective date of GASB Statement No. 89 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, 2022, the College implemented the following pronouncements:

- GASB Statement No. 87, *Leases*, which increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Limited exceptions to the single approach guidance are provided for short-term leases, financed purchases, leases of assets that are classified as investments, and certain regulated leases. The implementation of this statement had an impact on the College's beginning net position. Details follow:

| | As previously reported | As restated |
|---|---|---|
| Net position at beginning of year | $ 34,260,259 | $ 35,518,653 |

**1. Organization and Summary of Significant Accounting Policies, continued**

**New Accounting Standards, continued**

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB 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*, which increases consistency and comparability related to the reporting of fiduciary component units; mitigates costs associated with the reporting of certain pension plans and other postemployment benefit (OPEB) plans as fiduciary component units; and enhances 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. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which 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. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 99, *Omnibus 2022*, which provides clarification guidance on several of its recent statements that addresses different accounting and financial reporting issues identified during implementation of the new standards and during the GASB's review of recent pronouncements. GASB Statement No. 99:

**1. Organization and Summary of Significant Accounting Policies, continued**

**New Accounting Standards, continued**

1) Amends guidance in GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requiring that the accounting and financial reporting of Supplemental Nutrition Assistance Program (SNAP) transactions should follow the provisions of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, as amended. These provisions were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

2) Requires disclosures related to nonmonetary transactions, in the notes to financial statements, of the measurement attribute(s) applied to the assets transferred rather than the basis of accounting for those assets. These provisions were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

3) Provides guidance on accounting for pledges of future revenues when resources are not received by the pledging government. The guidance addresses the process of blending a component unit created to issue debt on behalf of a primary government when that component unit is required to be presented as a blended component unit. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

4) Provides clarification of provisions in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended*, related to the focus of the government-wide financial statements. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

5) Provides terminology updates related to certain provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and terminology used in GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. These updates were effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

6) GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which amended GASB Statement No. 53 to address transition away from the London Interbank Offered Rate (LIBOR). GASB Statement No. 99 extends the period during which the LIBOR is considered an appropriate benchmark interest rate to when LIBOR ceases to be determined using methodology in place as of December 31, 2021. This guidance was effective upon issuance and implementation did not have a material effect on the accompanying financial statements.

## 1. Organization and Summary of Significant Accounting Policies, continued

### New Accounting Standards, continued

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 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.

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 April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 99:

1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.

**1. Organization and Summary of Significant Accounting Policies, continued**

**New Accounting Standards, continued**

2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal year ending September 30, 2024.

3) Provides clarification of provisions in GASB Statement No. 87 related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives effective for fiscal year ending September 30, 2023.

4) Provides clarification of provisions in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Effective for fiscal year ending September 30, 2023.

5) Provides clarification of provisions in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Effective for fiscal year ending September 30, 2023.

6) Modifies accounting and reporting guidance in GASB Statement No. 53 related to termination of hedge. Guidance is effective for fiscal year ending September 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that

## 1. Organization and Summary of Significant Accounting Policies, continued

### New Accounting Standards, continued

has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

### 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 year ended September 30, 2022.

### 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.

### 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.

## 1. Organization and Summary of Significant Accounting Policies, continued

### 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, 2022, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was $21,688,418 and the corresponding bank balances were $22,060,516. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of $703,655 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.

### Investment

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, 2022, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of $1,702,277.

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, 2022 whose fair values are Level 1 based on quoted prices in active markets for identical assets.

## 4. Property, Plant and Equipment

Movements of property, plant and equipment for the year ended September 30, 2022 were as follows:

| | Estimated Useful Life (in years) | Balance October 1, 2021 | Balance Retirement Additions | Transfers | September 30, 2022 |
|---|---|---|---|---|---|
| Depreciable: | | | | | |
| Buildings and structures | 10-30 | $58,382,452 | $ 8,581 | $ --- | $58,391,033 |
| Building under lease | 40 | 3,673,853 | --- | --- | 3,673,853 |
| Furniture, fixtures and equipment | 5-6 | 13,418,401 | 730,851 | --- | 14,149,252 |
| Vehicles | 5 | 713,608 | 38,707 | --- | 752,315 |
| | | 76,188,314 | 778,139 | --- | 76,966,453 |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | (32,601,924) | (1,868,311) | --- | (34,470,235) |
| Building under lease | | --- | ( 158,896) | --- | ( 158,896) |
| Furniture, fixtures and equipment | | (12,441,878) | ( 482,558) | 1,635 | (12,922,801) |
| Vehicles | | ( 589,721) | ( 38,239) | --- | ( 627,960) |
| | | (45,633,523) | (2,548,004) | 1,635 | (48,179,892) |
| | | 30,554,791 | (1,769,865) | 1,635 | 28,786,561 |
| Non-depreciable: | | | | | |
| Land | | 2,465,500 | --- | --- | 2,465,500 |
| Construction in progress | | 5,220,196 | 3,217,537 | (392,220) | 8,045,513 |
| | | 7,685,696 | 3,217,537 | (392,220) | 10,511,013 |
| | | $38,240,487 | $1,447,672 | $(390,585) | $39,297,574 |

## 5. Lease

On October 1, 2019, GCC leased Building 100 owned by the Foundation. The agreement was determined to be a lease and the related asset is recorded as 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:

| Year ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 51,904 | 148,496 | 200,400 |
| 2028-2032 | 295,087 | 706,913 | 1,002,000 |
| 2033-2037 | 364,436 | 637,564 | 1,002,000 |
| 2038-2042 | 450,082 | 551,918 | 1,002,000 |
| 2043-2047 | 555,857 | 446,143 | 1,002,000 |
| 2048-2052 | 686,489 | 315,511 | 1,002,000 |
| 2053-2058 | 1,038,935 | 162,462 | 1,201,397 |
| | $3,629,821 | $3,583,576 | $7,213,397 |

At September 30, 2022, the cost of building under lease is $3,673,853 and accumulated depreciation of $158,896 which is presented as part of property, plant and equipment in the accompanying statements of net position.

## 6. Employee Benefits

*General Pension Plan Descriptions*

The Government of Guam Retirement Fund (GGRF) administers the Government of Guam Defined Benefit (DB) Plan and the Defined Contribution Retirement System (DCRS) Plan. By statute, the College provides pension benefits for its employees through the GGRF.

Defined Benefit Plan (DB Plan)

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The 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.

**6. Employee Benefits, continued**

*General Pension Plan Descriptions, continued*

Defined Benefit Plan (DB Plan), continued

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also 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.

The DB Plan is administered by the GGRF, to which the College contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

*Membership*: Employees of the College hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

*Contributions:* Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the College are established and may be amended by the GGRF.

The College's statutory contribution rate was 28.3% for the year ended September 30, 2022. Employees are required to contribute 9.5% of their annual pay for the year ended September 30, 2022.

*Benefits:* 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.

## 6. Employee Benefits, continued

*General Pension Plan Descriptions, continued*

Defined Benefit Plan (DB Plan), continued

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

| | |
|---|---|
| Actuarial cost method: | Entry age normal |
| Total payroll growth: | 2.75% |
| Salary increases: | Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years. |
| Disability: | 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females. |
| Retirement age: | 50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75. |
| Mortality: | Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females. |
| Amortization method: | Level percentage of payroll, closed |

*Discount Rate:* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GGRF’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## 6. Employee Benefits, continued

*General Pension Plan Descriptions, continued*

Defined Benefit Plan (DB Plan), continued

*Expected Rate of Return and Asset Allocation:* The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

| Asset Class | Target Allocation | Nominal Return | Component Return |
|---|---|---|---|
| U.S. Equities (large cap) | 26.0% | 7.44% | 1.93% |
| U.S. Equities (small cap) | 4.0% | 9.23% | 0.37% |
| Non-U.S. Equities | 17.0% | 9.28% | 1.58% |
| Non-U.S. Equities (emerging markets) | 3.0% | 11.32% | 0.34% |
| U.S. Fixed Income (aggregate) | 22.0% | 3.89% | 0.86% |
| Risk Parity | 8.0% | 5.92% | 0.47% |
| High Yield Bonds | 8.0% | 6.42% | 0.51% |
| Global Real Estate (REITs) | 2.5% | 8.55% | 0.21% |
| Global Equity | 7.0% | 8.20% | 0.57% |
| Global Infrastructure | 2.5% | 7.58% | 0.19% |
| Expected arithmetic mean (1 year) | | | 7.04% |
| Expected geometric mean (30 years) | | | 6.36% |

The assumption used in the actuarial valuation (7.0%) is slightly higher than the expected geometric average return over the next 50 years. If the investments do not return the expected results, future pension expense will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. 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.

*Membership:* The plan membership is the same as the DB Plan described above.

*Benefits:* The supplemental annuity is an amount which, when added to a retiree's annuity increase the annual annuity to $40,000.

**6. Employee Benefits, continued**

*General Pension Plan Descriptions, continued*

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, Continued

The COLA payment is $2,000 per DB retiree.

*Contribution:* The College's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to $40,000.

The College's contribution to the COLA payment of the Plan is $2,000 per DB retiree.

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

| | |
|---|---|
| Actuarial cost method: | Entry age normal |
| Total payroll growth: | 2.75% |
| Salary increases: | Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years. |
| Disability: | 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females. |
| Retirement age: | 50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75. |
| Mortality: | Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females. |
| Amortization method: | Level percentage of payroll, closed. |

*Discount Rate:* The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 2.26% for the year ended September 30, 2022. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

**6. Employee Benefits, continued**

*General Pension Plan Descriptions, continued*

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participant

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. 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.

*Membership:* Employees hired after September 30, 1995, are members of the DCRS.

*Benefits:* Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

*Contributions:* The College's contribution to the COLA payment of the Plan is $2,000 per DCRS retiree.

*Actuarial Assumptions:* The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

| | |
|---|---|
| Actuarial cost method: | Entry age normal |
| Total payroll growth: | 2.75% |
| Salary increases: | Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years. |
| Disability: | 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females. |
| Retirement age: | 5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75. |
| Mortality: | Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females. |
| Amortization method: | Level percentage of payroll, closed. |

*Discount Rate:* The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

**6. Employee Benefits, continued**

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

Net pension liability as of September 30, 2022 for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

| | |
|---|---|
| Reporting Date: | September 30, 2022 |
| Measurement Date: | September 30, 2021 |
| Valuation Date: | September 30, 2020 |

Net pension liability as of September 30, 2022 for the aforementioned plans are as follows:

| | |
|---|---|
| Defined benefit plan | $22,586,847 |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 8,496,780 |
| Ad hoc COLA plan for DCRS retirees | 1,648,866 |
| | $32,732,493 |

Proportionate share of net pension liabilities at September 30, 2022 for the aforementioned plans are as follows:

| | |
|---|---|
| Defined Benefit Plan | 2.34% |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 2.70% |
| Ad hoc COLA plan for DCRS retirees | 2.34% |

Pension expense for the year ended September 30, 2022 for the aforementioned Plans are as follows:

| | |
|---|---|
| Defined benefit plan | $ 849,657 |
| Ad hoc COLA/supplemental annuity plan for DB retirees | 817,488 |
| Ad hoc COLA plan for DCRS retirees | 212,252 |
| | $1,879,397 |

## 6. Employee Benefits, continued

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:, continued*

As of September 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Defined Benefit Plan | | Ad Hoc COLA/SA Plan for DB Retirees | | Ad Hoc COLA Plan Plan for DCRS Retirees | |
|---|---|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 36,253 | $ (229,660) | $ --- | $ (118,040) | $ 181,330 | $ (32,109) |
| Net difference between projected and actual earnings on pension plan investments | --- | (2,728,478) | --- | --- | --- | --- |
| Changes of assumptions | --- | --- | 231,525 | (25,195) | 334,910 | (108,759) |
| College contributions subsequent to the measurement date | 3,628,677 | --- | 603,162 | --- | 62,000 | --- |
| Changes in proportion and difference between the College contributions and proportionate share of contributions | 13,716 | (866,956) | 132,666 | --- | 472,353 | (24,076) |
| | $ 3,678,646 | $ (3,825,094) | $ 967,353 | $ (143,235) | $ 1,050,593 | $ (164,944) |

Deferred outflows of resources at September 30, 2022 resulting from the College's employer contributions for the following plans are as follows:

| | |
|---|---|
| DB Plan | $3,628,677 |
| Ad hoc COLA/SA Plan for DB Participants | 603,162 |
| Ad hoc COLA Plan for DCRS Participants | 62,000 |
| | $4,293,839 |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---|---|
| 2023 | $( 361,108) |
| 2024 | ( 489,791) |
| 2025 | ( 876,726) |
| 2026 | (1,060,476) |
| 2027 | 37,994 |
| Thereafter | 19,587 |
| | $(2,730,520) |

**6. Employee Benefits, continued**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:, continued*

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Sensitivity analysis:* The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

Defined Benefit Plan:

| | 1% Decrease in Discount Rate 6.00% | Current Discount Rate 7.00% | 1% Increase in Discount Rate 8.00% |
|---|---|---|---|
| Net Pension Liability | $ 28,518,859 | $ 22,586,847 | $ 15,239,860 |

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

| | 1% Decrease in Discount Rate 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|---|---|---|---|
| Net Pension Liability | $ 9,136,327 | $ 8,331,090 | $ 7,628,121 |

Ad Hoc COLA Plan for DCRS Retirees:

| | 1% Decrease in Discount Rate 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|---|---|---|---|
| Net Pension Liability | $ 1,871,793 | $ 1,648,865 | $ 1,458,672 |

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

## 6. Employee Benefits, continued

*DCRS*

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam. Contributions into the DCRS, 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 into the DCRS for the year ended September 30, 2022 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 base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

During the year ended September 30, 2022, contributions made and amounts accrued under the DCRS amounted to $1,801,651.

*Accrued Sick Leave*

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2022, the College has accrued an estimated liability of $742,982. However, this amount is an estimate and actual payout could differ from those estimates.

*Payable to the Pension Plan*

As of September 30, 2022, the College recorded payable to GGRF of $186,462 which represents statutorily required contributions unremitted as of year-end.

*Other Post-employment benefit (OPEB) plan*

*OPEB Plan Description*

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains an agent multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration ITC

**6. Employee Benefits, continued**

*Other Post-employment benefit (OPEB) plan, continued*

*OPEB Plan Description, continued*

Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting doa.guam.gov.

*Plan Membership:* All employees of the College who are members of the GGRF are members of the OPEB Plan
*Contribution:* The College is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

*Benefits:* GovGuam provides postemployment 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.

*Actuarial Assumptions:* A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

| | |
|---|---|
| Inflation: | 2.75% |
| Healthcare cost trend rates: | 6 percent for 2021 through 2023, decreasing 0.25 percent per year to an ultimsate rate of 4.25 percent for 2030 and later years. |
| 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. |
| Healthy retiree mortality rate: | Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, projected generationally using 50% of MP-2020. |

*Discount Rate*: The discount rate used to measure the total OPEB liability was 2.26% for the year ended September 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from the College 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 municipal bond rate at each year was applied to all periods of projected benefit payments to determine the total OPEB liability.

## 6. Employee Benefits, continued

*Other Post-employment benefit (OPEB) plan, continued*

*OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.*

Total OPEB liability as of September 30, 2022 for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

| | |
|---|---|
| Reporting Date: | September 30, 2022 |
| Measurement Date: | September 30, 2021 |
| Valuation Date: | September 30, 2020 |

Collective total OPEB liability as of September 30, 2022 is $61,585,699.

Proportionate share of total OPEB liability at September 30, 2022 is 2.22%.

OPEB expense for the year ended September 30, 2022 is $3,627,793. At September 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 5,366,601 | $( 3,271,320 ) |
| Contributions subsequent to the measurement date | 1,066,107 | --- |
| Changes of assumptions | 7,190,476 | ( 8,659,217 ) |
| Changes in proportion and difference between the Authority contributions and proportionate share of contributions | 1,640,779 | ( 679,988 ) |
| | $ 15,263,963 | $( 12,610,525 ) |

Deferred outflows of resources at September 30, 2022 resulting from the College's employer contributions totaled $1,066,107.

**6. Employee Benefits, continued**

*OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued*

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEBs that will be subsequently recognized in OPEB expense are shown in the following table:

| Year Ended September 30 | |
|---|---|
| 2023 | $ ( 751,807) |
| 2023 | 882,684 |
| 2024 | 1,059,308 |
| 2025 | 65,721 |
| 2026 | 331,425 |
| | $ 1,587,331 |

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

*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 1.26% | Current Discount Rate 2.26% | 1% Increase in Discount Rate 3.26% |
|---|---|---|---|
| Total OPEB Liability | $70,816,097 | $61,585,699 | $51,034,917 |

*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:

| | 1.% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $49,506,926 | $61,585,699 | $73,278,675 |

**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, 2022. 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 year ended September 30, 2022, the College collected all amount appropriated from the General Fund as follows:

| | |
|---|---|
| Net appropriations per law | $20,229,011 |
| Add retiree healthcare cost | 1,066,107 |
| Add COLA and annuity cost | 665,162 |
| | $21,960,280 |

**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, $12,473,133 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2022. Of the $12,473,133 as of September 30, 2022, $9,374,158 relates to contract commitments.

**9. Related Party Transactions**

As of September 30, 2022, the College recorded net receivables from the Foundation of $1,617,200 which represent net payments by the College on behalf of the Foundation accumulated during the years.

As of September 30, 2022, the College recorded payable to Guam Department of Education of $200,000 for the First Generation Trust Fund Initiative.

As of September 30, 2022, the College allotted $281,100 to the Guam Council on the Arts and Humanities Agency (CAHA) in accordance with Public Law 31-118. The amount is included within the accounts payable and accrued liabilities in the statement of net position.

## 11. Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the year ended September 30, 2022 were as follows:

| | Beginning Balance October 1, 2021 | Additions | Reductions | Ending Balance September 30, 2022 | Amount due within one year |
|---|---|---|---|---|---|
| Lease liability | $ 3,671,849 | $ --- | $( 42,028) | $ 3,629,821 | $ 43,840 |
| Accrued annual leave | 559,160 | 474,347 | ( 496,067) | 537,440 | 251,846 |
| DCRS sick leave liability | 708,663 | 185,299 | ( 150,980) | 742,982 | --- |
| Total Collective OPEB liability | 56,385,944 | 5,199,755 | --- | 61,585,699 | --- |
| Net pension liability | 40,692,469 | --- | (7,959,976) | 32,732,493 | --- |
| | $102,018,085 | $5,859,401 | $(8,649,051) | $99,228,435 | $ 295,326 |

## 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. Guam Commmunity College Foundation**

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.

**Investments**

Following is a description of the valuation methodologies and inputs used for each major type of investment measured at fair value by the Foundation:

> *Corporate equity securities, exchange-traded funds and mutual funds*: These investments are valued at quoted prices in an active market, and are classified within level 1 of the valuation hierarchy.
>
> *Debt securities*: These investments are valued using evaluations, which may be matrix or model based, and do not necessarily reflect actual trades. These price evaluations suggest current estimated market values, which may be significantly higher or lower than the amount that would be paid (received) in an actual purchase (sale) of the security. These estimates, which are obtained from various sources, assume normal market conditions and are based on large volume transactions.

## 13. Guam Commmunity College Foundation, continued

### Investments, continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation has the following recurring fair value measurements as of September 30, 2022:

| | | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments by fair value level: | | | | |
| Debt securities | $ 4,502,901 | $ --- | $4,502,901 | $ --- |
| Equity securities | 9,203,177 | 9,203,177 | --- | --- |
| Exchange traded funds | 882,864 | 882,864 | --- | --- |
| Total investments by fair value level | $14,588,942 | $10,086,041 | $4,502,901 | $ --- |

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

| | AAA | A | BBB | BB | B | Unrated |
|---|---|---|---|---|---|---|
| U.S. Treasuries | $2,348,793 | $ --- | $ --- | $ --- | $ --- | $ --- |
| Corporate Bonds | --- | 553,681 | 502,150 | 456,985 | 203,066 | --- |
| Asset Backed Securities, Mortgage-Backed Securities, Collateralized Mortage Obligations | --- | --- | --- | --- | --- | 438,225 |

The following represents the composition of the net investment gains (losses) for the year ended September 30, 2022:

| | |
|---|---|
| Unrealized investment losses | $(3,785,753) |
| Net realized investment losses | ( 114,663) |
| Interest income and dividends | 356,653 |
| | $(3,543,762) |

## 13. Guam Commmunity College Foundation, continued

### Long-Term Debt

At September 30, 2022, long-term debt of the GCC Foundation is as follows:

| | |
|---|---|
| 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. | $3,854,880 |
| Less current portion | 110,515 |
| | $3,744,365 |

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

| Year ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 110,515 | $ 89,885 | $ 200,400 |
| 2024 | 113,169 | 87,231 | 200,400 |
| 2025 | 115,886 | 84,514 | 200,400 |
| 2026 | 118,668 | 81,732 | 200,400 |
| 2027 | 121,517 | 78,883 | 200,400 |
| 2028-2032 | 652,779 | 349,221 | 1,002,000 |
| 2033-2037 | 735,000 | 267,000 | 1,002,000 |
| 2038-2042 | 827,578 | 174,422 | 1,002,000 |
| 2043-2047 | 931,816 | 70,184 | 1,002,000 |
| 2048 | 127,952 | 811 | 128,763 |
| | $ 3,854,880 | $ 1,283,883 | $ 5,138,763 |

# Required Supplementary Information

# Guam Community College
(A Component Unit of the Government of Guam)

## Schedule 1

## Required Supplementary Information
## Schedule of the College's Proportionate Share of Net Pension Liability

## Defined Benefit Plan
(Unaudited)

## Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Total net pension liability | $ 963,578,517 | $ 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 | $ 22,586,847 | $ 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 | 2.34% | 2.45% | 2.46% | 2.45% | 2.42% | 2.46% | 2.43% | 2.36% |
| GCC's covered-employee payroll | 12,481,669 | $ 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 | 180.96% | 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 liability | 70.14% | 61.48% | 63.25% | 63.28% | 60.63% | 54.62% | 52.32% | 56.60% |

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

# Guam Community College
## (A Component Unit of the Government of Guam)

## Schedule 2

## Required Supplementary Information
## Schedule of the College's Contributions

## Defined Benefit Plan
## (Unaudited)

## Last 10 Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 2,950,228 | $ 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 | 3,628,677 | 3,634,299 | 3,976,358 | 3,743,179 | 5,271,542 | 3,225,473 | 3,420,159 | 3,622,850 |
| Contribution excess | $ (678,449) | $ (719,248) | $ (982,301) | $ (414,174) | $ (2,234,946) | $ (166,019) | $ (154,195) | $ (456,768) |
| GCC's covered-employee payroll | $ 12,481,669 | $ 12,815,409 | $ 12,549,428 | $ 12,592,233 | $ 12,320,945 | $ 12,450,380 | $ 12,416,546 | $ 11,921,032 |
| Contribution as a percentage of covered-employee payroll | 29.07% | 28.36% | 31.69% | 29.73% | 42.79% | 25.91% | 27.55% | 30.39% |

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 3

Required Supplementary Information
Schedule of the College's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| GCC's proportionate share of the collective total pension liability | $ 8,496,780 | $ 8,697,171 | $ 8,710,956 | $ 7,675,606 | $ 7,464,622 | $ 6,090,911 |
| GCC's proportion of the collective total pension liability | 2.76% | 2.70% | 2.69% | 2.65% | 2.59% | 2.65% |

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 4

Required Supplementary Information
Schedule of the College's Contributions

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 603,162 | $ 603,162 | $ 624,852 | $ 624,852 | $ 623,328 | $ 613,054 | $ 625,341 | $ 630,474 |
| Contribution in relation to the contractually required contribution | 603,162 | 603,162 | 624,852 | 624,852 | 623,328 | 613,054 | 625,341 | 630,474 |
| Contribution excess | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

# Guam Community College
(A Component Unit of the Government of Guam)

Schedule 5

Required Supplementary Information
Schedule of the College's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| GCC's proportionate share of the collective total pension liability | $ 1,648,865 | $ 1,434,697 | $ 909,308 | $ 737,240 | $ 758,754 | $ 781,136 |
| GCC's proportion of the collective total pension liability | 2.34% | 2.16% | 1.52% | 1.49% | 1.22% | 1.27% |

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 6

Required Supplementary Information
Schedule of the College's Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 62,000 | $ 42,000 | $ 40,000 | $ 40,000 | $ 28,000 | $ 20,000 | $ 18,000 | $ 14,000 |
| Contribution in relation to the contractually required contribution | 62,000 | 42,000 | 40,000 | 40,000 | 28,000 | 20,000 | 18,000 | 14,000 |
| Contribution excess | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- | $ --- |

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

# Guam Community College
## (A Component Unit of the Government of Guam)

## Schedule 7

## Required Supplementary Information
## Schedule of the College's Proportionate Share of Collective Total Other Postemployment Benefit Liability
## (Unaudited)

## Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| GCC's proportion of the collective total other postemployment benefit liability | $ 61,585,699 | $ 56,385,944 | $ 56,904,135 | $ 42,285,436 | $ 49,740,344 |
| GCC's proportionate share of the collective total other postemployment benefit liability | 2.22% | 2.24% | 2.23% | 2.26% | 2.05% |

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 8

Required Supplementary Information
Schedule of the College's Contributions

Other Postemployment Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 1,066,107 | $ 1,015,533 | $ 917,828 | $ 970,404 | $ 976,278 | $ 960,349 | $ 917,775 |
| Contribution in relation to the actuarially determined contribution | 1,066,107 | 1,015,533 | 917,828 | 970,404 | 976,278 | 960,349 | 917,775 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

# Note to Required Supplementary Information
(Unaudited)

*Changes of Assumptions – Pension Plans*

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to $6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to $7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to $6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to $6,078,000 per year rather than $5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

# Supplementary and Other Information

# Guam Community College
## (A Component Unit of the Government of Guam)

## Schedule 9
## Salaries and Wages (Cash Basis)

### Year Ended September 30, 2022

| | | |
|---|---|---|
| Salaries and wages: | | |
| Regular, differential and hazardous pay (inclusive of part-time employees) | $ | 12,771,162 |
| Benefits | | 5,298,029 |
| Total salaries, wages and benefits | $ | 18,069,191 |
| Full-time employees at end of year | | 228 |
| Federal Funds: | | |
| Salaries | $ | 529,954 |
| Benefits | | 151,817 |
| Total salaries, wages and benefits | $ | 681,771 |
| Full time federal employees at end of year (inclusive in above amount) | | 13 |

# Guam Community College
## (A Component Unit of the Government of Guam)

## Schedule 10
## Expenditures by Function and Object Code

## Year Ended September 30, 2022

| | | |
|---|---|---|
| Instruction: | | |
| Salaries, wages and benefits | $ | 8,280,110 |
| Travel | | 76,453 |
| Contract services | | 306,403 |
| Supplies | | 244,726 |
| Minor equipment | | 59,788 |
| Capital expenditures | | 7,935 |
| Miscellaneous | | 1,576,592 |
| | $ | 10,552,007 |
| Total employees at end of year | | 100 |
| Planning: | | |
| Salaries, wages and benefits | $ | 716,207 |
| Travel | | 18,386 |
| Contract services | | 51,429 |
| Supplies | | 6,496 |
| Minor equipment | | 10,310 |
| Miscellaneous | | 21,176 |
| | $ | 824,004 |
| Total employees at end of year | | 10 |
| Academic Support: | | |
| Salaries, wages and benefits | $ | 1,980,124 |
| Contract services | | 217,223 |
| Supplies | | 45,258 |
| Minor equipment | | 28,896 |
| Miscellaneous and transfers | | 256,197 |
| | $ | 2,527,698 |
| Total employees at end of year | | 24 |
| Student Services: | | |
| Salaries, wages and benefits | $ | 2,779,146 |
| Travel | | 2,977 |
| Contract services | | 200,391 |
| Supplies | | 26,925 |
| Minor equipment | | 27,720 |
| Miscellaneous and transfers | | 60,201 |
| | $ | 3,097,360 |
| Total employees at end of year | | 37 |

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 10
Expenditures by Function and Object Code, continued

Year Ended September 30, 2022

| | | |
|---|---|---|
| Institutional Support and Interest: | | |
| Salaries, wages and benefits | $ | 3,371,318 |
| Travel | | 68,042 |
| Contract services | | 1,781,999 |
| Supplies | | 157,335 |
| Capital expenditures | | 631,829 |
| Minor equipment | | 415,038 |
| Interest and miscellaneous | | $709,933 |
| | $ | 7,135,494 |
| Total employees at end of year | | 43 |
| Operations and Maintenance of Plant: | | |
| Salaries, wages and benefits | $ | 435,374 |
| Contract services | | 255,776 |
| Supplies | | 54,341 |
| Minor equipment | | 36,996 |
| Capital expenditures | | 182,693 |
| Utilities | | 1,264,515 |
| Miscellaneous | | 674 |
| | $ | 2,230,369 |
| Total employees at end of year | | 9 |
| Scholarships and Fellowships: | | |
| Salaries, wages and benefits | $ | 411,701 |
| Supplies | | 2,252 |
| Minor equipment | | 4,481 |
| Miscellaneous | | 4,209,094 |
| | $ | 4,627,528 |
| Total employees at end of year | | 3 |
| Auxiliary: | | |
| Salaries, wages and benefits | $ | 95,211 |
| Supplies | | 1,000 |
| Minor equipment | | 467,482 |
| | $ | 563,693 |
| Total employees at end of year | | 2 |

**Ernst & Young LLP**
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

**Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Management and the Board of Trustees
Guam Community College

We have audited, 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 (*Government Auditing Standards*), the financial statements of Guam Community Colllege (the College) and its discretely presented component unit, which comprise the statement of financial position as of September 30, 2022, and the related statements of revenues, expenses, and changes in net position, activities and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated August 22, 2023.

## Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

August 22, 2023