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

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2018 AND 2017
(AS RESTATED)

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

Table of Contents
Years Ended September 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Guam Community College:

Report on Financial Statements

We have audited the accompanying financial statements of Guam Community College (the College), and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2018 and 2017, and which collectively comprise the College's basic financial statements, as set forth in Section II of the forgoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of September 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements in 2018, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting this standard, the College has elected to restate its 2017 financial statements to reflect the adoption of this standard. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the Schedule of Proportional Share of the Net Pension Liability on pages 49 through 51, the Schedule of Pension Contributions on page 52, the Schedule of Changes in the Proportinal Share of the Total OPEB Liability and Related Ratios on page 53, the Schedule of Proportional Share of the Total OPEB Liability on page 54, and the Schedule of OPEB Contributions on page 55 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

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statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 29, 2019

For the eighteenth consecutive year, Guam Community College (GCC) has maintained its low-risk auditee status. Given this designation by the Independent Auditor, review of the College's financial records demonstrates there were no questioned costs or unresolved prior year audit findings in fiscal year 2018. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

Fiscal Year 2018 Overview

GCC receives Reaffirmation of Accreditation

The College submitted its Institutional Self Evaluation Report (ISER) in December 2017 to the Accrediting Commission for Community and Junior Colleges (ACCJC). The ISER is a culmination of six years of data and information collected, compiled, and written by the four standard committees. From March 7-9, 2018, a nine-member ACCJC accreditation team visited the GCC campus to corroborate information contained within the ISER report. Interviews, discussions, classroom visits, and open forums for the college community to include students, staff, faculty, administration, and others took place. On June 13, 2018, GCC received notice that the ACCJC reaffirmed GCC's accreditation for seven years through spring 2025. Additionally the College received four commendations for the following:

- Sustained and collegial dialog about the assessment of student learning.
- Being the only agency of the Government of Guam to be designated as low-risk for sixteen years consecutive years due to its robust fiscal planning and astute fiscal management.
- Transformational initiatives supporting student learning, expanding access and improving success in college-level curriculum.
- President Mary Okada's vision and effective leadership that has led to expansions on campus.

Culinary Arts earns ACF Accreditation

On February 12, 2018, the GCC Culinary Arts and Food Services Department received news of its program accreditation certificate from the American Culinary Federation (ACF). The program is accredited through December 2022. The ACF Certified Culinarian certificate will allow GCC graduates to compete for positions above entry-level.

Relaunch of Cosmetology Program

GCC held the ribbon cutting of the renovated classrooms A6, A7, and A8 and the re-launch of the GCC Industry Certification in Cosmetology. The Carl D. Perkins – Basic grant funded the revised Industry Certification in Cosmetology project to include modifications of three classrooms, furniture and equipment, funding for two faculty personnel, and required supplies to launch the program totaling $295,620. Students can obtain a Certificate in Cosmetology after completion of 4 semesters and 1,800 clock hours.

Early Middle College Plan

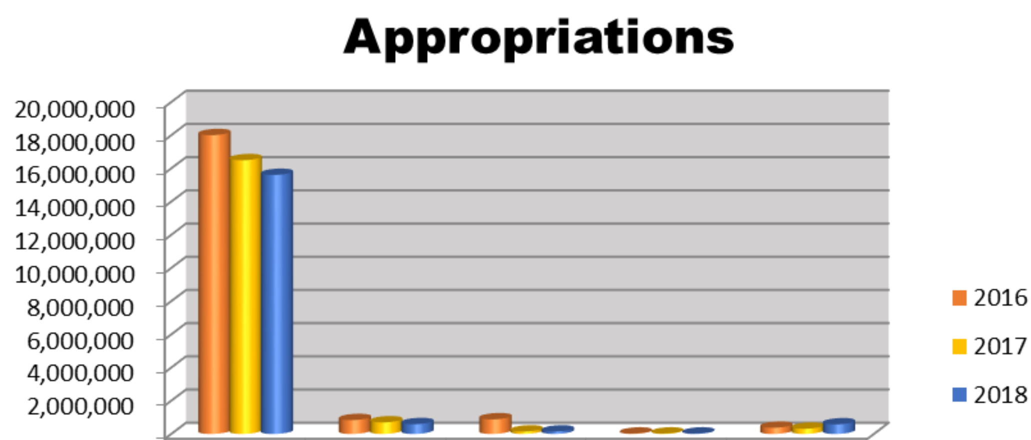
A Quality Focused Essay (QFE) was included in the ISER, as required as part of the accreditation process; the essay identified activities for the College's future and identified future GCC projects. The Early Middle College Plan proposed in QFE, creates a link between the GCC CTE secondary programs and post-secondary programs. After two years of discussions, in fall 2018 GCC launched a pilot program at George Washington High School (GWHS). The pilot plan encompassed the following:

- Recruit middle school students in eighth grade to enter high school with a focus on earning a postsecondary Certificate in Construction Technology upon graduation from high school.
- Align the postsecondary curriculum starting in freshman year of high school.
- Students take college courses throughout high school, but in the afternoons or evenings.
- Dual curriculum continues for the four years of high school, enabling the student to graduate from high school with that Certificate in Construction Technology and secure a job in the construction industry or as a paid apprentice with a construction company and enroll into the GCC Apprenticeship program to become a journey worker.

Local Appropriations

The College continued to maintain its operations during fiscal year 2018 as enrollment decreased slightly from prior years. The Government of Guam Budget law, under PL 34-42, appropriated a slight decrease of less than 1% or $70,000, resulting in a $20.6M FY18 budget. However, continued decreased cash allotments from the General Fund over prior year of 6% and declines in the Manpower Development Fund required restrictions to be placed on all local budgets. The College implemented restrictions on institution spending as local appropriation releases were delayed and a 14.4% cash reserve was imposed by GovGuam Department of Administration (DOA). General Fund appropriations cover a majority of salaries, benefits, and utility costs.

The College continued its fiscal conservation practices that were in line with the Government of Guam (GovGuam) policy on fiscal conservation through the maintenance/reduction of personnel costs and increased accountability. Based on prior year collection declines, anticipated allotment reductions in the Manpower Development Fund (MDF) directly correlate to the number of H-2B workers on Guam. Although, MDF budget appropriation decreased from $1,094,624 to $388,337 or 65% from FY17, final MDF collections totaled $146,491 or 38% of appropriations. The Legislature and the Governor acknowledged the shortages in the MDF funds and provided additional General Fund appropriations included in the budget law for $576,529. In total, GCC saw an overall decrease of 10.5% or $2,168,007: 9% from local appropriations.



	General Fund	LPN/VocGuid	MDF	TAF	Supp'l. Appr.
2016	18,003,072	835,600	879,906	24,154	374,951
2017	16,493,921	696,333	147,165	24,154	312,459
2018	15,607,123	588,671	146,592	24,154	576,529

GCC was subjected to a 9% Bureau of Budget and Management Research (BBMR) allotment reserve and a 5% cash hold from DOA. These reserves and holds were implemented due to declining GovGuam revenues, collections and enactment of the 2018 Trump Tax Cut and Jobs Act. GovGuam continued its financial conservation with stringent cash management and payoff of prior year liabilities.

The College was able to maintain its fiscal accountability through the management of its available resources. The College budgets wisely and allocates financial resources to obtain maximum benefits. Additionally, the College incorporates its fiscal conservation measures through the reduction of contractual operating costs for maintenance, grass cutting, telephone, and insurance in addition to the strict management of personnel costs. Power conservation measures include the standardized temperature settings, installation of PV parking lights and solar panels on newly constructed buildings, and seeking sustainability projects.

Continued federal discussions to reduce the overall deficit did not reduce the amount of financial aid available to students as Pell funding for AY 2017-2018 held a maximum full time award of $5,920, or a $105 increase per student per academic year. The AY 2018-2019 maximum Pell award increased to $6,095 or $175 per student per academic year. Pell grants make up approximately 57% or $4,038,934 of students tuition and fee payments. This is a decrease as compared with 2017 amounts where 63% or $4,056,949 of student's tuition and fees were paid with Pell grants.

Grant funding sources

The College continues to seek and apply for additional funding resources through grants and loans. The College received additional funds during the year through various federal and local grants. The ability of the College to source and receive additional resources through federal and local grants greatly shows its fiscal responsiveness and management of different funding sources.

- On July 1, 2017, GCC was awarded a $627,823 Vocational Education – Basic Grants to States award for the tenth year, for the period of July 1, 2017 to September 30, 2018. GCC is the state agency for Career and Technical Education on Guam. The grant is to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in CTE programs and provides states with support for state leadership activities, administration of the state plan for vocational and technical education, and sub-grants to eligible recipients to improve vocational and technical education programs.

- As the State Agency responsible for providing adult education programs on Guam, Guam Community College (Workforce Investment Opportunity Act (WIOA) State Plan for the Territory of Guam) is mandated to provide adult education programs to eligible individuals. In July 2017, GCC received a WIOA grant of $446,712, for the period of July 1, 2017 to September 30, 2018.

- In August 2017, GCC was awarded year two of the TRIO Project AIM five-year grant for $308,638. The TRIO grant will help 200 first generation students per year to succeed in earning their associate degree and continuing their education at a four-year institution.

- On September 26, 2017, GCC entered into a contract agreement with GDOE and received a $653,078 purchase order from the Guam Department of Education (GDOE) to provide secondary Career and Technical Education in the six public schools. GCC submitted a proposal to provide support and services for the following CTE programs: Allied Health, Automotive (Service Technology and Collision Repair), Construction Trades (Carpentry and AutoCAD), Early Childhood Education, Electronics Technology, Marketing, Tourism (Lodging Management and ProStart) and Visual Communications. The College also provides access and assessment for ACT WorkKeys®and KeyTtrain®, CHOICES 360®, and Work Experience.

- GCC received three contracts from the Guam Department of Public Health and Social Services (DPHSS), effective November 9, 2017 as signed by the Governor of Guam and received by GCC on November 27, 2017. A $200,000 contract to train child care providers who work in center-based and family-based settings, a $216,000 contract that allows GCC to award college credit from GCC to child care providers who participate in the trainings, and a $195,000 contract for the establishment of a Quality Rating Improvement System (QRIS) program for child care centers to focus on improvements in learning environment, curriculum, family engagement, staff qualifications, professional development and administration.

- GCC was the sub-recipient of an Area Health Education Center Cooperative Agreement under the Guam Micronesia Area Health Education Center amounting to $77,250. The sub-grant allows the College to provide Medical Coding and Billing courses, Interpreting in Health and Community Settings training courses, Phlebotomy Tech courses, NCLEX-PN review, Advanced Emergency Tech course, Certified Nursing Assistant Training and review, and professional development for faculty of Nursing or Allied Health programs, materials, and supplies.

- On August 21, 2018, GCC's Allied Health Program received a $100,000 grant to fund instructional equipment and supplies, for GCC paramedic training program from TakeCare. Over the past ten years, TakeCare has contributed $1,000,000 to our Allied Health program, grant funding for both student and faculty scholarships, and funding the purchase of updated equipment and supplies.

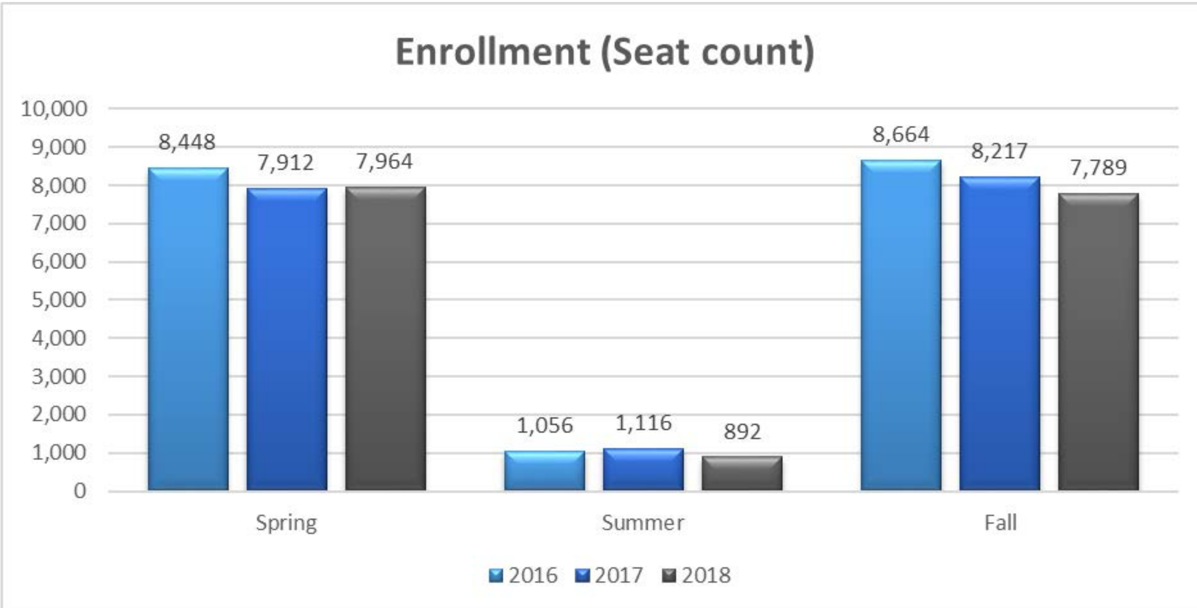
- On September 1, 2018, the College was the recipient of the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance sub-award for $15,000. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science programs; funds science area exploration, and organization of a STEM awareness day at the College.

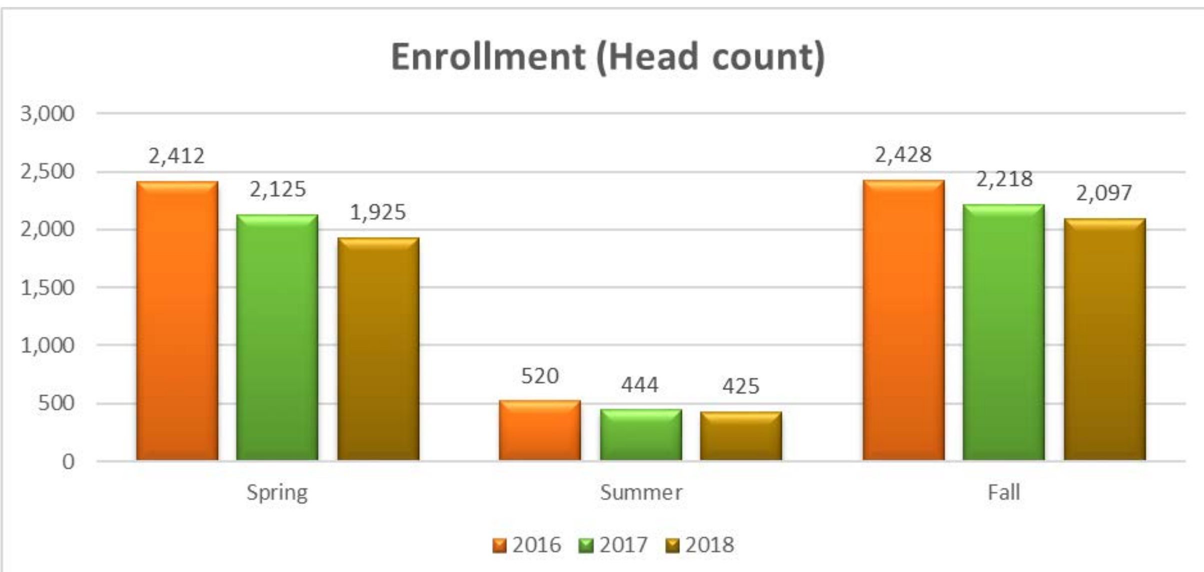
The College operated with 238 full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's GovGuam local appropriation funds are used to provide personnel costs at the College campus and at the six secondary high schools and the post-secondary programs. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program addresses the Island's continued need to develop and train students for the Allied Health fields. The funding places Vocational Counselors in five of the six public high schools to provide information to students about the career and technical opportunities available to them from the College. In addition, the College receives funds from the Manpower Development Fund to support the apprenticeship programs, which served 399 and 546 apprentices over 76 and 74 active employers in fall 2018 and 2017, respectively. This is a decrease of 27% of apprentices in the program as compared to the previous year, due to high apprentice graduates of 98 and 20 in 2017 and 2018, respectively.

Enrollment

Tuition at GCC currently remains at $130 per credit hour. The last increase occurred in Fall 2011 from $110 to $130 per credit hour. There was no change in tuition per credit hour since Fall 2011 and there has been no increase request expected for FY19. However, programs seeking course fee increases go through the adjudication process. Overall, actual tuition revenues have decreased due to decline in the number of students and seats during the academic year 2017-2018. When the economy improves and demand for workers are high, people tend to choose jobs over education, thus contributing to the decline in enrollment. As authorized by the Board of Trustees, 50% of the proceeds from the increased tuition revenue will be used to hire additional full time permanent faculty and 20% to hire staff and administrative positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition and technology fees. Funds utilized in FY2018 for capital projects and technology fees were $691,000 and $352,940, respectively.

Although the number of post-secondary enrollment students decreased for Spring 2018 and Fall 2018 by (9.41%) and (5.48%), respectively, there were slight decreases in seat counts for the Spring 2018 and Fall 2018 of (0.66%) and (5.21%) respectively, as compared to prior 2017 semesters. The steady decline over the past five years has been due to increased demands for jobs, increases in the local minimum wage to $8.25, decreases in H2-B workers, and decreases in unemployment rates. All of these factors usually lead to decreases in post-secondary enrollment, as people tend to seek jobs versus going to school. The decrease was slight as the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased for available students. Additionally, in fiscal year 2017, the College launched the CLYMER program, which provides students with an alternative to placement testing because of good grades in higher-level high school Math and English courses. In addition, the College has promoted the Dual Enrollment Accelerated Learning (DEALS) and Dual Credit Articulated Programs of Study (DCAPS) programs, which allow students to earn college credit while in high school.





In accordance with PL 14-77 (amended by PL 31-99), the College is mandated to provide career and technical education programs in all public high schools on Guam. Due to this mandate, GovGuam appropriations continue to support 49 instructional and non-instructional faculty and supplies at each of the six public high schools as of FY18 and FY17. The College continues to provide career and technical education programs for students in six of the Guam high schools: GW, JFK, Southern, Simon Sanchez, Okkodo and Tiyan. The secondary high school's enrollment increased by 1% from 2,719 to 2,754 students in SY17-18 and SY18-19, respectively. These programs include Allied Health, Automotive Collision Repair Technology, Automotive Service Technology, Construction Trades Auto CAD and Carpentry, Electronics Technology, Tourism Lodging Management, Pro Start-Culinary, Marketing, Early Childhood Education and Visual Communications. Not all programs are available at each of the high school locations due to space limitations.

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

Summary Statement of Net Position

	2018	2017 (As restated)	2016 (As restated)
Assets:			
Other current assets	$ 25,787	$ 21,273	$ 20,604
Prepaid Lease	558	-	-
Accounts receivable – U.S. Government	662	226	1,849
Investments (noncurrent)	1,959	1,950	1,932
Capital assets, net	33,344	33,404	35,010
Total assets	62,310	56,853	59,395
Deferred outflows of resources	9,894	9,875	5,698
Total assets and deferred outflows of resources	$ 72,204	$ 66,728	$ 65,093
Liabilities:			
Current liabilities	$ 4,516	$ 4,347	$ 3,948
Non-current liabilities	89,523	97,005	88,970
Total liabilities	94,039	101,352	92,918
Deferred inflows of resources	5,809	293	34
Net position:			
Net investment in capital assets	30,165	30,174	30,595
Restricted – expendable	1,398	1,398	1,399
Unrestricted	(59,207)	(66,489)	(59,853)
Total net position	(27,644)	(34,917)	(27,859)
Total liabilities, deferred inflows of resources and net position	$ 72,204	$ 66,728	$ 65,093

The overall financial situation at the College increased as compared with prior year, mainly due to fiscal conservation methods that were in place by the College and funding set aside in preparation for capital projects starting in FY18 and FY19. In current assets, accounts receivable amounts increased due to delayed collection of GovGuam appropriations and DPHSS and GFD contracts. Decreases in cash are due to capital project funding requirements for Building 100 and Building 300, FEMA matching requirements. At the end of the fiscal year, the College received 68% of total appropriations, or $13.98M out of $20.6M, and $16.3M or 79% as of March 15, 2019. The remaining balance of $2.537M was collected in March 2019. Other receivables increased due to the $2M transfer to the Guam Community College Foundation (the Foundation) for the USDA loan bridge financing. Investment balances remained stable as markets provided positive returns during this period. There were slight increases in building, equipment and improvements due to equipment purchases and various repairs to buildings and infrastructure. Additionally, there were increases in Construction in Progress due to projects related to Building 100 and 300 construction and other projects. However, accumulated depreciation increases offset these capital changes.

The FY2018 implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) resulted in the restatement of FY2017 financials and increased noncurrent liabilities of $50M and related deferred outflows and inflows from OPEB. OPEB benefits include COLA and supplemental annuity plans for retirees. Slight increases in accounts payable occurred due to timing of deferred revenue from tuitions, and were offset with decrease in loan payments. Accrued liabilities increased due to payroll and invoice accruals while deferred revenues decreased due to Spring 2018 tuition and fees deferred in FY2017 and recognized in FY2018. Decreases in sick leave liabilities resulted from the transfer of 100 employees from the DCRS to the DB1.75 retirement plan effective January 1, 2018.

Due to the constraints of College and University accounting, approximately $7,189,765 in encumbrances incurred in fiscal year 2018 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2018 net position. The increase in encumbrances is related to the construction and renovation of Building 100 which started at the end of fiscal year 2016, contract commitments of $3,509,934 related to Building 300, Ellucian Integrated Database Project, LRC A/C project, Building 100 classroom furniture and other miscellaneous projects not completed at September 30, 2018.

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

	2018	2017 (As restated)	2016 (As restated)
Operating revenues	$ 17,276	$ 17,048	$ 19,207
Operating expenses	31,770	39,682	38,387
Operating loss	(14,494)	(22,634)	(19,180)
Non-operating revenues, net	21,767	15,576	18,566
Capital contributions	-	-	295
Change in net position	7,273	(7,058)	(319)
Net position at beginning of year	(34,917)	(27,859)	(27,540)
Net position at end of year	$ (27,644)	$ (34,917)	$ (27,859)

Statement of Cash Flows

	2018	2017 (As restated)	2016 (As restated)
Cash provided by (used in):			
Operating activities	$ (14,553)	$ (12,049)	$ (15,184)
Noncapital financing activities	15,849	21,500	20,439
Capital and related financing activities	(2,373)	(4,705)	(1,936)
Investing activities	(8)	(26)	(30)
Net change in cash and cash equivalents	(1,085)	4,720	3,289
Cash and cash equivalents at beginning of year	13,251	8,531	5,242
Cash and cash equivalents at end of year	$ 12,166	$ 13,251	$ 8,531

At the end of FY 2018 and 2017, the College recognized a 0.9% and 11.5%, respectively, decrease in student tuition and fees due to changes in student enrollment, seat counts, favorable economic conditions, and new programs implemented by the College to reduce the need for developmental courses and placement tests. Federal revenues and Pell grant expenditures remained stable even with enrollment decreases. Expected decreases of federal grants in FY2019 were due to prior year CTE direct grant now being received as a contract from GDOE. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC, DB and DB 1.75 plan.

Changes to GCC's net position are the result of the following:

- GASB 75 implementation resulted in a $4.34M expenditure increase and restatement for FY2017.
- Net nonoperating revenues increase due to FY2017 $2.76M transfer to the Foundation for Building 100 renovation.
- GovGuam appropriations increase due to $2,537,613 receivable, which was subsequently paid in March 2019 and $864K increase due to FY2017 appropriations collected in FY2018.
- Revenues showed $670K increase due to DPHSS and GDOE contracts.
- Sick leave accrual and expenditure reduction of $1.25M resulting from employees who transfer from the DC to DB 1.75 retirement plan.
- Adjunct salaries and benefit decreased by $385K due to the implementation of the 2017-2023 GCC Faculty Union Local 6476 AFT/AFL-CIO & the Board of Trustees contract, which changed faculty-teaching loads and reduced the need for adjunct instructors.
- Audit adjustments related to implementation of GASB 73 and GASB 75, accounting for pension and OPEB resulted in a net expenditure decrease of $1.9M.
- Bad debt expense increase of $442K.

Implementation of GASB 75 resulted in the restatement of FY2017 financials to increase operating expenses by $4,339,501 and increase and restatement of net loss by $41.4M. The net position of the College shows an increase for the current year, although non-appropriated revenues decreased due to enrollment, the College maintained a positive net position due to successful collections on local appropriations, costs reduction and cost saving measures implemented by the College to reduce operational costs from utilities and contractual services, and personnel costs. Additionally, fiscal conservation measures were placed on College spending including reductions in contractual services and supplies. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the prescribed authorized levels.

Capital Assets and Debt Administration

GCC's capital assets of $33,344,373 as of September 30, 2018, included land, buildings and equipment. Slight increases in buildings, improvements, and equipment were due to small renovation projects and equipment purchases. Increases in Construction in Progress were due to projects for the Building 100 and 300 construction renovation and other projects. The Foundation has been awarded a $5,000,000 Community Facilities Direct loan from the United States Department of Agriculture (USDA) for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. The College remained current in the repayment of the Foundation Building construction loan from USDA, made principal, and interest payments of $51,769 and $101,951, respectively, during fiscal year 2018. Please refer to notes 3 and 9 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ended September 30, 2017 and 2016, is set forth in the College's report on the audit of the financial statements, which is dated April 16, 2018, and that Discussion and Analysis explains the major factors impacting the 2017 and 2016 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.opaguam.org.

Economic Outlook for FY 2019

The College continues to closely track the economic situation of GovGuam, as it receives in total 55% of its operational funding locally and 78% of the local appropriation is used for personnel costs. The College's FY19 appropriation for all funds decreased by 10.5% or by $2,168,007 with the passage of PL 34-116. GCC was not exempted from BBMR allotment release control, nor from the DOA cash reserve release control. The Manpower Development Funds collections continue to be monitored closely as the collection of these funds remains unpredictable as seen in fiscal year 2017 and 2018 due to the decline of H2B visa approvals. Although the Government of Guam has been able to update its liability and significantly pay down overdue tax refunds and personnel liabilities, the College remains conservative in its allocation of resources. The Government of Guam stretched resources, future bond payments, special payouts, and now Trump tax cuts affect the government cash flow and funding availability. Although the College continues to seek additional funding from non-GovGuam sources, it still requires its base budget to meet the future island demands on education and the increased requirements for personnel costs.

As of February 25, 2019, the College has received $3.68M or 25% of its FY19 appropriations from the General Fund and $159,670 or 17% from the Manpower Development Funds. A 15% reserve was placed on all General and Special funds by the Bureau of Budget and Management Research. The College continues to follow up on appropriations releases on a weekly basis. GCC has a track record of being fiscally responsible and has implemented conservation measures to ensure that the operations of the College are maintained. The General Fund appropriation is budgeted to fund salaries and benefits for full-time classified employees, utility costs, and contractual expenditures. Adjustments continue to be made to department budgets and spending constraints are reviewed for the entire College. Funds continue to be limited to essential instructional costs, contractual services, personnel costs, and utility costs.

The College takes its finances seriously and monitors its spending within the College's procurement process. The College's management team has weekly discussions of federal, national, international, and local economic conditions, and how such conditions will affect the Government of Guam's finances. Based on such discussions and projection of allotments to be received by the Department of Administration, adjustments to College department budgets will be made throughout the year. The College will continue to maintain fiscal accountability for the benefit of our students.

In Spring 2018, GCC voluntarily withdrew its LPN Certificate program at the Guam Board of Nurse Examiners meeting. In February 2019, GCC submitted a substantive change application to ACCJC to seek program approval to transform its Practical Nursing Certificate program into an Associate of Science Degree in Practical Nursing.

Beginning in the Fall of 2018, the College started its planning phase of the Institutional Strategic Master Plan (ISMP) for 2020-2026. The ISMP project, consists of participation from all constituents, including students, faculty, staff, administrators, and external partners. The ISMP planning sessions occurred at Leadership Strategic Planning meeting, College Assembly including breakout sessions, Student Focus Group, Industry Stakeholder session, and other sessions. Completion of the ISMP is expected to be in Spring 2019.

Guam Community College recognizes the job opportunities created because of Guam's military expansion, hotel and hospital expansions, and growing community needs. Although, low unemployment rates directly correlate with decreased student enrollment at the College, this further emphasizes the community's need for a more skilled workforce. Additionally, restrictions on the issuance of H2-B visas will continue to drive up the cost of construction on Guam. In the 2018 Guam Economic Report by University of Guam Regional Center for Public Policy, Dr. Maria Claret Ruane, reported that "there is a good chance that Guam's economic growth would experience a 1% decline from its 2018 level unless the combined consumer and business spending increases." Although Gary Hiles, Chief Economist of the Department of Labor noted that there continues to be growth in visitor arrivals from the Korean and Chinese markets, the overall tourist spending habits of these groups have contributed to decreases in tourist spending. The combination of decreased revenues from tourist spending, decreased corporate and individual income taxes, countered with increased 5% GRT collections and increased hotel occupancy tax rate to 13%, and decreased GovGuam expenditures, will require careful monitoring to ensure that GovGuam doesn't increase its deficit.

The College continues to collaborate with local businesses, government and federal agencies to determine the on-going training and educational needs of our community. Based on the Guam Comprehensive Economic Development Strategy 2020-2025 (draft), the top three industries continue to be tourism, construction, and the military build-up. Additionally, GCC continues to receive requests from telecommunication, technology and allied health related industries to provide increased training and education for the workforce. GCC will partner with federal and local government entities as well as private sector businesses to ensure that Guam's workforce is able to take advantage of opportunities that are available through GCC's expansive information technology, allied health, construction & trades, and service-related courses– which include Trades Boot Camp, anticipated Associates Degree in Nursing, Allied Health, Education, and other academic programs – offered at the College.

The Forensic DNA Lab extension was successfully awarded in 2018, after it had gone out to bid two times in October 2016 and June 2017 and was protested and appealed in October 2017. In February 2018, GCC received a favorable opinion from the OPA regarding the protest appeal filed. GCC was able to move forward and award the bid. The $5M USDA loan portion related to this project is $3M. Additionally, on August 31, 2017, GCC requested an additional $1.554M to cover the increased cost of the Forensic DNA Lab extension project.

The USDA loan portion of $2M and the GCC Capital Improvement Fund of $2.76M are the combined funding sources for Building 100 construction of the $4.76M project. In September 2017, GCC transferred $2,764,427 to the GCC Foundation based on the Board of Trustees Resolution 23-2014 and USDA loan requirements. These funds are to be used solely for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. In March 2018, the College transferred an additional $2M to the Foundation to cover the USDA loan in lieu of the bridge financing requirement. GCC has recorded a receivable for the $2M. Completion of the project was extended to April 2019.

Other small capital improvement projects are planned for FY 2019 and carryover of projects from FY2018 include: LRC A/C replacement, Building 1000, 2000, A, and C painting, barrel vault canopy system connecting buildings 3000 and 6000, solar parking light replacements, ADA compliance projects, repair of domestic water systems, AC repair and replacements, interior and exterior directional signs, and ADA compliance issues. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets.

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

Statements of Net Position
September 30, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017 As Restated
Current assets:		
Cash and cash equivalents	$ 11,809,125	$ 13,015,171
Cash and cash equivalents - restricted	356,694	235,632
Time certificate of deposit	2,042,000	2,043,384
Due from Government of Guam, less allowance for doubtful accounts of $828,165 and $854,277 at September 30, 2018 and 2017, respectively	4,907,003	653,475
Tuition receivable, less allowance for doubtful accounts of $1,851,955 and $1,664,490 at September 30, 2018 and 2017, respectively	3,039,145	3,528,654
Accounts receivable - U.S. Government	662,260	226,062
Accounts receivable - other, less allowance for doubtful accounts of $393,184 and $0 at September 30, 2018 and 2017, respectively	3,084,477	1,174,329
Inventories	547,766	622,731
Total current assets	26,448,470	21,499,438
Noncurrent assets:		
Prepaid lease	557,844	-
Investments	1,959,164	1,949,737
Property, plant and equipment:		
Buildings and structures	55,506,136	54,843,567
Furniture, fixtures and equipment	12,510,351	11,949,876
Vehicles	611,352	611,352
	68,627,839	67,404,795
Less accumulated depreciation	(39,058,627)	(37,102,942)
Total depreciable property, plant and equipment	29,569,212	30,301,853
Land	1,903,000	1,903,000
Construction in progress	1,872,161	1,199,401
Total non-depreciable property, plant and equipment	3,775,161	3,102,401
Property, plant and equipment, net	33,344,373	33,404,254
Total noncurrent assets	35,861,381	35,353,991
Total assets	62,309,851	56,853,429
Deferred outflows of resources:		
Deferred outflows from OPEB	5,330,040	5,571,875
Deferred outflows from pension	4,564,210	4,303,592
Total deferred outflows of resources	9,894,250	9,875,467
Total assets and deferred outflows of resources	$ 72,204,101	$ 66,728,896
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current portion of long-term debt	$ 53,752	$ 52,100
Accounts payable and accrued liabilities	1,701,857	1,170,612
Construction contract payable	320,083	-
Retainage payable	63,854	-
Unearned revenue	1,770,971	2,595,447
Deposits held on behalf of others	356,694	281,181
Current portion of accrued annual leave	249,215	247,443
Total current liabilities	4,516,426	4,346,783
Noncurrent liabilities:		
Accrued annual leave, net of current portion	270,508	252,765
DCRS sick leave liability	475,176	1,721,154
Long-term debt, net of current portion	3,125,188	3,178,609
Net OPEB liability	49,740,344	51,326,386
Net pension liability	35,910,920	40,526,801
Total liabilities	94,038,562	101,352,498
Deferred inflows of resources:		
Deferred inflows from OPEB	4,262,357	-
Deferred inflows from pension	1,546,837	293,476
Total deferred inflows of resources	5,809,194	293,476
Commitment and contingencies		
Net position:		
Net investment in capital assets	30,165,433	30,173,545
Restricted expendable	1,398,144	1,398,146
Unrestricted	(59,207,232)	(66,488,769)
Total net position	(27,643,655)	(34,917,078)
Total liabilities, deferred inflows of resources and net position	$ 72,204,101	$ 66,728,896

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position
September 30, 2018 and 2017

ASSETS	2018	2017
Cash and cash equivalents	$ 796,964	$ 153,337
Cash and cash equivalents - restricted	1,240,622	1,003,287
Investments	12,259,240	11,464,629
Accounts receivable	-	2,070
Construction in progress	4,425,302	2,084,818
Plant and equipment, net	18,008	18,008
Total assets	$ 18,740,136	$ 14,726,149
LIABILITIES AND NET ASSETS		
Liabilities:		
Construction contract payable	$ 456,043	$ 322,092
Retainage payable	442,530	-
Advance lease payment from Guam Community College	557,844	-
Due to Guam Community College	3,038,719	833,679
Total liabilities	4,495,136	1,155,771
Commitments		
Net assets:		
Unrestricted	11,416,012	10,742,728
Temporarily restricted	2,785,359	2,784,021
Permanently restricted	43,629	43,629
	14,245,000	13,570,378
Total liabilities and net assets	$ 18,740,136	$ 14,726,149

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2018 and 2017

	2018	2017 As Restated
Revenues:		
Operating revenues:		
Student tuition and fees	$ 6,410,635	$ 6,445,955
Less: Scholarship discounts and allowances	(4,038,934)	(4,056,949)
	2,371,701	2,389,006
Federal grants and contracts	11,457,483	11,606,127
Auxiliary enterprises	2,840,963	1,827,801
Other revenues	1,183,407	1,360,238
Total operating revenues	17,853,554	17,183,172
Bad debts	(577,558)	(135,355)
Net operating revenues	17,275,996	17,047,817
Operating expenses:		
Education and general:		
Instruction	10,098,808	13,132,100
Scholarships and fellowships	5,892,827	7,126,287
Institutional support	3,349,251	5,853,082
Student services	2,941,174	3,462,931
Depreciation	2,252,431	2,380,898
Operations and maintenance of plant	2,253,721	2,347,905
Academic support	1,845,342	1,944,592
Retiree healthcare costs	1,619,588	1,593,403
Planning	834,314	935,091
Auxiliary enterprises	682,354	905,859
Total operating expenses	31,769,810	39,682,148
Operating loss	(14,493,814)	(22,634,331)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations, net	21,722,167	18,320,971
Contributions to GCC Foundation	-	(2,764,427)
Other nonoperating receipts	147,021	169,329
Interest expense	(101,951)	(149,850)
Net nonoperating revenues	21,767,237	15,576,023
Change in net position	7,273,423	(7,058,308)
Net position:		
Net position at beginning of year	(34,917,078)	(27,858,770)
Net position at end of year	$ (27,643,655)	$ (34,917,078)

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Net investment gains	$ 794,611	$ -	$ -	$ 794,611	$ 1,145,034	$ -	$ -	$ 1,145,034
Interest income	722	1,518	-	2,240	519	1,716	-	2,235
Contributions from Guam Community College	-	-	-	-	-	2,764,427	-	2,764,427
Fundraising	120,762	-	-	120,762	101,576	-	-	101,576
Other additions	14,005	-	-	14,005	74,240	20	-	74,260
Total revenues, gains and other additions	930,100	1,518	-	931,618	1,321,369	2,766,163	-	4,087,532
Expenditures and other deductions:								
Payments to Guam Community College	205,897	-	-	205,897	216,779	-	-	216,779
Fundraising	41,247	-	-	41,247	12,569	-	-	12,569
Professional services	3,900	-	-	3,900	4,730	-	-	4,730
Scholarships	-	-	-	-	500	-	-	500
Other deductions	5,772	180	-	5,952	-	150	-	150
Total expenditures and other deductions	256,816	180	-	256,996	234,578	150	-	234,728
Change in net assets	673,284	1,338	-	674,622	1,086,791	2,766,013	-	3,852,804
Net assets at beginning of year	10,742,728	2,784,021	43,629	13,570,378	9,655,937	18,008	43,629	9,717,574
Net assets at end of year	$ 11,416,012	$ 2,785,359	$ 43,629	$ 14,245,000	$ 10,742,728	$ 2,784,021	$ 43,629	$ 13,570,378

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017 As Restated
Cash flows from operating activities:		
Student tuition and fees	$ 1,459,176	$ 2,355,896
Federal grants and contracts	11,021,287	13,229,350
Auxiliary enterprises	2,840,963	1,827,801
Other (payments) receipts	(726,742)	1,251,471
Payments to employees	(17,635,155)	(17,981,050)
Payments to suppliers	(5,758,764)	(6,884,565)
Payments for scholarships and fellowships	(5,753,601)	(5,847,707)
Net cash used in operating activities	(14,552,836)	(12,048,804)
Cash flows from investing activities:		
Increase in investments	(9,427)	(17,273)
Decrease (increase) in time certificates of deposit	1,384	(8,605)
Net cash used in investing activities	(8,043)	(25,878)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	15,849,051	21,499,624
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,808,613)	(774,918)
Contributions to GCC Foundation	-	(2,764,427)
Other contributions received	147,021	169,328
Prepaid lease payment	(557,844)	-
Principal paid on long-term debt	(51,769)	(1,184,680)
Interest paid on long-term debt	(101,951)	(149,850)
Net cash used in capital and related financing activities	(2,373,156)	(4,704,547)
Net change in cash and cash equivalents	(1,084,984)	4,720,395
Cash and cash equivalents at beginning of year	13,250,803	8,530,408
Cash and cash equivalents at end of year	$ 12,165,819	$ 13,250,803
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (14,493,814)	$ (22,634,331)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,252,431	2,380,898
On-behalf payments for retiree healthcare, COLA and annuity costs	1,619,588	1,593,403
Bad debts	577,558	135,355
Non-cash pension costs	(704,988)	5,133,838
Changes in assets and liabilities:		
Tuition receivable	(88,049)	(669,140)
Accounts receivable - U.S. Government	(436,198)	1,623,223
Other receivables	(1,910,148)	(108,767)
Inventories	74,965	(71,665)
Accounts payable and accrued liabilities	606,758	(211,023)
Accrued annual leave	19,515	(11,659)
DCRS sick leave liability	(1,245,978)	155,034
Unearned revenue	(824,476)	636,030
Net cash used in operating activities	$ (14,552,836)	$ (12,048,804)

See accompanying notes to financial statements.

(1) Organization and Purpose

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

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

1. To establish career and technical education, and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;

2. To coordinate with the Guam Education Board the development of career and technical education programs in all public schools on Guam;

3. To establish and maintain short-term extension and apprenticeship training programs in Guam;

4. To expand and maintain secondary and postsecondary educational programs in the career and technical fields;

5. To award appropriate certificates, degrees and diplomas to qualified students; and

6. To serve as the State Agency and the Board of Control for vocational education for purposes of the United States Vocational Education Act of 1946 and 1963 and subsequent amendments thereto.

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

(2) Summary of Significant Accounting and Reporting Policies

Basis of Presentation

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

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

Basis of Presentation, Continued

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

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

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

Basis of Accounting

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

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Inventory

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

Investments and Investment Income

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

Property, Plant and Equipment

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

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

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

Unearned Revenues

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

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. As of September 30, 2018 and 2017, an accumulated vacation leave liability of $519,723 and $500,208, respectively, is included within the statement of net position as accrued annual leave. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

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

Pensions and Other Postemployment Benefits (OPEB)

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

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

Pensions and Other Postemployment Benefits (OPEB), Continued

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

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

Income Taxes

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

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. Effective Fall 2012, the Board of Trustees voted to approve the Guam Community College Tuition Benefit Program for Employees' Spouse and Dependents. The total of senior citizen waivers provided is $100,969 and $65,065 for the years ended September 30, 2018 and 2017, respectively.

Net Position

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

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

Classification of Revenues and Expenses

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

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

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

Scholarship Discounts and Allowances

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

Foundation Investments

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

The market values of investments at September 30, 2018 and 2017 are $12,259,240 and $11,464,629, respectively. The following represents the composition of market values of investments:

	2018	2017
Equities and related	$ 8,325,517	$ 7,601,106
Mutual funds	572,613	468,876
Government securities	1,191,258	1,314,908
Corporate bonds	1,593,981	1,377,280
Exchange-traded funds	13,990	14,268
Cash and equivalents	561,881	688,191
	$ 12,259,240	$ 11,464,629

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

Foundation Investments, Continued

The following represents the composition of the net investment gains for the years ended September 30, 2018 and 2017:

	2018	2017
Unrealized investment gains	$ 848,486	$ 997,883
Net realized investment losses	(346,042)	(100,996)
Interest income and dividends	292,167	248,147
	$ 794,611	$ 1,145,034

Deposits and Investments

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

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

A. Deposits

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

As of September 30, 2018 and 2017, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was $14,207,819 and $15,294,187, respectively, and the corresponding bank balances were $12,467,829 and $16,152,777, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2018 and 2017, bank deposits in the amount of $750,000 and $731,075, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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

Deposits and Investments, Continued

B. Investments

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

Pursuant to Public Law 25-187, the College is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by the College to be expended exclusively for enhancement of learning resources and technology. At September 30, 2018 and 2017, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service Shares mutual fund of $1,959,164 and $1,949,737, respectively.

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, 2018 and 2017 whose fair values are Level 1 based on quoted prices in active markets for identical assets.

New Accounting Standards

During fiscal year ended September 30, 2018 the College implemented the following pronouncements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The implementation of this statement had a material effect on the accompanying financial statements resulting in the restatement of the College's fiscal year 2017 financial statements to reflect the reporting of net OPEB obligation, deferred inflows of resources and deferred outflows of resources for its OPEB program and the recognition of OPEB expense in accordance with the provisions of GASB Statement No. 75. The implementation of GASB Statement No. 75 results in GCC reporting deferred outflows of resources of $1,726,628 and a net OPEB obligation of $43,141,638 as of October 1, 2016. GCC's net position as of October 1, 2016 and GCC's statement of revenues, expenses, and changes in net position for the year ended September 30, 2017 have been restated to reflect the required adjustments as follows:

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

New Accounting Standards, Continued

	As Previously Reported	Adjustment	As Restated
As of October 1, 2016:			
Net position	$ 13,556,240	$ (41,415,010)	$(27,858,770)
For the year ended September 30, 2017:			
Change in net position	$ (2,718,807)	$ (4,339,501)	$ (7,058,308)
As of September 30, 2017:			
Deferred outflows from OPEB	$ -	$ 5,571,875	$ 5,571,875
Net OPEB liability	$ -	$ (51,326,386)	$(51,326,386)
Net position	$ 10,837,433	$ (45,754,511)	$(34,917,078)

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

- GASB Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt.

Except for GASB Statement No. 75, the implementation of these statements did not have a material effect on the College's financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management has not evaluated the impact that the implementation of this statement will have on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

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

New Accounting Standards, Continued

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions in Statement No. 88 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61,* which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Tobacco Settlement

The College received $3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the GovGuam. The College has no related expenditures for capital projects for the years ended September 30, 2018 and 2017.

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.

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2018 and 2017 were as follows:

	Estimated Useful Life (in years)	Balance October 1, 2017	Additions	Retirement/ Transfers	Balance September 30, 2018
Depreciable:					
Buildings and structures	10-30	$ 54,843,567	$ 684,476	$ (21,907)	$ 55,506,136
Furniture, fixtures and equipment	5-6	11,949,876	847,536	(287,061)	12,510,351
Vehicles	5	611,352		-	611,352
		67,404,795	1,532,012	(308,968)	68,627,839
Accumulated depreciation:					
Buildings and structures		(26,319,019)	(1,502,863)	9,685	(27,812,197)
Furniture, fixtures and equipment		(10,457,823)	(674,348)	287,061	(10,845,110)
Vehicles		(326,100)	(75,220)	-	(401,320)
		(37,102,942)	(2,252,431)	296,746	(39,058,627)
		30,301,853	(720,419)	(12,222)	29,569,212
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		1,199,401	705,385	(32,625)	1,872,161
		3,102,401	705,385	(32,625)	3,775,161
		$ 33,404,254	$ (15,034)	$ (44,847)	$ 33,344,373

	Estimated Useful Life (in years)	Balance October 1, 2016	Additions	Retirement/ Transfers	Balance September 30, 2017
Depreciable:					
Buildings and structures	10-30	$ 54,711,706	$ 414,951	$ (283,090)	$ 54,843,567
Furniture, fixtures and equipment	5-6	11,433,799	588,221	(72,144)	11,949,876
Vehicles	5	560,438	50,914	-	611,352
		66,705,943	1,054,086	(355,234)	67,404,795
Accumulated depreciation:					
Buildings and structures		(25,155,246)	(1,446,863)	283,090	(26,319,019)
Furniture, fixtures and equipment		(9,668,121)	(861,846)	72,144	(10,457,823)
Vehicles		(253,911)	(72,189)	-	(326,100)
		(35,077,278)	(2,380,898)	355,234	(37,102,942)
		31,628,665	(1,326,812)	-	30,301,853
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		1,478,569	70,783	(349,951)	1,199,401
		3,381,569	70,783	(349,951)	3,102,401
		$ 35,010,234	$ (1,256,029)	$ (349,951)	$ 33,404,254

(4) Pensions

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

A. General Information About the Pension Plans:

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

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, members of the DB Plan and the DCRS Plan who retired prior to September 30, 2017 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial calculation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2017 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,279
Inactive employees entitled to but not yet receiving benefits	4,289
Active employees	2,058
	13,626
DCRS members:	
Active employees	9,027
	22,653

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

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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

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

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the GRSP. Commencing April 1, 2017 through September 30, 2018, eligible employees may elect, during the “election window”, to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the DCRS. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

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

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2016 actuarial valuation was used for determining the year ended September 30, 2018 statutory contributions. Member contributions are required at 9.55% of base pay.

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

As a result of actuarial valuations performed as of September 30, 2016, 2015 and 2014, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2018, 2017 and 2016, respectively, have been determined as follows:

	2018	2017	2016
Normal costs (% of DB Plan payroll)	15.97%	16.27%	15.86%
Employee contributions (DB Plan employees)	9.55%	9.55%	9.54%
Employer portion of normal costs (% of DB Plan payroll)	6.42%	6.72%	6.32%
Employer portion of normal costs (% of total payroll)	1.60%	1.87%	1.94%
Unfunded liability cost (% of total payroll)	22.12%	21.60%	22.42%
Government contribution as a % of total payroll	23.72%	23.47%	24.36%
Employer	27.83%	27.41%	28.16%
Employee	9.55%	9.55%	9.54%

The College's contributions to the DB Plan for the years ended September 30, 2018, 2017 and 2016 were $ $2,494,308, $1,169,733, and $1,341,605, respectively, which were equal to the required contributions for the respective years then ended.

For the years ended September 30, 2018, 2017 and 2016, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling $615,310, $613,055 and $625,341, respectively, that GovGuam's general fund paid directly for the DB Plan retirees on behalf of the College, which were equal to the statutorily required contributions.

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

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

Statutory employer contributions for the DCRS plan for the years ended September 30, 2018 and 2017 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 6.2% of the member's regular pay is deposited into the DCRS. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

The College's contributions to the DCRS Plan for the years ended September 30, 2018, 2017 and 2016 were $1,902,057, $2,971,881 and $2,973,394, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $1,263,815, $2,055,740 and $2,078,554 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2018, 2017 and 2016, respectively.

(4) Pensions, Continued

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

Pension Liability: At September 30, 2018 and 2017, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2017 and 2016, respectively, which comprised of the following:

	2018	2017
Defined benefit plan	$ 27,687,544	$ 33,654,754
Ad hoc COLA/supplemental annuity plan for DB retirees	7,464,622	6,090,911
Ad hoc COLA plan for DCRS retirees	758,754	781,136
	$ 35,910,920	$ 40,526,801

GCC's proportion of the GovGuam net pension liabilities was based on GCC's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2018 and 2017, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	2018	2017
Defined Benefit Plan	2.42%	2.46%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.59%	2.65%
Ad hoc COLA plan for DCRS retirees	1.22%	1.27%

Pension Expense: For the years ended September 30, 2018 and 2017, GCC recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	2018	2017
Defined benefit plan	$ 1,566,029	$ 3,437,331
Ad hoc COLA/supplemental annuity plan for DB retirees	2,104,012	793,710
Ad hoc COLA plan for DCRS retirees	66,953	72,549
	$ 3,736,994	$ 4,303,590

(4) Pensions, Continued

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

Deferred Outflows and Inflows of Resources: At September 30, 2018 and 2017, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA 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
Difference between expected and actual experience	$ -	$ -	$ -	$ -	$ 34,474	$ 5,894
Net difference between projected and actual earnings on pension plan investments	-	1,345,579	-	-	-	-
Changes of assumptions	-	-	-	-	76,632	50,463
Contributions subsequent to the measurement date	3,758,124	-	615,310	-	28,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	-	111,265	-	33,636	51,670	-
	$ 3,758,124	$ 1,456,844	$ 615,310	$ 33,636	$ 190,776	$ 56,357

	2017					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA 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
Difference between expected and actual experience	$ -	$ 110,870	$ 477	$ -	$ 15,078	$ 6,575
Net difference between projected and actual earnings on pension plan investments	-	176,031	75,770	-	-	-
Changes of assumptions	95,824	-	6,283	-	85,308	-
Contributions subsequent to the measurement date	3,225,473	-	613,054	-	20,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	98,755	-	-	-	67,570	-
	$ 3,420,052	$ 286,901	$ 695,584	$ -	$ 187,956	$ 6,575

(4) Pensions, Continued

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

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2018 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/SA Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2019	$ (412,180)	$ (33,636)	$ 4,115
2020	(80,118)	-	4,115
2021	(575,560)	-	4,115
2022	(388,986)	-	4,115
2023	-	-	4,115
Thereafter	-	-	85,844
	$ (1,456,844)	$ (33,636)	$ 106,419

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

Valuation Date:	September 30, 2016
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2031 (14.58 years remaining as of September 30, 2016)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4.0% to 7.50%
Retirement age:	50% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 20% until age 75, and 100% at age 75.

(4) Pensions, Continued

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

Mortality:	RP-2000 healthy mortality table set forward by 3 years for males and 2 years for females. Mortality for disabled lives is the RP 2000 disability mortality table set forward by 6 years for males and 4 years for females.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2011-2015.

The investment rate assumption as of September 30, 2016 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	29%	8.78%
U.S. Equities (small cap)	7%	9.45%
Non-U.S. Equities	13%	9.15%
Non-U.S. Equities (small cap)	4%	9.15%
Non-U.S. Equities (emerging markets)	1%	10.75%
U.S. Fixed Income (aggregate)	25%	4.85%
Risk parity	8%	8.36%
High yield bonds	8%	7.35%
Global Real Estate (REITs)	5%	8.71%

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2015 valuation to the September 30, 2016 valuation:

Mortality: The mortality table used as of September 30, 2016, is the RP-2000 combined mortality table, set forward by 3 years for males and 2 years for females. The mortality table used for disabled lives is the RP-2000 disability mortality table, set forward by 6 years for males and 4 years for females. Mortality improvement is assumed to be 30% of Scale BB, projected generationally from 2016. For the prior valuation, the mortality table used was the RP-2000 combined mortality table, set forward by 4 years for males and 1 year for females. The mortality table used for disabled lives was the RP-2000 disability mortality table for males and females. No provision was made for future mortality improvement in the prior valuation.

(4) Pensions, Continued

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

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2015 valuation to the September 30, 2016 valuation, Continued:

Salary Increases: Salaries are assumed to increase 7.5% per year for employees in their first 5 years of service, 6.0% for service between 6 and 10 years, 5.0% for service between 11 and 15 years, and 4.0% for service after 15 years. For the prior valuation, salaries were assumed to increase 7.5% per year for employees in their first 5 years of service, 6.0% for service between 6 and 10 years, 5.0% for service between 11 and 15 years, and 4.5% for service after 15 years.

Total Payroll Growth: Total payroll for defined benefit and defined contribution members is assumed to increase 2.75% per year. For the prior valuation, total payroll for defined benefit and defined contribution members was assumed to increase 3.0% per year.

Retirement Age: 50% of employees are assumed to retire when first eligible for unreduced retirement. Thereafter, 20% of employees will retire at each year until age 75, at which time all remaining employees are assumed to retire. For the prior valuation, 40% of employees are assumed to retire when first eligible for unreduced retirement. Thereafter, 15% of employees would retire at each year until age 65, and 20% of employees would retire from age 65 until age 70, at which time all remaining employees were assumed to retire.

Rates of Disability: The assumed rates of disability are based on the 1974-78 Society of Actuaries Long Term Disability Non-Jumbo table, with rates reduced by 50% for males and 75% for females. For the prior valuation, these rates were based on the 1974-78 Society of Actuaries Long Term Disability Non-Jumbo, with rates reduced by 50% for both males and females.

Leave Adjustments: Unused leave is assumed to increase a member’s service by 1.5 years and increases average earnings by 5% at retirement. For the prior valuation, unused leave is assumed to increase service by 1.5 years and increased average earnings by 10% at retirement.

Survivor Benefit - Minor Children: An average of 0.2 eligible child survivors is assumed at the time of a retiree’s death, with payments to the child survivor continuing for 6 years. For the prior valuation, this survivor benefit was assumed to increase the value of retirement benefits by 0.67% and survivor benefits by 20% for active members.

(4) Pensions, Continued

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

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2015 valuation to the September 30, 2016 valuation, Continued:

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2017 was 7.0% (6.7% as of September 30, 2016), which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2017 was 3.64% (3.058% as of September 30, 2016), which is equal to the rate of return of a high quality bond index.

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

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Net Pension Liability	$ 34,363,471	$ 27,687,544	$ 21,937,636

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 2.64%	Current Discount Rate 3.64%	1% Increase in Discount Rate 4.64%
Net Pension Liability	$ 8,144,628	$ 7,464,622	$ 6,873,303

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 2.64%	Current Discount Rate 3.64%	1% Increase in Discount Rate 4.64%
Net Pension Liability	$ 862,784	$ 758,754	$ 670,122

(4) Pensions, Continued

C. Payables to the Pension Plans:

As of September 30, 2018 and 2017, GCC recorded payables to GGRF of $173,092 and $123,620, respectively, representing statutorily required contributions unremitted as of the respective year-ends.

(5) Other Post-Employment Benefits (OPEB)

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

A. General Information About the OPEB Plan:

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

Plan Membership: As of September 30, 2016, the date of the most recent valuation (the actuarial valuation date), plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	7,342
Active plan members	10,282
	17,624

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

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

A. General Information About the OPEB Plan, Continued:

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

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

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

For the years ended September 30, 2018, 2017 and 2016, the College recognized certain on-behalf payments as transfers from GovGuam, totaling $976,278, $960,349 and $917,775, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

B. Total OPEB Liability:

As of September 30, 2018 and 2017, GCC reported a total OPEB liability of $49,740,344 and $51,326,386, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2017 and 2016. The following presents GCC's proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2016	2.03%
Proportion at measurement date, September 30, 2017	2.05%
Increase/(decrease) in proportion	0.02%

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2016 rolled forward to September 30, 2017 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.00%
Amortization Method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary Increases:	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims.

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

B. Total OPEB Liability, Continued:

	The overall effect of these components are expected to decline year by year.
Dental trend rates:	4% per year
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retires will elect to participate. Life - 100% of eligible retirees will elect to participate.
Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.
Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy retiree mortality rate:	RP-2000 Combined Healthy Mortality Table, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table for males and females.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	0.05% for beneficiaries aged 20-39 years, 0.1% - 0.53% for beneficiaries aged 40-59 years, and 0.76% for beneficiaries aged 60-64 years.

OPEB plan fiduciary net position: As of September 30, 2018 and 2017, an OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

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

B. Total OPEB Liability, Continued:

Discount Rate: The discount rate used to measure the total OPEB liability was 3.63% as of September 30, 2017 (3.058% as of September 30, 2016). The projection of cash flows used to determine the discount rate assumed that contributions from GCC will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.63% municipal bond rate as of September 30, 2017 (3.058% as of September 30, 2016) was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Total OPEB Liability:

Changes in GCC's proportionate share of the total OPEB liability for the years ended September 30, 2018 and 2017 are as follows:

	2018	2017
Balance at beginning of the year	$ 51,326,386	$ 43,141,638
Changes for the year:		
Service cost	2,453,943	1,990,422
Interest	1,632,886	1,660,185
Change of assumptions	(4,906,593)	5,300,419
Benefit payments	(766,278)	(766,278)
Net change	(1,586,042)	8,184,748
Balance at end of the year	$ 49,740,344	$ 51,326,386

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 2.63%	Current Discount Rate 3.63%	1% Increase in Discount Rate 4.63%
Total OPEB Liability	$ 59,128,134	$ 49,740,344	$ 42,210,492

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
	7% Year 1 Decreasing to 3.5%	8% Year 1 Decreasing to 4.5%	9% Year 1 Decreasing to 5.5%
Net OPEB Liability	$ 40,836,813	$ 49,740,344	$ 61,361,975

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

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

For the years ended September 30, 2018 and 2017, the College recognized OPEB expense of $2,918,150 and $4,339,501, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2017 and 2016. At September 30, 2018 and 2017, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018		2017	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 3,698,482	$ 4,262,357	$ -	$ -
Contributions subsequent to measurement date	976,278	-	960,349	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	655,280	-	4,611,526	-
	$ 5,330,040	$ 4,262,357	$ 5,571,875	$ -

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2018 will be recognized in OPEB expense as follows:

Year Ended September 30	
2019	$ 209,368
2020	209,368
2021	209,368
2022	209,368
2023	(731,062)
Thereafter	(15,005)
	$ 91,405

(6) 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, 2018 and 2017. 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, 2018, the College believed that it would collect the total amount appropriated from the General Fund. During FY2018, management learned that $3,011,839 of appropriations would not necessarily be funded and as a result reduced its aggregate Government of Guam appropriations as follows:

Appropriations per law	$ 20,641,444
Add FY2017 appropriation collected in FY2018	2,472,974
Add retiree healthcare cost	976,278
Add COLA and annuity cost	643,310
Less amount that may not be collected	(3,011,839)
Net appropriations	$ 21,722,167

$3,650,511 of the $4,907,003 outstanding due from Government of Guam as of September 30, 2018 was subsequently received.

(7) 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, $7,189,765 and $1,628,243 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2018 and 2017, respectively. Of the $7,189,765 as of September 30, 2018, $3,509,934 relates to contract commitments.

(8) Related Party Transactions

Non-voting members of the Foundation's Board of Governors are also members of the College's Board of Trustees.

Included within the College's other revenues are $0 and $158,752 in contributions from the Foundation during the years ended September 30, 2018 and 2017, respectively.

As of September 30, 2018, the College has a $2M receivable from the Foundation pertaining to an advance to the Foundation to cover the USDA loan in lieu of the bridge financing requirement.

(9) Long-Term Debt

	2018	2017
Note payable of an original amount of $3,500,000 to U.S. Department of Agriculture, for facility construction purposes, interest at 3.125%, repayable in monthly installments of principal and interest of $12,810 through March 6, 2053, collateralized by a pledge of all gross revenues.	3,178,940	3,230,709
	3,178,940	3,230,709
Less current portion	53,752	52,100
	$ 3,125,188	$ 3,178,609

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

Year ending September 30,	Principal	Interest	Total
2019	$ 53,752	$ 99,968	$ 153,720
2020	55,456	98,264	153,720
2021	57,214	96,506	153,720
2022	59,028	94,692	153,720
2023	60,899	92,821	153,720
2024-2028	334,708	433,892	768,600
2029-2033	391,234	377,366	768,600
2034-2038	457,306	311,294	768,600
2039-2043	534,537	234,063	768,600
2044-2048	624,810	143,790	768,600
2049-2053	549,996	71,338	621,334
	$ 3,178,940	$ 2,053,994	$ 5,232,934

The College has pledged all future gross revenues to repay $3,500,000 of U.S. Department of Agriculture debts issued in 2013. Note payable proceeds financed facility construction. The notes are payable from gross revenues and are payable through March 2053. Annual interest and principal payments on the notes are expected to require less than one percent of net operating revenues. The total interest and principal remaining to be paid on the $3,500,000 loan as of September 30, 2018 and 2017 is $5,232,934, and $5,386,597, respectively. Principal and interest paid for fiscal year 2018 and net operating revenues were $153,720 and $17,275,996, respectively.

(10) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2018 and 2017, were as follows:

	Beginning Balance October 1, 2017 (As restated)	Additions	Reductions	Ending Balance September 30, 2018	Amount due within one year
Loans payable	$ 3,230,709	$ -	$ (51,769)	$ 3,178,940	$ 53,752
Accrued annual leave	500,208	498,326	(478,811)	519,723	249,215
DCRS sick leave liability	1,721,154	89,316	(1,335,294)	475,176	-
Net OPEB liability	51,326,386	-	(1,586,042)	49,740,344	
Net pension liability	40,526,801	-	(4,615,881)	35,910,920	-
	$ 97,305,258	$ 587,642	$ (8,067,797)	$ 89,825,103	$ 302,967

	Beginning Balance October 1, 2016 (As restated)	Additions	Reductions	Ending Balance September 30, 2017 (As Restated)	Amount due within one year
Loans payable	$ 4,415,389	$ -	$ (1,184,680)	$ 3,230,709	$ 52,100
Accrued annual leave	511,867	478,016	(489,675)	500,208	247,443
DCRS sick leave liability	1,566,120	155,034	-	1,721,154	-
Net OPEB liability	43,141,638	8,184,748	-	51,326,386	-
Net pension liability	41,386,320	-	(859,519)	40,526,801	-
	$ 91,021,334	$ 8,817,798	$ (2,533,874)	$ 97,305,258	$ 299,543

(11) Commitments and Contingencies

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.

Lawsuit and Claims

The College is involved in various legal proceedings. Management believes that any losses arising from these actions will not materially affect the College's financial position.

(11) Commitments and Contingencies, Continued

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.

Lease Agreement with GCC Foundation (the Foundation)

On September 12, 2016, the College signed a facilities lease agreement with the Foundation for the lease of GCC Gregorio G. Perez Crime Lab and Building #100 (the Facilities), for a period of forty-two years up to September 30, 2058. The construction of the Facilities are to be financed by the Foundation from a loan with the U.S. Department of Agriculture (USDA).

Future minimum lease payments as of September 30, 2018 are as follows:

Year Ending September 30	Amount
2019	$ 278,922
2020	278,922
2021	278,922
2022	278,922
2023	278,922
Thereafter	9,762,270
Total	$ 11,156,880

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

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

Defined Benefit Plan

	2018	2017	2016	2015	2014
Total net pension liability	$ 1,142,249,393	$ 1,368,645,126	$ 1,436,814,230	$ 1,246,306,754	$ 1,303,304,636
GCC's proportionate share of the net pension liability	$ 27,687,544	$ 33,654,754	$ 34,887,450	$ 29,423,616	$ 33,015,503
GCC's proportion of the net pension liability	2.42%	2.46%	2.43%	2.36%	2.53%
GCC's covered-employee payroll**	$ 12,320,945	$ 12,450,380	$ 12,416,546	$ 11,921,032	$ 11,661,597
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	60.63%	54.62%	52.32%	56.60%	53.94%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

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

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees

	2018	2017	2016
Total net pension liability***	$ 288,147,121	$ 229,486,687	$ 235,799,709
GCC's proportionate share of the net pension liability	$ 7,464,622	$ 6,090,911	$ 5,929,180
GCC's proportion of the net pension liability	2.59%	2.65%	2.51%
GCC's covered-employee payroll**	$ 13,167,825	$ 13,438,531	$ 12,858,300
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	56.69%	45.32%	46.11%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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

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

Ad Hoc COLA Plan for DCRS Retirees

	2018	2017	2016
Total net pension liability***	$ 62,445,490	$ 61,688,067	$ 52,115,736
GCC's proportionate share of the net pension liability	$ 758,754	$ 781,136	$ 569,690
GCC's proportion of the net pension liability	1.22%	1.27%	1.09%
GCC's covered-employee payroll**	$ 4,578,199	$ 4,622,757	$ 3,890,382
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	16.57%	16.90%	14.64%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.
*** No assets accumulated in a trust to pay benefits.

See Accompanying Independent Auditors' Report.

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

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

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 3,036,596	$ 3,059,454	$ 3,265,964	$ 3,166,082	$ 3,089,025
Contributions in relation to the actuarially determined contribution	3,758,124	3,225,473	3,420,159	3,554,912	3,541,069
Contribution (excess) deficiency	$ (721,528)	$ (166,019)	$ (154,194)	$ (388,831)	$ (452,044)
GCC's covered-employee payroll **	$ 12,320,945	$ 12,450,380	$ 12,416,546	$ 11,921,032	$ 11,661,597
Contribution as a percentage of covered-employee payroll	30.50%	25.91%	27.55%	29.82%	30.37%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

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

	2018	2017	2016
Total OPEB Liabilty:			
Service cost	$ 2,453,943	$ 1,990,422	
Interest	1,632,886	1,660,185	
Change in benefit terms	-	-	
Differences between expected and actual experience	-	-	
Changes of assumptions	(4,906,593)	5,300,419	
Benefit payments	(766,278)	(766,278)	
Net change in Total OPEB liability	$ (1,586,042)	$ 8,184,748	
Total OPEB liability - beginning	51,326,386	43,141,638	
Total OPEB liability - ending	49,740,344	51,326,386	$ 43,141,638
Covered-employee payroll	11,532,619	11,532,619	
GCC's total OPEB liability as a percentage of covered-employee payroll	431.30%	445.05%	
Notes to schedule:			
Discount rate	3.63%	3.058%	3.71%

Changes of benefit terms:
None.

Changes of assumptions:
Discount rate has changed from respective measurement dates.

* Information for 2009-2015 is not available
** No assets accumulated in a trust to pay the benefits.

See Accompanying Independent Auditors' Report.

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

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

	2018	2017
Total OPEB liability **	$ 2,431,048,672	$ 2,532,753,040
GCC's proportionate share of the total OPEB liability	$ 49,740,344	51,326,386
GCC's proportionate of the total OPEB liability	2.05%	2.03%
GCC's covered-employee payroll	$ 11,532,619	$ 11,532,619
GCC's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	431.30%	445.05%

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

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

See Accompanying Independent Auditors' Report.

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

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

	2018	2017
Actuarially determined contribution	$ 5,167,186	$ 4,472,350
Contributions in relation to the actuarially determined contribution	766,278	766,278
Contribution deficiency	$ 4,400,908	$ 3,706,072
GCC's covered-employee payroll **	$ 11,532,619	$ 11,532,619
Contribution as a percentage of covered-employee payroll	6.64%	6.64%

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2016.

Method and assumptions used to determine contributions rates:

Actuarial cost method:	Entry age normal.
Amortization method:	Level dollar amount on an open amortization period for pay-as-you-go funding.
Amortization period:	30 years
Inflation:	3%
Healthcare cost trend rates:	8% initial, decreasing 0.25% per year to an ultimate rate of 4.5%
Salary increase:	4.5% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 4 years and 1 year for males and females, respectively.
Mortality (Disabled Retiree):	RP-2000 Disabled Mortality Table for males and females.

* Information for 2009 - 2016 is not available

See Accompanying Independent Auditors' Report.

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

Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2018 and 2017

	2018	2017
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	$ 12,064,110	$ 13,784,569
Benefits	3,639,596	9,473,694
Total salaries, wages and benefits	$ 15,703,706	$ 23,258,263
Full-time employees at end of year	238	244
Federal Funds:		
Salaries	$ 636,170	$ 628,732
Benefits	160,756	166,169
Total salaries, wages and benefits	$ 796,926	$ 794,901
Full time federal employees at end of year (inclusive in above amount)	10	10

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2018 and 2017

	2018	2017 As Restated
Instruction:		
Salaries, wages and benefits	$ 8,214,923	$ 10,972,416
Travel	28,294	36,941
Contract services	300,200	331,118
Supplies	264,977	228,969
Minor equipment	296,645	249,754
Capital expenditures	993,769	15,125
Miscellaneous	-	1,297,777
	$ 10,098,808	$ 13,132,100
Total employees at end of year	109	110
Planning:		
Salaries, wages and benefits	$ 752,927	$ 845,263
Travel	24,162	5,342
Contract services	14,606	46,558
Supplies	32,670	9,277
Minor equipment	7,426	19,129
Miscellaneous	2,523	9,522
	$ 834,314	$ 935,091
Total employees at end of year	10	10
Academic Support:		
Salaries, wages and benefits	$ 1,532,768	$ 1,688,548
Travel	22,869	21,465
Contract services	106,682	111,933
Supplies	67,605	29,070
Minor equipment	72,773	14,973
Miscellaneous and transfers	42,645	78,603
	$ 1,845,342	$ 1,944,592
Total employees at end of year	20	18

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2018 and 2017

	2018	2017 As Restated
Student Services:		
Salaries, wages and benefits	$ 2,732,726	$ 3,233,405
Travel	3,413	10,745
Contract services	69,094	109,549
Supplies	34,266	31,435
Minor equipment	28,766	14,855
Miscellaneous and transfers	72,909	62,942
	$ 2,941,174	$ 3,462,931
Total employees at end of year	41	42
Institutional Support and Interest:		
Salaries, wages and benefits	$ 1,921,138	$ 4,324,717
Travel	96,895	191,019
Contract services	1,215,124	1,215,438
Supplies	31,271	39,670
Minor equipment	8,806	11,370
Interest and miscellaneous	76,017	70,868
	$ 3,349,251	$ 5,853,082
Total employees at end of year	45	50
Operations and Maintenance of Plant:		
Salaries, wages and benefits	$ 335,947	$ 695,505
Contract services	372,658	460,091
Supplies	94,627	72,645
Minor equipment	24,838	26,991
Capital expenditures	202,332	60,970
Utilities	1,223,319	1,031,703
	$ 2,253,721	$ 2,347,905
Total employees at end of year	8	9

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2018 and 2017

	2018	2017 As Restated
Scholarships and Fellowships:		
Salaries, wages and benefits	$ 136,226	$ 1,277,162
Travel	-	60
Contract services	967	970
Supplies	2,030	299
Minor equipment	-	89
Miscellaneous	5,753,604	5,847,707
	$ 5,892,827	$ 7,126,287
Total employees at end of year	3	3
Auxiliary:		
Salaries, wages and benefits	$ 77,051	$ 221,247
Contract services	158	-
Supplies	1,239	2,177
Minor equipment	603,906	682,435
	$ 682,354	$ 905,859
Total employees at end of year	2	2

See accompanying independent auditors' report.

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

Unrestricted and Restricted Fund Supplemental Schedule
Balance Sheet
September 30, 2018
(With Comparative Balances as of September 30, 2017)

	Unrestricted			Restricted								Grand Total	
	Appropriated Fund	Non-appropriated Fund	Total	Federal Fund	Other Grants Fund	Total	Capital Projects	Tobacco Settlement	Investment in Plant	Agency Fund	Elimination	2018	2017 As Restated
ASSETS													
Cash	$ -	$ 12,165,819	$ 12,165,819	$ -	$ -	$ -	$ -	$ -	$ -	$	$ -	$ 12,165,819	$ 13,250,803
TCD	-	2,042,000	2,042,000	-	-	-	-	-	-	-	-	2,042,000	2,043,384
Investments	-	-	-	-	-	-	-	1,959,164	-	-	-	1,959,164	1,949,737
Due from Government of Guam	4,478,676	1,256,492	5,735,168	-	-	-	-	-	-	-	-	5,735,168	1,507,752
Due from other College funds	3,255,267	42,049,837	45,305,104	19,806,697	993,171	20,799,868	320,083	140,000	341,034	356,694	(67,262,783)	-	-
Accounts receivable - U.S. Government	-	113,608	113,608	501,443	47,209	548,652	-	-	-	-	-	662,260	226,062
Accounts receivable - tuition	-	4,891,100	4,891,100	-	-	-	-	-	-	-	-	4,891,100	5,193,144
Accounts receivable - others	-	3,477,661	3,477,661	-	-	-	-	-	-	-	-	3,477,661	1,174,329
Allowance for doubtful accounts	(828,165)	(2,245,139)	(3,073,304)	-	-	-	-	-	-	-	-	(3,073,304)	(2,518,767)
Inventories	-	547,766	547,766	-	-	-	-	-	-	-	-	547,766	622,731
Prepaid lease	557,844	-	557,844	-	-	-	-	-	-	-	-	557,844	-
Construction in progress	-	-	-	-	-	-	-	-	1,872,161	-	-	1,872,161	1,199,401
Land	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	55,506,136	-	-	55,506,136	54,843,567
Equipment	-	-	-	-	-	-	-	-	12,510,351	-	-	12,510,351	11,949,876
Vehicles	-	-	-	-	-	-	-	-	611,352	-	-	611,352	611,352
Accumulated depreciation	-	-	-	-	-	-	-	-	(39,058,627)	-	-	(39,058,627)	(37,102,942)
Deferred outflows from pension	-	9,894,250	9,894,250	-	-	-	-	-	-	-	-	9,894,250	9,875,467
	$ 7,463,622	$ 74,193,394	$ 81,657,016	$ 20,308,140	$ 1,040,380	$ 21,348,520	$ 320,083	$ 2,099,164	$ 33,685,407	$ 356,694	$ (67,262,783)	$ 72,204,101	$ 66,728,896
LIABILITIES AND FUND BALANCE													
Accounts payable	$ 112,987	$ 1,017,448	$ 1,130,435	$ 2,518	$ 1,658	$ 4,176	$ 365,104	$ -	$ -	$ -	$ -	$ 1,499,715	$ 651,116
Retainage payable	-	-	-	-	-	-	-	-	63,854	-	-	63,854	-
Loans payable	-	3,178,940	3,178,940	-	-	-	-	-	-	-	-	3,178,940	3,230,709
Due to other College funds	4,021,414	30,324,135	34,345,549	19,946,200	-	19,946,200	12,650,951	-	320,083	-	(67,262,783)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	356,694	-	356,694	281,181
Accrued liabilities	-	1,041,948	1,041,948	-	-	-	-	-	-	-	-	1,041,948	1,019,704
DCRS sick leave liability	-	475,176	475,176	-	-	-	-	-	-	-	-	475,176	1,721,154
Net pension liability	-	85,651,264	85,651,264	-	-	-	-	-	-	-	-	85,651,264	91,853,187
Unearned revenue	-	1,770,971	1,770,971	-	-	-	-	-	-	-	-	1,770,971	2,595,447
Deferred inflows from pension	-	5,809,194	5,809,194	-	-	-	-	-	-	-	-	5,809,194	293,476
Fund balance	3,329,221	(55,075,682)	(51,746,461)	359,422	1,038,722	1,398,144	(12,695,972)	2,099,164	33,301,470	-	-	(27,643,655)	(34,917,078)
	$ 7,463,622	$ 74,193,394	$ 81,657,016	$ 20,308,140	$ 1,040,380	$ 21,348,520	$ 320,083	$ 2,099,164	$ 33,685,407	$ 356,694	$ (67,262,783)	$ 72,204,101	$ 66,728,896

See Accompanying Independent Auditors' Report.

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

Unrestricted and Restricted Fund Supplemental Schedule
Statement of Changes in Fund Balances
Year Ended September 30, 2018
(With Comparative Balances for the year ended September 30, 2017)

	Unrestricted						Restricted							
	Appropriated				Non-appropriated								Grand Total	
	General	TAF	MDF	Total Appropriated	NAF	Total Unrestricted	Federal Fund	Other Grant	Total	Capital Projects	Tobacco Settlement	Investment In-Plant	2018	2017 As Restated
Revenues:														
Tuition and fees	$ -	$ -	$ -	$ -	$ 6,410,635	$ 6,410,635	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,410,635	$ 6,445,955
Government of Guam appropriations	21,575,575	-	146,592	21,722,167	-	21,722,167	-	-	-	-	-	-	21,722,167	18,320,971
Federal grants and contracts	-	-	-	-	-	-	7,309,302	109,247	7,418,549	-	-	-	7,418,549	7,549,178
Sales and services of auxiliary enterprises	-	-	-	-	2,840,963	2,840,963	-	-	-	-	-	-	2,840,963	1,827,801
Other sources	-	-	-	-	1,173,980	1,173,980	-	-	-	-	9,427	-	1,183,407	1,360,238
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current revenues	21,575,575	-	146,592	21,722,167	10,425,578	32,147,745	7,309,302	109,247	7,418,549	-	9,427	-	39,575,721	35,504,143
Expenditures and mandatory transfers:														
Educational and general:														
Instruction	6,503,019	-	-	6,503,019	2,980,310	9,483,329	615,479	-	615,479	-	-	-	10,098,808	13,132,100
Planning	656,458	-	-	656,458	30,226	686,684	147,630	-	147,630	-	-	-	834,314	935,091
Academic support	1,132,968	-	-	1,132,968	640,076	1,773,044	-	72,298	72,298	-	-	-	1,845,342	1,944,592
Student services	2,358,792	-	-	2,358,792	268,845	2,627,637	313,537	-	313,537	-	-	-	2,941,174	3,462,931
Institutional support	3,817,338	-	-	3,817,338	(492,729)	3,324,609	-	24,642	24,642	-	-	-	3,349,251	5,853,082
Operation and maintenance of plant	2,024,185	-	-	2,024,185	(52,048)	1,972,137	-	-	-	236,737	-	44,847	2,253,721	2,347,905
Scholarship and fellowship	202,105	-	-	202,105	(145,613)	56,492	5,836,335	-	5,836,335	-	-	-	5,892,827	7,126,287
Retiree healthcare costs	976,278	-	-	976,278	-	976,278	-	-	-	-	-	-	976,278	960,349
Retiree COLA and supplemental annuity costs	643,310	-	-	643,310	-	643,310	-	-	-	-	-	-	643,310	633,054
Interest Expense	-	-	-	-	101,951	101,951	-	-	-	-	-	-	101,951	149,850
Bad debts expense	-	-	-	-	577,558	577,558	-	-	-	-	-	-	577,558	135,355
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	2,252,431	2,252,431	2,380,898
	18,314,453	-	-	18,314,453	3,908,576	22,223,029	6,912,981	96,940	7,009,921	236,737	-	2,297,278	31,766,965	39,061,494
Auxiliary enterprises:														
Expenditures	56,073	-	-	56,073	626,281	682,354	-	-	-	-	-	-	682,354	905,859
Total expenditures	18,370,526	-	-	18,370,526	4,534,857	22,905,383	6,912,981	96,940	7,009,921	236,737	-	2,297,278	32,449,319	39,967,353
Net (decrease) increase in fund balance	3,205,049	-	146,592	3,351,641	5,890,721	9,242,362	396,321	12,307	408,628	(236,737)	9,427	(2,297,278)	7,126,402	(4,463,210)
Beginning fund balance	(4,191,665)	(58,425)	4,227,670	(22,420)	(60,788,673)	(60,811,093)	359,424	1,038,722	1,398,146	(11,339,157)	2,089,737	33,745,289	(34,917,078)	(27,858,770)
Fund transfer	-	-	-	-	(177,730)	(177,730)	(396,323)	(12,307)	(408,630)	(1,120,078)	-	1,853,459	147,021	(2,595,098)
Ending fund balance	$ (986,616)	$ (58,425)	$ 4,374,262	$ 3,329,221	$ (55,075,682)	$ (51,746,461)	$ 359,422	$ 1,038,722	$ 1,398,144	$ (12,695,972)	$ 2,099,164	$ 33,301,470	$ (27,643,655)	$ (34,917,078)

See Accompanying Independent Auditors' Report.