



# OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam 96910  
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)

[www.opaguam.org](http://www.opaguam.org)

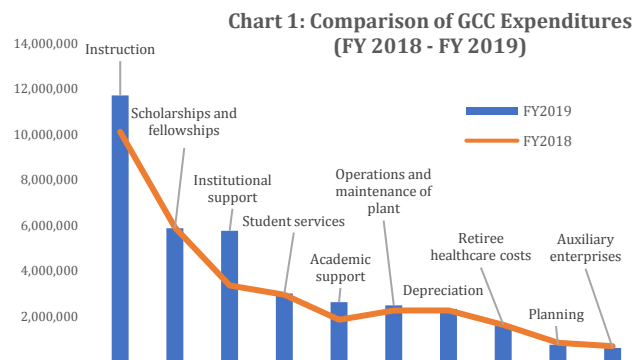
## Guam Community College – FY 2019 Financial Highlights

June 1, 2020

Hagåtña, Guam – The Office of Public Accountability has released the Guam Community College’s (GCC) financial statements, reports on compliance and on internal control, management letter, and the auditor’s communication with those charged with governance for fiscal year (FY) 2019. Independent auditors, Deloitte & Touche, LLP, rendered an unmodified (clean) opinion on GCC’s financial statements and compliance over major federal programs. GCC is commended for qualifying as a low-risk auditee for the 19<sup>th</sup> consecutive year. GCC is the only Government of Guam (GovGuam) agency to do so.

Certain prior year accounts were restated in order to report the net obligation of other post-employment benefits, according to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. This implementation resulted in a \$1.9 million (M) expenditure increase in FY 2019.

GCC closed FY 2019 with a decrease in net position (net loss) of \$2.5M, a decrease of \$9.8M from FY 2018 net income of \$7.3M. In FY 2019, operating and non-operating revenues totaled \$36.3M, which is a decrease of \$2.8M due to decreased GovGuam appropriations and Auxiliary enterprises. Operating expenditures increased by \$5.0M to \$36.7M in FY 2019 due in part of Instruction and Institutional support function from GASB 75 adjustments and as a result of prior year employee transfers from the Defined Contribution to the Defined Benefit 1.75 retirement plan.

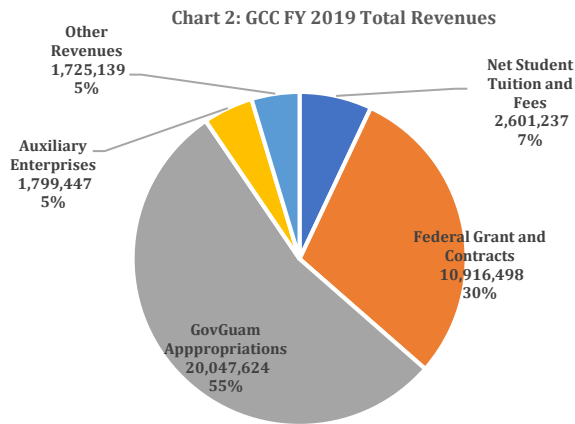


### Coronavirus (COVID-19) Impact

GCC determined the COVID-19 may negatively impact its business, results of operation, and net position. Due to significant uncertainties caused by COVID-19, GCC is unable to reasonably estimate its ultimate financial impact. In March 2020, the Governor of Guam issued Executive order 2020-03 ordering the closure of all non-essential GovGuam offices, which included all Guam educational institutions. GCC transitioned a majority of students to online delivery of classes for the remainder of the Spring 2020 semester.

### Dependence on GovGuam Appropriations

A majority of the \$37M in revenues included (1) GovGuam appropriations of \$20.0M or 55%, (2) federal grants and contracts of \$10.9M or 30%, and (3) student tuition and fees of \$2.6M or 7%.



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

In FY 2019, federal grants and contracts slightly decreased by \$541 thousand (K) due to a reduction in Pell Grant awards. Pell grants are approximately 58% or \$3.6M of student tuition and fee payments. Auxiliary enterprises decreased by \$1.0M to \$1.8M in FY 2019 due to the reduction in GCC’s bookstore sales and a reduction in special projects.

**Investment in Capital Assets**

GCC successfully continues to obtain federal grants and loans to expand and improve its facilities. As of FY 2019, net property, plant and equipment of \$34.1M was GCC’s largest asset at 55%.

In September 2017, GCC obtained a United States Department of Agriculture loan for the renovation and expansion of GCC’s Building 100 and the Gregorio D. Perez Lab’s extension. In September 2019, GCC held the ribbon cutting for completion of construction expanding Building 100 into a two-story concrete structure with Leadership in Energy and Environmental Design (LEED) features, house the Criminal Justice Program, and connect Building E. Remaining project funds will be set aside to continue the Gregorio D. Perez Crime Lab extension.

**Audit Adjustments and Uncorrected Misstatements**

Four audit adjustments were made that cumulatively decreased GCC’s net position by \$1.9M in order to record retiree healthcare costs, cost-of-living adjustments (COLA) and supplemental benefits, GovGuam appropriations, pension adjustments, and GASB 75 restatements. There was one uncorrected misstatement.

**GCC Foundation**

The GCC Foundation is a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of GCC. Certain prior year accounts were restated to report financial statements non-for-profit entities, according to Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-14. The Foundation closed FY 2019 with an increase in net assets (net income) of only \$1.9M, compared to its \$675K net income in FY 2018. FY 2019’s \$1.9M net income was due primarily to the \$2.0M transfer for the Forensic DNA building.

The Foundation’s expenditures amounted to \$329K in FY 2019, a 28% increase mainly due to increases in professional services and interest expenses.

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