



Guam Community College FY 2013 Financial Highlights

March 7, 2014

The Guam Community College (GCC) closed Fiscal Year (FY) 2013 with a \$3.2 million (M) increase in net position (net income), which is an increase of 35.5% or \$829 thousand (K) from its FY 2012's \$2.3M increase in net position.

Independent auditors, Deloitte & Touche, LLP, delivered unmodified (clean) opinions on GCC's FY 2013 financial statements and reports on compliance and internal controls. No material weaknesses or significant deficiencies were identified. GCC is to be commended again for having maintained its qualification as a low-risk auditee for the 13th consecutive fiscal year. Additionally, no Management Letter was deemed necessary.

Decrease in Total Revenues

Overall, total revenues amounted to \$36M in FY 2013, which is a \$3M decrease from the \$39M earned in FY 2012. Although income from Student Tuition and Fees, Auxiliary Enterprises, and Other Revenues increased in FY 2013, GCC's net operating revenues decreased by \$2.7M from \$21.3M in FY 2012 to \$18.7M in FY 2013. This was mainly attributed to the decreases in Federal and Government of Guam (GovGuam) Grants and Contracts. Federal Grants and Contracts decreased by 29.4% or \$4.9M from \$16.6M in FY 2012 to \$11.7M in FY 2013, while GovGuam Grants and Contracts decreased by \$50K from \$403K in FY 2012 to \$353K in FY 2013.

Contributions from the United States Government decreased by 62.2% or \$2M from \$3.2M in FY 2012 to \$1.2M in FY 2013. The decrease in Federal revenue is attributed to the completion of projects related to the American Recovery and Reinvestment Act (ARRA) in the first quarter of FY 2012 and the receipt of remaining ARRA funds in the beginning of FY 2013. On the other hand, Appropriations from GovGuam increased by 11% or \$1.6M from \$14.6M in FY 2012 to \$16.2M in FY 2013.

Decrease in Operating Expenses

Total operating expenses decreased by \$3.9M from \$36.6M in FY 2012 to \$32.7M in FY 2013. The largest decreases in expenses were for Scholarships and Fellowships, Academic Support, and Operations and Maintenance of Plant. Expenses for Scholarships and Fellowships decreased by \$3.4M from \$8.4M to \$4.9M, primarily due to the timing and payment of scholarships. Academic Support decreased by \$568K from \$2.8M to \$2.2M.

The \$595K decrease from \$2.5M to \$1.9M in Operations and Maintenance of Plant was largely attributed to the \$574K decrease in Contract Services due to the fiscal conservation measures implemented by GCC in FY 2012. Aside from the reduction of contractual operating costs for maintenance, grass cutting, telephone, and insurance, GCC also employed measures to save power.

Since the completion of its energy audit in February 2011, GCC has identified and implemented lighting retrofits, standardized temperature settings, and other energy conservation measures, which resulted in the \$70K decrease in Utilities from \$1.4M in FY 2012 to \$1.3M in FY 2013. GCC is to be commended for its initiative in energy conservation.

Expenses for Instruction increased by \$1.1M from \$11M in FY 2012 to \$12.1M in FY 2013, mainly due to the \$1.07M increase related to special project courses.

Manpower Development Fund

Due to the decline in the construction industry and the delay of the military buildup, the actual collections from the Manpower Development Fund (MDF) were 47% or \$793K less than FY 2013 appropriations. The MDF is used to support the apprenticeship programs, which served 492 apprentices over 93 active employers in Fall 2013, in comparison to the 386 apprentices over the 80 employers in Fall 2012.

Merit Bonus

GCC assessed the impact of the merit bonus law (Public Law 21-59) and paid out \$77K subsequent to September 30, 2013.

GCC Foundation

The GCC Foundation (Foundation) is a legally separate, tax-exempt, public benefit corporation that is a component unit of GCC. As of FY 2013, the Foundation had a total net worth of \$8.5M, which is an increase from its net worth of \$7.6M in the previous year. Investments by the Foundation increased by \$1M from \$7.8M in FY 2012 to \$8.8M in FY 2013.

The Foundation closed FY 2013 with an increase in net position (net income) of \$811K, which was a decrease of \$195K from the prior year's \$1M. Fundraising contributed to the decline as net Fundraising income decreased by 93% or \$208K from \$224K in FY 2012 to \$16K in FY 2013.

Future Outlook

GCC currently provides career and technical education programs for students in five of the high schools: George Washington, John F. Kennedy, Southern, Simon Sanchez, and Okkodo. However, the establishment of Career and Technical Education Courses at the new, upcoming high school at the Tiyan property would require funding (for personnel and equipment) that is not in GCC's FY 2014 budget.

For more details, refer to the Management Discussion and Analysis in the audit report at www.guamopa.org and www.guamcc.edu.