



Financial Highlights
Guam Community College Financial Audit
Fiscal Year 2023

June 4, 2024

The Guam Community College (GCC) received an unmodified (clean) opinion in their fiscal year (FY) ended September 30, 2023 financial statements. GCC also received an unmodified opinion on its compliance for its major federal programs, however, due to the delay in the submission of its FY 2022 data collection form to the Federal Audit Clearinghouse, they lost their designation as a low-risk auditee for the first time in 22 years. Independent auditors, Ernst and Young LLP (EY), opined that the Schedule of Expenditures of Federal Awards (SEFA) was fairly stated, in all material respects, in relation to the basic financial statements as a whole. In its report on compliance and internal controls over major federal programs, auditors identified two findings with \$36 thousand (K) in questioned costs. EY also issued a separate management letter with one finding.

GCC closed FY 2023 with a positive net change in assets of \$8.1 million (M), improving its net position from a negative \$31.5M in FY 2022 to a negative \$23.4M. Other notable highlights include GCC's decreases in revenues and expenses and their grant funding sources.

Decreases in Revenues and Expenses

GCC's total operating revenues decreased significantly by \$2.8M, going from \$8.6M in FY 2022 to \$5.7M in FY 2023. The decrease was attributed to GCC receiving \$138K in federal grants and contracts as opposed to \$2.8M in the previous year. Auxiliary enterprises and other revenues also decreased by a combined \$555K, while student tuition and fees increased by \$476K.

Overall, total operating expenses decreased by \$1.4M, going from \$35.8M in FY 2022 to \$34.5M in FY 2023. There were decreases in scholarships and fellowships by \$1.8M, institutional support by \$512K, and academic support by \$247K. These increases were offset by the increases in expenses for instruction by \$618K, operations and maintenance of plant by \$350K, and student services by \$161K.

Grant Funding Sources

GCC continues to seek and apply for additional funding resources through grants and loans to support its mission. GCC was awarded funding under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and American Rescue Plan (ARP). These funds, totaling \$13.6M, were initially due to expire in 2023 but were extended to June 2024 by the U.S. Department of Education (USDOE).

GCC made funds available to students to help cover the costs of college and daily expenses, totaling \$831K to 3,069 students during Fall 2022 and Spring 2023. Funds were also used to upgrade the campus' network infrastructure, replace old air conditioning units, add purification systems, and install outdoor benches to allow for social distancing. GCC also enhanced its wireless

connectivity experience for students, faculty, and staff by modernizing its network infrastructure to include underground fiber optic connections throughout the campus.

GCC also received grant funds from the following:

- \$554K in Workforce Investment Opportunity Act grant funds for the period of July 1, 2022 to September 30, 2023 for providing adult education programs;
- \$2.3M in Pell awards covered 2,523 students during Academic Year 2022-2023, which also increased the amount by \$400 to \$6,895 per student per academic year;
- \$1.2M through a contractual agreement with the Guam Department of Education to provide 13 secondary career and technical education programs in the six public high schools;
- \$3.7M in Education Stabilization Funds through a contractual agreement with the Office of the Governor (OOG) to partially fund the renovation and expansion of the Student Success Center;
- \$1.2M through a contractual agreement with the OOG for the literacy program to expand literacy in Guam's public schools;
- \$456K from the U.S. Department of the Interior (DOI) for GCC's Construction Bootcamps to assist in getting people back to work;
- \$140K from DOI for increasing GCC Facilities Maintenance capabilities;
- \$475K from DOI for the installation of a 100-KW solar panel system for Buildings A and C and another \$594K for another 100-KW solar panel system for the Student Services and Administration Building 2000;
- \$78K from DOI for grant writing, fund development, and financial management; and
- \$194K from DOI for Increasing GCC Maintenance Capabilities to purchase maintenance equipment and a vehicle.

Compliance and Internal Control

EY rendered an unmodified opinion in the auditor's report issued on compliance for major federal programs. However, auditors identified two findings related to Procurement and Suspension and Debarment and Special Tests and Provisions – Return of Title IV Funds, both significant deficiencies, with \$36K in questioned costs.

- ***Finding No. 2023-001 – Procurement and Suspension and Debarment***
For one (20%) of five samples tested, procurement of equipment and services under a purchase order costing approximately \$35K did not go through competitive sealed bidding. GCC lacked the required documentation to support the procurement. The \$35K was deemed as questioned costs.
- ***Finding No. 2023-002 – Special Tests and Provisions – Return of Title IV Funds***
GCC did not have effective internal controls surrounding the accurate and complete identification of students who officially and unofficially withdrew from classes for purposes of calculating amounts subject to return of Title IV funds. One sample tested, amounting to \$1K was deemed as questioned costs.

Report on Schedule of Expenditures of Federal Awards

During FY 2023, GCC expended a total of \$12.2M of federal awards with \$426K provided to subrecipients. Of the \$12.2M, \$11.6M was from the USDOE, \$622K was from the DOI, and \$15K was from the National Science Foundation. Auditors opined that the SEFA was fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management Letter

In a separate management letter, auditors identified one finding relating to the implementation of Government Accounting Standards Board (GASB) Statement No. 96. Auditors noted that the GCC lacked formal procedures when assessing contracts in accordance with Subscription-Based Information Technology Arrangements GASB 96. A separate IT-related management letter also identified three findings.

For more details, refer to GCC's FY 2023 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Report on Compliance for Each Major Federal Program and Internal Control Over Compliance, Management Letter, and Auditor's Communication With Those Charged With Governance at www.opaguam.org and www.guamcc.edu.