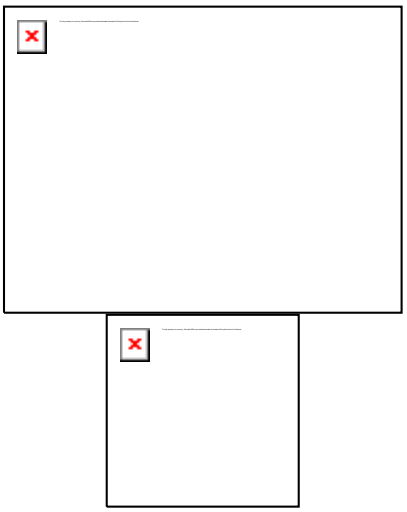
clerks@guamlegislature.org

From: Speaker's Office <speaker@guamlegislature.org>
Sent: Wednesday, June 10, 2020 3:26 PM
To: Clerks Office
Cc: Rennae Meno
Subject: M&C Fwd: Guam Community College FY 2019 Financial Audit Reports
Attachments: gcc_fy19_hl_final.pdf; gcc_fs19_final_jun_1_2020.pdf; gcc_comp19_final_jun_1_2020.pdf; gcc_ml19_final_jun_1_2020.pdf; gcc_sas19_final_jun_1_2020.pdf

06-10-20	10:09 AM	06-01-20	Guam Community College- FY2019 Financial Highlights.*	Office of Public Accountability	35GL-20-1875



Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Frederick Jones** <fjones@guamopa.com>
Date: Wed, Jun 10, 2020 at 10:09 AM
Subject: Guam Community College FY 2019 Financial Audit Reports
To: Frederick Jones <fjones@guamopa.com>

Hafa Adai,

Transmitted electronically is the Guam Community College FY 2019 Financial Highlights, Financial Statements, Report on Compliance and Internal Control, Management Letter, and Letter to Those Charged with Governance. These reports may also be found on our website at http://www.opaguam.org.

--
Sincerely,

Frederick D. Jones, MBA
Accountability Auditor I
Office of Public Accountability
www.opaguam.org
Tel. (671) 475-0390 ext. 202
Fax (671) 472-7951
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Guam Community College – FY 2019 Financial Highlights

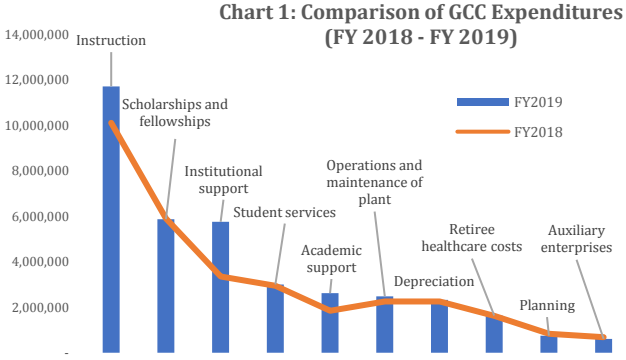
June 1, 2020

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 19th 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.

Chart 1: Comparison of GCC Expenditures (FY 2018 - FY 2019)



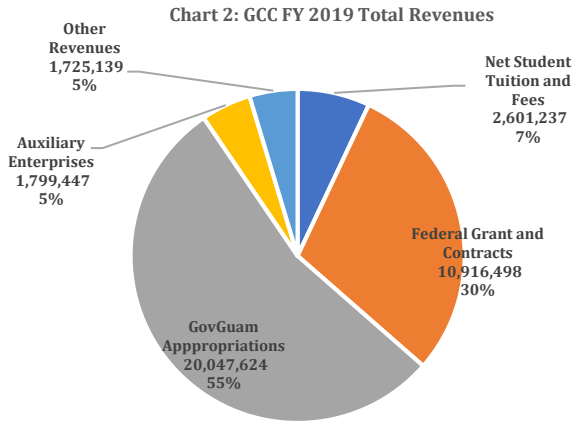
Coronavirus (COVID-19) Impact

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%.

Doc. No. 35GL-20-1875.*



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 and www.guamcc.edu.

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

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2019 and 2018

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

Table of Contents
Years Ended September 30, 2019 and 2018

		Page
I.	Independent Auditors' Report	1
	Management's Discussion and Analysis	4
II.	Basic Financial Statements:	
	Statements of Net Position	16
	Guam Community College Foundation Statements of Financial Position	17
	Statements of Revenues, Expenses and Changes in Net Position	18
	Guam Community College Foundation Statements of Activities	19
	Statements of Cash Flows	20
	Notes to Basic Financial Statements	21
III.	Other Supplementary Information:	
	Schedule of Proportional Share of the Net Pension Liability	53
	Schedule of Pension Contributions	56
	Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios	57
	Schedule of Proportional Share of the Total OPEB Liability	58
	Schedule of OPEB Contributions	59
	Schedule of Salaries and Wages, Cash Basis	60
	Schedule of Expenditures by Function and Object Code	61
	Unrestricted and Restricted Fund Supplemental Schedule – Balance Sheet	64
	Unrestricted and Restricted Fund Supplemental Schedule – Statement of Changes in Fund Balances	65

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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, 2019 and 2018, 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.

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, 2019 and 2018, 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-Matter

Guam Community College Foundation

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* in 2019. The Foundation has elected to restate its 2018 financial statements to reflect the adoption of this standard. Our opinion is not modified with respect to this matter.

COVID-19

As discussed in Note 12 to the financial statements, GCC determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. However, due to uncertainty surrounding the duration of the state of emergency due to the pandemic, GCC is unable to reasonably estimate its ultimate financial impact. 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 15, the Schedule of Proportional Share of the Net Pension Liability on pages 53 through 55, the Schedule of Pension Contributions on page 56, the Schedule of Changes in the Proportional Share of the Total OPEB Liability and Related Ratios on page 57, the Schedule of Proportional Share of the Total OPEB Liability on page 58, and the Schedule of OPEB Contributions on page 59 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.

Deloitte.

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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 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 May 28, 2020 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

May 28, 2020

For the nineteenth 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 2019. 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.

As management of Guam Community College, we offer readers of Guam Community College's financial statements this narrative overview and analysis of the financial activities of Guam Community College for fiscal years ended September 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with additional information available in the College's basic financial statements.

Fiscal Year 2019 Overview

Institutional Strategic Master Plan (ISMP)

The 2020-2026 ISMP was approved by the Board of Trustees at its October 4, 2019 Board meeting. Planning for the ISMP project started as a yearlong process in Fall of 2018 and consisted of participation from all constituents, including students, faculty, staff, administrators, and external partners. The ISMP planning sessions occurred at Leadership Strategic Planning meetings, College Assemblies including breakout sessions, Student Focus Groups, an Industry Stakeholder session, and other sessions. The 2020-2026 ISMP effective date is January 2020.

The creation of the 2020-2026 ISMP goals focused on the transformational framework consist of the following:

Goal 1: Advancing Workforce Development and Training: It is GCC's intent to ensure that industry partners and business needs are met, by closely monitoring labor force requirements and proper alignment of GCC programs, student knowledge and skills, with industry needs.
- Objective 1.1 Respond to local and regional occupational needs
- Objective 1.2 Cultivate meaningful partnerships

Goal 2: Fostering 100% Student-Centered Success
- Objective 2.1 Enhance the professional development process for all employees
- Objective 2.2 Implement innovative strategies and practice flexibility in meeting student needs

Goal 3: Leveraging Transformational Engagement and Training
- Objective 3.1 Strengthen stakeholder opportunities to engage in the transformational process, governance and institutional decision-making
- Objective 3.2 Foster an organizational culture that empowers and facilitates transformational engagement and rewards collaboration

Goal 4: Optimizing Resources
- Objective 4.1 Diversify revenue streams
- Objective 4.2 Integrate Return on Investment (ROI) and Total Cost of Ownership (TCO)
- Objective 4.3 Provide employee professional development
- Objective 4.4 Develop and implement succession planning
- Objective 4.5 Cultivate team building

Goal 5: Modernizing and Expanding Infrastructure and Technology
- Objective 5.1 Expand educational footprint
- Objective 5.2 Ensure robust technology
- Objective 5.3 Provide access to sustainable facilities

Associates of Science Degree in Practical Nursing

In February 2019, GCC received approval for its substantive change application to Accrediting Commission for Community and Junior Colleges (ACCJC) seeking program approval to transform its Practical Nursing Certificate program into an Associate of Science Degree in Practical Nursing beginning Fall 2019 and subsequently received approval from the Guam Board of Nursing Examiners in April 2019. Implementation of the Associates degree in Nursing was effective for Fall 2019 and replaced the LPN Certificate program that was voluntarily withdrawn in Spring 2018 at the Guam Board of Nursing Examiners meeting.

Building 100

In September 2019, the College held the ribbon cutting for formerly Building 100, connect to Building E as one facility. The construction expanded Building 100 into a two-story concrete structure with Leadership in Energy and Environmental Design (LEED) features. Building 100 houses several programs (Criminal Justice, Emergency Management, Fire Science, and Developmental Education) and is outfitted with classrooms, faculty offices and supporting spaces. This 2-story building has a total floor area of 16,800 square feet. While the first floor (8,400 square feet) has four classrooms, offices, and a conference room, the second floor (8,400 square feet) has six classrooms, faculty offices and three work rooms). The renovation and construction of Building 100 total cost is $5.183M of which $5M is funded through a USDA Community Facility Direct loan under the GCC Foundation.

Banner Modernization Project

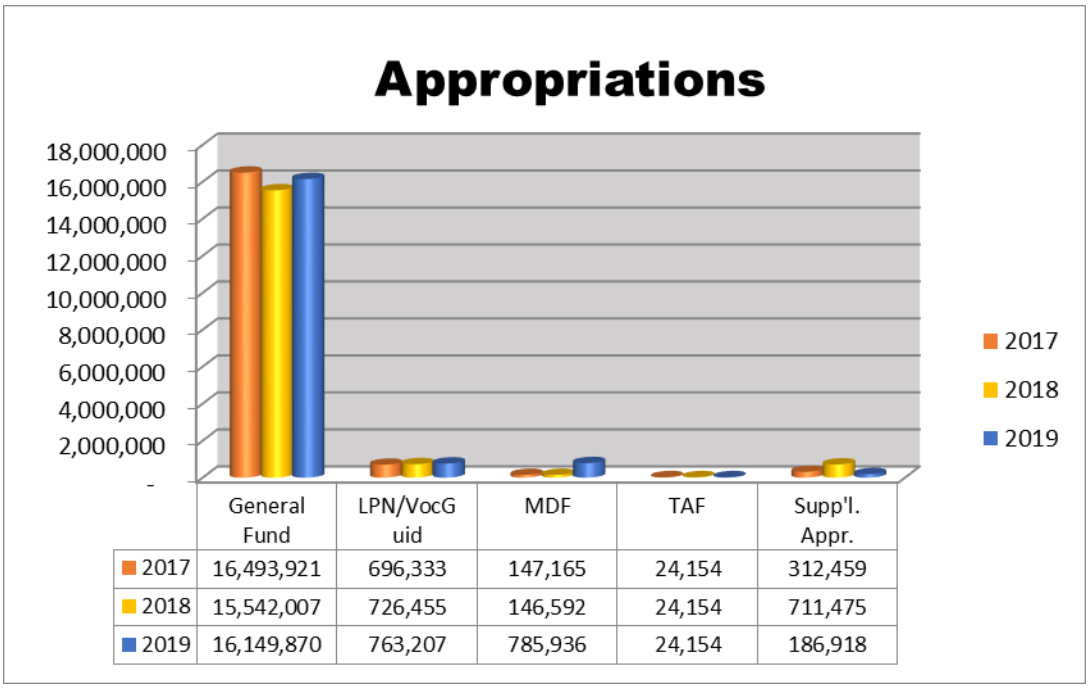
In October 2018, the College contracted with Ellucian to maximize the use of the Banner Integrated Database System functionality and embrace new solutions to include Ellucian Mobile, Degree Works, Ethos Integration & Ellucian Analytics to support our students' success in the Cloud. Removal of old maintenance costs and implementation of the new solutions, allowed the College to realize a 5 year cost savings of over $500,000. Cost savings due to server hardware replacement, warranty-related expenses, reduction of power and carbon footprint, technical expertise, and labor savings are realized from moving to the Cloud.

The implementation of Degree Works will greatly enhance the student experience in planning for their path to completion at Guam Community College. Declared students will be able to view their degree plan online and schedule classes based on their degree plan with their advisor and counselor. Also, Degree Works allow the College to track students and create semester offerings that meet the needs of students and effectively maximize their time at the College.

Local Appropriations

The College continued to maintain its operations during fiscal year 2019 although enrollment decreased from prior years. Under PL 34-116, the Government of Guam Budget law appropriated a significant decrease of 11% or $2.17M, resulting in an $18.5M FY19 budget versus the FY18 budget of $20.6M. Although an initial reserve of 15% was implemented in September 2018, this reserve was eventually released by fiscal year end. As a result of the reduction in appropriation from the General Fund, PL 34-116 placed restrictions on all FY2019 local budgets, to include a salary increment freeze, hiring freeze, government funded travel restrictions, wireless communication, and other restrictions. General Fund appropriations cover a majority of salaries, benefits, and utility costs. By October 2019, GCC received 100% of the FY19 appropriations, except for the 31% or $61K reduction in the First Generation Trust Funds. This reduction was placed on the First Generation Trust, funded by property taxes to ensure that the entire debt service was funded for obligations already incurred.

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. Manpower Development Fund (MDF) increases directly correlate to the increased number of H-2B workers approved to work on federal Guam contracts, behind the fence. MDF budget appropriation increased from $388,337 to $948,888 or 140% from FY18, which corresponded to a reduction in the General fund Apprenticeship supplemental budget.



	General Fund	LPN/VocGuid	MDF	TAF	Supp'l. Appr.
2017	16,493,921	696,333	147,165	24,154	312,459
2018	15,542,007	726,455	146,592	24,154	711,475
2019	16,149,870	763,207	785,936	24,154	186,918

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. The College prioritized FY2019 budgets for personnel, utility costs and required contractual commitments.

Continued federal discussions to reduce the overall deficit did not reduce the amount of financial aid available to students as Pell funding for AY 2018-2019 held a maximum full time award of $6,095, or a $175 increase per student per academic year. The AY 2019-2020 maximum Pell award increased to $6,195 or $100 per student per academic year. Pell grants make up approximately 58% or $3,588,781 of students tuition and fee payments. This is a decrease as compared with 2018 amounts where 57% or $4,038,934 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.

- 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 2018, GCC received a WIOA grant of $475,070, for the period of July 1, 2018 to September 30, 2019.

- In August 2019, GCC was awarded year three of the TRIO Project AIM five-year grant for $321,755. 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 the Guam Department of Education (GDOE) and received a contract for $653,078 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 KeyTrain®, CHOICES 360®, and Work Experience. On August 19, 2019, the contract was amended to increase by $122,622 for a total of $775,700, to expand CTE to students who were not able to take the courses during the regular academic year.

- GCC was the sub-recipient of an Area Health Education Center Cooperative Agreements under the Guam Micronesia Area Health Education Center amounting to $105,726, effective November 2018. The sub-grant allows the College to provide community health worker training, behavioral health integration training with a focus on opioid misuse and abuse, and funds for the development of AHEC scholars program.

- On June 25, 2019, GCC's Allied Health Program received a $100,000 Transforming Guam's Health Career Opportunities grant to fund scholarships, Licensed Practical Nursing (LPN) review materials and exam fees for NCLEX, instructional equipment and supplies, and professional development funds from TakeCare. Over the past ten years, TakeCare has contributed $1,100,000 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, 2019, the College was the recipient of the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance sub-award for $21,628. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science programs; funds science area exploration at the College.

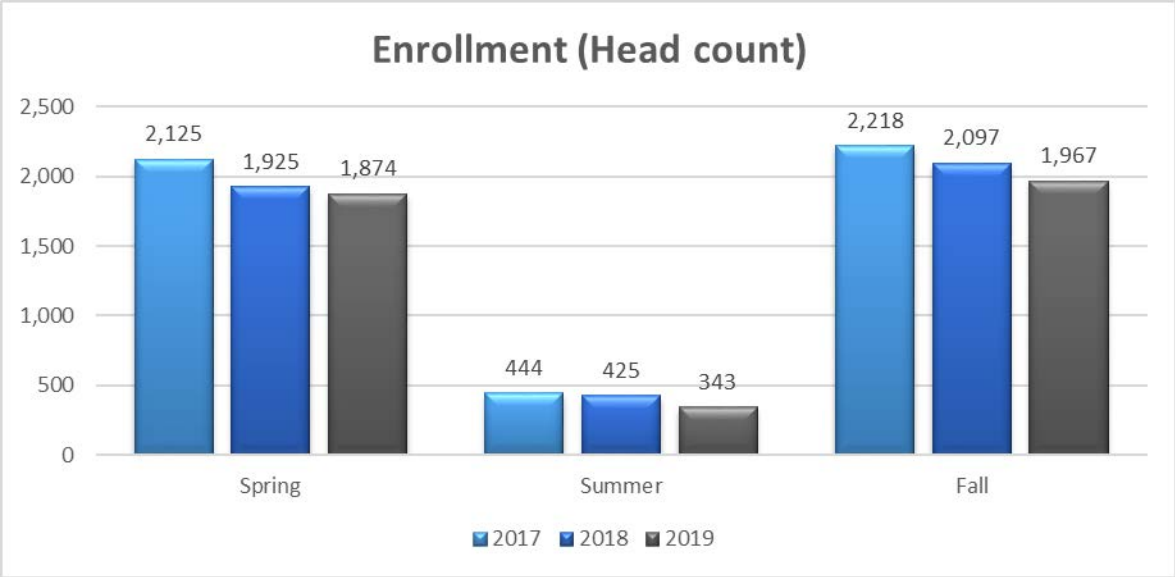
- On July 3, 2019, the College entered into a three-year agreement for $140,000 with American Association of Community Colleges in support of the Expanding Community College Apprenticeships Initiative (ECCA) for the participation in the AACC Virtual Apprenticeship Network. This initiative is to provide direct support to community colleges to expand registered apprenticeship opportunities.

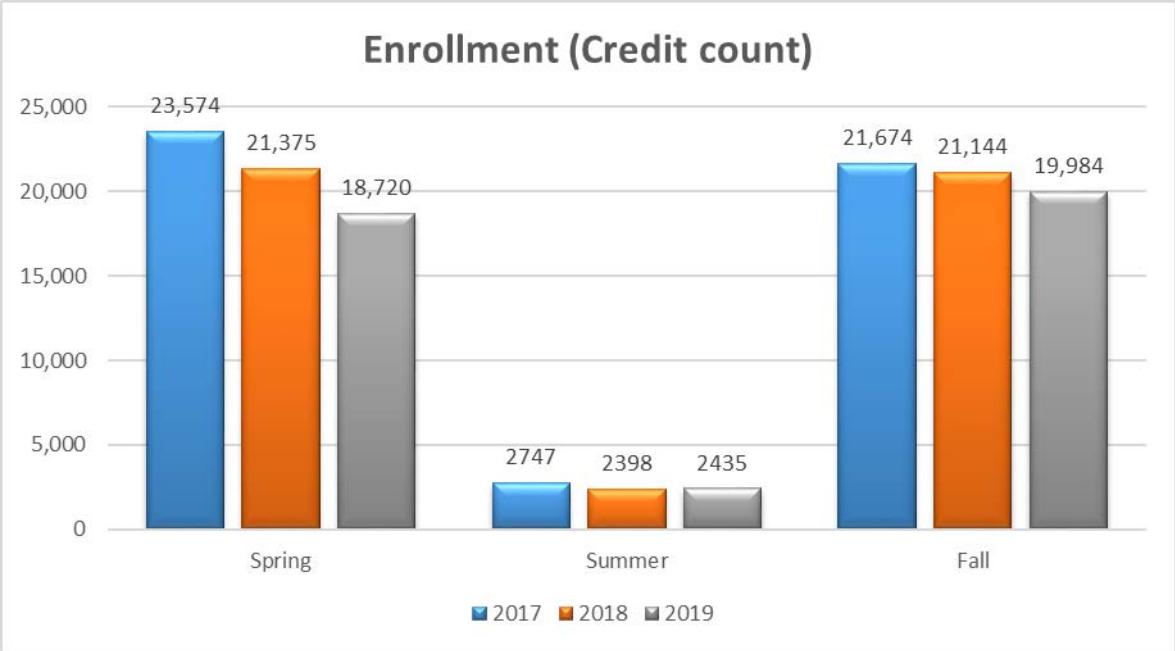
The College operated with 238 full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel costs at the College campus and at the six secondary high schools and the post-secondary programs. The College continues to receive funding for the Associate 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 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 329 and 399 apprentices over 76 active employers in Fall 2019 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 a decline in the number of students and seats during the academic year 2018-2019. When the economy improves and demand for workers is high, people tend to choose jobs over education; thus contributing to the decline in enrollment. As authorized by the Board of Trustees (BOT), 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 FY2019 for capital projects and technology fees were $618,000 and $306,000, respectively.

Although the number of post-secondary enrollment students decreased for Spring 2019 and Fall 2019 by (2.65%) and (6.20%), respectively, there were decreases in credit counts for the Spring 2019 and Fall 2019 of (12.42%) and (5.49%), respectively, as compared to prior 2018 Spring and Fall semesters. The decline over the past six years has been due to increased demands for jobs, increases in the local minimum wage to $8.25 ($8.75 in March 2020), 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. Although the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased for available students, there continues to be decline in enrollment. In FY2019, the College launched the Early Middle College initiative in Construction Technology. This allows high school students to earn a high school diploma and post-secondary credits or an Associate's Degree at the same time. Additionally, to encourage enrollment the College offers the Credit Learning Yields Math and English Readiness (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.


Enrollment (Head count)
2,500
2,000
1,500
1,000
500
0
2,125
1,925
1,874
444
425
343
2,218
2,097
1,967
Spring
Summer
Fall
2017 2018 2019


Enrollment (Credit count)
25,000
20,000
15,000
10,000
5,000
0
23,574
21,375
18,720
2747
2398
2435
21,674
21,144
19,984
Spring
Summer
Fall
2017 2018 2019

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 FY19 and FY18. The career and technical education programs for students are available 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

	2019	2018	2017
Assets:			
Other current assets	$ 24,274	$ 25,787	$ 21,273
Prepaid lease	1,009	558	-
Accounts receivable – U.S. Government	371	662	226
Investments (noncurrent)	2,013	1,959	1,950
Capital assets, net	34,117	33,344	33,404
Total assets	61,784	62,310	56,853
Deferred outflows of resources	13,737	9,894	9,875
Total assets and deferred outflows of resources	$ 75,521	$ 72,204	$ 66,728
Liabilities:			
Current liabilities	$ 5,674	$ 4,516	$ 4,347
Non-current liabilities	82,377	89,523	97,005
Total liabilities	88,051	94,039	101,352
Deferred inflows of resources	17,596	5,809	293
Net position:			
Net investment in capital assets	31,992	30,165	30,174
Restricted – expendable	1,398	1,398	1,398
Unrestricted	(63,516)	(59,207)	(66,489)
Total net position	$ (30,126)	$ (27,644)	$ (34,917)
Total liabilities, deferred inflows of resources and net pension	$ 75,521	$ 72,204	$ 66,728

The overall financial situation at the College decreased as compared with prior year, mainly due to the application of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), FY2019 appropriation reductions and GCC Foundation contributions. Fiscal conservation measures continue to be applied by the College and funding set aside in preparation for capital projects scheduled in FY19 and FY20. In current assets, cash increases were due to collection of FY2018 GovGuam appropriations of $2.5M and timely receipt of FY2019 allotments. At the end of the fiscal year, the College received 96% of total appropriations, or $17.7M out of $18.5M, and $18.25M or 99% as of October 2019. Other receivables decreased due to the $2M transfer to 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.

Adjustments due to GASB 75, resulted in a $1.9M increase in noncurrent liabilities and related deferred outflows and inflows from OPEB. OPEB benefits include COLA and supplemental annuity plans for retirees. Increases in accounts payable occurred due to a requirement to allot 1% of construction projects over $100K for local art in public buildings, 1. GCA Ch. 8 Article 2 section 850 – 853.

Due to the constraints of College and University accounting, approximately $1,969,059 in encumbrances incurred in fiscal year 2019 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2019 net position. The encumbrances are related to the construction and renovation of Building 300 and other capital projects.

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

	2019	2018	2017
Operating revenues	$ 16,805	$ 17,276	$ 17,048
Operating expenses	36,722	31,770	39,682
Operating loss	(19,917)	(14,494)	(22,634)
Non-operating revenues, net	17,435	21,767	15,576
Change in net position	(2,482)	7,273	(7,058)
Net position at beginning of year	(27,644)	(34,917)	(27,859)
Net position at end of year	$ (30,126)	$ (27,644)	$ (34,917)

Statement of Cash Flows

	2019	2018	2017
Cash provided by (used in):			
Operating activities	$ (10,202)	$ (15,809)	$ (12,608)
Noncapital financing activities	21,359	17,105	22,059
Capital and related financing activities	(7,233)	(2,373)	(4,705)
Investing activities	(104)	(8)	(26)
Net change in cash and cash equivalents	3,820	(1,085)	4,720
Cash and cash equivalents at beginning of year	12,166	13,251	8,531
Cash and cash equivalents at end of year	$ 15,986	$ 12,166	$ 13,251

At the end of FY 2019 and 2018, the College recognized a 3.4% and 0.6%, respectively, decrease in student tuition and fees due to changes in student enrollment, head and credit 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 decreased in line with enrollment decreases. 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:

- Revenue decrease due to student enrollment decline of $311K and FY2018 DPHSS contract of $500K.
- GASB 75 implementation resulted in a $1.9M expenditure increase.
- GovGuam appropriations decrease due to $2.1M decline in FY2019 appropriations as compared to FY2018.
- FY2018 Sick leave accrual and expenditure reduction of $1.25M resulting from employee transfers from the DC to DB 1.75 retirement plan.
- Adjunct salaries and benefit increased by $259K due to the FY2019 hiring freeze; capital projects increased to include contractual costs of $1M to move the College IT infrastructure (servers) to the cloud; the percentage of the Arts accrual is estimated at $242K.
- Net nonoperating revenues decreased due to a $2.M Foundation contribution for Forensic DNA Building construction.
- Bad debt expense decrease of $340K.

The net position of the College shows a decrease for the current year, due to decreases in appropriated revenues, decreased enrollment, contribution to GCC Foundation and OPEB adjustment. Although the net position resulted in a negative balance, the College was successful in the collections of 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 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 $34,117,034 as of September 30, 2019, 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 Guam Community College Foundation was 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. In September 2017, the College contributed $2,764,427 to the Foundation for their project share and in March 2018 transferred $2M to the Foundation to support bridge financing for the project. In September 2019, USDA agreed to apply the $5M loan to Building 100 project as it was 99% complete at that time. This was to ensure full utilization of the $5M loan and drawdown before expiration on September 30, 2019. GCC committed to continue the Crime Lab extension with the remaining project funds set aside. In September 2019, the $2M was recorded as a contribution to finance Forensic DNA building. The College remained current in the repayment of the Foundation Building construction loan from USDA, and made principal and interest payments of $1,053,410 and $100,310, respectively, during fiscal year 2019. Additionally, the College subsequently made an advance payment of $1M in October 2019. 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, 2018 and 2017, is set forth in the College's report on the audit of the financial statements, which is dated March, 29, 2019, and that Discussion and Analysis explains the major factors impacting the 2018 and 2017 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.opaguam.org.

Economic Outlook for FY 2020

As it receives in total 50% of its operational funding locally and 76% of the local appropriation for personnel costs, the College continues to closely track the economic situation of the Government of Guam (GovGuam). The College's FY2020 appropriation for all funds increased by 6.35% or by $1,148,162 with the passage of PL 35-36. The Manpower Development Funds appropriations increased by 9% or $376,212 in FY2020. MDF collections continue to be monitored closely as the collection of these funds remains unpredictable due to the limitations of H2B visa approvals. As of April 21, 2020, the College has received $10.57M or 57% of its FY2020 appropriations from the General Fund and $487,783 or 37% from the Manpower Development Funds. In accordance with §19403(a), Chapter 19, Title 10 GCA, the Bureau of Budget and Management Research transferred $651,808 from GCC FY2020 General Fund budget to fund the COVID-19 Mandatory Quarantine Protocol. The College continues to receive appropriations releases on a weekly to bi-weekly basis. GCC has a record of accomplishment of being fiscally responsible and implements conservation measures to ensure that the operations of the College are maintained.

Although the Government of Guam (GovGuam) continues to release allotments timely, the College closely monitors the financial situation of GovGuam. On March 14, 2020, Governor Lou Leon Guerrero, through Executive Order (E.O.) 2020-03, declared a state of emergency for the island of Guam due to the COVID-19 pandemic. With confirmation of Guam's first COVID-19 cases, on March 16, 2020 E.O. 2020-03 ordered the closure of all non-essential GovGuam offices and all Guam schools, placed restrictions on social gatherings, business operations, and travelers entering into Guam. E.O. 2020-05 issued on March 19, 2020, effectively closed all non-essential businesses and limited food service business offerings. Due to increased COVID-19 positive cases, Guam was placed on lockdown until May 5, 2020. The shutdown affects all sectors of Guam's economy with over 10,000 Guam residents laid off or furloughed and 38,000 expected to apply for benefits. Businesses and residents are seeking benefits from the $2 trillion COVID-19 national stimulus package in the way of loans, grants, and aid.

The College has transitioned a majority of the students to online delivery of classes for the remainder of the Spring 2020 semester and has made arrangements for students to complete courses up through Spring 2021. It is anticipated that Summer 2020 courses will be through online instruction. The College received notification of $1.1M available from the CARES ACT: Higher Education Emergency Relief Fund to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student's cost of attendance such as food, housing, course materials, technology, health care, and child care).

Although the Government of Guam expects to receive reimbursements and federal grants from the COVID-19 stimulus package, it is unsure of the timing of these funds and how they will affect the College and its students. In addition, there is great uncertainty surrounding when businesses will be allowed to reopen, employees allowed to return to work, and how daily routines will be affected post-COVID19. Guam's largest tourism industry may take longer to recover due to lack of travelers, decreased spending ability, and fears of the unknown.

The College remains conservative in its allocation of resources. The College takes its finances seriously and monitors its spending within the College's procurement process. The budgeting and allocation of budget process is closely monitored to ensure transparency and accountability. The General Fund appropriation budget allocations are determined based on need and adjustments are made to department budgets as needed, due to spending constraints. 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. 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 continues to maintain fiscal accountability for the benefit of our students.

GCC Building 300 renovation project was awarded on February 20, 2018 after the second bid attempt. The $4.7M project is funded in two part by a FEMA Pre-Disaster Competitive Grant for $1,190,322 and GCC Capital Improvement Fund of $3.5M, approved by BOT Resolution 11-2016. The Building 300 renovation project is a one-story 9000 of LEED building. It will be used as a multiple purpose space building that can be subdivided into smaller breakout spaces. FEMA has granted a no cost extension until September 2020, due to delays in the project from bid award, permitting, and lead paint detection and abatement.

The Forensic DNA Lab extension project awarded for $5,079,425 in July 2, 2019, 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 project was originally funded by a $3M portion of the $5M USDA loan. However, in September 2019, the $5M USDA loan was used for Building 100 renovation. Therefore, the project is now fully funded through the GCC Capital Improvement Fund. The contractor is in the process of obtaining a building permit. The initial completion date of the project is December 12, 2020. However, unanticipated delays in the building permit process and the COVID-19 pandemic will expand the completion timeline.

Other small capital improvement projects planned for FY 2020 and carryover projects from FY2019 include: LRC A/C replacement, 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, and replacement of canopy/walkway connecting building C and D. 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, 2019 and 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2019	2018
Current assets:		
Cash and cash equivalents	$ 15,629,267	$ 11,809,125
Cash and cash equivalents - restricted	357,085	356,694
Time certificate of deposit	2,091,806	2,042,000
Due from Government of Guam, less allowance for doubtful accounts of $828,165 at September 30, 2019 and 2018	703,818	3,650,511
Tuition receivable, less allowance for doubtful accounts of $2,003,540 and $1,851,955 at September 30, 2019 and 2018, respectively	2,842,386	3,039,145
Accounts receivable - U.S. Government	371,497	662,260
Accounts receivable - other, less allowance for doubtful accounts of $479,766 and $393,184 at September 30, 2019 and 2018, respectively	2,037,905	4,340,969
Inventories	610,123	547,766
Total current assets	24,643,887	26,448,470
Noncurrent assets:		
Prepaid lease	1,009,300	557,844
Investments	2,013,287	1,959,164
Property, plant and equipment:		
Buildings and structures	56,630,156	55,506,136
Furniture, fixtures and equipment	12,967,165	12,510,351
Vehicles	611,352	611,352
	70,208,673	68,627,839
Less accumulated depreciation	(41,145,875)	(39,058,627)
Total depreciable property, plant and equipment	29,062,798	29,569,212
Land	1,903,000	1,903,000
Construction in progress	3,151,236	1,872,161
Total non-depreciable property, plant and equipment	5,054,236	3,775,161
Property, plant and equipment, net	34,117,034	33,344,373
Total noncurrent assets	37,139,621	35,861,381
Total assets	61,783,508	62,309,851
Deferred outflows of resources:		
Deferred outflows from OPEB	8,393,990	5,330,040
Deferred outflows from pension	5,343,133	4,564,210
Total deferred outflows of resources	13,737,123	9,894,250
Total assets and deferred outflows of resources	$ 75,520,631	$ 72,204,101
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current portion of long-term debt	$ 88,558	$ 53,752
Accounts payable and accrued liabilities	3,032,968	1,701,857
Construction contract payable	138,138	320,083
Retainage payable	218,096	63,854
Unearned revenue	1,588,244	1,770,971
Deposits held on behalf of others	357,085	356,694
Current portion of accrued annual leave	250,768	249,215
Total current liabilities	5,673,857	4,516,426
Noncurrent liabilities:		
Accrued annual leave, net of current portion	256,423	270,508
DCRS sick leave liability	489,206	475,176
Long-term debt, net of current portion	2,036,972	3,125,188
Net OPEB liability	42,285,436	49,740,344
Net pension liability	37,308,811	35,910,920
Total liabilities	88,050,705	94,038,562
Deferred inflows of resources:		
Deferred inflows from OPEB	16,683,397	4,262,357
Deferred inflows from pension	912,839	1,546,837
Total deferred inflows of resources	17,596,236	5,809,194
Commitment and contingencies		
Net position:		
Net investment in capital assets	31,991,504	30,165,433
Restricted expendable	1,398,120	1,398,144
Unrestricted	(63,515,934)	(59,207,232)
Total net position	(30,126,310)	(27,643,655)
Total liabilities, deferred inflows of resources and net position	$ 75,520,631	$ 72,204,101

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position
September 30, 2019 and 2018

ASSETS	2019	2018 (As Restated)
Cash and cash equivalents	$ 273,804	$ 796,964
Cash and cash equivalents - restricted	5,718,581	1,240,622
Investments	12,463,532	12,259,240
Due from Guam Community College	608,683	412,617
Construction in progress	5,141,811	4,425,302
Plant and equipment, net	18,008	18,008
Total assets	$ 24,224,419	$ 19,152,753
LIABILITIES AND NET ASSETS		
Current liabilities:		
Loan payable, current	84,027	-
Construction contract payable	$ 137,591	$ 456,043
Retainage payable	273,652	442,530
Advance lease payment from Guam Community College, current	278,922	278,922
Due to Guam Community College	1,683,256	3,451,336
Total current liabilities	2,457,448	4,628,831
Advance lease payment from Guam Community College, net of current portion	730,378	278,922
Loan payable, net of current portion	4,854,228	-
Total liabilities	8,042,054	4,907,753
Commitments		
Net assets:		
Without donor restrictions	11,440,793	11,416,012
With donor restrictions	4,741,572	2,828,988
	16,182,365	14,245,000
Total liabilities and net assets	$ 24,224,419	$ 19,152,753

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, 2019 and 2018

	2019	2018
Revenues:		
Operating revenues:		
Student tuition and fees	$ 6,190,018	$ 6,410,635
Less: Scholarship discounts and allowances	(3,588,781)	(4,038,934)
	2,601,237	2,371,701
Federal grants and contracts	10,916,498	11,457,483
Auxiliary enterprises	1,799,447	2,840,963
Other revenues	1,725,139	1,183,407
Total operating revenues	17,042,321	17,853,554
Bad debts	(237,385)	(577,558)
Net operating revenues	16,804,936	17,275,996
Operating expenses:		
Education and general:		
Instruction	11,700,832	10,098,808
Scholarships and fellowships	5,865,094	5,892,827
Institutional support	5,750,965	3,349,251
Student services	2,999,040	2,941,174
Academic support	2,618,454	1,845,342
Operations and maintenance of plant	2,478,927	2,253,721
Depreciation	2,315,220	2,252,431
Retiree healthcare costs	1,635,256	1,619,588
Planning	752,978	834,314
Auxiliary enterprises	606,182	682,354
Total operating expenses	36,722,948	31,769,810
Operating loss	(19,918,012)	(14,493,814)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations, net	20,047,624	21,722,167
Contributions to GCC Foundation	(2,000,000)	-
Other nonoperating receipts (payments)	(511,957)	147,021
Interest expense	(100,310)	(101,951)
Net nonoperating revenues	17,435,357	21,767,237
Change in net position	(2,482,655)	7,273,423
Net position:		
Net position at beginning of year	(27,643,655)	(34,917,078)
Net position at end of year	$ (30,126,310)	$ (27,643,655)

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2019 and 2018

	2019			2018 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other additions:						
Net investment gains	$ 204,292	$ -	$ 204,292	$ 794,611	$ -	$ 794,611
Interest income	858	1,340	2,198	722	1,518	2,240
Contributions from Guam Community College	-	2,000,000	2,000,000	-	-	-
Fundraising	55,901	-	55,901	120,762	-	120,762
Other additions	3,324	-	3,324	14,005	-	14,005
Total revenues, gains and other additions	264,375	2,001,340	2,265,715	930,100	1,518	931,618
Expenditures and other deductions:						
Payments to Guam Community College	219,612	-	219,612	205,897	-	205,897
Fundraising	14,119	-	14,119	41,247	-	41,247
Professional services	5,480	-	5,480	3,900	-	3,900
Interest expense	-	88,576	88,576	-	-	-
Bank charges	-	180	180	-	-	-
Other deductions	383	-	383	5,772	180	5,952
Total expenditures and other deductions	239,594	88,756	328,350	256,816	180	256,996
Change in net assets	24,781	1,912,584	1,937,365	673,284	1,338	674,622
Net assets at beginning of year	11,416,012	2,828,988	14,245,000	10,742,728	2,827,650	13,570,378
Net assets at end of year	$ 11,440,793	$ 4,741,572	$ 16,182,365	$ 11,416,012	$ 2,828,988	$ 14,245,000

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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Student tuition and fees	$ 2,377,884	$ 1,459,176
Federal grants and contracts	11,207,261	11,021,287
Auxiliary enterprises	1,799,447	2,840,963
Other receipts (payments)	4,028,203	(726,742)
Payments to employees	(17,654,707)	(17,635,155)
Payments to suppliers	(6,725,435)	(5,758,764)
Payments for scholarships and fellowships	(5,234,535)	(5,753,601)
Net cash used in operating activities	(10,201,882)	(14,552,836)
Cash flows from investing activities:		
Increase in investments	(54,123)	(9,427)
(Increase) decrease in time certificates of deposit	(49,806)	1,384
Net cash used in investing activities	(103,929)	(8,043)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	21,359,061	17,105,543
Cash flows from capital and related financing activities:		
Purchases of capital assets	(3,115,585)	(1,808,613)
Contributions to GCC Foundation	(2,000,000)	-
Other (payments) receipts	(511,956)	147,021
Prepaid lease payment	(451,456)	(557,844)
Principal paid on long-term debt	(1,053,410)	(51,769)
Interest paid on long-term debt	(100,310)	(101,951)
Net cash used in capital and related financing activities	(7,232,717)	(2,373,156)
Net change in cash and cash equivalents	3,820,533	(1,084,984)
Cash and cash equivalents at beginning of year	12,165,819	13,250,803
Cash and cash equivalents at end of year	$ 15,986,352	$ 12,165,819
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (19,918,012)	$ (14,493,814)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,315,220	2,252,431
On-behalf payments for retiree healthcare, COLA and annuity costs	1,635,256	1,619,588
Bad debts	237,385	577,558
Non-cash pension costs	1,969,453	(704,988)
Changes in assets and liabilities:		
Tuition receivable	(40,626)	(88,049)
Accounts receivable - U.S. Government	290,763	(436,198)
Other receivables	2,220,763	(1,910,148)
Inventories	(62,357)	74,965
Accounts payable, accrued liabilities and deposits held for others	1,331,502	606,758
Accrued annual leave	(12,532)	19,515
DCRS sick leave liability	14,030	(1,245,978)
Unearned revenue	(182,727)	(824,476)
Net cash used in operating activities	$ (10,201,882)	$ (14,552,836)

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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 Assets are separately presented in the College's financial statements. In addition, significant notes are summarized under Foundation Investments.

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

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

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, 2019 and 2018, an accumulated vacation leave liability of $507,191 and $519,723, 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 a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the 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 $73,136 and $100,969 for the years ended September 30, 2019 and 2018, 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 (USDA) 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, 2019 and 2018 are $12,463,532 and $12,259,240, respectively. The following represents the composition of market values of investments:

	2019	2018
Equities	$ 8,152,009	$ 8,231,992
Fixed income	3,133,169	2,878,763
Exchange-traded funds	10,585	13,990
Mutual funds	575,965	572,614
Cash	591,804	561,881
	$ 12,463,532	$ 12,259,240

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

Foundation Investments, Continued

The Foundation's investment in securities balance at September 30, 2019 and 2018 include cash deposited within the cash sweep program of $591,804 and 561,881, respectively. Of the Foundation's cash deposited within the cash sweep program, $250,000 are insured by the Securities Investor Protection Corporation. The remaining balances are uninsured.

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

The Foundation's exposure to credit risk at September 30, 2019, was as follows:

Moody's Rating		
AAA/AAA	$	990,590
AA1/AA+		100,834
A1/A		287,977
A1/AA		75,098
A2/A		625,384
A3/A-		40,248
A3/BBB+		339,813
BA2/BB		58,053
B2/B+		53,981
BA1/BBB-		46,630
BA1/BB+		33,156
BAA2/BBB-		10,225
BA3/B+		32,610
BA3/BB		93,895
BA3		10,966
BA2/BB-		11,325
B1/B		53,792
B1/BB		59,581
B2/BB		17,127
B2/B		21,855
B3/B		101,585
B3/BB-		8,700
CAA1/CCC+		11,100
Not rated		48,644
Total	$	3,133,169

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

Foundation Investments, Continued

The Foundation's exposure to credit risk at September 30, 2018, was as follows:

Moody's Rating		
AAA/AAA	$	1,191,258
AA1/AA+		100,168
AA2/AA		85,258
A1/A		288,884
A1/AA		75,297
A2/A		187,032
A3/A-		202,924
A3/BBB+		78,104
BA1/BB		15,179
BA2/BB		49,275
B2/B		82,413
BA1/BBB-		34,681
BA1/BB+		43,797
BAA3/BBB-		5,289
BAA2/BBB-		11,853
BA3/B+		24,137
BA3/BB		65,680
BA3		9,925
B1/B		44,332
B1/BB		78,482
B2/BB-		18,293
B2/B		20,640
B3/B-		31,545
B3/B+		22,365
CAA1/B+		10,177
CAA1/CCC+		8,250
Not rated		93,525
Total	$	2,878,763

The following represents the composition of the net investment gains for the years ended September 30, 2019 and 2018:

	2019	2018
Unrealized investment (losses) gains	$ (29,077)	$ 848,486
Net realized investment losses	(114,106)	(346,042)
Interest income and dividends	347,475	292,167
	$ 204,292	$ 794,611

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

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, 2019 and 2018, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was $18,078,158 and $14,207,819, respectively, and the corresponding bank balances were $18,407,838 and $14,522,078, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2019 and 2018, bank deposits in the amount of $2,837,719 and $2,804,249, 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.

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, 2019 and 2018, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service Shares mutual fund of $2,013,287 and $1,959,164, respectively.

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

Deposits and Investments, Continued

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, 2019 and 2018 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, 2019 the College implemented the following pronouncements:

- GASB 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.

- GASB 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 implementation of these statements did not have a material effect on the College's 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 has yet to determine whether 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.

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

New Accounting Standards, Continued

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.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

Foundation Restatement

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which significantly changes the presentation requirements for financial statements of not-for-profit entities. The ASU amendments are effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The ASU amendment requires the Foundation to present its financial position at the end of the period in two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. Prior to the amendment, net assets are classified as unrestricted, temporarily restricted and permanently restricted. The ASU also requires change in the statement of activities similar to its presentation of the new classes of net assets.

The Foundation's net assets as of September 30, 2018 have been restated to reflect the required presentation as follows:

	As Previously Reported	Adjustment	As Restated
As of September 30, 2018:			
Unrestricted net assets	$ 11,416,012	$ (11,416,012)	$ -
Temporarily restricted net assets	2,785,359	(2,785,359)	-
Permanently restricted net assets	43,629	(43,629)	-
Without donor restrictions net assets	-	11,416,012	11,416,012
With donor restrictions net assets	-	2,828,988	2,828,988

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

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, 2019 and 2018.

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, 2019 and 2018 were as follows:

	Estimated Useful Life (in years)	Balance October 1, 2019	Additions	Retirement/ Transfers	Balance September 30, 2019
Depreciable:					
Buildings and structures	10-30	$ 55,506,136	$ 1,124,020	$ -	$ 56,630,156
Furniture, fixtures and equipment	5-6	12,510,351	684,786	(227,972)	12,967,165
Vehicles	5	611,352	-	-	611,352
		68,627,839	1,808,806	(227,972)	70,208,673
Accumulated depreciation:					
Buildings and structures		(27,812,197)	(1,553,771)	-	(29,365,968)
Furniture, fixtures and equipment		(10,845,110)	(687,687)	227,972	(11,304,825)
Vehicles		(401,320)	(73,762)	-	(475,082)
		(39,058,627)	(2,315,220)	227,972	(41,145,875)
		29,569,212	(506,414)	-	29,062,798
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		1,872,161	1,836,166	(557,091)	3,151,236
		3,775,161	1,836,166	(557,091)	5,054,236
		$ 33,344,373	$ 1,329,752	$ (557,091)	$ 34,117,034

(3) Property, Plant and Equipment, Continued

	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

(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 public corporations 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 DCRS Plan. 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, retirees under the DB and DCRS Plans are eligible to receive an annual ad hoc cost of living allowance (COLA).

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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, 2018 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,273
Inactive employees entitled to but not yet receiving benefits	3,170
Active employees	5,188
	15,631
DCRS members:	
Active employees	5,921
	21,552

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.

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.

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Supplemental annuity benefit payments are provided to DB retirees 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 and DCRS retirees 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 Government of Guam Retirement Security Plan (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 GRSP. 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. Benefits are fully vested upon attaining 5 years of credited service.

Members of DB 1.75 Plan may retire at age 62 with 5 years of credited service, or at age 60 with 5 years of credited service without survivor benefits, or at age 55 with 25 years of credited service but the retirement annuity shall be reduced ½ of 1% for each month that the age of the member is less than 62 years (6% per year). Credited service is earned for each year of actual employment by the GovGuam as an employee. Upon retirement, a retired member is entitled to a basic retirement annuity equal to an annual payment of 1.75% of average annual salary multiplied by years of credited service. Average annual salary means the average of annual base salary for three years of service.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan 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, 2017 actuarial valuation was used for determining the year ended September 30, 2019 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2017, 2016 and 2015, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2019, 2018 and 2017, respectively, have been determined as follows:

(4) Pensions, Continued

A. General Information About the Pension Plans, Continued:

	2019	2018	2017
Normal costs (% of DB Plan payroll)	13.54%	15.97%	16.27%
Employee contributions (DB Plan employees)	9.52%	9.55%	9.55%
Employer portion of normal costs (% of DB Plan payroll)	4.02%	6.42%	6.72%
Employer portion of normal costs (% of total payroll)	2.29%	1.60%	1.87%
Unfunded liability cost (% of total payroll)	21.29%	22.12%	21.60%
Government contribution as a % of total payroll	23.58%	23.72%	23.47%
Employer	26.56%	27.83%	27.41%
Employee	9.52%	9.55%	9.55%

The College's contributions to the DB Plan for the years ended September 30, 2019, 2018 and 2017 were $ $2,876,470, $2,494,308, and $1,169,733, respectively, which were equal to the required contributions for the respective years then ended.

For the years ended September 30, 2019, 2018 and 2017, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling $624,852, $623,328 and $613,055, 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 5% of the member's regular base pay, which increased to 6.2% effective January 1, 2018. 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 year ended September 30, 2019 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS, which increased to 6.2% effective January 1, 2018. 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, 2019, 2018 and 2017 were $1,393,298, $1,902,057 and $2,971,881, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $866,709, $1,263,815 and $2,055,740 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2019, 2018 and 2017, 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, 2019 and 2018, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2018 and 2017, respectively, which comprised of the following:

	2019	2018
Defined benefit plan	$ 28,895,965	$ 27,687,544
Ad hoc COLA/supplemental annuity plan for DB retirees	7,675,606	7,464,622
Ad hoc COLA plan for DCRS retirees	737,240	758,754
	$ 37,308,811	$ 35,910,920

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, 2019 and 2018, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	2019	2018
Defined Benefit Plan	2.45%	2.42%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.65%	2.59%
Ad hoc COLA plan for DCRS retirees	1.49%	1.22%

Pension Expense: For the years ended September 30, 2019 and 2018, GCC recognized pension expense for its proportionate share of plan pension expense from the above pension plans as follows:

	2019	2018
Defined benefit plan	$ 3,302,927	$ 1,566,029
Ad hoc COLA/supplemental annuity plan for DB retirees	823,680	2,104,012
Ad hoc COLA plan for DCRS retirees	(170,665)	66,953
	$ 3,955,942	$ 3,736,994

(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, 2019 and 2018, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019					
	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	$ 81,549	$ -	$ 113,561	$ -	$ 105,923	$ 6,737
Net difference between projected and actual earnings on pension plan investments	-	518,014	-	-	-	-
Changes of assumptions	-	-	-	254,759	87,805	98,399
Contributions subsequent to the measurement date	3,743,179	-	624,852	-	40,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	217,866	-	111,916	-	216,482	34,930
	$ 4,042,594	$ 518,014	$ 850,329	$ 254,759	$ 450,210	$ 140,066

	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

(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, 2019 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
2020	$ 194,900	$ (13,945)	$ 24,391
2021	(305,963)	(13,945)	24,391
2022	(244,545)	(1,392)	24,391
2023	137,009	-	24,391
2024	-	-	24,391
Thereafter	-	-	148,189
	$ (218,599)	$ (29,282)	$ 270,144

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, 2017
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2033 (15.58 years remaining as of September 30, 2017)
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% probability of retirement upon first eligibility for unreduced retirement. Thereafter, the probability of retirement is 20% for each year until age 75, and increases to 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 (males +3, females +2). Mortality for disabled lives is the RP 2000 disability mortality (males +6, females +4). Both tables are projected generationally from 2016 using 30% of Scale BB.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30 2015.

The investment rate assumption as of September 30, 2017 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)	29.0%	7.47%
U.S. Equities (small cap)	7.0%	8.73%
Non-U.S. Equities	16.5%	9.27%
Non-U.S. Equities (emerging markets)	2.0%	11.09%
U.S. Fixed Income (aggregate)	21.5%	4.67%
Risk parity	8.0%	6.50%
High yield bonds	8.0%	6.59%
Global Real Estate (REITs)	5.0%	8.60%
Master Limited Partnerships	3.0%	6.56%

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2016 valuation to the September 30, 2017 valuation:

Remaining amortization period: The unfunded liability was being amortized over a closed period ending on May 1, 2031. This was extended by 2 years to May 1, 2033 by Public Law 33-186

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2018 and 2017 was 7.0%, 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, 2018 was 4.18% (3.64% as of September 30, 2017), which is equal to the rate of return of a high quality bond index.

(4) Pensions, Continued

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

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	$ 36,845,506	$ 28,895,965	$ 22,072,201

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 8,396,833	$ 7,675,606	$ 7,052,242

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Net Pension Liability	$ 829,377	$ 737,240	$ 658,544

C. Payables to the Pension Plans:

As of September 30, 2019 and 2018, GCC recorded payables to GGRF of $164,215 and $173,092, respectively, representing statutorially 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.

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

A. General Information About the OPEB Plan:

Plan Description: The other postemployment benefits plan is a single 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, 2018 and 2017 (the respective measurement periods), OPEB plan membership consisted of the following as of September 30, 2018 and 2016 (the respective actuarial valuation dates):

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	7,930	7,342
Active plan members	10,136	10,282
	18,066	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. GCC 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.

- Standard island wide 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, 2019, 2018 and 2017, the College recognized certain on-behalf payments as transfers from GovGuam, totaling $970,404, $976,278 and $960,349, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

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

B. Total OPEB Liability:

As of September 30, 2019 and 2018, GCC reported a total OPEB liability of $42,285,436 and $49,740,344, respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2018 and 2017. The following presents GCC's proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2017	2.05%
Proportion at measurement date, September 30, 2018	2.26%
Increase/(decrease) in proportion	0.21%

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.75%
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 6-10 years, 5% for 11-15 years and 4% for service over 15 years. Previously, 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:	For 2018, Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25% for 2029 and later years. Previously, 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. The overall effect of these components are expected to decline year by year.
Dental trend rates:	3.8% in year one, 3.75% per year thereafter, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retirees will elect to participate. Life - 100% of eligible retirees will elect to participate. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.

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

B. Total OPEB Liability, Continued:

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. Medical – 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental – 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life – 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used. Previously, 60% of employees are assumed to retire with a covered spouse.
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 rates:	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB. Previously, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.
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:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females). Previously, 1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and females.

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

B. Total OPEB Liability, Continued:

Retirement rates:	50% of employees are assumed to retire at first eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. Previously, 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

OPEB plan fiduciary net position: As of September 30, 2019 and 2018, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.18% as of September 30, 2018 (3.63% as of September 30, 2017). 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 4.18% municipal bond rate as of September 30, 2018 (3.63% as of September 30, 2017) 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, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of the year	$ 49,740,344	$ 51,326,386
Changes for the year:		
Service cost	2,197,881	2,453,943
Interest	1,869,974	1,632,886
Expected benefit payments	(847,567)	(766,278)
Change in proportionate share	5,498,664	206,481
Differences between expected and actual experience	(11,780,523)	-
Change of assumptions	(4,393,337)	(5,113,074)
Net change	(7,454,908)	(1,586,042)
Balance at end of the year	$ 42,285,436	$ 49,740,344

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

C. Changes in the Total OPEB Liability, Continued:

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 3.18%	Current Discount Rate 4.18%	1% Increase in Discount Rate 5.18%
Total OPEB Liability	$ 49,868,087	$ 42,285,436	$ 36,194,421

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
Net OPEB Liability	$ 35,261,680	$ 42,285,436	$ 51,377,350

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

For the years ended September 30, 2019 and 2018, the College recognized OPEB expense of $2,439,295 and $4,004,935, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2018 and 2017. At September 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ -	$ 9,665,528	$ -	$ -
Changes of assumpitons	3,062,567	7,017,869	3,698,482	4,262,357
Contributions subsequent to measurement date	970,404	-	976,278	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	4,361,019	-	655,280	-
	$ 8,393,990	$ 16,683,397	$ 5,330,040	$ 4,262,357

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

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

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, 2019 will be recognized in OPEB expense as follows:

Year Ended September 30	
2020	$ (1,784,732)
2021	(1,784,732)
2022	(1,784,732)
2023	(2,785,762)
2024	(1,119,853)
	$ (9,259,811)

(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, 2019 and 2018. 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, 2019, the College believed that it would collect the total amount appropriated from the General Fund as follows:

Net appropriations per law	$ 18,412,368
Add retiree healthcare cost	970,404
Add COLA and annuity cost	664,852
Net appropriations	$ 20,047,624

The outstanding due from Government of Guam of $703,818 as of September 30, 2019 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, $1,969,059 and $7,189,765 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2019 and 2018, respectively. Of the $1,969,059 as of September 30, 2019, $174,195 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.

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. As of September 30, 2019, the College's Board approved to reverse the receivable into a permanent transfer of funds to the Foundation.

(9) Long-Term Debt

Long-term debt at September 30, 2019 and 2018 is as follows:

Direct Borrowings:

	2019	2018
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. Original maturity date of the loan was March 6, 2053, collateralized by a pledge of all gross revenues. However, due to advance payments made, the loan can be fully paid on November 6, 2037	2,125,530	3,178,940
	2,125,530	3,178,940
Less current portion	88,558	53,752
	$ 2,036,972	$ 3,125,188

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

Year ending September 30,	Principal	Interest	Total
2020	$ 88,558	$ 65,162	$ 153,720
2021	91,366	62,354	153,720
2022	94,262	59,458	153,720
2023	97,251	56,469	153,720
2024	100,334	53,386	153,720
2025-2029	551,444	217,156	768,600
2030-2034	644,572	124,028	768,600
2035-2038	457,743	23,348	481,091
	$ 2,125,530	$ 661,361	$ 2,786,891

(9) Long-Term Debt, Continued

Direct Borrowings, Continued:

The College has pledged all future gross revenues and a security interest in all its equipment, furniture, and fixtures 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. In addition, the note contains a provision that in an event of default, USDA may, at its option, collect interest income and principal and exercise any other right or remedy provided by the Uniform Commercial Code after giving any notice required thereby. The total interest and principal remaining to be paid on the $3,500,000 loan as of September 30, 2019 and 2018 is $2,786,891, and $5,232,934, respectively. On May 24, 2019, advance payment of $1,000,000 was made which was applied to principal balance. Principal and interest paid for fiscal year 2019 and net operating revenues were $1,153,720 and $16,804,936, respectively.

At September 30, 2019 and 2018, GCC does not have any unused lines of credit.

Long-term debt activities for the years ended September 30, 2019 and 2018, were as follows:

	Beginning Balance October 1, 2018	Additions	Reductions	Ending Balance September 30, 2019	Amount due within one year
Loans payable	$ 3,178,940	$ -	$ (1,053,410)	$ 2,125,530	$ 88,558

	Beginning Balance October 1, 2017	Additions	Reductions	Ending Balance September 30, 2018	Amount due within one year
Loans payable	$ 3,230,709	$ -	$ (51,769)	$ 3,178,940	$ 53,752

Foundation Direct Borrowings:

	2019	2018
Note payable of an original amount of $5,000,000 to U.S. Department of Agriculture, for the construction of Building 100, interest at 2.375%, repayable in monthly installments of principal and interest of $16,700 through November 6, 2056, collateralized by a pledge of all rental income and revenue from facilities lease agreement with Guam Community College.	$ 4,938,255	$ -
Less current portion	84,027	-
	$ 4,854,228	$ -

(9) Long-Term Debt, Continued

Foundation Direct Borrowings, Continued:

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

Year ending September 30,	Principal	Interest	Total
2020	$ 84,027	$ 116,373	$ 200,400
2021	86,044	114,356	200,400
2022	88,110	112,290	200,400
2023	90,226	110,174	200,400
2024	92,392	108,008	200,400
2025-2029	496,320	505,680	1,002,000
2030-2034	558,835	443,165	1,002,000
2035-2039	629,223	372,777	1,002,000
2040-2044	708,478	293,522	1,002,000
2045-2049	797,715	204,285	1,002,000
2050-2054	898,192	103,808	1,002,000
2055-2057	408,693	9,144	417,837
	$ 4,938,255	$ 2,493,582	$ 7,431,837

(10) Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2019 and 2018, were as follows:

	Beginning Balance October 1, 2018	Additions	Reductions	Ending Balance September 30, 2019	Amount due within one year
Accrued annual leave	$ 519,723	$ 483,473	$ (496,005)	$ 507,191	$ 250,768
DCRS sick leave liability	475,176	197,035	(183,005)	489,206	-
Net OPEB liability	49,740,344	4,223,994	(11,678,902)	42,285,436	
Net pension liability	35,910,920	6,029,602	(4,631,711)	37,308,811	-
	$ 86,646,163	$ 10,934,104	$ (16,989,623)	$ 80,590,644	$ 250,768

	Beginning Balance October 1, 2017	Additions	Reductions	Ending Balance September 30, 2018	Amount due within one year
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	-
	$ 94,074,549	$ 587,642	$ (8,016,028)	$ 86,646,163	$ 249,215

(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.

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, 2019 are as follows:

Year Ending September 30	Amount
2020	$ 278,922
2021	278,922
2022	278,922
2023	278,922
2024	278,922
Thereafter	9,483,348
Total	$ 10,877,958

As of September 30, 2019 and 2018, the College made advance lease payments to the Foundation amounting to $1,009,300 and $557,844, respectively.

(12) Subsequent Events

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, President Donald J. Trump declared a national emergency within the United States. In response to the national emergency declared by the U.S. President, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, prohibited large gatherings, and restricted entry into Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential government agencies and businesses have closed. GCC has closed its offices to the public and has required all non-essential employees to work from home. While the disruption is currently expected to be temporary, there is uncertainty around the duration. While this matter is expected to negatively impact GCC's business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

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

	2019	2018	2017	2016	2015	2014
Total net pension liability	$ 1,179,192,550	$ 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	$ 28,895,965	$ 27,687,544	$ 33,654,754	$ 34,887,450	$ 29,423,616	$ 33,015,503
GCC's proportion of the net pension liability	2.45%	2.42%	2.46%	2.43%	2.36%	2.53%
GCC's covered-employee payroll**	$ 12,592,233	$ 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	229.47%	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension liability	63.28%	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

	2019	2018	2017	2016
Total net pension liability***	$ 289,875,668	$ 288,147,121	$ 229,486,687	$ 235,799,709
GCC's proportionate share of the net pension liability	$ 7,675,606	$ 7,464,622	$ 6,090,911	$ 5,929,180
GCC's proportion of the net pension liability	2.65%	2.59%	2.65%	2.51%
GCC's covered-employee payroll**	$ 13,606,649	$ 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	56.41%	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

	2019	2018	2017	2016
Total net pension liability***	$ 49,342,424	$ 62,445,490	$ 61,688,067	$ 52,115,736
GCC's proportionate share of the net pension liability	$ 737,240	$ 758,754	$ 781,136	$ 569,690
GCC's proportion of the net pension liability	1.49%	1.22%	1.27%	1.09%
GCC's covered-employee payroll**	$ 3,951,609	$ 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	18.66%	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*

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 3,329,005	$ 3,036,596	$ 3,059,454	$ 3,265,964	$ 3,166,082	$ 3,089,025
Contributions in relation to the actuarially determined contribution	3,743,179	5,271,542	3,225,473	3,420,159	3,622,850	3,541,069
Contribution (excess) deficiency	$ (414,174)	$ (2,234,946)	$ (166,019)	$ (154,195)	$ (456,768)	$ (452,044)
GCC's covered-employee payroll **	$ 12,592,233	$ 12,320,945	$ 12,450,380	$ 12,416,546	$ 11,921,032	$11,661,597
Contribution as a percentage of covered-employee payroll	29.73%	42.79%	25.91%	27.55%	30.39%	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*

	2019	2018	2017	2016
Total OPEB Liabilty:				
Service cost	$ 2,197,881	$ 2,453,943	$ 1,990,422	
Interest	1,869,974	1,632,886	1,660,185	
Expected benefit payments	(847,567)	(766,278)	(766,278)	
Change in proportionate share	5,498,664	206,481	-	
Differences between expected and actual experience	(11,780,523)	-	-	
Changes of assumptions	(4,393,337)	(5,113,074)	5,300,419	
Net change in Total OPEB liability	$ (7,454,908)	$ (1,586,042)	$ 8,184,748	
Total OPEB liability - beginning	49,740,344	51,326,386	43,141,638	
Total OPEB liability - ending	$ 42,285,436	$ 49,740,344	$ 51,326,386	$ 43,141,638
Covered-employee payroll	$ 12,161,278	$ 11,532,619	$ 11,532,619	
GCC's total OPEB liability as a percentage of covered-employee payroll	347.71%	431.30%	445.05%	
Notes to schedule:				
Discount rate	4.18%	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 Proportional Share of the Total OPEB Liability
Last 10 Fiscal Years*

	2019	2018	2017
Total OPEB liability **	$ 1,874,970,335	$ 2,431,048,672	$2,532,753,040
GCC's proportionate share of the total OPEB liability	$ 42,285,436	$ 49,740,344	$ 51,326,386
GCC's proportionate of the total OPEB liability	2.26%	2.05%	2.03%
GCC's covered-employee payroll	$ 12,161,278	$ 11,532,619	$ 11,532,619
GCC's proportionate share of the total OPEB liability as percentage of its covered-employee payroll	347.71%	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*

	2019	2018	2017
Actuarially determined contribution	$ 5,026,780	$ 5,167,186	$ 4,472,350
Contributions in relation to the actuarially determined contribution	847,567	766,278	766,278
Contribution deficiency	$ 4,179,213	$ 4,400,908	$ 3,706,072
GCC's covered-employee payroll **	$ 12,161,278	$ 11,532,619	$ 11,532,619
Contribution as a percentage of covered-employee payroll	6.97%	6.64%	6.64%

Notes to Schedule

Valuation date:

Actuarially determined contributions rates are calculated as of September 30, 2018.

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:	2.75%
Healthcare cost trend rates:	Non-Medicare 13.5%; Medicare -25%; and Part B 5.33%. For the second year, 6.75% then reducing 0.25% annually to an ultimate rate of 4.25%
Salary increase:	4.0% to 7.5%
Mortality (Healthy Retiree):	RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years 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, 2019 and 2018

	2019	2018
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	$ 13,531,472	$ 12,064,110
Benefits	6,011,884	3,639,596
Total salaries, wages and benefits	$ 19,543,356	$ 15,703,706
Full-time employees at end of year	238	238
Federal Funds:		
Salaries	$ 673,620	$ 636,170
Benefits	154,670	160,756
Total salaries, wages and benefits	$ 828,290	$ 796,926
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, 2019 and 2018

	2019	2018
Instruction:		
Salaries, wages and benefits	$ 9,269,087	$ 8,214,923
Travel	45,942	28,294
Contract services	511,447	300,200
Supplies	267,222	264,977
Minor equipment	314,455	296,645
Miscellaneous	1,292,679	993,769
	$ 11,700,832	$ 10,098,808
Total employees at end of year	107	109
Planning:		
Salaries, wages and benefits	$ 661,582	$ 752,927
Travel	10,754	24,162
Contract services	64,082	14,606
Supplies	2,706	32,670
Minor equipment	5,968	7,426
Miscellaneous	7,886	2,523
	$ 752,978	$ 834,314
Total employees at end of year	7	10
Academic Support:		
Salaries, wages and benefits	$ 2,041,842	$ 1,532,768
Travel	24,497	22,869
Contract services	266,363	106,682
Supplies	98,137	67,605
Minor equipment	91,576	72,773
Miscellaneous and transfers	96,039	42,645
	$ 2,618,454	$ 1,845,342
Total employees at end of year	29	20

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, 2019 and 2018

	2019	2018
Student Services:		
Salaries, wages and benefits	$ 2,815,514	$ 2,732,726
Travel	10,048	3,413
Contract services	64,768	69,094
Supplies	25,211	34,266
Minor equipment	7,410	28,766
Miscellaneous and transfers	76,089	72,909
	$ 2,999,040	$ 2,941,174
Total employees at end of year	38	41
Institutional Support and Interest:		
Salaries, wages and benefits	$ 3,490,068	$ 1,921,138
Travel	80,710	96,895
Contract services	1,686,850	1,215,124
Supplies	40,872	31,271
Minor equipment	2,421	8,806
Interest and miscellaneous	550,354	76,017
	$ 5,851,275	$ 3,349,251
Total employees at end of year	44	45
Operations and Maintenance of Plant:		
Salaries, wages and benefits	$ 508,456	$ 335,947
Contract services	213,534	372,658
Supplies	78,002	94,627
Minor equipment	205,748	24,838
Capital expenditures	-	202,332
Utilities	1,231,405	1,223,319
Miscellaneous	241,782	-
	$ 2,478,927	$ 2,253,721
Total employees at end of year	8	8

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, 2019 and 2018

	2019	2018
Scholarships and Fellowships:		
Salaries, wages and benefits	$ 625,932	$ 136,226
Travel	-	-
Contract services	-	967
Supplies	682	2,030
Minor equipment	3,945	-
Miscellaneous	5,234,535	5,753,604
	$ 5,865,094	$ 5,892,827
Total employees at end of year	3	3
Auxiliary:		
Salaries, wages and benefits	$ 130,875	$ 77,051
Contract services	-	158
Supplies	2,245	1,239
Minor equipment	473,062	603,906
	$ 606,182	$ 682,354
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, 2019
(With Comparative Balances as of September 30, 2018)

	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	2019	2018
ASSETS													
Cash	$ -	$ 15,986,352	$ 15,986,352	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,986,352	$ 12,165,819
TCD	-	2,091,806	2,091,806	-	-	-	-	-	-	-	-	2,091,806	2,042,000
Investments	-	-	-	-	-	-	-	2,013,287	-	-	-	2,013,287	1,959,164
Due from Government of Guam	1,531,983	1,174,191	2,706,174	-	-	-	-	-	-	-	-	2,706,174	5,735,168
Due from other College funds	4,866,605	42,633,293	47,499,898	19,976,361	1,013,702	20,990,063	9,481	140,000	57,115	357,085	(69,053,642)	-	-
Accounts receivable - U.S. Government	-	112,419	112,419	215,472	43,606	259,078	-	-	-	-	-	371,497	662,260
Accounts receivable - tuition	-	4,845,926	4,845,926	-	-	-	-	-	-	-	-	4,845,926	4,891,100
Accounts receivable - others	-	1,343,480	1,343,480	-	-	-	-	-	-	-	-	1,343,480	3,477,661
Allowance for doubtful accounts	(828,165)	(2,483,306)	(3,311,471)	-	-	-	-	-	-	-	-	(3,311,471)	(3,073,304)
Inventories	-	610,123	610,123	-	-	-	-	-	-	-	-	610,123	547,766
Prepaid lease	1,009,300	-	1,009,300	-	-	-	-	-	-	-	-	1,009,300	557,844
Construction in progress	-	-	-	-	-	-	-	-	3,151,236	-	-	3,151,236	1,872,161
Land	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	56,630,156	-	-	56,630,156	55,506,136
Equipment	-	-	-	-	-	-	-	-	12,967,165	-	-	12,967,165	12,510,351
Vehicles	-	-	-	-	-	-	-	-	611,352	-	-	611,352	611,352
Accumulated depreciation	-	-	-	-	-	-	-	-	(41,145,875)	-	-	(41,145,875)	(39,058,627)
Deferred outflows from pension	-	13,737,123	13,737,123	-	-	-	-	-	-	-	-	13,737,123	9,894,250
	$ 6,579,723	$ 80,051,407	$ 86,631,130	$ 20,191,833	$ 1,057,308	$ 21,249,141	$ 9,481	$ 2,153,287	$ 34,174,149	$ 357,085	$ (69,053,642)	$ 75,520,631	$ 72,204,101
LIABILITIES AND FUND BALANCE													
Accounts payable	$ 246,919	$ 1,983,541	$ 2,230,460	$ 3,645	$ 18,585	$ 22,230	$ 570,552	$ -	$ -	$ -	$ -	$ 2,823,242	$ 1,499,715
Retainage payable	-	-	-	-	-	-	9,481	-	-	-	-	9,481	63,854
Loans payable	-	2,125,530	2,125,530	-	-	-	-	-	-	-	-	2,125,530	3,178,940
Due to other College funds	1,539,119	33,053,427	34,592,546	19,828,791	-	19,828,791	14,622,824	-	9,481	-	(69,053,642)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	357,085	-	357,085	356,694
Accrued liabilities	-	1,063,670	1,063,670	-	-	-	-	-	-	-	-	1,063,670	1,041,948
DCRS sick leave liability	-	489,206	489,206	-	-	-	-	-	-	-	-	489,206	475,176
Net pension liability	-	79,594,247	79,594,247	-	-	-	-	-	-	-	-	79,594,247	85,651,264
Unearned revenue	-	1,588,244	1,588,244	-	-	-	-	-	-	-	-	1,588,244	1,770,971
Deferred inflows from pension	-	17,596,236	17,596,236	-	-	-	-	-	-	-	-	17,596,236	5,809,194
Fund balance	4,793,685	(57,442,694)	(52,649,009)	359,397	1,038,723	1,398,120	(15,193,376)	2,153,287	34,164,668	-	-	(30,126,310)	(27,643,655)
	$ 6,579,723	$ 80,051,407	$ 86,631,130	$ 20,191,833	$ 1,057,308	$ 21,249,141	$ 9,481	$ 2,153,287	$ 34,174,149	$ 357,085	$ (69,053,642)	$ 75,520,631	$ 72,204,101

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, 2019
(With Comparative Balances for the year ended September 30, 2018)

	Unrestricted						Restricted						Grand Total	
	Appropriated				Non-appropriated									
	General	TAF	MDF	Total Appropriated	NAF	Total Unrestricted	Federal Fund	Other Grant	Total	Capital Projects	Tobacco Settlement	Investment In-Plant	2019	2018
Revenues:														
Tuition and fees	$ -	$ -	$ -	$ -	$ 6,190,018	$ 6,190,018	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,190,018	$ 6,410,635
Government of Guam appropriations	19,098,736	-	948,888	20,047,624	-	20,047,624	-	-	-	-	-	-	20,047,624	21,722,167
Federal grants and contracts	-	-	-	-	-	-	6,743,305	584,412	7,327,717	-	-	-	7,327,717	7,418,549
Sales and services of auxiliary enterprises	-	-	-	-	1,799,447	1,799,447	-	-	-	-	-	-	1,799,447	2,840,963
Other sources	-	-	-	-	1,671,016	1,671,016	-	-	-	-	54,123	-	1,725,139	1,183,407
Total current revenues	19,098,736	-	948,888	20,047,624	9,660,481	29,708,105	6,743,305	584,412	7,327,717	-	54,123	-	37,089,945	39,575,721
Expenditures and mandatory transfers:														
Educational and general:														
Instruction	6,174,420	-	293,593	6,468,013	4,451,829	10,919,842	775,942	5,048	780,990	-	-	-	11,700,832	10,098,808
Planning	603,203	-	-	603,203	56,789	659,992	92,986	-	92,986	-	-	-	752,978	834,314
Academic support	1,299,933	-	-	1,299,933	1,102,628	2,402,561	123,635	92,258	215,893	-	-	-	2,618,454	1,845,342
Student services	2,211,961	-	-	2,211,961	464,007	2,675,968	323,072	-	323,072	-	-	-	2,999,040	2,941,174
Institutional support	4,264,340	-	-	4,264,340	1,486,625	5,750,965	-	-	-	-	-	-	5,750,965	3,349,251
Operation and maintenance of plant	1,779,980	-	-	1,779,980	313,206	2,093,186	-	-	-	385,741	-	-	2,478,927	2,253,721
Scholarship and fellowship	201,157	-	-	201,157	346,142	547,299	5,317,795	-	5,317,795	-	-	-	5,865,094	5,892,827
Retiree healthcare costs	970,404	-	-	970,404	-	970,404	-	-	-	-	-	-	970,404	976,278
Retiree COLA and supplemental annuity costs	664,852	-	-	664,852	-	664,852	-	-	-	-	-	-	664,852	643,310
Interest Expense	-	-	-	-	100,310	100,310	-	-	-	-	-	-	100,310	101,951
Bad debts expense	-	-	-	-	237,385	237,385	-	-	-	-	-	-	237,385	577,558
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	2,315,220	2,315,220	2,252,431
	18,170,250	-	293,593	18,463,843	8,558,921	27,022,764	6,633,430	97,306	6,730,736	385,741	-	2,315,220	36,454,461	31,766,965
Auxiliary enterprises:														
Expenditures	58,080	-	-	58,080	548,102	606,182	-	-	-	-	-	-	606,182	682,354
Total expenditures	18,228,330	-	293,593	18,521,923	9,107,023	27,628,946	6,633,430	97,306	6,730,736	385,741	-	2,315,220	37,060,643	32,449,319
Net (decrease) increase in fund balance	870,406	-	655,295	1,525,701	553,458	2,079,159	109,875	487,106	596,981	(385,741)	54,123	(2,315,220)	29,302	7,126,402
Beginning 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)
Fund transfer	(61,237)	-	-	(61,237)	(2,920,470)	(2,981,707)	(109,900)	(487,105)	(597,005)	(2,111,663)	-	3,178,418	(2,511,957)	147,021
Ending fund balance	$ (177,447)	$ (58,425)	$ 5,029,557	$ 4,793,685	$ (57,442,694)	$ (52,649,009)	$ 359,397	$ 1,038,723	$ 1,398,120	$ (15,193,376)	$ 2,153,287	$ 34,164,668	$ (30,126,310)	$ (27,643,655)

See Accompanying Independent Auditors' Report.

GUAM COMMUNITY COLLEGE

(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

INDEPENDENT AUDITORS' REPORTS ON COMPLIANCE AND ON INTERNAL CONTROL

YEAR ENDED SEPTEMBER 30, 2019

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Guam Community College:

We have audited, in accordance with the 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, the financial statements of Guam Community College (the College) and its discretely presented component unit as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated May 28, 2020.

Internal Control Over Financial Reporting

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

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

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

Deloitte.

Compliance and Other Matters

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

Purpose of this Report

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

Deloitte & Touche LLP

May 28, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Guam Community College:

Report on Compliance for Each Major Federal Program

We have audited Guam Community College's (the College's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2019. The College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

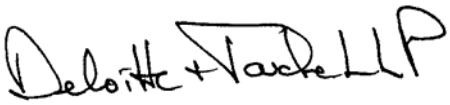
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Guam Community College and its discretely presented component unit as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated May 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



May 28, 2020

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

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal CFDA #	Pass-through Entity Identifying Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Expenditures	Passed-Through to Subrecipients
		U.S. Department of Agriculture		
		Direct Program:		
		Community Facilities Loans and Grants Cluster:		
10.766	Not applicable	Community Facilities Loans and Grants: FY13	$ 3,178,940	$ -
		Total Community Facilities Loans and Grants Cluster and Total U.S. Department of Agriculture	3,178,940	-
		National Science Foundation:		
		Pass-Through From the University of Hawaii:		
		Research and Development Cluster:		
47.074	HI20006	Biological Sciences/R&D Cluster	5,048	-
47.075	HI20006	Social, Behavioral, and Economic Sciences	14,622	-
		Total Research and Development Cluster and Total National Science Foundation	19,670	-
		U.S. Department of Education:		
		Direct Programs:		
84.002A	Not applicable	Adult Education - Basic Grants to States	428,020	17,162
		Student Financial Assistance Cluster:		
84.007	Not applicable	Federal Supplemental Educational Opportunity Grants	72,620	-
84.033	Not applicable	Federal Work-Study Program	83,259	-
84.063	Not applicable	Federal Pell Grant Program	5,160,012	-
		Total Student Financial Assistance Cluster	5,315,891	-
		TRIO Cluster:		
84.042A	Not applicable	TRIO-Student Support Services	330,115	-
		Total TRIO Cluster	330,115	-
84.048A	Not applicable	Career and Technical Education - Basic Grants to States	670,007	78,379
		Total U.S. Department of Education	6,744,033	95,541
		U.S. Department of Health and Human Services:		
		Pass-Through From the University of Guam:		
93.107	6 U77HP26848-05-03	Area Health Education Centers Point of Service Maintenance and Enhancement Awards	95,874	-
		Total U.S. Department of Health and Human Services	95,874	-
		U.S. Department of Homeland Security:		
		Pass-Through From Guam Homeland Security:		
97.047	EMF-2016-PC-0002-GCC	Pre-Disaster Mitigation	468,140	-
		Total U.S. Department of Homeland Security	468,140	-
		Total Expenditures of Federal Awards	$ 10,506,657	$ 95,541

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

1. Scope of Audit

Guam Community College (the College) is a component unit of the Government of Guam established by the enactment of Public Law 14-77, "The Community College Act of 1977." Only the transactions of the College are included within the scope of the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the College under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College.

3. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting, consistent with the manner in which the College maintains its accounting records. All expenses and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The College recognizes contributions from the federal government when qualifying expenditures are incurred.

The College elected to use the 8% indirect cost rate in the EDGAR. The College does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

4. Loans or Loan Guarantee Programs

The College has one outstanding loan guaranteed by the U.S. Department of Agriculture, and the balance and transactions relating to this loan guarantee are included in the College's financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding as of September 30, 2019 consists of:

CFDA Number	Program Name	Outstanding Balance
10.766	Community Facilities Loans and Grants: FY13	$ 2,125,530

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

Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

1.	Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
	Internal control over financial reporting:	
2.	Material weakness(es) identified?	No
3.	Significant deficiency(ies) identified?	None reported
4.	Noncompliance material to financial statements noted?	No

Federal Awards

	Internal control over major federal programs:	
5.	Material weakness(es) identified?	No
6.	Significant deficiency(ies) identified?	None reported
7.	Type of auditors' report issued on compliance for major federal programs:	Unmodified
8.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
9.	Identification of major federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
97.047	Pre-Disaster Mitigation

10.	Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
11.	Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

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May 28, 2020

Dr. Mary A.Y. Okada, Ed.D.
President
Guam Community College
P.O. Box 23069
GMF, Barrigada, Guam 96921

Dear Dr. Okada:

In planning and performing our audit of the financial statements of the Guam Community College (the College) as of and for the year ended September 30, 2019 (on which we have issued our report dated May 28, 2020), 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, we considered the College's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, in connection with our audit, we have identified, and included in the attached Appendix I, a deficiency related to the College's internal control over financial reporting as of September 30, 2019 that we wish to bring to your attention.

We have also issued a separate report to the Board of Regents, also dated May 28, 2020, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The definition of a deficiency is also set forth in the attached Appendix I.

Although we have included management's written response to our comment in the attached Appendix I, such response has not been subjected to the auditing procedures applied to our audit and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response or the effectiveness of any corrective actions described therein.

A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

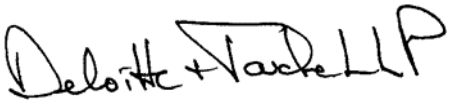
This report is intended solely for the information and use of management, the Board of Trustees, others within the organization, the Office of Public Accountability - Guam and the Federal cognizant agency and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte.

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

We wish to thank the staff and management of the College for their cooperation and assistance during the course of this engagement.

Very truly yours,



SECTION I –DEFICIENCY

We identified the following deficiency involving the College's internal control over financial reporting for the year ended September 30, 2019 that we wish to bring to your attention at this time:

Stale Checks

Condition: As of September 30, 2019, the College has outstanding payables pertaining to stale checks amounting $316,613, $99,558 of which pertains to federally funded check issuances.

Recommendation: We recommend management control and monitor issuance of checks from federal sources and recommend stopping payment for checks that have gone stale.

Auditee response: Internal controls have been implemented to ensure that stale dated checks will be monitored and analyzed. In addition, a follow up will be performed on outstanding checks. Funding from stale dated checks for federal and non federal sources will be returned.

SECTION II – DEFINITION

The definition of a deficiency is as follows:

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management's Responsibility

The College's management is responsible for the overall accuracy of the financial statements and their conformity with generally accepted accounting principles. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

Internal control over financial reporting is a process affected by those charged with governance, management, and other personnel and designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting (i.e., the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles).

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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May 28, 2020

Board of Trustees
Guam Community College:

To the Board of Trustees:

We have performed an audit of the financial statements of the 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 year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated May 28, 2020.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the College is responsible.

This report is intended solely for the information and use of management of the College, the Board of Trustees, and the Office of Public Accountability - Guam and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of the College for their cooperation and assistance during the course of this engagement.

Very truly yours,

Deloitte & Touche LLP

cc: To the Management of Guam Community College

Deloitte.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated September 18, 2019. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the whether the College's basic financial statements and the accompanying supplementary information, in relation to the basic financial statements as a whole, for the year ended September 30, 2019, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), and to perform specified procedures on the required supplementary information for the year ended September 30, 2019.

- To express an opinion on whether the supplementary information that accompanies the basic financial statements including the schedule of expenditures of federal awards, is presented fairly, in all material respects, in relation to the financial statements as a whole;

- To report on the College's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2019 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

- To report on the College's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the *U.S. Office of Management and Budget (OMB)* Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Trustees are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Trustees of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

We also considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of the College's compliance with those requirements.

Deloitte.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the College's 2019 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2019, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. The material misstatements, listed in Appendix A to Attachment I, were brought to the attention of management as a result of our audit procedures and were corrected by management in the current period.

In addition, we have attached to this letter, as Appendix B to Attachment I, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

The College's significant accounting policies are set forth in Note 2 to the College's 2019 financial statements. During the year ended September 30, 2019, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by the College:

- GASB 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.

- GASB 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 implementation of these statements did not have a material effect on the College's 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 has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which postpones the effective dates of GASB Statement No. 84, 89, 90 and 91 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Management has yet to ascertain whether implementation of these statements will be postponed as provided in GASB Statement No. 95.

OTHER INFORMATION IN THE ANNUAL REPORTS

When audited financial statements are included in documents containing other information such as the College's 2019 Annual Report, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We will read the other information in the College's 2019 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the College's 2019 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2019.

Deloitte.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the College's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the College is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment I, a copy of the representation letter we obtained from management.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held or were the subject of correspondence with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the College's management and staff and had unrestricted access to the College's senior management in the performance of our audit.

Emphasis-of-Matter

Guam Community College Foundation

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* in 2019. The Foundation has elected to restate its 2018 financial statements to reflect the adoption of this standard. Our opinion is not modified with respect to this matter.

COVID-19

As discussed in Note 12 to the financial statements, GCC determined that the COVID-19 pandemic may negatively impact its business, results of operations and net position. However, due to uncertainty surrounding the duration of the state of emergency due to the pandemic, GCC is unable to reasonably estimate its ultimate financial impact. Our opinion is not modified with respect to this matter.

CONTROL-RELATED MATTERS

We have also issued a separate report to you, dated May 28, 2020, containing information regarding our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contracts and grant agreements.

We have also issued a separate report to you, also dated May 28, 2020, regarding the College's compliance with requirements applicable to each major federal program and on internal control over compliance in accordance with the Uniform Guidance.

GUAMCOMMUNITYCOLLEGE

May 28, 2020

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913

We are providing this letter in connection with your audits of the financial statements of Guam Community College (the College) and its discretely presented component unit as of and for the years ended September 30, 2019 and 2018, which collectively comprise the College's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in net position, and cash flows, as applicable, of the College in conformity with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position of the College and its discretely presented component unit in conformity with GAAP.

b. 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

- To prevent and detect fraud.

c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the basic financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for stand-alone business-type activities government obtained from the Government Finance Officers Association. Additionally, we agreed with the adjusting and reclassification entries included in Appendix A.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:

   a. The financial statements include all component units and properly disclose all other related organizations.

   b. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

   c. Deposits and investment securities are properly classified in category of custodial credit risk.

   d. Capital assets are properly capitalized, reported and, if applicable, depreciated.

   e. Required supplementary information is measured and presented within prescribed guidelines.

   f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

   g. The financial statements properly classify all funds and activities, including special and extraordinary items.

   h. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

   i. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

   j. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

2. The College has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The College has made available to you:

   a. All minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

   b. Financial records and related data for all financial transactions of the College and for all funds administered by the College. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the College and provide the audit trail to be used in a review of accountability. Information presented in the financial reports is supported by the books and records from which the financial statements have been prepared.

   c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

   a. Action taken by the College management that contravenes the provision of federal laws and Guam laws and regulations, or of contracts and grants applicable to the College.

   b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

6. Management has not performed a risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, we have made available to you our understanding about the risks of fraud in the College and do not believe that the basic financial statements are materially misstated as a result of fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the College involving:

   a. Management.

   b. Employees who have significant roles in internal control over financial reporting.

   c. Others, where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the College's financial statements communicated by employees, former employees, analysts, regulators, or others.

9. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*

10. Significant assumptions used by us in making accounting estimates are reasonable.

11. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified and disclosed all of the College's government programs and related activities subject to the OMB Uniform Guidance compliance audit. In addition, we have accurately completed the appropriate sections of the data collection form.

12. We are responsible for compliance with local, state, and federal laws, rules and regulations, including compliance with the requirements of OMB Uniform Guidance, and the provisions of grants and contracts relating to the College's operations. We are responsible for establishing and maintaining the components of internal control relating

to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The College is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

13. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its federal programs.

14. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

15. No events have occurred after September 30, 2019 that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.

16. There are no instances of known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2019.

17. There have been no changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by the College with regard to significant deficiencies and material weaknesses in internal control over compliance subsequent to September 30, 2019.

18. Federal awards expenditures have been charged in accordance with applicable cost principles.

19. The Reporting Package submitted to the Federal Audit Clearinghouse (FAC) as defined by the Uniform Grant Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.

20. We have disclosed all contracts or other agreements with service organizations.

21. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal awards at those organizations.

22. Regarding required supplementary information:

    a. We confirm that we are responsible for the required supplementary information.

    b. The required supplementary information is measured and presented in accordance with GASB Codification Section 1200, *Comprehensive Annual Financial Report*.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

23. Regarding supplementary information

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GAAP.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP.

    c. The methods of measurement and presentation of the supplementary information have not changed from those in the prior period.

24. The Schedule of Expenditures of Federal Awards was prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified in that schedule all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. We did not incur any Research & Development costs during the fiscal year. During the fiscal year 2019, $95,541 was passed through to sub recipients. In addition, we have accurately completed the appropriate sections of the data collection form.

25. We are responsible for the compliance with local and federal laws, rules, and regulations, including compliance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance") and the provisions of grants and contracts relating to the College's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities, in order to achieve the objectives of: providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The College is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

26. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.

27. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting, if any.

28. We have:

    a. Identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program under audit.

    b. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal awards.

c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

d. Made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

e. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits, program reviews, or any communications from federal awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.

f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.

29. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

30. We have obligated, expended, received, and used public funds of the Government of Guam and Federal Government in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law.

31. Money or similar assets handled by the College on behalf of the Government of Guam or Federal Government have been properly and legally administered, and the accounting and record keeping related thereto is proper, accurate, and in accordance with law.

32. The College has certified to federal granting agencies that it has not used federal funds for lobbying for specific federal awards and that it has disclosed, or will disclose, any expenditures of nonfederal funds made for lobbying purposes.

33. We have adopted the provisions of the GASB Codification Section 2100, *Defining the Financial Reporting Entity*. We believe that we have properly identified and reported as a component unit of the College each organization that meets the criteria established in GASB Codification Section 2100.

34. We believe that internal control over the receipt and recording of contributions is adequate.

35. We have included in the financial statements all assets and liabilities under the College's control.

36. The College has maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.

37. We believe that any reclassification between net asset (or net position) classes is correct.

Except where otherwise stated below, matters less than $173,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

38. Except as listed in Appendix B, there are no transactions that have not been recorded and reflected in the basic financial statements.

39. The College has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

40. Regarding related parties:

    a. We have disclosed to you the identity of the College's related parties and all the related party relationships and transactions of which we are aware

    b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

41. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

42. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the basic financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the entity vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

43. There are no:

    a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

44. The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except for the lien established by U.S. Department of Agriculture as disclosed in note 9 to the financial statements.

45. The College has complied with all aspects of contractual agreements that may affect the financial statements.

46. No department of the College has reported a material instance of noncompliance to us.

47. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

48. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans.

49. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated realizable value.

50. Quantitative and qualitative information regarding the allowance for doubtful accounts has been properly disclosed in the financial statements.

51. There are no known related party transactions, which should be recorded or disclosed in the financial statements.

52. 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. Commercial coverage is provided for claims arising from most of these matters.

53. The College is responsible for determining and maintaining the adequacy of the allowance for doubtful accounts, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.

54. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the College and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.

55. 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. The College has not experienced any losses on such accounts and management believes it is not exposed to credit risk on its deposits.

56. The College, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* The financial statements referred to above reflect all adjustments required by GASB Statement 42.

57. The Government of Guam 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, the Government of Guam 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 the Government of Guam 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 financial statements.

58. 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.

59. Except as discussed in note 12 to the financial statements, no other events have occurred after September 30, 2019, but before May 28, 2020, the date the financial statements were available to be issued that require consideration as adjustments to, or disclosure in the financial statements.

60. During the year ended September 30, 2019, the College implemented the following pronouncements:

- GASB 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.

- GASB 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 implementation of the above pronouncements did not have a material effect on the financial statements.

61. 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 of the College.

62. 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 has yet to determine whether the implementation of this statement will have a material effect on the financial statements.

63. 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 of the College.

64. 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 of the College.

65. In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions in Statement No. 91 are effective for fiscal years beginning after December 15, 2020. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Edwin Limtuatco
Controller, Business Office

Mary A.Y. Okada, Ed. D.
President

Guam Community College
Adjusting Journal Entries
September 30, 2019

Appendix A

#	Name	Debit	Credit
	1 AJE To record retiree healthcare costs paid by GovGuam		
Blank (3909)	Retiree healthcare costs	970,403.57	
4630	GovGuam Appropriation		970,403.57
		970,403.57	970,403.57
	To record retiree healthcare costs paid by GovGuam		
	2 AJE To record other FY2019 pension benefits (COLA/SP)		
Blank(63)	COLA and Supplemental Benefits	664,852.00	
4630	GovGuam Appropriation		664,852.00
		664,852.00	664,852.00
	To record other FY2019 pension benefits (COLA/SP) paid on behalf of GCC		
	3 AJE To record GASB 68/73 adjustments at 09/30/2019		
6310	Net Pension Liability		1,397,891.00
5550	Deferred outflow of resources	778,923.00	
6350	Deferred inflow of resources	633,998.00	
5100	Instructional Expenditures		5,366.00
5900	Planning/Special Projects		345.00
5700	Scholarship Expenditures		2,690.00
5501	Academic Support Expenditures		1,201.00
5500	Student Services Expenditures		1,375.00
5400	Institutional Support Expenditures		2,637.00
5600	Plant Operations & Main Expenditure		1,137.00
5800	Auxiliary Ent Expenditure		279.00
		1,412,921.00	1,412,921.00
	To record GASB 68/73 adjustments at 09/30/2019		
	4 AJE To reflect GASB 75 implementation impact in FY19		
5100	Instructional Expenditures	679,140.00	
5900	Planning/Special Projects	43,705.00	
5501	Academic Support Expenditures	151,981.00	
5500	Student Services Expenditures	174,070.00	
5400	Institutional Support Expenditures	333,798.00	
5600	Plant Operations & Main Expenditure	143,882.00	
5700	Scholarship Expenditures	340,422.00	
5800	Auxiliary Ent Expenditure	35,184.00	
5551	OPEB Deferred outflow	3,063,950.00	
6351	OPEB Deferred inflow		12,421,040.00
6311	OPEB Liability	7,454,908.00	
		12,421,040.00	12,421,040.00
	To reflect GASB 75 implementation impact in FY19.		

We have reviewed the above audit adjustments and authorize that they be recorded in the genera ledger as of September 30, 2019. Such adjusting entries are not the result of errors and are not the result of fraud or illegal acts.

E Limtuatco

Edwin Limtuatco
Controller

Mary A.Y. Okada

Mary A.Y. Okada, Ed. D.
President

Guam Community College
Reclassification Journal Entries
September 30, 2019

#	Name	Debit	Credit
	1 RJE To reclassify investments in TCDs recorded in cash		
1A20	Time Certificates of Deposit	2,091,806.30	
1A11	General Fund - FHB		2,091,806.30
		2,091,806.30	2,091,806.30
	To reclassify investments in TCDs recorded in cash to short-term TCDs account		
	2 RJE To reclassify accrued annual leave from other accrued liabilities		
Blank (3937)	Current portion of annual leave		507,191.00
Blank (3968)	Accrued Liabilities	507,191.00	
		507,191.00	507,191.00
	To reclassify accrued annual leave from other accrued liabilities		
	3 RJE To correctly classify bookstore revenue		
4600	Tuition & Fees	701,738.42	
4690	Sales & Services of Auxiliary Fund		701,738.42
		701,738.42	701,738.42
	To correctly classify bookstore revenue		
	4 RJE To reclassify negative receivable from students to payable		
1A26	A/R Students	183,605.11	
2L10	A/P Vendors		183,605.11
		183,605.11	183,605.11
	To reclassify negative receivable from students to payable		
	5 RJE To reclassify unreleased check for the payment of USDA loan		
2L10	A/P Vendors	1,000,000.00	
2L17	LT Debt - USDA		1,000,000.00
		1,000,000.00	1,000,000.00
	To reclassify unreleased check for the payment of USDA loan		
	6 RJE To separately disclose allowance for AR-others		
1A30	A/R Allowance	479,765.99	
1B30	A/R Allowance - Others		479,765.99
		479,765.99	479,765.99
	To separately disclose allowance for AR-others		
	7 RJE To reclassify current portion of USDA loan		
Blank (3948)	Current portion of loan		33,102.46
2L17	LT Debt - USDA	33,102.46	
		33,102.46	33,102.46
	To reclassify current portion of USDA loan		

We have reviewed the above audit reclassification and authorize that they be recorded in the general ledger as of September 30, 2019. Such adjusting entries are not the result of errors and are not the result of fraud or illegal acts.

Edwin Limtuatco
Controller

Mary A.Y. Okada, Ed. D.
President

Guam Community College
Summary of Uncorrected Misstatements
September 30, 2019

Appendix B

Description of Misstatement	Assets DR(CR)	Liabilities DR(CR)	Equity DR(CR)	Income DR(CR)
To record unearned revenue based on registrar's enrollment credits information		(109,154)	109,154	
	-	(109,154)	109,154	-

We have reviewed the above uncorrected misstatements as of September 30, 2019.
The uncorrected misstatements are not material to the current fiscal year financial statements.
The above is not the results of fraud or illegal acts.

E. Limtuatco

Edwin Limtuatco
Controller

Mary A.Y. Okada

Mary A.Y. Okada, Ed. D.
President