



Guam Community College FY 2009 Financial Highlights

May 7, 2010

The Guam Community College (GCC) closed Fiscal Year (FY) 2009 with a \$3.3 million (M) increase in net assets (revenues minus expenses), an even better position than FY 2008's \$2.3M increase in net assets. Despite many challenges, such as the economic downturn and stagnant local appropriations, GCC maintained its fiscal accountability and increased student enrollment.

Independent auditors Deloitte & Touche, LLP rendered an unqualified or clean opinion on GCC's Financial Statements and Reports on Compliance and Internal Controls. For the ninth consecutive fiscal year, GCC qualified as a "low-risk" auditee. GCC is to be congratulated for maintaining its low-risk status. A separate management letter was issued identifying five findings.

Increase in Revenues

GCC realized a \$3.2M increase in revenues, which was a result of increases in all but one revenue category. Capital contributions from the U.S. government and government of Guam grants and contracts increased significantly over the prior year. In FY 2009, GCC received \$943 thousand (K) in capital contributions from the U.S. government as opposed to none in FY 2008. Government of Guam grants and contracts more than tripled, going from \$308K to \$1M, an increase of \$720K. Federal grants and contracts increased \$643K from \$7.5M to \$8.1M. Government of Guam appropriations increased \$395K from \$15.3M to \$15.7M. Contracted education services increased \$141K from \$667K to \$809K. Auxiliary enterprises increased by \$171K from \$723K to \$894K. Other revenues increased by \$558K from \$284K to \$841K. The only decline in revenue was in student tuition and fees net of scholarship discounts and allowances, which decreased \$417K from \$2.1M to \$1.6M.

The tuition rates for Fall 2009 and Fall 2010 remain at \$110 per credit. As a result of the suspension in tuition rate increases and the decline in the global economy, student enrollment for post-secondary and high school students increased by 793 from 3,687 students in academic year 2008 to 4,480 in 2009. Economic declines generally lead to increases in post-secondary enrollment, as people return to school to obtain degrees to get higher paying jobs.

Increase in Expenses

The increase in GCC's revenues was offset by a \$2.2M increase in total expenses, which rose from \$24.4M in FY 2008 to \$26.6M in FY 2009. As a result of the increase in enrollment, instruction and academic support expenses increased. Instruction expenses increased \$1.2M from \$7.8M to \$9M. Likewise, academic support increased \$1.5M from \$1.4M to \$2.9M. Other categories of expenses also increased but were offset by decreases in institutional support and student services. Institutional support decreased by \$1M, from \$4.5M to \$3.5M. Student services decreased nearly \$500K, from \$2.9M to \$2.4M.

GCC has 219 full-time employees, 14 of whom are funded by federal grants. The employee compliment excludes adjunct instructors hired to teach postsecondary courses. While the number of full-time employees remains the same as FY 2008, total salaries and wages decreased \$1.1M going from \$15M to \$13.3M.

Construction In Progress

GCC incurred \$3.6M in construction in progress, which is mainly attributed to architecture and engineering (A&E) and construction costs for the Allied Health Building and the A&E for the Learning Resource Center. The Allied Health Building was completed in October 2009. The ground breaking for the Learning Resource Center occurred in November 2009.

GCC Endowment Foundation

The GCC Endowment Foundation is a legally separate, private corporation that meets the criteria for reporting as a component unit of the College. The Foundation, audited by Deloitte and Touche, LLP, recorded a decrease in net assets of \$250K, a slight improvement from the prior year's \$1.6M decrease.

Expenditures increased by \$102K from \$262K in FY 2008 to \$364K in FY 2009. The increase was due primarily to a \$253K transfer to GCC during the year, compared to just \$80K in FY 2008. The Foundation had fundraising proceeds of \$230K, fundraising expenses of \$44K, and realized a net increase of \$186K.

Report on Compliance and Management Letter

One instance of non-compliance was identified in the Independent Auditor's Reports on Compliance and Internal Controls pertaining to payments in excess of Pell Grant awards. A separate Management Letter identified five findings related to: (1) recording of transactions in the correct accounting period; (2) capital assets incorrectly recorded as expenditures; (3) improper account reconciliation; (4) untimely adjustment of encumbrances; and (5) proper approval and numbering of disposal report. A separate document to the Board was also issued by Deloitte and Touche auditors outlining strategies, emphasis, required communication, audit deficiencies, and adjustments.

Deloitte and Touche issued a separate document to the GCC Board of Trustees outlining significant audit policies, emphasis, required communications, audit differences, and adjustments. For a more detailed commentary of GCC's operations, refer to the Management Discussion and Analysis in the audit report. For more information, visit our website at www.guamopa.org.