

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

**FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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

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Years Ended September 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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

COVID-19

As discussed in Note 13 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 COVID-19 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 13, 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.

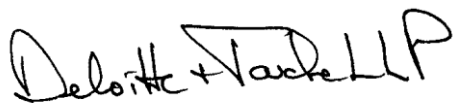
Other Information

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.

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 March 19, 2021 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.



March 19, 2021

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

Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

For the twentieth consecutive year, the Guam Community College has maintained its low-risk auditee status. Given this designation by the Independent Auditor, a review of the College's financial records demonstrates there were no questioned costs or unresolved prior year audit findings in fiscal year 2020. 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, despite increasing federal and local regulations.

As management of Guam Community College, we offer to the readers of Guam Community College's financial statements this narrative overview and analysis of the financial activities for fiscal years ending September 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with additional information available in the College's basic financial statements.

Fiscal Year 2020 Overview

GCC DNA Forensic Lab

On October 2019, GCC broke ground on the new DNA Forensic Lab located adjacent to the Director Gregorio Guevara Perez Crime Lab on the GCC campus. The construction project is underway and is expected to be completed in FY 2021. This new facility will significantly enhance the ability of local law enforcement to analyze crime scene evidence without having to send it off island. The facility will also support GCC's Associates of Science in Criminal Justice program Forensic Computer Examiner Track and Forensic Lab Technicians Track.

Bachelor of Science Degree in Career and Technical Education

In January 2020, GCC was approved to offer its first-ever Bachelor of Science Degree in Career and Technical Education (BS CTE). The BS CTE program prepares educators with the technical knowledge within their trade or skill to effectively teach students. This program provides an opportunity for students to articulate an Associate degree in any CTE field (e.g. Culinary Arts, Automotive, Construction Trades, etc.) to this baccalaureate degree that prepares them to become educators who meet the CTE certification requirements of the Guam Commission for Educator Certification (GCEC) and the National Board for Professional Teaching Standards for CTE (NBPTS-CTE).

GCC Barrel Vault Walkway with Solar-Powered Lights

Continuing its commitment to sustainability, GCC started construction on a vaulted walkway connecting the Student Center with the Anthony A. Leon Guerrero Allied Health Building in August 2019. Construction was completed in February 2020. The walkway has solar panels on the rooftop which powers its lights at night. This project now serves as the model for the construction of covered walkways and common areas within the GCC campus.

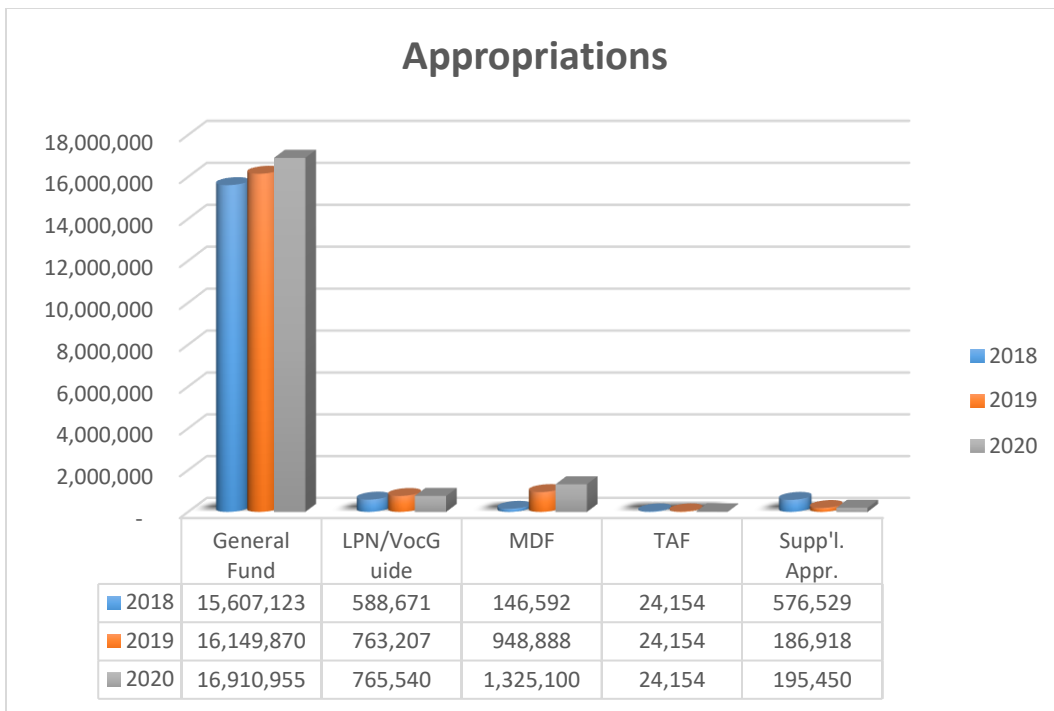
**GUAM COMMUNITY COLLEGE
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Management’s Discussion and Analysis
Years Ended September 30, 2020 and 2019

Local Appropriations

The College continued to maintain its operations during fiscal year 2020, despite an enrollment decrease from prior years and the uncertainties caused by the COVID-19 pandemic. Under Public Law (P.L.) 35-36, the Government of Guam Budget law for fiscal year 2020, appropriated an increase of 6% or \$1.10M, resulting in a \$19.6M FY2020 budget versus FY2019 budget of \$18.5M. General Fund appropriations cover a majority of salaries, benefits, and utility costs. By September 2020, GCC received 100% of its FY2020 appropriations. Funding includes \$200,400 to fund the debt service for the construction of Building 100 and the expansion of the Director Gregorio G. Perez Forensic Lab. In addition, the College received \$200,000 to support high school students pursuing postsecondary education under the First Generation Trust Fund.

As a result of P.L. 34-98, an act relative to developing a local skilled workforce on Guam, by increasing the registration fees of non-migrant temporary workers, the MDF budget appropriation increased from \$948,888 to \$1,325,100 or 40% from FY19. This increase in funding directly correlates to the increased number of H-2B workers approved to work on federal contracts on Guam.



**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

GCC employs 232 full-time personnel in support of its mission. The College also employs adjunct faculty hired to teach postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel costs to support postsecondary CTE programs on campus and at the six secondary high schools. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program addresses the islands' continued need to develop and train students for the Allied Health fields, including medical assistants, nursing assistants, and licensed practical nurses. Funding also supports Vocational Guidance Counselors in public high schools to provide information to students about the career and technical education programs available at the College.

As a direct result of the COVID-19 pandemic, the College was able to maintain its fiscal accountability through the management of its available resources. The College prioritized FY2020 budgets for personnel, utility costs and required contractual commitments. A reduction of utility costs was realized due to the campus' closure in mid-March.

Grant Funding Sources

The College continues to seek and apply for additional funding resources through grants and loans to support its mission. Additional funding came from the following sources:

- As the State Agency responsible for providing adult education programs on Guam, GCC, through the Workforce Investment Opportunity Act (WIOA) State Plan for the Territory of Guam, is mandated to provide adult education programs to eligible individuals. In July 2019, GCC received \$503,982 in WIOA grant funds for the period of July 1, 2019 to September 30, 2020.
- In AY2019-2020, the Pell funding maximum full-time award was \$6,195. This reflects a \$100 increase per student per academic year. Pell grants make up approximately 68% or \$3,311,476 of students' tuition and fee payments. This is an increase from 2019 where 58% or \$3,588,781 of students' tuition and fees were paid with Pell grants.
- GCC entered into a contractual agreement with the Guam Department of Education (GDOE) and received \$1,192,395 to provide secondary Career and Technical Education programs in the six public high 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. In September 30, 2020, the term of the contract was extended to September 30, 2021.
- The College was the recipient of the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance sub-award of \$21,628. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science. It also funds science area exploration at the College.

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Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

- GCC entered into a memorandum of agreement with the Office of the Lieutenant Governor of Guam – Guam State Clearinghouse for \$498,272 to support the funding for the “free college” initiative. The programs selected include Lodging Management and Culinary Arts to support the tourism and hospitality industry on Guam.
- In support of the apprenticeship program, GCC received a subgrant award amount of \$111,543 from the US Department of Labor via the Guam Department of Labor for the Apprenticeship Expansion Grant.
- GCC received funding for Emergency Financial Aid Grants to Students under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$574,675 for the period of April 20, 2020 to April 19, 2021. Funds were disbursed to all full-time (\$440) and part-time (\$220) students enrolled as of April 11, 2020.
- GCC received funding for Higher Education Emergency Relief Fund, under the Coronavirus Aid, Relief and Economic Security (CARES) Act for \$574,675 for the period of May 6, 2020 to May 5, 2021. Funds were used to support faculty development associated with distance learning, technological devices (laptops and MiFi's) for students' use, and PPEs needed to support the health and safety of the campus community.
- GCC received funding from the Minority Serving Institution for Higher Education Emergency Relief Fund, under the Coronavirus Aid, Relief and Economic Security (CARES) Act for \$4,597 for the period of June 8, 2020 to June 7, 2021. Funds were used to support connectivity for students to access distance education.
- GCC entered into a memorandum of agreement with Guam Department of Labor for \$100,000 to support the community application for the Temporary Pandemic Unemployment Assistance Processing Center for the period of May 1, 2020 through July 31, 2020.
- GCC was awarded \$50,000 from the Guam Economic Development Authority QC Community Contributions Grant Program to carry out the “GCC Truck Driving Boot Camp” project. This program helps to prepare individuals to support the construction industry.

Enrollment

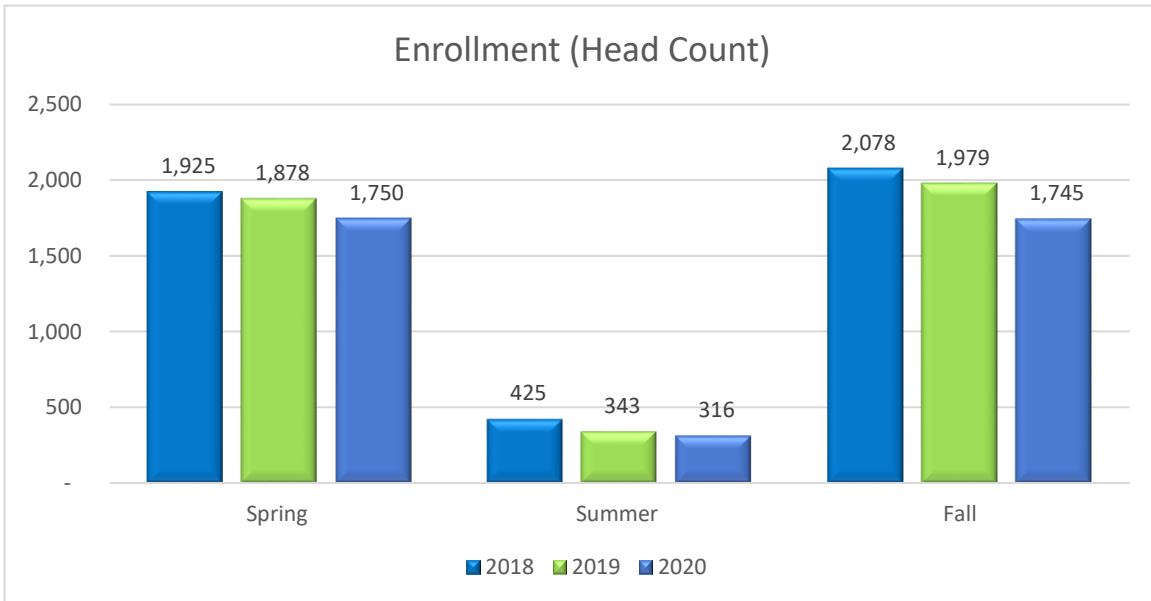
Although the College maintained its competitive tuition rates and the maximum annual allowable Pell awards increased, there continues to be a decline in enrollment. In Fall 2019, enrollment was at 1,979, a decrease of 4.8% compared to Fall 2018, while Spring 2020 enrollment was at 1,750, a decrease from Spring 2019 of 6.8%. Fall 2020 enrollment was 1,745, a decrease of 11.8% from Fall 2019. There were decreases in credit counts for the Spring 2020 and Fall 2020 of 8.9% and 15.9% respectively, as compared to prior 2019 Spring and Fall semesters. Through the First Generation Trust Fund, 340 high school students availed of \$500 scholarships in AY 2019-2020. Additionally, 48 high school students availed of the Dual Credit Articulated Program of Study (DCAPS). This program provides college credit upon successful attainment of a “B” grade or better in GCC’s Career and Technical Education high school program and the completion of 180 hours of work experience.

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Management’s Discussion and Analysis
Years Ended September 30, 2020 and 2019

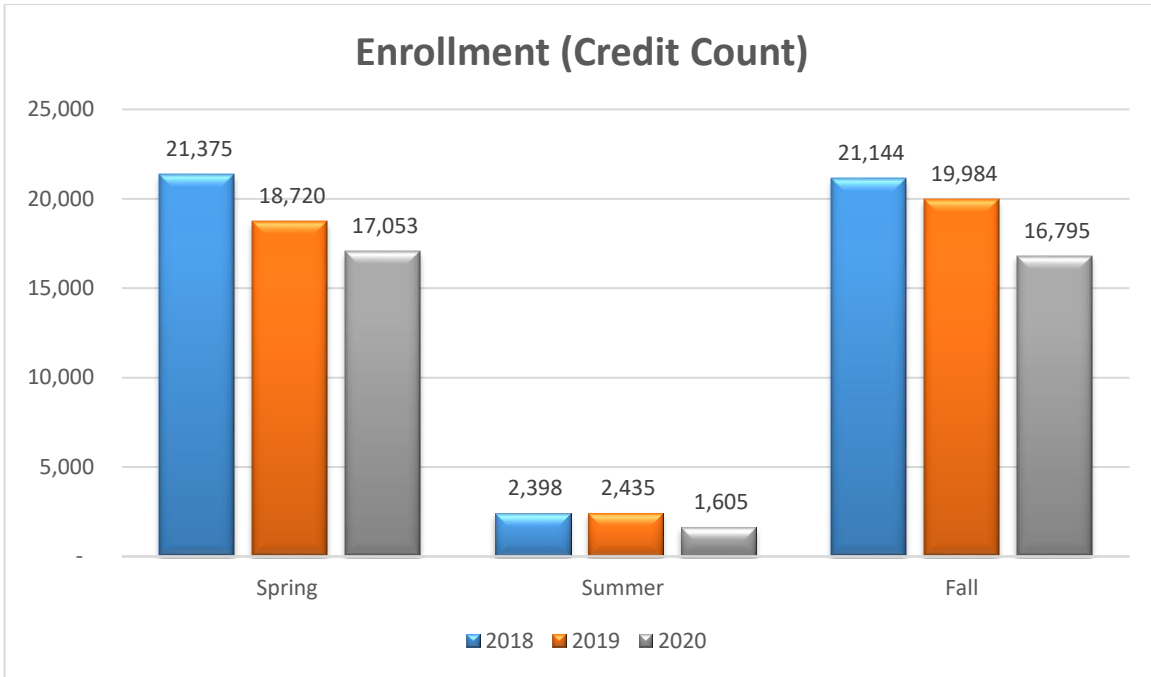
Tuition at GCC currently remains at \$130 per credit hour. There was no change in tuition per credit hour since Fall 2011. Tuition revenues have decreased due to decline in student enrollment during academic year 2019-2020. As in years past, when the economy improves and demand for workers are high, people tend to choose jobs over education, thus contributing to the decline in enrollment. As authorized by the Board of Trustees, 50% of the proceeds from the increased tuition revenue set forth in the last tuition increase in 2011, is used to hire additional full-time permanent faculty and 20% to hire staff and administrative positions. Positions are determined based on data to support additional personnel needed for expansion of programs or services. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Technology fees are used to upgrade the Information Technology infrastructure and labs. Funds utilized in FY2020 for capital projects and technology fees were \$563,000 and \$288,000, respectively.

When the island was affected with the COVID-19 pandemic during FY20, this led to the decline in enrollment. Initially, all courses were conducted through distance education (online). Some courses, such as Cosmetology and Culinary Arts, however, require the “hands on” experience in order to achieve the student learning outcomes. In other courses, specialized equipment is needed. Efforts to increase enrollment have been ongoing, including promoting bootcamps to support the economic development of our island.



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Years Ended September 30, 2020 and 2019



In AY 2020, 2,818 public high school students participated in GCC's Career and Technical Education Programs. These programs include Allied Health, Automotive Collision Repair Technology, Automotive Service Technology, Construction Trades Auto CAD, Carpentry, HVAC, Early Childhood Education, Electronics Technology, Marketing, Tourism Lodging Management, Pro Start-Culinary, Telecommunications, and Visual Communications. Not all programs are available at each of the high school locations due to space limitations. In AY2020, 151 students attained Certificates of Mastery and 417 students earned Certificates of Completion.

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Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

Overview of the Financial Statements and Financial Analysis
(All figures are in thousands)

Summary Statement of Net position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Other current assets	\$ 23,335	\$ 24,274	\$ 25,787
Prepaid lease	-	1,009	558
Accounts receivable – U.S. Government	460	371	662
Investments (noncurrent)	2,042	2,013	1,959
Capital assets, net	<u>38,159</u>	<u>34,117</u>	<u>33,344</u>
Total assets	<u>63,996</u>	<u>61,784</u>	<u>62,310</u>
Deferred outflows of resources	<u>24,174</u>	<u>13,737</u>	<u>9,894</u>
Total assets and deferred outflows of resources	\$ <u>88,170</u>	\$ <u>75,521</u>	\$ <u>72,204</u>
Liabilities:			
Current liabilities	\$ 4,495	\$ 5,674	\$ 4,516
Non-current liabilities	<u>101,080</u>	<u>82,377</u>	<u>89,523</u>
Total liabilities	105,575	88,051	94,039
Deferred inflows of resources	<u>13,920</u>	<u>17,596</u>	<u>5,809</u>
Net position:			
Net investment in capital assets	38,159	31,992	30,165
Restricted – expendable	1,398	1,398	1,398
Unrestricted	<u>(70,882)</u>	<u>(63,516)</u>	<u>(59,207)</u>
Total net position	<u>(31,325)</u>	<u>(30,126)</u>	<u>(27,644)</u>
Total liabilities, deferred inflows of resources and net pension	\$ <u>88,170</u>	\$ <u>75,521</u>	\$ <u>72,204</u>

The overall financial situation at the College improved slightly compared to the prior year, as a result of the temporary shutdown of the campus in compliance with the Governor's executive order and in response to the COVID-19 pandemic. Fiscal conservation measures continue to be applied by the College.

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In current assets, cash increases were due to the timely receipt of FY2020 GovGuam allotments. At the end of the fiscal year, the College received 100% of total appropriations, or \$19.6M. Investment balances remained stable as markets provided positive returns during this period. There were slight improvements in building and equipment due to laptop purchases enabling employees to telework during the pandemic and various repairs to buildings and infrastructure. Additionally, there were increases in Construction in Progress due to projects related to Building 100, Building 300 construction, Forensic DNA Lab extension, and other projects. However, accumulated depreciation increases offset these capital changes.

Adjustments due to GASB 75, resulted in increased noncurrent liabilities and related deferred outflows from OPEB, as well as decreased inflows from OPEB. OPEB benefits include COLA and supplemental annuity plans for retirees. As required by 1 GCA, Ch. 8, Article 2, § 850-853, increases in accounts payable occurred due to the requirement to allot 1% of construction projects over \$100K for local art in public buildings.

As a result of the constraints of College and University accounting, approximately \$3,830,139 in encumbrances incurred in fiscal year 2020 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2020 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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 14,583	\$ 16,805	\$ 17,276
Operating expenses	<u>36,915</u>	<u>36,722</u>	<u>31,770</u>
Operating loss	(22,332)	(19,917)	(14,494)
Non-operating revenues, net	<u>21,133</u>	<u>17,435</u>	<u>21,767</u>
Change in net position	(1,199)	(2,482)	7,273
Net position at beginning of year	<u>(30,126)</u>	<u>(27,644)</u>	<u>(34,917)</u>
Net position at end of year	\$ <u>(31,325)</u>	\$ <u>(30,126)</u>	\$ <u>(27,644)</u>

Statement of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash provided by (used in):			
Operating activities	\$ (15,721)	\$(12,202)	\$ (15,809)
Noncapital financing activities	20,326	21,359	17,105
Capital and related financing activities	(3,976)	(5,233)	(2,373)
Investing activities	<u>(46)</u>	<u>(104)</u>	<u>(8)</u>
Net change in cash and cash equivalents	583	3,820	(1,085)
Cash and cash equivalents at beginning of year	<u>15,986</u>	<u>12,166</u>	<u>13,251</u>
Cash and cash equivalents at end of year	\$ <u>16,569</u>	\$ <u>15,986</u>	\$ <u>12,166</u>

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Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

At the end of FY 2020 and 2019, the College recognized a 22% and 3.4% decrease in student tuition and fees due to changes in student enrollment, head and credit counts, unfavorable 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 plans.

Changes to GCC's net position resulted from the following:

- Revenue decrease due to student enrollment decline of \$1.4M.
- GASB 75 implementation resulted in a \$389K expenditure increase.
- GovGuam appropriations increase by \$1.1M in FY2020 appropriations as compared to FY2019.
- Net nonoperating revenues increased \$3.7M.
- Bad debt expense decrease of \$238K.

The net position of the College shows a decrease for the current year, due to decreased enrollment and OPEB adjustments. 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 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 \$38,158,872 as of September 30, 2020, 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 Building 100 and 300 construction renovations and other projects. The Guam Community College Foundation was awarded a \$5,000,000 Community Facilities Direct loan from 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 the 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 contribution to finance the Forensic DNA building. The College remained current in the repayment of the Foundation Building construction loan from USDA and fully satisfied the USDA Foundation Loan on August 31, 2020. Please refer to notes 3 and 10 in the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ending September 30, 2019 and 2018, is set forth in the College's report on the audit of the financial statements, which is dated May, 28, 2020. The Discussion and Analysis explains the major factors impacting the 2019 and 2018 financial statements and can be viewed at the Office of Public Accountability Guam website at www.opaguam.org.

**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Years Ended September 30, 2020 and 2019

Economic Outlook for FY 2021

As the College continues to navigate through the effects of the COVID-19 pandemic, the focus to increase enrollment remains at the forefront, while continuing to “upskill” and train individuals to support the changing workforce.

Although appropriations for the College remain favorable, the College is monitoring the ability to collect all the funding by the end of the fiscal year. Funding support through the CARES Act provides financial support to students participating in distance education. In addition, the Higher Education Emergency Relief Funds allows the College to operate under emergency conditions, to ensure the safety of its employees and students. The increases in funding resources, albeit unprecedented, has allowed the College to upgrade its technological infrastructure., while providing the necessary professional development and instructional tools to ensure student success.

In order to ensure the continuity of educational services., the College has provided MiFi's and laptop computers to students to aid in their education. This loaner program allows for students to borrow these devices through the end of the semester. The College continues to monitor these requests through student surveys and other requests.

The anticipated increases in federal funding support will provide some financial relief to students and the College, but it is imperative that the College consider the sustainability in the long run. Updates to the College's distance education infrastructure, professional development, and facilities provide an opportunity, if well established, for future sustainability. In a post-COVID-19 environment, the College needs to position itself to support the changing labor requirements that are needed for the economic diversification of the island. In addition, GCC students have the opportunity to avail of the resources provided that support a shift for retraining or “upskilling” to enter sustainable jobs in the future. While unemployment remains high at the present time, opportunities for dislocated and underemployed workers are available.

GCC will continue to upgrade the physical infrastructure on campus, including the completion of the Building 300 renovation, underground fiber optics projects, and CCTV surveillance systems. The College is slated to update its Physical Master Plan and Technology Audit in 2021, in addition to the development of the Strategic Plan for Distance Education.

The College recognizes the challenges that lie ahead and will remain fiscally responsible for the resources it receives. Continuing to closely monitor its spending allows for the further development of the College and the implementation of the Institutional Strategic Master Plan that includes: Advancing Workforce Development and Training, Fostering 100% Student-Centered Success, Leveraging Transformational Engagement and Training, and Optimizing Resources.

GUAM COMMUNITY COLLEGE
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Statements of Net Position
September 30, 2020 and 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 16,179,820	\$ 15,629,267
Cash and cash equivalents - restricted	389,366	357,085
Time certificate of deposit	2,108,925	2,091,806
Due from Government of Guam, less allowance for doubtful accounts of \$828,165 at September 30, 2020 and 2019	-	703,818
Tuition receivable, less allowance for doubtful accounts of \$1,997,276 and \$2,003,540 at September 30, 2020 and 2019, respectively	1,906,671	2,842,386
Accounts receivable - U.S. Government	459,702	371,497
Accounts receivable - other, less allowance for doubtful accounts of \$489,720 and \$479,766 at September 30, 2020 and 2019, respectively	2,280,085	2,037,905
Prepaid lease, current portion	-	200,400
Inventories	470,536	610,123
Total current assets	<u>23,795,105</u>	<u>24,844,287</u>
Noncurrent assets:		
Prepaid lease	-	808,900
Investments	2,041,940	2,013,287
Property, plant and equipment:		
Buildings and structures	56,871,098	56,630,156
Building under capital lease	4,988,932	-
Furniture, fixtures and equipment	13,286,348	12,967,165
Vehicles	674,901	611,352
	<u>75,821,279</u>	<u>70,208,673</u>
Less accumulated depreciation	<u>(43,487,098)</u>	<u>(41,145,875)</u>
Total depreciable property, plant and equipment	<u>32,334,181</u>	<u>29,062,798</u>
Land	1,903,000	1,903,000
Construction in progress	3,921,691	3,151,236
Total non-depreciable property, plant and equipment	<u>5,824,691</u>	<u>5,054,236</u>
Property, plant and equipment, net	<u>38,158,872</u>	<u>34,117,034</u>
Total noncurrent assets	<u>40,200,812</u>	<u>36,939,221</u>
Total assets	<u>63,995,917</u>	<u>61,783,508</u>
Deferred outflows of resources:		
Deferred outflows from OPEB	16,718,347	8,393,990
Deferred outflows from pension	7,455,404	5,343,133
Total deferred outflows of resources	<u>24,173,751</u>	<u>13,737,123</u>
Total assets and deferred outflows of resources	<u>\$ 88,169,668</u>	<u>\$ 75,520,631</u>

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

Statements of Net Position, Continued
September 30, 2020 and 2019

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>2020</u>	<u>2019</u>
Current liabilities:		
Current portion of long-term debt	\$ -	\$ 88,558
Current portion of capital lease liability	40,290	-
Accounts payable and accrued liabilities	2,183,804	3,032,968
Construction contract payable	61,200	138,138
Retainage payable	276,951	218,096
Unearned revenue	1,301,567	1,588,244
Deposits held on behalf of others	389,366	357,085
Current portion of accrued annual leave	241,583	250,768
Total current liabilities	4,494,761	5,673,857
Noncurrent liabilities:		
Accrued annual leave, net of current portion	332,246	256,423
DCRS sick leave liability	637,293	489,206
Long-term debt, net of current portion	-	2,036,972
Capital lease liability, net of current portion	3,672,851	-
Net OPEB liability	56,904,135	42,285,436
Net pension liability	39,533,673	37,308,811
Total liabilities	105,574,959	88,050,705
Deferred inflows of resources:		
Deferred inflows from OPEB	13,346,808	16,683,397
Deferred inflows from pension	573,311	912,839
Total deferred inflows of resources	13,920,119	17,596,236
Commitment and contingencies		
Net position:		
Net investment in capital assets	38,158,872	31,991,504
Restricted expendable	1,398,122	1,398,120
Unrestricted	(70,882,404)	(63,515,934)
Total net position	(31,325,410)	(30,126,310)
Total liabilities, deferred inflows of resources and net position	\$ 88,169,668	\$ 75,520,631

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position
September 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 277,359	\$ 273,804
Cash and cash equivalents - restricted	4,793,649	5,718,581
Investments	12,894,274	12,463,532
Lease receivable, current portion	40,290	-
Due from Guam Community College	620,971	608,683
Total current assets	<u>18,626,543</u>	<u>19,064,600</u>
Lease receivable, net of current portion	3,672,851	-
Construction in progress	1,016,967	5,141,811
Land	562,500	-
Plant and equipment, net	635,002	18,008
Total assets	<u>\$ 24,513,863</u>	<u>\$ 24,224,419</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Loan payable, current portion	\$ 86,044	\$ 84,027
Construction contract payable	322,477	137,591
Retainage payable	360,060	273,652
Advance lease payment from Guam Community College, current	-	200,400
Due to Guam Community College	1,851,905	1,683,256
Total current liabilities	<u>2,620,486</u>	<u>2,378,926</u>
Advance lease payment from Guam Community College, net of current portion	-	808,900
Loan payable, net of current portion	4,693,255	4,854,228
Total liabilities	<u>7,313,741</u>	<u>8,042,054</u>
Commitments		
Net assets:		
Without donor restrictions	11,718,729	11,440,793
With donor restrictions	5,481,393	4,741,572
	<u>17,200,122</u>	<u>16,182,365</u>
Total liabilities and net assets	<u>\$ 24,513,863</u>	<u>\$ 24,224,419</u>

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, 2020 and 2019

	2020	2019
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 4,838,312	\$ 6,190,018
Less: Scholarship discounts and allowances	(3,311,476)	(3,588,781)
	1,526,836	2,601,237
Federal grants and contracts	10,393,219	10,916,498
Auxiliary enterprises	760,760	1,799,447
Other revenues	1,902,013	1,725,139
Total operating revenues	14,582,828	17,042,321
Bad debts	-	(237,385)
Net operating revenues	14,582,828	16,804,936
Operating expenses:		
Education and general:		
Instruction	11,298,260	11,700,832
Institutional support	6,227,363	5,750,965
Scholarships and fellowships	6,380,623	5,865,094
Student services	3,166,364	2,999,040
Academic support	2,427,854	2,618,454
Depreciation	2,441,892	2,315,220
Operations and maintenance of plant	1,968,340	2,478,927
Retiree healthcare costs	1,582,680	1,635,256
Planning	841,834	752,978
Auxiliary enterprises	579,855	606,182
Total operating expenses	36,915,065	36,722,948
Operating loss	(22,332,237)	(19,918,012)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations, net	21,204,448	20,047,624
Contributions to GCC Foundation	-	(2,650,000)
Other nonoperating receipts	123,361	138,043
Interest expense	(194,672)	(100,310)
Net nonoperating revenues	21,133,137	17,435,357
Change in net position	(1,199,100)	(2,482,655)
Net position:		
Net position at beginning of year	(30,126,310)	(27,643,655)
Net position at end of year	\$ (31,325,410)	\$ (30,126,310)

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other additions:						
Net investment gains	\$ 430,742	\$ -	\$ 430,742	\$ 204,292	\$ -	\$ 204,292
Interest income	236	167,120	167,356	858	1,340	2,198
Lease income	-	55,907	55,907	-	-	-
Contributions from Guam Community College	-	650,000	650,000	-	2,000,000	2,000,000
Fundraising	27,566	-	27,566	55,901	-	55,901
Other additions	14,117	-	14,117	3,324	-	3,324
Net assets released from restrictions:						
Satisfaction of program restrictions	133,206	(133,206)	-	88,756	(88,756)	-
Total revenues, gains and other additions	<u>605,867</u>	<u>739,821</u>	<u>1,345,688</u>	<u>353,131</u>	<u>1,912,584</u>	<u>2,265,715</u>
Expenditures and other deductions:						
Payments to Guam Community College	151,132	-	151,132	219,612	-	219,612
Fundraising	17,335	-	17,335	14,119	-	14,119
Professional services	4,658	-	4,658	5,480	-	5,480
Interest expense	41,444	-	41,444	88,576	-	88,576
Bank charges	180	-	180	180	-	180
Scholarships	4,500	-	4,500	-	-	-
Depreciation	31,525	-	31,525	-	-	-
Other deductions	77,157	-	77,157	383	-	383
Total expenditures and other deductions	<u>327,931</u>	<u>-</u>	<u>327,931</u>	<u>328,350</u>	<u>-</u>	<u>328,350</u>
Change in net assets	<u>277,936</u>	<u>739,821</u>	<u>1,017,757</u>	<u>24,781</u>	<u>1,912,584</u>	<u>1,937,365</u>
Net assets at beginning of year	<u>11,440,793</u>	<u>4,741,572</u>	<u>16,182,365</u>	<u>11,416,012</u>	<u>2,828,988</u>	<u>14,245,000</u>
Net assets at end of year	<u>\$ 11,718,729</u>	<u>\$ 5,481,393</u>	<u>\$ 17,200,122</u>	<u>\$ 11,440,793</u>	<u>\$ 4,741,572</u>	<u>\$ 16,182,365</u>

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, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Student tuition and fees	\$ 2,175,873	\$ 2,377,884
Federal grants and contracts	10,305,014	11,207,261
Auxiliary enterprises	760,760	1,799,447
Other receipts	1,659,833	2,028,203
Payments to employees	(17,642,384)	(17,654,707)
Payments to suppliers	(7,381,408)	(6,725,435)
Payments for scholarships and fellowships	(5,598,455)	(5,234,535)
Net cash used in operating activities	(15,720,767)	(12,201,882)
Cash flows from investing activities:		
Increase in investments	(28,653)	(54,123)
Increase in time certificates of deposit	(17,119)	(49,806)
Net cash used in investing activities	(45,772)	(103,929)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	20,325,586	21,359,061
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,512,881)	(3,115,584)
Contributions to GCC Foundation	-	(650,000)
Other receipts	123,361	138,043
Prepaid lease payment	(227,866)	(451,456)
Principal paid on long-term debt	(2,125,530)	(1,053,410)
Interest paid on long-term debt	(32,897)	(100,310)
Principal paid on capital lease liability	(38,625)	-
Interest paid on capital lease liability	(161,775)	-
Net cash used in capital and related financing activities	(3,976,213)	(5,232,717)
Net change in cash and cash equivalents	582,834	3,820,533
Cash and cash equivalents at beginning of year	15,986,352	12,165,819
Cash and cash equivalents at end of year	\$ 16,569,186	\$ 15,986,352
Reconciliation of cash and cash equivalents to the statements of net position:		
Current assets:		
Cash and cash equivalents	\$ 16,179,820	\$ 15,629,267
Cash and cash equivalents - restricted	389,366	357,085
	\$ 16,569,186	\$ 15,986,352
Supplemental information on noncash activities:		
Contributions to GCC Foundation	\$ -	\$ 2,000,000
Accounts receivable - other	-	(2,000,000)
	\$ -	\$ -
Capital lease asset	\$ 4,988,932	\$ -
Capital lease liability	(4,988,932)	-
	\$ -	\$ -
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (22,332,237)	\$ (19,918,012)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,441,892	2,315,220
On-behalf payments for retiree healthcare, COLA and annuity costs	1,582,680	1,635,256
Bad debts	-	237,385
Non-cash pension costs	2,730,816	1,969,453
Changes in assets and liabilities:		
Tuition receivable	935,715	(40,626)
Accounts receivable - U.S. Government	(88,205)	290,763
Other receivables	(242,180)	220,763
Inventories	139,587	(62,357)
Accounts payable, accrued liabilities and deposits held for others	(816,883)	1,331,502
Accrued annual leave	66,638	(12,532)
DCRS sick leave liability	148,087	14,030
Unearned revenue	(286,677)	(182,727)
Net cash used in operating activities	\$ (15,720,767)	\$ (12,201,882)

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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, 2020 and 2019, an accumulated vacation leave liability of \$573,829 and \$507,191, 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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 \$77,155 and \$73,136 for the years ended September 30, 2020 and 2019, 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(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, 2020 and 2019 are \$12,894,274 and \$12,463,532, respectively. The following represents the composition of market values of investments:

	<u>2020</u>	<u>2019</u>
Equities	\$ 8,338,540	\$ 8,152,009
Fixed income	3,282,898	3,133,169
Exchange-traded funds	-	10,585
Mutual funds	553,518	575,965
Cash	<u>719,318</u>	<u>591,804</u>
	<u>\$ 12,894,274</u>	<u>\$ 12,463,532</u>

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

Notes to Financial Statements
September 30, 2020 and 2019

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

Foundation Investments, Continued

The Foundation's investment in securities balance at September 30, 2020 and 2019 include cash deposited within the cash sweep program of \$719,318 and 591,804, respectively. Of the Foundation's cash deposited within the cash sweep program, \$250,000 is 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, 2020, was as follows:

<u>Moody's Rating</u>		
AAA/AAA	\$	1,045,419
A1/A		50,817
A2/A-		525,756
A3/A-		389,278
A3/BBB+		402,484
A2/BBB+		137,731
BA2/BB+		55,454
B2/B+		35,630
BA1/BBB-		44,691
BA1/BB+		35,303
BAA3/BB-		11,790
BA3/B+		48,529
BA3/BB+		64,291
BA3		10,992
BA3/BB-		59,557
BA2/BB-		11,400
B1/B+		29,655
B1/BB-		48,315
B2/BB		31,991
B2/B		20,217
B3/B+		70,995
B2/CCC		9,275
CAA1/B-		18,704
B3/CCC+		8,800
CAA1/CCC+		6,800
Not rated		109,024
Total	\$	<u>3,282,898</u>

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

Notes to Financial Statements
September 30, 2020 and 2019

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

Foundation Investments, Continued

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

<u>Moody's Rating</u>		
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		<u>48,644</u>
Total	\$	<u>3,133,169</u>

The following represents the composition of the net investment gains for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unrealized investment gains (losses)	\$ 252,706	\$ (29,077)
Net realized investment losses	(113,342)	(114,106)
Interest income and dividends	<u>291,378</u>	<u>347,475</u>
	<u>\$ 430,742</u>	<u>\$ 204,292</u>

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(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, 2020 and 2019, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$18,678,111 and \$18,078,158, respectively, and the corresponding bank balances were \$19,432,353 and \$18,407,838, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2020 and 2019, bank deposits in the amount of \$2,874,513 and \$2,837,719, 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, 2020 and 2019, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of \$2,041,940 and \$2,013,287, respectively.

**GUAM COMMUNITY COLLEGE
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September 30, 2020 and 2019

(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, 2020 and 2019 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, 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postpones the effective dates of GASB Statement Nos. 84, 89, 90, 91, 92 and 93 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. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 84 will be effective for fiscal year ending September 30, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for fiscal year ending September 30, 2022.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

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

New Accounting Standards, Continued

In March 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 90 will be effective for fiscal year ending September 30, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying 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. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The primary objective of this Statement is to address those and other accounting and financial reporting implications of the replacement of an IBOR. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 93 will be effective for fiscal year ending September 30, 2022.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

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

New Accounting Standards, Continued

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 97 will be effective for fiscal year ending September 30, 2022.

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, 2020 and 2019.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

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

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, 2020 and 2019 were as follows:

	Estimated Useful Life (in years)	Balance October 1, 2019	Additions	Retirement/ Transfers	Balance September 30, 2020
Depreciable:					
Buildings and structures	10-30	\$ 56,630,156	\$ 438,609	\$ (197,667)	\$ 56,871,098
Building under capital lease	40	-	4,988,932	-	4,988,932
Furniture, fixtures and equipment	5-6	12,967,165	319,183	-	13,286,348
Vehicles	5	<u>611,352</u>	<u>63,549</u>	<u>-</u>	<u>674,901</u>
		<u>70,208,673</u>	<u>5,810,273</u>	<u>(197,667)</u>	<u>75,821,279</u>
Accumulated depreciation:					
Buildings and structures		(29,365,968)	(1,638,337)	100,668	(30,903,637)
Building under capital lease		-	(127,921)	-	(127,921)
Furniture, fixtures and equipment		(11,304,825)	(596,007)	-	(11,900,832)
Vehicles		<u>(475,082)</u>	<u>(79,626)</u>	<u>-</u>	<u>(554,708)</u>
		<u>(41,145,875)</u>	<u>(2,441,891)</u>	<u>100,668</u>	<u>(43,487,098)</u>
		<u>29,062,798</u>	<u>3,368,382</u>	<u>(96,999)</u>	<u>32,334,181</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>3,151,236</u>	<u>1,086,655</u>	<u>(316,200)</u>	<u>3,921,691</u>
		<u>5,054,236</u>	<u>1,086,655</u>	<u>(316,200)</u>	<u>5,824,691</u>
		<u>\$ 34,117,034</u>	<u>\$ 4,455,037</u>	<u>\$ (413,199)</u>	<u>\$ 38,158,872</u>

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Notes to Financial Statements
September 30, 2020 and 2019

(3) Property, Plant and Equipment, Continued

	Estimated Useful Life (in years)	Balance October 1, <u>2019</u>	<u>Additions</u>	Retirement/ <u>Transfers</u>	Balance September 30, <u>2019</u>
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	<u>611,352</u>	<u>-</u>	<u>-</u>	<u>611,352</u>
		<u>68,627,839</u>	<u>1,808,806</u>	<u>(227,972)</u>	<u>70,208,673</u>
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		<u>(401,320)</u>	<u>(73,762)</u>	<u>-</u>	<u>(475,082)</u>
		<u>(39,058,627)</u>	<u>(2,315,220)</u>	<u>227,972</u>	<u>(41,145,875)</u>
		<u>29,569,212</u>	<u>(506,414)</u>	<u>-</u>	<u>29,062,798</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,872,161</u>	<u>1,836,166</u>	<u>(557,091)</u>	<u>3,151,236</u>
		<u>3,775,161</u>	<u>1,836,166</u>	<u>(557,091)</u>	<u>5,054,236</u>
		\$ <u>33,344,373</u>	\$ <u>1,329,752</u>	\$ <u>(557,091)</u>	\$ <u>34,117,034</u>

(4) Obligation under Capital Lease

On October 1, 2019, GCC leased Building 100 owned by the Foundation. The agreement was determined to be a capital lease and the related asset is recorded as capital lease asset under property, plant and equipment. The related lease liability is payable in annual installments of principal and interest of \$200,400, interest rate at 4.31%, for period of thirty-nine (39) years. The lease will be payable from GCC's annual appropriation from the Territorial Educational Facilities Fund of GovGuam. Future lease payments under the agreement are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 40,290	\$ 160,110	\$ 200,400
2022	42,027	158,373	200,400
2023	43,840	156,560	200,400
2024	45,730	154,670	200,400
2025	47,702	152,698	200,400
2026-2030	271,195	730,805	1,002,000
2031-2035	334,929	667,071	1,002,000
2036-2040	413,641	588,359	1,002,000
2041-2045	510,851	491,149	1,002,000
2046-2050	630,907	371,093	1,002,000
2051-2055	779,177	222,823	1,002,000
2056-2058	<u>552,852</u>	<u>48,348</u>	<u>601,200</u>
	\$ <u>3,713,141</u>	\$ <u>3,902,059</u>	\$ <u>7,615,200</u>

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
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(4) Obligation under Capital Lease, Continued

At September 30, 2020, the cost of building under capital lease is \$4,988,932 and accumulated depreciation of \$127,921 which is presented as part of property, plant and equipment in the accompanying statements of net position.

(5) 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 and prior to January 1, 2018 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 who retired prior to September 30, 2019 are eligible to receive an annual ad hoc cost of living allowance (COLA).

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, 2019 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,360
Inactive employees entitled to but not yet receiving benefits	3,162
Active employees	<u>4,850</u>
	15,372
DCRS members:	
Active employees	<u>6,286</u>
	<u>21,658</u>

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

Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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.

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). On February 4, 2020, the Guam Legislature terminated the GRSP. Commencing April 1, 2017, eligible employees elected, during the “election window”, to participate in the DB 1.75 Plan with an effective date of January 1, 2018.

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.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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 member 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 the three years of service that produce the highest average pay.

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, 2018 actuarial valuation was used for determining the year ended September 30, 2020 statutory contributions. Member contributions are required at 9.52% of base pay.

As a result of actuarial valuations performed as of September 30, 2018, 2017 and 2016, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2020, 2019 and 2018, respectively, have been determined as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Normal costs (% of DB Plan payroll)	13.86%	13.54%	15.97%
Employee contributions (DB Plan employees)	<u>9.52%</u>	<u>9.52%</u>	<u>9.55%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>4.34%</u>	<u>4.02%</u>	<u>6.42%</u>
Employer portion of normal costs (% of total payroll)	2.39%	2.29%	1.60%
Unfunded liability cost (% of total payroll)	<u>20.70%</u>	<u>21.29%</u>	<u>22.12%</u>
Government contribution as a % of total payroll	<u>23.09%</u>	<u>23.58%</u>	<u>23.72%</u>
Employer	<u>26.28%</u>	<u>26.56%</u>	<u>27.83%</u>
Employee	<u>9.52%</u>	<u>9.52%</u>	<u>9.55%</u>

The College's contributions to the DB Plan for the years ended September 30, 2020, 2019 and 2018 were \$2,939,093, \$2,876,470, and \$2,494,308, respectively, which were equal to the required contributions for the respective years then ended.

For the years ended September 30, 2020, 2019 and 2018, the College recognized ad hoc COLA and supplemental annuity payments as transfers from GovGuam, totaling \$664,852, \$664,852 and \$643,310, 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.

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

Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

A. General Information About the Pension Plans, Continued:

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, 2020, 2019 and 2018 were \$1,677,138, \$1,393,298 and \$1,902,057, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, \$1,037,265, \$866,709 and \$1,263,815 were contributed towards the unfunded liability of the DB Plan for the years ended September 30, 2020, 2019 and 2018, respectively.

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

Pension Liability: At September 30, 2020 and 2019, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2019 and 2018, respectively, which comprised of the following:

	<u>2020</u>	<u>2019</u>
Defined benefit plan	\$ 29,913,409	\$ 28,895,965
Ad hoc COLA/supplemental annuity plan for DB retirees	8,710,956	7,675,606
Ad hoc COLA plan for DCRS retirees	<u>909,308</u>	<u>737,240</u>
	<u>\$ 39,533,673</u>	<u>\$ 37,308,811</u>

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, 2020 and 2019, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2020</u>	<u>2019</u>
Defined Benefit Plan	2.46%	2.45%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.69%	2.65%
Ad hoc COLA plan for DCRS retirees	1.52%	1.49%

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

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

Pension Expense (Benefit): For the years ended September 30, 2020 and 2019, GCC recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit plan	\$ 2,743,943	\$ 3,302,927
Ad hoc COLA/supplemental annuity plan for DB retirees	792,589	823,680
Ad hoc COLA plan for DCRS retirees	<u>97,495</u>	<u>(170,665)</u>
	<u>\$ 3,634,027</u>	<u>\$ 3,955,942</u>

Deferred Outflows and Inflows of Resources: At September 30, 2020 and 2019, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 42,936	\$ 265,172	\$ 60,362	\$ -	\$ 95,765	\$ 26,411
Net difference between projected and actual earnings on pension plan investments	1,051,851	-	-	26,786	-	-
Changes of assumptions	-	-	782,085	135,414	218,918	88,216
Contributions subsequent to the measurement date	3,976,358	-	624,852	-	40,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>219,292</u>	<u>-</u>	<u>139,013</u>	<u>-</u>	<u>203,972</u>	<u>31,312</u>
	<u>\$ 5,290,437</u>	<u>\$ 265,172</u>	<u>\$ 1,606,312</u>	<u>\$ 162,200</u>	<u>\$ 558,655</u>	<u>\$ 145,939</u>

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

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

	2019					
	<u>Defined Benefit Plan</u>		<u>Ad Hoc COLA/SA Plan for DB Retirees</u>		<u>Ad Hoc COLA Plan for DCRS Retirees</u>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
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	<u>217,866</u>	<u>-</u>	<u>111,916</u>	<u>-</u>	<u>216,482</u>	<u>34,930</u>
	<u>\$ 4,042,594</u>	<u>\$ 518,014</u>	<u>\$ 850,329</u>	<u>\$ 254,759</u>	<u>\$ 450,210</u>	<u>\$ 140,066</u>

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, 2020 will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Defined Benefit Plan</u>	<u>Ad Hoc COLA/SA Plan for DB Retirees</u>	<u>Ad Hoc COLA Plan for DCRS Retirees</u>
2021	\$ 29,094	\$ 347,776	\$ 38,603
2022	91,256	361,219	38,603
2023	520,977	110,265	38,603
2024	407,580	-	38,603
2025	-	-	38,603
Thereafter	<u>-</u>	<u>-</u>	<u>179,701</u>
	<u>\$ 1,048,907</u>	<u>\$ 819,260</u>	<u>\$ 372,716</u>

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, 2018
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

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

Remaining Amortization Period:	May 1, 2033 (14.58 years remaining as of September 30, 2018)
Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.50% 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.
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, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30 2015. The rationale for each significant assumption is provided in the experience study. To the extent that actual experience differs from the assumptions, future pension costs will differ. The next experience study for the period October 1, 2015 to September 30, 2019 is scheduled to be performed prior to the next year's valuation.

The investment rate assumption as of September 30, 2018 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:

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>
U.S. Equities (large cap)	26.0%	6.81%
U.S. Equities (small cap)	4.0%	8.12%
Non-U.S. Equities	17.0%	8.33%
Non-U.S. Equities (emerging markets)	3.0%	10.28%
U.S. Fixed Income (aggregate)	24.0%	3.87%
Risk Parity	8.0%	5.56%
High Yield Bonds	8.0%	5.45%
Global Real Estate (REITs)	5.0%	8.01%
Master Limited Partnerships	5.0%	7.44%

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2019 and 2018 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, 2019 was 2.66% (4.18% as of September 30, 2018), which is equal to the rate of return of a high quality bond index.

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 <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase in Discount Rate <u>8.00%</u>
Net Pension Liability	\$ <u>37,764,204</u>	\$ <u>29,913,409</u>	\$ <u>23,157,619</u>

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Net Pension Liability	\$ <u>9,610,441</u>	\$ <u>8,710,956</u>	\$ <u>7,944,072</u>

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

(5) Pensions, Continued

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

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Net Pension Liability	\$ <u>1,030,421</u>	\$ <u>909,308</u>	\$ <u>805,635</u>

C. Payables to the Pension Plans:

As of September 30, 2020 and 2019, GCC recorded payables to GGRF of \$162,756 and \$164,215, respectively, representing statutorially required contributions unremitted as of the respective year-ends.

(6) 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 OPEB plan.

A. General Information About the OPEB Plan:

Plan Description: The OPEB 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, 2019 and 2018 (the respective measurement dates), OPEB plan membership consisted of the following as of September 30, 2018 (the actuarial valuation dates for both years):

	<u>2019</u>	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefits	7,462	7,930
Active plan members	<u>10,832</u>	<u>10,136</u>
	<u>18,294</u>	<u>18,066</u>

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Notes to Financial Statements
September 30, 2020 and 2019

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

A. General Information About the OPEB Plan:

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, 2020, 2019 and 2018, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$917,828, \$970,404 and \$976,278, respectively, representing certain healthcare benefits that GovGuam’s general fund paid directly on behalf of College retirees.

B. Total OPEB Liability:

As of September 30, 2020 and 2019, GCC reported a total OPEB liability of \$56,904,135 and \$42,285,436 respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2019 and 2018. The following presents GCC’s proportion change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2018	2.26%
Proportion at measurement date, September 30, 2019	2.23%
Increase/(decrease) in proportion	(0.03)%

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2020 and 2019

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

B. Total OPEB Liability, Continued:

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2019 (the measurement date) 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.
Healthcare cost trend rates:	For 2019, 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. 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. Medical trend rates are applied to retiree contributions, Medicare Part B and Medicare Part D premium reimbursements.
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 active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. 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.
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.

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Notes to Financial Statements
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(6) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

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.
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.
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).
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.

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Notes to Financial Statements
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(6) Other Post-Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Discount Rate: The discount rate used to measure the total OPEB liability was 2.66% as of September 30, 2019 (4.18% as of September 30, 2018). 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 2.66% municipal bond rate as of September 30, 2019 (4.18% as of September 30, 2018) was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB plan fiduciary net position: As of September 30, 2020 and 2019, an OPEB trust has not been established, thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

C. Changes in the Total OPEB Liability:

Changes in GCC's proportionate share of the total OPEB liability for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of the year	\$ <u>42,285,436</u>	\$ <u>49,740,344</u>
Changes for the year:		
Service cost	1,605,467	2,197,881
Interest	1,815,062	1,869,974
Expected benefit payments	(936,755)	(847,567)
Change in proportionate share	(516,224)	5,498,664
Differences between expected and actual experience	-	(11,780,523)
Change of assumptions	<u>12,651,149</u>	<u>(4,393,337)</u>
Net change	<u>14,618,699</u>	<u>(7,454,908)</u>
Balance at end of the year	\$ <u>56,904,135</u>	\$ <u>42,285,436</u>

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 <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase in Discount Rate <u>3.66%</u>
Total OPEB Liability	\$ <u>67,971,202</u>	\$ <u>56,904,135</u>	\$ <u>48,108,037</u>

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Notes to Financial Statements
September 30, 2020 and 2019

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

C. Changes in the total OPEB Liability, Continued:

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>46,240,861</u>	\$ <u>56,904,135</u>	\$ <u>71,032,958</u>

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

For the years ended September 30, 2020 and 2019, the College recognized OPEB expense of \$3,841,933 and \$2,439,295, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2019 and 2018. At September 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 7,460,796	\$ -	\$ 9,665,528
Changes of assumptions	12,403,974	5,305,778	3,062,567	7,017,869
Contributions subsequent to measurement date	917,828	-	970,404	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	<u>3,396,545</u>	<u>580,234</u>	<u>4,361,019</u>	<u>-</u>
	\$ <u>16,718,347</u>	\$ <u>13,346,808</u>	\$ <u>8,393,990</u>	\$ <u>16,683,397</u>

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Notes to Financial Statements
September 30, 2020 and 2019

(6) 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, 2020 will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>		
2021	\$	399,954
2022		399,954
2023		(589,267)
2024		1,051,440
2025		<u>1,191,630</u>
	\$	<u><u>2,453,711</u></u>

(7) 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, 2020 and 2019. 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, 2020, the College collected all amount appropriated from the General Fund as follows:

Net appropriations per law	\$	19,621,768
Add retiree healthcare cost		917,828
Add COLA and annuity cost		<u>664,852</u>
Net appropriations	\$	<u><u>21,204,448</u></u>

The outstanding due from Government of Guam of \$703,818 as of September 30, 2019 was subsequently received during fiscal year 2020.

(8) 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, \$3,830,138 and \$1,969,059 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2020 and 2019, respectively. Of the \$3,830,138 as of September 30, 2020, \$2,393,873 relates to contract commitments.

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

Notes to Financial Statements
September 30, 2020 and 2019

(9) Related Party Transactions

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.

During the year ended September 30, 2019, the College transferred \$650,000 to the Foundation that was not received by the Foundation until October 2019.

(10) Long-Term Debt

Long-term debt at September 30, 2020 and 2019 is as follows:

Direct Borrowings:

	<u>2020</u>	<u>2019</u>
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.	\$ _____	\$ <u>2,125,530</u>
	-	2,125,530
Less current portion	_____	<u>88,558</u>
	\$ _____	\$ <u>2,036,972</u>

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, which would be non-payment of payments as they become due, 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 is \$2,786,891. On May 24, 2019, advance payment of \$1,000,000 was made which was applied to principal balance. The note was fully paid as of September 30, 2020. Principal and interest paid for fiscal year 2020 and net operating revenues were \$2,158,427 and \$14,582,828, respectively.

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

Notes to Financial Statements
September 30, 2020 and 2019

(10) Long-Term Debt, Continued

Direct Borrowings, Continued:

Long-term debt activities for the years ended September 30, 2020 and 2019, were as follows:

	Beginning Balance October <u>1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2020</u>	Amount due within <u>one year</u>
Loans payable	\$ <u>2,125,530</u>	\$ <u> -</u>	\$ <u>(2,125,530)</u>	\$ <u> -</u>	\$ <u> -</u>
	Beginning Balance October <u>1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2019</u>	Amount due within <u>one year</u>
Loans payable	\$ <u>3,178,940</u>	\$ <u> -</u>	\$ <u>(1,053,410)</u>	\$ <u>2,125,530</u>	\$ <u>88,558</u>

Foundation Direct Borrowings:

	<u>2020</u>	<u>2019</u>
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.	\$ 4,779,299	\$ 4,938,255
Less current portion	<u>86,044</u>	<u>84,027</u>
	\$ <u>4,693,255</u>	\$ <u>4,854,228</u>

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

Notes to Financial Statements
September 30, 2020 and 2019

(10) Long-Term Debt, Continued

Direct Borrowings, Continued:

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	94,610	105,790	200,400
2026-2030	508,237	493,763	1,002,000
2031-2035	572,253	429,747	1,002,000
2036-2040	644,331	357,669	1,002,000
2041-2045	725,489	276,511	1,002,000
2046-2050	816,869	185,131	1,002,000
2051-2055	919,758	82,242	1,002,000
2056-2057	<u>140,980</u>	<u>3,029</u>	<u>144,009</u>
	<u>\$ 4,779,299</u>	<u>\$ 2,378,710</u>	<u>\$ 7,158,009</u>

(11) Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2020 and 2019, were as follows:

	Beginning Balance October <u>1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2020</u>	Amount due within <u>one year</u>
Capital lease	\$ -	\$ 4,988,932	\$ (1,275,791)	\$ 3,713,141	\$ 40,290
Accrued annual leave	507,191	514,852	(448,214)	573,829	241,583
DCRS sick leave liability	489,206	199,142	(51,055)	637,293	-
Net OPEB liability	42,285,436	15,555,454	(936,755)	56,904,135	-
Net pension liability	<u>37,308,811</u>	<u>6,632,893</u>	<u>(4,408,031)</u>	<u>39,533,673</u>	<u>-</u>
	<u>\$ 80,590,644</u>	<u>\$ 27,891,273</u>	<u>\$ (7,119,846)</u>	<u>\$ 101,362,071</u>	<u>\$ 281,873</u>

	Beginning Balance October <u>1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2019</u>	Amount due within <u>one year</u>
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	<u>35,910,920</u>	<u>6,029,602</u>	<u>(4,631,711)</u>	<u>37,308,811</u>	<u>-</u>
	<u>\$ 86,646,163</u>	<u>\$ 10,934,104</u>	<u>\$ (16,989,623)</u>	<u>\$ 80,590,644</u>	<u>\$ 250,768</u>

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

Notes to Financial Statements
September 30, 2020 and 2019

(12) 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.

(13) COVID-19 Pandemic

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

	2020	2019	2018	2017	2016	2015	2014
Total net pension liability	\$ 1,214,462,675	\$ 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	\$ 29,913,409	\$ 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	2.46%	2.45%	2.42%	2.46%	2.43%	2.36%	2.53%
GCC's covered-employee payroll**	\$ 12,549,428	\$ 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	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%	283.11%
Plan fiduciary net position as a percentage of the total pension lial	63.25%	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

	2020	2019	2018	2017	2016
Total net pension liability***	\$ 324,192,725	\$ 289,875,668	\$ 288,147,121	\$ 229,486,687	\$ 235,799,709
GCC's proportionate share of the net pension liability	\$ 8,710,956	\$ 7,675,606	\$ 7,464,622	\$ 6,090,911	\$ 5,929,180
GCC's proportion of the net pension liability	2.69%	2.65%	2.59%	2.65%	2.51%
GCC's covered-employee payroll**	\$ 13,690,041	\$ 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	63.63%	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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total net pension liability***	\$ 59,884,407	\$ 49,342,424	\$ 62,445,490	\$ 61,688,067	\$ 52,115,736
GCC's proportionate share of the net pension liability	\$ 909,308	\$ 737,240	\$ 758,754	\$ 781,136	\$ 569,690
GCC's proportion of the net pension liability	1.52%	1.49%	1.22%	1.27%	1.09%
GCC's covered-employee payroll**	\$ 3,576,004	\$ 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	25.43%	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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,994,057	\$ 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	<u>3,976,358</u>	<u>3,743,179</u>	<u>5,271,542</u>	<u>3,225,473</u>	<u>3,420,159</u>	<u>3,622,850</u>	<u>3,541,069</u>
Contribution (excess) deficiency	<u>\$ (982,301)</u>	<u>\$ (414,174)</u>	<u>\$ (2,234,946)</u>	<u>\$ (166,019)</u>	<u>\$ (154,195)</u>	<u>\$ (456,768)</u>	<u>\$ (452,044)</u>
GCC's covered-employee payroll **	<u>\$ 12,549,428</u>	<u>\$ 12,592,233</u>	<u>\$ 12,320,945</u>	<u>\$ 12,450,380</u>	<u>\$ 12,416,546</u>	<u>\$ 11,921,032</u>	<u>\$ 11,661,597</u>
Contribution as a percentage of covered-employee payroll	31.69%	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*

	2020	2019	2018	2017	2016
Total OPEB Liability:					
Service cost	\$ 1,605,467	\$ 2,197,881	\$ 2,453,943	\$ 1,990,422	
Interest	1,815,062	1,869,974	1,632,886	1,660,185	
Expected benefit payments	(936,755)	(847,567)	(766,278)	(766,278)	
Change in proportionate share	(516,224)	5,498,664	206,481	-	
Differences between expected and actual experience	-	(11,780,523)	-	-	
Changes of assumptions	12,651,149	(4,393,337)	(5,113,074)	5,300,419	
Net change in Total OPEB liability	\$ 14,618,699	\$ (7,454,908)	\$ (1,586,042)	\$ 8,184,748	
Total OPEB liability - beginning	42,285,436	49,740,344	51,326,386	43,141,638	
Total OPEB liability - ending	\$ 56,904,135	\$ 42,285,436	\$ 49,740,344	\$ 51,326,386	\$ 43,141,638
Covered-employee payroll	11,834,077	\$ 12,161,278	\$ 11,532,619	\$ 11,532,619	
GCC's total OPEB liability as a percentage of covered-employee payroll	480.85%	347.71%	431.30%	445.05%	
Notes to schedule:					
<i>Discount rate</i>	2.66%	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*

	2020	2019	2018	2017
Total OPEB liability **	\$ 2,553,523,376	\$ 1,874,970,335	\$ 2,431,048,672	\$ 2,532,753,040
GCC's proportionate share of the total OPEB liability	\$ 56,904,135	\$ 42,285,436	\$ 49,740,344	\$ 51,326,386
GCC's proportionate of the total OPEB liability	2.23%	2.26%	2.05%	2.03%
GCC's covered-employee payroll	\$ 11,834,077	\$ 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	480.85%	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*

	2020	2019	2018	2017
Actuarially determined contribution	\$ 4,171,326	\$ 5,026,780	\$ 5,167,186	\$ 4,472,350
Contributions in relation to the actuarially determined contribution	<u>936,755</u>	<u>847,567</u>	<u>766,278</u>	<u>766,278</u>
Contribution deficiency	<u>\$ 3,234,571</u>	<u>\$ 4,179,213</u>	<u>\$ 4,400,908</u>	<u>\$ 3,706,072</u>
GCC's covered-employee payroll **	<u>\$ 11,834,077</u>	<u>\$ 12,161,278</u>	<u>\$ 11,532,619</u>	<u>\$ 11,532,619</u>
Contribution as a percentage of covered-employee payroll	7.92%	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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 13,608,666	\$ 13,531,472
Benefits	<u>6,979,266</u>	<u>6,011,884</u>
Total salaries, wages and benefits	<u>\$ 20,587,932</u>	<u>\$ 19,543,356</u>
Full-time employees at end of year	<u>232</u>	<u>238</u>
Federal Funds:		
Salaries	\$ 451,129	\$ 673,620
Benefits	<u>102,253</u>	<u>154,670</u>
Total salaries, wages and benefits	<u>\$ 553,382</u>	<u>\$ 828,290</u>
Full time federal employees at end of year (inclusive in above amount)	<u>6</u>	<u>10</u>

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, 2020 and 2019

	2020	2019
Instruction:		
Salaries, wages and benefits	\$ 9,493,635	\$ 9,269,087
Travel	14,064	45,942
Contract services	378,060	511,447
Supplies	213,279	267,222
Minor equipment	265,383	314,455
Miscellaneous	933,839	1,292,679
	\$ 11,298,260	\$ 11,700,832
 Total employees at end of year	 107	 107
 Planning:		
Salaries, wages and benefits	\$ 705,750	\$ 661,582
Travel	-	10,754
Contract services	61,996	64,082
Supplies	7,057	2,706
Minor equipment	66,548	5,968
Miscellaneous	483	7,886
	\$ 841,834	\$ 752,978
 Total employees at end of year	 8	 7
 Academic Support:		
Salaries, wages and benefits	\$ 2,077,782	\$ 2,041,842
Travel	3,777	24,497
Contract services	146,657	266,363
Supplies	54,337	98,137
Minor equipment	44,885	91,576
Utilities	1,797	-
Miscellaneous and transfers	98,619	96,039
	\$ 2,427,854	\$ 2,618,454
 Total employees at end of year	 23	 29

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Student Services:		
Salaries, wages and benefits	\$ 2,931,615	\$ 2,815,514
Travel	3,455	10,048
Contract services	48,064	64,768
Supplies	24,261	25,211
Minor equipment	24,780	7,410
Utilities	30	-
Miscellaneous and transfers	<u>134,159</u>	<u>76,089</u>
	<u>\$ 3,166,364</u>	<u>\$ 2,999,040</u>
 Total employees at end of year	 <u>39</u>	 <u>38</u>
 Institutional Support and Interest:		
Salaries, wages and benefits	\$ 3,918,026	\$ 3,490,068
Travel	22,061	80,710
Contract services	1,700,087	1,686,850
Supplies	79,620	40,872
Minor equipment	200,088	2,421
Utilities	4,991	-
Interest and miscellaneous	<u>497,162</u>	<u>550,354</u>
	<u>\$ 6,422,035</u>	<u>\$ 5,851,275</u>
 Total employees at end of year	 <u>42</u>	 <u>44</u>
 Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 535,336	\$ 508,456
Contract services	191,451	213,534
Supplies	78,364	78,002
Minor equipment	38,840	205,748
Capital expenditures	68,433	-
Utilities	1,005,881	1,231,405
Miscellaneous	<u>50,035</u>	<u>241,782</u>
	<u>\$ 1,968,340</u>	<u>\$ 2,478,927</u>
 Total employees at end of year	 <u>8</u>	 <u>8</u>

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, 2020 and 2019

	2020	2019
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 780,688	\$ 625,932
Supplies	812	682
Minor equipment	670	3,945
Miscellaneous	5,598,453	5,234,535
	\$ 6,380,623	\$ 5,865,094
Total employees at end of year	3	3
 Auxiliary:		
Salaries, wages and benefits	\$ 145,100	\$ 130,875
Supplies	1,590	2,245
Minor equipment	433,165	473,062
	\$ 579,855	\$ 606,182
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, 2020
 (With Comparative Balances as of September 30, 2019)

	Unrestricted			Restricted			Capital Projects	Tobacco Settlement	Investment in Plant	Agency Fund	Elimination	Grand Total	
	Appropriated Fund	Non- appropriated Fund	Total	Federal Fund	Other Grants Fund	Total						2020	2019
ASSETS													
Cash	\$ -	\$ 16,569,186	\$ 16,569,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,569,186	\$ 15,986,352
TCD	-	2,108,925	2,108,925	-	-	-	-	-	-	-	-	2,108,925	2,091,806
Investments	-	-	-	-	-	-	-	2,041,940	-	-	-	2,041,940	2,013,287
Due from Government of Guam	828,165	1,184,540	2,012,705	-	-	-	-	-	-	-	-	2,012,705	2,706,174
Due from other College funds	5,771,061	44,869,626	50,640,687	19,927,744	931,980	20,859,724	-	140,000	(1,228,157)	389,366	(70,801,620)	-	-
Accounts receivable - U.S. Government	-	87,318	87,318	299,799	72,585	372,384	-	-	-	-	-	459,702	371,497
Accounts receivable - tuition	-	3,903,947	3,903,947	-	-	-	-	-	-	-	-	3,903,947	4,845,926
Accounts receivable - others	-	1,518,106	1,518,106	-	67,159	67,159	-	-	-	-	-	1,585,265	1,343,480
Allowance for doubtful accounts	(828,165)	(2,486,996)	(3,315,161)	-	-	-	-	-	-	-	-	(3,315,161)	(3,311,471)
Inventories	-	470,536	470,536	-	-	-	-	-	-	-	-	470,536	610,123
Prepaid lease	-	-	-	-	-	-	-	-	-	-	-	-	1,009,300
Construction in progress	-	-	-	-	-	-	-	-	3,921,691	-	-	3,921,691	3,151,236
Land	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	56,871,098	-	-	56,871,098	56,630,156
Capital lease asset	-	-	-	-	-	-	-	-	4,988,932	-	-	4,988,932	-
Equipment	-	-	-	-	-	-	-	-	13,286,348	-	-	13,286,348	12,967,165
Vehicles	-	-	-	-	-	-	-	-	674,901	-	-	674,901	611,352
Accumulated depreciation	-	-	-	-	-	-	-	-	(43,487,098)	-	-	(43,487,098)	(41,145,875)
Deferred outflows from pension	-	24,173,751	24,173,751	-	-	-	-	-	-	-	-	24,173,751	13,737,123
	<u>\$ 5,771,061</u>	<u>\$ 92,398,939</u>	<u>\$ 98,170,000</u>	<u>\$ 20,227,543</u>	<u>\$ 1,071,724</u>	<u>\$ 21,299,267</u>	<u>\$ -</u>	<u>\$ 2,181,940</u>	<u>\$ 36,930,715</u>	<u>\$ 389,366</u>	<u>\$ (70,801,620)</u>	<u>\$ 88,169,668</u>	<u>\$ 75,520,631</u>
LIABILITIES AND FUND BALANCE													
Accounts payable	\$ 170,801	\$ 1,177,968	\$ 1,348,769	\$ 3,744	\$ 33,000	\$ 36,744	\$ 446,185	\$ -	\$ -	\$ -	\$ -	\$ 1,831,698	\$ 2,823,242
Retainage payable	-	-	-	-	-	-	61,200	-	-	-	-	61,200	9,481
Loans payable	-	-	-	-	-	-	-	-	-	-	-	-	2,125,530
Capital lease liability	-	-	-	-	-	-	-	-	3,713,141	-	-	3,713,141	-
Due to other College funds	(906,928)	36,376,841	35,469,913	19,864,401	-	19,864,401	15,467,306	-	-	-	(70,801,620)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	389,366	-	389,366	357,085
Accrued liabilities	-	1,202,886	1,202,886	-	-	-	-	-	-	-	-	1,202,886	1,063,670
DCRS sick leave liability	-	637,293	637,293	-	-	-	-	-	-	-	-	637,293	489,206
Net pension liability	-	96,437,808	96,437,808	-	-	-	-	-	-	-	-	96,437,808	79,594,247
Unearned revenue	-	1,301,567	1,301,567	-	-	-	-	-	-	-	-	1,301,567	1,588,244
Deferred inflows from pension	-	13,920,119	13,920,119	-	-	-	-	-	-	-	-	13,920,119	17,596,236
Fund balance	6,507,188	(58,655,543)	(52,148,355)	359,398	1,038,724	1,398,122	(15,974,691)	2,181,940	33,217,574	-	-	(31,325,410)	(30,126,310)
	<u>\$ 5,771,061</u>	<u>\$ 92,398,939</u>	<u>\$ 98,170,000</u>	<u>\$ 20,227,543</u>	<u>\$ 1,071,724</u>	<u>\$ 21,299,267</u>	<u>\$ -</u>	<u>\$ 2,181,940</u>	<u>\$ 36,930,715</u>	<u>\$ 389,366</u>	<u>\$ (70,801,620)</u>	<u>\$ 88,169,668</u>	<u>\$ 75,520,631</u>

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, 2020
(With Comparative Balances for the year ended September 30, 2019)

	Unrestricted						Restricted			Capital Projects	Tobacco Settlement	Investment In-Plant	Grand Total	
	Appropriated			Non-appropriated			Federal Fund	Other Grant	Total				2020	2019
	General	TAF	MDF	Total Appropriated	NAF	Total Unrestricted								
Revenues:														
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 4,838,312	\$ 4,838,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,838,312	\$ 6,190,018
Government of Guam appropriations	19,879,348	-	1,325,100	21,204,448	-	21,204,448	-	-	-	-	-	-	21,204,448	20,047,624
Federal grants and contracts	-	-	-	-	-	-	6,703,105	378,638	7,081,743	-	-	-	7,081,743	7,327,717
Sales and services of auxiliary enterprises	-	-	-	-	760,760	760,760	-	-	-	-	-	-	760,760	1,799,447
Other sources	-	-	-	-	1,873,360	1,873,360	-	-	-	-	28,653	-	1,902,013	1,725,139
Total current revenues	19,879,348	-	1,325,100	21,204,448	7,472,432	28,676,880	6,703,105	378,638	7,081,743	-	28,653	-	35,787,276	37,089,945
Expenditures and mandatory transfers:														
Educational and general:														
Instruction	6,324,775	-	525,171	6,849,946	4,040,435	10,890,381	365,280	42,599	407,879	-	-	-	11,298,260	11,700,832
Planning	729,058	-	-	729,058	70,663	799,721	42,113	-	42,113	-	-	-	841,834	752,978
Academic support	1,309,171	-	-	1,309,171	1,085,577	2,394,748	20,049	13,057	33,106	-	-	-	2,427,854	2,618,454
Student services	2,299,106	-	-	2,299,106	529,240	2,828,346	282,142	55,876	338,018	-	-	-	3,166,364	2,999,040
Institutional support	4,539,943	-	-	4,539,943	1,512,156	6,052,099	175,264	-	175,264	-	-	-	6,227,363	5,750,965
Operation and maintenance of plant	1,618,371	-	-	1,618,371	266,491	1,884,862	-	(463)	(463)	(5,503)	-	89,444	1,968,340	2,478,927
Scholarship and fellowship	183,445	-	-	183,445	543,687	727,132	5,653,491	-	5,653,491	-	-	-	6,380,623	5,865,094
Retiree healthcare costs	917,828	-	-	917,828	-	917,828	-	-	-	-	-	-	917,828	970,404
Retiree COLA and supplemental annuity costs	664,852	-	-	664,852	-	664,852	-	-	-	-	-	-	664,852	664,852
Interest Expense	161,775	-	-	161,775	32,897	194,672	-	-	-	-	-	-	194,672	100,310
Bad debts expense	-	-	-	-	-	-	-	-	-	-	-	-	-	237,385
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	2,441,892	2,441,892	2,315,220
	18,748,324	-	525,171	19,273,495	8,081,146	27,354,641	6,538,339	111,069	6,649,408	(5,503)	-	2,531,336	36,529,882	36,454,461
Auxiliary enterprises:														
Expenditures	60,458	-	-	60,458	511,843	572,301	-	-	-	-	-	7,554	579,855	606,182
Total expenditures	18,808,782	-	525,171	19,333,953	8,592,989	27,926,942	6,538,339	111,069	6,649,408	(5,503)	-	2,538,890	37,109,737	37,060,643
Net (decrease) increase in fund balance	1,070,566	-	799,929	1,870,495	(1,120,557)	749,938	164,766	267,569	432,335	5,503	28,653	(2,538,890)	(1,322,461)	29,302
Beginning 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)
Fund transfer	(156,992)	-	-	(156,992)	(92,292)	(249,284)	(164,765)	(267,568)	(432,333)	(786,818)	-	1,591,796	123,361	(2,511,957)
Ending fund balance	\$ 736,127	\$ (58,425)	\$ 5,829,486	\$ 6,507,188	\$ (58,655,543)	\$ (52,148,355)	\$ 359,398	\$ 1,038,724	\$ 1,398,122	\$ (15,974,691)	\$ 2,181,940	\$ 33,217,574	\$ (31,325,410)	\$ (30,126,310)

See Accompanying Independent Auditors' Report.