

GUAM COMMUNITY COLLEGE

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

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

YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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

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Years Ended September 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Guam Community College:

We have audited the accompanying financial statements of the Guam Community 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, 2011 and 2010, and which collectively comprise the College's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on the respective financial statements based on our audits.

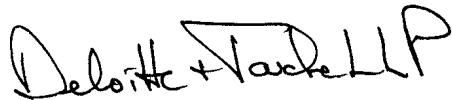
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the Guam Community College and its discretely presented component unit as of September 30, 2011 and 2010, and the respective changes in their financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB). This supplementary information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the College's respective financial statements that collectively comprise the College's basic financial statements. The accompanying schedules on pages 31 through 37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These accompanying schedules are the responsibility of the College's management. The accompanying schedules on pages 32 through 37 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The accompanying schedule on page 31 has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of the Guam Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

February 27, 2012

**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Year Ended September 30, 2011

Introduction

The following discussion and analysis provides an overview of the financial activities of Guam Community College (the College or GCC). This is a requirement of the Governmental Accounting Standards Board (GASB) found in Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, which established new reporting standards for public colleges and universities. This discussion has been prepared by College management. It is based on the three financial statements provided in the annual audit report. Comparable financial data from the prior year is also being provided. The three statements presented are the:

Statement of Net Assets – This statement is similar to a balance sheet. Net assets represent the difference between the institution's total assets and the institution's liabilities.

Statement of Revenues, Expenses, and Changes in Net Assets – This statement presents the financial results of operating the College for the whole fiscal year. In this presentation, appropriated funds are considered as non-operating revenue. Accordingly, these additions to revenue are placed after the results of operations.

Statement of Cash Flows – This statement provides information about the College's ability to generate the cash flows needed to meet the financial obligations of the College as well as the extent to which external financing is being used to fund College operations.

These three financial statements present data in a summarized form. The College is most often asked questions about how specific monies have been expended. Because the summarized format is not able to provide answers to these specific questions, the College also provides a set of financial statements in the fund accounting format used previously. These statements are presented as other supplementary information and the statements are structured so the dollar totals there link to the basic financial statements.

For the eleventh consecutive year, GCC has maintained its low-risk auditee status. Given this designation by the Independent Auditor, review of the College's financial records demonstrate there were no questioned costs or unresolved prior year audit findings in fiscal year 2011. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

Fiscal Year 2011 Overview

The College and the Island continued to encounter many challenges throughout fiscal year 2011. These challenges are the result of the economic issues facing Guam including the decreased number of tourists due to the March 2011 Japanese earthquake and tsunami, a June 2011 13.3% (or 1.35% increase) unemployment rate, and 3.6% inflation rate. These challenges have resulted in stagnant and decreasing local appropriations and increased student enrollment. The College was able to maintain its fiscal accountability and manage the increased student enrollment, through the management of its available resources. Fiscal year 2011 resulted in the third year of Pell increases to a maximum full time award of \$5,550 and \$5,350 as of 2011 and 2010, respectively, per student per academic year. This increase is a result of the American Recovery & Reinvestment Act (ARRA) and has greatly assisted students who were struggling to go back to school. Pell grants make up approximately 64% of students tuition and fee payments.

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Management's Discussion and Analysis
Year Ended September 30, 2011

The College received additional funds during the year through various federal and local grants. The ability of the College to source and receive additional resources through federal and local grants greatly shows its fiscal responsiveness and management of different funding sources.

- GCC was a sub-recipient of a DOI CIP grant of \$365,653 for the architectural and engineering design of the DNA laboratory and Toxicology Facility.
- GCC was a recipient of a DOI Technical Assistance grant of \$331,870 for the purchase of “green” furniture and equipment for the Student Center.
- GCC was a recipient of a DOI Technical Assistance grant of \$331,870 for the purchase of “green” furniture and equipment for the Foundation Center.
- GCC was a recipient of a DOI Technical Assistance grant of \$85,874 to support the Cuthbert Project in the FSM. The Cuthbert project is to assist the underserved population of the Chuuk Islands in providing Basic English and developmental educational resources.
- GCC was a recipient of a DOI Technical Assistance grant of \$92,000 for PAYU-TA, Incorporated, and a Guam non-profit corporation. The funding allowed for the participation at the Council for Native Hawaiian Advancement convention and provided funding to support the 2nd Non-Profit Congress convention on Guam.
- GCC was a recipient of an Office of Insular Affairs' Technical Assistance sub-grant, administered through the Governor's Office, for \$42,727. The sub-grant provided support for the 2nd Forensic Science Symposium.
- The Citi Foundation awarded a \$20,000 grant to GCC. This allowed approximately 20 high school seniors to receive academic instruction in English, Reading, and Math over the summer. Several of these students went on to enroll in the College's postsecondary programs.
- The College Access Challenge Grant was awarded an additional year of \$1,500,000. The funds will be used to implement activities and services for students who may be at-risk of not enrolling or completing postsecondary education. The grant will improve access to, or participation in, postsecondary education and college retention.
- GCC was the recipient of a \$216,883 Administration for Native Americans grant. The purpose of this grant is to continue the production of DVD's and materials to document the ancient Chamorro language.
- GCC was the recipient of \$100,000 from the TakeCare Foundation to support faculty professional development, equipment, and student scholarships.
- GCC was the recipient of \$13,920 from the University of Hawaii, IOA-LSMAP funding for Success Facilitators to provide in classroom assistance in math and science courses.

In February 2011, the College completed the Technical Opportunities Assessment Plan, a.k.a Energy Audit. The Energy Audit identified the potential energy conservation measures to include lighting retrofits, HVAC control upgrades, vending machine load controllers, water conservation, and other measures. These measures are currently being planned and included into existing and future CIP projects.

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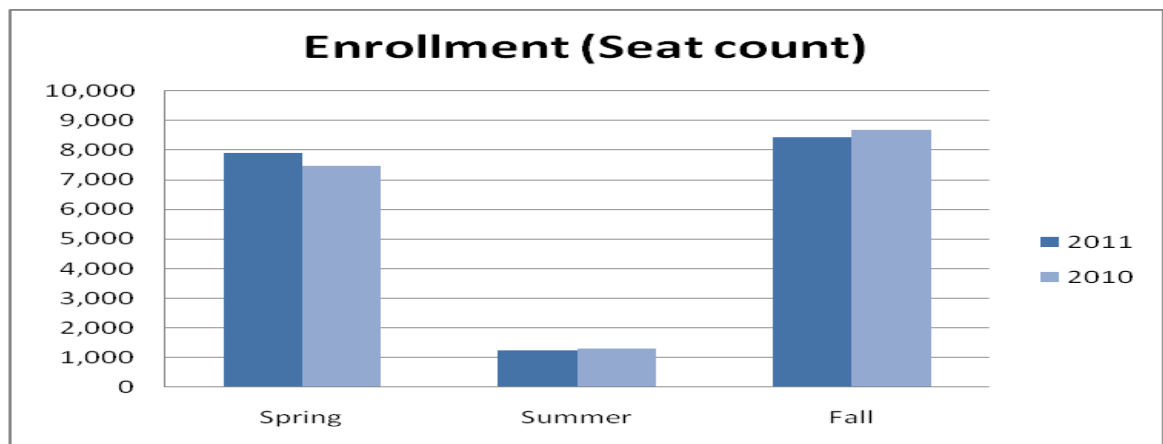
Management's Discussion and Analysis
Year Ended September 30, 2011

The College operated with 241 classified full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel and other resources to the five secondary high schools and the post-secondary programs. 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. The additional funding also places Vocational Counselors in each of the five public high schools to provide information to students about the career and technical opportunities available to them from the College. Also, the College receives funds from the Manpower Development Fund to support the apprenticeship programs which served 377 and 356 apprentices over 57 and 54 employers in Fall 2011 and 2010, respectively.

At the March 9, 2011 Board of Trustees (BOT) meeting, the Trustees voted to reinstate the tuition and fee increase for Fall 2011, after suspending tuition increases for both Fall 2009 and Fall 2010 semesters. The increase raises tuition at GCC from \$110 to \$130 per credit hour. A full-time student taking four courses will now pay \$240 more per semester in tuition and \$16 more in fees, for a total increase of \$256 per semester. The increase in actual tuition revenues is due to increases in the number of students and classes during the academic year 2010-2011. As authorized by the Board of Trustees, 50% of the proceeds from the revenue increases will be used to hire additional full time permanent faculty and 20% to hire staff and administrative positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition, technology and parking fees. Funds utilized in fiscal year 2011 for capital projects and technology fees were \$478,000 and \$286,000, respectively.

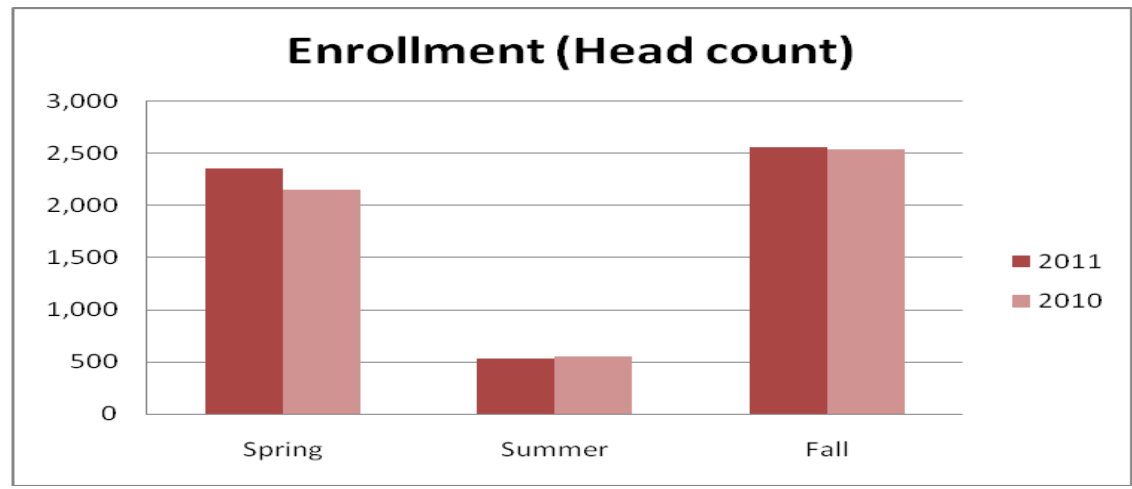
In September 30, 2011, the Legislature passed Public Law 31-99, which updates, amends and repeals the College's enacting legislation, Public Law 14-77. Most notable is the change in reference to previously Vocational Education is now changed to Career and Technical Education. Additionally, GCC was granted its own procurement authority and GCC was given authorization to enter into a land lease with Guam Power Authority.

There were marked increases in the post secondary enrollment seats and headcounts for the Spring 2011 and Fall 2011 of 9.5% and 1%, respectively, as compared to prior 2010 semesters. This is mainly attributable to competitive tuition rates, increases in the maximum annual allowable Pell awards, and the decline in the economic environment. Based on prior trends, declines in the global economy usually lead to increases in post-secondary enrollment, as people tend to go back to school to obtain degrees so that they can get higher paying jobs.



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Management's Discussion and Analysis
Year Ended September 30, 2011



The College continues to provide career and technical education programs for students in five of the Guam high schools: GW, JFK, Southern, Simon Sanchez and Okkodo. The secondary high schools had a record enrollment of 2,268 from 2,214 students in SY11-10 and SY10-09, respectively. These programs included the Allied Health, Auto Body, Automotive Service, Construction, Electronics/Networking Lodging Management, Marketing, Pro-Start, Education and Visual Communications.

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

Summary Statement of Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Other current assets	\$ 11,989	\$ 8,958	\$ 6,795
Accounts receivable – U.S.			
Government	4,322	2,295	2,759
Investments (noncurrent)	1,775	1,758	1,637
Capital assets, net	<u>27,267</u>	<u>18,880</u>	<u>16,400</u>
Total	\$ <u>45,353</u>	\$ <u>31,891</u>	\$ <u>27,591</u>
Liabilities:			
Current liabilities	\$ 6,706	\$ 4,016	\$ 3,942
Non-current liabilities	<u>3,489</u>	<u>1,297</u>	<u>1,475</u>
Total	<u>10,195</u>	<u>5,313</u>	<u>5,417</u>
Net assets:			
Invested in capital assets, net			
of related debt	22,084	17,799	15,119
Restricted	1,833	1,793	1,830
Unrestricted	<u>11,241</u>	<u>6,986</u>	<u>5,225</u>
Total liabilities and net assets	\$ <u>45,353</u>	\$ <u>31,891</u>	\$ <u>27,591</u>

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Management's Discussion and Analysis
Year Ended September 30, 2011

The overall economic situation at the College improved from the previous year. Increases in current assets were due to the increased student enrollment in the post-secondary programs, which resulted in increased student tuition receivable and Pell grant awards. Accounts receivable increases relate to increased funding from ARRA related projects and slow local fund allotment releases. Although the economy continued to recover from the 2008 market crash, the investment balances remained fairly constant as compared to 2010. Increases in capital assets were due to the construction of the Learning Resource Center completed in October 2010 and the equipment and furniture placed in the building. Additionally, increases in construction in progress were due to the Student Center construction and the renovation and hardening of the Foundation Building with completion dates in October 2011 and May 2012, respectively. The changes in current and non-current liabilities are mainly due to ongoing construction contract liabilities, the \$2.25 million USDA loan for the Learning Resource Center, and deferred tuition revenues increases related to the Fall 2011 semester.

Due to the constraints of College and University accounting, approximately \$8,035,826 in encumbrances incurred in fiscal year 2011 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2011 net assets. The increase in encumbrances is due to the construction costs related to the Student Center, Foundation Building, and ARRA projects.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 18,283	\$ 15,967	\$ 13,341
Operating expenses	<u>32,195</u>	<u>29,762</u>	<u>26,610</u>
Operating loss	(13,912)	(13,795)	(13,269)
Non operating revenues	15,653	15,900	15,648
Capital contributions	<u>6,839</u>	<u>2,299</u>	<u>943</u>
Change in net assets	8,580	4,404	3,322
Net assets at beginning of year	<u>26,578</u>	<u>22,174</u>	<u>18,852</u>
Net assets at end of year	\$ <u>35,158</u>	\$ <u>26,578</u>	\$ <u>22,174</u>

Statement of Cash Flows

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash provided by (used in):			
Operating activities	\$ (9,118)	\$ (11,087)	\$ (13,113)
Noncapital financing activities	13,289	14,035	15,495
Capital and related financing activities	(3,902)	(2,650)	(3,460)
Investing activities	<u>(17)</u>	<u>(121)</u>	<u>38</u>
Net change in cash and cash equivalents	252	177	(1,040)
Cash and cash equivalents at beginning of year	<u>1,193</u>	<u>1,016</u>	<u>2,056</u>
Cash and cash equivalents at end of year	\$ <u>1,445</u>	\$ <u>1,193</u>	\$ <u>1,016</u>

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Management's Discussion and Analysis
Year Ended September 30, 2011

At the end of fiscal year 2011, the College recognized a 24% increase in student tuition and fees due to the continued increased student enrollment and the Fall 2011 tuition rate adjustment. Federal revenue increases were contributed from ARRA related funds expended in fiscal year 2011. The net assets of the College show an increase of \$8.6 million. The \$8.6 million increase directly coincides with the increase in capital assets from completed and ongoing construction projects. Local appropriations from the Manpower Development and the General fund remained constant. In fiscal year 2011, the College received approximately 61% of its local appropriations from the Government of Guam with the remaining subsequent balance received in fiscal year 2012.

Expenditures from local appropriations increased in comparison with prior years. Increases were the result of increased personnel costs due to increased student enrollment. The actual classified employee count increased by 14, from 227 to 241, with an increased cost of \$1.26 million. During the first nine months of the fiscal year, the College received on average only 50% of its local appropriations. This required the operational reduction of contractual services and strict management and control over its resources in order to deal with the cash shortages. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the levels of authorization. Overall expenditures increased due to increased federal funds, increased enrollment that required adjunct hiring, equipment, and supply costs.

Capital Assets and Debt Administration

GCC's capital assets of \$27,267,500 as of September 30, 2011, included land, buildings and equipment. Costs incurred for the A&E and construction of the Student Center, the Foundation Building construction, the Northeast Parking lot project, photovoltaic parking lot lights, Building D generator, and other CIP projects were included in Construction In Progress. The Student Center construction was substantially completed in late October 2011. As of September 30, 2011, the College drew down 94% or \$2.1 million of the \$2.25 million U.S. Department of Agriculture (USDA) loan for the remaining construction costs of the Learning Resource Center. In November 2011, the College drew down the remaining balances of the loan. The first repayment on the USDA loan will be in March 2013. The College remained current in the repayment of the Water Tank Loan from USDA and made principal and interest payments of \$33,060 during fiscal year 2011. The College made a final payment on the USDOE loan in December 2010. Please refer to notes 3 and 9 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ended September 30, 2010 and 2009, is set forth in the College's report on the audit of the financial statements, which is dated March 14, 2011, and that Discussion and Analysis explains the major factors impacting the 2010 and 2009 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.guamopa.org.

Economic Outlook for Fiscal Year 2012

The College continues to monitor the economic situation of the Government of Guam (GovGuam) closely, as it receives in total 64% of its funding locally and 86% of its personnel funding from local appropriations. The legislature decreased the College appropriation budget by 6% for the General Fund and other local fund appropriations. These decreases come at a time when there is speculation of whether or not the military buildup will happen and when GovGuam has issued a \$198 million bond to repay prior year taxpayer refunds, retiree cola payments, and retirement liabilities. The economic recession and GovGuam decreased revenues and overspending continue to affect local funding availability. Although the College continues to seek additional funding from non GovGuam sources, it still requires an increase in its base budget to grow and meet the future island demands on education.

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Management's Discussion and Analysis
Year Ended September 30, 2011

As of January 2012, the College has not received its fiscal year 2012 appropriations. However, based on a January 2012 meeting with the Director of Department of Administration, an agreement has been made on a payment plan that will allow DOA to catch up on allotments releases. Additionally, the College has been notified by the Bureau of Budget and Management Resources that there is a 15% reserve that has been placed on all fund sources. The slow release of funds and the current reserves have caused a strain on the College's financial resources and affects the programs and future programs to students in both the secondary and post-secondary environment. Adjustments have been made to department budgets and limited spending constraints have been placed on the entire College. Funds are limited to essential instructional costs, contractual services, personnel costs, and utility costs. The College takes its finances seriously and monitors its spending within the College's procurement process. The College's management team has weekly discussions of national and local economic conditions, and how such conditions will affect the Government of Guam's finances. Based on such discussions and projection of allotments to be received by the Department of Administration, adjustments to College department budgets will be made throughout the year. The College will continue to maintain fiscal accountability for the benefit of our students.

Guam Community College recognizes the job opportunities that will be created because of Guam's military expansion and growing community needs. The College is preparing for the on-going training needs for the immediate economic impact resulting from the island's increased military activity. Consequently, the valuable skills and higher incomes this military buildup brings to Guam provides opportunities for GCC to expand its programs and services, not only to its civilian community, but the direct and indirect associations that result from this base realignment project. GCC will partner with federal and local government entities as well as private sector businesses to ensure that Guam's workforce is able to take advantage of opportunities that are available through GCC's expansive information technology, allied health, construction & trades courses – which will include GCC's Construction Trades Boot Camp, Allied Health, Education, and other academic programs – offered at the College.

The College continues to collaborate with the U.S. Federal Government, the Government of Guam, Department of the Interior, and private sector businesses in Guam in identifying issues and developing solutions that relate to Guam's military buildup and the impact it will have on the Territory and the neighboring islands of Micronesia.

The College Student Center, whose construction cost is 100% funded through ARRA SFSF grant, completed construction in October 2011 with a total construction and A&E cost of \$4.4 million. In Spring 2011, the College put out for bid the hardening and renovation of the existing Foundation Building project funded from GCC Foundation and an application for a \$3.5 million USDA loan and awarded the bid on this construction project in May 2011 for \$3,998,000 with A&E costs of \$351,845. Additionally awarded on this bid was the Northeast Parking lot project for \$374,547 funded by ARRA SFSF. As of January 2012, the Northeast Parking lot project is complete and the GCC Foundation Building renovation expected is to be completed on May 2012.

As of the date of this report, the College has expended approximately 84% of its ARRA SFSF grants and encumbered the remaining 16% of the \$6 million sub-grant and expended 100% of the \$1,286,000 Guam Energy Office ARRA sub-grant. The major projects pending liquidation are the Student Center and the Building D Generator, which are both 100% complete as of February 10, 2012. The College fully expects to liquidate all ARRA related sub-grants by March 31, 2012.

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Management's Discussion and Analysis
Year Ended September 30, 2011

Other small capital improvement projects are planned for fiscal year 2012, such as A/C replacement, lighting retrofits, building elastomeric roof coating, restroom renovations, demolition of old Student Health Center building, safety issues, and ADA compliance issues. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets.

On November 17, 2011, Public Law 31-134 was passed which transferred the 314 acres of land located in Mangilao, on the back road to Anderson, to the Guam Ancestral Lands Commission. The land was originally transferred from the United States of America through the US Department of Education to GCC. A subsequent event has been noted in the footnote disclosure to the financial statements.

On November 30, 2011, the Governor signed an MOU between GCC and the Guam Energy Office for a \$500,000 sub-grant. The sub-grant will be used to retrofit the Student Center and the Foundation Building with photovoltaic solar panels. The funding is from ARRA Energy Efficiency and Conservation Block Grant.

In December 2011, the College submitted its 2012 Institutional Self Evaluation Report (ISER) for Reaffirmation of Accreditation. The College will have an Accreditation visit by the Accrediting Commission for Community and Junior Colleges (ACCJC) in March 2012. The reaffirmation of GCC accreditation will ensure that the education and credentials that students receive at the College are recognized by employers, businesses, and the community.

During fiscal year 2012, the College will complete its Campus Master Plan. Included in this plan is the Institutional Strategic Master Plan, Facility Master Plan, the Enterprise Architecture, the Information Technology Strategic Plan, and the 5 year Resource Plan.

GUAM COMMUNITY COLLEGE
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Statements of Net Assets
September 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 1,131,352	\$ 904,631
Cash and cash equivalents - restricted	313,493	288,504
Due from Government of Guam	5,654,121	3,908,036
Tuition receivable, less allowance for doubtful accounts of \$1,533,538 and \$2,149,292 at September 30, 2011 and 2010, respectively	4,445,443	3,695,985
Accounts receivable - U.S. Government and others	4,321,597	2,294,581
Inventories	444,930	160,997
Total current assets	<u>16,310,936</u>	<u>11,252,734</u>
Noncurrent assets:		
Investments	1,774,851	1,757,653
Property, plant and equipment, net	27,267,500	18,880,493
Total noncurrent assets	<u>29,042,351</u>	<u>20,638,146</u>
	<u>\$ 45,353,287</u>	<u>\$ 31,890,880</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Current portion of long-term debt	\$ 33,323	\$ 353,859
Accounts payable and accrued liabilities	1,533,335	1,163,486
Construction contracts payable	2,786,305	449,500
Deferred revenue	1,915,627	1,571,225
Deposits held on behalf of others	255,830	288,504
Accrued annual leave	181,308	189,392
Total current liabilities	<u>6,705,728</u>	<u>4,015,966</u>
Noncurrent liabilities:		
Accrued annual leave, net of current portion	252,632	266,567
DCRS sick leave liability	873,089	752,265
Long-term debt, net of current portion	2,363,479	278,018
Total liabilities	<u>10,194,928</u>	<u>5,312,816</u>
Commitments and contingency		
Net assets:		
Invested in capital assets, net of related debt	22,084,393	17,799,116
Restricted:		
Expendable	1,821,551	1,793,476
Non-expendable	10,963	-
Unrestricted	11,241,452	6,985,472
Total net assets	<u>35,158,359</u>	<u>26,578,064</u>
	<u>\$ 45,353,287</u>	<u>\$ 31,890,880</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position September 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 97,658	\$ 49,158
Investments	6,670,879	7,492,795
Accounts receivable	2,070	1,942
Plant and equipment, net	<u>18,008</u>	<u>180,081</u>
Total assets	<u>\$ 6,788,615</u>	<u>\$ 7,723,976</u>
 LIABILITIES AND NET ASSETS 		
Liabilities:		
Accounts payable	<u>\$ 156,679</u>	<u>\$ 268,803</u>
Total liabilities	<u>156,679</u>	<u>268,803</u>
Commitments		
Net assets:		
Unrestricted	4,721,985	5,344,877
Temporarily restricted	1,872,494	1,910,766
Permanently restricted	<u>37,457</u>	<u>199,530</u>
	<u>6,631,936</u>	<u>7,455,173</u>
Total net assets and liabilities	<u>\$ 6,788,615</u>	<u>\$ 7,723,976</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 Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 6,396,454	\$ 5,169,468
Less: Scholarship discounts and allowances	(4,110,416)	(3,396,261)
	2,286,038	1,773,207
Federal grants and contracts	13,000,849	9,904,297
Government of Guam grants and contracts	607,188	450,828
Auxiliary enterprises	973,716	998,917
Contracted educational services	149,092	1,094,154
Other revenues	1,458,567	1,745,751
Total operating revenues	18,475,450	15,967,154
Bad debts	(192,466)	(928,730)
Net operating revenues	18,282,984	15,038,424
Operating expenses:		
Education and general:		
Instruction	10,276,828	9,785,138
Scholarships and fellowships	6,063,876	4,931,138
Institutional support	3,414,802	3,812,498
Student services	3,146,206	2,954,682
Operations and maintenance of plant	2,283,879	2,169,211
Academic support	2,388,443	1,845,400
Depreciation	1,659,864	1,187,981
Planning	1,547,731	1,000,935
Auxiliary enterprises	748,549	709,939
Retiree healthcare costs	664,518	436,614
Total operating expenses	32,194,696	28,833,536
Operating loss	(13,911,712)	(13,795,112)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	15,699,625	16,515,627
Prior year cost of living allowance to retirees	-	(574,200)
Interest expense	(46,902)	(41,683)
Net nonoperating revenues	15,652,723	15,899,744
Capital contributions:		
Contributions from U.S. government	6,839,284	2,299,383
Change in net assets	8,580,295	4,404,015
Net assets:		
Net assets at beginning of year	26,578,064	22,174,049
Net assets at end of year	\$ 35,158,359	\$ 26,578,064

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Net investment (losses) gains	\$ (63,902)	\$ (38,272)	\$ -	\$ (102,174)	\$ 516,138	\$ 119,722	\$ -	\$ 635,860
Interest income	35	-	-	35	44	-	-	44
Fundraising	442,124	-	-	442,124	272,619	-	-	272,619
Other additions	17,234	-	-	17,234	28,413	-	-	28,413
Total gains (losses) and other additions	395,491	(38,272)	-	357,219	817,214	119,722	-	936,936
Expenditures and other deductions:								
Depreciation	-	-	162,073	162,073	-	-	60,027	60,027
Transfer to Guam Community College	1,005,407	-	-	1,005,407	362,332	-	-	362,332
Transfer to other funds	-	-	-	-	6,475	-	-	6,475
Professional services	3,047	-	-	3,047	5,417	-	-	5,417
Scholarship	-	-	-	-	2,000	-	-	2,000
Other deductions	9,929	-	-	9,929	933	-	-	933
Fundraising expenses	-	-	-	-	500	-	-	500
Total expenditures and other deductions	1,018,383	-	162,073	1,180,456	377,657	-	60,027	437,684
Excess of expenditures and other deductions over gains (losses) and other additions	(622,892)	(38,272)	(162,073)	(823,237)	439,557	119,722	(60,027)	499,252
Net assets at beginning of year	5,344,877	1,910,766	199,530	7,455,173	4,905,320	1,791,044	259,557	6,955,921
Net assets at end of year	\$ 4,721,985	\$ 1,872,494	\$ 37,457	\$ 6,631,936	\$ 5,344,877	\$ 1,910,766	\$ 199,530	\$ 7,455,173

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, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Student tuition and fees	\$ 1,880,982	\$ 1,863,721
Federal grants and contracts	13,418,776	10,959,284
Government of Guam grants and contracts	607,188	539,867
Auxiliary enterprises	973,716	998,917
Other receipts/payments	1,607,659	2,265,705
Payments to employees	(16,538,780)	(14,709,661)
Payments to suppliers	(5,300,523)	(8,360,325)
Payments for scholarships and fellowships	(5,767,242)	(4,644,577)
	(9,118,224)	(11,087,069)
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Government of Guam appropriations	13,289,022	14,034,772
	13,289,022	14,034,772
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,929,722)	(3,668,775)
Capital contributions received	4,394,341	1,709,168
Principal paid on long-term debt	(353,859)	(648,617)
Interest paid on long-term debt	(12,650)	(41,683)
	(3,901,890)	(2,649,907)
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Increase in investments	(17,198)	(120,653)
	(17,198)	(120,653)
Net change in cash and cash equivalents	251,710	177,143
Cash and cash equivalents at beginning of year	1,193,135	1,015,992
	1,193,135	1,015,992
Cash and cash equivalents at end of year	\$ 1,444,845	\$ 1,193,135
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (13,911,712)	\$ (13,795,112)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,659,864	1,187,981
Bad debts	192,466	928,730
Loss on disposal of fixed assets	1,635	196
Cost of prior year living allowance to retirees	-	(574,200)
On-behalf payments for retiree healthcare costs	664,518	436,614
Changes in assets and liabilities:		
Tuition receivable	(941,924)	(962,008)
Accounts receivable - U.S. Government and others	417,927	1,054,987
Other receivables	-	89,039
Inventories	(283,933)	1,785
Accounts payable and accrued liabilities	2,672,402	294,047
Accrued annual leave	(22,019)	(17,008)
DCRS sick leave liability	120,824	147,800
Deferred revenue	344,402	123,792
Deposits held on behalf of others	(32,674)	(3,712)
	(9,118,224)	(11,087,069)
Net cash used in operating activities	\$ (9,118,224)	\$ (11,087,069)

Supplemental information of noncash activity:

In 2011, the College acquired property of \$2,118,784 through notes payable to U.S. Department of Agriculture.

During the year ended September 30, 2010, the College reimbursed GovGuam for the cost of living allowance paid to the retirees in prior years for \$574,200. Such was credited to Government of Guam appropriation as such is an on behalf payment.

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2011 and 2010

(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, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the College has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

Basis 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 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, money market accounts and time certificates of deposit with original maturities of less than three months.

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.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

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.

Deferred Revenues

Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick benefits. As of September 30, 2011 and 2010, an accumulated vacation leave liability of \$433,940 and \$455,959, respectively, is included within the statement of net assets as accrued annual leave.

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 under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. The College provides no waivers to faculty, staff or dependents. The total of senior citizen waivers provided is \$58,760 and \$49,770 for the years ended September 30, 2011 and 2010, respectively.

Net Assets

Net assets represent the residual interest in the College's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted expendable and non-expendable, and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net assets are 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 the terms of U.S. Department of the Interior capital grant agreements. All other net assets are unrestricted.

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 Assets. 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.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

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 original cost and market values of investments at September 30, 2011 and 2010, are:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
	\$ <u>4,894,734</u>	\$ <u>6,670,879</u>	\$ <u>5,348,663</u>	\$ <u>7,492,795</u>

The following represents the composition of market values of the above investments:

	<u>2011</u>	<u>2010</u>
Equities and related	\$ 4,124,144	\$ 5,541,336
Fixed income securities	1,053,839	1,432,679
Government and government sponsored entity bonds	589,873	-
Mortgage and asset backed securities	563,643	-
Cash and equivalents	<u>339,380</u>	<u>518,780</u>
	\$ <u>6,670,879</u>	\$ <u>7,492,795</u>

The following represents the composition of investment (losses) gains for the years ended September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Unrealized investment (losses) gains	\$ (1,084,897)	\$ 476,880
Net realized investment gains	821,133	-
Interest income and dividends	<u>161,590</u>	<u>158,980</u>
	\$ <u>(102,174)</u>	\$ <u>635,860</u>

Statutes authorize the Foundation to invest the Term Endowment Funds during the twenty-year grant period, in savings account(s) or in low-risk securities as required by State law(s) regulating insurance company investments for Guam, such as federally insured bank savings account(s); comparable interest bearing accounts offered by a bank; money market funds; securities issued by the U.S. Treasury, other U.S. Agencies and instrumentalities; certificates of deposit; mutual funds; stock or bonds, but not in real estate. The investments are pooled and earnings and expenses are allocated to the respective funds which comprise the Foundation. There are no limits on the investment policy of the Quasi-Endowment Fund.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

Deposits and Investments

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. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

- Category 1 Deposits that are federally insured or collateralized with securities held by the College or its agent in the College's name;
- Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the College's name; or
- Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in the College's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those 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, 2011 and 2010, the carrying amount of the College's total cash and cash equivalents was \$1,444,845 and \$1,193,135, respectively, and the corresponding bank balances were \$2,131,434 and \$1,735,860, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2011 and 2010, bank deposits in the amount of \$1,262,658 and \$651,470, 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.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

Deposits and Investments, Continued

B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

- | | |
|------------|---|
| Category 1 | Investments that are insured or registered, or securities held by the College or its agent in the College's name; |
| Category 2 | Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the College's name; or |
| Category 3 | Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the College's name. |

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

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, 2011 and 2010, the College had one fixed income corporate note in the amount of \$1,774,851 and \$1,757,653, respectively, with interest at 5%, matures on November 1, 2017, and is rated AA by Fitch. The fixed income corporate note is classified as a Category 3 investment.

New Accounting Standards

During fiscal year 2011, the College implemented the following pronouncements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.
- GASB Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

New Accounting Standards, Continued

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. The provisions of Statement 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

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

Notes to Financial Statements
September 30, 2011 and 2010

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

New Accounting Standards, Continued

In July 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

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 Government of Guam. During the years ended September 30, 2011 and 2010, the fund earned interest of \$28,075 and \$20,618, respectively. The College expended \$0 and \$20,618 for capital projects for the years ended September 30, 2011 and 2010, respectively.

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.

Reclassifications

Certain 2010 balances have been reclassified to correspond with the 2011 financial statement presentation.

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

Notes to Financial Statements
September 30, 2011 and 2010

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2011 and 2010 was as follows:

	Estimated Useful Life (in years)	Balance October 1, <u>2010</u>	<u>Additions</u>	<u>Retirement</u>	Balance September 30, <u>2011</u>
Depreciable:					
Buildings and structures	10-30	\$ 30,817,762	\$ 6,113,711	\$ -	\$ 36,931,473
Furniture, fixtures and equipment	5-6	5,994,941	1,678,205	(72,911)	7,600,235
Vehicles	5	<u>262,358</u>	<u>-</u>	<u>(96,676)</u>	<u>165,682</u>
		<u>37,075,061</u>	<u>7,791,916</u>	<u>(169,587)</u>	<u>44,697,390</u>
Accumulated depreciation:					
Buildings and structures		18,138,574	964,250	-	19,102,824
Furniture, fixtures and equipment		4,594,788	688,222	71,276	5,211,734
Vehicles		<u>236,849</u>	<u>7,392</u>	<u>96,676</u>	<u>147,565</u>
		<u>22,970,211</u>	<u>1,659,864</u>	<u>167,952</u>	<u>24,462,123</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>2,872,643</u>	<u>8,362,048</u>	<u>(6,105,458)</u>	<u>5,129,233</u>
		<u>\$ 18,880,493</u>	<u>\$ 14,494,100</u>	<u>\$ (6,107,093)</u>	<u>\$ 27,267,500</u>
	Estimated Useful Life (in years)	Balance October 1, <u>2009</u>	<u>Additions</u>	<u>Retirement</u>	Balance September 30, <u>2010</u>
Depreciable:					
Buildings and structures	10-30	\$ 26,681,342	\$ 4,136,420	\$ -	\$ 30,817,762
Furniture, fixtures and equipment	5-6	5,462,313	581,249	(48,621)	5,994,941
Vehicles	5	<u>262,358</u>	<u>-</u>	<u>-</u>	<u>262,358</u>
		<u>32,406,013</u>	<u>4,717,669</u>	<u>(48,621)</u>	<u>37,075,061</u>
Accumulated depreciation:					
Buildings and structures		17,615,280	523,294	-	18,138,574
Furniture, fixtures and equipment		3,990,354	652,860	48,426	4,594,788
Vehicles		<u>225,022</u>	<u>11,827</u>	<u>-</u>	<u>236,849</u>
		<u>21,830,656</u>	<u>1,187,981</u>	<u>48,426</u>	<u>22,970,211</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>3,921,538</u>	<u>3,087,525</u>	<u>(4,136,420)</u>	<u>2,872,643</u>
		<u>\$ 16,399,895</u>	<u>\$ 6,617,213</u>	<u>\$ (4,136,615)</u>	<u>\$ 18,880,493</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2011 and 2010

(4) 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, 2011 and 2010. While some grants are available for use during the fiscal year, others are available on either a calendar-year basis or for a period of twenty-seven months.

At September 30, 2011 and 2010, the College has fiscal year appropriations due from GovGuam. Revenue recognition has been deferred and will only occur upon receipt of the cash. The net receivable is as follows:

	<u>2011</u>	<u>2010</u>
Receivable from the Government of Guam	\$ 5,654,121	\$ 4,258,410
Amount deferred	<u>-</u>	<u>350,374</u>
Net receivable from the Government of Guam	<u>\$ 5,654,121</u>	<u>\$ 3,908,036</u>

(5) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The College participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. 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 a public corporation of GovGuam, which includes the College, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

A single actuarial valuation 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.

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Notes to Financial Statements
September 30, 2011 and 2010

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2009, 2008, and 2007, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2011, 2010 and 2009, respectively, have been determined as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Normal costs (% of DB Plan payroll)	17.00%	18.34%	17.36%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>7.50%</u>	<u>8.84%</u>	<u>7.86%</u>
Employer portion of normal costs (% of total payroll)	3.03%	3.73%	3.70%
Unfunded liability cost (% of total payroll)	<u>21.75%</u>	<u>22.69%</u>	<u>19.68%</u>
Government contribution as a % of total payroll	<u>24.78%</u>	<u>26.42%</u>	<u>23.38%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>27.46%</u>	<u>26.04%</u>	<u>25.20%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The College's contributions to the DB Plan for the years ended September 30, 2011, 2010 and 2009 were \$1,668,820, \$1,754,481 and \$1,727,385, respectively, which were equal to the required contributions for the respective years then ended. In 2011, the contribution rate was temporarily reduced by 6% per Public Law 31-75, Section 5, and the liability for the corresponding amount of \$174,948 will be recorded in the Government of Guam's general fund.

Defined Contribution Plan

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions into the DCRS plan for the years ended September 30, 2011 and 2010, 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 member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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.

The College's contributions to the DCRS plan for the years ended September 30, 2011, 2010 and 2009 were \$2,039,969, \$1,745,156 and \$1,481,050, respectively.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2011 and 2010

(5) Employees' Retirement Plan, Continued

Defined Contribution Plan, Continued

Public Law 26-86 allows members of the DCRS plan to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The College has accrued an estimated liability of \$873,089 and \$752,265 at September 30, 2011 and 2010, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. During the years ended September 30, 2011 and 2010, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$664,518 and \$436,614, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

Because the 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.

(6) 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, \$8,035,826 and \$9,442,480 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2011 and 2010, respectively. Of the \$8,035,826 as of September 30, 2011, \$4,906,488 relates to contract commitments.

(7) Commitment and Contingency

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.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2011 and 2010

(8) Transfer of Property

In February 2000, the College received title to 314 acres of land situated in the municipality of Mangilao from GovGuam with no restrictions. The College had not received an appraised value of the land and therefore, the land has not been recorded in the accompanying financial statements. On November 17, 2011, the land was transferred to Guam Ancestral Lands Commission.

(9) Long-Term Debt

	<u>2011</u>	<u>2010</u>
Note payable of an original amount of \$2,118,784 to U.S. Department of Agriculture, for facility construction purposes, interest at 4.125%, repayable in monthly installments of principal and interest of \$9,698 from March 10, 2013 through March 10, 2051, collateralized by a pledge of all gross revenues and a security interest in all equipment, furniture and fixtures.	\$ 2,118,784	\$ -
Note payable to U.S. Department of Education, for facility construction purposes, interest at 5.5%, repayable in semi-annual installments of principal and interest of \$342,620 through December 1, 2010.	-	333,449
Note payable of an original amount of \$372,340 to U.S. Department of Agriculture, for facility construction purposes, interest at 4.375%, repayable in monthly installments of principal and interest of \$2,755 through April 16, 2024, collateralized by the income and principal related to the reserve account and the booster pump equipment.	<u>278,018</u>	<u>298,428</u>
	2,396,802	631,877
Less current portion	<u>33,323</u>	<u>353,859</u>
	\$ <u>2,363,479</u>	\$ <u>278,018</u>

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>
2012	\$ 33,323	\$ 97,468	\$ 130,791
2013	47,017	95,675	142,692
2014	49,032	93,660	142,692
2015	51,133	91,559	142,692
2016	53,325	89,367	142,692
2017-2021	302,935	410,525	713,460
2022-2051	<u>1,860,037</u>	<u>1,296,320</u>	<u>3,156,357</u>
	\$ <u>2,396,802</u>	\$ <u>2,174,574</u>	\$ <u>4,571,376</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2011 and 2010

(9) Long-Term Debt, Continued

All gross revenues of the College have been pledged to repay the U.S. Department of Education loan principal and interest. Loan payments for the years ended September 30, 2011 and 2010 were \$333,449 and \$685,240, or approximately 6.6% and 12.2%, respectively, of pledged gross revenues for those years.

The College has pledged all future gross revenues to repay \$2,118,784 of US Department of Agriculture debt issued in 2011. Note payable proceeds financed facility construction. The notes are payable from gross revenues and are payable through March 2051. Annual interest and principal payments on the notes are expected to require less than one percent of net operating revenues. The total interest and principal remaining to be paid on the notes as of September 30, 2011 is \$4,225,258. Principal and interest paid for fiscal year 2011 and net operating revenues were \$0 and \$18,282,984, respectively.

(10) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2011 and 2010, was as follows:

	Beginning Balance October 1, 2010	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2011	Amount due within <u>one year</u>
Loans payable	\$ 631,877	\$ 2,118,784	\$ (353,859)	\$ 2,396,802	\$ 33,323
Accrued annual leave	455,959	289,409	(311,428)	433,940	181,308
DCRS sick leave liability	<u>752,265</u>	<u>374,671</u>	<u>(253,847)</u>	<u>873,089</u>	<u>-</u>
	<u>\$ 1,840,101</u>	<u>\$ 2,782,864</u>	<u>\$ (919,134)</u>	<u>\$ 3,703,831</u>	<u>\$ 214,631</u>
	Beginning Balance October 1, 2009	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2010	Amount due within <u>one year</u>
Loans payable	\$ 1,280,494	\$ -	\$ (648,617)	\$ 631,877	\$ 353,859
Accrued annual leave	472,967	289,937	(306,945)	455,959	189,392
DCRS sick leave liability	<u>604,465</u>	<u>397,955</u>	<u>(250,155)</u>	<u>752,265</u>	<u>-</u>
	<u>\$ 2,357,926</u>	<u>\$ 687,892</u>	<u>\$ (1,205,717)</u>	<u>\$ 1,840,101</u>	<u>\$ 543,251</u>

(11) Contingencies

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.

(12) Contribution from Guam Community College Foundation

Included within other revenues is a \$1,005,407 and \$362,332 contribution from the Guam Community College Foundation during the years ended September 30, 2011 and 2010, respectively.

(13) Subsequent Events

On November 17, 2011, Public Law 31-134 was passed transferring 314 acres of land to Guam Ancestral Lands Commission as discussed in note 8.

GUAM COMMUNITY COLLEGE
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Schedule 1
Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 12,865,064	\$ 11,967,618
Benefits	<u>3,806,330</u>	<u>3,447,035</u>
Total salaries, wages and benefits	<u>\$ 16,671,394</u>	<u>\$ 15,414,653</u>
Full-time employees at end of year	241	227
Federal Funds:		
Salaries	\$ 1,133,839	\$ 813,665
Benefits	<u>260,189</u>	<u>182,911</u>
Total salaries, wages and benefits	<u>\$ 1,394,028</u>	<u>\$ 996,576</u>
Full time federal employees at end of year (inclusive in above amount)	<u>20</u>	<u>13</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE
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Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Instruction:		
Salaries, wages and benefits	\$ 8,770,054	\$ 8,175,550
Travel	82,113	59,890
Contract services	285,377	216,709
Supplies	236,234	312,454
Minor equipment	167,098	380,579
Capital expenditures	71,223	6,936
Miscellaneous	664,729	633,020
	<u>\$ 10,276,828</u>	<u>\$ 9,785,138</u>
 Total employees at end of year	 <u>110</u>	 <u>107</u>
	<u>2011</u>	<u>2010</u>
Planning:		
Salaries, wages and benefits	\$ 577,782	\$ 497,196
Travel	12,098	19,490
Contract services	748,387	419,598
Supplies	24,311	11,815
Minor equipment	35,601	22,494
Capital expenditures	137,332	-
Miscellaneous	12,220	30,342
	<u>\$ 1,547,731</u>	<u>\$ 1,000,935</u>
 Total employees at end of year	 <u>9</u>	 <u>6</u>
	<u>2011</u>	<u>2010</u>
Academic Support:		
Salaries, wages and benefits	\$ 1,616,788	\$ 1,080,520
Travel	40,011	50,112
Contract services	349,193	281,941
Supplies	136,926	76,576
Minor equipment	80,432	262,739
Capital expenditures	23,331	-
Miscellaneous and transfers	141,762	93,512
	<u>\$ 2,388,443</u>	<u>\$ 1,845,400</u>
 Total employees at end of year	 <u>21</u>	 <u>17</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE
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Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Student Services:		
Salaries, wages and benefits	\$ 2,726,362	\$ 2,534,843
Travel	35,042	71,701
Contract services	154,609	131,047
Supplies	44,433	85,241
Minor equipment	51,152	79,323
Capital expenditures	24,320	-
Miscellaneous and transfers	110,288	52,527
	<u>\$ 3,146,206</u>	<u>\$ 2,954,682</u>
 Total employees at end of year	 <u>47</u>	 <u>46</u>
	<u>2011</u>	<u>2010</u>
Institutional Support:		
Salaries, wages and benefits	\$ 2,343,388	\$ 2,480,942
Travel	339,564	205,603
Contract services	606,066	1,459,614
Supplies	32,291	59,784
Minor equipment	8,555	-
Interest and miscellaneous	131,840	222,438
	<u>\$ 3,461,704</u>	<u>\$ 4,428,381</u>
 Total employees at end of year	 <u>44</u>	 <u>40</u>
	<u>2011</u>	<u>2010</u>
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 295,039	\$ 313,714
Contract services	684,349	664,718
Supplies	60,310	75,027
Minor equipment	6,384	102,389
Utilities	1,236,162	1,013,168
Miscellaneous	1,635	195
	<u>\$ 2,283,879</u>	<u>\$ 2,169,211</u>
 Total employees at end of year	 <u>6</u>	 <u>7</u>

See accompanying independent auditors' report.

**GUAM COMMUNITY COLLEGE
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Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 290,933	\$ 284,765
Travel	3,822	-
Contract services	937	857
Supplies	942	690
Minor equipment	-	249
Miscellaneous	<u>5,767,242</u>	<u>4,644,577</u>
	<u>\$ 6,063,876</u>	<u>\$ 4,931,138</u>
 Total employees at end of year	 <u>3</u>	 <u>3</u>
	 <u>2011</u>	 <u>2010</u>
Auxiliary:		
Salaries, wages and benefits	\$ 51,049	\$ 47,123
Supplies	417	712
Minor equipment	<u>697,083</u>	<u>662,104</u>
	<u>\$ 748,549</u>	<u>\$ 709,939</u>
 Total employee at end of year	 <u>1</u>	 <u>1</u>

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, 2011

(With Comparative Balances as of September 30, 2010)

	Unrestricted			Restricted				Capital Projects	Tobacco Settlement	Campus Housing	Investment in Plant	Agency Fund	Elimination	Grand Total	
	Appropriated Fund	Non- appropriated Fund	Total	Federal Fund	Other Grants Fund	ARRA	Total							2011	2010
ASSETS															
Cash	\$ -	\$ 1,187,864	\$ 1,187,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,700	\$ -	\$ -	\$ 210,281	\$ -	\$ 1,444,845	\$ 1,193,135
Investment	-	-	-	-	-	-	-	-	1,774,851	-	-	-	-	1,774,851	1,757,653
Due from Government of Guam	5,157,185	496,936	5,654,121	-	-	-	-	-	-	-	-	-	-	5,654,121	3,908,036
Due from other College funds	1,143,971	25,063,338	26,207,309	-	752,401	-	752,401	-	140,000	-	427,700	45,549	(27,572,959)	-	-
Accounts receivable - U.S. Government	-	49,207	49,207	1,879,389	309,209	2,083,792	4,272,390	-	-	-	-	-	-	4,321,597	2,294,581
Accounts receivable - tuition	-	5,978,981	5,978,981	-	-	-	-	-	-	-	-	-	-	5,978,981	5,845,277
Allowance for doubtful accounts	-	(1,527,966)	(1,527,966)	(5,572)	-	-	(5,572)	-	-	-	-	-	-	(1,533,538)	(2,149,292)
Inventories	-	444,930	444,930	-	-	-	-	-	-	-	-	-	-	444,930	160,997
Construction in progress	-	-	-	-	-	-	-	-	-	-	5,129,233	-	-	5,129,233	2,872,643
Land	-	-	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	-	-	36,931,473	-	-	36,931,473	30,817,762
Equipment	-	-	-	-	-	-	-	-	-	-	7,600,235	-	-	7,600,235	5,994,941
Vehicles	-	-	-	-	-	-	-	-	-	-	165,682	-	-	165,682	262,358
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(24,462,123)	-	-	(24,462,123)	(22,970,211)
	<u>\$ 6,301,156</u>	<u>\$ 31,693,290</u>	<u>\$ 37,994,446</u>	<u>\$ 1,873,817</u>	<u>\$ 1,061,610</u>	<u>\$ 2,083,792</u>	<u>\$ 5,019,219</u>	<u>\$ -</u>	<u>\$ 1,961,551</u>	<u>\$ -</u>	<u>\$ 27,695,200</u>	<u>\$ 255,830</u>	<u>\$ (27,572,959)</u>	<u>\$ 45,353,287</u>	<u>\$ 31,890,880</u>
LIABILITIES AND FUND BALANCE															
Accounts payable	\$ 54,803	\$ 2,200,581	\$ 2,255,384	\$ 70,663	\$ 22,891	\$ 1,785,993	\$ 1,879,547	\$ 12,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,147,528	\$ 1,474,683
Loans payable	-	2,396,802	2,396,802	-	-	-	-	-	-	-	-	-	-	2,396,802	631,877
Due to other College funds	6,628,541	7,875,854	14,504,395	1,529,365	-	2,576,428	4,105,793	4,399,944	-	4,562,827	-	-	(27,572,959)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	-	-	255,830	-	255,830	288,504
Accrued liabilities	-	606,052	606,052	-	-	-	-	-	-	-	-	-	-	606,052	594,262
DCRS sick leave liability	-	873,089	873,089	-	-	-	-	-	-	-	-	-	-	873,089	752,265
Deferred revenue	-	1,915,627	1,915,627	-	-	-	-	-	-	-	-	-	-	1,915,627	1,571,225
Fund balance	(382,188)	15,825,285	15,443,097	273,789	1,038,719	(2,278,629)	(966,121)	(4,412,541)	1,961,551	(4,562,827)	27,695,200	-	-	35,158,359	26,578,064
	<u>\$ 6,301,156</u>	<u>\$ 31,693,290</u>	<u>\$ 37,994,446</u>	<u>\$ 1,873,817</u>	<u>\$ 1,061,610</u>	<u>\$ 2,083,792</u>	<u>\$ 5,019,219</u>	<u>\$ -</u>	<u>\$ 1,961,551</u>	<u>\$ -</u>	<u>\$ 27,695,200</u>	<u>\$ 255,830</u>	<u>\$ (27,572,959)</u>	<u>\$ 45,353,287</u>	<u>\$ 31,890,880</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, 2011
(With Comparative Balances for the year ended September 30, 2010)**

	Unrestricted				Restricted									Grand Total	
	Appropriated		Non-appropriated		Federal Fund	Other Grant	ARRA	Total	Capital Projects	Tobacco Settlement	Campus Housing	Investment In-Plant	2011	2010	
	General	MDF	Total Appropriated	NAF											Total Unrestricted
Revenues:															
Tuition and fees	\$ -	\$ -	\$ -	\$ 6,396,454	\$ 6,396,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,396,454	\$ 5,169,468	
Government of Guam appropriations	13,818,226	1,881,399	15,699,625	-	15,699,625	-	-	5,223,252	5,223,252	-	-	-	20,922,877	16,515,627	
Federal grants and contracts	-	-	-	-	-	9,653,519	852,946	-	10,506,465	-	-	-	10,506,465	8,807,419	
Government of Guam grants and contracts/agency	-	-	-	-	-	-	607,188	-	607,188	-	-	-	607,188	450,828	
Sales and services of auxiliary enterprises	-	-	-	973,716	973,716	-	-	-	-	-	-	-	973,716	998,917	
Contracted educational services	-	-	-	149,092	149,092	-	-	-	-	-	-	-	149,092	1,094,154	
Other sources	-	-	-	958,414	958,414	-	-	-	-	-	28,075	-	986,489	1,531,305	
Total current revenues	13,818,226	1,881,399	15,699,625	8,477,676	24,177,301	9,653,519	1,460,134	5,223,252	16,336,905	-	28,075	-	40,542,281	34,567,718	
Expenditures and mandatory transfers:															
Educational and general:															
Instruction	6,509,020	1,112,642	7,621,662	2,218,773	9,840,435	360,931	75,462	-	436,393	-	-	-	10,276,828	9,785,138	
Planning	418,139	18,962	437,101	83,001	520,102	654,657	279,081	-	933,738	93,891	-	-	1,547,731	1,000,935	
Academic support	861,709	21,961	883,670	163,685	1,047,355	1,010,983	325,872	-	1,336,855	4,233	-	-	2,388,443	1,845,400	
Student services	2,304,307	86,920	2,391,227	227,679	2,618,906	494,183	33,117	-	527,300	-	-	-	3,146,206	2,954,682	
Institutional support	2,231,080	670,837	2,901,917	544,068	3,445,985	5,258	5,813	-	11,071	-	-	-	3,461,704	4,428,381	
Operation and maintenance of plant	570,149	791,605	1,361,754	507,886	1,869,640	-	-	412,604	412,604	-	-	1,635	2,283,879	2,169,211	
Scholarship and fellowship	198,435	1,812	200,247	3,822	204,069	5,859,807	-	-	5,859,807	-	-	-	6,063,876	4,931,138	
Retiree healthcare costs	664,518	-	664,518	-	664,518	-	-	-	-	-	-	-	664,518	436,614	
Bad debts expense	-	-	-	192,466	192,466	-	-	-	-	-	-	-	192,466	928,730	
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	1,659,864	1,659,864	1,187,981	
Total expenditures	13,757,357	2,704,739	16,462,096	3,941,380	20,403,476	8,385,819	719,345	412,604	9,517,768	98,124	-	4,648	1,661,499	31,685,515	
Auxiliary enterprises:															
Expenditures	51,049	417	51,466	697,083	748,549	-	-	-	-	-	-	-	748,549	709,939	
Total expenditures	13,808,406	2,705,156	16,513,562	4,638,463	21,152,025	8,385,819	719,345	412,604	9,517,768	98,124	-	4,648	1,661,499	32,434,064	
Net (decrease) increase in fund balance	9,820	(823,757)	(813,937)	3,839,213	3,025,276	1,267,700	740,789	4,810,648	6,819,137	(98,124)	28,075	(4,648)	(1,661,499)	8,108,217	
Beginning fund balance	(1,932,371)	2,419,759	487,388	12,727,508	13,214,896	273,789	1,038,719	(51,471)	1,261,037	(4,153,659)	1,933,476	(4,558,179)	18,880,493	22,174,049	
Fund transfer	(9,125)	(46,514)	(55,639)	(741,436)	(797,075)	(1,267,700)	(740,789)	(7,037,806)	(9,046,295)	(160,758)	-	-	10,476,206	214,446	
Ending fund balance	\$ (1,931,676)	\$ 1,549,488	\$ (382,188)	\$ 15,825,285	\$ 15,443,097	\$ 273,789	\$ 1,038,719	\$ (2,278,629)	\$ (966,121)	\$ (4,412,541)	\$ 1,961,551	\$ (4,562,827)	\$ 27,695,200	\$ 35,158,359	

See Accompanying Independent Auditors' Report.

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

American Recovery and Reinvestment Act of 2009
September 30, 2011

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2011, the College's expenditures and related grant award notifications are as follows:

<u>CFDA</u>	<u>Grant Amount</u>	<u>FY 2011 Expenditures</u>
10.780	\$ 2,250,000	\$ 2,227,158
81.041	1,286,000	1,050,644
84.397	<u>6,000,000</u>	<u>4,172,608</u>
	<u>\$ 9,536,000</u>	<u>\$ 7,450,410</u>

See accompanying independent auditors' report.