



OFFICE OF PUBLIC ACCOUNTABILITY

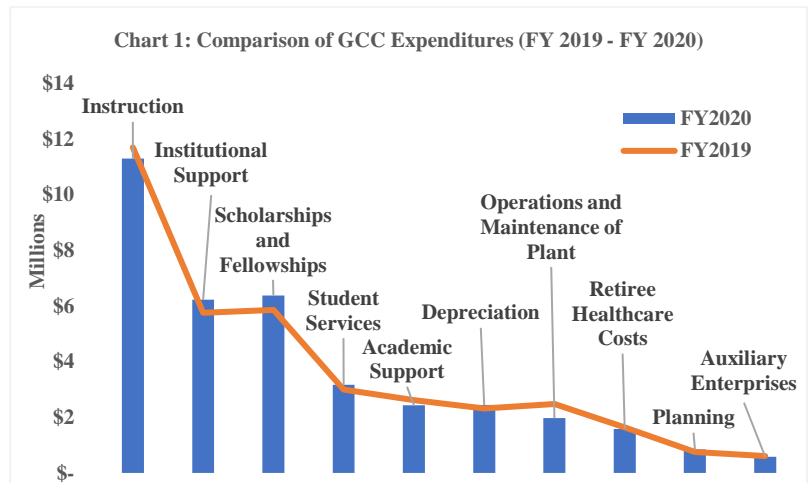
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Guam Community College – FY 2020 Financial Highlights

March 24, 2021

Hagåtña, Guam – The Office of Public Accountability has released the Guam Community College’s (GCC) financial statements, reports on compliance and on internal control, management letter, and the auditor’s communication with those charged with governance for fiscal year (FY) 2020. Independent auditors, Deloitte & Touche, LLP, rendered an unmodified (clean) opinion on GCC’s financial statements and compliance over major federal programs. GCC is commended for qualifying as a low-risk auditee for the 20th consecutive year and is the only Government of Guam (GovGuam) agency to do so.

GCC closed FY 2020 with a decrease in net position (net loss) of \$1.2 million (M), a decrease from FY 2019 net loss of \$2.5M. In FY 2020, operating and nonoperating revenues totaled \$35.7M. This increase of \$1.5M from FY 2019 is largely due to GovGuam appropriations. Operating expenditures increased by \$192K to \$36.9M in FY 2020 due in part to the GASB 75 adjustments to GCC’s Institutional Support, and Scholarships and Fellowships functions.



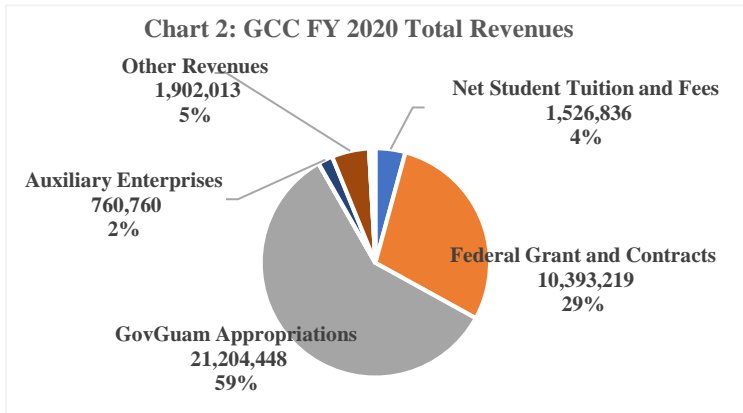
Coronavirus (COVID-19) Pandemic Impact

GCC determined the COVID-19 pandemic may negatively impact its business, results of operation, and net position. Due to uncertainty surrounding the duration of the COVID-19 pandemic, GCC is unable to reasonably estimate its financial impact. In March 2020, the Governor of Guam issued Executive Order 2020-03 ordering the closure of all non-essential GovGuam offices, which included all Guam schools. This led to the decline in enrollment. Initially, all courses were conducted through distance education (online). Efforts to increase enrollment are ongoing, including promoting bootcamps to support the economic development of our island.

Dependence on GovGuam Appropriations

A majority of the \$35.7M in revenues included: GovGuam appropriations of \$21.2M (59%); federal grants and contracts of \$10.4M (29%); net student tuition and fees of \$1.5M (4%); and other revenues of \$1.9M (5%).

GovGuam appropriations contributed over half of GCC’s revenues. GCC continues to rely heavily on GovGuam to pay for personnel costs of the GCC campus, the six high schools, and the post-



secondary programs. It includes funding Public Law 31-99, which mandated GCC to provide career and technical education programs in Guam’s public high schools.

In FY 2020, net student tuition and fees decreased by \$1.0M due to changes in student enrollment, head and credit counts, unfavorable economic conditions, and new programs implemented by GCC to reduce the need for developmental courses and placement tests. Federal grants and contracts slightly

decreased by \$523K due to a reduction in sub-grant transactions during the year, especially with the FEMA sub-grant and expiration of the Area Health Education Center grant. Lastly, auxiliary enterprises decreased by \$1.0M to \$760K in FY 2020 due to the reduction in GCC’s bookstore sales and contract expiration of the public health child care development fund in FY 2019.

Investment in Capital Assets

As of FY 2020, net property, plant and equipment of \$38.2M made up GCC’s largest asset at 60%. In August 2019, GCC began a sustainability improvement project with the construction of a vaulted walkway connecting the Student Center with the Anthony A. Leon Guerrero Allied Health Building. In October 2019, GCC broke ground on the new DNA Forensic Lab the Gregorio D. Perez Crime Lab extension (DNA Forensic Lab) utilizing the remaining project funds from a United States Department of Agriculture loan. The DNA Forensic Lab is expected to be completed in FY 2021.

GCC Foundation

The GCC Foundation is a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of GCC. The Foundation closed FY 2020 with an increase in net assets (net income) of \$1.0M, compared to its \$1.9M net income in FY 2019. FY 2020’s \$1.0M net income was due primarily to the \$650K contribution for the renovation and construction of the DNA Forensic Laboratory.

The Foundation’s expenditures amounted to \$327K in FY 2020. Decreases in payments to GCC and interest expenses were slightly offset by increases in fundraising, scholarships, depreciation and other deductions expenses.

Report on Internal Control and Management Letter

Independent auditors did not identify any material weaknesses in GCC’s report on internal control over financial reporting and compliance. However, the auditors issued a management letter that identified one deficiency related to stale checks.

For more details on GCC, refer to the Management’s Discussion and Analysis in the audit report at www.opaguam.org and www.guamcc.edu.