

GUAM COMMUNITY COLLEGE

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

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

YEARS ENDED SEPTEMBER 30, 2009 AND 2008

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

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Years Ended September 30, 2009 and 2008

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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, 2009 and 2008, 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.

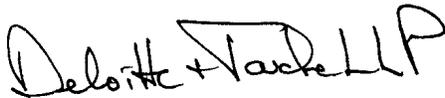
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of its component unit, the Guam Community College Foundation, were not audited in accordance with *Government Auditing Standards*. 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, 2009 and 2008, and the respective changes in financial position and its 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 9 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 30 through 35 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 on 31 through 35 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 30 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 April 30, 2010, 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.

April 30, 2010

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Year Ended September 30, 2009

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 ninth 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 2009. 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 2009 Overview

The College encountered many challenges throughout fiscal year 2009, faced with the downturn in the economy, stagnant local appropriations and record student enrollment. The College was able to maintain its fiscal accountability and manage the increased student enrollment, through the management of its available resources. Also, the increase of approximately \$421 in Pell grants per student per academic year from the American Recovery & Reinvestment Act (ARRA) greatly assisted students who were struggling to go back to school. Pell grants make up approximately 65% of students tuition and fee payments.

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GCC implemented a Construction Trades Boot Camp in the summer of 2009 that provided students with basic hand and power tool recognition, use and care so that students are able to join Guam's growing workforce. The impact GCC's Boot Camp will have to our economy will help fill the void of available skilled workers in Guam and the neighboring islands of Micronesia. Additionally, the College has taken an active role in assisting the working group of the Interagency Group on Insular Areas' (IGIA) as they develop an integrated comprehensive master plan that will accommodate the island's military expansion.

The College expanded its curriculum during the year to include the following new certificate programs:

- Associate of Science Surveying Technology
- New Criminal Justice forensic science concentrations, including Forensic Computer Examiner and Forensic Lab Technician
- Certificate in Medium/Heavy Truck Diesel Technology

In addition, the College revamped the Certificate in Construction Technology including seven concentration areas: carpentry; electricity; heating, ventilation and air conditions; masonry; plumbing; reinforcing metal worker; and welding. During the year, the College signed an articulation agreement with Chamaine University of Honolulu and added additional courses to the Articulation Matrix between GCC and University of Guam. The College continues to work with the College of Micronesia in the Federated States of Micronesia and the Northern Marianas College on other articulation matrices. Also, the College continues to partner with the Guam Contractors' Association (GCA) Trades Academy to provide construction related courses through the memorandum of agreement.

The College received additional funds during the year through various federal and local grants.

- GCC was awarded \$943,000 in grant money from the U.S. Department of the Interior (DOI) Capital Improvement Projects grant, administered through the Office of the Governor. This award provided additional funds to support the construction of the Allied Health Building.
- Additionally, GCC was a recipient of a DOI sub-grant of \$150,000 for the purchase of science equipment for the Allied Health Building.
- GCC was a sub-recipient of US Department of Labor grant funds for the Youth Employment Summer Program, amounting to \$937,908. This program matched 350 young adults with local private and public sector employers for an eight-week period of work and training.
- The Citi Foundation awarded a \$20,000 grant to GCC. This allowed 14 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.
- GCC was awarded the Earmark Congressional Grant for \$383,187. The funds will be used to provide unemployed adults who have a high school diploma or GED, with the opportunity to learn construction and/or electrical skills and become entry level certificate workers.
- GCC was the recipient of a \$475,251 grant from Pacific Vocational Education Improvement Program grant to support career and technical education for secondary students.
- The College Access Challenge Grant was awarded for a two year period of \$330,000. 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.

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Management's Discussion and Analysis
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The College operated with 219 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 did not receive additional funding in its FY09 appropriations for the hiring of five additional secondary faculty for its Okkodo High School programs and the George Washington (GW)/John F. Kennedy (JFK) High School double sessions held on the GCC campus. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program will address 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. The College continues to receive funds from the Manpower Development Fund to support the apprenticeship programs which served 326 and 274 apprentices over 50 and 39 employers in Fall 2009 and 2008, respectively.

At the April 2009 Board of Trustees meeting, a resolution was passed to suspend tuition and fee increases scheduled for Fall 2009. The tuition rates effective Fall 2009 and Fall 2010 remain at \$110 per credit. The suspension was passed to address the needs of the students and the economic situation during the year. The increase in actual tuition revenues is due to increases in the number of students and classes during the academic year 2008-2009. 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 FY2009 for capital projects and technology fees were \$368,000 and \$230,000, respectively.

There were marked increases in the post secondary enrollment seats and headcounts for the Spring 2009 and Fall 2009 of 7% and 18.75% as compared to prior 2008 semesters. This is mainly attributable to the suspension in the tuition rate increase and the decline in the global economy. 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.

<u>Enrollment (Seat)</u>	<u>2009</u>	<u>2008</u>
Spring	4,995	4,689
Summer	1,107	464
Fall	<u>7,325</u>	<u>5,034</u>
Total	<u>13,427</u>	<u>10,187</u>
<u>Enrollment (Head)</u>	<u>2009</u>	<u>2008</u>
Spring	1,803	1,685
Summer	458	280
Fall	<u>2,219</u>	<u>1,722</u>
Total	<u>4,480</u>	<u>3,687</u>

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 2,739 from 2,098 students in SY08-09 and SY07-08, respectively. These programs included the Allied Health, Auto Body, Automotive Service, Construction, Electronics, Lodging Management, Marketing, Pro-Start and Visual Communications.

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Management's Discussion and Analysis
Year Ended September 30, 2009

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

Summary Statement of Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Other current assets	\$ 6,795	\$ 7,197	\$ 5,921
Accounts receivable – U.S. Government	2,759	1,553	741
Investments (noncurrent)	1,637	1,675	1,740
Capital assets, net	<u>16,400</u>	<u>13,879</u>	<u>14,069</u>
Total	<u>\$27,591</u>	<u>\$24,304</u>	<u>\$22,471</u>
Liabilities:			
Current liabilities	\$ 3,942	\$ 3,409	\$ 3,455
Non-current liabilities	<u>1,475</u>	<u>2,043</u>	<u>2,505</u>
Total	<u>5,417</u>	<u>5,452</u>	<u>5,960</u>
Net assets:			
Invested in capital assets, net of related debt	15,119	11,962	11,763
Restricted – expendable	1,830	1,903	1,914
Unrestricted	<u>5,225</u>	<u>4,987</u>	<u>2,834</u>
Total liabilities and net assets	<u>\$27,591</u>	<u>\$24,304</u>	<u>\$22,471</u>

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. Investments remained fairly stable as compared to 2008, when the housing market crisis and the economic recession, caused investment declines. Increases in capital assets were due to the construction of the new Anthony A. Leon Guerrero Allied Health Building which was completed in October 2009. The changes in current and non-current liabilities are due to loan payments made to the U.S. Department of Education (DOE) for the administration building, and deferred tuition revenues increases related to the Fall 2009 semester.

Due to the constraints of College and University accounting, approximately \$5,950,990 in encumbrances incurred in fiscal year 2009 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2009 net assets. The increase in encumbrances is due to the construction costs related to the Learning Resource Center, which was awarded to the contractor in September 2009.

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Management's Discussion and Analysis
Year Ended September 30, 2009

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$13,341	\$11,524	\$ 9,642
Operating expenses	<u>26,610</u>	<u>24,360</u>	<u>25,252</u>
Operating Loss	(13,269)	(12,836)	(15,610)
Non operating revenues	<u>15,648</u>	<u>15,177</u>	<u>14,015</u>
Capital contributions	<u>943</u>	-	-
Change in net assets	3,322	2,341	(1,595)
Net assets at beginning of year	<u>18,852</u>	<u>16,511</u>	<u>18,106</u>
Net assets at end of year	<u>\$22,174</u>	<u>\$18,852</u>	<u>\$16,511</u>

Statement of Cash Flows

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash provided by (used in):			
Operating activities	(\$13,113)	(\$12,378)	(\$13,015)
Noncapital financing activities	15,495	15,147	12,695
Capital and related financing activities	(3,460)	(1,505)	(1,345)
Investing activities	<u>38</u>	<u>65</u>	-
Net change in cash and cash equivalents	(1,040)	1,329	(1,665)
Cash and cash equivalents at beginning of year	<u>2,056</u>	<u>727</u>	<u>2,392</u>
Cash and cash equivalents at end of year	<u>\$ 1,016</u>	<u>\$ 2,056</u>	<u>\$ 727</u>

At the end of FY 2009, the net assets of the College increased by approximately \$3.3 million. The increase is due to increases in tuition revenues of approximately \$500,000, a nearly \$1 million sub-grant from DOI for the Allied Health Building, increase of local appropriation from the Manpower Development Fund of \$500,000 and increases in other federal and local grants. In fiscal year 2009, the College was able to receive most of its appropriations from the Government of Guam as compared to the FY08 \$331,769 deferred amount, of which the College subsequently received \$130,000 in FY10.

Expenditures remained fairly stable in comparison with prior years as for 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.

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Management's Discussion and Analysis
Year Ended September 30, 2009

Capital Assets and Debt Administration

GCC's capital assets of \$16,399,895 as of September 30, 2009, included land, buildings and equipment. Costs incurred for the A&E and construction for the Allied Health Building and the A&E for the Learning Resource Center and the Student Center were included in Construction In Progress. The Allied Health Building construction was completed in late October 2009. The College awarded the bid for the construction of the Library Resources Center in September 2009, and ground breaking occurred November 2009. During 2009, the College submitted an application for a U.S. Department of Agriculture (DOA) loan for the remaining construction costs of the Learning Resource Center. As of the date of this report, the College has not received notice on the application request. The College remains current in the repayment of the College Housing and Academic Facilities Loan from DOE as well as the Water Tank Loan from DOA and made principal and interest payments of \$688,540 during fiscal year 2009. 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, 2008 and 2007, is set forth in the College's report on the audit of the financial statements, which is dated June 2, 2009, and that Discussion and Analysis explains the major factors impacting the 2008 and 2007 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.guamopa.org.

Economic Outlook for FY 2010

The College continues to monitor the economic situation of the Government of Guam (GovGuam) closely, as it receives in total 60% of its funding locally and 90% of its personnel funding from local appropriations. The legislature continues to appropriate the same levels of General Fund appropriations as in FY08, even with the anticipated military buildup and growth budget requests made by GovGuam. The global recession and Government of Guam decreased revenues and collections continue to affect local funding availability. Although the College continues to seek additional funding from non GovGuam sources, it still requires its increasing base budget to grow and meet the future island demands.

As of March 2010, the College has received 59% or \$4.9 million of its \$8.2 million requested allotments. The slow release of funds has caused a strain on the College's financial resources and affected the programs and future programs to students. The College takes its finances seriously and no expenses are encumbered or expended unless funding is available and a funding source is identified within the College's procurement process. The College's management team has periodic discussion 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 are made to department budgets throughout the College. 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. 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, construction & trades – which will include GCC's Construction Trades Boot Camp, Allied Health, Education, and other academic programs – offered at the College.

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Management's Discussion and Analysis
Year Ended September 30, 2009

The College continues to collaborate with the U.S. Federal Government, the Government of Guam, the private sector and the people of 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 Allied Health Building construction was completed in October 2009 with a total construction and A&E cost of \$3,978,550. In Fall 2009, the College put out for bid the Learning Resource Center (LRC) project and awarded the bid on this construction project in September 2009 for \$4,302,500 with A&E costs of \$343,000. As of March 2010, the project is 20% complete and expected completion date is September 2010. Funding for the Learning Resource Center was obtained from a grant of approximately \$2M from DOE under the Asian American and Native American Pacific Island-serving Institution (AANAPISI) and a \$2M ARRA State Fiscal Stabilization Funds (SFSF) Grant. The LRC is expected to cover approximately 20,000 square feet and be the first Silver LEED certified GovGuam building on Guam. A&E costs of \$237,000 were incurred for the Student Center which went out to bid in April 2010. The project is expected to cost \$4M and groundbreaking is expected in June 2010. The funding for this project will be through the ARRA SFSF of which GCC will receive \$9.5M.

The College was awarded a \$1.2M sub-grant from Guam Environmental Protection Agency for an energy audit and to make energy efficient improvements to the College campus. The College expects to receive the grant award related to the \$9.5M ARRA SFSF funds, in April 2010. These funds are requested for the following projects: Student Center, Learning Resource Center, Parking, Redundant network, VoIP telephone system, Generator, integrated system software, automotive paint booth, and a fire sprinkler riser.

Other small capital improvement projects are planned for FY 2010, such as campus railings, safety issues, renovation of existing classrooms and repair and renovation of restrooms; and some installation of typhoon shutters to the administrative building. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets.

GUAM COMMUNITY COLLEGE
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Statements of Net Assets
September 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 723,776	\$ 1,772,088
Cash and cash equivalents - restricted	292,216	283,528
Due from Government of Guam	1,863,795	2,117,917
Tuition receivable, less allowance for doubtful accounts of \$1,260,699 and \$1,220,562 at September 30, 2009 and 2008, respectively	3,662,707	2,793,797
Accounts receivable - U.S. Government and others	2,759,353	1,552,931
Other receivables	89,039	69,881
Inventories	162,782	159,282
Total current assets	9,553,668	8,749,424
Noncurrent assets:		
Investments	1,637,000	1,675,000
Property, plant and equipment, net	16,399,895	13,879,282
Total noncurrent assets	18,036,895	15,554,282
	\$ 27,590,563	\$ 24,303,706
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 668,708	\$ 633,590
Accounts payable and accrued liabilities	1,318,939	1,094,937
Deferred revenue	1,447,433	1,184,943
Deposits held on behalf of others	292,216	283,528
Accrued annual leave	214,589	211,696
Total current liabilities	3,941,885	3,408,694
Noncurrent liabilities:		
Accrued annual leave	258,378	256,340
DCRS sick leave liability	604,465	503,083
Long-term debt, net of current portion	611,786	1,283,443
Total liabilities	5,416,514	5,451,560
Commitment and contingency		
Net assets:		
Invested in capital assets, net of related debt	15,119,401	11,962,249
Restricted:		
Expendable	1,830,077	1,903,147
Unrestricted	5,224,571	4,986,750
Total net assets	22,174,049	18,852,146
	\$ 27,590,563	\$ 24,303,706

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position
September 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 201,160	\$ 28,721
Investments	6,856,935	6,972,594
Accounts receivable	1,942	1,590
Plant and equipment, net	<u>240,108</u>	<u>300,134</u>
Total assets	<u>\$ 7,300,145</u>	<u>\$ 7,303,039</u>
 NET ASSETS AND LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 344,224</u>	<u>\$ 97,326</u>
Total liabilities	<u>344,224</u>	<u>97,326</u>
Commitments		
Net assets:		
Unrestricted	4,905,320	5,073,310
Temporarily restricted	1,791,044	1,812,820
Permanently restricted	<u>259,557</u>	<u>319,583</u>
	<u>6,955,921</u>	<u>7,205,713</u>
Total net assets and liabilities	<u>\$ 7,300,145</u>	<u>\$ 7,303,039</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE
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Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 4,251,513	\$ 3,952,260
Less: Scholarship discounts and allowances	<u>(2,615,820)</u>	<u>(1,899,474)</u>
	1,635,693	2,052,786
Federal grants and contracts	8,132,607	7,489,751
Government of Guam grants and contracts	1,027,969	307,685
Auxiliary enterprises	894,288	723,302
Contracted educational services	808,942	667,140
Other revenues	<u>841,454</u>	<u>283,518</u>
Total operating revenues	<u>13,340,953</u>	<u>11,524,182</u>
Operating expenses:		
Education and general:		
Instruction	9,026,690	7,810,094
Scholarships and fellowships	3,539,830	2,949,222
Institutional support	3,485,428	4,507,330
Academic support	2,899,631	1,448,476
Student services	2,403,225	2,865,708
Operations and maintenance of plant	1,860,479	1,721,096
Planning	1,237,262	864,478
Depreciation	1,138,762	1,289,265
Auxiliary enterprises	559,491	482,377
Retiree healthcare costs	<u>459,245</u>	<u>422,736</u>
Total operating expenses	<u>26,610,043</u>	<u>24,360,782</u>
Operating loss	<u>(13,269,090)</u>	<u>(12,836,600)</u>
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	15,699,994	15,304,555
Interest expense	<u>(52,001)</u>	<u>(127,243)</u>
Net nonoperating revenues	<u>15,647,993</u>	<u>15,177,312</u>
Capital contributions:		
Contributions from U.S. government	<u>943,000</u>	<u>-</u>
Change in net assets	3,321,903	2,340,712
Net assets:		
Net assets at beginning of year	<u>18,852,146</u>	<u>16,511,434</u>
Net assets at end of year	<u>\$ 22,174,049</u>	<u>\$ 18,852,146</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Investment (loss) income	\$ (93,883)	\$ (21,776)	\$ -	\$ (115,659)	\$ (1,173,161)	\$ (272,122)	\$ -	\$ (1,445,283)
Interest income	47	-	-	47	59	-	-	59
Net assets released from restriction:								
Satisfaction of program restrictions	-	-	-	-	2,574,923	(2,574,923)	-	-
Other additions	229,894	-	-	229,894	131,598	-	-	131,598
Total gains and other additions	<u>136,058</u>	<u>(21,776)</u>	<u>-</u>	<u>114,282</u>	<u>1,533,419</u>	<u>(2,847,045)</u>	<u>-</u>	<u>(1,313,626)</u>
Expenditures and other deductions:								
Depreciation	-	-	60,026	60,026	-	-	60,027	60,027
Transfer to Guam Community College	253,445	-	-	253,445	80,245	-	-	80,245
Professional services	2,813	-	-	2,813	4,791	-	-	4,791
Scholarship	2,000	-	-	2,000	3,000	-	-	3,000
General and administrative	1,360	-	-	1,360	2,590	-	-	2,590
Other deductions	862	-	-	862	13,207	-	-	13,207
Fundraising expense	43,568	-	-	43,568	98,050	-	-	98,050
Total expenditures and other deductions	<u>304,048</u>	<u>-</u>	<u>60,026</u>	<u>364,074</u>	<u>201,883</u>	<u>-</u>	<u>60,027</u>	<u>261,910</u>
Excess of gains and other additions over expenditures and other deductions	(167,990)	(21,776)	(60,026)	(249,792)	1,331,536	(2,847,045)	(60,027)	(1,575,536)
Net assets at beginning of year	<u>5,073,310</u>	<u>1,812,820</u>	<u>319,583</u>	<u>7,205,713</u>	<u>3,741,774</u>	<u>4,659,865</u>	<u>379,610</u>	<u>8,781,249</u>
Net assets at end of year	<u>\$ 4,905,320</u>	<u>\$ 1,791,044</u>	<u>\$ 259,557</u>	<u>\$ 6,955,921</u>	<u>\$ 5,073,310</u>	<u>\$ 1,812,820</u>	<u>\$ 319,583</u>	<u>\$ 7,205,713</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Student tuition and fees	\$ 1,029,273	\$ 1,427,757
Federal grants and contracts	6,980,919	6,677,587
Government of Guam grants and contracts	1,008,811	815,489
Auxiliary enterprises	894,288	723,302
Other receipts/payments	1,741,808	920,446
Payments to employees	(14,793,983)	(13,656,510)
Payments to suppliers	(6,694,552)	(6,562,818)
Payments for scholarships and fellowships	(3,279,410)	(2,722,983)
Net cash used by operating activities	(13,112,846)	(12,377,730)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	15,494,871	15,146,791
Cash flows from capital and related financing activities:		
Purchases of capital assets	(3,659,375)	(1,068,765)
Capital contributions received	888,266	-
Principal paid on long-term debt	(636,539)	(309,653)
Interest paid on long-term debt	(52,001)	(127,243)
Net cash used by capital and related financing activities	(3,459,649)	(1,505,661)
Cash flows from investing activities		
Withdrawal from investments	38,000	65,000
Net change in cash and cash equivalents	(1,039,624)	1,328,400
Cash and cash equivalents at beginning of year	2,055,616	727,216
Cash and cash equivalents at end of year	\$ 1,015,992	\$ 2,055,616
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (13,269,090)	\$ (12,836,600)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	1,138,762	1,289,265
Bad debts	40,137	-
Gain on disposal of fixed assets	-	(30,212)
On-behalf payments for retiree healthcare costs	459,245	422,736
Changes in assets and liabilities:		
Tuition receivable	(909,047)	(696,896)
Accounts receivable - U.S. Government and others	(1,151,688)	(812,164)
Other receivables	(19,158)	507,804
Inventories	(3,500)	(23,165)
Accounts payable and accrued liabilities	224,002	(344,778)
Accrued annual leave	4,931	10,955
DCRS sick leave liability	101,382	66,429
Deferred revenue	262,490	71,867
Deposits held on behalf of others	8,688	(2,971)
Net cash used in operating activities	\$ (13,112,846)	\$ (12,377,730)

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2009 and 2008

(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 Law sets forth the purposes of the College as follows:

1. To establish technical, vocational and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;
2. To coordinate vocational-technical 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 vocational-technical fields;
5. To award appropriate certificates, degrees and diplomas to qualified students; and
6. To serve as 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, 2009 and 2008

(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, 2009 and 2008

(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.

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 as follows: buildings and structures are 10 - 30 years; furniture, fixtures and equipment are 5 - 6 years; and vehicles are 5 years.

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, 2009 and 2008, an accumulated vacation leave liability of \$472,967 and \$468,036, 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, 2009 and 2008

(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 \$44,988 and \$42,184 for the years ended September 30, 2009 and 2008, 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 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 of the College's restricted net assets are expendable. 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.

Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation. These reclassifications had no effect on the change in net assets.

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

Notes to Financial Statements
September 30, 2009 and 2008

(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, 2009 and 2008, are:

	<u>2009</u>		<u>2008</u>
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
	\$ <u>5,348,663</u>	\$ <u>6,856,935</u>	\$ <u>5,348,663</u>
			\$ <u>6,972,594</u>

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

	<u>2009</u>	<u>2008</u>
Equities and related	\$ 5,007,782	\$ 5,254,795
Fixed income securities	1,330,767	1,205,288
Cash and equivalents	<u>518,386</u>	<u>512,511</u>
	<u>\$ 6,856,935</u>	<u>\$ 6,972,594</u>

The following represents the composition of investment loss for the years ended September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Unrealized investment losses	\$ (299,973)	\$ (1,698,399)
Net interest income and dividends	<u>184,314</u>	<u>253,116</u>
	<u>\$ (115,659)</u>	<u>\$ (1,445,283)</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, 2009 and 2008

(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, 2009 and 2008, the carrying amount of the College's total cash and cash equivalents was \$1,015,992 and \$2,055,616, respectively, and the corresponding bank balances were \$2,150,938 and \$3,191,904, respectively. Of the bank balance amounts, \$1,543,560 and \$2,891,904, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2009 and 2008, bank deposits in the amount of \$607,377 and \$300,000, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

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

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

Notes to Financial Statements
September 30, 2009 and 2008

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

Deposits and Investments, Continued

- | | |
|------------|---|
| 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, 2009 and 2008, the College had one fixed income corporate note in the amount of \$1,637,000 and \$1,675,000, respectively, with interest at 5.45%, matures on May 15, 2041, and is rated BBB- by Fitch.

New Accounting Standards

During fiscal year 2009, the College implemented the following pronouncements:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2009 and 2008

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

New Accounting Standards

- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, which incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments, and addresses three issues from the AICPA's literature - related party transactions, going concern considerations, and subsequent events.

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

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. The effect of the implementation of this statement on the financial statements of the College has not been determined.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. The effect of the implementation of this statement on the financial statements of the College has not been determined.

In December 2008, GASB issued Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment. The provisions of this statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In March 2009, GASB issued 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. The provisions of this statement are effective for periods beginning after June 15, 2010. 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, 2009 and 2008

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

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the Government of Guam. During the years ended September 30, 2009 and 2008, the fund earned interest of \$17,521 and \$5,919, respectively. The College expended \$0 and \$140,000 for capital projects for the years ended September 30, 2009 and 2008, 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.

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2009 and 2008 was as follows:

	Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2009</u>
<u>Depreciable:</u>				
Buildings and structures	\$ 26,341,788	\$ 339,554	\$ -	\$ 26,681,342
Furniture, fixtures and equipment	5,385,946	76,367	-	5,462,313
Vehicles	<u>262,358</u>	<u>-</u>	<u>-</u>	<u>262,358</u>
	<u>31,990,092</u>	<u>415,921</u>	<u>-</u>	<u>32,406,013</u>
<u>Accumulated depreciation:</u>				
Buildings and structures	17,228,927	386,353	-	17,615,280
Furniture, fixtures and equipment	3,249,772	740,582	-	3,990,354
Vehicles	<u>213,195</u>	<u>11,827</u>	<u>-</u>	<u>225,022</u>
	<u>20,691,894</u>	<u>1,138,762</u>	<u>-</u>	<u>21,830,656</u>
<u>Non-depreciable:</u>				
Land	1,903,000	-	-	1,903,000
Construction in progress	<u>678,084</u>	<u>3,575,938</u>	<u>332,484</u>	<u>3,921,538</u>
	<u>\$ 13,879,282</u>	<u>\$ 2,853,097</u>	<u>\$ 332,484</u>	<u>\$ 16,399,895</u>

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

Notes to Financial Statements
September 30, 2009 and 2008

(3) Property, Plant and Equipment, Continued

	Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2008</u>
<u>Depreciable:</u>				
Buildings and structures	\$ 26,216,954	\$ 124,834	\$ -	\$ 26,341,788
Furniture, fixtures and equipment	5,548,797	1,694,541	1,857,392	5,385,946
Vehicles	<u>323,454</u>	<u>21,700</u>	<u>82,796</u>	<u>262,358</u>
	<u>32,089,205</u>	<u>1,841,075</u>	<u>1,940,188</u>	<u>31,990,092</u>
<u>Accumulated depreciation:</u>				
Buildings and structures	16,851,322	377,605	-	17,228,927
Furniture, fixtures and equipment	4,234,509	902,933	1,887,670	3,249,772
Vehicles	<u>287,197</u>	<u>8,727</u>	<u>82,729</u>	<u>213,195</u>
	<u>21,373,028</u>	<u>1,289,265</u>	<u>1,970,399</u>	<u>20,691,894</u>
<u>Non-depreciable:</u>				
Land	1,903,000	-	-	1,903,000
Construction in progress	<u>1,450,393</u>	<u>493,261</u>	<u>1,265,570</u>	<u>678,084</u>
	<u>\$ 14,069,570</u>	<u>\$ 1,045,071</u>	<u>\$ 1,235,359</u>	<u>\$ 13,879,282</u>

(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, 2009 and 2008. 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, 2009 and 2008, 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>2009</u>	<u>2008</u>
Receivable from the Government of Guam	\$ 1,863,795	\$ 2,449,686
Amount deferred	<u>-</u>	<u>331,769</u>
Net receivable from the Government of Guam	<u>\$ 1,863,795</u>	<u>\$ 2,117,917</u>

Subsequent to September 30, 2009, the College received \$130,000 of the 2008 deferred amount.

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

Notes to Financial Statements
September 30, 2009 and 2008

(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.

The DB Plan was originally designated as a single-employer plan but was redesignated by GovGuam's Department of Administration as a cost-sharing multiple-employer plan, effective October 1, 2008. The redesignation was based on the determination as outlined under GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, that all risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the separate employers. 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.

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2007, 2006, and 2005, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2009, 2008 and 2007, respectively, have been determined as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Normal costs (% of DB Plan payroll)	17.36%	17.94%	18.21%
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>7.86%</u>	<u>8.44%</u>	<u>8.71%</u>
Employer portion of normal costs (% of total payroll)	3.70%	3.99%	4.26%
Unfunded liability cost (% of total payroll)	<u>19.68%</u>	<u>20.75%</u>	<u>20.66%</u>
Government contribution as a % of total payroll	<u>23.38%</u>	<u>24.74%</u>	<u>24.92%</u>

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

Notes to Financial Statements
September 30, 2009 and 2008

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Funding Policy, Continued:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>25.20%</u>	<u>24.07%</u>	<u>22.94%</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, 2009, 2008 and 2007 were \$1,727,385, \$1,687,786 and \$1,655,385, respectively.

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, 2009 and 2008, 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, 2009, 2008 and 2007 were \$1,481,050, \$1,366,357 and \$1,379,727, respectively.

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 \$604,465 and \$503,083 at September 30, 2009 and 2008, 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.

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

Notes to Financial Statements
September 30, 2009 and 2008

(5) Employees' Retirement Plan, Continued

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, 2009 and 2008, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$459,245 and \$422,736, 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, \$5,950,990 and \$5,340,183 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2009 and 2008, respectively.

(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.

Contracts

Contract commitments in connection with a project currently under construction approximate \$5,230,453 at September 30, 2009.

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

Notes to Financial Statements
September 30, 2009 and 2008

(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. As of the report date, the College had not received an appraised value of the land and therefore, the land has not been recorded in the accompanying financial statements.

(9) Long-Term Debt

	<u>2009</u>	<u>2008</u>
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.	\$ 962,528	\$ 1,580,362
Note payable 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>317,966</u>	<u>336,671</u>
	1,280,494	1,917,033
Less current portion	<u>668,708</u>	<u>633,590</u>
	\$ <u>611,786</u>	\$ <u>1,283,443</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>
2010	\$ 668,708	\$ 49,592	\$ 718,300
2011	333,768	17,235	351,003
2012	21,322	11,738	33,060
2013	22,273	10,787	33,060
2014	23,268	9,792	33,060
2015-2019	132,876	32,424	165,300
2020-2024	<u>78,279</u>	<u>4,357</u>	<u>82,636</u>
	\$ <u>1,280,494</u>	\$ <u>135,925</u>	\$ <u>1,416,419</u>

All gross revenues of the College have been pledged to repay the U.S. Department of Education loan principal and interest. The loan payment amounts were \$685,240 and \$448,655 for the years ended September 30, 2009 and 2008, respectively, or approximately 16.5% and 11.1%, respectively, of pledged gross revenues for those years.

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

Notes to Financial Statements
September 30, 2009 and 2008

(10) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2009 and 2008, was as follows:

	Beginning Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2009	Amount due within one year
Loans payable	\$ 1,917,033	\$ -	\$ (636,539)	\$ 1,280,494	\$ 668,708
Accrued annual leave	468,036	397,740	(392,809)	472,967	214,589
DCRS sick leave liability	<u>503,083</u>	<u>101,382</u>	<u>-</u>	<u>604,465</u>	<u>-</u>
	<u>\$ 2,888,152</u>	<u>\$ 499,122</u>	<u>\$ (1,029,348)</u>	<u>\$ 2,357,926</u>	<u>\$ 883,297</u>
	Beginning Balance October 1, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2008	Amount due within one year
Loans payable	\$ 2,226,686	\$ -	\$ (309,653)	\$ 1,917,033	\$ 633,590
Accrued annual leave	457,081	397,480	(386,525)	468,036	211,696
DCRS sick leave liability	<u>436,654</u>	<u>66,429</u>	<u>-</u>	<u>503,083</u>	<u>-</u>
	<u>\$ 3,120,421</u>	<u>\$ 463,909</u>	<u>\$ (696,178)</u>	<u>\$ 2,888,152</u>	<u>\$ 845,286</u>

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

Schedule 1
Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 11,864,601	\$ 10,881,574
Benefits	<u>3,136,084</u>	<u>2,993,461</u>
Total salaries, wages and benefits	<u>\$ 15,000,685</u>	<u>\$ 13,875,035</u>
 Full-time employees at end of year	 219	 219
 Federal Funds:		
Salaries	\$ 1,478,219	\$ 528,753
Benefits	<u>221,949</u>	<u>137,903</u>
Total salaries, wages and benefits	<u>\$ 1,700,168</u>	<u>\$ 666,656</u>
 Full time federal employees at end of year (inclusive in above amount)	 14	 13

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Instruction:		
Salaries, wages and benefits	\$ 7,504,647	\$ 6,644,033
Travel	40,944	52,252
Contract services	199,168	189,666
Supplies	241,954	174,424
Minor equipment	494,403	404,744
Capital expenditures	116,735	-
Miscellaneous	428,839	344,975
	<u>\$ 9,026,690</u>	<u>\$ 7,810,094</u>
 Total employees at end of year	 <u>104</u>	 <u>90</u>
	<u>2009</u>	<u>2008</u>
Planning:		
Salaries, wages and benefits	\$ 484,419	\$ 497,193
Travel	24,346	30,383
Contract services	656,742	273,928
Supplies	17,855	16,151
Minor equipment	53,692	16,800
Capital expenditures	-	27,066
Miscellaneous	208	2,957
	<u>\$ 1,237,262</u>	<u>\$ 864,478</u>
 Total employees at end of year	 <u>8</u>	 <u>9</u>
	<u>2009</u>	<u>2008</u>
Academic Support:		
Salaries, wages and benefits	\$ 1,946,353	\$ 1,076,738
Travel	78,083	53,185
Contract services	259,669	79,192
Supplies	133,934	88,943
Minor equipment	249,097	107,524
Capital expenditures	20,505	474
Miscellaneous and transfers	211,990	42,420
	<u>\$ 2,899,631</u>	<u>\$ 1,448,476</u>
 Total employees at end of year	 <u>15</u>	 <u>16</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2009 and 2008

	2009	2008
Student Services:		
Salaries, wages and benefits	\$ 2,129,479	\$ 2,465,129
Travel	32,957	57,388
Contract services	143,715	134,501
Supplies	51,774	70,563
Minor equipment	13,188	93,592
Miscellaneous and transfers	32,112	44,535
	\$ 2,403,225	\$ 2,865,708
 Total employees at end of year	40	45
	2009	2008
Institutional Support:		
Salaries, wages and benefits	\$ 2,330,836	\$ 2,672,912
Travel	122,933	132,100
Contract services	917,355	1,472,539
Supplies	40,562	76,667
Minor equipment	4,350	19,107
Capital expenditures	2,500	4,569
Interest and miscellaneous	118,893	256,680
	\$ 3,537,429	\$ 4,634,573
 Total employees at end of year	40	48
	2009	2008
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 306,926	\$ 252,569
Contract services	349,483	314,747
Supplies	61,622	54,204
Minor equipment	22,523	21,132
Capital expenditures	19,758	-
Utilities	1,099,647	1,078,444
Miscellaneous	520	-
	\$ 1,860,479	\$ 1,721,096
 Total employees at end of year	8	7

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2009 and 2008

	2009	2008
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 253,737	\$ 223,280
Travel	4,346	-
Contract services	1,380	837
Supplies	688	665
Minor equipment	269	1,457
Miscellaneous	3,279,410	2,722,983
	\$ 3,539,830	\$ 2,949,222
 Total employees at end of year	 3	 3
	2009	2008
Auxiliary:		
Salaries, wages and benefits	\$ 44,288	\$ 43,181
Travel	-	570
Supplies	147	1,741
Minor equipment	515,056	436,885
	\$ 559,491	\$ 482,377
 Total employee at end of year	 1	 1

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, 2009

(With Comparative Balances as of September 30, 2008)

	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	Total							2009	2008
ASSETS														
Cash	\$ -	\$ 576,248	\$ 576,248	\$ -	\$ -	\$ -	\$ -	\$ 193,077	\$ -	\$ -	\$ 246,667	\$ -	\$ 1,015,992	\$ 2,055,616
Investment	-	-	-	-	-	-	-	1,637,000	-	-	-	-	1,637,000	1,675,000
Due from Government of Guam	1,368,339	428,609	1,796,948	-	-	-	-	66,847	-	-	-	-	1,863,795	2,117,917
Due from other College funds	1,145,875	12,776,698	13,922,573	13,784	325,034	338,818	66,847	140,000	-	-	45,549	(14,513,787)	-	-
Accounts receivable - U.S. Government	-	-	-	1,926,833	832,520	2,759,353	-	-	-	-	-	-	2,759,353	1,552,931
Accounts receivable - tuition	-	4,923,406	4,923,406	-	-	-	-	-	-	-	-	-	4,923,406	4,014,359
Accounts receivable - other	-	76,539	76,539	-	12,500	12,500	-	-	-	-	-	-	89,039	69,881
Allowance for doubtful accounts	-	(1,255,127)	(1,255,127)	(5,572)	-	(5,572)	-	-	-	-	-	-	(1,260,699)	(1,220,562)
Inventories	-	162,782	162,782	-	-	-	-	-	-	-	-	-	162,782	159,282
Construction in progress	-	-	-	-	-	-	-	-	-	3,921,538	-	-	3,921,538	678,084
Land	-	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	-	26,681,342	-	-	26,681,342	26,341,788
Equipment	-	-	-	-	-	-	-	-	-	5,462,313	-	-	5,462,313	5,385,946
Vehicles	-	-	-	-	-	-	-	-	-	262,358	-	-	262,358	262,358
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(21,830,656)	-	-	(21,830,656)	(20,691,894)
	<u>\$ 2,514,214</u>	<u>\$ 17,689,155</u>	<u>\$ 20,203,369</u>	<u>\$ 1,935,045</u>	<u>\$ 1,170,054</u>	<u>\$ 3,105,099</u>	<u>\$ 66,847</u>	<u>\$ 2,036,924</u>	<u>\$ -</u>	<u>\$ 16,399,895</u>	<u>\$ 292,216</u>	<u>\$ (14,513,787)</u>	<u>\$ 27,590,563</u>	<u>\$ 24,303,706</u>
LIABILITIES AND FUND BALANCE														
Accounts payable	\$ 139,885	\$ 704,587	\$ 844,472	\$ 64,297	\$ 174,706	\$ 239,003	\$ 216,464	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ 1,318,939	\$ 1,094,937
Loans payable	-	317,966	317,966	-	-	-	-	-	962,528	-	-	-	1,280,494	1,917,033
Due to other College funds	2,872,770	4,010,994	6,883,764	1,596,870	-	1,596,870	2,431,338	66,847	3,534,968	-	-	(14,513,787)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	-	292,216	-	292,216	283,528
Accrued liabilities	-	472,967	472,967	-	-	-	-	-	-	-	-	-	472,967	468,036
DCRS sick leave liability	-	604,465	604,465	-	-	-	-	-	-	-	-	-	604,465	503,083
Deferred revenue	-	1,447,433	1,447,433	-	-	-	-	-	-	-	-	-	1,447,433	1,184,943
Fund balance	(498,441)	10,130,743	9,632,302	273,878	995,348	1,269,226	(2,580,955)	1,970,077	(4,516,496)	16,399,895	-	-	22,174,049	18,852,146
	<u>\$ 2,514,214</u>	<u>\$ 17,689,155</u>	<u>\$ 20,203,369</u>	<u>\$ 1,935,045</u>	<u>\$ 1,170,054</u>	<u>\$ 3,105,099</u>	<u>\$ 66,847</u>	<u>\$ 2,036,924</u>	<u>\$ -</u>	<u>\$ 16,399,895</u>	<u>\$ 292,216</u>	<u>\$ (14,513,787)</u>	<u>\$ 27,590,563</u>	<u>\$ 24,303,706</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, 2009
(With Comparative Balances for the year ended September 30, 2008)**

	Unrestricted				Restricted			Capital Projects	Tobacco Settlement	Campus Housing	Investment In-Plant	Grand Total		
	Appropriated		Non-appropriated		Federal Fund	Other Grant	Total					2009	2008	
	General	MDF	Total Appropriated	NAF										Total Unrestricted
Revenues:														
Tuition and fees	\$ -	\$ -	\$ -	\$ 4,251,513	\$ 4,251,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,251,513	\$ 3,952,260
Government of Guam appropriations	14,406,107	1,293,887	15,699,994	-	15,699,994	-	-	-	-	-	-	-	15,699,994	15,304,555
Federal grants and contracts	-	-	-	-	-	5,027,456	1,432,331	6,459,787	-	-	-	-	6,459,787	5,590,277
Government of Guam grants and contracts/agency	-	-	-	3,113	3,113	-	1,024,856	1,024,856	-	-	-	-	1,027,969	307,685
Sales and services of auxiliary enterprises	-	-	-	894,288	894,288	-	-	-	-	-	-	-	894,288	723,302
Contracted educational services	-	-	-	808,942	808,942	-	-	-	-	-	-	-	808,942	667,140
Other sources	-	-	-	396,028	396,028	-	-	-	13,832	84,369	-	-	494,229	203,037
Total current revenues	14,406,107	1,293,887	15,699,994	6,353,884	22,053,878	5,027,456	2,457,187	7,484,643	13,832	84,369	-	-	29,636,722	26,748,256
Expenditures and mandatory transfers:														
Educational and general:														
Instruction	6,190,530	762,061	6,952,591	1,437,688	8,390,279	345,843	290,568	636,411	-	-	-	-	9,026,690	7,810,094
Planning	413,471	-	413,471	58,718	472,189	765,073	-	765,073	-	-	-	-	1,237,262	864,478
Academic support	856,282	-	856,282	267,924	1,124,206	315,924	1,459,501	1,775,425	-	-	-	-	2,899,631	1,448,476
Student services	1,939,943	-	1,939,943	181,733	2,121,676	266,635	14,914	281,549	-	-	-	-	2,403,225	2,865,708
Institutional support	2,752,273	-	2,752,273	710,629	3,462,902	842	6,600	7,442	15,084	-	52,001	-	3,537,429	4,634,573
Operation and maintenance of plant	1,275,754	-	1,275,754	473,873	1,749,627	-	5,012	5,012	38,993	66,847	-	-	1,860,479	1,721,096
Scholarship and fellowship	187,772	-	187,772	4,345	192,117	3,347,713	-	3,347,713	-	-	-	-	3,539,830	2,949,222
Retiree healthcare costs	459,245	-	459,245	-	459,245	-	-	-	-	-	-	-	459,245	427,736
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	1,138,762	1,138,762	1,289,265
Total educational and general	14,075,270	762,061	14,837,331	3,134,910	17,972,241	5,042,030	1,776,595	6,818,625	54,077	66,847	52,001	1,138,762	26,102,553	24,005,648
Auxiliary enterprises:														
Expenditures	44,669	-	44,669	514,822	559,491	-	-	-	-	-	-	-	559,491	482,377
Total expenditures	14,119,939	762,061	14,882,000	3,649,732	18,531,732	5,042,030	1,776,595	6,818,625	54,077	66,847	52,001	1,138,762	26,662,044	24,065,289
Net (decrease) increase in fund balance	286,168	531,826	817,994	2,704,152	3,522,146	(14,574)	680,592	666,018	(40,245)	17,522	(52,001)	(1,138,762)	2,974,678	2,260,231
Beginning fund balance	(2,153,062)	836,627	(1,316,435)	7,320,815	6,004,380	288,452	1,338,716	1,627,168	(146,744)	1,952,555	(4,464,495)	13,879,282	18,852,146	16,511,434
Fund transfer	-	-	-	105,776	105,776	-	(1,023,960)	(1,023,960)	(2,393,966)	-	-	3,659,375	347,225	80,481
Ending fund balance	\$ (1,866,894)	\$ 1,368,453	\$ (498,441)	\$ 10,130,743	\$ 9,632,302	\$ 273,878	\$ 995,348	\$ 1,269,226	\$ (2,580,955)	\$ 1,970,077	\$ (4,516,496)	\$ 16,399,895	\$ 22,174,049	\$ 18,852,146

See Accompanying Independent Auditors' Report.