

*Financial Statements, Required Supplementary Information,
and Supplementary and Other Information*

Guam Community College
(A Component Unit of the Government of Guam)

*Years Ended September 30, 2023 and 2022
with Report of Independent Auditors*



Guam Community College
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and Supplementary
and Other Information

Years Ended September 30, 2023 and 2022

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Financial Statements, Required Supplementary Information, and Supplementary
and Other Information

Years Ended September 30, 2023 and 2022

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Report of Independent Auditors

The Board of Trustees
Guam Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Guam Community College (the College or GCC), collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College at September 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions and the Schedule of the College's Proportionate Share of the Collective Total Other Postemployment Benefit Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of salaries and wages (cash basis) and the schedule of expenditures by function and object code are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedule of salaries and wages (cash basis) and the schedule of expenditures by function and object code are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Employee Data but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Ernst + Young LLP

May 24, 2024

Guam Community College
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis

Guam Community College (“the College” or “GCC”) received high-risk auditee status for Fiscal year 2023 due to the delay in the submission of Fiscal Year 2022 data collection form to the Federal Audit Clearinghouse. Prior year audit findings were resolved. The following overview and analysis of the financial activities for fiscal years ended September 30, 2023 and 2022, provides valuable information to all readers. We encourage readers to consider the information presented here in conjunction with additional information available in the College’s basic financial statements.

Fiscal Year 2023 Overview

The year was filled with several events that culminated in a sense of community at Guam Community College.

- There was a visit to GCC by APIA President highlighting the support for and advocacy of GCC efforts to ensure access to postsecondary education by the broad cross-section of people.
- GCC hosted the E3: Engagement + Empowerment + Equity = Diversity & Inclusion Forum which confronted issues of equity.
- The College graduated the first Baccalaureate degree recipient in the Bachelor of Science degree in Career Technical Education. The milestone signals a bright future for workforce training and addressing the need for more teachers in these respective fields.
- GCC set up the first Disaster Recovery Center (DRC) after the devastation of Typhoon Mawar. GCC DRC accommodated nearly 12,000 individuals applying for disaster assistance, accounting for nearly 40% of all DRC traffic among the four DRC sites. GCC was the last DRC to close.
- GCC Allied Health students assisted with health and wellness checks throughout Guam immediately after Typhoon Mawar.
- GCC American Sign Language students volunteered to interpret for those needing services to complete Typhoon Mawar-related processes.
- GCC Cosmetology cohort students offered free haircuts throughout the island post Typhoon Mawar.
- Thirteen individuals successfully completed the Childcare Bootcamp curriculum and training.
- GCC hosted the Summer Bridge program to give high school students an up-close and personal experience on the GCC campus as a student.
- GCC welcomed 40 students for the Governor’s Summer Youth Employment Program to learn and assist in work experience in various departments on campus.

CARES, CRRSAA, ARP, and SSARP Funding

As previously reported, the College was awarded funding under the federal Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan (ARP). These funds totaling \$13,609,824 were initially due to expire in 2023, but were extended to June 2024 by the U.S. Department of Education.

Guam Community College
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Management's Discussion and Analysis, continued

CARES, CRRSAA, ARP, and SSARP Funding, continued

GCC made funds available to students to help cover the costs of college and daily expenses totaling \$831,471 to 3,069 students during Fall 2022 and Spring 2023.

Funds were also used to upgrade the campus' network infrastructure, replace old air conditioning units, add air purification systems, and install outdoor benches to allow for social distancing. GCC continued to offer Westcare's UpLift Counseling services to our students and employees at the GCC campus to support social and emotional needs.

Network Infrastructure Upgrade & Other Projects

In support of the College's motto of "Student First, Mission Always", the College undertook projects to upgrade the campus' network infrastructure to enhance the wireless connectivity experience of the students, faculty, and staff. GCC modernized its network infrastructure to include underground fiber optic backbone connections throughout the campus, as well as phase 1 of the wireless network upgrade. Phase 2 of the wireless network upgrade was completed in FY 2023.

Local Appropriations

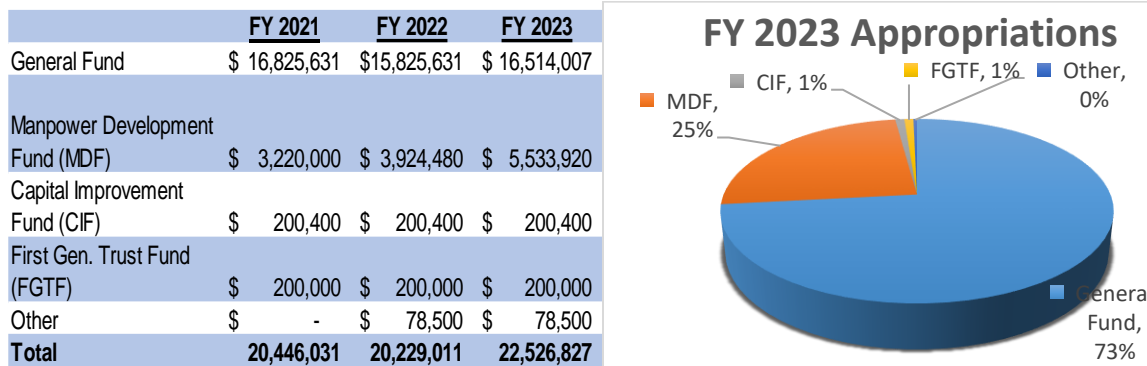
The College continued to maintain its operations during fiscal year 2023 with the financial resources available, despite setbacks caused by enrollment decreases from prior years and continuous uncertainties caused by the COVID-19 pandemic.

Public Law (P.L.) 36-107, the Government of Guam Appropriations Act for FY 2023 appropriated 11% more or \$2.3m, resulting in a \$22.5M FY2023 budget compared to FY2022's budget of \$20.2M. General Fund appropriations cover a majority of salaries, benefits, and utility costs. Public Law 37-3 appropriated \$438K for the 22% general pay plan for staff salary increase. Manpower Development has increased by \$1.6M as a result of the increase in the registration fees of non-migrant temporary workers. Appropriations included \$200,400 to fund the debt service for the construction of Building 100 and the expansion of the Director Gregorio G. Perez Forensic DNA Lab. In addition, the College received \$200,000 to support high school students pursuing postsecondary education under the First Generation Trust Fund, as well as \$78,500 to establish the Scholarship Office to administer the Western Interstate Commission for Higher Education Professional Student Exchange Program (WICHE PSEP). See Table below for the appropriations received during the last three fiscal years (FY 2021 to FY 2023).

Guam Community College
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Management’s Discussion and Analysis, continued

Local Appropriations, continued



The College’s Government of Guam local appropriation funds are used to support personnel costs for postsecondary career and technical education (CTE) programs on campus and at the six secondary high schools. Thirteen CTE programs [Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications] are provided at the six secondary public schools and were delivered by 48 GCC faculty. Not all programs are offered at each high school due to space limitations.

GCC had 225 full-time personnel as of September 30, 2023, a decrease from the prior year’s 228 personnel. The decrease in personnel was a result of not filling vacancies from resignations and retirements in the prior year for secondary and post-secondary faculty as well as support staff in various departments throughout the College. GCC also hired three program coordinators to support the Literacy Navigators Program that commenced in FY 2023.

Tuition and Fees

Tuition revenue, beginning in 2011, is used to hire full-time permanent faculty (50%), staff and administrative positions (20%), as well as capital improvement projects and other related expenses (30%). Positions are determined based on data to support additional personnel needed for expansion of programs or services. In addition, technology infrastructure and labs throughout the campus are upgraded using Technology Fee revenue.

Grant Funding Sources

The College continues to seek and apply for additional funding resources through grants and loans to support its mission. In addition to the CARES funding, other funding sources in FY 2023 are as follows:

- As the State Agency responsible for providing adult education programs to eligible individuals on Guam through the Workforce Investment Opportunity Act (WIOA) for the Territory of Guam, GCC received \$553,782 in WIOA grant funds for the period of July 1, 2022 to September 30, 2023.

Guam Community College
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Management's Discussion and Analysis, continued

Grant Funding Sources, continued

- In AY 2022-2023, the Pell funding maximum full-time award was increased by \$400 to \$6,895 per student per academic year. There were 2,523 students awarded Pell grants during AY 2022-2023 and the students' Pell awards covered 42% or \$2,330,057 of the total tuition and fee revenue. This is a decrease from 2022 where 43% or \$2,216,364 of students' tuition and fees were paid with the Pell award. Although tuition rates remained the same since 2011, students paid out-of-pocket for the portion of the tuition and fees not covered by their Pell awards.
- GCC received \$1,192,395, through a contractual agreement with the Guam Department of Education (GDOE), to provide 13 secondary CTE programs in the six public high schools. The grant provided support and services for the following CTE programs: Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications. The College also provides access and assessment for ACT WorkKeys® and KeyTrain®, CHOICES 360®, and Work Experience. The contract was renewed through September 30, 2024.
- GCC received a \$3,668,135 award from the Education Stability Fund (ESF) through a contractual agreement with the Office of the Governor of Guam to partially fund the renovation and expansion of the Student Success Center, also known as Building B. The project was awarded in May 2022 and was obligated for the construction.
- GCC received a \$1,208,218 award through a contractual agreement with the Office of the Governor of Guam for the literacy program to expand literacy in Guam's public schools. The Literacy Navigator Program is geared towards helping students raise their literacy skill level in order to drastically improve their academic success.
- GCC was awarded \$456,054 from DOI for the GCC Construction Bootcamps to assist in getting people back to work. Two boot camps (Construction Boot Camp III and Ship Repair Bootcamp IV) were completed as of September 30, 2022, resulting in 26 completers. A third boot camp, Truck Driving Boot Camp IV was completed in June 2023, while additional boot camps are scheduled for the remainder of FY 2023 and into FY 2024. The grant expires on September 30, 2024.
- GCC was awarded \$140,288 from DOI for increasing GCC Facilities Maintenance capabilities. The grant funding provided essential safety and skills enhancement training for facility personnel in the areas of HVAC, electrical, and plumbing. The grant also provided funds to procure necessary tools and equipment to allow the team to complete assigned preventive maintenance jobs on campus. Tools and equipment were purchased during the year and remaining items will be purchased during FY2024. Funding expires on September 30, 2024.

Guam Community College
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Management's Discussion and Analysis, continued

Grant Funding Sources, continued

- In support of the College's commitment to sustainability, GCC was awarded \$475,200 from DOI for the installation of a 100-KW solar panel system for Buildings A and C. The project was completed in February 2024. The remaining funds will be used to expand the Building A system. The grant was initially due to expire on September 30, 2022. The grant was extended to September 30, 2024.
- GCC was awarded \$594,000 from DOI for the installation of a 100-KW solar panel system for the Student Services and Administration Building 2000. GCC submitted to local and federal agencies its Request for Evaluation of Proposed Project Impacts for the 100-KW solar project as they relate to any environmental, land, historical, local, or federal regulations and requirements. The final design is undergoing the permit process and construction will commence thereafter. The grant will expire on September 30, 2024.
- GCC was awarded \$78,040 from DOI for grant writing, fund development and financial management. Non-profit grant training instructors were identified and scheduled training is slated for FY 2024. Non-profit organizations on Guam are recruited as participants. The grant will expire on September 30, 2025.
- GCC was awarded \$194,350 from DOI for Increasing GCC Maintenance Capabilities to purchase maintenance equipment and a vehicle. DOI granted authorization to proceed on August 8, 2023 and bid advertisement was released on November 28, 2023. A bid opening was scheduled for December 18, 2023 and two vendors were awarded. The grant will expire on September 30, 2027.

Enrollment

Similar to other colleges and universities, GCC was challenged with maintaining or increasing student enrollment amid the third year of the global pandemic. Efforts to increase enrollment have been ongoing, including promoting bootcamps to support the economic development of our island, providing hands-on financial aid workshops, and conducting outreach activities to our island high schools and the community.

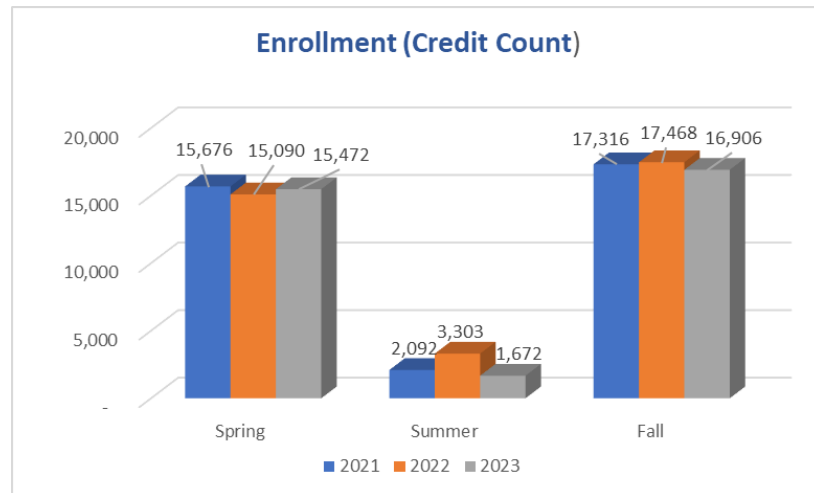
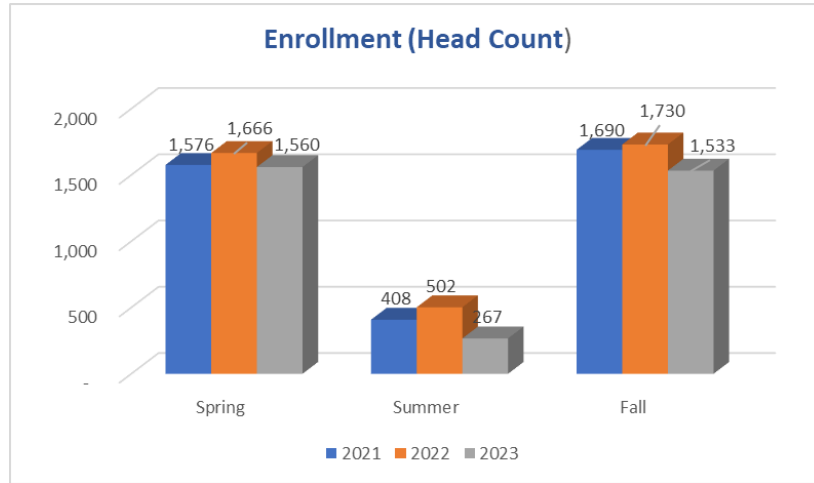
The College maintained competitive tuition rates at \$130 per credit hour during the academic year 2022-2023. There was no change in tuition per credit hour since Fall 2011.

The College began to see a slight decrease in student enrollment beginning in Spring 2023 (1,560 students), a decrease of 6% compared to Spring 2022, while Spring 2023 credit hours of 15,472 was 2.5% more than Spring 2022. This meant that students were enrolled in more courses than the prior Spring 2022. Fall 2023 enrollment was at 1,533, a decrease of 11.4% compared to Fall 2022. Similarly, Fall 2023 students were registered for 16,906 credit hours, or 3.2% less than Fall 2022 students' 17,468 credit hours. GCC experienced a 49% decrease in enrollment in Summer 2023 compared to Summer 2022.

Guam Community College
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Management’s Discussion and Analysis, continued

Enrollment, continued



Through the First Generation Trust Fund, 254 high school students were awarded a one-time \$500 scholarship in AY 2022-2023, totaling \$127,000.

One high school student availed of the Dual Credit Articulated Program of Study (DCAPS) compared to seven students in the prior year. This program provides college credit upon successful attainment of a “B” grade or better in GCC’s Career and Technical Education high school program, earning the certificate of mastery, and the completion of 180 hours of work experience.

In AY 2022-2023, 2,480 public high school students participated in GCC’s CTE Programs. In AY 2022-2023, 99 students attained Certificates of Mastery and 254 students earned Certificates of Completion.

Guam Community College
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Management's Discussion and Analysis, continued

Overview of the Financial Statements and Financial Analysis

(All figures are in thousands)

Summary Statement of Net position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Other current assets	\$ 31,031	\$ 26,521	\$ 22,090
Accounts receivable – U.S. Government	1,754	1,940	459
Investments (noncurrent)	1,739	1,702	2,055
Capital assets, net	<u>43,726</u>	<u>39,298</u>	<u>39,500</u>
Total assets	<u>78,250</u>	<u>69,461</u>	<u>64,104</u>
Deferred outflows from pension	<u>24,778</u>	<u>20,960</u>	<u>26,323</u>
Total assets and deferred outflows of resources	\$ <u>103,028</u>	\$ <u>90,421</u>	\$ <u>90,427</u>
Liabilities:			
Current liabilities	\$ 5,590	\$ 6,249	\$ 4,371
Non-current liabilities	<u>97,931</u>	<u>98,933</u>	<u>101,724</u>
Total liabilities	<u>103,521</u>	<u>105,182</u>	<u>106,095</u>
Deferred inflows from pension	<u>22,886</u>	<u>16,744</u>	<u>18,592</u>
Net position:			
Net investment in capital assets	39,621	34,027	38,812
Restricted - nonexpendable for learning resources & technology	1,739	1,702	1,398
Unrestricted	<u>(64,739)</u>	<u>(67,234)</u>	<u>(74,470)</u>
Total net position	<u>(23,379)</u>	<u>(31,505)</u>	<u>(34,260)</u>
Total liabilities, deferred inflows of resources and net pension	\$ <u>103,028</u>	\$ <u>90,421</u>	\$ <u>90,427</u>

The College's overall financial situation improved as compared to the prior year, going from a negative \$31.51 million net position to a negative \$23.38 million net position or a positive net change in assets of \$8.13 million. This improvement is primarily attributed to current assets increased by 15%, primarily due to increase in HEERF (CARES Act) funding, ESF funding via the MOU with the Office of the Lieutenant Governor- Guam State Clearing House, Government of Guam appropriations and in accounts receivable. Investments increased due to slight improvement in market values. Buildings, infrastructure, and equipment increased due to purchases of air conditioning units with air purification systems to prevent the spread of the coronavirus, computers and laptops to support the computer labs throughout the campus, as well as various repairs to buildings and infrastructure. Ongoing construction projects, such as Student Success Center (Building B), Culinary and Baking Building, Building A&C solar power system, and Building 2000 generator resulted in a 44% increase in Construction in Progress. Accordingly, accumulated depreciation increased to offset the capital changes.

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Management's Discussion and Analysis, continued

Current liabilities decreased due to decreases in construction payable, and deferred revenue. Noncurrent liabilities decreased due to a reduction in net effect of OPEB and net pension liability, going from \$94.32M to \$92.73M.

As a result of the constraints of College and University accounting, approximately \$8,245,298 in encumbrances incurred in fiscal year 2023 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2024 net position. The encumbrances are related to the construction and renovation of Building B, Culinary & Baking Building, Buildings A and C solar power system, and other capital projects.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 5,848	\$ 12,313	\$ 14,941
Operating expenses	<u>(34,080)</u>	<u>(35,826)</u>	<u>(36,854)</u>
Operating loss	(28,232)	(23,513)	(21,913)
Non-operating revenues, net	34,295	26,123	18,978
Federal capital grants	<u>2,642</u>	<u>1,404</u>	<u>-</u>
Change in net position	8,705	4,014	(2,935)
Net position at beginning of year	<u>(31,505)</u>	<u>(35,519)</u>	<u>(31,325)</u>
Net position at end of year	\$ <u>(22,800)</u>	\$ <u>(31,505)</u>	\$ <u>(34,260)</u>

Statement of Cash Flows

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash provided by (used in):			
Operating activities	\$ (23,160)	\$ (21,016)	\$ (14,672)
Noncapital financing activities	34,148	26,046	19,756
Capital and related financing activities	(6,756)	(1,202)	(5,888)
Investing activities	<u>-</u>	<u>-</u>	<u>2,095</u>
Net change in cash and cash equivalents	4,232	3,828	1,291
Cash and cash equivalents at beginning of year	<u>21,688</u>	<u>17,860</u>	<u>17,860</u>
Cash and cash equivalents at end of year	\$ <u>25,920</u>	\$ <u>21,688</u>	\$ <u>17,860</u>

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Management's Discussion and Analysis, continued

At the end of FY 2023, the College recognized a 9% increase in student tuition and fees, which is in line with the increase in credit enrollment during FY 2023 compared to the prior year. The College experienced a 5% increase in federal grants contracts revenues due to increases in federal awards and sub-awards during the year. The College experienced a 20% decrease in auxiliary revenues. GCC's contributions to the Unfunded Liability were maintained due to contributing employees on the DC, DB, and DB 1.75 plans.

The College's ongoing efforts to fiscally and responsibly manage all available funds, increase revenues, and reduce or contain expenditures resulted in a \$8.13 million positive change in net position, a 103% improvement from FY 2022's \$4.01 change in net position.

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

- Net operating revenues decreased by \$2.9M or 33.7%.
- Operating expenses decreased by \$1.3M or 3.6%.
- Net nonoperating revenues increased by \$4.3M or 14.4%.
- Federal capital grants increased by \$1.2M or 88.2%

Management's Discussion and Analysis for the years ended September 30, 2022 and 2021, is set forth in the College's report on the audit of the financial statements, which is dated August 22, 2023. The Discussion and Analysis explains the major factors impacting the 2022 and 2021 financial statements and can be viewed at the Office of Public Accountability website at www.opaguam.org.

Economic Outlook for FY 2024

Maintaining the highest standards in education and workforce development is a continual goal of Guam Community College. For more than two decades, the College has earned a reputation for its fiscal discipline and acumen, always holding the trust of the community in high regard.

This same mindset of excellence measures the path we forge in delivering the education and training that strengthens our workforce and our island's economy, while also ensuring our graduates can meet national standards in whatever field of work or career path they take.

In the year ahead, GCC will begin preparations for re-accreditation. In March 2022, GCC submitted the mid-term report to the Accrediting Commission for Community and Junior Colleges (ACCJC). In June 2023, GCC received notice from the ACCJC stating, "the Commission has determined that the institution's progress is appropriate and has accepted the Report. On behalf of the Commission, we wish to acknowledge the College's commitment to improvement as it continues its efforts in the best interests of its students."

Preparations are now underway to ensure the College is ready for the next comprehensive review by the Commission: the team Institutional Self-Evaluation Review (ISER) in Fall 2024 and the Focused Site Visit by the ACCJC in Spring 2025.

Guam Community College
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Management's Discussion and Analysis, continued

Along with accreditation, our focus continues to be the welfare and well-being of our students. The College is working to expand diversity, equity and inclusion efforts to ensure that all of our students feel supported. GCC's Veterans community, our LGBTQ community, the various ethnicities and cultures of our community, and all who come to GCC, should know that they are valued and welcomed as contributing members of the GCC family.

In line with the 2020-2026 Institutional Strategic Master Plan and the 2020-2030 GCC Physical Campus Master Plan, the College continues to exercise due care when selecting the infrastructure and facilities to upgrade, as well as the procurement of equipment and tools to support and ensure students' success.

Among the projects slated for completion in FY 2024 are the Building 2000 emergency generator and the renovation of Building 400 to support the Culinary and Baking Center. The renovation of the Workforce Development Center in Barrigada is slated to commence in FY 2024. The College is in the process of finalizing the funding approval for the construction of the Facilities Maintenance and Wellness Center.

In line with the 2020-2026 ISMP, the College continues to monitor our enrollment, seek additional funding, and manage financial resources to mitigate the increasing need for workers to support Guam's economy. GCC is eager to connect with existing and new partners to promote workforce development on the island. At a time of ever-increasing costs, the College seeks to streamline processes and implement cost-cutting measures, while simultaneously assessing and planning for upgrades to the physical and technology infrastructure in support of the 2020-2030 Physical Campus Master Plan and the Institutional Technology Strategic Plan.

For further news and up-to-date information concerning the Guam Community College, please visit the website at www.guamcc.edu for our annual report and financial statements.

Guam Community College
(A Component Unit of the Government of Guam)

Statements of Net Position

	September 30,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,920,248	\$ 21,688,418
Tuition receivable, less allowance for doubtful accounts of \$1,241,685 and \$1,528,755 at September 30, 2023 and 2022, respectively	1,637,825	1,176,532
Accounts receivable - U.S. Government, less allowance for doubtful accounts of \$0 and \$59,676 at September 30, 2023 and 2022, respectively	1,753,640	1,939,658
Due from Guam Community College Foundation	2,111,152	1,617,200
Accounts receivable - other, less allowance for doubtful accounts of \$466,165 and \$117,968 at September 30, 2023 and 2022, respectively	875,985	1,576,551
Inventories	485,783	462,216
Total current assets	32,784,633	28,460,575
Noncurrent assets:		
Investments	1,739,096	1,702,277
Capital Assets:		
Depreciable capital assets, net of accumulated depreciation	25,803,469	25,271,604
Lease assets, net of accumulated amortization	3,415,664	3,514,957
Subscription assets arising from subscription-based information technology arrangements, net of accumulated amortization	518,517	---
Nondepreciable capital assets	13,988,782	10,511,013
Total noncurrent assets	45,465,528	40,999,851
Total assets	78,250,161	69,460,426
Deferred outflows of resources:		
Deferred outflows from OPEB	11,369,129	15,263,963
Deferred outflows from pension	13,408,760	5,696,592
Total deferred outflows of resources	24,777,889	20,960,555
Total assets and deferred outflows of resources	\$ 103,028,050	\$ 90,420,981

Guam Community College
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	September 30,	
	2023	2022
Liabilities		
Current liabilities:		
Current portion of lease liability	\$ 45,760	\$ 43,840
Current portion of accrued annual leave	266,715	251,486
Accounts payable	1,885,706	1,723,849
Accrued liabilities	989,670	892,227
Construction contract payable	203,840	1,091,699
Retainage payable	660,646	549,257
Unearned revenues	1,228,720	1,389,711
Deposits held on behalf of others	308,984	306,797
	5,590,041	6,248,866
Total current liabilities		
Noncurrent liabilities:		
Accrued annual leave, net of current portion	323,593	285,954
DCRS sick leave liability	796,424	742,982
Lease liability, net of current portion	3,541,224	3,585,981
Subscription liability	533,995	---
Collective total OPEB liability	51,852,707	61,585,699
Net pension liability	40,882,873	32,732,493
	103,520,857	105,181,975
Total liabilities		
Deferred inflows of resources:		
Deferred inflows from OPEB	19,927,728	12,610,525
Deferred inflows from pension	2,958,124	4,133,273
	22,885,852	16,743,798
Total deferred inflows of resources		
Net position:		
Net investment in capital assets	39,620,931	34,026,797
Restricted nonexpendable for learning resources and technology	1,739,096	1,702,277
Unrestricted	(64,738,686)	(67,233,866)
	(23,378,659)	(31,504,792)
Total net position		
Total liabilities, deferred inflows of resources and net position	\$ 103,028,050	\$ 90,420,981

See accompanying notes

Guam Community College Foundation

Statements of Financial Position

Assets	September 30,	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,107,205	\$ 1,103,724
Other receivables	3,005	8,548
Investments	16,516,830	14,588,942
Net investment in the lease, current portion	45,730	---
Capital lease receivable, current portion	---	43,840
Total current assets	17,672,770	15,745,054
Net investment in the lease, net of current portion	3,540,854	---
Capital lease receivable, net of current portion	---	3,586,983
Construction in progress	5,156,608	5,071,894
Plant and equipment, net	18,008	18,008
Total assets	\$ 26,388,240	\$ 24,421,939
 Liabilities and Net Assets		
Current liabilities:		
Current portion of loan payable	\$ 113,169	\$ 110,515
Construction contract payable and other accruals	82,771	82,035
Retainage payable	---	253,595
Due to Guam Community College	2,111,152	1,614,568
Total current liabilities	2,307,092	2,060,713
Loan payable, net of current portion	3,657,328	3,744,365
Total liabilities	5,964,420	5,805,078
 Net assets:		
Without donor restrictions	18,316,541	16,740,571
With donor restrictions	2,107,279	1,876,290
	20,423,820	18,616,861
Total liabilities and net assets	\$ 26,388,240	\$ 24,421,939

See accompanying notes

Guam Community College
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position

	Years Ended September 30,	
	2023	2022
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 5,572,109	\$ 5,096,458
Less: Scholarship discounts and allowances	(2,330,057)	(2,216,364)
	3,242,052	2,880,094
Federal grants and contracts	138,443	2,772,519
Auxiliary enterprises	1,246,132	1,574,239
Other revenues	1,119,430	1,346,379
Total operating revenues	5,746,057	8,573,231
Operating expenses:		
Education and general:		
Instruction	11,169,619	10,552,007
Institutional support	6,623,126	7,135,494
Student services	3,258,250	3,097,360
Scholarships and fellowships	2,834,350	4,627,528
Operations and maintenance of plant	2,580,217	2,230,369
Depreciation	2,499,245	2,536,730
Academic support	2,280,737	2,527,698
Retiree pension and healthcare costs	1,849,004	1,731,269
Planning	946,132	824,004
Auxiliary enterprises	426,643	563,693
Total operating expenses	34,467,323	35,826,152
Operating loss	(28,721,266)	(27,252,921)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations, net	24,375,831	21,960,280
Federal grants and contracts	9,871,385	7,825,677
Net contributions from GCC Foundation	115,548	179,105
Other nonoperating receipts	---	56,069
Interest expense	(157,562)	(158,372)
Net nonoperating revenues	34,205,202	29,862,759
Federal capital grants	2,642,197	1,404,023
Change in net position	8,126,133	4,013,861
Net position:		
Net position at beginning of year	(31,504,792)	(35,518,653)
Net position at end of year	\$(23,378,659)	\$(31,504,792)

See accompanying notes

Guam Community College Foundation

Statements of Activities

	Years Ended September 30,					
	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other additions:						
Net investment gains (losses)	\$ 1,657,095	\$ 230,989	\$ 1,888,084	\$(3,053,537)	\$(490,225)	\$(3,543,762)
Interest income	156,241	---	156,241	158,549	---	158,549
Fundraising	49,194	---	49,194	60,689	---	60,689
Other additions	<u>7,035</u>	<u>---</u>	<u>7,035</u>	<u>41,000</u>	<u>---</u>	<u>41,000</u>
Total revenues, gains and other additions	<u>1,869,565</u>	<u>230,989</u>	<u>2,100,554</u>	<u>(2,793,299)</u>	<u>(490,225)</u>	<u>(3,283,524)</u>
Expenditures and other deductions:						
Management and general	234,766	---	234,766	353,770	---	353,770
Fundraising	<u>58,829</u>	<u>---</u>	<u>58,829</u>	<u>88,594</u>	<u>---</u>	<u>88,594</u>
Total expenditures and other deductions	<u>293,595</u>	<u>---</u>	<u>293,595</u>	<u>442,364</u>	<u>---</u>	<u>442,364</u>
Change in net assets	1,575,970	230,989	1,806,959	(3,235,663)	(490,225)	(3,725,888)
Net assets at beginning of year	<u>16,740,571</u>	<u>1,876,290</u>	<u>18,616,861</u>	<u>19,976,234</u>	<u>2,366,515</u>	<u>22,342,749</u>
Net assets at end of year	<u>\$ 18,316,541</u>	<u>\$ 2,107,279</u>	<u>\$ 20,423,820</u>	<u>\$ 16,740,571</u>	<u>\$ 1,876,290</u>	<u>\$ 18,616,861</u>

See accompanying notes

Guam Community College
(A Component Unit of the Government of Guam)

Statements of Cash Flows

	Years Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Student tuition and fees	\$ 2,619,768	\$ 3,299,034
Federal grants and contracts	324,461	1,291,655
Auxiliary enterprises	1,246,132	1,574,239
Other receipts	1,289,225	827,583
Payments to employees	(19,649,204)	(19,033,555)
Payments to suppliers	(8,382,708)	(8,094,137)
Payments for scholarships and fellowships	(2,834,350)	(4,620,795)
Net cash used in operating activities	(25,386,676)	(24,755,976)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	24,375,831	21,960,280
Federal grants and contracts	9,871,385	7,825,677
Cash provided by noncapital financing activities	34,247,216	29,785,957
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,186,056)	(2,640,507)
Federal capital grants	2,642,197	1,404,023
Other receipts	115,548	56,069
Principal paid on lease liability	(42,837)	(42,028)
Net contributions from GCC Foundation	---	179,105
Interest paid on lease liability	(157,562)	(158,372)
Net cash used in capital and related financing activities	(4,628,710)	(1,201,710)
Net change in cash and cash equivalents	4,231,830	3,828,271
Cash and cash equivalents at beginning of year	21,688,418	17,860,147
Cash and cash equivalents at end of year	\$ 25,920,248	\$ 21,688,418
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$(28,721,266)	\$(27,252,921)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,499,245	2,536,730
Noncash other postemployment benefit cost	2,840,078	3,627,793
Noncash pension cost	3,073,298	1,879,397
Noncash subscription expense	15,478	---
Unrealized (gain) loss on investment	(36,819)	353,097
Changes in assets and liabilities:		
Tuition receivable	(461,293)	320,228
Accounts receivable - U.S. Government	186,018	(1,480,864)
Accounts receivable - others and GCC Foundation	206,614	(871,893)
Inventories	(23,567)	(51,374)
Accrued annual leave	52,868	(21,720)
Accounts payable, accrued liabilities and deposits on behalf of others	261,487	825,404
Unearned revenues	(160,991)	98,712
DCRS sick leave liability	53,442	34,319
Collective total OPEB liability	(1,361,033)	(1,111,028)
Net pension liability	(3,810,235)	(3,641,856)
Net cash used in operating activities	\$(25,386,676)	\$(24,755,976)

See accompanying notes

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years Ended September 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

Guam Community College (the College or GCC) 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.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Basis of Presentation

Governmental Accounting Standards Board (GASB) establishes the financial statement presentation for the College and provides a comprehensive, entity-wide perspective of the College's assets and deferred outflows of resources, liabilities and deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

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. Time certificates of deposit with original maturities of more than three months are separately presented. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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.

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. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Receivables are written-off against the allowance through the specific identification method.

Inventories

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

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.

Capital Assets

Capital assets 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.

The College capitalizes assets with costs greater than \$5,000. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until the applicable future period.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until the applicable future period.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. No liability is accrued for non-vesting sick leave benefits. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. A liability is accrued for estimated sick leave to be paid out to DCRS members upon retirement.

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GCC recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GCC's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GCC's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Pensions and Other Postemployment Benefits (OPEB), continued

OPEB is required to be recognized and disclosed using the accrual basis of accounting. The College recognizes a collective total OPEB liability for the defined benefit OPEB plan in which it participates, which represents the College's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the collective total OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the collective total OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

Net Position

Net position represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three sections: net investment in capital assets; restricted expendable and non-expendable, and unrestricted. Net investment in capital assets include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The accounts shown as restricted assets are amounts in a separate account to be administered by the College and to be expended exclusively for enhancement of learning resources and technology. All other net position is unrestricted.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) investment earnings.

Nonoperating Revenues and Expenses – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, most federal, state and local grants and contracts and federal appropriations, and other revenue and expense sources that are defined as nonoperating revenues and expenses, 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 Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

New Accounting Standards

During the year ended September 30, 2023, the College implemented the following pronouncements:

- GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of this Statement 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, continued

1. Organization and Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The implementation of this Statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon adoption of this Statement, the College recorded \$937,360 of intangible right-to-use asset and \$1,053,622 of subscription liability at October 1, 2022.
- GASB Statement No. 99, Omnibus 2022, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement provides clarification of provisions in:
 - GASB Statement No. 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
 - GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
 - GASB Statement No. 96 related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

This Statement modifies accounting and reporting guidance in:

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, related to termination of hedge.

The implementation of this Statement did not have a material effect on the accompanying financial statements.

In April 2022, GASB issued Statement No. 99. This Statement contains guidance whose effective dates are in future periods. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 99:

- 1) Modifies guidance in GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, to bring all guarantees under the same financial reporting requirements and disclosures effective for fiscal year ending September 30, 2024.
- 2) Provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53 effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections and requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. Requirements applicable to changes in accounting principles apply to the implementation of a new pronouncement if there is no specific transition guidance in the new pronouncement. The Statement also requires that aggregate amounts of adjustments to, and restatements of, beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

New Accounting Standards, continued

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 102 will be effective for fiscal year ending September 30, 2025.

The College is currently evaluating the effects the above upcoming accounting pronouncements might have on its financial statements.

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.

Guam Community College
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Reclassification

The College made a reclassification in the accompanying 2022 statement of revenues, expenses and changes in net position as follows: Operating revenue – Federal grants and contracts of \$3,739,594 to nonoperating revenue – Federal grants and contracts. The reclassification is related to Pell grants that should be reported as nonoperating revenues. Such reclassification has no effect on previously reported 2022 change in net position.

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.

Deposits

GASB requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The College does not have a deposit policy for custodial credit risk.

As of September 30, 2023 and 2022, the carrying amount of the College's deposits was \$25,920,248 and \$21,688,418, respectively, the corresponding bank balances were \$26,220,923 and \$22,060,516, correspondingly. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2023 and 2022, deposits in the amount of \$25,496,253 and \$21,356,861, respectively, were not 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.

Investment

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, 2023 and 2022, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of \$1,739,096 and \$1,702,277, respectively, and this investment is appropriately classified in restricted net position. The College has no related expenditures for capital projects for the years ended September 30, 2023 and 2022, respectively.

Guam Community College
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Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

Investment, continued

Custodial risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The College's investment is held and administered by an investment manager. Accordingly, this investment is exposed to custodial credit risk. Based on negotiated trust and custody contracts, this investment was held in the College's name at September 30, 2023 and 2022.

Investments are reported at fair value using quoted market prices. Realized and unrealized investment earnings and losses are recorded as non-operating income or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

The College categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College investments are in mutual funds as of September 30, 2023 whose fair values are Level 1 based on quoted prices in active markets for identical assets. The College invested \$10,159,166 in a money market checking account, which are measured at amortized cost and reported within the College's cash and cash equivalents.

Guam Community College
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Notes to Financial Statements, continued

2. Capital Assets

Movements of property, plant and equipment for the year ended September 30, 2023 were as follows:

	Estimated Useful Life (in years)	Balance October 1, <u>2022</u>	Additions/ <u>Transfers</u>	Retirement/ <u>Transfers</u>	September 30, <u>2023</u>
Depreciable capital assets:					
Buildings and structures	10-30	\$58,391,033	\$2,362,496	\$ ---	\$60,753,529
Furniture, fixtures and equipment	5-6	14,149,252	491,907	---	14,641,159
Vehicles	5	<u>752,315</u>	<u>77,415</u>	<u>---</u>	<u>829,730</u>
		<u>73,292,600</u>	<u>2,931,818</u>	<u>---</u>	<u>76,224,418</u>
Accumulated depreciation:					
Buildings and structures		(34,470,235)	(1,846,659)	---	(36,316,894)
Furniture, fixtures and equipment		(12,922,801)	(525,883)	---	(13,448,684)
Vehicles		<u>(627,960)</u>	<u>(27,411)</u>	<u>---</u>	<u>(655,371)</u>
		<u>(48,020,996)</u>	<u>(2,399,953)</u>	<u>---</u>	<u>(50,420,949)</u>
		<u>25,271,604</u>	<u>531,865</u>	<u>---</u>	<u>25,803,469</u>
Lease assets:					
Buildings under lease		3,673,853	---	---	3,673,853
Less accumulated amortization		<u>(158,896)</u>	<u>(99,293)</u>	<u>---</u>	<u>(258,189)</u>
		<u>3,514,957</u>	<u>(99,293)</u>	<u>---</u>	<u>3,415,664</u>
Subscription-based IT assets:					
Subscription-based IT asset		---	1,555,641	---	1,555,641
Less accumulated amortization		<u>---</u>	<u>(1,037,124)</u>	<u>---</u>	<u>(1,037,124)</u>
		<u>---</u>	<u>518,517</u>	<u>---</u>	<u>518,517</u>
Non-depreciable assets:					
Land		2,465,500	---	---	2,465,500
Construction in progress		<u>8,045,513</u>	<u>3,788,906</u>	<u>(311,137)</u>	<u>11,523,282</u>
		<u>10,511,013</u>	<u>3,788,906</u>	<u>(311,137)</u>	<u>13,988,782</u>
		<u>\$39,297,574</u>	<u>\$4,739,995</u>	<u>\$(311,137)</u>	<u>\$43,726,432</u>

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Notes to Financial Statements, continued

2. Capital Assets, continued

Movements of property, plant and equipment for the year ended September 30, 2022 were as follows:

	Estimated Useful Life (in years)	Balance October 1, 2021	Additions/ Transfers	Retirement/ Transfers	September 30, 2022
Depreciable assets:					
Buildings and structures	10-30	\$58,382,452	\$ 8,581	\$ ---	\$58,391,033
Furniture, fixtures and equipment	5-6	13,418,401	730,851	---	14,149,252
Vehicles	5	<u>713,608</u>	<u>38,707</u>	<u>---</u>	<u>752,315</u>
		<u>72,514,461</u>	<u>778,139</u>	<u>---</u>	<u>73,292,600</u>
Accumulated depreciation:					
Buildings and structures		(32,601,924)	(1,868,311)	---	(34,470,235)
Furniture, fixtures and equipment		(12,441,878)	(482,558)	1,635	(12,922,801)
Vehicles		<u>(589,721)</u>	<u>(38,239)</u>	<u>---</u>	<u>(627,960)</u>
		<u>(45,633,523)</u>	<u>(2,389,108)</u>	<u>1,635</u>	<u>(48,020,996)</u>
		<u>26,880,938</u>	<u>(1,610,969)</u>	<u>1,635</u>	<u>25,271,604</u>
Lease assets:					
Buildings under lease		3,673,853	---	---	3,673,853
Less accumulated amortization		<u>---</u>	<u>(158,896)</u>	<u>---</u>	<u>(158,896)</u>
		<u>3,673,853</u>	<u>(158,896)</u>	<u>---</u>	<u>3,514,957</u>
Non-depreciable:					
Land		2,465,500	---	---	2,465,500
Construction in progress		<u>5,220,196</u>	<u>3,217,537</u>	<u>(392,220)</u>	<u>8,045,513</u>
		<u>7,685,696</u>	<u>3,217,537</u>	<u>(392,220)</u>	<u>10,511,013</u>
		<u>\$38,240,487</u>	<u>\$1,447,672</u>	<u>\$(390,585)</u>	<u>\$39,297,574</u>

Guam Community College
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Notes to Financial Statements, continued

3. Lease

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

<u>Year ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 45,760	\$ 154,640	\$ 200,400
2025	47,733	152,667	200,400
2026	49,790	150,610	200,400
2027	51,936	148,464	200,400
2028	54,174	146,226	200,400
2029-2033	307,974	694,026	1,002,000
2034-2038	380,315	621,685	1,002,000
2039-2043	469,649	532,351	1,002,000
2044-2048	579,967	422,033	1,002,000
2049-2053	716,198	285,802	1,002,000
2054-2058	<u>883,488</u>	<u>117,571</u>	<u>1,001,059</u>
	<u>\$3,586,984</u>	<u>\$3,426,075</u>	<u>\$7,013,059</u>

4. Employee Benefits

General Pension Plan Descriptions

The Government of Guam Retirement Fund (GGRF) administers the Government of Guam Defined Benefit (DB) Plan and the Defined Contribution Retirement System (DCRS) Plan. By statute, the College provides pension benefits for its employees through the GGRF.

Defined Benefit Plan (DB Plan)

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The 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, continued

4. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

The DB Plan is administered by the GGRF, to which the College contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of the College hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the College are established and may be amended by the GGRF.

The College's statutory contribution rate was 28.43% and 28.32%, respectively, for the years ended September 30, 2023 and 2022. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2023 and 2022.

Benefits: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GGRF's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	8.14%	2.12%
U.S. Equities (small cap)	4.0%	9.75%	0.39%
Non-U.S. Equities	17.0%	10.15%	1.73%
Non-U.S. Equities (emerging markets)	3.0%	12.08%	0.36%
U.S. Fixed Income (aggregate)	22.0%	4.77%	1.05%
Risk Parity	8.0%	6.65%	0.53%
High Yield Bonds	8.0%	6.90%	0.55%
Global Real Estate (REITs)	2.5%	9.62%	0.24%
Global Equity	7.0%	8.93%	0.67%
Global Infrastructure	2.5%	8.08%	0.16%
Expected arithmetic mean (1 year)			7.80%
Expected geometric mean (30 years)			7.09%

The assumption used in the actuarial valuation (7.0%) is slightly higher than the expected geometric average return over the next 50 years. If the investments do not return the expected results, future pension expense will increase.

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. 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.

Membership: The plan membership is the same as the DB Plan described above.

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Notes to Financial Statements, continued

4. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increase the annual annuity to \$40,000.

The COLA payment is \$2,000 per DB retiree.

Contribution: The College's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000.

The College's contribution to the COLA payment of the Plan is \$2,000 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA for the years ended September 30, 2023 and 2022 was a municipal bond rate of 4.02% and 2.26%, respectively. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participant

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. 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.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contributions: The College's contribution to the COLA payment of the Plan is \$2,000 per DCRS retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2011 through September 30, 2015. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the Govguam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

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

Net pension liability for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

	<u>2023</u>	<u>2022</u>
Reporting Date:	September 30, 2023	September 30, 2022
Measurement Date:	September 30, 2022	September 30, 2021
Valuation Date:	September 30, 2021	September, 30, 2020

Net pension liability as of September 30, 2023 and 2022 for the aforementioned plans are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit plan	\$32,476,144	\$22,586,847
Ad hoc COLA/supplemental annuity plan for DB participants	6,960,479	8,496,780
Ad hoc COLA plan for DCRS participants	<u>1,446,250</u>	<u>1,648,866</u>
	<u>\$40,882,873</u>	<u>\$32,732,493</u>

Proportionate share of net pension liabilities at September 30, 2023 and 2022 for the aforementioned plans are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit plan	2.18%	2.34%
Ad hoc COLA/supplemental annuity plan for DB participants	2.71%	2.76%
Ad hoc COLA plan for DCRS participants	2.40%	2.34%

Pension expense for the year ended September 30, 2023 and 2022 for the aforementioned plans are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit plan	\$2,761,823	\$ 849,657
Ad hoc COLA/supplemental annuity plan for DB participants	112,031	817,488
Ad hoc COLA plan for DCRS participants	<u>199,444</u>	<u>212,252</u>
	<u>\$3,073,298</u>	<u>\$1,879,397</u>

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

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

As of September 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 629,619	\$ (86,844)	\$ ---	\$ (59,486)	\$ 178,863	\$ (28,645)
Net difference between projected and actual earnings on pension plan investments	7,319,007	---	---	---	---	---
Changes of assumptions	---	---	11,361	(755,265)	300,717	(387,400)
College contributions subsequent to the measurement date	3,791,717	---	612,553	---	72,600	---
Changes in proportion and difference between the College contributions and proportionate share of contributions	---	(1,534,546)	51,810	(85,480)	440,513	(20,458)
	<u>\$ 11,740,343</u>	<u>\$ (1,621,390)</u>	<u>\$ 675,724</u>	<u>\$ (900,231)</u>	<u>\$ 992,693</u>	<u>\$ (436,503)</u>

As of September 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,253	\$ (229,660)	\$ ---	\$ (118,040)	\$ 181,330	\$ (32,109)
Net difference between projected and actual earnings on pension plan investments	---	(2,728,478)	---	---	---	---
Changes of assumptions	---	---	231,525	(25,195)	334,910	(108,759)
College contributions subsequent to the measurement date	3,628,677	---	603,162	---	62,000	---
Changes in proportion and difference between the College contributions and proportionate share of contributions	13,716	(866,956)	132,666	---	472,353	(24,076)
	<u>\$ 3,678,646</u>	<u>\$ (3,825,094)</u>	<u>\$ 967,353</u>	<u>\$ (143,235)</u>	<u>\$ 1,050,593</u>	<u>\$ (164,944)</u>

Deferred outflows of resources at September 30, 2023 and 2022 resulting from the College's employer contributions for the following plans are as follows:

	<u>2023</u>	<u>2022</u>
DB Plan	\$3,791,717	\$3,628,677
Ad hoc COLA/SA Plan for DB Participants	612,553	603,162
Ad hoc COLA Plan for DCRS Participants	<u>72,600</u>	<u>62,000</u>
	<u>\$4,476,870</u>	<u>\$4,293,839</u>

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

4. Employee Benefits, continued

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 1,614,449
2025	1,253,882
2026	1,008,986
2027	2,351,659
2028	(15,816)
Thereafter	(239,394)
	<u>\$5,973,766</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase in Discount Rate <u>8.00%</u>
Net pension liability	\$38,188,901	\$32,476,144	\$25,395,403

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Collective total pension liability	\$7,564,503	\$6,960,479	\$6,426,923

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Collective total pension liability	\$1,646,232	\$1,446,250	\$1,295,615

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

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

Detailed information about the DB Plan's fiduciary net position is available in the separately issued GGRF financial report.

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2023 and 2022 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

During the years ended September 30, 2023 and 2022, contributions made and amounts accrued under the DCRS amounted to \$2,033,298 and \$1,801,651, respectively.

Accrued Sick Leave

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. As of September 30, 2023 and 2022, the College has accrued an estimated liability of \$796,424 and \$742,982, respectively. However, this amount is an estimate and actual payout could differ from those estimates.

Payable to the Pension Plan

As of September 30, 2023 and 2022, the College recorded payable to GGRF of \$306,399 and \$186,462, respectively, which represent statutorily required contributions unremitted as of year-end.

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan

OPEB Plan Description

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains an agent multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration ITC Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Plan Membership: All employees of the College who are members of the GGRF are members of the OPEB Plan

Contribution: The College is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation:	2.50% per year, based on current economic data, analyses from economists and other experts, and professional judgement.
Healthcare cost trend rates:	8% for FY2023, decreasing .5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.
Healthy retiree mortality rate:	Head-count weighted PUB-2010 Table, set forward 4 years for males and 2 years for females, respectively, projected generationally using 50% of MP-2020.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

4. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan, continued

OPEB Plan Description, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 4.02% and 2.26% for the years ended September 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from the College will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the municipal bond rate at each year was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Total OPEB liability as of September 30, 2023 for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

Reporting Date:	September 30, 2023	September 30, 2022
Measurement Date:	September 30, 2022	September 30, 2021
Valuation Date:	September 30, 2022	September 30, 2020

Collective total OPEB liability as of September 30, 2023 and 2022 are \$51,852,707 and \$61,585,699, respectively.

Proportionate share of total OPEB liability at September 30, 2023 and 2022 are 2.26% and 2.22%, respectively.

OPEB expense for the year ended September 30, 2023 and 2022 are \$2,840,078 and \$3,627,793, respectively. At September 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,043,764	\$(2,384,437)	\$ 5,366,601	\$(3,271,320)
Contributions subsequent to the measurement date	1,163,851	---	1,066,107	---
Changes of assumptions	4,673,925	(17,066,167)	7,190,476	(8,659,217)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	1,487,589	(477,124)	1,640,779	(679,988)
	\$ 11,369,129	\$(19,927,728)	\$ 15,263,963	\$(12,610,525)

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Deferred outflows of resources at September 30, 2023 and 2022 resulting from the College's employer contributions totaled \$1,163,851 and \$1,066,107, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEBs that will be subsequently recognized in OPEB expense are shown in the following table:

Years Ended <u>September 30</u>	
2023	\$(1,124,028)
2024	(937,153)
2025	(1,947,637)
2026	(1,675,490)
2027	(2,009,027)
Thereafter	(2,029,115)
	<u>\$(9,722,450)</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the collective total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>3.02%</u>	Current Discount Rate <u>4.02%</u>	1% Increase in Discount Rate <u>5.02%</u>
Collective total OPEB liability	<u>\$60,282,936</u>	<u>\$51,852,707</u>	<u>\$45,103,845</u>

Guam Community College
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Notes to Financial Statements, continued

4. Employee Benefits, continued

OPEB Liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GCC's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1.% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Collective total OPEB Liability	<u>\$44,488,059</u>	<u>\$51,852,707</u>	<u>\$61,353,316</u>

5. 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, 2023. While some grants are available for use during the fiscal year, others are available either on a calendar-year basis or for a period of twenty-seven months.

During the year ended September 30, 2023 and 2022, the College collected all amount appropriated from the General Fund as follows:

	<u>2023</u>	<u>2022</u>
Net appropriations per law	\$22,526,827	\$20,229,011
Add retiree healthcare cost	1,163,851	1,066,107
Add COLA and annuity cost	<u>685,153</u>	<u>665,162</u>
	<u>\$24,375,831</u>	<u>\$21,960,280</u>

6. Commitments

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, \$8,245,298 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2023. Of the \$8,245,298 as of September 30, 2023, \$5,866,749 relates to contract commitments.

Guam Community College
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Notes to Financial Statements, continued

7. Related Party Transactions

As of September 30, 2023 and 2022, the College recorded net receivables from the Foundation of \$2,111,152 and \$1,617,200, respectively, which represent net payments by the College on behalf of the Foundation accumulated during the years.

As of September 30, 2023 and 2022, the College recorded payable to Guam Department of Education of \$200,000, for both fiscal years, for the First Generation Trust Fund Initiative.

As of September 30, 2023 and 2022, the College allotted \$302,067 and \$281,100, respectively, to the Guam Council on the Arts and Humanities Agency (CAHA) in accordance with Public Law 31-118. The amount is included within the accounts payable and accrued liabilities in the statement of net position.

8. Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2023 and 2022, were as follows:

	Beginning Balance October <u>1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2023</u>	Amount due within <u>one year</u>
Lease liability	\$ 3,629,821	\$ ---	\$(42,837)	\$ 3,586,984	\$ 45,760
Accrued annual leave	537,440	592,705	(539,837)	590,308	266,715
DCRS sick leave liability	742,982	225,263	(171,821)	796,424	---
Subscription-based IT liability	---	533,995	---	533,995	---
Collective Total OPEB liability	61,585,699	---	(9,732,992)	51,852,707	---
Net pension liability	<u>32,732,493</u>	<u>8,150,380</u>	<u>---</u>	<u>40,882,873</u>	<u>---</u>
	<u>\$99,228,435</u>	<u>\$9,502,343</u>	<u>\$(10,487,487)</u>	<u>\$98,243,291</u>	<u>\$312,475</u>

	Beginning Balance October <u>1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2022</u>	Amount due within <u>one year</u>
Lease liability	\$ 3,671,849	\$ ---	\$(42,028)	\$ 3,629,821	\$ 43,840
Accrued annual leave	559,160	474,347	(496,067)	537,440	251,486
DCRS sick leave liability	708,663	185,299	(150,980)	742,982	---
Collective Total OPEB liability	56,385,944	5,199,755	---	61,585,699	---
Net pension liability	<u>40,692,469</u>	<u>---</u>	<u>(7,959,976)</u>	<u>32,732,493</u>	<u>---</u>
	<u>\$102,018,085</u>	<u>\$5,859,401</u>	<u>\$(8,649,051)</u>	<u>\$99,228,435</u>	<u>\$295,326</u>

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

9. Contingencies

Medicare

GovGuam and its component units, including the College, began withholding and remitting funds to the U.S. Social Security system for the health insurance component of its salaries and wages effective October 1998. Prior to that date, GovGuam did not withhold or remit Medicare payments to the U.S. Social Security system. If the Government is found to be liable for Medicare payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the College and all other component units of GovGuam that payment of this health insurance component is optional prior to October 1998. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

10. Guam Community College Foundation

The College presents the Guam Community College Foundation (the Foundation), a legally separate, tax-exempt entity, as a discretely presented component unit. The Foundation provides financial support for the objectives, purposes and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the College. Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and its Statements of Financial Position and Statements of Activities and Changes in Net Assets are separately presented in the College's financial statements. In addition, significant notes are summarized under Foundation Investments.

The Foundation is a private organization that reports under accounting standards established by the Financial Accounting Standards Board (FASB), which is the source of generally accepted accounting principles for not-for-profit entities. The financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The separate financial statements of the Foundation can be obtained directly by contacting the Foundation's Board of Governors, P.O. Box 23069, GMF, Barrigada, Guam 96921.

Guam Community College
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

10. Guam Community College Foundation, continued

Investments

Following is a description of the valuation methodologies and inputs used for each major type of investment measured at fair value by the Foundation:

Corporate equity securities, exchange-traded funds and mutual funds: These investments are valued at quoted prices in an active market, and are classified within level 1 of the valuation hierarchy.

Debt securities: These investments are valued using evaluations, which may be matrix or model based, and do not necessarily reflect actual trades. These price evaluations suggest current estimated market values, which may be significantly higher or lower than the amount that would be paid (received) in an actual purchase (sale) of the security. These estimates, which are obtained from various sources, assume normal market conditions and are based on large volume transactions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation has the following recurring fair value measurements as of September 30, 2023:

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt securities	\$ 4,253,304	\$ ---	\$4,253,304	\$ ---
Equity securities	9,016,459	9,016,459	---	---
Exchange traded funds	2,420,332	2,420,332	---	---
Alternative investments	<u>826,735</u>	<u>---</u>	<u>---</u>	<u>826,735</u>
Total investments by fair value level	<u>\$16,516,830</u>	<u>\$11,436,791</u>	<u>\$4,253,304</u>	<u>\$826,735</u>

The Foundation has the following recurring fair value measurements as of September 30, 2022:

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt securities	\$ 4,502,901	\$ ---	\$4,502,901	\$ ---
Equity securities	9,203,177	9,203,177	---	---
Exchange traded funds	<u>882,864</u>	<u>882,864</u>	<u>---</u>	<u>---</u>
Total investments by fair value level	<u>\$14,588,942</u>	<u>\$10,086,041</u>	<u>\$4,502,901</u>	<u>\$ ---</u>

Guam Community College
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Notes to Financial Statements, continued

10. Guam Community College Foundation, continued

Long-Term Debt

At September 30, 2023, long-term debt of the GCC Foundation is as follows:

	<u>2023</u>	<u>2022</u>
Note payable of an original amount of \$5,000,000 to U.S. Department of Agriculture, for the construction of Building 100, interest at 2.375%, repayable in monthly installments of principal and interest of \$16,700 through November 6, 2056, collateralized by a pledge of all rental income and revenue from facilities lease agreement with Guam Community College.	\$3,770,497	\$3,854,880
Less current portion	<u>113,169</u>	<u>110,515</u>
	<u>\$3,657,328</u>	<u>\$3,744,365</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>
2024	\$ 113,169	\$ 87,231	\$ 200,400
2025	115,886	84,514	200,400
2026	118,668	81,732	200,400
2027	121,517	78,883	200,400
2028	124,435	75,965	200,400
2029-2033	668,452	333,548	1,002,000
2034-2038	752,648	249,352	1,002,000
2039-2043	847,448	154,552	1,002,000
2044-2048	<u>908,274</u>	<u>48,221</u>	<u>956,495</u>
	<u>\$3,770,497</u>	<u>\$1,193,998</u>	<u>\$4,964,495</u>

Required Supplementary Information

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 1

Required Supplementary Information
Schedule of the College's Proportionate Share of Net Pension Liability

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total net pension liability	\$ 1,486,783,582	\$ 963,578,517	\$ 1,246,336,897	\$ 1,214,462,675	\$ 1,179,192,550	\$ 1,142,249,393	\$ 1,368,645,126	\$ 1,436,814,230	\$ 1,246,306,754
GCC's proportionate share of the net pension liability	\$ 32,476,144	\$ 22,586,847	\$ 30,560,601	\$ 29,913,409	\$ 28,895,965	\$ 27,687,544	\$ 33,654,754	\$ 34,887,450	\$ 29,423,616
GCC's proportion of the net pension liability	2.18%	2.34%	2.45%	2.46%	2.45%	2.42%	2.46%	2.43%	2.36%
GCC's covered payroll	\$ 12,140,054	\$ 12,481,669	\$ 12,815,409	\$ 12,549,428	\$ 12,592,233	\$ 12,320,945	\$ 12,450,380	\$ 12,416,546	\$ 11,921,032
GCC's proportionate share of the net pension liability as percentage of its covered payroll	267.51%	180.96%	238.47%	238.36%	229.47%	224.72%	270.31%	280.98%	246.82%
Plan fiduciary net position as a percentage of the total pension liability	54.45%	70.14%	61.48%	63.25%	63.28%	60.63%	54.62%	52.32%	56.60%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
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Schedule 2

Required Supplementary Information
Schedule of the College's Contributions

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,949,023	\$ 2,950,228	\$ 2,915,051	\$ 2,994,057	\$ 3,329,005	\$ 3,036,596	\$ 3,059,454	\$ 3,265,964	\$ 3,166,082
Contributions in relation to the actuarially determined contribution	<u>3,791,717</u>	<u>3,628,677</u>	<u>3,634,299</u>	<u>3,976,358</u>	<u>3,743,179</u>	<u>5,271,542</u>	<u>3,225,473</u>	<u>3,420,159</u>	<u>3,622,850</u>
Contribution excess	<u>\$ (842,694)</u>	<u>\$ (678,449)</u>	<u>\$ (719,248)</u>	<u>\$ (982,301)</u>	<u>\$ (414,174)</u>	<u>\$ (2,234,946)</u>	<u>\$ (166,019)</u>	<u>\$ (154,195)</u>	<u>\$ (456,768)</u>
GCC's covered payroll	<u>\$ 11,299,044</u>	<u>\$ 12,140,054</u>	<u>\$ 12,481,669</u>	<u>\$ 12,815,409</u>	<u>\$ 12,549,428</u>	<u>\$ 12,592,233</u>	<u>\$ 12,320,945</u>	<u>\$ 12,450,380</u>	<u>\$ 12,416,546</u>
Contribution as a percentage of covered payroll	33.56%	29.89%	29.12%	31.03%	29.83%	41.86%	26.18%	27.47%	29.18%

Guam Community College
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Schedule 3

Required Supplementary Information
Schedule of the College's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GCC's proportionate share of the collective total pension liability	\$ 6,960,479	\$ 8,496,780	\$ 8,697,171	\$ 8,710,956	\$ 7,675,606	\$ 7,464,622	\$ 6,090,911
GCC's proportion of the collective total pension liability	2.71%	2.76%	2.70%	2.69%	2.65%	2.59%	2.65%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
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Schedule 4

Required Supplementary Information
Schedule of the College's Contributions

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 612,553	\$ 603,162	\$ 603,162	\$ 624,852	\$ 624,852	\$ 623,328	\$ 613,054	\$ 625,341	\$ 630,474
Contribution in relation to the contractually required contribution	<u>612,553</u>	<u>603,162</u>	<u>603,162</u>	<u>624,852</u>	<u>624,852</u>	<u>623,328</u>	<u>613,054</u>	<u>625,341</u>	<u>630,474</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Guam Community College
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Schedule 5

Required Supplementary Information
Schedule of the College's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GCC's proportionate share of the collective total pension liability	\$ 1,446,250	\$ 1,648,865	\$ 1,434,697	\$ 909,308	\$ 737,240	\$ 758,754	\$ 781,136
GCC's proportion of the collective total pension liability	2.40%	2.34%	2.16%	1.52%	1.49%	1.22%	1.27%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
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Schedule 6

Required Supplementary Information
Schedule of the College's Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 72,600	\$ 62,000	\$ 42,000	\$ 40,000	\$ 40,000	\$ 28,000	\$ 20,000	\$ 18,000	\$ 14,000
Contribution in relation to the contractually required contribution	<u>72,600</u>	<u>62,000</u>	<u>42,000</u>	<u>40,000</u>	<u>40,000</u>	<u>28,000</u>	<u>20,000</u>	<u>18,000</u>	<u>14,000</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 7

Required Supplementary Information
Schedule of the College's Proportionate Share of Collective Total Other
Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
GCC's proportion of the collective total other postemployment benefit liability	\$ 51,852,707	\$ 61,585,699	\$ 56,385,944	\$ 56,904,135	\$ 42,285,436	\$ 49,740,344
GCC's proportionate share of the collective total other postemployment benefit liability	2.26%	2.22%	2.24%	2.23%	2.26%	2.05%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
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Schedule 8

Required Supplementary Information
Schedule of the College's Contributions

Other Postemployment Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,163,851	\$ 1,066,107	\$ 1,015,533	\$ 917,828	\$ 970,404	\$ 976,278	\$ 960,349	\$ 917,775
Contribution in relation to the actuarially determined contribution	<u>1,163,851</u>	<u>1,066,107</u>	<u>1,015,533</u>	<u>917,828</u>	<u>970,404</u>	<u>976,278</u>	<u>960,349</u>	<u>917,775</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Guam Community College
(A Component Unit of the Government of Guam)

Note to Required Supplementary Information
(Unaudited)

Changes of Assumptions – Pension Plans

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Supplementary and Other Information

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 9
Salaries and Wages (Cash Basis)

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 13,702,373	\$ 12,771,162
Benefits	<u>5,688,353</u>	<u>5,298,029</u>
Total salaries, wages and benefits	<u>\$ 19,390,726</u>	<u>\$ 18,069,191</u>
Full-time employees at end of year	<u>225</u>	<u>228</u>
Federal Funds:		
Salaries	\$ 754,075	\$ 529,954
Benefits	<u>201,001</u>	<u>151,817</u>
Total salaries, wages and benefits	<u>\$ 955,076</u>	<u>\$ 681,771</u>
Full time federal employees at end of year (inclusive in above amount)	<u>13</u>	<u>13</u>

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 10
Expenditures by Function and Object Code

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Instruction:		
Salaries, wages and benefits	\$ 8,894,344	\$ 8,280,110
Travel	1,493	76,453
Contract services	661,224	306,403
Supplies	392,089	244,726
Minor equipment	163,101	59,788
Capital expenditures	-	7,935
Miscellaneous	<u>1,057,368</u>	<u>1,576,592</u>
	<u>\$ 11,169,619</u>	<u>\$ 10,552,007</u>
Total employees at end of year	99	100
Planning:		
Salaries, wages and benefits	\$ 837,416	\$ 716,207
Travel	30,680	18,386
Contract services	67,255	51,429
Supplies	9,608	6,496
Minor equipment	224	10,310
Miscellaneous	<u>949</u>	<u>21,176</u>
	<u>\$ 946,132</u>	<u>\$ 824,004</u>
Total employees at end of year	11	10
Academic Support:		
Salaries, wages and benefits	\$ 2,026,411	\$ 1,980,124
Travel	2,817	-
Contract services	214,303	217,223
Supplies	12,962	45,258
Minor equipment	12,596	28,896
Miscellaneous and transfers	<u>11,648</u>	<u>256,197</u>
	<u>\$ 2,280,737</u>	<u>\$ 2,527,698</u>
Total employees at end of year	22	24
Student Services:		
Salaries, wages and benefits	\$ 3,117,334	\$ 2,779,146
Travel	-	2,977
Contract services	89,229	200,391
Supplies	33,881	26,925
Minor equipment	16,630	27,720
Miscellaneous and transfers	<u>1,176</u>	<u>60,201</u>
	<u>\$ 3,258,250</u>	<u>\$ 3,097,360</u>
Total employees at end of year	40	37

Guam Community College
(A Component Unit of the Government of Guam)

Schedule 10
Expenditures by Function and Object Code, continued

Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Institutional Support:		
Salaries, wages and benefits	\$ 3,598,811	\$ 3,371,318
Travel	109,643	68,042
Contract services	1,677,450	1,781,999
Supplies	54,319	157,335
Capital expenditures	410,348	631,829
Minor equipment	239,500	415,038
Interest and miscellaneous	<u>533,055</u>	<u>709,933</u>
	<u>\$ 6,623,126</u>	<u>\$ 7,135,494</u>
Total employees at end of year	41	43
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 444,651	\$ 435,374
Contract services	214,588	255,776
Supplies	111,161	54,341
Minor equipment	28,661	36,996
Capital expenditures	340,345	182,693
Utilities	1,440,809	1,264,515
Miscellaneous	<u>2</u>	<u>674</u>
	<u>\$ 2,580,217</u>	<u>\$ 2,230,369</u>
Total employees at end of year	7	9
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 412,479	\$ 411,701
Contract services	346	-
Supplies	1,648	2,252
Minor equipment	-	4,481
Miscellaneous	<u>2,419,877</u>	<u>4,209,094</u>
	<u>\$ 2,834,350</u>	<u>\$ 4,627,528</u>
Total employees at end of year	4	3
Auxiliary:		
Salaries, wages and benefits	\$ 59,280	\$ 95,211
Contract services	784	-
Supplies	1,341	1,000
Minor equipment	<u>365,238</u>	<u>467,482</u>
	<u>\$ 426,643</u>	<u>\$ 563,693</u>
Total employees at end of year	1	2



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and the Board of Trustees
Guam Community College

We have audited, 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 (*Government Auditing Standards*), the financial statements of Guam Community College (the College) and its discretely presented component unit, which comprise the statement of financial position as of September 30, 2023, and the related statements of revenues, expenses, and changes in net position, activities and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated May 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

May 24, 2024