

GUAM COMMUNITY COLLEGE

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

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

YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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

Notes to Financial Statements
September 30, 2010 and 2009

(5) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Funding Policy:

As a result of actuarial valuations performed as of September 30, 2008, 2007, and 2006, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2010, 2009 and 2008, respectively, have been determined as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Normal costs (% of DB Plan payroll)	18.34%	17.36%	17.94%
Employee contributions (DB Plan employees)	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>8.84%</u>	<u>7.86%</u>	<u>8.44%</u>
Employer portion of normal costs (% of total payroll)	3.73%	3.70%	3.99%
Unfunded liability cost (% of total payroll)	<u>22.69%</u>	<u>19.68%</u>	<u>20.75%</u>
Government contribution as a % of total payroll	<u>26.42%</u>	<u>23.38%</u>	<u>24.74%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>26.04%</u>	<u>25.20%</u>	<u>24.07%</u>
Employee	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>

The College's contributions to the DB Plan for the years ended September 30, 2010, 2009 and 2008 were \$1,754,481, \$1,727,385 and \$1,687,786, respectively, which were equal to the required contributions for the respective years then ended.

Defined Contribution Plan

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

Statutory employer contributions into the DCRS plan for the years ended September 30, 2010 and 2009, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

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

The College's contributions to the DCRS plan for the years ended September 30, 2010, 2009 and 2008 were \$1,745,156, \$1,481,050 and \$1,366,357, respectively.

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

Notes to Financial Statements
September 30, 2010 and 2009

(5) Employees' Retirement Plan, Continued

Defined Contribution Plan, Continued

Public Law 26-86 allows members of the DCRS plan to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The College has accrued an estimated liability of \$752,265 and \$604,465 at September 30, 2010 and 2009, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

Other Post Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. During the years ended September 30, 2010 and 2009, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$436,614 and \$459,245, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

Because the Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

(6) Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$9,442,480 and \$5,950,990 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2010 and 2009, respectively. Of the \$9,442,480 as of September 30, 2010, \$6,413,626 relates to contract commitments.

(7) Commitment and Contingency

Medicare

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

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

Notes to Financial Statements
September 30, 2010 and 2009

(8) Transfer of Property

In February 2000, the College received title to 314 acres of land situated in the municipality of Mangilao from GovGuam with no restrictions. As of the report date, the College had not received an appraised value of the land and therefore, the land has not been recorded in the accompanying financial statements.

(9) Long-Term Debt

	<u>2010</u>	<u>2009</u>
Note payable to U.S. Department of Education, for facility construction purposes, interest at 5.5%, repayable in semi-annual installments of principal and interest of \$342,620 through December 1, 2010.	\$ 333,449	\$ 962,528
Note payable to U.S. Department of Agriculture, for facility construction purposes, interest at 4.375%, repayable in monthly installments of principal and interest of \$2,755 through April 16, 2024, collateralized by the income and principal related to the reserve account and the booster pump equipment.	<u>298,428</u>	<u>317,966</u>
	631,877	1,280,494
Less current portion	<u>353,859</u>	<u>668,708</u>
	<u>\$ 278,018</u>	<u>\$ 611,786</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>
2011	\$ 353,859	\$ 21,819	\$ 375,678
2012	21,322	11,738	33,060
2013	22,273	10,787	33,060
2014	23,268	9,792	33,060
2015	24,306	8,754	33,060
2016-2020	138,807	26,493	165,300
2021-2024	<u>48,042</u>	<u>1,536</u>	<u>49,578</u>
	<u>\$ 631,877</u>	<u>\$ 90,919</u>	<u>\$ 722,796</u>

All gross revenues of the College have been pledged to repay the U.S. Department of Education loan principal and interest. The loan payment amounts for both years ended September 30, 2010 and 2009 were \$685,240, or approximately 12.2% and 16.5%, respectively, of pledged gross revenues for those years.

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

Notes to Financial Statements
September 30, 2010 and 2009

(10) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2010 and 2009, was as follows:

	Beginning Balance October 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2010	Amount due within one year
Loans payable	\$ 1,280,494	\$ -	\$ (648,617)	\$ 631,877	\$ 353,859
Accrued annual leave	472,967	289,937	(306,945)	455,959	189,392
DCRS sick leave liability	<u>604,465</u>	<u>397,955</u>	<u>(250,155)</u>	<u>752,265</u>	<u>-</u>
	<u>\$ 2,357,926</u>	<u>\$ 687,892</u>	<u>\$ (1,205,717)</u>	<u>\$ 1,840,101</u>	<u>\$ 543,251</u>
	Beginning Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September 30, 2009	Amount due within one year
Loans payable	\$ 1,917,033	\$ -	\$ (636,539)	\$ 1,280,494	\$ 668,708
Accrued annual leave	468,036	397,740	(392,809)	472,967	214,589
DCRS sick leave liability	<u>503,083</u>	<u>101,382</u>	<u>-</u>	<u>604,465</u>	<u>-</u>
	<u>\$ 2,888,152</u>	<u>\$ 499,122</u>	<u>\$ (1,029,348)</u>	<u>\$ 2,357,926</u>	<u>\$ 883,297</u>

(11) Contingencies

The College is involved in various legal proceedings. Management believes that any losses arising from these actions will not materially affect the College's financial position.

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

Schedule 1
Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 11,967,618	\$ 11,864,601
Benefits	<u>3,447,035</u>	<u>3,136,084</u>
Total salaries, wages and benefits	<u>\$ 15,414,653</u>	<u>\$ 15,000,685</u>
Full-time employees at end of year	227	219
Federal Funds:		
Salaries	\$ 813,665	\$ 1,478,219
Benefits	<u>182,911</u>	<u>221,949</u>
Total salaries, wages and benefits	<u>\$ 996,576</u>	<u>\$ 1,700,168</u>
Full time federal employees at end of year (inclusive in above amount)	<u>13</u>	<u>14</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Instruction:		
Salaries, wages and benefits	\$ 8,175,550	\$ 7,504,647
Travel	59,890	40,944
Contract services	216,709	199,168
Supplies	312,454	241,954
Minor equipment	380,579	494,403
Capital expenditures	6,936	116,735
Miscellaneous	<u>633,020</u>	<u>428,839</u>
	<u>\$ 9,785,138</u>	<u>\$ 9,026,690</u>
Total employees at end of year	<u>107</u>	<u>104</u>
	<u>2010</u>	<u>2009</u>
Planning:		
Salaries, wages and benefits	\$ 497,196	\$ 484,419
Travel	19,490	24,346
Contract services	419,598	656,742
Supplies	11,815	17,855
Minor equipment	22,494	53,692
Capital expenditures	-	-
Miscellaneous	<u>30,342</u>	<u>208</u>
	<u>\$ 1,000,935</u>	<u>\$ 1,237,262</u>
Total employees at end of year	<u>6</u>	<u>8</u>
	<u>2010</u>	<u>2009</u>
Academic Support:		
Salaries, wages and benefits	\$ 1,080,520	\$ 1,946,353
Travel	50,112	78,083
Contract services	281,941	259,669
Supplies	76,576	133,934
Minor equipment	262,739	249,097
Capital expenditures	-	20,505
Miscellaneous and transfers	<u>93,512</u>	<u>211,990</u>
	<u>\$ 1,845,400</u>	<u>\$ 2,899,631</u>
Total employees at end of year	<u>17</u>	<u>15</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Student Services:		
Salaries, wages and benefits	\$ 2,534,843	\$ 2,129,479
Travel	71,701	32,957
Contract services	131,047	143,715
Supplies	85,241	51,774
Minor equipment	79,323	13,188
Miscellaneous and transfers	<u>52,527</u>	<u>32,112</u>
	<u>\$ 2,954,682</u>	<u>\$ 2,403,225</u>
Total employees at end of year	<u>46</u>	<u>40</u>
	<u>2010</u>	<u>2009</u>
Institutional Support:		
Salaries, wages and benefits	\$ 2,480,942	\$ 2,330,836
Travel	205,603	122,933
Contract services	1,459,614	917,355
Supplies	59,784	40,562
Minor equipment	-	4,350
Capital expenditures	-	2,500
Interest and miscellaneous	<u>222,438</u>	<u>118,893</u>
	<u>\$ 4,428,381</u>	<u>\$ 3,537,429</u>
Total employees at end of year	<u>40</u>	<u>40</u>
	<u>2010</u>	<u>2009</u>
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 313,714	\$ 306,926
Contract services	664,718	349,483
Supplies	75,027	61,622
Minor equipment	102,389	22,523
Capital expenditures	-	19,758
Utilities	1,013,168	1,099,647
Miscellaneous	<u>195</u>	<u>520</u>
	<u>\$ 2,169,211</u>	<u>\$ 1,860,479</u>
Total employees at end of year	<u>7</u>	<u>8</u>

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2010 and 2009

	2010	2009
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 284,765	\$ 253,737
Travel	-	4,346
Contract services	857	1,380
Supplies	690	688
Minor equipment	249	269
Miscellaneous	4,644,577	3,279,410
	\$ 4,931,138	\$ 3,539,830
Total employees at end of year	3	3
	2010	2009
Auxiliary:		
Salaries, wages and benefits	\$ 47,123	\$ 44,288
Travel	-	-
Supplies	712	147
Minor equipment	662,104	515,056
	\$ 709,939	\$ 559,491
Total employee at end of year	1	1

See accompanying independent auditors' report.

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

**Unrestricted and Restricted Fund Supplemental Schedule
Balance Sheet
September 30, 2010
(With Comparative Balances as of September 30, 2009)**

	Unrestricted		Restricted						Grand Total						
	Appropriated Fund	Non-appropriated Fund	Total	Federal Fund	Other Grants Fund	ARRA	Total	Capital Projects	Tobacco Settlement	Campus Housing	Investment in Plant	Agency Fund	Elimination	2010	2009
ASSETS															
Cash	\$ -	\$ 914,357	\$ 914,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,823	\$ -	\$ -	\$ 242,955	\$ -	\$ 1,193,135	\$ 1,015,992
Investment	-	-	-	-	-	-	-	-	1,757,653	-	-	-	-	1,757,653	1,637,000
Due from Government of Guam	2,947,089	940,329	3,887,418	-	-	-	-	-	20,618	-	-	-	-	3,908,036	1,863,795
Due from other College funds	1,955,778	15,704,939	17,660,717	-	-	-	590,874	-	119,382	-	-	45,549	(18,416,522)	-	-
Accounts receivable - U.S. Government	-	94,743	94,743	1,372,574	481,707	345,557	2,199,838	-	-	-	-	-	-	2,294,581	2,759,353
Accounts receivable - tuition	-	5,845,277	5,845,277	-	-	-	-	-	-	-	-	-	-	5,845,277	4,923,406
Accounts receivable - other	-	-	-	-	-	-	-	-	-	-	-	-	-	89,039	89,039
Allowance for doubtful accounts	-	(2,143,720)	(2,143,720)	(5,572)	-	-	(5,572)	-	-	-	-	-	-	(2,149,292)	(1,260,699)
Inventories	-	160,997	160,997	-	-	-	-	-	-	-	-	-	-	160,997	162,782
Construction in progress	-	-	-	-	-	-	-	-	-	-	2,872,643	-	-	2,872,643	3,921,538
Land	-	-	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000
Buildings	-	-	-	-	-	-	-	-	-	-	30,817,762	-	-	30,817,762	26,681,342
Equipment	-	-	-	-	-	-	-	-	-	-	5,994,941	-	-	5,994,941	5,462,313
Vehicles	-	-	-	-	-	-	-	-	-	-	262,358	-	-	262,358	262,358
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(22,970,211)	-	-	(22,970,211)	(21,830,656)
	\$ 4,902,867	\$ 21,516,922	\$ 26,419,789	\$ 1,367,002	\$ 1,072,581	\$ 345,557	\$ 2,785,140	\$ -	\$ 1,933,476	\$ -	\$ 18,880,493	\$ 288,504	\$ (18,416,522)	\$ 31,890,880	\$ 27,590,563
LIABILITIES AND FUND BALANCE															
Accounts payable	\$ 90,430	\$ 765,135	\$ 855,565	\$ 30,982	\$ 33,862	\$ 51,471	\$ 116,315	\$ 498,281	\$ -	\$ 4,522	\$ -	\$ -	\$ -	\$ 1,474,683	\$ 1,318,939
Loans payable	-	298,428	298,428	-	-	-	-	-	-	333,449	-	-	-	631,877	1,280,494
Due to other College funds	4,325,049	4,808,099	9,133,148	1,062,231	-	345,557	1,407,788	3,655,378	-	4,220,208	-	-	(18,416,522)	-	-
Due to depositor	-	-	-	-	-	-	-	-	-	-	-	288,504	-	288,504	292,216
Accrued liabilities	-	594,262	594,262	-	-	-	-	-	-	-	-	-	-	594,262	472,967
DCRS sick leave liability	-	752,265	752,265	-	-	-	-	-	-	-	-	-	-	752,265	604,465
Deferred revenue	-	1,571,225	1,571,225	-	-	-	-	-	-	-	-	-	-	1,571,225	1,447,433
Fund balance	487,388	12,727,508	13,214,896	273,789	1,038,719	(51,471)	1,261,037	(4,153,659)	1,933,476	(4,558,179)	18,880,493	-	-	26,578,064	22,174,049
	\$ 4,902,867	\$ 21,516,922	\$ 26,419,789	\$ 1,367,002	\$ 1,072,581	\$ 345,557	\$ 2,785,140	\$ -	\$ 1,933,476	\$ -	\$ 18,880,493	\$ 288,504	\$ (18,416,522)	\$ 31,890,880	\$ 27,590,563

See Accompanying Independent Auditors' Report.

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

**Unrestricted and Restricted Fund Supplemental Schedule
Statement of Changes in Fund Balances
Year Ended September 30, 2010
(With Comparative Balances for the year ended September 30, 2009)**

	Unrestricted			Restricted					2010	2009			
	General	MDF	Total	Non-appropriated	Federal Fund	Other Grant	ABBA	Total			Capital Projects	Tobacco Settlement	Campus Housing
Revenues:													
Tuition and fees	\$ 13,965,070	\$ -	\$ 13,965,070	\$ 5,169,468	\$ -	\$ -	\$ -	\$ 5,169,468	\$ -	\$ -	\$ -	\$ -	\$ 5,169,468
Government of Guam appropriations	-	2,205,000	16,170,070	16,170,070	-	-	-	345,557	-	-	-	-	16,515,627
Federal grants and contracts	-	-	116,013	116,013	8,261,127	400,279	450,828	8,691,406	-	-	-	-	8,807,419
Government of Guam grants and contracts/agency	-	-	998,917	998,917	-	-	-	450,828	-	-	-	-	450,828
Sales and services of auxiliary enterprises	-	-	1,094,154	1,094,154	-	-	-	-	-	-	-	-	998,917
Contracted educational services	574,200	-	574,200	936,487	-	-	-	1,094,154	-	-	-	-	894,388
Other sources	-	-	-	1,510,687	-	-	-	1,094,154	-	-	-	-	808,942
	14,539,270	2,205,000	16,744,270	8,315,039	8,261,127	881,107	345,557	9,142,234	-	20,618	-	-	1,531,305
Total current revenues				25,039,309	8,261,127	881,107	345,557	9,142,234	-	20,618	-	-	34,567,718
Expenditures and mandatory transfers:													
Educational and general:													
Instruction	6,309,212	1,079,100	7,388,312	1,898,261	344,937	118,056	-	460,993	37,572	-	-	-	9,785,138
Planning	348,957	-	348,957	140,284	511,694	-	-	511,694	-	-	-	-	1,000,935
Academic support	757,954	-	757,954	256,447	1,014,401	297,915	-	796,935	34,064	-	-	-	1,845,400
Student services	2,276,156	-	2,276,156	292,088	380,139	6,299	-	386,438	-	-	-	-	2,954,682
Institutional support	3,518,756	-	3,518,756	700,957	58,990	107,995	-	166,985	-	-	41,683	-	3,517,439
Operation and maintenance of plant	715,377	-	715,377	1,049,380	1,764,757	54,071	77,348	131,419	252,417	20,618	-	-	1,860,479
Scholarship and fellowship	189,005	-	189,005	189,005	4,742,133	-	-	4,742,133	-	-	-	-	3,519,830
Rehire healthcare costs	436,614	-	436,614	938,730	-	-	-	436,614	-	-	-	-	436,614
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	938,730
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	1,187,981	1,187,981
	14,552,031	1,079,100	15,631,131	5,266,147	6,534,913	584,336	77,348	7,196,597	324,053	20,618	41,683	1,187,981	29,668,210
Auxiliary enterprises:													
Expenditures	47,835	-	47,835	625,307	673,142	-	-	36,601	-	-	-	196	709,939
	14,599,866	1,079,100	15,678,966	5,891,454	6,534,913	584,336	77,348	7,196,597	324,053	20,618	41,683	1,188,177	30,378,149
Total expenditures				21,570,420	17,265,214	296,771	268,209	2,291,194	(324,053)	(36,601)	(41,683)	(1,188,177)	4,189,569
Net (decrease) increase in fund balance	(60,596)	1,125,900	1,065,304	2,423,585	3,488,889	995,348	-	1,269,226	(2,580,955)	1,970,077	(4,516,496)	16,399,895	22,174,049
Beginning fund balance	(1,866,894)	(74,594)	(1,941,488)	10,130,743	273,878	(253,400)	(319,680)	(2,299,383)	(1,248,651)	1,933,476	18,880,493	3,668,775	18,852,146
Fund transfer	(4,881)	-	(4,881)	173,180	(91,705)	-	-	(2,299,383)	-	-	-	-	214,446
Ending fund balance	(1,932,371)	2,419,759	487,388	12,727,508	13,214,896	1,038,719	(51,471)	1,261,037	(4,153,659)	1,933,476	(4,558,179)	18,880,493	26,578,064
	\$ 21,744,049	\$ -	\$ 21,744,049	\$ 26,578,064	\$ -	\$ -	\$ -	\$ 26,578,064	\$ -	\$ -	\$ -	\$ -	\$ 26,578,064

See Accompanying Independent Auditors' Report.

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

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2010 and 2009

	2010	2009
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 5,169,468	\$ 4,251,513
Less: Scholarship discounts and allowances	(3,396,261)	(2,615,820)
	1,773,207	1,635,693
Federal grants and contracts	9,904,297	8,132,607
Government of Guam grants and contracts	450,828	1,027,969
Auxiliary enterprises	998,917	894,288
Contracted educational services	1,094,154	808,942
Other revenues	1,745,751	841,454
	15,967,154	13,340,953
Bad debts	(928,730)	-
	15,038,424	13,340,953
Operating expenses:		
Education and general:		
Instruction	9,785,138	9,026,690
Scholarships and fellowships	4,931,138	3,539,830
Institutional support	3,812,498	3,485,428
Student services	2,954,682	2,403,225
Operations and maintenance of plant	2,169,211	1,860,479
Academic support	1,845,400	2,899,631
Depreciation	1,187,981	1,138,762
Planning	1,000,935	1,237,262
Auxiliary enterprises	709,939	559,491
Retiree healthcare costs	436,614	459,245
	28,833,536	26,610,043
	(13,795,112)	(13,269,090)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	16,515,627	15,699,994
Prior year cost of living allowance to retirees	(574,200)	-
Interest expense	(41,683)	(52,001)
	15,899,744	15,647,993
Capital contributions:		
Contributions from U.S. government	2,299,383	943,000
Change in net assets	4,404,015	3,321,903
Net assets:		
Net assets at beginning of year	22,174,049	18,852,146
Net assets at end of year	\$ 26,578,064	\$ 22,174,049

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities
Years Ended September 30, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Investment income/(loss)	\$ 516,138	\$ 119,722	\$ -	\$ 635,860	\$ (93,883)	\$ (21,776)	\$ -	\$ (115,659)
Interest income	44	-	-	44	47	-	-	47
Other additions	301,032	-	-	301,032	229,894	-	-	229,894
Total gains and other additions	817,214	119,722	-	936,936	136,058	(21,776)	-	114,282
Expenditures and other deductions:								
Depreciation	-	-	60,027	60,027	-	-	60,026	60,026
Transfer to Guam Community College	362,332	-	-	362,332	253,445	-	-	253,445
Transfer to other funds	6,475	-	-	6,475	-	-	-	-
Professional services	5,417	-	-	5,417	2,813	-	-	2,813
Scholarship	2,000	-	-	2,000	2,000	-	-	2,000
General and administrative	-	-	-	-	1,360	-	-	1,360
Other deductions	933	-	-	933	862	-	-	862
Fundraising expense	500	-	-	500	43,568	-	-	43,568
Total expenditures and other deductions	377,657	-	60,027	437,684	304,048	-	60,026	364,074
Excess of gains and other additions over expenditures and other deductions	439,557	119,722	(60,027)	499,252	(167,990)	(21,776)	(60,026)	(249,792)
Net assets at beginning of year	4,905,320	1,791,044	259,557	6,955,921	5,073,310	1,812,820	319,583	7,205,713
Net assets at end of year	\$ 5,344,877	\$ 1,910,766	\$ 199,530	\$ 7,455,173	\$ 4,905,320	\$ 1,791,044	\$ 259,557	\$ 6,955,921

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Student tuition and fees	\$ 1,863,721	\$ 1,029,273
Federal grants and contracts	10,959,284	6,980,919
Government of Guam grants and contracts	(1,504,374)	1,008,811
Auxiliary enterprises	998,917	894,288
Other receipts/payments	2,265,705	1,741,808
Payments to employees	(14,709,661)	(14,793,983)
Payments to suppliers	(8,360,325)	(6,694,552)
Payments for scholarships and fellowships	(4,644,577)	(3,279,410)
Net cash used in operating activities	(13,131,310)	(13,112,846)
Cash flows from noncapital financing activities:		
Government of Guam appropriations	16,079,013	15,494,871
Cash flows from capital and related financing activities:		
Purchases of capital assets	(3,668,579)	(3,659,375)
Write-off of capital assets	(196)	-
Capital contributions received	1,709,168	888,266
Principal paid on long-term debt	(648,617)	(636,539)
Interest paid on long-term debt	(41,683)	(52,001)
Net cash used in capital and related financing activities	(2,649,907)	(3,459,649)
Cash flows from investing activities:		
(Increase in)/withdrawal of investments	(120,653)	38,000
Net change in cash and cash equivalents	177,143	(1,039,624)
Cash and cash equivalents at beginning of year	1,015,992	2,055,616
Cash and cash equivalents at end of year	\$ 1,193,135	\$ 1,015,992
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (13,795,112)	\$ (13,269,090)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,187,981	1,138,762
Bad debts	928,730	40,137
Loss on disposal of fixed assets	196	-
Cost of prior year living allowance to retirees	(574,200)	-
On-behalf payments for retiree healthcare costs	436,614	459,245
Changes in assets and liabilities:		
Tuition receivable	(962,008)	(909,047)
Accounts receivable - U.S. Government and others	(989,254)	(1,151,688)
Other receivables	89,039	(19,158)
Inventories	1,785	(3,500)
Accounts payable and accrued liabilities	294,047	224,002
Accrued annual leave	(17,008)	4,931
DCRS sick leave liability	147,800	101,382
Deferred revenue	123,792	262,490
Deposits held on behalf of others	(3,712)	8,688
Net cash used in operating activities	\$ (13,131,310)	\$ (13,112,846)

Supplemental information of noncash activity:

During the year ended September 30, 2010, the College reimbursed GovGuam for the cost of living allowance paid to the retirees in prior years for \$574,200. Such was credited to other revenues.

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2010 and 2009

(1) Organization and Purpose

Guam Community College (the College) was established by the enactment of Public Law 14-77, "The Community College Act of 1977" (the Law), which became effective on November 11, 1977. Administration and operation of the College is under the control of a nine-member Board of Trustees appointed by the Governor with the advice and consent of the Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union. The College is a component unit of the Government of Guam (GovGuam). The operation of the College is reliant on the appropriations provided by GovGuam. The Law sets forth the purposes of the College as follows:

1. To establish technical, vocational and other related occupational training and education courses of instruction aimed at developing educated and skilled workers on Guam;
2. To coordinate vocational-technical programs in all public schools on Guam;
3. To establish and maintain short-term extension and apprenticeship training programs in Guam;
4. To expand and maintain secondary and postsecondary educational programs in the vocational-technical fields;
5. To award appropriate certificates, degrees and diplomas to qualified students; and
6. To serve as the Board of Control for vocational education for purposes of the United States Vocational Education Act of 1946 and 1963 and subsequent amendments thereto.

The Guam Community College Foundation (the Foundation) was founded in August 1982, as a non-profit, public benefit corporation, which operates under a separate Board of Governors from that of the College. The accompanying financial statements include the accounts of the Foundation.

(2) Summary of Significant Accounting and Reporting Policies

Basis of Presentation

Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, establishes the financial statement presentation for the College and provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

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

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Basis Presentation, Continued

The College has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and presents the Guam Community College Foundation (the Foundation), a legally separate, tax-exempt entity, as a discretely presented component unit. The Foundation provides financial support for the objectives, purposes and programs of the College. Although the College does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the College. Because the resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and its Statements of Financial Position and Statements of Activities and Changes in Net Assets are separately presented in the College's financial statements. In addition, significant notes are summarized under Foundation Investments.

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

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

Basis of Accounting

For financial statement purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, money market accounts and time certificates of deposit with original maturities of less than three months.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from U.S. Federal agencies for various federal grant awards as well as amounts due from GovGuam for local appropriations. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Inventory

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

Investments and Investment Income

Investments in marketable securities are stated at current market value. Market value is determined using quoted market prices. Investment income consists of interest and dividend income, realized gains and losses, and the net change for the year in the fair value of investments carried at fair value.

Property, Plant and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts, except as noted below.

Physical plant and certain equipment were transferred to the College from GovGuam effective July 1, 1978, except for Police Academy assets, which were transferred on September 28, 1978. Physical plant is valued at the June 1, 1979 appraised value of \$6,493,585. Transferred equipment and fiscal year 1979 acquisitions are valued at the October 9, 1979 appraised value of \$1,008,192. Subsequent to that date, equipment acquisitions are stated at cost.

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

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick benefits. As of September 30, 2010 and 2009, an accumulated vacation leave liability of \$455,959 and \$472,967, respectively, is included within the statement of net assets as accrued annual leave.

Income Taxes

As an instrumentality of GovGuam, the College and all property acquired by or for the College, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed under the authority of the Guam Legislature, or with respect to which the Guam Legislature is authorized to grant exemption.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. The College provides no waivers to faculty, staff or dependents. The total of senior citizen waivers provided is \$49,770 and \$44,988 for the years ended September 30, 2010 and 2009, respectively.

Net Assets

Net assets represent the residual interest in the College's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted expendable, and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt net of debt service reserve. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. The accounts shown as restricted assets are amounts required to be maintained in revenue bond fund accounts and amounts set aside in accordance with the terms of U.S. Department of the Interior capital grant agreements. All of the College's restricted net assets are expendable. All other net assets are unrestricted.

Classification of Revenues and Expenses

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

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) investment earnings.

Nonoperating Revenues and Expenses – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue and expense sources that are defined as nonoperating revenues and expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Foundation Investments

The Foundation has adopted the accounting guidance within ASC 320, *Investments - Debt and Equity Securities*, which require that the Foundation account for its investments at market value.

The original cost and market values of investments at September 30, 2010 and 2009, are:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
	\$ <u>5,348,663</u>	\$ <u>7,492,795</u>	\$ <u>5,348,663</u>	\$ <u>6,856,935</u>

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

	<u>2010</u>	<u>2009</u>
Equities and related	\$ 5,541,336	\$ 5,007,782
Fixed income securities	1,432,679	1,330,767
Cash and equivalents	<u>518,780</u>	<u>518,386</u>
	<u>\$ 7,492,795</u>	<u>\$ 6,856,935</u>

The following represents the composition of investment income (loss) for the years ended September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unrealized investment gains/(losses)	\$ 476,880	\$ (299,973)
Net interest income and dividends	<u>158,980</u>	<u>184,314</u>
	<u>\$ 635,860</u>	<u>\$ (115,659)</u>

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

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Deposits and Investments

Investment in debt securities are carried at cost which approximates market value.

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

A. Deposits

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

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

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The College does not have a deposit policy for custodial credit risk.

As of September 30, 2010 and 2009, the carrying amount of the College's total cash and cash equivalents was \$1,193,135 and \$1,015,992, respectively, and the corresponding bank balances were \$1,735,860 and \$2,150,938, respectively. Of the bank balance amounts, \$1,084,390 and \$1,543,560 as of September 30, 2010 and 2009, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2010 and 2009, bank deposits in the amount of \$651,470 and \$607,377, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Deposits and Investments, Continued

B. Investments

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

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

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

Pursuant to Public Law 25-187, the College is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by the College to be expended exclusively for enhancement of learning resources and technology. At September 30, 2010 and 2009, the College had one fixed income corporate note in the amount of \$1,757,653 and \$1,637,000, respectively, with interest at 6.25%, matures on June 1, 2057, and is rated BB+ by Fitch.

New Accounting Standards

During fiscal year 2010, the College implemented the following pronouncements:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which addresses whether and when intangible assets should be considered capital assets for financial reporting purposes.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements.
- GASB Technical Bulletin No. 2008-1, *Determining the Annual Required Contribution Adjustment for Postemployment Benefits*, which clarifies the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for calculating the annual required contribution (ARC) adjustment.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

New Accounting Standards, Continued

- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code, and establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs.

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

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the College.

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

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The provisions of this statement are effective for periods beginning after June 15, 2010. Management has not evaluated the effect that the implementation of this statement will have on the financial statements of the College.

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the Government of Guam. During the years ended September 30, 2010 and 2009, the fund earned interest of \$20,618 and \$17,521, respectively. The College expended \$20,618 and \$66,847 for capital projects for the years ended September 30, 2010 and 2009.

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

Notes to Financial Statements
September 30, 2010 and 2009

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The College is exposed to various risks of loss; theft of, damage to, and destruction of assets; operation liability; errors and omissions; employee injuries and illnesses; natural disasters and employee health, dental and accident benefits. There is commercial insurance coverage obtained to provide for claims arising from most of these matters. No material losses have been sustained as a result of the College's risk management practices during the past three years.

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2010 and 2009 was as follows:

	Estimated Useful Life (in years)	Balance October 1, 2009	Additions	Retirement	Balance September 30, 2010
Depreciable:					
Buildings and structures	10-30	\$ 26,681,342	\$ 4,136,420	\$ -	\$ 30,817,762
Furniture, fixtures and equipment	5-6	5,462,313	581,249	(48,621)	5,994,941
Vehicles	5	<u>262,358</u>	<u>-</u>	<u>-</u>	<u>262,358</u>
		<u>32,406,013</u>	<u>4,717,669</u>	<u>(48,621)</u>	<u>37,075,061</u>
Accumulated depreciation:					
Buildings and structures		17,615,280	523,294	-	18,138,574
Furniture, fixtures and equipment		3,990,354	652,860	48,426	4,594,788
Vehicles		<u>225,022</u>	<u>11,827</u>	<u>-</u>	<u>236,849</u>
		<u>21,830,656</u>	<u>1,187,981</u>	<u>48,426</u>	<u>22,970,211</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>3,921,538</u>	<u>3,087,525</u>	<u>(4,136,420)</u>	<u>2,872,643</u>
		<u>\$ 16,399,895</u>	<u>\$ 6,617,213</u>	<u>\$ (4,136,615)</u>	<u>\$ 18,880,493</u>

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

Notes to Financial Statements
September 30, 2010 and 2009

(3) Property, Plant and Equipment, Continued

	Estimated Useful Life (in years)	Balance October 1, <u>2008</u>	<u>Additions</u>	<u>Retirement</u>	Balance September 30, <u>2009</u>
Depreciable:					
Buildings and structures	10-30	\$ 26,341,788	\$ 339,554	\$ -	\$ 26,681,342
Furniture, fixtures and equipment	5-6	5,385,946	76,367	-	5,462,313
Vehicles	5	<u>262,358</u>	<u>-</u>	<u>-</u>	<u>262,358</u>
		<u>31,990,092</u>	<u>415,921</u>	<u>-</u>	<u>32,406,013</u>
Accumulated depreciation:					
Buildings and structures		17,228,927	386,353	-	17,615,280
Furniture, fixtures and equipment		3,249,772	740,582	-	3,990,354
Vehicles		<u>213,195</u>	<u>11,827</u>	<u>-</u>	<u>225,022</u>
		<u>20,691,894</u>	<u>1,138,762</u>	<u>-</u>	<u>21,830,656</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>678,084</u>	<u>3,575,938</u>	<u>(332,484)</u>	<u>3,921,538</u>
		<u>\$ 13,879,282</u>	<u>\$ 2,853,097</u>	<u>\$ (332,484)</u>	<u>\$ 16,399,895</u>

(4) Due from Government Agencies

Due from Government of Guam consists of receivables from GovGuam General Fund. Accounts receivable - U.S. Government consists of uncollected grants at September 30, 2010 and 2009. While some grants are available for use during the fiscal year, others are available on either a calendar-year basis or for a period of twenty-seven months.

At September 30, 2010 and 2009, the College has fiscal year appropriations due from GovGuam. Revenue recognition has been deferred and will only occur upon receipt of the cash. The net receivable is as follows:

	<u>2010</u>	<u>2009</u>
Receivable from the Government of Guam	\$ 4,258,410	\$ 1,863,795
Amount deferred	<u>350,374</u>	<u>-</u>
Net receivable from the Government of Guam	<u>\$ 3,908,036</u>	<u>\$ 1,863,795</u>

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

Notes to Financial Statements
September 30, 2010 and 2009

(5) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The College participates in the GovGuam Defined Benefit (DB) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the College, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

The DB Plan was originally designated as a single-employer plan but was redesignated by GovGuam's Department of Administration as a cost-sharing multiple-employer plan, effective October 1, 2008. The redesignation was based on the determination as outlined under GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, that all risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the separate employers. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

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

Table of Contents
Years Ended September 30, 2010 and 2009

	<u>Page</u>
I. Independent Auditors' Report	1
Management's Discussion and Analysis	3
II. Basic Financial Statements:	
Statements of Net Assets	10
Guam Community College Foundation Statements of Financial Position	11
Statements of Revenues, Expenses and Changes in Net Assets	12
Guam Community College Foundation Statements of Activities	13
Statements of Cash Flows	14
Notes to Basic Financial Statements	15
III. Other Supplementary Information:	
Schedule of Salaries and Wages, Cash Basis	30
Schedule of Expenditures by Function and Object Code	31
Unrestricted and Restricted Fund Supplemental Schedule – Balance Sheet	34
Unrestricted and Restricted Fund Supplemental Schedule – Statement of Changes in Fund Balances	35

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Guam Community College:

We have audited the accompanying financial statements of the Guam Community College and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2010 and 2009, and which collectively comprise the College's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on the respective financial statements based on our audits.

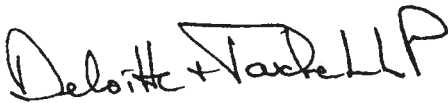
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the Guam Community College and its discretely presented component unit as of September 30, 2010 and 2009, and the respective changes in financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB). This supplementary information is the responsibility of the College's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the College's respective financial statements that collectively comprise the College's basic financial statements. The accompanying schedules on pages 30 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These accompanying schedules are the responsibility of the College's management. The accompanying schedules on pages on 31 through 35 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The accompanying schedule on page 30 has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2011, on our consideration of the Guam Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

March 14, 2011

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

Management's Discussion and Analysis
Year Ended September 30, 2010

Introduction

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

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

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

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

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

For the tenth consecutive year, GCC has maintained its low-risk auditee status. Given this designation by the Independent Auditor, review of the College's financial records demonstrate there were no questioned costs or unresolved prior year audit findings in fiscal year 2010. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

Fiscal Year 2010 Overview

The College continued to encounter many challenges throughout fiscal year 2010, faced with the downturn in the economy, stagnant local appropriations and record student enrollment. The College was able to maintain its fiscal accountability and manage the increased student enrollment, through the management of its available resources. Fiscal year 2010 resulted in the second year of Pell increases to a maximum full time award of \$5,350 and \$4,731 as of 2010 and 2009, respectively, per student per academic year. This increase is a result of the American Recovery & Reinvestment Act (ARRA) and has greatly assisted students who were struggling to go back to school. Pell grants make up approximately 66% of student tuition and fee payments.

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

Management's Discussion and Analysis
Year Ended September 30, 2010

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

- GCC was a sub-recipient of \$6,000,000 of U.S. Department of Education American Recovery and Reinvestment Act State Fiscal Stabilization Funds, administered through the Office of the Governor for the seven projects that are listed below:
 1. Student Center construction
 2. Northwest Parking Area Project
 3. Building D Generator Project
 4. Sungard Higher Education Software
 5. VoIP Telephone Systems Project
 6. GCC Automotive Paint Booth
 7. Buildings 500 and 600 Fire Sprinkler Riser System
- GCC was a sub-recipient of a \$306,613 Area Health Education Center (AHEC) grant from the University of Guam to re-establish a Certified Nursing Assistant program; plan a 2+2 training program for dental hygienists in coordination with Guam Dental Society and UOG Health Science Program; implement high school bridge program for health careers; and provide regional training.
- GCC was a sub-recipient of U.S. Department of Energy grant through the Guam Energy Office for \$1.28 million to conduct an energy audit, buildings updates with photovoltaic's and implementation of other energy efficient and saving features around the campus.
- GCC was a recipient of a National Science Foundation grant of \$150,000 to provide training on solar energy and to develop curriculum and training for energy-related programs.
- GCC was a sub-recipient of a \$66,522 Green Recycle grant administered through the University of Guam to establish a part time green coordinator position and to fund student internships to organize workshops and other activities to promote awareness, energy conservation, recycling, and exploration of alternative renewable energy practices for Guam.
- GCC was a recipient of a DOI sub-grant of \$319,623 for the purchase of furniture and equipment for the Learning Resource Center.
- GCC was a recipient of a DOI sub-grant of \$365,000 for the purchase of Instruction Trades Facility Upgrades for the Construction Trades Programs.
- The Citi Foundation awarded a \$25,000 grant to GCC. This allowed approximately 15 high school seniors to receive academic instruction in English, Reading and Math over the summer. Several of these students went on to enroll in the College's postsecondary programs. The College Access Challenge Grant was awarded for a two year period of \$1,500,000. The funds will be used to implement activities and services for students who may be at-risk of not enrolling or completing postsecondary education. The grant will improve access to, or participation in, postsecondary education and college retention.
- GCC was a recipient of a \$203,749 American Native American grant. The purpose of this grant is to continue the production of DVD's and materials to document the ancient Chamorro language.
- GCC was a recipient of \$50,000 from the TakeCare Foundation to support faculty professional development and student scholarships.

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

Management's Discussion and Analysis
Year Ended September 30, 2010

The College operated with 227 classified full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel and other resources to the five secondary high schools and the post-secondary programs. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program addresses the islands' continued need to develop and train students for the Allied Health fields. The additional funding also places Vocational Counselors in each of the five public high schools to provide information to students about the career and technical opportunities available to them from the College. The College continues to receive funds from the Manpower Development Fund to support the apprenticeship programs which served 356 and 326 apprentices over 54 and 50 employers in Fall 2010 and 2009, respectively.

At the February 2010 Board of Trustees meeting, a resolution was passed to extend suspension of the tuition and fee increases scheduled for Fall 2010. The tuition rates effective Fall 2010 and Fall 2011 remain at \$110 per credit. The suspension was passed to address the needs of the students and the economic situation during the year. The increase in actual tuition revenues is due to increases in the number of students and classes during the academic year 2009-2010. As authorized by the Board of Trustees, 50% of the proceeds from the revenue increases will be used to hire additional full time permanent faculty and 20% to hire staff and administrative positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition, technology and parking fees. Funds utilized in FY2010 for capital projects and technology fees were \$368,000 and \$230,000, respectively.

There were marked increases in the post secondary enrollment seats and headcounts for the Spring 2010 and Fall 2010 of 9% and 15.7% as compared to prior 2009 semesters. This is mainly attributable to the suspension in tuition rate increase, increases in the maximum annual allowable Pell awards, and the decline in the global economy. Based on prior trends, declines in the global economy usually lead to increases in post-secondary enrollment, as people tend to go back to school to obtain degrees so that they can get higher paying jobs.

<u>Enrollment (Seat)</u>	<u>2010</u>	<u>2009</u>
Spring	6,804	6,367
Summer	1,273	1,128
Fall	<u>8,527</u>	<u>7,300</u>
Total	<u>16,604</u>	<u>14,795</u>
<u>Enrollment (Head)</u>	<u>2010</u>	<u>2009</u>
Spring	2,066	1,897
Summer	533	479
Fall	<u>2,543</u>	<u>2,198</u>
Total	<u>5,142</u>	<u>4,574</u>

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

Management's Discussion and Analysis
Year Ended September 30, 2010

The College continues to provide career and technical education programs for students in five of the Guam high schools: GW, JFK, Southern, Simon Sanchez and Okkodo. The secondary high schools had a record enrollment of 2,214 and 2,042 students in SY10-09 and SY08-09, respectively. These programs included the Allied Health, Auto Body, Automotive Service, Construction, Electronics/Networking Lodging Management, Marketing, Pro-Start, Education and Visual Communications.

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

Summary Statement of Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets:			
Other current assets	\$ 8,958	\$ 6,795	\$ 7,197
Accounts receivable – U.S.			
Government	2,295	2,759	1,553
Investments (noncurrent)	1,758	1,637	1,675
Capital assets, net	<u>18,880</u>	<u>16,400</u>	<u>13,879</u>
Total	\$ <u>31,891</u>	\$ <u>27,591</u>	\$ <u>24,304</u>
Liabilities:			
Current liabilities	\$ 4,016	\$ 3,942	\$ 3,409
Non-current liabilities	<u>1,297</u>	<u>1,475</u>	<u>2,043</u>
Total	<u>5,313</u>	<u>5,417</u>	<u>5,452</u>
Net assets:			
Invested in capital assets, net of related debt	17,799	15,119	11,962
Restricted – expendable	1,793	1,830	1,903
Unrestricted	<u>6,986</u>	<u>5,225</u>	<u>4,987</u>
Total liabilities and net assets	\$ <u>31,891</u>	\$ <u>27,591</u>	\$ <u>24,304</u>

The overall economic situation at the College improved from the previous year. Increases in current assets were due to the increased student enrollment in the post-secondary programs, which resulted in increased student tuition receivable and Pell grant awards. Investment balances increased as the market continued to recover from the 2008 market crash when the housing market crisis and the economic recession, caused investment declines. Increases in capital assets were due to the construction of the new Anthony A. Leon Guerrero Allied Health Building completed in October 2009 and the equipment and furniture placed in the building. Additionally, increases in construction in progress were due to the Learning Resource Building which was completed in December 2010. The changes in current and non-current liabilities are due to loan payments made to the U.S. Department of Education (DOE) for the administration building, and deferred tuition revenue increases related to the Fall 2010 semester.

Due to the constraints of College and University accounting, approximately \$9,442,480 in encumbrances incurred in fiscal year 2010 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2010 net assets. The decrease in encumbrances is due to payments made for construction costs related to the Learning Resource Center, which was awarded to the contractor in September 2009.

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

Management's Discussion and Analysis
Year Ended September 30, 2010

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 15,967	\$ 13,341	\$ 11,524
Operating expenses	<u>29,762</u>	<u>26,610</u>	<u>24,360</u>
Operating loss	(13,795)	(13,269)	(12,836)
Non operating revenues	15,900	15,648	15,177
Capital contributions	<u>2,299</u>	<u>943</u>	<u>-</u>
Change in net assets	4,404	3,322	2,341
Net assets at beginning of year	<u>22,174</u>	<u>18,852</u>	<u>16,511</u>
Net assets at end of year	\$ <u>26,578</u>	\$ <u>22,174</u>	\$ <u>18,852</u>

Statement of Cash Flows

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash provided by (used in):			
Operating activities	(\$ 13,131)	(\$ 13,113)	(\$ 12,378)
Noncapital financing activities	16,079	15,495	15,147
Capital and related financing activities	(2,650)	(3,460)	(1,505)
Investing activities	<u>(121)</u>	<u>38</u>	<u>65</u>
Net change in cash and cash equivalents	177	(1,040)	1,329
Cash and cash equivalents at beginning of year	<u>1,016</u>	<u>2,056</u>	<u>727</u>
Cash and cash equivalents at end of year	\$ <u>1,193</u>	\$ <u>1,016</u>	\$ <u>2,056</u>

At the end of FY 2010, the net assets of the College increased by approximately \$4 million. The increase is due to increases in tuition revenues of \$900,000, a \$2 million grant from US DOE under the Asian American and Native American Pacific Island-serving Institution (AANAPISI), increase of local appropriation from the Manpower Development Fund of \$700,000 and increases in other federal and local grants. In fiscal year 2010, the College was able to receive most of its appropriations from the Government of Guam with the remaining balance received in FY11.

Expenditures from local appropriations remained fairly stable in comparison with prior years. During the first nine months of the fiscal year, the College received on average only 50% of its local appropriations. This required the operational reduction of contractual services and strict management and control over its resources in order to deal with the cash shortages. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within the levels of authorization. Overall expenditures increased due to increased federal funds, increased enrollment that required adjunct hiring, equipment, and supply costs.

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

Management's Discussion and Analysis
Year Ended September 30, 2010

Capital Assets and Debt Administration

GCC's capital assets of \$18,880,493 as of September 30, 2010, included land, buildings and equipment. Costs incurred for the A&E and construction of the Learning Resource Center and the Student Center were included in Construction In Progress. The Learning Resource Building construction was substantially completed in early December 2010. The College awarded the bid for the construction of the Student Center in August 2010. During 2009, the College submitted an application for a U.S. Department of Agriculture (DOA) loan for the remaining construction costs of the Learning Resource Center. As of the date of this report, the College is pending the final loan closing in March 2011. The College remained current in the repayment of the College Housing and Academic Facilities Loan from USDOE as well as the Water Tank Loan from USDA and made principal and interest payments of \$690,300 during fiscal year 2010. The College made final payment on the USDOE loan in December 2010. Please refer to notes 3 and 9 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ended September 30, 2009 and 2008, is set forth in the College's report on the audit of the financial statements, which is dated April 30, 2010, and that Discussion and Analysis explains the major factors impacting the 2009 and 2008 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.guamopa.org.

Economic Outlook for FY 2011

The College continues to monitor the economic situation of the Government of Guam (GovGuam) closely, as it receives in total 60% of its funding locally and 90% of its personnel funding from local appropriations. The legislature continues to appropriate the same levels of General Fund appropriations as in FY09, even with the anticipated military buildup and growth budget requests made by GovGuam. The global recession and Government of Guam decreased revenues and collections continue to affect local funding availability. Although the College continues to seek additional funding from non GovGuam sources, it still requires its increasing base budget to grow and meet the future island demands.

As of February 2011, the College has received 25% or \$ 1.7 million of its \$6.96 million requested allotments. The slow release of funds has caused a strain on the College's financial resources and affects the programs and future programs to students. The College takes its finances seriously and monitors its spending within the College's procurement process. The College's management team has periodic discussions of national and local economic conditions, and how such conditions will affect the Government of Guam's finances. Based on such discussions and projection of allotments to be received by the Department of Administration, adjustments are made to department budgets throughout the College. The College will continue to maintain fiscal accountability for the benefit of our students.

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

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

Management's Discussion and Analysis
Year Ended September 30, 2010

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

The Learning Resource Center, which is the first Government of Guam LEED certified building, completed construction in December 2010 with a total construction and A&E cost of \$4.5 million. The addition of the LRC included a photovoltaic system, digital controls, and solar parking lights. In Summer 2010, the College put out for bid the Student Center project that is ARRA funded and awarded the bid on this construction project in September 2010 for \$3,930,000 with A&E costs of \$365,000. As of March 2011, the project is 20% complete and expected completion date is September 2011. The College recently awarded a \$3,998,000 contract for the hardening and renovation of the existing Foundation Building with A&E cost of \$351,845. The renovation has an expected completion date of November 2011.

As of the date of this report, the College has expended approximately 8% of its ARRA SFSF grants and encumbered 84% of the \$6 million sub-grant and 39% of the \$1,286,000 Guam Energy Office ARRA sub-grant. The College fully expects to expend all ARRA related sub-grants by December 31, 2010.

Other small capital improvement projects are planned for FY 2011, such as A/C repairs, installation of a new carpentry exhaust system, water tank repair, safety issues, renovation of existing classrooms and repair and renovation of restrooms. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets. During FY 2011, the College will complete its Energy Audit that will assist in identifying cost saving measures to reduce the cost of electricity. The College expects to implement many of the recommendations. In addition, the College will update its Campus Master Plan and update its Technology Plan by conducting an audit of its current infrastructure.

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

Statements of Net Assets
September 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 904,631	\$ 723,776
Cash and cash equivalents - restricted	288,504	292,216
Due from Government of Guam	3,908,036	1,863,795
Tuition receivable, less allowance for doubtful accounts of \$2,149,292 and \$1,260,699 at September 30, 2010 and 2009, respectively	3,695,985	3,662,707
Accounts receivable - U.S. Government and others	2,294,581	2,759,353
Other receivables	-	89,039
Inventories	160,997	162,782
Total current assets	11,252,734	9,553,668
Noncurrent assets:		
Investments	1,757,653	1,637,000
Property, plant and equipment, net	18,880,493	16,399,895
Total noncurrent assets	20,638,146	18,036,895
	\$ 31,890,880	\$ 27,590,563
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of long-term debt	\$ 353,859	\$ 668,708
Accounts payable and accrued liabilities	1,612,986	1,318,939
Deferred revenue	1,571,225	1,447,433
Deposits held on behalf of others	288,504	292,216
Accrued annual leave	189,392	214,589
Total current liabilities	4,015,966	3,941,885
Noncurrent liabilities:		
Accrued annual leave, net of current portion	266,567	258,378
DCRS sick leave liability	752,265	604,465
Long-term debt, net of current portion	278,018	611,786
Total liabilities	5,312,816	5,416,514
Commitment and contingency		
Net assets:		
Invested in capital assets, net of related debt	17,799,116	15,119,401
Restricted:		
Expendable	1,793,476	1,830,077
Unrestricted	6,985,472	5,224,571
Total net assets	26,578,064	22,174,049
	\$ 31,890,880	\$ 27,590,563

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position September 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 49,158	\$ 201,160
Investments	7,492,795	6,856,935
Accounts receivable	1,942	1,942
Plant and equipment, net	<u>180,081</u>	<u>240,108</u>
Total assets	<u>\$ 7,723,976</u>	<u>\$ 7,300,145</u>
NET ASSETS AND LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 268,803</u>	<u>\$ 344,224</u>
Total liabilities	<u>268,803</u>	<u>344,224</u>
Commitments		
Net assets:		
Unrestricted	5,344,877	4,905,320
Temporarily restricted	1,910,766	1,791,044
Permanently restricted	<u>199,530</u>	<u>259,557</u>
	<u>7,455,173</u>	<u>6,955,921</u>
Total net assets and liabilities	<u>\$ 7,723,976</u>	<u>\$ 7,300,145</u>

See accompanying notes to financial statements.