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OPA highlights secondary costs in GCC's 15th clean audit

Highlighting the dependence of Guam Community College on the government of Guam for personnel costs, including the 47 instructional and non-instructional employees that provide mandated GCC career and technical education programs in Guam's public high schools, Public Auditor Doris Flores Brooks on Tuesday praised GCC for its 15th consecutive clean audit by independent auditors Deloitte & Touche, LLP.

"GCC is to be commended for this significant achievement for it is the only Government of Guam (GovGuam) agency to do so. Additionally, no Management Letter was deemed necessary," Brooks stated in the audit Financial Highlights.

"Our finances at GCC are complicated," said Dr. Mary Okada, GCC president. "What many may not realize is that while we receive tuition revenue from our 2,400-plus postsecondary students, our budget must also support the 2,600 secondary students enrolled in the 10 career and technical education programs that we offer in Guam's public high schools. Those programs are designed to create a pathway to college for students, and that comes out of our budget and what federal grants we secure to support those programs," Okada noted. "We can never take our financial status for granted, which is why we guard it so closely."

The OPA audit noted that GCC closed FY 2015 with an increase in net income of \$6.9 million, an increase from FY 2014's restated net income of \$5M. The audit noted that \$3M of the increase was due mainly to the pension adjustment resulting from implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the reporting of net pension liability.

The audit highlighted GCC's three major categories of revenues: net student tuition and fees, federal grants and contracts, and Government of Guam appropriations.

The College's total revenues in FY 2015 amounted to \$41.3M, which is a \$1.5M increase over the prior year's revenues of \$39.9M. Tuition and fees contributed \$2.7M or 6.6% of total revenues. Federal monies brought in another \$12.7M or 30.8%. However, the audit noted, appropriations contributed to half of the College's revenues \$20.3M.

"...GCC management expressed concern for the slow releases of allotment," the highlights state. "None of GCC's FY 2016 appropriations have been received as of report issuance."

Although allotment release is an issue, Okada noted that GCC works closely with the administration to deal with the government's financial situation. To date, GovGuam has released all of GCC's FY 2015 appropriations.

"I'd like to thank the senators of the 33rd Guam Legislature and the Calvo administration for their support of the College," Okada added. "In addition to our Board of Trustees and our Foundation Board of Government, governmental support is an important factor in our audit status."

"Although this is our 15th clean audit, we are always looking at ways to improve our processes so that we can provide our students with the resources they need to graduate and succeed," said Carmen K. Santos, CPA, GCC VP of Finance & Administration. "We practice sustained due diligence with regard to our finances and internal controls, and try to give the people of Guam the best value for every tax dollar we are allotted. Much of the credit goes to our employees, who work very hard to make sure that all of our rules are followed," she said.

Full details of the OPA audit of GCC for FY 2015 are available at www.guamopa.org, under the link: <http://www.opaguam.org/financial-audits/guam-community-colleges-gcc-fy-2015-financial-audit>

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