

*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, 2024 and 2023
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, 2024 and 2023

Contents

| | |
|--|----|
| Report of Independent Auditors..... | 1 |
| Management’s Discussion and Analysis | 5 |
| Audited Financial Statements | |
| Statements of Net Position..... | 15 |
| Guam Community College Foundation Statements of Financial Position | 17 |
| Statements of Revenues, Expenses and Changes in Net Position | 18 |
| Guam Community College Foundation Statements of Activities..... | 19 |
| Statements of Cash Flows..... | 20 |
| Notes to Financial Statements..... | 21 |
| Required Supplementary Information | |
| Schedule 1 - Schedule of the College’s Proportionate Share of Net Pension Liability – Defined Benefit Plan..... | 58 |
| Schedule 2 - Schedule of the College’s Contributions – Defined Benefit Plan..... | 59 |
| Schedule 3 - Schedule of the College’s Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Participants..... | 60 |
| Schedule 4 - Schedule of the College’s Contributions Ad Hoc COLA/Supplemental Annuity Plan for DB Participants..... | 61 |
| Schedule 5 - Schedule of the College’s Proportionate Share of Collective Total Pension Liability – Ad Hoc COLA Plan for DCRS Participants | 62 |
| Schedule 6 - Schedule of College’s Contributions Ad Hoc COLA Plan for DCRS Participants | 63 |
| Schedule 7 - Schedule of the College’s Proportionate Share of Collective Total Other Postemployment Benefit Liability | 64 |
| Note to Required Supplementary Information..... | 65 |

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, 2024 and 2023

Contents, continued

Supplementary and Other Information

| | |
|--|----|
| Schedule 8 - Schedule of Salaries and Wages (Cash Basis) | 66 |
| Schedule 9 - Schedule of Expenditures by Function and Object Code | 67 |
| 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 <i>Government Auditing Standards</i> | 70 |

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, 2024 and 2023, 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 "basic 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, 2024 and 2023, 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. The financial statements of the Guam Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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 June 6, 2025 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

June 6, 2025

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

Management's Discussion and Analysis

Years Ended September 30, 2024 and 2023

For Fiscal Year 2024, Guam Community College (“the College” or “GCC”) did not meet the definition of low-risk auditee in 2 CFR 200.520. This is due to a two-year look back period wherein there was a delay in the submission of Fiscal Year 2022 data collection form to the Federal Audit Clearinghouse. The following overview and analysis of the financial activities for fiscal years ended September 30, 2024, 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 2024 Overview

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

- GCC promoted five separate bootcamps of which 53 individuals successfully completed the curriculum and training. Nine from the GCC Construction Bootcamp IV, sixteen from the GCC Truck Driving III and IV Bootcamps, twelve from the GCC Bus Driving III Bootcamp, seven from the Childcare Bootcamp VI, and nineteen from the GCC Ship Repair Bootcamp XII.
- GCC Liberal Studies CHamoru Education and Culture track and Kumision I Fino' CHamoru successfully completed the first cohort of eight CHamoru language teachers in the Kumision's Nina'fitme i Fina'na'guen Fino' CHamoru (Strengthening the Teaching of the CHamoru Language) Certificate Program.
- GCC participated in the Guam Health & Social Services Workforce Development Collaborative that was established through Executive Order #2023-10 of which eight key members, including the President of GCC, examined Guam’s current healthcare and social services labor shortages and developed recommendations.
- GCC’s Reach for College hosted Financial Aid workshops to provide parents and students face-to-face and hands-on assistance with completing the Free Application for Federal Student Aid (FASFA).
- GCC Cosmetology instructors and students were recognized with a Legislative Certificate for their hard work and time in the “Taking Hair and Combing Together for Relief” post Typhoon Mawar activity.
- The College successfully completed the English Second Language (ESL) Immersion Program with twelve students from Korea, a collaboration and importance of embracing cultural diversity.
- 136 GCC Career and Technical Education secondary students were inducted to their perspective National Technical Honor Society Chapter. Students are part of programs such as Allied Health, Marketing, ProStart, Telecommunications, and Hospitality & Tourism Management.
- The Bachelor of Science in Career Technical Education (BSCTE) students engaged and contributed to the Guam Chapter Association of Career and Technical Education Summit.

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

Management's Discussion and Analysis, continued

- GCC successfully completed a 100-kilowatt (kW) photovoltaic (PV) system installation on campus at Buildings A and C bringing the campus's renewable energy capacity to 260kW, marking a major milestone in GCC's commitment to sustainability and environmental stewardship.
- GCC Career and Technical Education secondary students from the John F. Kennedy High School National Technical Honor Society (NTHS) participated in the "6S.M.A.R.T.I Tips for Effective Communication" workshop with the post-secondary apprentice students.
- GCC broke ground on its first off-site project for the renovation of the Workforce Development Center to focus on providing entry- and journey-worker-level training in the construction and marine repair trades.
- The GCC Literacy Navigators program held its inaugural "Guam Loves to Read" book distribution, of which more than 7,000 resiliency memoirs and literature from local authors were provided to the Department of Youth Affairs' Youth Resource Center, the Guam Public Library System libraries, village youth centers, and the Guam Department of Education public school libraries.
- Sixteen students successfully completed the GCC Cosmetology Cohort IV and received their certificates from the program.
- GCC launched its first-ever Career & Technical Education Summer Program with a total of 60 Guam high school students who learned firsthand from some of GCC's CTE programs like Health Sciences, AutoCADD, Automotive, Culinary & Food Services, Electronics, IT (Computers), and Marketing.
- GCC welcomed 21 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 and ended in June 2024 by the U.S. Department of Education.

Network Infrastructure Upgrade & Other Projects

In support of the College's motto of "Student First, Mission Always", the College modernized its Integrated Database to Ellucian Banner Enterprise Resource Planning (ERP) Experience system. The project was completed in fiscal year 2024.

Local Appropriations

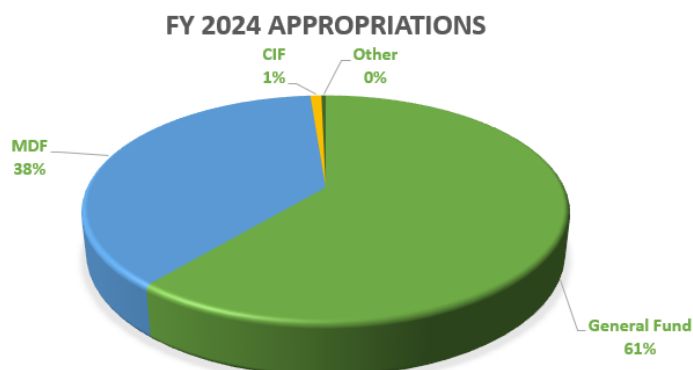
The College continued to maintain its operations during fiscal year 2024 with the financial resources available, despite setbacks caused by enrollment decreases from prior years, continuous uncertainties caused by the COVID-19 pandemic, and the recovery efforts from the devastation of Typhoon Mawar.

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

Management's Discussion and Analysis, continued

Public Law (P.L.) 37-42, the Government of Guam Appropriations Act for FY 2024 appropriated 1% more or \$234K, resulting in a \$22.8M FY 2024 budget compared to FY2023's budget of \$22.5M. General Fund appropriations has decreased \$2.6M which covers salaries and benefits. Manpower Development has increased by \$3M which covers salaries, benefits, utilities and operational costs. 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 \$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 2022 to FY 2024).

| | FY 2024 | FY 2023 | FY 2022 |
|------------------------------------|----------------------|----------------------|----------------------|
| General Fund | \$ 13,906,546 | \$ 16,514,007 | \$ 15,825,631 |
| Manpower Development Fund (MDF) | \$ 8,575,161 | \$ 5,533,920 | \$ 3,924,480 |
| Capital Improvement Fund (CIF) | \$ 200,400 | \$ 200,400 | \$ 200,400 |
| First Generation Trust Fund (FGTF) | \$ - | \$ 200,000 | \$ 200,000 |
| WICHE Scholarship Office Fund | \$ 78,500 | \$ 78,500 | \$ 78,500 |
| Total Local Appropriation | \$ 22,760,607 | \$ 22,526,827 | \$ 20,229,011 |



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 public 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 delivered by 48 GCC faculty. Not all programs are offered at each high school due to space limitations.

GCC had 227 full-time personnel as of September 30, 2024, an increase from the prior year's 225 personnel. The slight increase in personnel was a result of 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.

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

Management's Discussion and Analysis, continued

Tuition and Fees

Tuition revenue is used to support expansion of programs or services, technology infrastructure, as well as capital improvement projects and other related expenses.

Grant Funding Sources

The College continues to seek and apply for additional funding resources through grants and loans to support its mission. The funding sources in FY 2024 are as follows:

- In AY 2023-2024, the Pell funding maximum full-time award was increased by \$500 to \$7,395 per student per academic year. There were 1,595 students awarded Pell grants during AY 2023-2024 and the students' Pell awards covered 47% or \$2,107,822 of the total tuition and fee revenue, compared to the previous year where 42% or \$2,330,057 of students' tuition and fees were paid with the Pell award. The change is in line with the decrease in credit enrollment compared to the prior year. 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 was awarded \$1,220,410 from U.S. Department of Commerce, Economic Development Authority (EDA) for the renovation of the Workforce Development Center in Barrigada. GCC broke ground on the renovation project on May 7, 2024 and is expected to be completed in FY 2025. The renovation will modernize the facility's workshop spaces and training rooms, to include procurement of updated training equipment. The center will house GCC's ship repair work-ready bootcamps in providing entry- and journey-worker-level training in the construction and marine repair trades. The grant expires on June 21, 2027.
- 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 was awarded \$456,054 from the Department of Interior (DOI) for the GCC Bootcamps to assist in getting people back to work. The Truck Driving Boot Camp V that commenced in FY 2024 has 15 participants and is scheduled to be completed in FY 2025. The fund was initially due to expire on September 30, 2024, however, was extended to September 30, 2025.
- 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 was used to expand the Building A system by an additional 15 kilowatts and the project was completed in June

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

Management's Discussion and Analysis, continued

2024. 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 project is expected to be completed in FY 2025. The fund was initially due to expire on September 30, 2024, however, was extended to September 30, 2025.
- GCC was awarded \$74,040 from DOI for grant writing, fund development and financial management. Non-profit grant training instructors were identified and scheduled training was completed in 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.
- GCC was awarded \$1,308,679 from U.S. Department of Labor (U.S. DOL) to develop and implement a "YouthBuild" program. The award will support training employment services for young adults and increase apprenticeships in high-demand fields. During the 32-week program, up to 66 participants will earn a GED or complete their high school diploma requirements, and learn construction trades. In addition to the training, participants will receive a stipend to help them with living expenses. The grant will expire on September 30, 2027.
- GCC was awarded \$587,647 from the National Fish & Wildlife Foundation (NFWF) to establish a collaboration between GCC, the Department of Lands and Natural Resources in the Commonwealth of the Northern Mariana Islands (CNMI), Tano, Tasi Yan Todu (TTT) to design programs that develop a capable and competitive workforce to meet the growing needs of the region's conservation organizations, with a focus on indigenous language, culture, and methodologies. The grant will expire on December 31, 2025.
- GCC was awarded \$75,000 from the Metallica Scholars Initiative (MSI) to enhance work-ready ship repair boot camps for marine construction trades which supports the U.S. Navy's mission in the Pacific region. The grant will expire on June 30, 2025.
- GCC was awarded \$250,000 from the U.S. Department of State (DOS) to fund, host, and coordinate the in-person training session for the Academy for Women Entrepreneurs (AWE), a program under the Young Pacific Leaders (YPL) managed by the U.S. Embassy, New Zealand. The grant will expire on September 30, 2025.
- GCC was awarded \$481,544 from DOI to purchase a 10-speed tractor with a 40-foot trailer, and a driving simulator to support its truck driving program. The demand for qualified

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

Management's Discussion and Analysis, continued

truck drivers is critical to Guam's economy as it supports commerce and the substantiating increase in construction activity. The grant will expire on September 30, 2027.

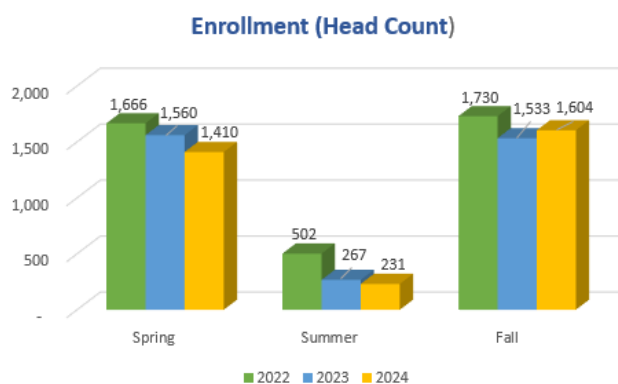
- GCC was awarded \$60,000 from DOI to host the 3rd Regional Forensic Science Symposium. The symposium bridges the gap between science education programs and the workforce in Guam and the Micronesia region. The symposium will strengthen the technical capabilities of forensic practitioners and students by offering hands-on experience with laboratory techniques, simulated crime scenes, field exercises, and engaging panel discussions. These sessions will address current forensic science challenges, real-world criminal cases, and emerging issues affecting the criminal justice and law enforcement sectors both locally and nationally. The grant will expire on September 30, 2028.
- GCC was awarded \$338,021 from DOI, through the Office of Insular Affairs Technical Assistance Program, for Maintenance Training Bootcamps. Raising the Career Technical Education Ladder for Building Maintenance Project. The grant provides support to increase the availability of a skilled workforce trained in building maintenance and repair. The grant will expire on September 30, 2028.

Enrollment

Similar to other colleges and universities, GCC was challenged with maintaining or increasing student enrollment amid the fourth 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.

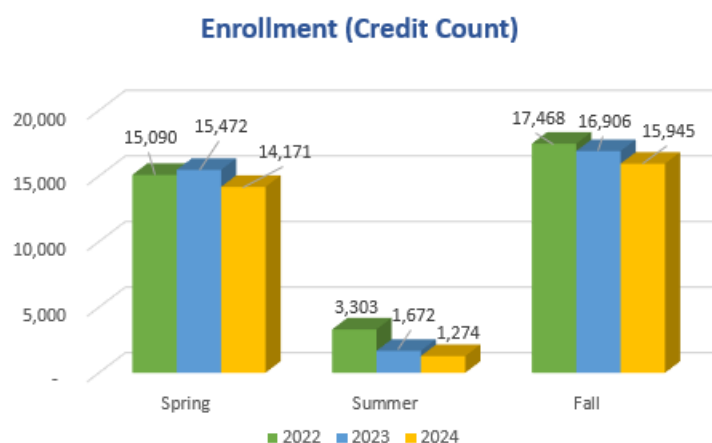
The College maintained competitive tuition rates at \$130 per credit hour during the academic year 2023-2024. There was no change in tuition per credit hour since Fall 2011.

The College saw a decrease in student enrollment beginning in Spring 2024 (1,410 students), a decrease of 10% compared to Spring 2023, and a corresponding decrease in Spring 2024 credit hours of 14,171 was 8% less than Spring 2023. Fall 2024 enrollment was at 1,604, a slight increase of 5% compared to Fall 2023. Although the enrollment slightly increased, the Fall 2024 students were registered for 15,945 credit hours, or 6% less than Fall 2023 students' 16,906 credit hours. GCC experienced a 13% decrease in enrollment in Summer 2024 compared to Summer 2023.



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

Management's Discussion and Analysis, continued



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

Summary Statements of Net position

| | 2024 | 2023 | 2022 |
|--|-------------------|-------------------|------------------|
| Assets: | | | |
| Other current assets | \$ 30,790 | \$ 31,031 | \$ 26,521 |
| Accounts receivable – U.S. Government | 1,304 | 1,754 | 1,940 |
| Investments (noncurrent) | 1,853 | 1,739 | 1,702 |
| Capital assets, net | 45,941 | 43,726 | 39,298 |
| Total assets | <u>79,888</u> | <u>78,250</u> | <u>69,461</u> |
| Deferred outflows from pension | 23,780 | 24,778 | 20,960 |
| Total assets and deferred outflows of resources | <u>\$ 103,668</u> | <u>\$ 103,028</u> | <u>\$ 90,421</u> |
| Liabilities: | | | |
| Current liabilities | \$ 5,400 | \$ 5,590 | \$ 6,249 |
| Non-current liabilities | 105,078 | 97,931 | 98,933 |
| Total liabilities | <u>110,478</u> | <u>103,521</u> | <u>105,182</u> |
| Deferred inflows from pension | 17,457 | 22,886 | 16,744 |
| Net position: | | | |
| Net investment in capital assets | 42,400 | 39,621 | 34,027 |
| Restricted - nonexpendable for learning resources & technology | 1,853 | 1,739 | 1,702 |
| Unrestricted | (68,520) | (64,739) | (67,234) |
| Total net position | <u>(24,267)</u> | <u>(23,379)</u> | <u>(31,505)</u> |
| Total liabilities, deferred inflows of resources and net pension | <u>\$ 103,668</u> | <u>\$ 103,028</u> | <u>\$ 90,421</u> |

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

Management's Discussion and Analysis, continued

The College's overall financial situation slightly declined as compared to the prior year, going from a negative \$23.38 million net position to a negative \$24.27 million net position or a change of 4% or \$888K. Accounts Receivables improved by 26% or \$450K due to the collections received from the U.S Government. Investments increased by 7% or \$114K due to slight improvement in market values. Buildings, infrastructure, and equipment increased due to purchases of air conditioning units, as well as various repairs to buildings and infrastructure. Construction projects, such as Student Success Center (Building B), Culinary and Baking Building (Building 400), and Building 2000 generator are nearing completion, while Building A and C solar power system were completed, which resulted in a 13% decrease in Construction in Progress. Accordingly, accumulated depreciation increased to offset the capital changes.

Current liabilities slightly decreased due to decreases in accounts payable. Noncurrent liabilities increased due the net effect of OPEB and net pension liability, going from \$92.73M to \$100.46M.

As a result of the constraints of College and University accounting, approximately \$7,171,039 in encumbrances incurred in fiscal year 2024 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, Building 400, Building 2000 generator, Buildings A and C solar power system, and other capital projects.

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

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-----------------------------------|--------------------|--------------------|--------------------|
| Operating revenues | \$ 7,356 | \$ 5,746 | \$ 8,573 |
| Operating expenses | <u>(38,160)</u> | <u>(34,467)</u> | <u>(35,826)</u> |
| Operating loss | (30,804) | (28,721) | (27,253) |
| Non-operating revenues, net | 27,088 | 34,205 | 29,863 |
| Federal capital grants | <u>2,828</u> | <u>2,642</u> | <u>1,404</u> |
| Change in net position | (888) | 8,126 | 4,014 |
| Net position at beginning of year | <u>(23,379)</u> | <u>(31,505)</u> | <u>(35,519)</u> |
| Net position at end of year | \$ <u>(24,267)</u> | \$ <u>(23,379)</u> | \$ <u>(31,505)</u> |

Statements of Cash Flows

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|------------------|
| Cash provided by (used in): | | | |
| Operating activities | \$ (24,927) | \$ (25,387) | \$ (24,756) |
| Noncapital financing activities | 29,669 | 34,247 | 29,786 |
| Capital and related financing activities | <u>(4,575)</u> | <u>(4,628)</u> | <u>(1,202)</u> |
| Net change in cash and cash equivalents | 167 | 4,232 | 3,828 |
| Cash and cash equivalents at beginning of year | <u>25,920</u> | <u>21,688</u> | <u>17,860</u> |
| Cash and cash equivalents at end of year | \$ <u>26,087</u> | \$ <u>25,920</u> | \$ <u>21,688</u> |

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

Management's Discussion and Analysis, continued

sAt the end of FY 2024, the College recognized a 20% decrease in student tuition and fees, which is in line with the decrease in credit enrollment during FY 2024 compared to the prior year. The College experienced a 38% decrease or \$5M in federal grants contracts. The College experienced a 14% 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 change of \$888K in net position primarily due to the decrease in federal grants contracts revenues, compared to FY 2023's \$8.12M change in net position.

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

- Net operating revenues increased by \$1.6M or 28.0%.
- Operating expenses increased by \$3.7M or 10.7%.
- Net nonoperating revenues decreased by \$7.12M or 20.8%.
- Federal capital grants decreased by \$186K or 7.0%

Management's Discussion and Analysis for the years ended September 30, 2023 and 2022, is set forth in the College's report on the audit of the financial statements, which is dated May 24, 2024. The Discussion and Analysis explains the major factors impacting the 2023 and 2022 financial statements and can be viewed at the Office of Public Accountability website at www.opaguam.org.

Economic Outlook for FY 2025

By focusing on strategic goals, infrastructure development, and financial sustainability, the Guam Community College positions itself to adapt to economic changes, support growth, become a major catalyst, and contribute significantly to the economic recovery by delivering the education and training at the highest standards that strengthens our workforce.

In the year ahead, GCC will complete the next comprehensive review by the Accrediting Commission for Community and Junior Colleges (ACCJC): the team Institutional Self-Evaluation Review (ISER) in Fall 2024 and the Focused Site Visit by a peer review team from the ACCJC in Spring 2025. The Accreditation process is an opportunity for GCC to demonstrate its strengths and to confront identified areas for improvement. This is arguably the most important process for the progress and advancement of the College. It ultimately assures that the College is held to the highest standards in all areas.

In addition, GCC will begin preparations for the transition to Banner ERP Software-As-A-Service (SaaS) System. In September 2024, GCC signed a contract with Ellucian to support the College's Banner SaaS enterprise modernization as a continued commitment to provide quality learning resource materials and facilities, including information technology.

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

Management's Discussion and Analysis, continued

Our priority remains the welfare and well-being of our students. The College is actively modernizing its campus to keep pace with the rapidly changing demands of today's workforce. Recognizing that the level of technical expertise required in the current job market is significantly higher than it was a decade ago, GCC is continually seeking additional funding to enhance telecommunications technology—ensuring stronger connections both within our community and across borders.

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 2025 are the Building 2000 emergency generator, the installation of a 100-KW solar panel system for the Student Services and Administration Building 2000, the renovation of Building B to support the Student Success Center, the renovation of Building 400 to support the Culinary and Baking Center, and the renovation of the Workforce Development Center in Barrigada. The College is in the process of finalizing the funding approval for the construction of the Facilities Maintenance and Wellness Center.

In support of the College's commitment to sustainability, the installation of a 140-KW solar panel and battery storage system for Buildings 1000 and B, to include placement on a carport parking lot is slated to commence in FY 2025.

In line with the 2020-2026 ISMP, the College continues to monitor 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 (ITSP).

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, | |
|--|-----------------------|-----------------------|
| | <u>2024</u> | <u>2023</u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 26,086,975 | \$ 25,920,248 |
| Tuition receivable, less allowance for doubtful accounts of \$1,014,484 and \$1,241,685 at September 30, 2024 and 2023, respectively | 1,520,124 | 1,637,825 |
| Accounts receivable - U.S. Government | 1,303,851 | 1,753,640 |
| Due from Guam Community College Foundation | 288,195 | 2,111,152 |
| Accounts receivable - Government of Guam | 710,119 | --- |
| Accounts receivable - other, less allowance for doubtful accounts of \$448,602 and \$466,165 at September 30, 2024 and 2023, respectively | 1,641,840 | 875,985 |
| Inventories | <u>542,744</u> | <u>485,783</u> |
| Total current assets | <u>32,093,848</u> | <u>32,784,633</u> |
| Noncurrent assets: | | |
| Investments | 1,852,914 | 1,739,096 |
| Capital Assets: | | |
| Depreciable capital assets, net of accumulated depreciation | 30,098,164 | 25,803,469 |
| Lease assets, net of accumulated amortization | 3,316,371 | 3,415,664 |
| Subscription assets arising from subscription-based information technology arrangements, net of accumulated amortization | --- | 518,517 |
| Nondepreciable capital assets | <u>12,526,493</u> | <u>13,988,782</u> |
| Total noncurrent assets | <u>47,793,942</u> | <u>45,465,528</u> |
| Total assets | <u>79,887,790</u> | <u>78,250,161</u> |
| Deferred outflows of resources: | | |
| Deferred outflows from OPEB | 13,599,361 | 11,369,129 |
| Deferred outflows from pension | <u>10,181,261</u> | <u>13,408,760</u> |
| Total deferred outflows of resources | <u>23,780,622</u> | <u>24,777,889</u> |
| Total assets and deferred outflows of resources | <u>\$ 103,668,412</u> | <u>\$ 103,028,050</u> |

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

Statements of Net Position, continued

| | September 30, | |
|---|----------------|----------------|
| | 2024 | 2023 |
| Liabilities | | |
| Current liabilities: | | |
| Current portion of lease liability | \$ 47,733 | \$ 45,760 |
| Current portion of accrued annual leave | 272,807 | 266,715 |
| Accounts payable | 943,467 | 1,885,706 |
| Accrued liabilities | 934,611 | 989,670 |
| Construction contract payable | 507,136 | 203,840 |
| Retainage payable | 1,096,985 | 660,646 |
| Unearned revenues | 1,230,121 | 1,228,720 |
| Deposits held on behalf of others | 366,695 | 308,984 |
| Total current liabilities | 5,399,555 | 5,590,041 |
| Noncurrent liabilities: | | |
| Accrued annual leave, net of current portion | 430,475 | 323,593 |
| DCRS sick leave liability | 689,815 | 796,424 |
| Lease liability, net of current portion | 3,493,521 | 3,541,224 |
| Subscription liability | --- | 533,995 |
| Collective total OPEB liability | 61,331,399 | 51,852,707 |
| Net pension liability | 39,133,801 | 40,882,873 |
| Total liabilities | 110,478,566 | 103,520,857 |
| Deferred inflows of resources: | | |
| Deferred inflows from OPEB | 14,968,485 | 19,927,728 |
| Deferred inflows from pension | 2,488,864 | 2,958,124 |
| Total deferred inflows of resources | 17,457,349 | 22,885,852 |
| Net position: | | |
| Net investment in capital assets | 42,399,774 | 39,620,931 |
| Restricted nonexpendable for learning resources and technology | 1,852,914 | 1,739,096 |
| Unrestricted | (68,520,191) | (64,738,686) |
| Total net position | (24,267,503) | (23,378,659) |
| Total liabilities, deferred inflows of resources and net position | \$ 103,668,412 | \$ 103,028,050 |

Guam Community College Foundation

Statements of Financial Position

| Assets | September 30, | |
|---|---------------|---------------|
| | 2024 | 2023 |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,522,741 | \$ 1,107,205 |
| Other receivables | 2,004 | 3,005 |
| Investments | 20,593,783 | 16,516,830 |
| Net investment in the lease, current portion | 47,702 | 45,730 |
| Total current assets | 22,166,230 | 17,672,770 |
| Net investment in the lease, net of current portion | 3,493,552 | 3,540,854 |
| Construction-in-progress | 5,156,608 | 5,156,608 |
| Plant and equipment, net | 18,008 | 18,008 |
| Total assets | \$ 30,834,398 | \$ 26,388,240 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Current portion of loan payable | \$ 115,886 | \$ 113,169 |
| Construction contract payable and other accruals | 82,771 | 82,771 |
| Due to Guam Community College | 288,195 | 2,111,152 |
| Total current liabilities | 486,852 | 2,307,092 |
| Loan payable, net of current portion | 3,581,898 | 3,657,328 |
| Total liabilities | 4,068,750 | 5,964,420 |
| Net assets: | | |
| Without donor restrictions | 20,640,659 | 18,316,541 |
| With donor restrictions | 6,124,989 | 2,107,279 |
| | 26,765,648 | 20,423,820 |
| Total liabilities and net assets | \$ 30,834,398 | \$ 26,388,240 |

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, | |
|--|------------------------------|-------------------------|
| | 2024 | 2023 |
| Revenues: | | |
| Operating revenues: | | |
| Student tuition and fees | \$ 4,476,729 | \$ 5,572,109 |
| Less: Scholarship discounts and allowances | (2,107,822) | (2,330,057) |
| | 2,368,907 | 3,242,052 |
| Federal grants and contracts | 159,756 | 138,443 |
| Auxiliary enterprises | 1,066,031 | 1,246,132 |
| Other revenues | 3,760,995 | 1,119,430 |
| Total operating revenues | <u>7,355,689</u> | <u>5,746,057</u> |
| Operating expenses: | | |
| Education and general: | | |
| Instruction | 11,986,660 | 11,169,619 |
| Institutional support | 7,327,667 | 6,623,126 |
| Student services | 4,124,220 | 3,258,250 |
| Operations and maintenance of plant | 2,927,876 | 2,580,217 |
| Depreciation | 2,766,606 | 2,499,245 |
| Academic support | 2,719,490 | 2,280,737 |
| Scholarships and fellowships | 2,357,977 | 2,834,350 |
| Retiree pension and healthcare costs | 2,035,118 | 1,849,004 |
| Planning | 1,374,836 | 946,132 |
| Auxiliary enterprises | 539,533 | 426,643 |
| Total operating expenses | <u>38,159,983</u> | <u>34,467,323</u> |
| Operating loss | (30,804,294) | (28,721,266) |
| Nonoperating revenues (expenses): | | |
| Government of Guam appropriations: | | |
| Operations, net | 24,795,725 | 24,375,831 |
| Federal grants and contracts | 4,873,601 | 9,871,385 |
| Net contributions (to) from GCC Foundation | (2,427,125) | 115,548 |
| Interest expense | (154,640) | (157,562) |
| Net nonoperating revenues | <u>27,087,561</u> | <u>34,205,202</u> |
| Federal capital grants | <u>2,827,889</u> | <u>2,642,197</u> |
| Change in net position | (888,844) | 8,126,133 |
| Net position: | | |
| Net position at beginning of year | (23,378,659) | (31,504,792) |
| Net position at end of year | <u>\$(24,267,503)</u> | <u>\$(23,378,659)</u> |

See accompanying notes

Guam Community College Foundation

Statements of Activities

| | Years Ended September 30, | | | | | |
|---|----------------------------------|-------------------------------|----------------------|----------------------------------|-------------------------------|----------------------|
| | 2024 | | | 2023 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, gains and other additions: | | | | | | |
| Net investment gains | \$ 2,215,213 | \$ 1,775,039 | \$ 3,990,252 | \$ 1,657,095 | \$ 230,989 | \$ 1,888,084 |
| Interest income | 155,167 | --- | 155,167 | 156,241 | --- | 156,241 |
| Fundraising | 31,885 | --- | 31,885 | 49,194 | --- | 49,194 |
| Other additions | <u>212,575</u> | <u>2,242,671</u> | <u>2,455,246</u> | <u>7,035</u> | <u>---</u> | <u>7,035</u> |
| Total revenues, gains and other additions | <u>2,614,840</u> | <u>4,017,710</u> | <u>6,632,550</u> | <u>1,869,565</u> | <u>230,989</u> | <u>2,100,554</u> |
| Expenditures and other deductions: | | | | | | |
| Management and general | 221,370 | --- | 221,370 | 234,766 | --- | 234,766 |
| Fundraising | <u>69,352</u> | <u>---</u> | <u>69,352</u> | <u>58,829</u> | <u>---</u> | <u>58,829</u> |
| Total expenditures and other deductions | <u>290,722</u> | <u>---</u> | <u>290,722</u> | <u>293,595</u> | <u>---</u> | <u>293,595</u> |
| Change in net assets | 2,324,118 | 4,017,710 | 6,341,828 | 1,575,970 | 230,989 | 1,806,959 |
| Net assets at beginning 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> |
| Net assets at end of year | <u>\$ 20,640,659</u> | <u>\$ 6,124,989</u> | <u>\$ 26,765,648</u> | <u>\$ 18,316,541</u> | <u>\$ 2,107,279</u> | <u>\$ 20,423,820</u> |

See accompanying notes

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

Statements of Cash Flows

| | Years Ended September 30, | |
|---|------------------------------|------------------|
| | 2024 | 2023 |
| Cash flows from operating activities: | | |
| Student tuition and fees | \$ 2,488,009 | \$ 2,619,768 |
| Federal grants and contracts | 609,545 | 324,461 |
| Auxiliary enterprises | 1,066,031 | 1,246,132 |
| Other receipts | 3,994,160 | 1,289,225 |
| Payments to employees | (18,655,148) | (19,649,204) |
| Payments to suppliers | (12,072,051) | (8,382,708) |
| Payments for scholarships and fellowships | (2,357,977) | (2,834,350) |
| Net cash used in operating activities | (24,927,431) | (25,386,676) |
| Cash flows from noncapital financing activities: | | |
| Government of Guam appropriations | 24,795,725 | 24,375,831 |
| Federal grants and contracts | 4,873,601 | 9,871,385 |
| Cash provided by noncapital financing activities | 29,669,326 | 34,247,216 |
| Cash flows from capital and related financing activities: | | |
| Purchases of capital assets | (4,775,562) | (7,186,056) |
| Federal capital grants | 2,827,889 | 2,642,197 |
| Contributions (to) from GCC Foundation | (2,427,125) | 115,548 |
| Principal paid on lease liability | (45,730) | (42,837) |
| Interest paid on lease liability | (154,640) | (157,562) |
| Net cash used in capital and related financing activities | (4,575,168) | (4,628,710) |
| Net change in cash and cash equivalents | 166,727 | 4,231,830 |
| Cash and cash equivalents at beginning of year | 25,920,248 | 21,688,418 |
| Cash and cash equivalents at end of year | \$ 26,086,975 | \$ 25,920,248 |
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | \$(30,804,294) | \$(28,721,266) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 2,766,606 | 2,499,245 |
| Noncash other postemployment benefit cost | 3,895,505 | 2,840,078 |
| Noncash pension cost | 5,325,864 | 3,073,298 |
| Noncash subscription expense | --- | 15,478 |
| Unrealized gain on investment | (113,818) | (36,819) |
| Changes in assets and liabilities: | | |
| Tuition receivable | 117,701 | (461,293) |
| Accounts receivable - U.S. Government | 449,789 | 186,018 |
| Accounts receivable - others and GCC Foundation | 1,057,102 | 206,614 |
| Accounts receivable - Government of Guam | (710,119) | --- |
| Inventories | (56,961) | (23,567) |
| Accrued annual leave | 112,974 | 52,868 |
| Accounts payable, accrued liabilities and deposits on behalf of others | (939,587) | 261,487 |
| Unearned revenues | 1,401 | (160,991) |
| DCRS sick leave liability | (106,609) | 53,442 |
| Collective total OPEB liability | (1,606,288) | (1,361,033) |
| Net pension liability | (4,316,697) | (3,810,235) |
| Net cash used in operating activities | \$(24,927,431) | \$(25,386,676) |

See accompanying notes

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

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

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 collectability 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, 2024, the College implemented the following pronouncements:

- GASB Statement No. 99, *Omnibus 2022*, which 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. It also provides guidance on classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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 issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which results in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information is provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements results in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

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.

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

Upcoming Accounting Pronouncements, continued

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.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

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

Upcoming Accounting Pronouncements, continued

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

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
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Significant Accounting Policies, continued

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, 2024 and 2023, the carrying amount of the College's deposits was \$26,086,975 and \$25,920,248, respectively, the corresponding bank balances were \$26,852,515 and \$26,220,923, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2024 and 2023, deposits in the amount of \$26,123,485 and \$25,496,253, 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, 2024 and 2023, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of \$1,852,914 and \$1,739,096, 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, 2024 and 2023, respectively.

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

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 on September 30, 2024 and 2023.

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's investments are in mutual funds as of September 30, 2024 and 2023 and whose fair values are Level 1 based on quoted prices in active markets for identical assets. As of September 30, 2024 and 2023, the College invested \$10,656,468 and \$10,159,166, respectively, 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
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

2. Capital Assets

Movements of property, plant and equipment for the year ended September 30, 2024 were as follows:

| | Estimated Useful Life (in years) | Balance October 1, 2023 | Additions/ Transfers | Retirement/ Transfers | September 30, 2024 |
|--------------------------------------|--|-------------------------------|-------------------------|--------------------------|-----------------------|
| Depreciable capital assets: | | | | | |
| Buildings and structures | 10-30 | \$60,753,529 | \$6,284,035 | \$ --- | \$67,037,564 |
| Furniture, fixtures and equipment | 5-6 | 14,641,159 | 653,460 | --- | 15,294,619 |
| Vehicles | 5 | <u>829,730</u> | <u>39,995</u> | <u>---</u> | <u>869,725</u> |
| | | <u>76,224,418</u> | <u>6,977,490</u> | <u>---</u> | <u>83,201,908</u> |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | (36,316,894) | (2,138,271) | --- | (38,455,165) |
| Furniture, fixtures and equipment | | (13,448,684) | (491,582) | (7,032) | (13,947,298) |
| Vehicles | | <u>(655,371)</u> | <u>(34,851)</u> | <u>(11,059)</u> | <u>(701,281)</u> |
| | | <u>(50,420,949)</u> | <u>(2,664,704)</u> | <u>(18,091)</u> | <u>(53,103,744)</u> |
| | | <u>25,803,469</u> | <u>4,312,786</u> | <u>(18,091)</u> | <u>30,098,164</u> |
| Lease assets: | | | | | |
| Buildings under lease | | 3,673,853 | --- | --- | 3,673,853 |
| Less accumulated amortization | | <u>(258,189)</u> | <u>(99,293)</u> | <u>---</u> | <u>(357,482)</u> |
| | | <u>3,415,664</u> | <u>(99,293)</u> | <u>---</u> | <u>3,316,371</u> |
| Subscription-based IT assets: | | | | | |
| Subscription-based IT asset | | 1,555,641 | --- | --- | 1,555,641 |
| Less accumulated amortization | | <u>(1,037,124)</u> | <u>(518,517)</u> | <u>---</u> | <u>(1,555,641)</u> |
| | | <u>518,517</u> | <u>(518,517)</u> | <u>---</u> | <u>---</u> |
| Non-depreciable assets: | | | | | |
| Land | | 2,465,500 | --- | --- | 2,465,500 |
| Construction in progress | | <u>11,523,282</u> | <u>4,517,935</u> | <u>(5,980,224)</u> | <u>10,060,993</u> |
| | | <u>13,988,782</u> | <u>4,517,935</u> | <u>(5,980,224)</u> | <u>12,526,493</u> |
| | | <u>\$43,726,432</u> | <u>\$8,212,911</u> | <u>\$(5,998,315)</u> | <u>\$45,941,028</u> |

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

Notes to Financial Statements, continued

2. Capital Assets, continued

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

| | Estimated Useful Life (in years) | Balance October 1, 2022 | Additions/ Transfers | Retirement/ Transfers | September 30, 2023 |
|--------------------------------------|--|-------------------------------|-------------------------|--------------------------|-----------------------|
| 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> |

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

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> |
|----------------------------------|--------------------|--------------------|--------------------|
| 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 | 56,509 | 143,891 | 200,400 |
| 2030-2034 | 321,248 | 680,752 | 1,002,000 |
| 2035-2039 | 396,707 | 605,293 | 1,002,000 |
| 2040-2044 | 489,891 | 512,109 | 1,002,000 |
| 2045-2049 | 604,964 | 397,036 | 1,002,000 |
| 2050-2054 | 747,066 | 254,934 | 1,002,000 |
| 2055-2058 | <u>721,236</u> | <u>79,452</u> | <u>800,688</u> |
| | <u>\$3,541,254</u> | <u>\$3,271,434</u> | <u>\$6,812,688</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.

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

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 29.43% and 28.43%, respectively, for the years ended September 30, 2024 and 2023. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2024 and 2023.

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
(A Component Unit of the Government of Guam)

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.

| | |
|----------------------------|---|
| Inflation: | 2.50% per year |
| Investment rate of return: | 7.0% |
| Payroll growth: | 4.00% for Fiscal Year 2023; 2.50% per year thereafter |
| Salary increases: | 6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years |
| Retirement age: | 40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire |
| Investment rate of return: | The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. |
| Mortality: | Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80 |

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
(A Component Unit of the Government of Guam)

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% | 7.88% | 2.05% |
| U.S. Equities (small cap) | 4.0% | 9.44% | 0.38% |
| Non-U.S. Equities | 17.0% | 10.16% | 1.73% |
| Non-U.S. Equities (emerging markets) | 3.0% | 12.09% | 0.36% |
| U.S. Fixed Income (aggregate) | 22.0% | 4.71% | 1.04% |
| Risk Parity | 8.0% | 6.64% | 0.53% |
| High Yield Bonds | 8.0% | 6.52% | 0.52% |
| Global Real Estate (REITs) | 2.5% | 9.38% | 0.23% |
| Global Equity | 7.0% | 8.73% | 0.65% |
| Global Infrastructure | 2.0% | 8.20% | 0.16% |
| Expected arithmetic mean (1 year) | | | 7.66% |
| Expected geometric mean (30 years) | | | 6.94% |

The investment rate of return assumption of 7.0% is about equal to the geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If investments fail to achieve the assumed interest rate, future required contributions 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.

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

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 \$2,200 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 \$2,200 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.

| | |
|----------------------------|--|
| Inflation: | 2.50% per year |
| Investment rate of return: | 7.0% |
| Payroll growth: | 4.00% for Fiscal Year 2023; 2.50% per year thereafter |
| Salary increases: | 6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years |
| Retirement age: | 40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire |
| Mortality: | Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80 |

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA for the years ended September 30, 2024 and 2023 was a municipal bond rate of 4.09% and 4.02%, 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
(A Component Unit of the Government of Guam)

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 \$2,200 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.

| | |
|----------------------------|---|
| Inflation: | 2.50% per year |
| Investment rate of return: | 7.0% |
| Payroll growth: | 4.00% for Fiscal Year 2023; 2.50% per year thereafter |
| Salary increases: | 6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years |
| Retirement age: | 5% of employees assumed to retire each year for ages 55 to 64, 10% of employees per year thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire. |
| Mortality: | Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80. |

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

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, continued

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

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>2024</u> | <u>2023</u> |
|-------------------|--------------------|--------------------|
| Reporting Date: | September 30, 2024 | September 30, 2023 |
| Measurement Date: | September 30, 2023 | September 30, 2022 |
| Valuation Date: | September 30, 2022 | September 30, 2021 |

Net pension liability as of September 30, 2024 and 2023 for the aforementioned plans are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Defined benefit plan | \$30,119,936 | \$32,476,144 |
| Ad hoc COLA/supplemental annuity plan for DB participants | 7,134,222 | 6,960,479 |
| Ad hoc COLA plan for DCRS participants | <u>1,879,643</u> | <u>1,446,250</u> |
| | <u>\$39,133,801</u> | <u>\$40,882,873</u> |

Proportionate share of net pension liabilities at September 30, 2024 and 2023 for the aforementioned plans are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Defined benefit plan | 2.16% | 2.18% |
| Ad hoc COLA/supplemental annuity plan for DB participants | 2.65% | 2.71% |
| Ad hoc COLA plan for DCRS participants | 2.40% | 2.40% |

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

Pension expense for the year ended September 30, 2024 and 2023 for the aforementioned plans are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| Defined benefit plan | \$4,232,757 | \$2,761,823 |
| Ad hoc COLA/supplemental annuity plan for DB participants | 645,987 | 112,031 |
| Ad hoc COLA plan for DCRS participants | <u>447,120</u> | <u>199,444</u> |
| | <u>\$5,325,864</u> | <u>\$3,073,298</u> |

As of September 30, 2024, 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 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 | \$ 309,271 | \$ (338,802) | \$ --- | \$ (288,940) | \$ 184,156 | \$ (24,181) |
| Net difference between projected and actual earnings on pension plan investments | 3,920,066 | --- | --- | --- | --- | --- |
| Changes of assumptions | --- | (181,768) | 109,297 | (363,476) | 363,900 | (332,761) |
| College contributions subsequent to the measurement date | 4,237,797 | --- | 609,109 | --- | 75,900 | --- |
| Changes in proportion and difference between the College contributions and proportionate share of contributions | <u>---</u> | <u>(780,495)</u> | <u>---</u> | <u>(158,025)</u> | <u>371,765</u> | <u>(20,416)</u> |
| | <u>\$ 8,467,134</u> | <u>\$ (1,301,065)</u> | <u>\$ 718,406</u> | <u>\$ (810,441)</u> | <u>\$ 995,721</u> | <u>\$ (377,358)</u> |

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 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 | <u>---</u> | <u>(1,534,546)</u> | <u>51,810</u> | <u>(85,480)</u> | <u>440,513</u> | <u>(20,458)</u> |
| | <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> |

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

Deferred outflows of resources at September 30, 2024 and 2023 resulting from the College's employer contributions for the following plans are as follows:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| DB Plan | \$4,237,797 | \$3,791,717 |
| Ad hoc COLA/SA Plan for DB Participants | 609,109 | 612,553 |
| Ad hoc COLA Plan for DCRS Participants | <u>75,900</u> | <u>72,600</u> |
| | <u>\$4,922,806</u> | <u>\$4,476,870</u> |

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

| | |
|------------|--------------------|
| 2025 | \$ 694,128 |
| 2026 | 694,128 |
| 2027 | 573,244 |
| 2028 | 1,401,090 |
| 2029 | (38,100) |
| Thereafter | <u>(554,899)</u> |
| | <u>\$2,769,591</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 | \$36,990,808 | \$30,119,936 | \$24,238,397 |

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

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

| | 1% Decrease in Discount Rate <u>3.09%</u> | Current Discount Rate <u>4.09%</u> | 1% Increase in Discount Rate <u>5.09%</u> |
|------------------------------------|---|--|---|
| Collective total pension liability | \$7,783,993 | \$7,134,222 | \$6,566,737 |

Ad Hoc COLA Plan for DCRS Retirees:

| | 1% Decrease in Discount Rate <u>3.09%</u> | Current Discount Rate <u>4.09%</u> | 1% Increase in Discount Rate <u>5.09%</u> |
|------------------------------------|---|--|---|
| Collective total pension liability | \$2,121,401 | \$1,879,643 | \$1,675,225 |

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, 2024 and 2023 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, 2024 and 2023, contributions made and amounts accrued under the DCRS amounted to \$2,019,036 and \$2,033,298, respectively.

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

Notes to Financial Statements, continued

4. Employee Benefits, continued

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, 2024 and 2023, the College has accrued an estimated liability of \$689,815 and \$796,424, respectively. However, this amount is an estimate and actual payout could differ from those estimates.

Payable to the Pension Plan

As of September 30, 2024 and 2023, the College recorded payable to GGRF of \$321,806 and \$306,399, respectively, which represent statutorily required contributions unremitted as of year-end.

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.

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

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

| | |
|------------------------------|--|
| Inflation: | 2.5% per year |
| Amortization rate: | Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding. |
| Salary increases: | 6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years. (Previously, 7.5% for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years, and 4% for service after 15 years.) |
| Healthcare cost trend rates: | Non-Medicare, Medicare claims and retiree contributions – 8% for FY2023, then 26%, 14% and 0% for FY2024, for non-medicare, medicare claims, and retiree contributions, respectively. 7% for FY2025, decreasing 0.5% per year to 4.5% in FY2030 and an ultimate rate of 4.1% for FY2031 and later years. |

The trend rates reflect actual changes in plan costs and retiree contributions through October 1, 2024. Trend assumptions for health care begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these component are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions.

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

The trend rates for Medicare Part B and Part D reimbursements are assumed to be 4.25% in year 1 and 3.64% in year 2 to reflect the actual changes in costs through October 1, 2024 and 4.25% per year in subsequent years.

Dental trend rates:

For claims and retiree contributions, 4.25% for year 1 and 8.21% and 0% for claims and retiree contributions, respectively for year 2. For subsequent years, rate will be 4.25%, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends.

Mortality rates:

PUB-2010 Headcount - Weighted Mortality Table, set forward 4 years for males and 2 years for females, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Participation rates:

Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees under a GovGuam dental plan will elect to participate at retirement. Life - 100% of eligible retirees will elect to participate at retirement. Current retirees will continue in the GovGuam plan as provided in the data, and upon attainment of age 65, will remain in that plan or enroll in a Retiree Supplemental Plan per Medicare Enrollment assumption below.

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

Medicare enrollment:

Based on current over-65 retiree data, 55% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.

Dependent status:

Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

Actuarial cost method:

Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.

Employee data:

Employee and retiree data as of September 30, 2022 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.

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

| | |
|-------------------|--|
| Withdrawal rates: | 15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.) |
| Disability rates: | Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60-64 years (0.19% for females). |
| Retirement rates: | 40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75. |

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09% and 4.02% for the years ended September 30, 2024 and 2023, 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.

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

Total OPEB liability as of September 30, 2024 for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

| | <u>2024</u> | <u>2023</u> |
|-------------------|--------------------|--------------------|
| Reporting Date: | September 30, 2024 | September 30, 2023 |
| Measurement Date: | September 30, 2023 | September 30, 2022 |
| Valuation Date: | September 30, 2022 | September 30, 2022 |

Collective total OPEB liability as of September 30, 2024 and 2023 are \$61,331,399 and \$51,852,707, respectively.

Proportionate share of total OPEB liability at September 30, 2024 and 2023 are 2.24% and 2.26%, respectively.

OPEB expense for the year ended September 30, 2024 and 2023 are \$3,895,505 and \$2,840,078, respectively. At September 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>2024</u> | | <u>2023</u> | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 9,384,231 | \$(2,590,178) | \$ 4,043,764 | \$(2,384,437) |
| Contributions subsequent to the measurement date | 1,350,109 | --- | 1,163,851 | --- |
| Changes of assumptions | 2,072,443 | (11,751,735) | 4,673,925 | (17,066,167) |
| Changes in proportion and difference between the Authority contributions and proportionate share of contributions | <u>792,578</u> | <u>(626,572)</u> | <u>1,487,589</u> | <u>(477,124)</u> |
| | <u>\$ 13,599,361</u> | <u>\$(14,968,485)</u> | <u>\$ 11,369,129</u> | <u>\$(19,927,728)</u> |

Deferred outflows of resources at September 30, 2024 and 2023 resulting from the College's employer contributions totaled \$1,350,109 and \$1,163,851, respectively.

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

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> | |
|------------------------------------|-----------------------------|
| 2024 | \$ 36,647 |
| 2025 | (966,844) |
| 2026 | (697,462) |
| 2027 | (1,030,318) |
| 2028 | (1,030,318) |
| Thereafter | <u>969,062</u> |
| | <u><u>\$(2,719,233)</u></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>4.09%</u> | 1% Increase in Discount Rate <u>5.02%</u> |
|---------------------------------|---|--|---|
| Collective total OPEB liability | <u>\$71,004,379</u> | <u>\$61,331,399</u> | <u>\$53,343,222</u> |

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 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>52,134,697</u> | \$ <u>61,331,399</u> | \$ <u>72,934,330</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, 2024. 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, 2024 and 2023, the College reported appropriations as follows:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------|---------------------|---------------------|
| Net appropriations per law | \$22,760,607 | \$22,526,827 |
| Add retiree healthcare cost | 1,350,109 | 1,163,851 |
| Add COLA and annuity cost | <u>685,009</u> | <u>685,153</u> |
| | <u>\$24,795,725</u> | <u>\$24,375,831</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, \$7,171,039 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2024. Of the \$7,171,039 as of September 30, 2024, \$5,789,610 relates to contract commitments.

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

Notes to Financial Statements, continued

7. Related Party Transactions

The College engages in transactions with related parties. As of and for the year ended September 30, 2024, the name of the related parties and the nature and amount of transactions between the College and the related parties are presented as follows:

| <u>Related Party</u> | <u>Location</u> | <u>Nature</u> | <u>Assets (Liabilities)</u> | <u>Revenues (Expenses)</u> |
|---|-----------------|---|---------------------------------|--------------------------------|
| A B Won Pat Guam International Airport Authority (GIAA) | Tamuning | Academic Services | \$ 65,418 | \$ --- |
| Agency for Human Resource Development | Hagatna | Academic Services | 43,170 | --- |
| Bureau of Statistics and Plans | Tamuning | Academic Services | 624 | --- |
| Department of Administration | Tamuning | Appropriation | 710,119 | 24,795,725 |
| Department of Administration | Tamuning | Medical and Dental Insurance, Gas | (141,213) | (1,589,958) |
| Department of Correction | Mangilao | Academic Services | (208) | --- |
| Department of Education | Barrigada | Academic Services | 280,291 | 1,937,632 |
| Department of Integrated Services | Hagatna | Academic Services | 416 | --- |
| Department of Parks & Recreation | Hagatna | Academic Services | 208 | --- |
| Department of Public Health & Social Services | Mangilao | Academic Services | 81,703 | --- |
| Department of Revenue & Taxation | Barrigada | Taxes (Withholding, Tax Levy) | (63,128) | (1,166,210) |
| Department of Vocational Rehab (DVR) | Hagatna | Academic Services | 6,840 | --- |
| Department of Youth Affairs | Mangilao | Academic Services | 231 | --- |
| GCC Foundation | Mangilao | Operation services | 288,195 | (118,875) |
| Government of Guam Retirement Fund | Mongmong | Retirement / See FN#4 | (321,806) | (5,431,434) |
| Guam Environmental Protection Agency | Barrigada | Academic Services | 416 | --- |
| Guam Fire Department | Tamuning | Academic Services | 12,870 | --- |
| Guam Homeland Security/Office of Civil Defense | Hagatna | Academic Services | 3,483 | --- |
| Guam Housing & Urban Renewal Authority | Sinajana | Academic Services | 2,672 | --- |
| Guam Memorial Hospital | Tamuning | Academic Services / BLS Cards | 3,080 | (4,217) |
| Guam Police Department | Hagatna | Academic Services | 162 | --- |
| Guam Post Commission | Mangilao | Academic Services | 20,000 | --- |
| Guam Power Authority | Mangilao | Power | (94,022) | (1,107,626) |
| Guam Recovery Office | Hagatna | Academic Services | 25,664 | --- |
| Guam Regional Transit Authority | Hagatna | Academic Services | 3,992 | --- |
| Guam Waterworks Authority | Mangilao | Academic Services / Water | 20,224 | (105,553) |
| Hagatna Restoration and Redevelopment Authority | Hagatna | Academic Services | 208 | --- |
| Judiciary of Guam | Hagatna | Academic Services | 3,357 | --- |
| Office of Technology | Hagatna | Academic Services | 208 | --- |
| Port Authority of Guam | Piti | Academic Services | 416 | --- |
| University of Guam | Mangilao | Academic Services / Contracts, Tuition & Fees | 11,206 | (123,618) |
| | | | <u>\$ 964,796</u> | <u>17,085,866</u> |

As of September 30, 2024 and 2023, the College allotted \$341,301 and \$302,067, 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.

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

Notes to Financial Statements, continued

8. Changes in Other Long-Term Liabilities

Changes in GCC's other long-term liabilities for the years ended September 30, 2024 and 2023, were as follows:

| | Beginning Balance October <u>1, 2023</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance September <u>30, 2024</u> | Amount due within <u>one year</u> |
|---------------------------------|---|---------------------|-----------------------|---|---|
| Lease liability | \$ 3,586,984 | \$ --- | \$ (45,730) | \$ 3,541,254 | \$ 47,733 |
| Accrued annual leave | 590,308 | 579,561 | (466,587) | 703,282 | 272,807 |
| DCRS sick leave liability | 796,424 | 191,941 | (298,550) | 689,815 | --- |
| Subscription-based IT liability | 533,995 | --- | (533,995) | --- | --- |
| Collective Total OPEB liability | 51,852,707 | 9,478,692 | --- | 61,331,399 | --- |
| Net pension liability | <u>40,882,873</u> | <u>---</u> | <u>(1,749,072)</u> | <u>39,133,801</u> | <u>---</u> |
| | <u>\$98,243,291</u> | <u>\$10,250,194</u> | <u>\$(3,093,934)</u> | <u>\$105,399,551</u> | <u>\$320,540</u> |
| | 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> |

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.

Alternative Investments: These investments are valued using net asset value per share. These investments, if sold, are probable of being sold at amounts different from net asset value per share.

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, 2024:

| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|---------------------|---------------------|--------------------|----------------|
| Investments by fair value level: | | | | |
| Debt securities | \$ 4,098,563 | \$ --- | \$4,098,563 | \$ --- |
| Equity securities | 11,474,648 | 11,474,648 | --- | --- |
| Exchange traded funds | 2,701,942 | 2,701,942 | --- | --- |
| Mutual funds | <u>554,769</u> | <u>554,769</u> | <u>---</u> | <u>---</u> |
| Total investments by fair value level | <u>\$18,829,922</u> | <u>\$14,731,359</u> | <u>\$4,098,563</u> | <u>\$ ---</u> |
| Investments measured at net asset value per share | | | | |
| Alternative investments | <u>1,763,861</u> | | | |
| | <u>\$20,593,783</u> | | | |

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

Notes to Financial Statements, continued

10. Guam Community College Foundation, continued

Investments, continued

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 | <u>2,420,332</u> | <u>2,420,332</u> | <u>---</u> | <u>---</u> |
| Total investments by fair value level | <u>\$15,690,095</u> | <u>\$11,436,791</u> | <u>\$4,253,304</u> | <u>\$ ---</u> |
| Investments measured at net asset value per share | | | | |
| Alternative investments | <u>826,735</u> | | | |
| | <u>\$16,516,830</u> | | | |

Long-Term Debt

At September 30, 2024, long-term debt of the GCC Foundation is as follows:

| | <u>2024</u> | <u>2023</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. | \$3,697,784 | \$3,770,497 |
| Less current portion | <u>115,886</u> | <u>113,169</u> |
| | <u>\$3,581,898</u> | <u>\$3,657,328</u> |

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

Notes to Financial Statements, continued

10. Guam Community College Foundation, continued

Long-term Debt, continued

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> |
|----------------------------------|--------------------|--------------------|--------------------|
| 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 | 127,423 | 72,977 | 200,400 |
| 2030-2034 | 684,502 | 317,498 | 1,002,000 |
| 2035-2039 | 770,719 | 231,281 | 1,002,000 |
| 2040-2044 | 867,796 | 134,204 | 1,002,000 |
| 2045-2048 | <u>766,838</u> | <u>29,712</u> | <u>796,550</u> |
| | <u>\$3,697,784</u> | <u>\$1,106,766</u> | <u>\$4,804,550</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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total net pension liability | \$ 1,396,762,577 | \$ 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 | \$ 30,119,936 | \$ 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 | 2.16% | 2.18% | 2.34% | 2.45% | 2.46% | 2.45% | 2.42% | 2.46% | 2.43% | 2.36% |
| GCC's covered payroll | \$ 11,299,044 | \$ 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 | 266.57% | 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 | 59.17% | 54.45% | 70.14% | 61.48% | 63.25% | 63.28% | 60.63% | 54.62% | 52.32% | 56.60% |

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

Schedule 2

Required Supplementary Information
Schedule of the College's Contributions

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

| | <u>2024</u> | <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 | \$ 3,189,998 | \$ 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>4,237,797</u> | <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>\$ (1,047,799)</u> | <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>\$ 12,863,693</u> | <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 | 32.94% | 33.56% | 29.89% | 29.12% | 31.03% | 29.83% | 41.86% | 26.18% | 27.47% | 29.18% |

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

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>2024</u> | <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 | \$ 7,134,222 | \$ 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 | 2.65% | 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
(A Component Unit of the Government of Guam)

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>2024</u> | <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 | \$ 609,109 | \$ 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>609,109</u> | <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> | <u>\$ -</u> |

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

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>2024</u> | <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 | \$1,879,643 | \$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% | 2.40% | 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
(A Component Unit of the Government of Guam)

Schedule 6

Required Supplementary Information
Schedule of the College's Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years

| | <u>2024</u> | <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 | \$ 75,900 | \$ 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>75,900</u> | <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>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GCC's proportion of the collective total other postemployment benefit liability | \$ 61,331,399 | \$ 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 | 2.24% | 2.26% | 2.22% | 2.24% | 2.23% | 2.26% | 2.05% |
| GCC's covered-employee payroll | 11,180,064 | 11,191,432 | 14,380,631 | 11,869,183 | 11,834,077 | 12,161,278 | 11,532,619 |
| GCC's proportionate share of the total OPEB liability as percentage of its covered-employee payroll | 548.58% | 463.33% | 428.25% | 475.06% | 480.85% | 347.71% | 431.30% |

*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 2023 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,798,000 per year.

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.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

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

Schedule 8
Salaries and Wages (Cash Basis)

| | Years Ended September 30, | |
|---|------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Salaries and wages: | | |
| Regular, differential and hazardous pay (inclusive of part-time employees) | \$17,298,477 | \$13,702,373 |
| Benefits | <u>5,503,068</u> | <u>5,688,353</u> |
| Total salaries, wages and benefits | <u>\$22,801,545</u> | <u>\$19,390,726</u> |
| Full-time employees at end of year | <u>227</u> | <u>225</u> |
| Federal Funds: | | |
| Salaries | \$ 432,045 | \$ 754,075 |
| Benefits | <u>136,333</u> | <u>201,001</u> |
| Total salaries, wages and benefits | <u>\$ 568,378</u> | <u>\$ 955,076</u> |
| Full time federal employees at end of year (inclusive in above amount) | <u>6</u> | <u>13</u> |

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

Schedule 9
Expenditures by Function and Object Code

| | Years Ended September 30, | |
|--------------------------------|------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Instruction: | | |
| Salaries, wages and benefits | \$ 9,724,871 | \$ 8,894,344 |
| Travel | --- | 1,493 |
| Contract services | 593,923 | 661,224 |
| Supplies | 241,924 | 392,089 |
| Minor equipment | 104,275 | 163,101 |
| Miscellaneous | <u>1,321,667</u> | <u>1,057,368</u> |
| | <u>\$11,986,660</u> | <u>\$11,169,619</u> |
| Total employees at end of year | 96 | 99 |
| Planning: | | |
| Salaries, wages and benefits | \$ 1,262,635 | \$ 837,416 |
| Travel | 25,919 | 30,680 |
| Contract services | 68,954 | 67,255 |
| Supplies | 8,275 | 9,608 |
| Minor equipment | 7,950 | 224 |
| Miscellaneous | <u>1,103</u> | <u>949</u> |
| | <u>\$ 1,374,836</u> | <u>\$ 946,132</u> |
| Total employees at end of year | 8 | 11 |
| Academic Support: | | |
| Salaries, wages and benefits | \$ 2,496,711 | \$ 2,026,411 |
| Travel | 2,973 | 2,817 |
| Contract services | 129,630 | 214,303 |
| Supplies | 33,810 | 12,962 |
| Minor equipment | 23,778 | 12,596 |
| Miscellaneous and transfers | <u>32,588</u> | <u>11,648</u> |
| | <u>\$ 2,719,490</u> | <u>\$ 2,280,737</u> |
| Total employees at end of year | 26 | 22 |

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

Schedule 9
Expenditures by Function and Object Code, continued

| | Years Ended September 30, | |
|--------------------------------------|------------------------------|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Student Services | | |
| Salaries, wages and benefits | \$3,918,893 | \$3,117,334 |
| Travel | 2,606 | --- |
| Contract services | 65,650 | 89,229 |
| Supplies | 85,396 | 33,881 |
| Minor equipment | 25,815 | 16,630 |
| Miscellaneous and transfers | <u>25,860</u> | <u>1,176</u> |
| | <u>\$4,124,220</u> | <u>\$3,258,250</u> |
| Total employees at end of year | 39 | 40 |
| Institutional Support: | | |
| Salaries, wages and benefits | \$4,108,043 | \$3,598,811 |
| Travel | 165,552 | 109,643 |
| Contract services | 2,435,857 | 1,677,450 |
| Supplies | 40,596 | 54,319 |
| Capital expenditures | 236,918 | 410,348 |
| Minor equipment | 44,539 | 239,500 |
| Utilities | 13,611 | --- |
| Interest and miscellaneous | <u>282,551</u> | <u>533,055</u> |
| | <u>\$7,327,667</u> | <u>\$6,623,126</u> |
| Total employees at end of year | 43 | 41 |
| Operations and Maintenance of Plant: | | |
| Salaries, wages and benefits | \$ 759,636 | \$ 444,651 |
| Contract services | 217,345 | 214,588 |
| Supplies | 99,399 | 111,161 |
| Minor equipment | 87,848 | 28,661 |
| Capital expenditures | 501,308 | 340,345 |
| Utilities | 1,222,228 | 1,440,809 |
| Miscellaneous | <u>40,112</u> | <u>2</u> |
| | <u>\$2,927,876</u> | <u>\$2,580,217</u> |
| Total employees at end of year | 9 | 7 |

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

Schedule 9
Expenditures by Function and Object Code, continued

| | Years Ended September 30, | |
|------------------------------------|------------------------------|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Scholarships and Fellowships: | | |
| Salaries, wages and benefits | \$ 352,350 | \$ 412,479 |
| Travel | 10,817 | --- |
| Contract services | --- | 346 |
| Supplies | 297 | 1,648 |
| Miscellaneous | <u>1,994,513</u> | <u>2,419,877</u> |
| | <u>\$2,357,977</u> | <u>\$2,834,350</u> |
| Total employees at end of year | 4 | 4 |
| Auxiliary: | | |
| Salaries, wages and benefits | \$ 178,406 | \$ 59,280 |
| Contract services | --- | 784 |
| Supplies | 2,802 | 1,341 |
| Minor equipment | <u>358,325</u> | <u>365,238</u> |
| | <u>\$ 539,533</u> | <u>\$ 426,643</u> |
| Total employees at end of year | 2 | 1 |

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, 2024, 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 June 6, 2025.

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

June 6, 2025