

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

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

Introduction

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

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

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

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

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

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

Fiscal Year 2010 Overview

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