

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

Guam Community College

(A Component Unit Of The Government of Guam)

Year ended September 30, 2022

with Report of Independent Auditors

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

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

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Year Ended September 30, 2022

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

Management's Discussion and Analysis

Guam Community College ("the College" or "GCC") garnered low-risk auditee status for Fiscal year 2022 for having no questioned costs or unresolved prior year audit findings. Proudly, this is GCC's twenty-second consecutive year and the College is the only government of Guam entity to achieve this milestone.

The following overview and analysis of the financial activities for fiscal years ended September 30, 2022 and 2021, 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 2022 Overview

GCC's 45th Anniversary: Innovation & Excellence

Academic Year (AY) 2021-2022 marked the College's 45th Anniversary. The milestone anniversary was not only a time for celebration and reflection on how far we have come, but also a launching point of where we must go as an institution of learning and advancement. The GCC team continues to raise the bar on how education and training is delivered to our island by providing innovative approaches to support our mission. GCC was responsive to our island community's workforce needs. Specifically:

- The College stood up and completed 21 work-ready boot camps.
- The first completers of the Nursing and Allied Health Associate Degree in Licensed Practical Nursing program completed the NCLEX-PN exam with a 100% pass rate.
- The College launched the second U.S. Department of the Interior Baking cohort, wherein the first year of the two-year Associate Degree program is fully paid by the US DOI through the Office of the Lieutenant Governor.
- The Continuing Education and Workforce Development serviced 6,085 customers through non-credit/continuing education units, testing, and WorkKeys.

After two years of limited interaction with the community, the College reengaged through our 45th Anniversary celebrations, which included the GCC Alumni and Friends lunch, the Annual Wine Tasting, Barbecue Burgers and Beer, the GCC Annual Golf Tournament, and the GCC/UOG joint float in the 78th Annual Liberation Day Parade.

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 \$13,019,335 were initially due to expire in 2022, but were automatically extended to June 30, 2023 by the U.S. Department of Education.

GCC made funds available to students to help cover the costs of college and daily expenses during the pandemic. The College provided a total of \$2,598,100 to 3,360 students during Fall 2021 and Spring 2022.

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

CARES, CRRSAA, ARP, and SSARP Funding, continued

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

In July 2022, the College received a \$590,489 award under the Supplemental Support under the American Rescue Plan (SSARP) program, which will be used to make additional emergency student aid payments to GCC students in the Fall 2022 and Spring 2023 semesters.

Network Infrastructure Upgrade & Other Projects

In support of the College's motto of "Student First, Mission Always", the College undertook projects to upgrade the campus' network infrastructure to enhance the wireless connectivity experience of the students, faculty, and staff. In FY 2022, GCC modernized its network infrastructure to include underground fiber optic backbone connections throughout the campus, as well as phase 1 of the wireless network upgrade. Phase 2 of the wireless network upgrade is slated to be completed in FY 2023.

Other projects completed during FY 2022 include the switch over from plain old telephone system (POTS) to voice over internet protocol (VOIP) system; Technology Audit to update the Institutional Technology Strategic Plan and Enterprise Architecture; and the update to the GCC Campus Physical Master Plan.

Local Appropriations

The College continued to maintain its operations during fiscal year 2022 with the financial resources available, despite setbacks caused by enrollment decreases from prior years and the uncertainties caused by the COVID-19 pandemic.

Public Law (P.L.) 36-54, the Government of Guam Appropriations Act for FY 2022 appropriated 1% less or \$217,020, resulting in a \$20.2M FY2022 budget compared to FY2021's budget of \$20.4M. General Fund appropriations cover a majority of salaries, benefits, and utility costs. Funding includes \$200,400 to fund the debt service for the construction of Building 100 and the expansion of the Director Gregorio G. Perez Forensic DNA Lab. In addition, the College received \$200,000 to support high school students pursuing postsecondary education under the First Generation Trust Fund, as well as \$78,500 to establish the Scholarship Office to administer the Western Interstate Commission for Higher Education Professional Student Exchange Program (WICHE PSEP). See Table below for the appropriations received during the last three fiscal years (FY 2020 to FY 2022).

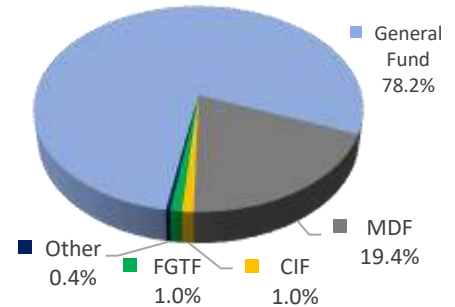
GUAM COMMUNITY COLLEGE
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

Management's Discussion and Analysis, continued

Local Appropriations, continued

FY 2022 APPROPRIATIONS

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
General Fund	\$ 17,700,649	\$ 16,825,631	\$ 15,825,631
Manpower Development Fund (MDF)	\$ 1,325,100	\$ 3,220,000	\$ 3,924,480
Capital Improvement Fund (CIF)	\$ 200,400	\$ 200,400	\$ 200,400
First Gen. Trust Fund (FGTF)	\$ 200,000	\$ 200,000	\$ 200,000
Other	\$ 195,619	\$ -	\$ 78,500
TOTAL	\$ 19,621,768	\$ 20,446,031	\$ 20,229,011



As a result of P.L. 34-98, an act relative to developing a local skilled workforce on Guam, the MDF budget appropriation increased 22% from \$3,220,000 to \$3,924,480 from the prior year as a result of the increase in the registration fees of non-migrant temporary workers.

The College's Government of Guam local appropriation funds are used to support personnel costs for postsecondary career and technical education (CTE) programs on campus and at the six secondary high schools. Thirteen CTE programs [Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications] are provided at the six secondary public schools and were delivered by 46 GCC faculty. Not all programs are offered at each high school due to space limitations.

GCC had 228 full-time personnel as of September 30, 2022, an increase from the prior year's 216 personnel. The 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. GCC also hired four program coordinators to support the Literacy Navigators Program that commenced in FY 2022.

Tuition and Fees

Tuition revenue, beginning in 2011, is used to hire full-time permanent faculty (50%), staff and administrative positions (20%), as well as capital improvement projects and other related expenses (30%). Positions are determined based on data to support additional personnel needed for expansion of programs or services. In addition, technology infrastructure and labs throughout the campus are upgraded using Technology Fee revenue. In FY 2022, GCC utilized \$442,000 for capital projects and \$529,000 for technology and lab upgrades.

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Grant Funding Sources

The College continues to seek and apply for additional funding resources through grants and loans to support its mission. In addition to the CARES funding, other funding sources in FY 2022 are as follows:

- As the State Agency responsible for providing adult education programs to eligible individuals on Guam through the Workforce Investment Opportunity Act (WIOA) for the Territory of Guam, GCC received \$543,354 in WIOA grant funds for the period of July 1, 2021 to June 30, 2022.
- In AY 2021-2022, the Pell funding maximum full-time award was increased by \$150 to \$6,495 per student per academic year. There were 1,782 students awarded Pell grant during AY 2021-2022 and the students' Pell awards covered 43% or \$2,216,364 of the total tuition and fee revenue. This is a decrease from 2021 where 52% or \$2,571,770 of students' tuition and fees were paid with Pell award. Although tuition rates remained the same since 2011, students paid out-of-pocket for the portion of the tuition and fees not covered by their Pell awards.
- GCC received \$1,192,395, through a contractual agreement with the Guam Department of Education (GDOE), to provide 13 secondary CTE programs in the six public high schools. The grant provided support and services for the following CTE programs: Health Careers & Science, Automotive Services Technology, Automotive Collision Repair (Autobody), Construction Trades (Carpentry, AutoCAD, and HVAC), Early Childhood Education, Electronics Technology, Marketing, Hospitality & Tourism Management, ProStart (Culinary), Telecommunications, and Visual Communications. The College also provides access and assessment for ACT WorkKeys® and KeyTrain®, CHOICES 360®, and Work Experience. The contract period was through September 30, 2022 and was subsequently renewed through September 30, 2023.
- GCC received \$3,668,135 from the Education Stability Fund (ESF) through a contractual agreement with the Office of the Governor of Guam to partially fund the renovation and expansion of the Student Success Center, also known as Building B. The project was awarded in May 2022 and will continue through October 2023.
- GCC received \$1,208,218 through a contractual agreement with the Office of the Governor of Guam for the literacy program to expand literacy in Guam's public schools. The Literacy Navigator Program is geared towards helping students raise their literacy skill level in order to drastically improve their academic success. The contact ends on September 30, 2023.
- The College received for the fourth year the sub-award of \$21,250 for the Island of Opportunity Alliance – Louis Stokes STEM Pathways and Research Alliance. The sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science, and funds science area exploration at the College. The year four sub-award ended August 31, 2022.

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Grant Funding Sources, continued

- As a continuation of the “free college” initiative that started in Summer 2020, the First-Year Culinary Arts Baking Cohort I began in Summer 2021 and continued in Spring 2022 with 31 participants. Both the Baking Cohort II and Culinary Arts Cohort II began in Summer 2022 with 13 students each. These students earned college credits towards their Associate of Arts in Culinary Arts. The First-Year Hospitality & Tourism Cohort II began in Fall 2021 with 11 students and continued in Spring 2022. The Hospitality & Tourism students may choose to work towards an Associate of Science in Tourism & Travel Management or Associate of Science in International Hotel Management. The grant expired on June 30, 2022.
- GCC was awarded \$456,054 from DOI for the GCC Construction Bootcamps to assist in getting people back to work. Two boot camps (Construction Boot Camp III and Ship Repair Bootcamp IV) were completed as of September 30, 2022, resulting in 26 completers and 16 completers accepting jobs with employer sponsors respectively. A third boot camp, Truck Driving Boot Camp IV is on track to be completed in June 2023, while additional boot camps are scheduled for the remainder of FY 2023 and into FY 2024. The grant expires on September 30, 2024.
- GCC was awarded \$140,288 from DOI for increasing GCC Facilities Maintenance capabilities. The grant funding provided essential safety and skills enhancement training for facility personnel in the areas of HVAC, electrical, and plumbing. The grant also provided funds to procure necessary tools and equipment to allow the team to complete assigned preventive maintenance jobs on campus. Additional tools and equipment will be purchased with the remaining funds during FY 2023. Funding expires on September 30, 2024.
- In support of the College's commitment to sustainability, GCC was awarded \$475,200 from DOI for the installation of 100-KW solar panel system for Buildings A and C. Upon receiving approval of the project from local and federal agencies related to any environmental, land, historical, local, and federal regulations and requirements, GCC began the procurement process during FY 2022. The grant was initially due to expire on September 30, 2022. Due to the significant amount of time taken to obtain all the necessary approvals, the grant was extended to September 30, 2023.
- GCC was awarded \$594,000 from DOI for the installation of 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 grant will expire on September 30, 2024.

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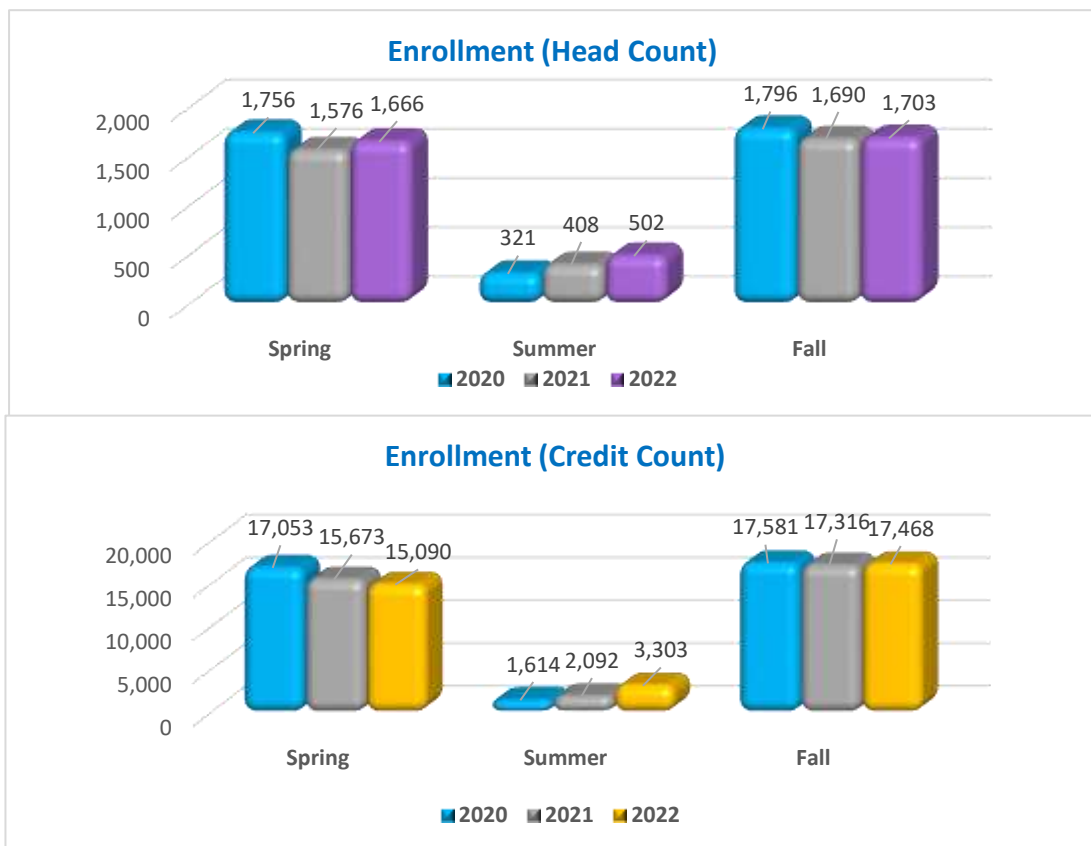
Management's Discussion and Analysis, continued

Enrollment

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

The College maintained competitive tuition rates at \$130 per credit hour during academic year 2021-2022. There was no change in tuition per credit hour since Fall 2011.

The College began to see a slight uptick in student enrollment beginning in Spring 2022 (1,666 students), an increase of 5.7% compared to Spring 2021, while Spring 2022 credit hours of 15,090 was 3.7% less than Spring 2021. This meant that students were enrolled in less courses than the prior Spring 2021. Fall 2022 enrollment was at 1,703, a minimal increase of 0.8% compared to Fall 2021. Similarly, Fall 2022 students were registered for 17,468 credit hours, or 0.9% more than Fall 2021 students' 17,316 credit hours. GCC experienced a 23% increase in enrollment in Summer 2022 compared to Summer 2021, which was a result of the College's pilot Criminal Justice program that was free for high school students and the beginning of the DOI Baking cohort III. While the Spring, Summer, and Fall 2022 trends suggest that we are slowly beginning to recover from the pandemic, it remains to be seen if this trend will continue for Spring 2023 and beyond.



GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Enrollment, continued

Through the First Generation Trust Fund, 231 high school students were awarded a one-time \$500 scholarship in AY 2021-2022, totaling \$115,500.

Seven high school students availed of the Dual Credit Articulated Program of Study (DCAPS) compared to nine students in the prior year. This program provides college credit upon successful attainment of a "B" grade or better in GCC's Career and Technical Education high school program, earning the certificate of mastery, and the completion of 180 hours of work experience. Additionally, three students took on the Dual Enrollment Accelerated Learning (DEAL) program, wherein the students enroll concurrently in college and high school classes to receive both a high school and college credit simultaneously.

In AY 2021-2022, 2,513 public high school students participated in GCC's CTE Programs. In AY 2021-2022, 90 students attained Certificates of Mastery and 391 students earned Certificates of Completion.

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

Summary Statement of Net Position

	<u>2022</u>	<u>2021</u>
Assets:		
Other current assets	\$ 26,521	\$ 22,090
Accounts receivable – U.S. Government	1,999	459
Investments (noncurrent)	1,702	2,055
Capital assets, net	<u>39,298</u>	<u>39,500</u>
Total assets	<u>69,520</u>	<u>64,104</u>
Deferred outflows of resources	<u>18,847</u>	<u>26,323</u>
Total assets and deferred outflows of resources	\$ <u>88,367</u>	\$ <u>90,427</u>
Liabilities:		
Current liabilities	\$ 5,997	\$ 4,371
Non-current liabilities	<u>94,428</u>	<u>101,724</u>
Total liabilities	101,425	106,095
Deferred inflows of resources	<u>17,153</u>	<u>18,592</u>
Net position:		
Net investment in capital assets	37,657	38,812
Restricted – expendable	1,398	1,398
Unrestricted	<u>(69,299)</u>	<u>(74,470)</u>
Total net position	<u>(30,211)</u>	<u>(34,260)</u>
Total liabilities, deferred inflows of resources and net pension	\$ <u>88,367</u>	\$ <u>90,427</u>

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Enrollment, continued

The College's overall financial situation improved as compared to the prior year, going from a negative \$34.26 million (M) net position to a negative \$30.21M net position or a positive net change in assets of \$4.05M. This improvement is primarily attributed to the following:

- Increase in current assets of \$4.43M.
- Increase in accounts receivable of \$1.54M.
- Decrease in non-current assets of \$6.83M.

Current assets increased by 20%, primarily due to increase in HEERF (CARES Act) funding, ESF funding via the MOU with the Office of the Lieutenant Governor- Guam State Clearing House, and in accounts receivable. Investments decreased due to the decline in market values and capital projects funded by interest earned from the investments. Buildings, infrastructure, and equipment increased due to purchases of air conditioning units with air purification systems to prevent the spread of the coronavirus, computers and laptops to support the computer labs throughout the campus, as well as various repairs to buildings and infrastructure. Ongoing construction projects, such as Building 300, Director Gregorio G. Perez Forensic DNA Lab, Student Success Center (Building B), Student Center canopy, and Building 2000 generator resulted in a 54% increase in Construction in Progress. Accordingly, accumulated depreciation increased to offset the capital changes.

Current liabilities increased due to increases in accounts payable, construction payable, and deferred revenue. Noncurrent liabilities decreased due to a significant reduction in net pension liability, going from \$40.69M to \$32.57M.

As a result of the constraints of College and University accounting, approximately \$12,473,133 in encumbrances incurred in fiscal year 2022 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2023 net position. The encumbrances are related to the construction and renovation of Building 300 Multipurpose Auditorium, Director Gregorio G. Perez Forensic DNA Lab, Building B, Building 5000 Student Center Canopy, Building 2000 Emergency Generator, and other capital projects.

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

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 20,079	\$ 14,941
Operating expenses	<u>(35,893)</u>	<u>(36,854)</u>
Operating loss	(15,814)	(21,913)
Non-operating revenues, net	21,121	18,978
Change in net position	5,307	(2,935)
Net position at beginning of year	(35,319)	(31,325)
Net position at end of year	\$ <u>(30,211)</u>	\$ <u>(34,260)</u>

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Enrollment, continued

Statement of Cash Flows

	<u>2022</u>	<u>2021</u>
Cash provided by (used in):		
Operating activities	\$(13,795)	\$(14,672)
Noncapital financing activities	20,229	19,756
Capital and related financing activities	(2,606)	(5,889)
Investing activities	<u>-</u>	<u>2,095</u>
Net change in cash and cash equivalents	3,828	1,291
Cash and cash equivalents at beginning of year	<u>17,860</u>	<u>16,569</u>
Cash and cash equivalents at end of year	\$ <u>21,688</u>	\$ <u>17,860</u>

At the end of FY 2022, the College recognized a 3.8% increase in student tuition and fees, which is in line with the slight increase in enrollment during FY 2022 compared to the prior year. The College experienced a 50.3% increase in federal revenues due to increases in federal awards and sub-awards during the year, as well as a 24.5% increase in auxiliary revenues due to an uptick in Bookstore sales and rental revenue. 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 \$5.3 million positive change in net position, a 281% improvement from FY 2021's negative \$2,934,849 change in net position. Changes to GCC's net position resulted from the following:

- Net operating revenues increased by \$5.1M or 34.4%.
- Operating expenses decreased by \$96.2K.
- Net nonoperating revenues increased by \$2.1M.

Management's Discussion and Analysis for the years ended September 30, 2021 and 2020, is set forth in the College's report on the audit of the financial statements, which is dated April 1, 2022. The Discussion and Analysis explains the major factors impacting the 2021 and 2020 financial statements and can be viewed at the Office of Public Accountability website at www.opaguam.org,

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

Economic Outlook for FY 2023

Operating an institution of higher education amid a global pandemic is certainly no easy feat. In response to the many challenges brought on by the pandemic, such as keeping our college community safe, providing enhanced internet connectivity throughout the campus, upgrading certain facilities to allow for social distancing, and offering mental health counseling services, our students' educational success remained at the forefront. GCC saw the last three years as an opportunity to be innovative and showcase our flexibility, while staying responsive to the training and upskilling demands to support Guam's workforce.

GCC offers the GED boot camp to prepare individuals with the basic educational requirements to qualify for federal and local government employment as well as with many large employers on island. With the ACT Workkeys exam now included as a standard to our boot camps as well as within the Guam Department of Education high schools, students and boot camp participants who score Bronze or higher on the WorkKeys test will receive a National Career Readiness Certificate (NCRC). The NCRC is nationally recognized throughout the United States.

GCC remains committed to prepare all our students to be sustainable employees in our economy, whether they enter GCC for a certificate, associates degree, bachelors degree, or through our work-ready boot camps. In addition, GCC is focused on ensuring that boot camp participants are well-prepared to enter or re-enter the workforce with the broad set of skills necessary to thrive in a modern economy.

Similar to the past two years, the College will provide some financial relief to our students via the U.S. Department of Education CARES/ARP funding in the Fall 2022 and Spring 2023 semesters. 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 2023 are the construction and renovation of the Director Gregorio G. Perez Forensic DNA Lab, Building 300 Multipurpose Auditorium, Building B, student center canopy, Building 2000 emergency generator, and campus-wide wireless network upgrade. The renovation of the Workforce Development Center in Barrigada is slated to commence in FY 2023. The College is in the process of seeking funding approval for the renovation of Building 400 Culinary and Baking Center as well as the construction of the Facilities Maintenance and Wellness Center.

GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis, continued

In line with the 2020-2026 ISMP, the College continues to monitor our enrollment, seek additional and alternate 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. In addition, GCC will be preparing for its accreditation review with the Accrediting Commission for Community and Junior Colleges (ACCJC) in 2025.

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
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Statement of Net Position

September 30, 2022

Assets

Current assets:

Cash and cash equivalents (<i>Note 2</i>)	\$ 21,381,621
Cash and cash equivalents - restricted (<i>Note 2</i>)	306,797
Tuition receivable, less allowance for doubtful accounts of \$1,528,754	1,176,532
Accounts receivable - U.S. Government, less allowance for doubtful accounts of \$59,676	1,999,384
Due from Guam Community College Foundation (<i>Note 9</i>)	1,617,200
Accounts receivable - other, less allowance for doubtful accounts of \$117,968	1,576,551
Inventories	<u>462,216</u>
Total current assets	<u>28,520,301</u>

Noncurrent assets:

Investments (<i>Note 2</i>)	1,702,277
Property, plant and equipment (<i>Note 3</i>):	
Buildings and structures	58,391,033
Lease building	3,673,853
Furniture, fixtures and equipment	14,149,252
Vehicles	<u>752,315</u>
	76,966,453
Less accumulated depreciation	(<u>48,179,892</u>)
Total depreciable property, plant and equipment	<u>28,786,561</u>
Land	2,465,500
Construction in progress	<u>8,045,513</u>
Total non-depreciable property, plant and equipment	<u>10,511,013</u>
Property, plant and equipment, net	<u>39,297,574</u>
Total noncurrent assets	<u>40,999,851</u>
Total assets	<u>69,520,152</u>

Deferred outflows of resources:

Deferred outflows from OPEB (<i>Note 6</i>)	12,611,788
Deferred outflows from pension (<i>Note 5</i>)	<u>6,234,974</u>
Total deferred outflows of resources	<u>18,846,762</u>
Total assets and deferred outflows of resources	<u>\$ 88,366,914</u>

GUAM COMMUNITY COLLEGE
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Statement of Net Position, continued

September 30, 2022

Liabilities

Current liabilities:

Current portion of lease liability (<i>Notes 4 and 11</i>)	\$ 43,840
Accounts payable and accrued liabilities	2,616,076
Construction contract payable (<i>Note 3</i>)	1,091,699
Retainage payable (<i>Note 3</i>)	549,257
Unearned revenue	1,389,711
Deposits held on behalf of others	306,797
Current portion of accrued annual leave (<i>Note 11</i>)	

Total current liabilities	5,997,380
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Noncurrent liabilities:

Accrued annual leave, net of current portion (<i>Note 11</i>)	537,440
DCRS sick leave liability (<i>Note 11</i>)	742,982
Lease liability, net of current portion (<i>Notes 4 and 11</i>)	3,585,981
Net OPEB liability (<i>Note 6</i>)	57,994,347
Net pension liability (<i>Note 5</i>)	32,566,802

Total liabilities	101,424,932
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Deferred inflows of resources:

Deferred inflows from OPEB (<i>Note 6</i>)	12,857,653
Deferred inflows from pension (<i>Note 5</i>)	4,295,599

Total deferred inflows of resources	17,153,252
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Commitment and contingencies

Net position:

Net investment in capital assets	37,656,618
Restricted expendable	1,398,319
Unrestricted	(69,266,207)

Total net position	(30,211,270)
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Total liabilities, deferred inflows of resources and net position	\$ 88,366,914
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See accompanying notes to financial statements.

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

Statements of Financial Position

September 30, 2022

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

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

Year Ended September 30, 2022

Revenues:

Operating revenues:

Student tuition and fees	\$ 5,096,458
Less: Scholarship discounts and allowances	(<u>2,216,364</u>)
	2,880,094
Federal grants and contracts	14,278,309
Auxiliary enterprises	1,574,239
Other revenues	<u>1,346,379</u>
Total operating revenues	<u>20,079,021</u>

Operating expenses:

Education and general:

Instruction	9,900,735
Institutional support	6,674,125
Scholarships and fellowships	6,401,377
Student services	2,952,954
Depreciation	2,536,730
Academic support	2,308,397
Operations and maintenance of plant	2,086,157
Retiree healthcare costs	1,731,269
Planning	773,605
Auxiliary enterprises	<u>527,245</u>
Total operating expenses	<u>35,892,594</u>
Operating loss	(<u>15,813,573</u>)

Nonoperating revenues (expenses):

Government of Guam appropriations:

Operations, net (<i>Note 7</i>)	21,960,280
Net contributions from GCC Foundation	179,105
Other nonoperating receipts	56,069
Other nonoperating losses (pension)	(<u>916,126</u>)
Interest expense (<i>Notes 4 and 11</i>)	(<u>158,372</u>)
Net nonoperating revenues	<u>21,120,956</u>
Change in net position	5,307,383

Net position:

Net position at beginning of year, as restated	(<u>35,518,653</u>)
Net position at end of year	\$(<u>30,211,270</u>)

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

Statements of Activities

Year Ended September 30, 2022

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

Statements of Cash Flows

Year Ended September 30, 2022

Cash flows from operating activities:	
Student tuition and fees	\$ 3,299,034
Federal grants and contracts	12,737,719
Auxiliary enterprises	1,574,239
Other receipts	827,583
Payments to employees	(18,694,903)
Payments to suppliers	(7,400,479)
Payments for scholarships and fellowships	(6,138,200)
Net cash used in operating activities	(13,795,007)
Cash flows from noncapital financing activities:	
Government of Guam appropriations	<u>20,229,011</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(2,640,507)
Net contributions from GCC Foundation	179,105
Other receipts	56,069
Principal paid on capital lease liability	(42,028)
Interest paid on capital lease liability	(158,372)
Net cash used in capital and related financing activities	(2,605,733)
Net change in cash and cash equivalents	3,828,271
Cash and cash equivalents at beginning of year	<u>17,860,147</u>
Cash and cash equivalents at end of year	\$ <u>21,688,418</u>
Reconciliation of cash and cash equivalents to the statements of net position:	
Current assets:	
Cash and cash equivalents	\$ 21,381,621
Cash and cash equivalents - restricted	306,797
	\$ <u>21,688,418</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$(15,813,573)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,536,730
On-behalf payments for retiree healthcare, COLA and annuity costs	1,731,269
Non-cash pension costs	(1,395,616)
Unrealized loss on investment	353,097
Changes in assets and liabilities:	
Tuition receivable	320,228
Accounts receivable - U.S. Government	(1,540,590)
Other receivables	(871,893)
Inventories	(51,374)
Accounts payable, accrued liabilities and deposits held for others	825,404
Accrued annual leave	(21,720)
DCRS sick leave liability	34,319
Unearned revenue	<u>98,712</u>
Net cash used in operating activities	\$(13,795,007)

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

Notes to Financial Statements

September 30, 2022

1. Organization and Summary of 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

September 30, 2022

1. Organization and Summary of Accounting Policies, continued

Basis of Presentation

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

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

The Foundation is a private organization that reports under accounting standards established by 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

1. Organization and Summary of Accounting Policies, continued

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

Inventory

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

Investments and Investment Income

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

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Property, Plant and Equipment

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

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

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

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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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 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. As of September 30, 2022, an accumulated vacation leave liability of \$537,440 is included within the statement of net position as accrued annual leave. 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 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 net 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 net 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 net 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.

Income Taxes

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

Grants-in-Aid

GovGuam law requires that the College waive the tuition and fees for credit classes for senior citizens. Effective Fall 2012, the Board of Trustees voted to approve the Guam Community College Tuition Benefit Program for Employees' Spouse and Dependents. The total of senior citizen waivers provided is \$66,942 for the year ended September 30, 2022.

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Net Position

Net position represent 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 required to be maintained in revenue bond fund accounts and amounts set aside in accordance with terms of a U.S. Department of Agriculture (USDA) capital grant agreement. All other net position is unrestricted.

Classification of Revenues and Expenses

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

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

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

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net 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.

Foundation Investments

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

The market values of investments at September 30, 2022 are \$_____. The following represents the composition of market values of investments:

Equities	\$
Fixed income	
Exchange-traded funds	
Mutual funds	
Cash	_____
	\$ _____

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Foundation Investments, continued

The Foundation's investment in securities balance at September 30, 2022 include cash deposited within the cash sweep program of \$_____. Of the Foundation's cash deposited within the cash sweep program, \$250,000 is insured by the Securities Investor Protection Corporation. The remaining balances are uninsured.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Foundation's exposure to credit risk at September 30, 2021, was as follows:

<u>Moody's Rating</u>	
AAA/AAA	\$ 1,411,462
A1/BBB+	204,711
A2/A-	237,263
A3/A-	69,109
A3/BBB+	185,151
A2/BBB+	186,610
BA2/BB-	12,822
BA2/BB	41,934
BA2/BB+	108,908
B2/B	19,295
B2/B+	31,529
BA1/BBB-	49,589
BA1/BB+	46,591
BA2/BBB	12,886
BAA3/BB-	13,457
BAA3/BBB-	12,396
BAA3/B+	12,106
BA3/B+	67,093
BA3/BB	60,668
BA3	13,560
BA1/BB+	17,850
BA3/BB-	67,204
B1/B+	17,850
BA2/BB-	12,960
B1/B	27,283
B1/BB	35,804
B1/BB-	49,267
B2/BB	19,274
B2/B-	15,475
B3/B+	41,310
CAA1/B-	16,978
Not rated	1,337,832
Total	\$ <u>4,456,227</u>

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Foundation Investments, continued

The following represents the composition of the net investment gains for the year ended September 30, 2022:

Unrealized investment gains	\$
Net realized investment losses	
Interest income and dividends	_____
	\$ _____

Recently Adopted Accounting Pronouncement

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract.

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

New Accounting Standards

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 95 postponed the effective date of GASB 91 to fiscal year ending September 30, 2023.

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

New Accounting Standards, continued

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Public-private and public-public partnerships, collectively referred to hereinafter PPPs, comprise a wide variety of arrangement between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. GASB Statement No. 94 will be effective for fiscal year ending September 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs. The objective of this Statement is to better meet the information needs of the financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. GASB Statement No. 96 will be effective for fiscal year ending September 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 will be effective for fiscal year ending September 30, 2023.

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

New Accounting Standards, continued

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance 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 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. GASB Statement No. 100 will be effective for fiscal year ending September 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. GASB Statement No. 101 will be effective for fiscal year ending September 30, 2025.

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

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the GovGuam. The College has no related expenditures for capital projects for the year ended September 30, 2022.

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

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Estimates

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

Risk Management

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

2. Deposits

GASB Statement No. 40 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, 2022, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$21,688,418 and the corresponding bank balances were \$22,060,516. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2022, bank deposits in the amount of \$703,655 were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

3. 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, 2022, the College invested in a Federated Short-Intermediate Duration Municipal Trust Service mutual fund of \$1,899,191.

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

Notes to Financial Statements, continued

3. Investment, continued

The College categorized its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College investments are in mutual funds as of September 30, 2022 whose fair values are Level 1 based on quoted prices in active markets for identical assets.

4. Property, Plant and Equipment

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

	Estimated Useful Life (in years)	Balance October 1, 2021	Balance Retirement Additions	Transfers	September 30, 2022
Depreciable:					
Buildings and structures	10-30	\$58,382,452	\$ 8,581	\$ ---	\$58,391,033
Building under lease	40	3,673,853	---	---	3,673,853
Furniture, fixtures and equipment	5-6	13,418,401	730,851	---	14,149,252
Vehicles	5	<u>713,608</u>	<u>38,707</u>	<u>---</u>	<u>752,315</u>
		<u>76,188,314</u>	<u>778,139</u>	<u>---</u>	<u>76,966,453</u>
Accumulated depreciation:					
Buildings and structures		(32,601,924)	(1,868,311)	---	(34,470,235)
Building under lease		---	(158,896)	---	(158,896)
Furniture, fixtures and equipment		(12,441,878)	(482,558)	1,635	(12,922,801)
Vehicles		<u>(589,721)</u>	<u>(38,239)</u>	<u>---</u>	<u>(627,960)</u>
		<u>(45,633,523)</u>	<u>(2,548,004)</u>	<u>1,635</u>	<u>(48,179,892)</u>
		<u>30,554,791</u>	<u>(1,769,865)</u>	<u>1,635</u>	<u>28,786,561</u>
Non-depreciable:					
Land		2,465,500	---	---	2,465,500
Construction in progress		<u>5,220,196</u>	<u>3,217,537</u>	<u>(392,220)</u>	<u>8,045,513</u>
		<u>7,685,696</u>	<u>3,217,537</u>	<u>(392,220)</u>	<u>10,511,013</u>
		<u>\$38,240,487</u>	<u>\$1,447,672</u>	<u>\$(390,585)</u>	<u>\$39,297,574</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

5. Obligation under 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 lease asset under property, plant and equipment. 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>
2023	\$ 43,840	\$ 156,560	\$ 200,400
2024	45,730	154,670	200,400
2025	47,702	152,698	200,400
2026	49,759	150,641	200,400
2027	51,904	148,496	200,400
2028-2032	295,087	706,913	1,002,000
2033-2037	364,436	637,564	1,002,000
2038-2042	450,082	551,918	1,002,000
2043-2047	555,857	446,143	1,002,000
2048-2052	686,489	315,511	1,002,000
2053-2058	<u>1,038,935</u>	<u>162,462</u>	<u>1,201,397</u>
	<u>\$3,629,821</u>	<u>\$3,583,576</u>	<u>\$7,213,397</u>

At September 30, 2022, the cost of building under lease is \$3,673,853 and accumulated depreciation of \$158,896 which is presented as part of property, plant and equipment in the accompanying statements of net position.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. 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.

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 rates were 28.3% and 26.97%, respectively, for the years ended September 30, 2022 and 2021. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2022 and 2021.

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

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.

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

Actuarial cost method:	Entry age normal
Valuation of assets:	3-year phase in of gain/losses relative to interest rate assumption.
Investment income:	7.0% per year
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Return of contributions:	100% withdrawing before retirement with less than 20 years of service assumed to elect a return of contributions. All those who have previously withdrawn assumed to elect a return of contributions. Contributions earn 4.5% interest.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	At September 30, 2020, the remaining period is 12.58 years.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

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.

Expected Remaining Service Lives: Under GASB Statement No. 68, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 1.5 years in the 2014 valuation, at 1.4 in the 2015 actuarial valuation, at 1.3 years in the 2016 actuarial valuation, at 1.0 in the 2017 actuarial valuation, 3.1 years in the 2018 actuarial valuation, at 3.3 years in the 2019 valuation, at 3.1 years in the 2020 valuation, at 2.9 years in the 2021 valuation. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

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%	7.44%	1.93%
U.S. Equities (small cap)	4.0%	9.23%	0.37%
Non-U.S. Equities	17.0%	9.28%	1.58%
Non-U.S. Equities (emerging markets)	3.0%	11.32%	0.34%
U.S. Fixed Income (aggregate)	22.0%	3.89%	0.86%
Risk Parity	8.0%	5.92%	0.47%
High Yield Bonds	8.0%	6.42%	0.51%
Global Real Estate (REITs)	2.5%	8.55%	0.21%
Global Equity	7.0%	8.20%	0.57%
Global Infrastructure	2.5%	7.58%	0.19%
Expected arithmetic mean (1 year)			7.04%
Expected geometric mean (30 years)			6.36%

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

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

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

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. 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.

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

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

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

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

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

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

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

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	50% of probability of retirement at earliest age of eligibility for unreduced retirement benefits; 20% per year thereafter until age 75, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.
Remaining amortization period:	At September 30, 2020, the remaining period is 12.58 years.

Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA was a municipal bond rate of 2.26% and 2.21% for the years ended September 30, 2022 and 2021, 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.

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

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.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

General Pension Plan Descriptions, continued

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

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

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

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

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

Actuarial cost method:	Entry age normal
Total payroll growth:	2.75%
Salary increases:	Graduated based on service with the GovGuam ranging from 4.0% for service in excess of 15 years to 7.5% for service from zero to five years.
Disability:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females.
Retirement age:	5% per year from age 55 to 64, 10% per year from age 65 to 74, 100% at age 75.
Mortality:	Based on the RP-2000 combined mortality table, set forward 3 years for males and 2 years for females.
Amortization method:	Level percentage of payroll, closed.
Remaining amortization period:	At September 30, 2020, the remaining period is 12.58 years.

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

Expected Remaining Service Lives: The expected remaining service life is the same as that used in the DB Plan.

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

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

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

Reporting Date:	September 30, 2022	September 30, 2021
Measurement Date:	September 30, 2021	September 30, 2020
Valuation Date:	September 30, 2020	September 30, 2019

Pension Liability: At September 30, 2022 and 2021, GCC reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2020 and 2019, respectively, which comprised of the following:

	<u>2022</u>	<u>2021</u>
Defined benefit plan	\$22,586,847	\$30,560,601
Ad hoc COLA/supplemental annuity plan for DB retirees	8,331,090	8,697,171
Ad hoc COLA plan for DCRS retirees	<u>1,648,865</u>	<u>1,434,697</u>
	<u>\$32,566,802</u>	<u>\$40,692,469</u>

GCC's proportion of the GovGuam net pension liabilities was based on GCC's expected plan contributions relative to the total expected contributions received by the respective pension plans for GovGuam and GovGuam's component units. At September 30, 2022 and 2021, GCC's proportionate shares of the GovGuam net pension liabilities were as follows:

	<u>2022</u>	<u>2021</u>
Defined Benefit Plan	2.34%	2.45%
Ad hoc COLA/supplemental annuity plan for DB retirees	2.70%	2.70%
Ad hoc COLA plan for DCRS retirees	2.34%	2.16%

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

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

Pension Expense (Benefit): For the years ended September 30, 2022 and 2021, GCC recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit plan	\$ _____	\$2,515,554
Ad hoc COLA/supplemental annuity plan for DB retirees		802,751
Ad hoc COLA plan for DCRS retirees	_____	<u>181,473</u>
	\$ _____	<u>\$3,499,778</u>

Deferred Outflows and Inflows of Resources: At September 30, 2022 and 2021, GCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,253	\$ (229,660)	\$ -	\$ (115,738)	\$ 181,330	\$ (32,109)
Net difference between projected and actual earnings on pension plan investments	-	(2,728,478)	-	-	-	-
Changes in assumption	-	-	227,010	(24,704)	334,910	(108,759)
College contributions subsequent to the measurement date	4,277,912	-	603,162	-	62,000	-
Changes in proportion and difference between the College contributions and proportionate share of contributions	13,716	(866,956)	26,328	(165,119)	472,353	(24,076)
	<u>\$ 4,327,881</u>	<u>\$ (3,825,094)</u>	<u>\$ 856,500</u>	<u>\$ (305,561)</u>	<u>\$ 1,050,593</u>	<u>\$ (164,944)</u>

	2021					
	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB Retirees		Ad Hoc COLA Plan for DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,285	\$ 149,206	\$ 5,518	\$ 138,881	\$ 138,366	\$ 33,363
Net difference between projected and actual earnings on pension plan investments	2,189,631	-	-	-	-	-
Changes in assumption	-	-	682,057	12,379	349,087	108,771
Contributions subsequent to the measurement date	3,634,299.00	-	603,162	-	42,000	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	69,818	88,487	81,013	-	448,381	27,694
	<u>\$ 5,970,033</u>	<u>\$ 237,693</u>	<u>\$ 1,371,750</u>	<u>\$ 151,260</u>	<u>\$ 977,834</u>	<u>\$ 169,828</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. 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, 2022 and 2021, resulting from the College's employer contributions for the following plans are as follows:

	<u>2022</u>	<u>2021</u>
DB Plan	\$4,277,912	\$3,634,299
Ad hoc COLA/SA Plan for DB Participants	603,162	603,162
Ad hoc COLA Plan for DCRS Participants	<u>62,000</u>	<u>42,000</u>
	<u>\$4,943,074</u>	<u>\$4,279,461</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:

2023	\$(448,958)
2024	(577,641)
2025	(964,576)
2026	(1,069,515)
2027	37,711
Thereafter	<u>19,280</u>
	<u>\$(3,003,699)</u>

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

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GCC's proportionate share of the net pension 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:

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	\$ <u>28,518,859</u>	\$ <u>22,586,847</u>	\$ <u>15,239,860</u>

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. 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>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
Net Pension Liability	\$ <u>9,136,327</u>	\$ <u>8,331,090</u>	\$ <u>7,628,121</u>

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate <u>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
Net Pension Liability	\$ <u>1,871,793</u>	\$ <u>1,648,865</u>	\$ <u>1,458,672</u>

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, 2022 and 2021 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, 2022 and 2021, contributions made and amounts accrued under the DCRS amounted to _____ and \$ _____, respectively.

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

Notes to Financial Statements, continued

6. 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, 2022 and 2021, the College has accrued an estimated liability of \$___ and \$____, respectively. However, this amount is an estimate and actual payout could differ from those estimates.

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 doa.guam.gov.

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

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

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

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

Inflation:	2.75%
Discount rate:	2.26%
Amortization Method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan, continued

OPEB Plan Description, continued

Salary Increases:	7.5% per year for the first 5 years of service, 6% for 6-10 years, 5% for 11-15 years and 4% for service over 15 years.
Healthcare cost trend rates:	Non-Medicare and Medicare - 6% for Year 1-3 then reducing 0.25% annually to an ultimate rate of 4.25%. Part B 4.25%. Health care trend assumptions 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 components are expected to decline year by year. Medical trend rates are applied to claims cost and retiree contributions, Medicare Part B and Medicare Part D reimbursements are assumed to be 4.25% per year.
Dental trend rates:	4.25% per year, based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. Previously, 3.8% in year one, 3.75% per year thereafter.

GUAM COMMUNITY COLLEGE
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Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan, continued

OPEB Plan Description, continued

Participation rates:

Medical - 100% of active employees covered under a GovGuam medical plan will elect to participate at retirement. Dental - 100% of active employees covered 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.

Medicare enrollment:

Based on current over-65 retiree data, 55% (previously 15%) 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 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan, continued

OPEB Plan Description, continued

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.

Healthy retiree mortality rate:

RP-2000 Combined Healthy Mortality Table, set forward 3 years and 2 years for males and females, respectively, projected generationally using 30% of Scale BB.

Disabled retiree mortality rates:

RP-2000 Disabled Mortality Table, set forward 6 years and 4 years for males and females, respectively, projected generationally using 30% of Scale BB.

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

Notes to Financial Statements, continued

6. 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 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:	1974-78 SOA LTD Non-Jumbo, with rates reduced by 50% for males and 75% for females as follows: 0.05% for males aged 20-39 years (0.03% for females); 0.10% - 0.18% for males aged 40-49 years (0.05% - 0.09% for females); 0.32% - 0.53% for males aged 50-59 years (0.16% - 0.27% for females); and 0.76% for males aged 60-64 years (0.38% for females).
Retirement rates:	50% of employees are assumed to retire at first 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 2.26% and 2.21% for the years ended September 30, 2022 and 2021, 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.

Expected Remaining Service Lives: Under GASB Statement No. 75, gains and losses that are deferred and amortized over future periods are presented as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining services lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period was calculated at 5.66 years. The

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

Other Post-employment benefit (OPEB) plan, continued

OPEB Plan Description, continued

amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

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

Total OPEB liability at the fiscal years presented for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

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

As of September 30, 2022 and 2021, GCC reported a total OPEB liability of \$56,385,944 and \$56,904,135 respectively, for its proportionate share of the GovGuam total OPEB liability measured as of September 30, 2021 and 2020. The following presents GCC's change in proportion since the prior measurement date:

Proportion at prior measurement date, September 30, 2020	2.24%
Proportion at measurement date, September 30, 2021	2.23%
Decrease in proportion	0.01%

For the years ended September 30, 2022 and 2021, the College reported total OPEB expense of \$_____ and \$_____, respectively, for its proportionate share of the GovGuam total OPEB expense measured for the years ended September 30, 2021 and 2020. At September 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

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

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,040,420	\$(3,285,109)
Contributions subsequent to the measurement date	1,066,107	---
Changes in assumption	5,864,482	(9,088,837)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>1,640,779</u>	<u>(483,707)</u>
	<u>\$ 12,611,788</u>	<u>\$(12,857,653)</u>
	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,162,081	\$(5,396,061)
Contributions subsequent to the measurement date	1,015,533	---
Changes in assumption	9,173,341	(12,183,748)
Changes in proportion and difference between the Authority contributions and proportionate share of contributions	<u>2,652,570</u>	<u>(453,268)</u>
	<u>\$ 18,003,525</u>	<u>\$(18,033,077)</u>

Deferred outflows of resources at September 30, 2022 and 2021, resulting from the College's employer contributions totaled \$1,066,107 and \$1,015,533, respectively.

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2022 will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	
2023	\$1,381,091
2023	(262,175)
2024	(441,463)
2025	556,549
2026	<u>77,970</u>
	<u>\$(1,311,972)</u>

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

Notes to Financial Statements, continued

6. Employee Benefits, continued

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

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 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>1.26%</u>	Current Discount Rate <u>2.26%</u>	1% Increase in Discount Rate <u>3.26%</u>
Total OPEB Liability	<u>\$68,656,752</u>	<u>\$57,994,347</u>	<u>\$49,478,745</u>

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>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	\$47,997,345	\$57,994,347	\$71,044,239

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

Notes to Financial Statements, continued

7. 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, 2022. 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, 2022, the College collected all amount appropriated from the General Fund as follows:

Net appropriations per law	\$20,229,011
Add retiree healthcare cost	1,066,107
Add COLA and annuity cost	<u>665,162</u>
	<u>\$21,416,630</u>

8. Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$12,473,133 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2022. Of the \$12,473,133 as of September 30, 2022, \$9,374,158 relates to contract commitments.

9. Related Party Transactions

As of September 30, 2022, the College recorded net receivables from the Foundation of \$1,617,200 which represent net transfers accumulated during the years.

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

Notes to Financial Statements, continued

10. Long-Term Debt- Foundation

	<u>2022</u>
Note payable of an original amount of \$5,000,000 to U.S. Department of Agriculture, for the construction of Building 100, interest at 2.375%, repayable in monthly installments of principal and interest of \$16,700 through November 6, 2056, collateralized by a pledge of all rental income and revenue from facilities lease agreement with Guam Community College.	\$3,942,990
Less current portion	<u>88,110</u>
	<u>\$3,854,880</u>

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 88,110	\$ 112,290	\$ 200,400
2023	90,226	110,174	200,400
2024	92,392	108,008	200,400
2025	94,610	105,790	200,400
2026	96,882	103,518	200,400
2027-2031	520,440	481,560	1,002,000
2032-2036	585,992	416,008	1,002,000
2037-2041	659,802	342,198	1,002,000
2042-2046	742,908	259,092	1,002,000
2047-2051	836,482	165,518	1,002,000
2052-2057	<u>135,146</u>	<u>60,159</u>	<u>195,305</u>
	<u>\$3,942,990</u>	<u>\$2,264,315</u>	<u>\$6,207,305</u>

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

Notes to Financial Statements, continued

11. Changes in Other Long-Term Liabilities

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

	Beginning Balance October <u>1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2022</u>	Amount due within <u>one year</u>
Lease liability	\$ 3,671,849	\$ 158,372	\$(200,400)	\$ 3,629,821	\$ 43,839
Accrued annual leave	559,160	474,347	(496,067)	537,440	
DCRS sick leave liability	708,663	269,369	(235,050)	742,982	---
Net OPEB liability	56,385,944	1,608,403	---	57,994,347	---
Net pension liability	<u>40,692,469</u>		<u>(8,125,667)</u>	<u>32,566,802</u>	---
	<u>\$102,018,085</u>	<u>\$2,510,491</u>	<u>\$(9,057,184)</u>	<u>\$95,471,392</u>	<u>\$ 43,839</u>

12. Commitments and Contingencies

Litigation

The College is a defendant in a legal action. The ultimate outcome is presently undeterminable; however, College management is of the opinion that resolution of this matter will not have a material effect on the accompanying financial statements.

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.

Financial and Compliance Audits

The College has participated in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The College's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of the College.

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*

	2022	2021	2020	2019	2018	2017	2016	2015
Total net pension liability	\$ 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	\$ 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	2.34%	2.45%	2.46%	2.45%	2.42%	2.46%	2.43%	2.36%
GCC's covered-employee payroll	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 employee payroll	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	70.14%	61.48%	63.25%	63.28%	60.63%	54.62%	52.32%	56.60%

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

GUAM COMMUNITY COLLEGE
(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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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>4,277,912</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>\$ (1,327,684)</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-employee payroll	<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>	<u>\$ 11,921,032</u>
Contribution as a percentage of covered-employee payroll	34.27%	28.36%	31.69%	29.73%	42.79%	25.91%	27.55%	30.39%

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*

	2022	2021	2020	2019	2018	2017
GCC's proportionate share of the collective total pension liability	\$ 8,331,090	\$ 8,697,171	\$ 8,710,956	\$ 7,675,606	\$ 7,464,622	\$ 6,090,911
GCC's proportion of the collective total pension liability	2.70%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 603,162					
Contribution in relation to the contractually required contribution	<u>603,162</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Contribution excess	<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>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	\$ 1,648,865	\$	1,434,697	\$	909,308	\$	737,240	\$	758,754	\$	781,136
GCC's proportion of the collective total pension liability	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 62,000								
Contribution in relation to the contractually required contribution	62,000								
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedule 7

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

Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
GCC's proportion of the collective total other postemployment benefit liability	\$ 57,994,347	\$ 56,385,944	\$ 56,904,135	\$ 42,285,436	\$ 49,740,344
GCC's proportionate share of the collective total other postemployment benefit liability	2.23%	2.24%	2.23%	2.26%	2.05%

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

GUAM COMMUNITY COLLEGE
(A Component Unit of the Government of Guam)

Schedule 8

Required Supplementary Information
Schedule of the College's Contributions

Other Postemployment Benefit Plan
(Unaudited)

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution		\$ 5,306,535	\$ 4,171,326	\$ 5,026,780	\$ 5,167,186
Contribution in relation to the actuarially determined contribution		<u>905,129</u>	<u>936,755</u>	<u>847,567</u>	<u>766,278</u>
Contribution deficiency		<u>\$ 4,401,406</u>	<u>\$ 3,234,571</u>	<u>\$ 4,179,213</u>	<u>\$ 4,400,908</u>

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

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

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

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

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

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

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

Supplementary and Other Information

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

Schedule 9
Salaries and Wages (Cash Basis)

Year Ended September 30, 2022

Salaries and wages:

Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 12,771,162
Benefits	<u>3,148,108</u>

Total salaries, wages and benefits	\$ <u>15,919,270</u>
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Full-time employees at end of year	<u>228</u>
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Federal Funds:

Salaries	\$ 529,954
Benefits	<u>151,817</u>

Total salaries, wages and benefits	\$ <u>681,771</u>
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Full time federal employees at end of year (inclusive in above amount)	<u>13</u>
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See accompanying independent auditors' report.

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

Schedule 10
Expenditures by Function and Object Code

Year Ended September 30, 2022

Instruction:	
Salaries, wages and benefits	\$ 7,628,837
Travel	76,453
Contract services	306,403
Supplies	244,726
Minor equipment	59,788
Capital expenditures	7,935
Miscellaneous	<u>1,576,593</u>
	<u>\$ 9,900,735</u>
Total employees at end of year	
	100
Planning:	
Salaries, wages and benefits	\$ 665,808
Travel	18,386
Contract services	51,429
Supplies	6,496
Minor equipment	10,310
Miscellaneous	<u>21,176</u>
	<u>\$ 773,605</u>
Total employees at end of year	
	10
Academic Support:	
Salaries, wages and benefits	\$ 1,820,549
Contract services	217,223
Supplies	45,258
Minor equipment	28,896
Miscellaneous and transfers	<u>196,471</u>
	<u>\$ 2,308,397</u>
Total employees at end of year	
	24
Student Services:	
Salaries, wages and benefits	\$ 2,575,014
Travel	2,977
Contract services	200,391
Supplies	26,925
Minor equipment	27,720
Miscellaneous and transfers	<u>119,927</u>
	<u>\$ 2,952,954</u>
Total employees at end of year	
	37

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

Schedule 10
Expenditures by Function and Object Code, continued

Year Ended September 30, 2022

Institutional Support and Interest:	
Salaries, wages and benefits	\$ 2,909,949
Travel	68,042
Contract services	1,781,999
Supplies	157,335
Capital expenditures	631,829
Minor equipment	415,038
Interest and miscellaneous	<u>\$709,933</u>
	<u>\$ 6,674,125</u>
Total employees at end of year	43
Operations and Maintenance of Plant:	
Salaries, wages and benefits	\$ 291,162
Contract services	255,776
Supplies	54,341
Minor equipment	36,996
Capital expenditures	182,693
Utilities	1,264,515
Miscellaneous	<u>674</u>
	<u>\$ 2,086,157</u>
Total employees at end of year	9
Scholarships and Fellowships:	
Salaries, wages and benefits	\$ (30,813)
Supplies	2,252
Minor equipment	4,481
Miscellaneous	<u>6,425,457</u>
	<u>\$ 6,401,377</u>
Total employees at end of year	3
Auxiliary:	
Salaries, wages and benefits	\$ 58,763
Supplies	1,000
Minor equipment	<u>467,482</u>
	<u>\$ 527,245</u>
Total employees at end of year	2

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

Schedule 11
Unrestricted and Restricted Fund Supplemental Schedule
Balance Sheet

September 30, 2022

	Unrestricted			Restricted								Grand Total
	Appropriated	Non-	Total	Federal	Other	Total	Capital	Tobacco	Investment	Agency	Elimination	2022
	Fund	appropriated		Fund	Grants		Projects	Settlement	in Plant	Fund		
		Fund			Fund							
<u>ASSETS</u>												
Cash	\$ -	\$ 21,688,418	\$ 21,688,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,688,418
TCD	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	1,702,277	-	-	-	1,702,277
Due from Government of Guam	-	763,237	763,237	-	764,712	764,712	-	-	-	-	-	1,527,949
Due from other College funds	9,570,801	47,965,075	57,535,876	19,741,002	(36,482)	19,704,520	(3,000)	394,641	(2,697,156)	306,797	(75,241,678)	-
Accounts receivable - U.S. Government	-	46,421	46,421	662,716	1,349,923	2,012,639	-	-	-	-	-	2,059,060
Accounts receivable - tuition	-	2,705,287	2,705,287	-	-	-	-	-	-	-	-	2,705,287
Accounts receivable - others	-	1,783,770	1,783,770	-	-	-	-	-	-	-	-	1,783,770
Allowance for doubtful accounts	-	(1,706,399)	(1,706,399)	-	-	-	-	-	-	-	-	(1,706,399)
Inventories	-	462,216	462,216	-	-	-	-	-	-	-	-	462,216
Construction in progress	-	-	-	-	-	-	-	-	8,045,513	-	-	8,045,513
Land	-	-	-	-	-	-	-	-	2,465,500	-	-	2,465,500
Buildings	-	-	-	-	-	-	-	-	58,391,033	-	-	58,391,033
Lease asset	-	-	-	-	-	-	-	-	3,673,853	-	-	3,673,853
Equipment	-	-	-	-	-	-	-	-	14,149,252	-	-	14,149,252
Vehicles	-	-	-	-	-	-	-	-	752,315	-	-	752,315
Accumulated depreciation	-	-	-	-	-	-	-	-	(48,179,892)	-	-	(48,179,892)
Deferred outflows from pension and OPEB	-	18,846,762	18,846,762	-	-	-	-	-	-	-	-	18,846,762
	\$ 9,570,801	\$ 92,554,787	\$ 102,125,588	\$ 20,403,718	\$ 2,078,153	\$ 22,481,871	\$ (3,000)	\$ 2,096,918	\$ 36,600,418	\$ 306,797	\$ (75,241,678)	\$ 88,366,914
<u>LIABILITIES AND FUND BALANCE</u>												
Accounts payable	\$ 207,407	\$ 1,084,321	\$ 1,291,728	\$ 122,377	\$ 1,039,429	\$ 1,161,806	\$ 911,271	\$ -	\$ -	\$ -	\$ -	\$ 3,364,805
Retainage payable	-	-	-	-	-	-	-	-	-	-	-	-
Lease liability	-	-	-	-	-	-	-	-	3,629,821	-	-	3,629,821
Due to other College funds	(2,074,965)	39,213,385	37,138,420	19,921,746	-	19,921,746	18,181,512	-	-	-	(75,241,678)	-
Due to depositor	-	-	-	-	-	-	-	-	-	306,797	-	306,797
Accrued liabilities	-	1,429,667	1,429,667	-	-	-	-	-	-	-	-	1,429,667
DCRS sick leave liability	-	742,982	742,982	-	-	-	-	-	-	-	-	742,982
Net pension and OPEB liability	-	90,561,149	90,561,149	-	-	-	-	-	-	-	-	90,561,149
Unearned revenue	-	1,389,711	1,389,711	-	-	-	-	-	-	-	-	1,389,711
Deferred inflows from pension and OPEB	-	17,153,252	17,153,252	-	-	-	-	-	-	-	-	17,153,252
Fund balance	11,438,359	(59,019,680)	(47,581,321)	359,595	1,038,724	1,398,319	(19,095,783)	2,096,918	32,970,597	-	-	(30,211,270)
	\$ 9,570,801	\$ 92,554,787	\$ 102,125,588	\$ 20,403,718	\$ 2,078,153	\$ 22,481,871	\$ (3,000)	\$ 2,096,918	\$ 36,600,418	\$ 306,797	\$ (75,241,678)	\$ 88,366,914

See Accompanying Independent Auditors' Report.

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

Schedule 12
Unrestricted and Restricted Fund Supplemental Schedule
Statement of Changes in Fund Balances
Year Ended September 30, 2022

	Unrestricted						Restricted			Capital Projects	Tobacco Settlement	Investment In-Plant	Grand Total
	Appropriated			Total Appropriated	Non-appropriated	Total Unrestricted	Federal Fund	Other Grant	Total				
	General	TAF	MDF										
Revenues:													
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 5,096,458	\$ 5,096,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,096,458
Government of Guam appropriations	18,035,800	-	3,924,480	21,960,280	-	21,960,280	-	-	-	-	-	-	21,960,280
Federal grants and contracts	-	-	-	-	-	-	9,549,195	2,512,750	12,061,945	-	-	-	12,061,945
Sales and services of auxiliary enterprises	-	-	-	-	1,574,239	1,574,239	-	-	-	-	-	-	1,574,239
Other sources	-	-	-	-	1,444,835	1,444,835	-	-	-	-	(98,456)	-	1,346,379
Total current revenues	18,035,800	-	3,924,480	21,960,280	8,115,532	30,075,812	9,549,195	2,512,750	12,061,945	-	(98,456)	-	42,039,301
Expenditures and mandatory transfers:													
Educational and general:													
Instruction	5,807,000	-	1,023,884	6,830,884	2,429,000	9,259,884	172,455	468,396	640,851	-	-	-	9,900,735
Planning	608,664	-	24,099	632,763	(12,276)	620,487	121,887	31,231	153,118	-	-	-	773,605
Academic support	1,482,203	-	-	1,482,203	739,264	2,221,467	70,518	16,412	86,930	-	-	-	2,308,397
Student services	2,290,214	-	340,731	2,630,945	(15,048)	2,615,897	227,371	109,686	337,057	-	-	-	2,952,954
Institutional support	3,560,555	-	367,406	3,927,961	1,042,225	4,970,186	1,391,417	312,522	1,703,939	-	-	-	6,674,125
Operation and maintenance of plant	1,648,210	-	344,333	1,992,543	(41,155)	1,951,388	-	11,103	11,103	123,666	-	-	2,086,157
Scholarship and fellowship	182,022	-	-	182,022	(275,983)	(93,961)	6,495,702	(364)	6,495,338	-	-	-	6,401,377
Retiree healthcare costs	1,066,107	-	-	1,066,107	-	1,066,107	-	-	-	-	-	-	1,066,107
Retiree COLA and supplemental annuity costs	665,162	-	-	665,162	-	665,162	-	-	-	-	-	-	665,162
Interest Expense	158,372	-	-	158,372	-	158,372	-	-	-	-	-	-	158,372
Bad debts expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	2,536,730	2,536,730
	17,468,509	-	2,100,453	19,568,962	3,866,027	23,434,989	8,479,350	948,986	9,428,336	123,666	-	2,536,730	35,523,721
Auxiliary enterprises:													
Other non-operating expenses (pension)	-	-	-	-	916,126	916,126	-	-	-	-	-	-	916,126
Expenditures	40,141	-	-	40,141	487,104	527,245	-	-	-	-	-	-	527,245
Total expenditures	17,508,650	-	2,100,453	19,609,103	5,269,257	24,878,360	8,479,350	948,986	9,428,336	123,666	-	2,536,730	36,967,092
Net (decrease) increase in fund balance	527,150	-	1,824,027	2,351,177	2,846,275	5,197,452	1,069,845	1,563,764	2,633,609	(123,666)	(98,456)	(2,536,730)	5,072,209
Beginning fund balance	1,541,271	(58,425)	7,604,336	9,087,182	(62,007,273)	(52,920,091)	359,399	1,038,724	1,398,123	(18,040,881)	2,195,374	31,848,822	(35,518,653)
Fund transfer	-	-	-	-	141,318	141,318	(1,069,649)	(1,563,764)	(2,633,413)	(931,236)	-	3,658,505	235,174
Ending fund balance	\$ 2,068,421	\$ (58,425)	\$ 9,428,363	\$ 11,438,359	\$ (59,019,680)	\$ (47,581,321)	\$ 359,595	\$ 1,038,724	\$ 1,398,319	\$ (19,095,783)	\$ 2,096,918	\$ 32,970,597	\$ (30,211,270)

