

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

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

**YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(AS RESTATED)**

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

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Years Ended September 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Guam Community College:

Report on Financial Statements

We have audited the accompanying financial statements of Guam Community College (the College), and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2015 and 2014, and which collectively comprise the College's basic financial statements, as set forth in Section II of the forgoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of September 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, in 2015, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting these standards, the College has elected to restate its 2014 financial statements to reflect the adoption of these standards. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, as well as the Schedule of Funding Progress on page 37, the Schedule of Proportional Share of the Net Pension Liability on page 38 and Schedule of Pension Contributions on page 39, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

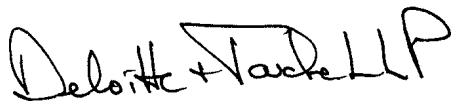
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of salaries and wages (cash basis), schedule of expenditures by function and object code, the unrestricted and restricted fund supplemental schedule – balance sheet, and unrestricted and restricted fund supplemental schedule – statement of changes in fund balances are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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

March 5, 2016

**GUAM COMMUNITY COLLEGE
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Management's Discussion and Analysis
Years Ended September 30, 2015 and 2014

For the fifteenth consecutive year, GCC has maintained its low-risk auditee status. Given this designation by the Independent Auditor, review of the College's financial records demonstrate there were no questioned costs or unresolved prior year audit findings in fiscal year 2015. Proudly, the College continues to receive recognition as one of the best financially managed organizations within the Government of Guam system. The College strives to maintain this status, even with increasing federal and local regulations.

Fiscal Year 2015 Overview

The College continued to maintain its operations during fiscal year 2015 as enrollment decreased slightly from prior years. Decreased funding from the Manpower Development Fund required restrictions be placed on local budgets. The College implemented restrictions on institution spending as local appropriation releases were delayed. General Fund appropriations cover a majority of salaries and benefits and utility costs. With the passage of the Government of Guam Budget under PL 32-181, the remaining 50% payout of the Government of General Competitive Pay Plan (GCPP) was approved with retroactive payments to January 26, 2014. The College continues to closely monitor the impact of the GCPP on its limited financial resources of which the estimated cost for the retroactive payments aggregates in excess of \$150,000.

In December 2014, the GCC community joined President Okada and Governor Eddie Calvo in officially opening the renovated and expanded Building E (the former Building 200). Slated as GCC's third LEED-designed structure, Building E contains solar panels, a rainwater catchment system and other sustainable features, and houses the Education and Pre-Architectural Drafting programs, and the English Department. The \$5.2 million project was funded by a \$1.45M hardening grant from the U.S. Department of Homeland Security/Federal Emergency Management Agency, with the remainder provided by the Board of Trustees' Capital Projects Fund. A Department of the Interior Technical Assistance grant provided collateral equipment (furniture, etc.).

In a prior fiscal year, the Board approved a \$400,000 request to fund the A/E costs for the construction of a Wellness Center and Maintenance Building that will be approximately 20,500 square feet with an additional 10,500 square feet for a loading area. Estimated costs for the construction is \$4,500,000. The A/E for the building was subsequently completed in December 2015.

In March 2015, the College submitted its mid-term report to the Accrediting Commission for Community and Junior Colleges Western Association of Schools and Colleges. The commission reviewed GCC's mid-term report and continued our accredited status.

The 2012 accreditation visit recommended that the College develop a Distance Education Strategic Plan. The DE Strategic Plan and Assessment Report draft was completed in April 2014. Training for faculty and administrators involved in the pilot took place in Spring 2015 and a pilot of four courses was launched in Fall 2015. The College will use the plan as a guiding source of information for its future growth endeavors.

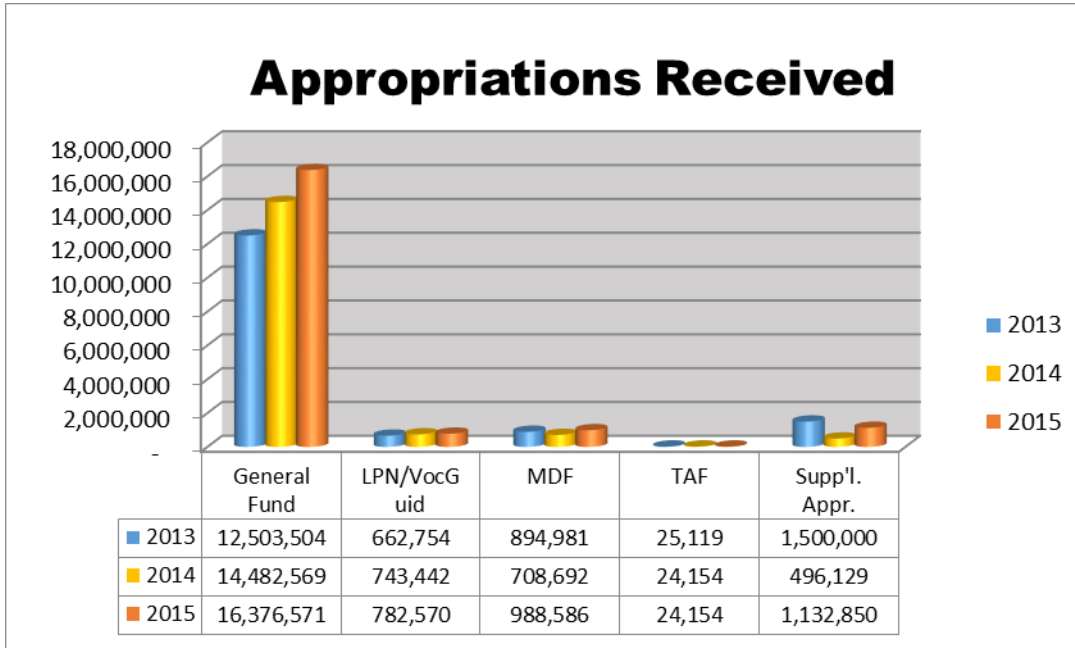
The College proudly added a Veterans' Club and unveiled a Veterans Lounge/Study Room on September 11, 2015. GCC was designated in Military Times "Best for Vets" college for the second consecutive year.

The College continued its fiscal conservation practices that were in-line with the Government of Guam (GovGuam) policy on fiscal conservation through the maintenance/reduction of personnel costs and increased accountability. Based on the prior year collection decline, anticipated allotment reductions in the Manpower Development Fund (MDF) directly correlates with the number of H-2 workers on Guam.

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Due to the decreased construction activity and the delay of the military buildup, the MDF budget appropriation was \$988,586. The Legislature and the Governor acknowledged the shortages in MDF funds and provided additional General Fund appropriations included in the budget law (PL 32-269) for \$1,132,850. In total, GCC saw an overall increase of 17%, 13% from the General Fund and an increase of 40% from MDF appropriations.



GCC was exempted from GovGuam Bureau of Budget and Management Research (BBMR) allotment release control. The released reserves and the Governor's fiscal responsibility plan of fiscal management and prioritization and cost savings, helped to ensure that tax returns continued to be paid on time. GovGuam continued its financial conservation with stringent cash management and payoff of prior year liabilities. However, delays in the military buildup lead to continued efforts for strict financial policy.

The College was able to maintain its fiscal accountability and maintain student enrollment, through the management of its available resources. The College continues to budget wisely and allocates financial resources to obtain maximum benefits. Additionally, the College continues its fiscal conservation measures through the reduction of contractual operating costs for maintenance, grass cutting, telephone, and insurance and strict management of personnel costs. Power conservation measures continue with standardized temperature settings, installation of PV parking lights and in newly constructed buildings, and seeking sustainability projects.

Continued federal discussions to reduce the overall deficit did not reduce the amount of Pell funding as Pell for AY 2014-2015 at the maximum full time award of \$5,730, or \$85 increase per student per academic year. The AY 2015-2016 maximum Pell award increased to \$5,775 or \$45 per student per academic year. Pell grants make up approximately 64% or \$4,817,285 of student tuition and fee payments. This is consistent with 2014 amounts where 64% or \$5,003,341 of student tuition and fees were paid with Pell grants.

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Years Ended September 30, 2015 and 2014

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

- GCC was a recipient of an American Association of Community Colleges Plus 50 Encore completion Program Grant of \$4,000, to provide adult learners age 50 and over enhanced and expanded workforce training in fields of healthcare, education and social service.
- GCC was the sub-recipient of Area Health Education Center Cooperative Agreements under the Guam Micronesia Area Health Education Center amounting to \$261,550. The sub-grant allows the College to provide free workshops for the community on caregiving and medical coding and billing, pharmacy technician and certified nursing assistant training, and a free summer health academy for high school students.
- The College was the sub-recipient of the National Transportation Summer Institute Grant for \$20,000. The sub-grant supports a three week program focusing on introducing middle school students to a career in the transportation industry.
- GCC was the recipient of \$100,000 from the TakeCare Foundation. This grant funds individual \$1,000 scholarships to 10 disadvantaged students; provides scholarships to assist nursing instructors in obtaining their master's degrees; and allows GCC to purchase medical equipment and supplies; to support training and instruction for student nurses, medical assisting, and other Allied Health care careers. This year's grant will also provide an online NCLEX preparation resource for graduating students.
- The College was the recipient of the Island of Opportunity Alliance – Louis Stokes Alliance for Minority Participation sub-award for \$18,318. This sub-award allows the College to hire lab assistants, teaching assistants and tutors for math and science programs; funds science area exploration; and organization of a STEM awareness day at the College.
- In August, GCC was awarded another TRIO Project AIM five-year grant for \$292,340 per academic year, for a total of \$1,461,700 that will help nearly 200 first generation students per year to succeed in earning their associate degree and continue their education at a four-year institution.
- Students in the new Marine & Terrestrial Conservation Enforcement concentration of GCC's Criminal Justice program launched the program's new boat for the first time in August. The craft was obtained through a \$350,000 Carl D. Perkins CTE grant that will provide CJ students with the means to undergo the necessary training to be able to enforce Guam's conservation laws on both land and sea. The program partners GCC with the Department of Agriculture's Fish & Wildlife Division, the Guam Police Department, and the Judiciary of Guam's Special Enforcement Tactics division.

The College operated with 244 full time personnel positions. This does not include adjunct faculty members hired to teach additional postsecondary courses. The College's Government of Guam local appropriation funds are used to provide personnel costs at the College campus and at the six secondary high schools and the post-secondary programs. The College continues to receive funding for the Licensed Practical Nursing (LPN) and Vocational Guidance programs. The LPN program addresses the Island's continued need to develop and train students for the Allied Health fields. The funding places Vocational Counselors in each of the six public high schools to provide information to students about the career and technical opportunities available to them from the College. Also, the College receives funds from the Manpower Development Fund to support the apprenticeship programs, which served 528 and 459 apprentices over 84 and 81 active employers in Fall 2015 and 2014, respectively. This is an increase of 15% of apprentices in the program as compared to the previous year.

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Tuition at GCC currently remains at \$130 per credit hour. The last increase occurred in Fall 2011 from \$110 to \$130 per credit hour. There was no change in tuition per credit hour since Fall 2011 and there has been no increase request expected for FY16. However, programs seeking course fee increases go through the adjudication process. Overall, actual tuition revenues have decreased due to decline in the number of students and seats during the academic year 2014-2015. As authorized by the Board of Trustees, 50% of the proceeds from the tuition revenue will be used to hire additional full time permanent faculty and 20% to hire staff and administrative positions. The BOT authorized 30% of the increase to be used for capital improvements to the campus and related operating expenses. Classroom improvements, technology lab upgrades and capital projects are funded through increases in tuition, technology and parking fees. Funds utilized in FY2015 for capital projects and technology fees were \$734,000 and \$390,000, respectively.

There were slight increases and decreases in the post-secondary enrollment seats and headcounts for the Spring 2015 and Fall 2015 of +1.55% and -3.75%, respectively, as compared to prior 2014 semesters. This is mainly attributable to competitive tuition rates, increase of maximum annual allowable Pell awards, delays in the military buildup, and the decline in the economic environment. Based on prior trends, declines in the global economy usually lead to increases in post-secondary enrollment, as people tend to go back to school to obtain degrees so that they can get higher paying jobs.



In accordance with PL 14-77 (amended by PL 31-99), the College is mandated to provide career and technical education programs in all public high schools on Guam. Due to this mandate, GovGuam appropriations continue to support 47 instructional and non-instructional faculty and supplies at each of the six public high schools as of FY 15 and FY14. Tiyan High School was placed online in August 2014 which amounted to an additional 93 students in GCC programs. The College continues to provide career and technical education programs for students in six of the Guam high schools: GW, JFK, Southern, Simon Sanchez, Okkodo and Tiyan. The secondary high schools's enrollment increased by 3% from 2,536 to 2,609 students in SY14-15 and SY15-16, respectively. These programs included the Allied Health, Auto Body, Automotive Service, Construction, Electronics/Networking, Lodging Management, Marketing, Tourism, Early Childhood Education and Visual Communications. Not all programs are available at each of the high school locations.

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

Summary Statement of Net Position

	<u>2015</u>	<u>2014</u> (Restated)	<u>2013</u> (Restated)
Assets:			
Other current assets	\$ 20,352	\$ 16,768	\$ 14,228
Accounts receivable – U.S. Government	1,182	1,288	2,600
Investments (noncurrent)	1,917	1,749	1,770
Capital assets, net	<u>36,639</u>	<u>36,808</u>	<u>33,494</u>
Total assets	<u>60,090</u>	<u>56,613</u>	<u>52,092</u>
Deferred outflows of resources:			
Deferred outflows from pension	<u>3,841</u>	<u>3,555</u>	<u>3,541</u>
Total assets and deferred outflows of resources	\$ <u>63,931</u>	\$ <u>60,168</u>	\$ <u>55,633</u>
Liabilities:			
Current liabilities	\$ 4,809	\$ 5,353	\$ 4,476
Non-current liabilities	<u>36,520</u>	<u>40,108</u>	<u>43,386</u>
Total liabilities	<u>41,329</u>	<u>45,461</u>	<u>47,862</u>
Deferred inflows of resources:			
Deferred inflows from pension	<u>2,988</u>	<u>1,973</u>	<u>-</u>
Net position:			
Invested in capital assets, net of related debt	31,082	31,221	27,759
Restricted – expendable	1,313	944	1,883
Unrestricted	<u>(12,780)</u>	<u>(19,431)</u>	<u>(21,871)</u>
Total net position	<u>19,614</u>	<u>12,734</u>	<u>7,771</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>63,931</u>	\$ <u>60,168</u>	\$ <u>55,633</u>

The overall financial situation at the College increased as compared with prior year, mainly due to implementation of GASB 68 and increased fiscal conservation methods that were utilized by the College. In other current assets, accounts receivable amounts increased due to the delays in collection of GovGuam appropriations. At the end of the fiscal year, the College received 66% of total appropriations, or \$12.9M out of \$19.4M, and \$17.5M or 90% as of February 15, 2016. An allowance of \$1.2M has been setup for balances not received as of the date of audit issuance. The College has increased collections from students and received a 21% return on collections forwarded to a collection agency, totaling over \$200,000. Federal receivables decreased slightly due to tight monitoring and reimbursement of grants. Investment balances increased as markets provided positive returns during this period. The renovation and hardening of Building 200 was completed in December 2014 and transferred from CIP to Buildings. Slight increases in property, plant and equipment were due to

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equipment purchases and various major repairs to buildings and infrastructure. Additionally, there were increases in Construction in Progress due to projects for the campus-wide fire alarm and mass notification system, Wellness Center and Maintenance Building A/E, Building 100 A/E, and other projects. However, accumulated depreciation increases offset these capital changes. Decreases in accounts payable occurred due to completion of Building 200 and payment of construction payables. Increases in accrued liabilities resulted from additional accruals for annual and sick leave liabilities.

The most notable change is the required implementation of GASB 68 for FY2015 and the restatement of the FY2014 financials. This required the College to record a pension expense of \$2.48M and \$4.67M as of September 30, 2015 and 2014, respectively. Additionally, deferred inflows and outflows occurred due to differences between projected and actual earnings, expected and actual experience, contributions and timing of contributions. Total net deferred outflows for FY2015 were \$852,931 and total net deferred outflows for FY2014 were \$1,581,551.

Due to the constraints of College and University accounting, approximately \$1,436,811 in encumbrances incurred in fiscal year 2015 have yet to be reflected as expenditures in the accompanying financial presentation, but will be liquidated with 2015 net position. The decrease in encumbrances is related to the completion of Building 200 construction as of the end of fiscal year 2015.

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

	<u>2015</u>	<u>2014</u> (Restated)	<u>2013</u> (Restated)
Operating revenues, net	\$ 18,498	\$ 22,432	\$ 18,652
Operating expenses	<u>34,255</u>	<u>34,804</u>	<u>32,676</u>
Operating loss	(15,757)	(12,372)	(14,024)
Non-operating revenues, net	20,075	17,335	15,986
Capital contributions	<u>2,562</u>	<u>-</u>	<u>1,200</u>
Change in net position	6,880	4,963	3,162
Net position at beginning of year	<u>12,734</u>	<u>7,771</u>	<u>4,609</u>
Net position at end of year	\$ <u>19,614</u>	\$ <u>12,734</u>	\$ <u>7,771</u>

Statement of Cash Flows

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in):			
Operating activities	\$ (16,934)	\$ (8,222)	\$ (12,488)
Noncapital financing activities	15,979	15,101	14,413
Capital and related financing activities	(441)	(5,684)	1,158
Investing activities	<u>(179)</u>	<u>12</u>	<u>(1,971)</u>
Net change in cash and cash equivalents	(1,035)	1,207	1,112
Cash and cash equivalents at beginning of year	<u>6,277</u>	<u>5,070</u>	<u>3,958</u>
Cash and cash equivalents at end of year	\$ <u>5,242</u>	\$ <u>6,277</u>	\$ <u>5,070</u>

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At the end of FY 2015 and 2014, the College recognized a 5% decrease and a 2% increase in student tuition and fees due to slight changes in student enrollment and seat counts, respectively. Federal revenue decreases were attributed to 2014 Guam Homeland Security and Office of Civil Defense subaward of \$1.45M. Additionally, there was an 11% increase in GovGuam appropriations as compared to prior years. The net position of the College shows an increase of approximately \$6.8 million for the current year and a \$1.2M allowance for GovGuam appropriations recorded. A \$3 million increase directly coincides with the implementation of GASB 68, as the difference between the actual earnings and projected earnings of the pension plan resulted in \$2.2M of positive earnings due to investments doing well in the market. Additionally, GCC's contributions to the Unfunded Liability increased due to increases in contributing employees on the DC plan. The remaining \$3.4 million increase relates to contributions for capital assets, increased appropriations, successful collection efforts, and cost saving measures implemented by the College to reduce operational costs.

Pell grant expenditures decreased slightly by 4% due to enrollment decreases. GASB 68 resulted in a decrease of \$2.5M in instructional expenditures identified as pension expenses in footnote 4. Instructional costs remained stable and were in line with stable enrollment and seat counts. The actual full-time employee count decreased by five employees, from 249 to 244, with slight change in personnel costs. Allotment releases slowed down and the College received on average 50% of its local appropriations throughout the year. The College remains committed to displaying fiscal responsibility in the management of its funds by operating within prescribed authorized levels. Overall expenditures decreased due to timing of federal grant expenditures recognized in the current year.

Capital Assets and Debt Administration

GCC's capital assets of \$36,639,046 as of September 30, 2015, included land, buildings and equipment. Increases in capital assets were due to the completion of construction for Building E (formerly 200) with costs amounting to \$5,236,101. Costs incurred for the Building 100 A/E, and the Gregorio D. Perez Crime Lab extension, A/E for GCC Wellness Center and Maintenance Buildings, classroom renovations, and other small projects were included in Construction In Progress. The College has been awarded a \$5,000,000 Community Facilities Direct loan from USDA for the renovation and construction of Building 100 and the Gregorio D. Perez Crime Lab extension. The College remained current in the repayment of Learning Resource and Foundation Building construction loans from USDA and made principal and interest payments of \$116,376 and \$153,720, respectively, during fiscal year 2015. Please refer to notes 3 and 9 to the accompanying financial statements for additional information regarding GCC's capital assets and long-term debt.

Management's Discussion and Analysis for the years ended September 30, 2014 and 2013, is set forth in the College's report on the audit of the financial statements, which is dated March 6, 2015, and that Discussion and Analysis explains the major factors impacting the 2014 and 2013 financial statements and can be viewed at the Office of Public Accountability – Guam website at www.opaguam.org.

Economic Outlook for FY 2016

The College continues to closely track the economic situation of the Government of Guam (GovGuam), as it receives in total 47% of its operational funding locally and 78% of the local appropriation is used for personnel costs. The College's FY16 appropriation for all funds increased by 4.2% or by \$812,952 and with the passage of PL 36-66, GCC continued to be exempted from BBMR allotment release control. The Manpower Development Funds collections continue to be monitored closely as appropriations have decreased by 11% or \$108,680 as compared to FY15 due to the unpredictability of the fund. Although the Government of Guam has been able to update its liability and significantly pay down overdue tax refunds and personnel liabilities, the College remains conservative in its allocation of

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resources. The Government of Guam stretched resources, overspending, future bond payments, and special payouts continue to affect the government cash flow and funding availability. Although the College continues to seek additional funding from non-GovGuam sources, it still requires its base budget to meet the future island demands on education, and the increased requirements for personnel costs.

As of February 12, 2016, the College has not received any of its FY16 appropriations from the General Fund, Manpower Development Funds, and other Special Funds. The College continues to follow up on appropriations releases on a weekly basis. GCC has a track record of being fiscally responsible and has implemented conservation measures to ensure that the operations of the College are maintained. The General Fund appropriation is budgeted to fund salaries and benefits for full-time classified employees, utility costs, contractual expenditures, and minimal supply costs. Adjustments continue to be made to department budgets and spending constraints are reviewed for the entire College. Funds continue to be limited to essential instructional costs, contractual services, personnel costs, and utility costs.

The College takes its finances seriously and monitors its spending within the College's procurement process. The College's management team has weekly discussions of federal, national, international, and local economic conditions, and how such conditions will affect the Government of Guam's finances. Based on such discussions and projection of allotments to be received by the Department of Administration, adjustments to College department budgets will be made throughout the year. The College will continue to maintain fiscal accountability for the benefit of our students.

Guam Community College recognizes the job opportunities that will be created because of Guam's military expansion, hotel and hospital expansions, and growing community needs. In the First Hawaiian Bank 2015 Economic Forecast for Guam, Dr. Maria Claret Ruane, states the Guam economy grew for 2014 and that growth is expected to sustain momentum in 2015. The forecast indicated that 2014 tourism saw record visitor arrivals with an increase of 0.64% and 2015 saw increases of 2.3% as compared to 2014 numbers. Federal budgets for military spending will increase in our region pending release of the Supplemental Environmental Impact Statement (SEIS) and issuance of the Record of Decision (ROD). Real estate market and sales will continue to grow in 2015. Expected growth in spending will continue in 2015 due to low inflation and low unemployment. The College is preparing for the on-going training needs for the immediate economic impact resulting from the island's increased military activity. Consequently, the valuable skills and higher incomes this military buildup brings to Guam provides opportunities for GCC to expand its programs and services, not only to its civilian community, but the direct and indirect associations that result from this base realignment project. GCC will partner with federal and local government entities as well as private sector businesses to ensure that Guam's workforce is able to take advantage of opportunities that are available through GCC's expansive information technology, allied health, construction & trades courses— which will include GCC's Construction Trades Boot Camp, Allied Health, Education, and other academic programs – offered at the College.

The Building 100 renovation project will be awarded in March 2016 with anticipated completion by May/June 2017. Building 100 will house several programs (Criminal Justice, Emergency Management, and Fire Science) and be outfitted with classrooms, faculty offices and supporting spaces. This 2-story building will have a total floor area of 16,800 square feet. While the first floor (8,400 square feet) has classrooms, offices, and a conference room, the second floor (8,400 square feet) has classrooms, an office and three work rooms). The total cost of Building 100 is estimated to be approximately \$5.8 Million. Building 100 will be connected to Building E and renamed upon completion.

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Management's Discussion and Analysis
Years Ended September 30, 2015 and 2014

In Spring 2016, negotiations will commence for updates to the Guam Community College Faculty Union Local 6476 AFT/AFL-CIO & the Board of Trustees 2010-2016 agreement. The negotiated contract will be effective in Fall 2016 and will replace the current contract.

The 2012 accreditation visit recommended that the College should develop a Distance Education Strategic Plan. The DE Strategic Plan and Assessment Report draft was completed in April 2014 and a pilot of four courses was launched in Fall 2015. The DE Strategic Plan will be completed in Spring 2016. The College will use the plan as a guiding source of information for its future growth endeavors. At the May 1, 2015 BOT meeting, the Board approved \$272,502 to fund the conceptual design for Building 300 renovation that houses Hotel Operations & Management, Marketing, Tourism & Travel Management and Visual Communications programs. The renovation will include additional classrooms, laboratory, and office space. The College applied for FEMA mitigation grant of \$1,190,322 with a local matching requirement of \$396,771 for construction and project improvement costs.

At the December 11, 2014 BOT meeting, the Board approved the request to investigate the opportunity to expand the campus by developing an Annex adjacent to the campus for the Automotive Services Technology and Electronics Program. This expansion project would provide additional classroom and office space to meet these growing programs. The College is currently researching this project.

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

Other small capital improvement projects are planned for FY 2016, such as a retrofit open yard for Facility Maintenance relocation and storage, new generator set for Buildings 3000 and A, retrofit walkway between buildings for ADA compliance, repair of building structural cracks, repair of domestic water systems, AC repair and replacements, and acquisition of classroom collaterals, and ADA compliance issues. These projects address the repair and maintenance requirements needed to ensure student accessibility and safety, along with the security needed for our College's assets.

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

Statements of Net Position
September 30, 2015 and 2014

<u>ASSETS</u>	2015	2014 (Restated)
Current assets:		
Cash and cash equivalents	\$ 5,006,165	\$ 5,921,395
Cash and cash equivalents - restricted	235,632	355,105
Time certificate of deposit	2,020,652	2,009,558
Due from Government of Guam, less allowance for doubtful accounts of \$1,225,748 and \$0 at September 30, 2015 and 2014, respectively	8,531,249	3,749,124
Tuition receivable, less allowance for doubtful accounts of \$1,381,473 and \$1,327,045 at September 30, 2015 and 2014, respectively	3,927,983	4,061,848
Accounts receivable - U.S. Government	1,181,966	1,287,510
Inventories	630,616	672,485
Total current assets	<u>21,534,263</u>	<u>18,057,025</u>
Noncurrent assets:		
Investments	1,916,564	1,748,504
Property, plant and equipment:		
Buildings and structures	54,492,503	48,806,516
Furniture, fixtures and equipment	11,132,045	10,097,965
Vehicles	594,269	303,953
	<u>66,218,817</u>	<u>59,208,434</u>
Less accumulated depreciation	<u>(32,715,009)</u>	<u>(30,172,109)</u>
	33,503,808	29,036,325
Land	1,903,000	1,903,000
Construction in progress	1,232,238	5,868,239
Property, plant and equipment, net	<u>36,639,046</u>	<u>36,807,564</u>
Total noncurrent assets	<u>38,555,610</u>	<u>38,556,068</u>
Total assets	<u>60,089,873</u>	<u>56,613,093</u>
Deferred outflow of resources:		
Deferred outflows from pension	3,841,144	3,554,912
Total assets and deferred outflows of resources	<u>\$ 63,931,017</u>	<u>\$ 60,168,005</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Current portion of long-term debt	\$ 75,891	\$ 73,293
Accounts payable and accrued liabilities	2,127,052	2,819,066
Construction contracts payable	47,847	-
Unearned revenue	2,028,286	1,947,357
Deposits held on behalf of others	281,181	281,181
Accrued annual leave	249,255	231,629
Total current liabilities	4,809,512	5,352,526
Noncurrent liabilities:		
Accrued annual leave, net of current portion	249,253	256,839
DCRS sick leave liability	1,412,791	1,323,230
Long-term debt, net of current portion	5,433,406	5,512,751
Net pension liability	29,423,616	33,015,503
Total liabilities	<u>41,328,578</u>	<u>45,460,849</u>
Deferred inflows of resources:		
Deferred inflows from pension	2,988,213	1,973,361
Commitment and contingencies		
Net position:		
Net investment in capital assets	31,081,902	31,221,520
Restricted expendable	1,312,509	944,103
Unrestricted	(12,780,185)	(19,431,828)
Total net position	<u>19,614,226</u>	<u>12,733,795</u>
Total liabilities, deferred inflows from pension and net position	<u>\$ 63,931,017</u>	<u>\$ 60,168,005</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Financial Position September 30, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	\$ 54,446	\$ 408,921
Investments	9,542,462	9,488,438
Due from GCC	260,675	-
Accounts receivable	2,070	2,070
Plant and equipment, net	18,008	18,008
Total assets	<u>\$ 9,877,661</u>	<u>\$ 9,917,437</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 845,041	\$ 357,686
Total liabilities	<u>845,041</u>	<u>357,686</u>
Commitments		
Net assets:		
Unrestricted	8,970,983	9,498,114
Temporarily restricted	18,008	18,008
Permanently restricted	43,629	43,629
	<u>9,032,620</u>	<u>9,559,751</u>
Total net assets and liabilities	<u>\$ 9,877,661</u>	<u>\$ 9,917,437</u>

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2015 and 2014

	2015	2014 (Restated)
Revenues:		
Operating revenues:		
Student tuition and fees	\$ 7,551,608	\$ 7,981,454
Less: Scholarship discounts and allowances	<u>(4,817,285)</u>	<u>(5,003,341)</u>
	2,734,323	2,978,113
Federal grants and contracts	12,743,750	15,464,559
Government of Guam grants and contracts	855,804	723,971
Auxiliary enterprises	2,554,434	1,194,192
Other revenues	<u>887,511</u>	<u>2,071,109</u>
Total operating revenues	<u>19,775,822</u>	<u>22,431,944</u>
Bad debts	<u>(1,278,174)</u>	<u>-</u>
Net operating revenues	<u>18,497,648</u>	<u>22,431,944</u>
Operating expenses:		
Education and general:		
Instruction	9,229,101	10,624,129
Scholarships and fellowships	6,941,613	6,964,805
Institutional support	4,579,244	4,889,017
Academic support	3,219,798	2,660,615
Student services	2,886,416	2,960,182
Depreciation	2,625,160	2,257,614
Operations and maintenance of plant	2,104,506	2,150,563
Planning	1,029,414	850,246
Retiree healthcare costs	865,448	586,951
Auxiliary enterprises	<u>773,133</u>	<u>860,093</u>
Total operating expenses	<u>34,253,833</u>	<u>34,804,215</u>
Operating loss	<u>(15,756,185)</u>	<u>(12,372,271)</u>
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	20,270,179	17,422,722
Interest expense	<u>(195,244)</u>	<u>(88,138)</u>
Net nonoperating revenues	<u>20,074,935</u>	<u>17,334,584</u>
Capital contributions:		
Contributions from U.S. Government	<u>2,561,681</u>	<u>-</u>
Change in net position	6,880,431	4,962,313
Net position:		
Net position at beginning of year	<u>12,733,795</u>	<u>7,771,482</u>
Net position at end of year	<u>\$ 19,614,226</u>	<u>\$ 12,733,795</u>

See accompanying notes to financial statements.

GUAM COMMUNITY COLLEGE FOUNDATION

Statements of Activities Years Ended September 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other additions:								
Net investment (loss) gains	\$ (335,975)	\$ -	\$ -	\$ (335,975)	\$ 693,466	\$ -	\$ -	\$ 693,466
Interest income	55	-	-	55	65	-	-	65
Fundraising	29,976	-	-	29,976	45,965	-	-	45,965
Other additions	402,827	-	-	402,827	119,958	-	-	119,958
Total gains and other additions	96,883	-	-	96,883	859,454	-	-	859,454
Expenditures and other deductions:								
Transfer (from) to Guam Community College	396,475	-	-	396,475	(267,424)	-	-	(267,424)
Fundraising expenses	11,974	-	-	11,974	11,525	-	-	11,525
Professional services	2,700	-	-	2,700	3,950	-	-	3,950
Scholarship	-	-	-	-	1,500	-	-	1,500
Other deductions	212,865	-	-	212,865	262	-	-	262
Total expenditures and other deductions	624,014	-	-	624,014	(250,187)	-	-	(250,187)
Change in net position	(527,131)	-	-	(527,131)	1,109,641	-	-	1,109,641
Net assets at beginning of year	9,498,114	18,008	43,629	9,559,751	8,388,473	18,008	43,629	8,450,110
Net assets at end of year	<u>\$ 8,970,983</u>	<u>\$ 18,008</u>	<u>\$ 43,629</u>	<u>\$ 9,032,620</u>	<u>\$ 9,498,114</u>	<u>\$ 18,008</u>	<u>\$ 43,629</u>	<u>\$ 9,559,751</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014 (Restated)
Cash flows from operating activities:		
Student tuition and fees	\$ 3,001,543	\$ 3,172,432
Federal grants and contracts	12,849,293	16,788,522
Government of Guam grants and contracts	(422,369)	723,971
Auxiliary enterprises	1,223,833	1,194,192
Other receipts/payments	887,511	2,232,109
Payments to employees	(16,068,708)	(14,085,171)
Payments to suppliers	(10,924,643)	(11,284,807)
Payments for scholarships and fellowships	(6,940,595)	(6,962,900)
Net cash used in operating activities	<u>(16,394,135)</u>	<u>(8,221,652)</u>
Cash flows from investing activities:		
Increase(decrease) in investments	(168,059)	21,187
Increase in time certificates of deposit	(11,094)	(9,558)
Net cash (used in) provided by investing activities	<u>(179,153)</u>	<u>11,629</u>
Cash flows from noncapital financing activities:		
Government of Guam appropriations	15,979,095	15,100,589
Cash flows from capital and related financing activities:		
Purchases of capital assets	(168,519)	(5,570,879)
Capital contributions received	-	(11,099)
Principal paid on long-term debt	(76,747)	(13,897)
Interest paid on long-term debt	(195,244)	(88,139)
Net cash used in capital and related financing activities	<u>(440,510)</u>	<u>(5,684,014)</u>
Net change in cash and cash equivalents	(1,034,703)	1,206,552
Cash and cash equivalents at beginning of year	6,276,500	5,069,948
Cash and cash equivalents at end of year	<u>\$ 5,241,797</u>	<u>\$ 6,276,500</u>
<u>Reconciliation of operating loss to net cash used in operating activities:</u>		
Operating loss	\$ (15,756,185)	\$ (12,372,271)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,625,160	2,257,614
On-behalf payments for retiree healthcare costs	865,448	586,951
Bad debts	(1,278,174)	-
Non-cash pension costs	(2,863,268)	(1,448,103)
Changes in assets and liabilities:		
Tuition receivable	133,866	327,233
Accounts receivable - U.S. Government	105,544	1,323,963
Other receivables	-	161,000
Inventories	41,869	(78,485)
Accounts payable and accrued liabilities	(448,925)	987,360
Accrued annual leave	10,040	47,945
DCRS sick leave liability	89,561	118,054
Unearned revenue	80,929	(132,915)
Deposits held on behalf of others	-	2
Net cash used in operating activities	<u>\$ (16,394,135)</u>	<u>\$ (8,221,652)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements
September 30, 2015 and 2014

(1) Organization and Purpose

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

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.

(2) Summary of Significant Accounting and Reporting Policies

Basis of Presentation

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

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

Notes to Financial Statements
September 30, 2015 and 2014

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

Basis of Presentation, Continued

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

Basis of Accounting

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

Cash and Cash Equivalents

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

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 reserve through the specific identification method.

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

Notes to Financial Statements
September 30, 2015 and 2014

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

Inventory

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

Investments and Investment Income

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

Property, Plant and Equipment

Physical plant and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts, except as noted below, 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
September 30, 2015 and 2014

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

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick benefits. As of September 30, 2015 and 2014, an accumulated vacation leave liability of \$498,508 and \$488,468, respectively, is included within the statement of net position as accrued annual leave.

Income Taxes

As an instrumentality of GovGuam, the College and all property acquired by or for the College, and all revenues and income there from are exempt from taxation by GovGuam or by any political subdivision or public corporation thereof and from all taxes imposed 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 \$49,856 and \$101,593 for the years ended September 30, 2015 and 2014, respectively.

Net Position

Net position represent the residual interest in the College's assets after liabilities 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 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
September 30, 2015 and 2014

(2) Summary of Significant Accounting and Reporting 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 original cost and market values of investments at September 30, 2015 and 2014, are:

The original cost and market values of investments at September 30, 2015 and 2014, are:

	<u>2015</u>		<u>2014</u>
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
		<u>Value</u>	<u>Market Value</u>
	\$ <u>4,894,701</u>	\$ <u>9,542,462</u>	\$ <u>4,894,734</u>
			\$ <u>9,488,438</u>

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

	<u>2015</u>	<u>2014</u>
Equities and related	\$ 6,317,934	\$ 6,935,670
Mutual funds	596,502	853,586
Government securities	2,065,323	1,267,169
Cash and equivalents	<u>562,703</u>	<u>432,013</u>
	\$ <u>9,542,462</u>	\$ <u>9,488,438</u>

The following represents the composition of the net investment gains for the years ended September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unrealized investment (losses) gains	\$ (432,674)	\$ 706,512
Net realized investment (losses) gains	(184,326)	(102,936)
Interest income and dividends	<u>281,025</u>	<u>89,890</u>
	\$ <u>(335,975)</u>	\$ <u>693,466</u>

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

Notes to Financial Statements
September 30, 2015 and 2014

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

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

Deposits and Investments

For the College, investment in debt securities are carried at cost which approximates market value.

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

A. Deposits

GASB Statement No. 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, 2015 and 2014, the carrying amount of the College's total cash and cash equivalents, inclusive of time certificates of deposit, was \$7,262,449 and \$8,286,058, respectively, and the corresponding bank balances were \$7,788,312 and \$8,227,740, respectively. The bank balances are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2015 and 2014, bank deposits in the amount of \$716,231 and \$694,105, respectively, were FDIC insured. The College does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

GASB Statement No. 40 provides for disclosure requirements addressing common risks of investments such as credit risk, interest rate risk, concentration of credit risk, foreign currency risk and custodial credit risk.

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

Notes to Financial Statements
September 30, 2015 and 2014

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

Deposits and Investments

B. Investments, Continued

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, 2015 and 2014, the College had one fixed income corporate note in the amount of \$1,916,564 and \$1,748,504, respectively, with imputed interest of 7.25% that matures on June 1, 2057. The fixed income corporate note is uninsured and unregistered, and held by the counterparty, or by its trust department, but not in the College's name. Accordingly, the note is subject to custodial credit risk.

New Accounting Standards

During fiscal year 2015, the College implemented the following pronouncements:

- GASB *Statement* No. 68, *Accounting and Financial Reporting for Pensions*, and GASB *Statement* No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* an amendment of GASB *Statement* No. 68, which revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The implementation of these statements had a material effect on the accompanying financial statements resulting in the restatement of the College's fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of GASB *Statement* No. 68. The implementation of GASB *Statement* No. 68 results in the College reporting deferred outflows of resources of \$4,217,233 and a net pension liability of \$32,563,460 as of October 1, 2013. The College's net position as of October 1, 2013 and the College's statement of revenues, expenses and changes in net position for the year ended September 30, 2014 have been restated to reflect the required adjustments as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of October 1, 2013:			
Net position	\$ <u>40,653,537</u>	\$ <u>(32,882,055)</u>	\$ <u>7,771,482</u>
For the year ended September 30:			
Salaries, wages and benefit expense	\$ <u>18,164,935</u>	\$ <u>(1,448,103)</u>	\$ <u>16,716,832</u>
Change in net position	\$ <u>3,514,210</u>	\$ <u>1,448,103</u>	\$ <u>4,962,313</u>
As of September 30:			
Deferred outflows from pensions	\$ <u>-</u>	\$ <u>3,554,912</u>	\$ <u>3,554,912</u>
Net pension liability	\$ <u>-</u>	\$ <u>(33,015,503)</u>	\$ <u>(33,015,503)</u>
Deferred inflows from pensions	\$ <u>-</u>	\$ <u>(1,973,361)</u>	\$ <u>(1,973,361)</u>
Net position	\$ <u>44,167,747</u>	\$ <u>(31,433,952)</u>	\$ <u>12,733,795</u>

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

Notes to Financial Statements
September 30, 2015 and 2014

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

New Accounting Standards, Continued

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which improves accounting and financial reporting for state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The provisions in Statement 69 are effective for fiscal years beginning after December 15, 2013. The implementation of this statement did not have a material effect on the financial statements of the College.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The provisions in Statement 72 are effective for fiscal years beginning after June 15, 2015. Management believes that the implementation of this statement only requires additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques and will not have a material effect on the financial statements of the College.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements 67 and 68 with the reporting requirements in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015, with the exception of the provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements the College.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management has not evaluated the impact that the implementation of this statement will have on the financial statements the College.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management has not evaluated the impact that the implementation of this statement will have on the financial statements the College.

**GUAM COMMUNITY COLLEGE
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(2) Summary of Significant Accounting and Reporting Policies, Continued

New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The provisions in Statement No. 76 are effective for fiscal years beginning after June 15, 2015. Management has not evaluated the impact that the implementation of this statement will have a material effect on the financial statements the College.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements the College.

Tobacco Settlement

The College received \$3,241,203 from a tobacco settlement agreement entered into by GovGuam to be expended by the College for capital projects. The funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the GovGuam. The College has no related expenditures for capital projects for the years ended September 30, 2015 and 2014, respectively.

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.

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Notes to Financial Statements
September 30, 2015 and 2014

(3) Property, Plant and Equipment

Movements of property, plant and equipment for the years ended September 30, 2015 and 2014 was as follows:

	Estimated Useful Life (in years)	Balance October 1, 2014	Additions	Retirement/ Transfers	Balance September 30, 2015
Depreciable:					
Buildings and structures	10-30	\$ 48,806,516	\$ 5,685,987	\$ -	\$ 54,492,503
Furniture, fixtures and equipment	5-6	10,097,965	1,104,246	(70,166)	11,132,045
Vehicles	5	<u>303,953</u>	<u>302,410</u>	<u>(12,094)</u>	<u>594,269</u>
		<u>59,208,434</u>	<u>7,092,643</u>	<u>(82,260)</u>	<u>66,218,817</u>
Accumulated depreciation:					
Buildings and structures		(22,375,796)	(1,364,179)	-	(23,739,975)
Furniture, fixtures and equipment		(7,622,338)	(1,203,066)	70,166	(8,755,238)
Vehicles		<u>(173,975)</u>	<u>(57,915)</u>	<u>12,094</u>	<u>(219,796)</u>
		<u>(30,172,109)</u>	<u>(2,625,160)</u>	<u>82,260</u>	<u>(32,715,009)</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>5,868,239</u>	<u>793,258</u>	<u>(5,429,259)</u>	<u>1,232,238</u>
		<u>\$ 36,807,564</u>	<u>\$ 5,260,741</u>	<u>\$ (5,429,259)</u>	<u>\$ 36,639,046</u>
	Estimated Useful Life (in years)	Balance October 1, 2013	Additions	Retirement/ Transfers	Balance September 30, 2014
Depreciable:					
Buildings and structures	10-30	\$ 48,289,825	\$ 516,691	\$ -	\$ 48,806,516
Furniture, fixtures and equipment	5-6	9,642,562	520,688	(65,285)	10,097,965
Vehicles	5	<u>338,896</u>	<u>-</u>	<u>(34,943)</u>	<u>303,953</u>
		<u>58,271,283</u>	<u>1,037,379</u>	<u>(100,228)</u>	<u>59,208,434</u>
Accumulated depreciation:					
Buildings and structures		(21,209,692)	(1,166,104)	-	(22,375,796)
Furniture, fixtures and equipment		(6,619,371)	(1,063,665)	60,698	(7,622,338)
Vehicles		<u>(181,073)</u>	<u>(27,845)</u>	<u>34,943</u>	<u>(173,975)</u>
		<u>(28,010,136)</u>	<u>(2,257,614)</u>	<u>95,641</u>	<u>(30,172,109)</u>
Non-depreciable:					
Land		1,903,000	-	-	1,903,000
Construction in progress		<u>1,330,152</u>	<u>4,761,811</u>	<u>(223,724)</u>	<u>5,868,239</u>
		<u>\$ 33,494,299</u>	<u>\$ 3,541,576</u>	<u>\$ (228,311)</u>	<u>\$ 36,807,564</u>

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September 30, 2015 and 2014

(4) Employees' Retirement Plan

Defined Benefit Plan

Plan Description:

The College participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Guam Legislature. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the College, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commenced on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group. Membership in the DB Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

Plan Membership: As of September 30, 2014, the date of the most recent valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,226
Terminated employees entitled to benefits but not yet receiving them	4,941
Current members	<u>2,692</u>
	<u>14,859</u>

Benefits Provided: 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. Cost-of-living adjustments and other supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 25 years of service at any age.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2015 and 2014

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2013 actuarial valuation was used for determining the year ended September 30, 2015 statutory contributions. Member contributions are required at 9.55% of base pay (9.5% in 2014).

As a result of actuarial valuations performed as of September 30, 2013, 2012, and 2011, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2015, 2014 and 2013, respectively, have been determined as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Normal costs (% of DB Plan payroll)	15.92%	16.61%	17.52%
Employee contributions (DB Plan employees)	<u>9.55%</u>	<u>9.50%</u>	<u>9.50%</u>
Employer portion of normal costs (% of DB Plan payroll)	<u>6.37%</u>	<u>7.11%</u>	<u>8.02%</u>
Employer portion of normal costs (% of total payroll)	2.05%	2.39%	3.00%
Unfunded liability cost (% of total payroll)	<u>24.09%</u>	<u>24.01%</u>	<u>24.33%</u>
Government contribution as a % of total payroll	<u>26.14%</u>	<u>26.40%</u>	<u>27.33%</u>
Statutory contribution rates as a % of DB Plan payroll:			
Employer	<u>29.85%</u>	<u>30.03%</u>	<u>30.09%</u>
Employee	<u>9.55%</u>	<u>9.50%</u>	<u>9.50%</u>

The College's contributions to the DB Plan for the years ended September 30, 2015, 2014 and 2013 were \$1,432,545, \$1,544,902, and \$1,704,058, respectively, which were equal to the required contributions for the respective years then ended.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2015 and 2014

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan:

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2013
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	16.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2015 and 2014

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued:

Discount Rate: The total pension liability is calculated using a discount rate of 7.0% that is a blend of the expected investment rate of return and a high quality bond index rate. There was no change in the discount rate since the previous year. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate <u>6.0%</u>	Current Discount Rate <u>7.0%</u>	1% Increase in Discount Rate <u>8.0%</u>
Net Pension Liability	<u>\$ 37,711,187</u>	<u>\$ 29,423,616</u>	<u>\$ 23,165,410</u>

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

Pension Liability: At September 30, 2015 and 2014, the College reported a liability of \$29,423,616 and \$33,015,503, respectively, for its proportionate share of the net pension liability. The College's proportion of the net pension liability was based on projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2015 and 2014, the College's proportion was 2.36% and 2.53%, respectively.

Pension Expense: For the years ended September 30, 2015 and 2014, the College recognized pension expense of \$2,476,409 and \$4,665,775, respectively.

Deferred Outflows and Inflows of Resources: At September 30, 2015 and 2014, the College reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**GUAM COMMUNITY COLLEGE
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Notes to Financial Statements
September 30, 2015 and 2014

(4) Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>2015</u>		<u>2014</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 218,294	\$ -	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,239,471	-	1,973,361
Contributions subsequent to the measurement date	3,622,850	-	3,554,912	-
Changes in proportion and difference between GCC contributions and proportionate share of contributions	-	748,742	-	-
	<u>\$ 3,841,144</u>	<u>\$ 2,988,213</u>	<u>\$ 3,554,912</u>	<u>\$ 1,973,361</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2015 will be recognized in pension expense as follows:

**Year Ended
September 30**

2016	\$ (1,090,316)
2017	\$ (559,868)
2018	\$ (559,868)
2019	\$ (559,868)

Defined Contribution Plan

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

Statutory employer contributions into the DCRS plan for the years ended September 30, 2015 and 2014, are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only the equivalent of 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

The College's contributions toward the unfunded liability of the DB Plan for the years ended September 30, 2015, 2014 and 2013 were \$2,190,305, \$2,010,010 and \$1,837,011, respectively, which were equal to the required contributions for the respective years then ended.

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Notes to Financial Statements
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(4) Employees' Retirement Plan, Continued

Defined Contribution Plan, Continued

Members of the DCRS plan, are 100% vested in their own contributions, plus earnings thereon. Upon completion of five years of government service, DCRs are 100% vested in employer contributions plus any earnings thereon.

The College's contributions to the DC Plan for the years ended September 30, 2015, 2014 and 2013 were \$3,071,381, \$2,812,980 and \$2,571,214, respectively, which were equal to the required contributions for the respective years then ended.

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. The College has accrued an estimated liability of \$1,412,791 and \$1,323,230 at September 30, 2015 and 2014, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and the actual payout may be materially different than estimated.

Other Post-Employment Benefits

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the GovGuam Retirement Fund. Under the Plan, known as the GovGuam Group Health Insurance Program, GovGuam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. GovGuam shares in the cost of these plans, with GovGuam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, GovGuam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, GovGuam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. During the years ended September 30, 2015, 2014 and 2013, the College recognized certain on-behalf payments as transfers from GovGuam, totaling \$865,448, \$586,951 and \$569,695, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of College retirees.

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

(5) Due from Government Agencies

Due from Government of Guam consists of receivables from GovGuam General Fund. Accounts receivable - U.S. Government consists of uncollected grants at September 30, 2015 and 2014. 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.

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Notes to Financial Statements
September 30, 2015 and 2014

(6) Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, \$1,436,811 and \$3,485,229 of outstanding purchase orders and purchase commitments are not reported in the financial statements at September 30, 2015 and 2014, respectively. Of the \$1,436,811 as of September 30, 2015, \$327,176 relates to contract commitments.

(7) Related Party Transactions

Non-voting members of the Foundation's Board of Governors are also members of the College's Board of Trustees.

Included within the College's other revenues are \$552,078 and \$334,398 in contributions from the Foundation during the years ended September 30, 2015 and 2014, respectively.

(8) Transfer of Property

In February 2000, the College received title to 314 acres of land situated in the municipality of Mangilao from GovGuam with no restrictions. The College had not received an appraised value of the land and therefore, the land has not been recorded in the accompanying financial statements. On November 17, 2011, the land was transferred to the Guam Ancestral Lands Commission.

(9) Long-Term Debt

	<u>2015</u>	<u>2014</u>
Note payable of an original amount of \$2,250,000 to U.S. Department of Agriculture, for facility construction purposes, interest at 4.125%, repayable in monthly installments of principal and interest of \$9,698 from March 10, 2013 through March 10, 2051, collateralized by a pledge of all gross revenues and a security interest in all equipment, furniture and fixtures.	\$ 2,179,027	\$ 2,188,071
Note payable of an original amount of \$3,500,000 to U.S. Department of Agriculture, for facility construction purposes, interest at 3.125%, repayable in monthly installments of principal and interest of \$12,810 through March 6, 2053, collateralized by a pledge of all gross revenues.	<u>3,330,270</u>	<u>3,397,973</u>
	5,509,297	5,586,044
Less current portion	<u>75,891</u>	<u>73,293</u>
	\$ <u>5,433,406</u>	\$ <u>5,512,751</u>

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Notes to Financial Statements
September 30, 2015 and 2014

(9) Long-Term Debt, Continued

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

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,891	\$ 193,481	\$ 269,372
2017	137,154	132,219	269,373
2018	137,513	131,859	269,372
2019	137,872	131,500	269,372
2020	136,553	132,820	269,373
2021-2025	696,397	650,465	1,346,862
2026-2030	704,664	642,198	1,346,862
2031-2035	711,796	635,066	1,346,862
2036-2040	717,021	629,841	1,346,862
2041-2045	719,308	627,554	1,346,862
2046-2050	717,287	586,575	1,303,862
2051-2053	<u>617,841</u>	<u>72,852</u>	<u>690,693</u>
	<u>\$ 5,509,297</u>	<u>\$ 4,566,430</u>	<u>\$ 10,075,727</u>

The College has pledged all future gross revenues to repay \$2,250,000, and \$3,500,000 of U.S. Department of Agriculture debts issued in 2011 and 2013, respectively. Note payable proceeds financed facility construction. The notes are payable from gross revenues and are payable through March 2051 and March 2053, respectively. Annual interest and principal payments on the notes are expected to require less than one percent of net operating revenues. The total interest and principal remaining to be paid on the notes as of September 30, 2015 is \$10,075,727. Principal and interest paid for fiscal year 2015 and net operating revenues were \$270,096 and \$402,653, respectively.

(10) Noncurrent Liabilities

Noncurrent liability activities for the years ended September 30, 2015 and 2014, were as follows:

	Beginning Balance October <u>1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2015</u>	Amount due within <u>one year</u>
Loans payable	\$ 5,586,044	\$ -	\$ (76,747)	\$ 5,509,297	\$ 75,891
Accrued annual leave	488,469	10,039	-	498,508	249,255
DCRS sick leave liability	1,323,230	89,561	-	1,412,791	-
Net pension liability	<u>33,015,503</u>	<u>-</u>	<u>(3,591,887)</u>	<u>29,423,616</u>	<u>-</u>
	<u>\$ 40,413,246</u>	<u>\$ 99,600</u>	<u>\$ (3,668,634)</u>	<u>\$ 36,844,212</u>	<u>\$ 325,146</u>

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

Notes to Financial Statements
September 30, 2015 and 2014

(10) Noncurrent Liabilities, Continued

	Beginning Balance October <u>1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance September <u>30, 2014</u>	Amount due within <u>one year</u>
Loans payable	\$ 5,599,941	\$ 60,000	\$ (73,897)	\$ 5,586,044	\$ 73,293
Accrued annual leave	440,524	47,945	-	488,469	231,629
DCRS sick leave liability	1,205,176	118,054	-	1,323,230	-
Net pension liability	<u>35,971,081</u>	<u>-</u>	<u>(2,955,578)</u>	<u>33,015,503</u>	<u>-</u>
	<u>\$ 43,216,722</u>	<u>\$ 225,999</u>	<u>\$ (3,029,475)</u>	<u>\$ 40,413,246</u>	<u>\$ 304,922</u>

(11) Contingencies

Medicare

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

Lawsuit and Claims

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

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.

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

**Schedule of Funding Progress and Actuarial Accrued Liability - Post
Employment Benefits Other than Pension (Unaudited)**

The Schedule of Funding Progress presents GASB 45 results of Other Post Employment Benefits (OPEB) valuations as of fiscal year ends September 30, 2011, 2009, and 2007 for the Guam Community College's share of the Government of Guam Post Employment Benefits other than Pensions. The schedule provides an information trend about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
October 1, 2007	\$ -	\$ 14,935,000	\$ 14,935,000	0.0%	\$ 11,410,000	130.9%
October 1, 2009	\$ -	\$ 17,559,253 *	\$ 17,559,253 *	0.0%	\$ 12,781,000	137.4%
October 1, 2011	\$ -	\$ 19,794,000	\$ 19,794,000	0.0%	\$ 14,242,000	139.0%

* No formal valuation was performed. The liabilities as of October 1, 2009 represent discounted October 1, 2011 liabilities.

The actuarial accrued liability presented above is for the College's active employees only. It does not include the actuarial accrued liability for the College's retirees, which was not separately presented in the OPEB valuation.

See Accompanying Independent Auditors' Report.

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

Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2015	2014
Total net pension liability	\$ 1,246,306,754	\$ 1,303,304,636
GCC's proportionate share of the net pension liability	\$ 29,423,616	\$ 33,015,503
GCC's proportion of the net pension liability	2.36%	2.53%
GCC's covered-employee payroll**	\$ 11,940,790	\$ 11,635,323
GCC's proportionate share of the net pension liability as percentage of its covered employee payroll	246.41%	283.75%
Plan fiduciary net position as a percentage of the total pension liability	56.60%	53.94%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,184,334	\$ 3,134,005
Contribution in relation to the actuarially determined contribution	<u>3,554,912</u>	<u>3,541,069</u>
Contribution deficiency (excess)	<u>\$ (370,578)</u>	<u>\$ (407,064)</u>
GCC's covered-employee payroll **	<u>\$ 11,940,790</u>	<u>\$ 11,635,323</u>
Contribution as a percentage of covered-employee payroll	29.77%	30.43%

* This data is presented for those years for which information is available.

** Covered-employee payroll data from the actuarial valuation date with one-year lag.

See Accompanying Independent Auditors' Report.

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

Schedule 1
Schedule of Salaries and Wages (Cash Basis)
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u> (Restated)
Salaries and wages:		
Regular, differential and hazardous pay (inclusive of part-time employees)	\$ 11,928,920	\$ 13,858,621
Benefits	<u>3,680,176</u>	<u>3,110,432</u>
Total salaries, wages and benefits	<u>\$ 15,609,096</u>	<u>\$ 16,969,053</u>
Full-time employees at end of year	<u>244</u>	<u>249</u>
Federal Funds:		
Salaries	\$ 1,137,050	\$ 1,001,580
Benefits	<u>336,535</u>	<u>280,529</u>
Total salaries, wages and benefits	<u>\$ 1,473,585</u>	<u>\$ 1,282,109</u>
Full time federal employees at end of year (inclusive in above amount)	<u>21</u>	<u>21</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code
Years Ended September 30, 2015 and 2014

	2015	2014 (Restated)
Instruction:		
Salaries, wages and benefits	\$ 6,620,505	\$ 8,068,778
Travel	61,631	74,012
Contract services	372,231	348,720
Supplies	318,109	572,089
Minor equipment	337,183	258,003
Capital expenditures	88,383	-
Miscellaneous	1,431,059	1,302,527
	<u>\$ 9,229,101</u>	<u>\$ 10,624,129</u>
Total employees at end of year	<u>115</u>	<u>113</u>
	2015	2014
Planning:		
Salaries, wages and benefits	\$ 788,126	\$ 639,466
Travel	17,891	29,874
Contract services	168,977	129,516
Supplies	21,924	11,925
Minor equipment	26,702	37,428
Miscellaneous	5,794	2,037
	<u>\$ 1,029,414</u>	<u>\$ 850,246</u>
Total employees at end of year	<u>11</u>	<u>10</u>
	2015	2014
Academic Support:		
Salaries, wages and benefits	\$ 1,739,560	\$ 1,676,333
Travel	47,763	39,333
Contract services	612,248	380,145
Supplies	98,964	131,357
Minor equipment	43,422	61,394
Miscellaneous and transfers	677,841	372,053
	<u>\$ 3,219,798</u>	<u>\$ 2,660,615</u>
Total employees at end of year	<u>22</u>	<u>25</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2015 and 2014

	2015	2014 (Restated)
Student Services:		
Salaries, wages and benefits	\$ 2,700,778	\$ 2,776,395
Travel	7,932	12,561
Contract services	67,000	93,878
Supplies	33,447	19,805
Minor equipment	14,947	4,378
Miscellaneous and transfers	62,312	53,165
	<u>\$ 2,886,416</u>	<u>\$ 2,960,182</u>
Total employees at end of year	<u>40</u>	<u>43</u>
	2015	2014
Institutional Support and Interest:		
Salaries, wages and benefits	\$ 3,026,201	\$ 3,141,789
Travel	170,927	181,096
Contract services	1,141,261	1,180,616
Supplies	51,804	36,198
Minor equipment	45,346	16,905
Capital expenditures	-	27,992
Interest and miscellaneous	143,705	304,421
	<u>\$ 4,579,244</u>	<u>\$ 4,889,017</u>
Total employees at end of year	<u>42</u>	<u>45</u>
	2015	2014
Operations and Maintenance of Plant:		
Salaries, wages and benefits	\$ 384,073	\$ 350,399
Contract services	331,993	329,974
Supplies	95,250	68,671
Minor equipment	55,928	28,635
Capital expenditures	8,800	-
Utilities	1,228,462	1,372,884
	<u>\$ 2,104,506</u>	<u>\$ 2,150,563</u>
Total employees at end of year	<u>9</u>	<u>8</u>

See accompanying independent auditors' report.

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

Schedule of Expenditures by Function and Object Code, Continued
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Scholarships and Fellowships:		
Salaries, wages and benefits	\$ 254,627	\$ 245,351
Travel	2,672	2,729
Contract services	1,018	941
Supplies	906	1,905
Minor equipment	500	5,157
Miscellaneous	<u>6,681,890</u>	<u>6,708,722</u>
	<u>\$ 6,941,613</u>	<u>\$ 6,964,805</u>
 Total employees at end of year	 <u>3</u>	 <u>3</u>
	<u>2015</u>	<u>2014</u>
Auxiliary:		
Salaries, wages and benefits	\$ 95,226	\$ 70,542
Contract services	3,432	3,293
Supplies	977	13,053
Minor equipment	670,998	770,705
Capital expenditures	<u>2,500</u>	<u>2,500</u>
	<u>\$ 773,133</u>	<u>\$ 860,093</u>
 Total employee at end of year	 <u>2</u>	 <u>2</u>

See accompanying independent auditors' report.

GUAM COMMUNITY COLLEGE
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)
 Unrestricted and Restricted Fund Supplemental Schedule
 Balance Sheet
 September 30, 2015
 (With Comparative Balances as of September 30, 2014)

	Unrestricted			Restricted				Capital	Tobacco	Campus	Investment	Agency	Grand Total							
	Appropriated	Non- appropriated	Total	Federal	Other Grants	ARRA	Total						Projects	Settlement	Housing	in Plant	Fund	Elimination	2015	2014 (Restated)
	Fund	Fund		Fund	Fund															
ASSETS																				
Cash	\$ -	\$ 5,006,165	\$ 5,006,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,632	\$ -	\$ 5,241,797	\$ 6,276,500					
TCD	-	2,020,652	2,020,652	-	-	-	-	-	-	-	-	-	-	2,020,652	2,009,558					
Investments	-	-	-	-	-	-	-	-	1,916,564	-	-	-	-	1,916,564	1,748,504					
Due from Government of Guam	8,366,763	1,069,812	9,436,575	-	320,422	-	320,422	-	-	-	-	-	-	9,756,997	3,749,124					
Due from other College funds	3,690,189	34,041,328	37,731,517	19,096,043	627,413	-	19,723,456	-	140,000	-	379,854	45,549	(58,020,376)	-	-					
Accounts receivable - U.S. Government	-	87,813	87,813	1,000,667	93,486	-	1,094,153	-	-	-	-	-	-	1,181,966	1,287,510					
Accounts receivable - tuition	-	4,499,287	4,499,287	-	-	-	-	-	-	-	-	-	-	4,499,287	5,388,893					
Accounts receivable - others	-	810,169	810,169	-	-	-	-	-	-	-	-	-	-	810,169	-					
Allowance for doubtful accounts	(1,225,748)	(1,381,473)	(2,607,221)	-	-	-	-	-	-	-	-	-	-	(2,607,221)	(1,327,045)					
Inventories	-	630,616	630,616	-	-	-	-	-	-	-	-	-	-	630,616	672,485					
Construction in progress	-	-	-	-	-	-	-	-	-	-	1,232,238	-	-	1,232,238	5,868,239					
Land	-	-	-	-	-	-	-	-	-	-	1,903,000	-	-	1,903,000	1,903,000					
Buildings	-	-	-	-	-	-	-	-	-	-	54,492,503	-	-	54,492,503	48,806,516					
Equipment	-	-	-	-	-	-	-	-	-	-	11,132,045	-	-	11,132,045	10,097,965					
Vehicles	-	-	-	-	-	-	-	-	-	-	594,269	-	-	594,269	303,953					
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(32,715,009)	-	-	(32,715,009)	(30,172,109)					
Deferred outflows from pension	-	3,841,144	3,841,144	-	-	-	-	-	-	-	-	-	-	3,841,144	3,554,912					
	<u>\$ 10,831,204</u>	<u>\$ 50,625,513</u>	<u>\$ 61,456,717</u>	<u>\$ 20,096,710</u>	<u>\$ 1,041,321</u>	<u>\$ -</u>	<u>\$ 21,138,031</u>	<u>\$ -</u>	<u>\$ 2,056,564</u>	<u>\$ -</u>	<u>\$ 37,018,900</u>	<u>\$ 281,181</u>	<u>\$ (58,020,376)</u>	<u>\$ 63,931,017</u>	<u>\$ 60,168,005</u>					
LIABILITIES AND FUND BALANCE																				
Accounts payable	\$ 548,717	\$ 797,208	\$ 1,345,925	\$ 31,429	\$ 2,601	\$ -	\$ 34,030	\$ 263,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,643,228	\$ 2,367,670					
Loans payable	-	5,509,297	5,509,297	-	-	-	-	-	-	-	-	-	-	5,509,297	5,586,044					
Due to other College funds	9,313,813	18,814,050	28,127,863	19,791,492	-	-	19,791,492	10,101,021	-	-	-	-	(58,020,376)	-	-					
Due to depositor	-	-	-	-	-	-	-	-	-	-	-	281,181	-	281,181	281,181					
Accrued liabilities	-	1,030,179	1,030,179	-	-	-	-	-	-	-	-	-	-	1,030,179	939,864					
DCRS sick leave liability	-	1,412,791	1,412,791	-	-	-	-	-	-	-	-	-	-	1,412,791	1,323,230					
Net pension liability	-	29,423,616	29,423,616	-	-	-	-	-	-	-	-	-	-	29,423,616	33,015,503					
Unearned revenue	-	2,028,286	2,028,286	-	-	-	-	-	-	-	-	-	-	2,028,286	1,947,357					
Deferred inflows from pension	-	2,988,213	2,988,213	-	-	-	-	-	-	-	-	-	-	2,988,213	1,973,361					
Fund balance	<u>968,674</u>	<u>(11,378,127)</u>	<u>(10,409,453)</u>	<u>273,789</u>	<u>1,038,720</u>	<u>-</u>	<u>1,312,509</u>	<u>(10,364,294)</u>	<u>2,056,564</u>	<u>-</u>	<u>37,018,900</u>	<u>-</u>	<u>-</u>	<u>19,614,226</u>	<u>12,733,795</u>					
	<u>\$ 10,831,204</u>	<u>\$ 50,625,513</u>	<u>\$ 61,456,717</u>	<u>\$ 20,096,710</u>	<u>\$ 1,041,321</u>	<u>\$ -</u>	<u>\$ 21,138,031</u>	<u>\$ -</u>	<u>\$ 2,056,564</u>	<u>\$ -</u>	<u>\$ 37,018,900</u>	<u>\$ 281,181</u>	<u>\$ (58,020,376)</u>	<u>\$ 63,931,017</u>	<u>\$ 60,168,005</u>					

See Accompanying Independent Auditors' Report.

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

**Unrestricted and Restricted Fund Supplemental Schedule
Statement of Changes in Fund Balances
Year Ended September 30, 2015
(With Comparative Balances for the year ended September 30, 2014)**

	Unrestricted						Restricted									Grand Total	
	Appropriated			Non-appropriated		Total Unrestricted	Federal Fund	Other Grant	ARRA	Total	Capital Projects	Tobacco Settlement	Campus Housing	Investment In-Plant		2015	2014 (Restated)
	General	TAF	MDF	Total Appropriated	NAF												
Revenues:																	
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ 7,551,608	\$ 7,551,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,551,608	\$ 7,981,454
Government of Guam appropriations	18,416,145	-	1,854,034	20,270,179	-	20,270,179	-	-	-	-	-	-	-	-	-	20,270,179	17,422,722
Federal grants and contracts	-	-	-	-	-	-	9,546,084	724,382	-	10,270,466	-	-	-	-	-	10,270,466	10,461,218
Gove	-	-	-	-	-	-	-	855,804	-	855,804	-	-	-	-	-	855,804	723,971
Sales and services of auxiliary enterprises	-	-	-	-	2,554,434	2,554,434	-	-	-	-	-	-	-	-	-	2,554,434	1,194,192
Other sources	-	-	-	-	838,924	838,924	-	-	-	-	-	48,587	-	-	-	887,511	2,350,910
Total current revenues	18,416,145	-	1,854,034	20,270,179	10,944,966	31,215,145	9,546,084	1,580,186	-	11,126,270	-	48,587	-	-	-	42,390,002	40,134,467
Expenditures and mandatory transfers:																	
Educational and general:																	
Instruction	7,627,659	-	832,897	8,460,556	(84,832)	8,375,724	495,545	357,832	-	853,377	-	-	-	-	-	9,229,101	10,624,129
Planning	695,335	169	-	695,504	49,800	745,304	258,560	-	-	258,560	25,550	-	-	-	-	1,029,414	850,246
Academic support	1,198,022	-	-	1,198,022	190,024	1,388,046	1,356,030	475,722	-	1,831,752	-	-	-	-	-	3,219,798	2,660,615
Student services	2,483,580	2,481	-	2,486,061	126,215	2,612,276	274,140	-	-	274,140	-	-	-	-	-	2,886,416	2,960,182
Institutional support	4,121,854	5,531	-	4,127,385	377,094	4,504,479	-	74,765	-	74,765	-	-	-	-	-	4,579,244	4,889,017
Operation and maintenance of plant	1,691,064	1,740	-	1,692,804	294,474	1,987,278	-	-	-	-	117,228	-	-	-	-	2,104,506	2,150,563
Scholarship and fellowship	180,485	-	-	180,485	5,211	185,696	6,755,917	-	-	6,755,917	-	-	-	-	-	6,941,613	6,964,805
Retiree healthcare costs	865,448	-	-	865,448	-	865,448	-	-	-	-	-	-	-	-	-	865,448	586,951
Interest Expense	-	-	-	-	195,244	195,244	-	-	-	-	-	-	-	-	-	195,244	88,138
Bad debts expense	1,060,984	164,764	-	1,225,748	52,426	1,278,174	-	-	-	-	-	-	-	-	-	1,278,174	-
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	2,625,160	-	2,625,160	2,257,614
	19,924,431	174,685	832,897	20,932,013	1,205,656	22,137,669	9,140,192	908,319	-	10,048,511	142,778	-	-	2,625,160	-	34,954,118	34,032,260
Auxiliary enterprises:																	
Expenditures	95,227	-	-	95,227	677,906	773,133	-	-	-	-	-	-	-	-	-	773,133	860,093
Total expenditures	20,019,658	174,685	832,897	21,027,240	1,883,562	22,910,802	9,140,192	908,319	-	10,048,511	142,778	-	-	2,625,160	-	35,727,251	34,892,353
Net (decrease) increase in fund balance	(1,603,513)	(174,685)	1,021,137	(757,061)	9,061,404	8,304,343	405,892	671,867	-	1,077,759	(142,778)	48,587	-	(2,625,160)	-	6,662,751	5,242,114
Beginning fund balance	(1,711,668)	116,260	3,343,561	1,748,153	(20,242,664)	(18,494,511)	273,789	1,038,720	-	1,312,509	(8,862,180)	2,007,977	-	36,770,000	-	12,733,795	10,333,948
Fund transfer	(22,418)	-	-	(22,418)	(196,867)	(219,285)	(405,892)	(671,867)	-	(1,077,759)	(1,359,336)	-	-	2,874,060	-	217,680	(2,842,267)
Ending fund balance	\$ (3,337,599)	\$ (58,425)	\$ 4,364,698	\$ 968,674	\$ (11,378,127)	\$ (10,409,453)	\$ 273,789	\$ 1,038,720	\$ -	\$ 1,312,509	\$ (10,364,294)	\$ 2,056,564	\$ -	\$ 37,018,900	\$ -	\$ 19,614,226	\$ 12,733,795

See Accompanying Independent Auditors' Report.