



OFFICE OF THE PUBLIC AUDITOR

**Guam Community College  
FY 2005 Financial Statement Highlights**

June 19, 2006

The Guam Community College (GCC) ended fiscal year 2005 with an increase in net assets of \$1.9 million, an increase of \$1.1 million compared to the \$824,000 in the prior year. For the fifth straight year GCC has qualified as a low-risk auditee as there were no questioned costs or unresolved prior year audit findings making them one of a few government of Guam entities to obtain this status.

In GCC's FY 2005 financial statements, prepared by Deloitte & Touche, revenues increased slightly, going from \$23.1 million to \$23.6 million. The major sources of revenues for GCC continue to come from government of Guam appropriations (\$12.9 million or 55%), federal grants and contracts (\$5.1 million or 22%), and student tuition and fees, contracted educational services, and auxiliary enterprises (\$4.6 million or 20%).

Total expenses on the other hand decreased by \$692,000, going from \$22.3 million to \$21.7 million. Contributing to the decrease in expenses was the \$596,000 decrease in institutional support (\$3.1 million versus \$3.7 million in 2004) and \$577,000 decrease in bad debt (\$158,000 versus \$736,000 in 2004). Instruction expenses went up from \$6.9 million to \$7.5 million. With 193 employees at the end of FY 2005, GCC maintained the same levels of full time personnel as in previous year. Total salaries and wages, however, increased by \$1.1 million going from \$11.3 million to \$12.4 million. This is partly a result of the full restoration of salary increments.

GCC received a \$2.4 million loan from the US Department of Education in 2001 for the construction of a college dormitory. Due to the aftermath of Super typhoon Pongsona, the facility was converted to GCC's principal administration building. With this conversion, GCC anticipates that USDOE may call the loan. GCC established contingency measures and has authorized early repayment of the note over the ensuing months to settle this obligation.

In its second year of reporting as required by government auditing standards, the GCC Foundation recorded an increase in investments, going from \$6.6 million to \$7.3 million, a \$665,000 increase.

The independent auditor's report on compliance with laws and regulations noted one finding relating to the non-compliance with GCC's capitalization policy. In a separate management letter, there were two findings pertaining to the overpayment of an employee and an untagged fixed asset. For a more detailed commentary of GCC's operations, refer to the Management Discussion and Analysis in the audit report.