

November 29, 2004

**Guam Community College  
FY 2002 Financial Statement Highlights**

The fiscal year 2002 financial audit for Guam Community College was completed 16 months after the due date of June 30<sup>th</sup> 2003. GCC was one of the four remaining Government of Guam entities that had not issued the 2002 audit. The delay was due in part to damages associated with typhoons Pongsona and Chata'an. As a result of the typhoon, GCC sustained severe damages to infrastructure to include their administration building, which housed the accounting office. GCC estimated over \$2 million in typhoon damages; this amount has not been recorded on the financial statements as of September 2002.

GCC was one of five recipients to receive immediate capital from the Government of Guam from the settlement of the Tobacco bonds in 2001. Approximately \$3.2 million has been encumbered from the Tobacco settlement; this revenue along with appropriations is now being utilized for repair and capital investment projects.

The financial statements for 2002 indicate that GCC's primary source of revenue is derived from the Government of Guam. Of the \$21.8 million in total revenues approximately \$13 million or 60 percent was from local appropriations from the government. Federal grants totaled \$5.3 million, which was 24 percent of revenues, while student tuitions and fees only accounted for \$2.3 million or 10 percent of the total reported revenues.

GCC's operating expenses in 2002 increased to \$19.5 million, a 14 percent increase in comparison to 2001 expenditures. Contributing to the overall increase was the \$6.8 million (8.7 percent) spent for instruction, and the \$2.2 million expensed on scholarships and fellowships. Total salaries, wages and benefits for 2002 also increased to \$12.1 million a \$605,572 increase from the previous year. However, with higher Government of Guam appropriations and Federal grants GCC closed this year's books with earnings of \$2,246,927<sup>1</sup>.

The independent auditors report on compliance did not recognize any questioned cost. Therefore, GCC qualified, as a low risk auditee making them one of only a few government of Guam entity's to obtain the status. The compliance report did reveal that \$13,145 in fixed assets could not be located.

For more detail see the Management Discussion and Analysis.

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<sup>1</sup> FY 2002 marks GCC's inception of GASB 34, therefore comparable financial data from the prior year was not included in the report.