

GUAM COMMUNITY COLLEGE

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

**INDEPENDENT AUDITORS' REPORTS ON
COMPLIANCE AND ON INTERNAL CONTROL**

YEAR ENDED SEPTEMBER 30, 2010

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Guam Community College:

We have audited the financial statements of the 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 year ended September 30, 2010, and which collectively comprise its basic financial statements and have issued our report thereon dated March 14, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

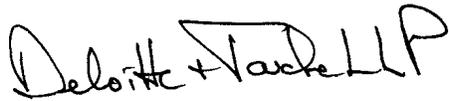
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the College in a separate letter dated March 14, 2011.

This report is intended solely for the information and use of the Board of Trustees, management of the College, others within the entity, the Office of Public Accountability – Guam, federal awarding agencies, pass-through entities, and the cognizant audit and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

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

March 14, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees
Guam Community College:

Compliance

We have audited Guam Community College's (the College) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2010. The College's major federal programs are identified in the Summary of Auditors' Results Section of the accompanying Schedule of Findings and Questioned Costs (page 6). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its one major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

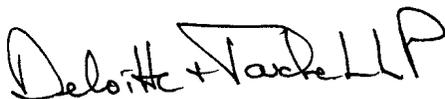
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Guam Community College (the College), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 14, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management of the College, others within the entity, the Office of Public Accountability – Guam, federal awarding agencies, pass-through entities, and the cognizant audit and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

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

March 14, 2011

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

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2010

CFDA #	Federal Grantor/Program Title	Accrued (Deferred) Balance at October 1, 2009	Expenditures	Cash Receipts	Accrued (Deferred) Balance at September 30, 2010
	U.S. Department of the Interior:				
	Pass-Through the Governor's Office:				
15.875	Economic, Social, and Political Development of the Territories	\$ 262,366	\$ 469,407	\$ (431,609)	\$ 300,164
	Total U.S. Department of the Interior	<u>262,366</u>	<u>469,407</u>	<u>(431,609)</u>	<u>300,164</u>
	U.S. Department Labor:				
	Pass-Through the Guam Department of Labor:				
17.259	ARRA WIA Youth Activities	22,052	(2,651)	(19,401)	-
17.261	WIA Pilots, Demonstrations, and Research Projects	-	182,662	(143,146)	39,516
	Total U.S. Department Labor	<u>22,052</u>	<u>180,011</u>	<u>(162,547)</u>	<u>39,516</u>
	U.S. Department of Transportation:				
	Pass-Through the Department of Public Works:				
20.600	State and Community Highway Safety	(6,800)	-	-	(6,800)
	Total U.S. Department of Transportation	<u>(6,800)</u>	<u>-</u>	<u>-</u>	<u>(6,800)</u>
	National Science Foundation:				
47.076	Education and Human Resources	3,500	6,794	(3,500)	6,794
	Total National Science Foundation	<u>3,500</u>	<u>6,794</u>	<u>(3,500)</u>	<u>6,794</u>
	U.S. Department of Education (Direct Programs):				
84.002A	Adult Education - Basic Grants to States	130,221	259,466	(406,045)	(16,358)
84.007	Federal Supplemental Educational Opportunity Grants	55,083	58,505 *	(67,878)	45,710
84.031A	Higher Education-Institution Aid	177,606	278,974	(492,698)	(36,118)
84.033	Federal Work-Study Program	33,224	68,683 *	(58,794)	43,113
84.042A	TRIO-Student Support Services	165,812	252,947	(240,322)	178,437
84.044	TRIO-Talent Search	20,569	-	-	20,569
84.047	TRIO-Upward Bound	32,099	-	-	32,099
84.048A	Career and Technical Education -- Basic Grants to States	234,648	676,134	(628,343)	282,439
84.063	Federal Pell Grant Program	933,684	4,594,733 *	(5,008,178)	520,239
84.069A	Leveraging Educational Assistance Partnership	-	9,752 *	(9,157)	595
84.069B	Leveraging Educational Assistance Partnership	-	10,460 *	(7,867)	2,593
84.346	Vocational Education-Occupational and Employment Information State Grants	237	-	-	237
84.375	Academic Competitiveness Grants	375	-	-	375
84.378A	College Access Challenge Grant Program	129,932	282,474	(246,741)	165,665
84.382B	Strengthening Minority-Serving Institutions	843	1,463,589 *	(1,429,340)	35,092
	Total Direct Programs	<u>1,914,333</u>	<u>7,955,717</u>	<u>(8,595,363)</u>	<u>1,274,687</u>
	Pass-Through Guam Department of Education:				
81.041	ARRA State Energy Program	-	226,396	-	226,396
84.048B	Career and Technical Education -- Basic Grants to States	310,005	162,765	(472,770)	-
84.397A	ARRA State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	-	170,631 *	-	170,631
84.922	Consolidated Grants	247,097	218,824	(299,613)	166,308
	Total U.S. Department of Education	<u>2,471,435</u>	<u>8,734,333</u>	<u>(9,367,746)</u>	<u>1,838,022</u>
	U.S. Department of Health and Human Services (Direct Programs):				
93.587	Promote the Survival and Continuing Vitality of Native American Languages	-	122,748	(74,446)	48,302
	Pass-Through Guam Department of Public Health and Social Services:				
93.824	Basic/Core Area Health Education Centers	-	23,288	-	23,288
	Total U.S. Department of Health and Human Services	<u>-</u>	<u>146,036</u>	<u>(74,446)</u>	<u>71,590</u>
	Corporation for National and Community Service:				
	Pass-Through the University of Guam:				
94.088/GEN-73	University of Guam	(45,549)	45,549	-	-
	Total Corporation for National and Community Service:	<u>(45,549)</u>	<u>45,549</u>	<u>-</u>	<u>-</u>
	Total Federal Assistance	<u>\$ 2,707,004</u>	<u>\$ 9,582,130</u>	<u>\$ (10,039,848)</u>	<u>\$ 2,249,286</u>

* Denotes a major program as defined by OMB Circular A-133.

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**GUAM COMMUNITY COLLEGE
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Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

Part I - Summary of Auditors' Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued: | Unqualified |
| Internal control over financial reporting: | |
| 2. Material weakness(es) identified? | No |
| 3. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 4. Noncompliance material to financial statements noted? | No |

Federal Awards

Internal control over major programs:

- | | |
|---|---------------|
| 5. Material weakness(es) identified? | No |
| 6. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 7. Type of auditors' report issued on compliance for major programs: | Unqualified |
| 8. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |
| 9. Identification of major programs: | |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.069	Leveraging Educational Assistance Partnership
84.382	Strengthening Minority-Serving Institutions
84.397	State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act

- | | |
|--|-----------|
| 10. Dollar threshold used to distinguish between Type A and Type B Programs, as those terms are defined in OMB Circular A-133: | \$300,000 |
| 11. Auditee qualified as a low-risk auditee as that term is defined in OMB Circular A-133? | Yes |

Part II - Financial Statement Findings Section

No items are reportable.

Part III - Federal Award Findings and Questioned Cost Section

No matters are reportable.

**GUAM COMMUNITY COLLEGE
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Schedule of Prior Year Audit Findings
Year Ended September 30, 2010

There are no prior year audit findings applicable to this entity.