

June 2, 2009

Board of Trustees
Guam Community College:

Gentlemen:

We have performed an audit of the financial statements of Guam Community College (the College) as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our report thereon dated June 2, 2009.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the College is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated September 30, 2008. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is:

- To express an opinion on the fairness of the College’s financial statements and the accompanying supplementary information, and to disclaim an opinion on the required supplementary information for the year ended September 30, 2008 in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), in all material respects;
- To express an opinion on whether the supplementary information that accompanies the basic financial statements is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole;
- To report on the College’s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2008 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*; and
- To report on the College 's compliance with requirements applicable to each major federal program and on internal control over compliance in accordance with the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* (OMB Circular A-133).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Trustees are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Trustees of their responsibilities.

We considered the College's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the College's 2008 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2008, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on the College's financial reporting process. Such proposed adjustments, listed in Appendix I, have been recorded in the accounting records and are reflected in the 2008 financial statements. Those proposed adjustments that were not recorded by management are also included in the schedule described in the next paragraph.

In addition, we have attached to this letter, as Appendix II, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

The College's significant accounting policies are set forth in Note 1 to the College's 2008 financial statements. During the year ended September 30, 2008, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by the College:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.
- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of these pronouncements did not have a material effect on the financial statements of the College.

OTHER INFORMATION IN THE ANNUAL REPORTS

When audited financial statements are included in documents containing other information such as the College's 2008 Annual Report, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We will read the other information in the College's 2008 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the College's 2008 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2008.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the College's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the College is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix III, a copy of the representation letter we obtained from management.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION

Throughout the year, routine discussions were held or were the subject of correspondence with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

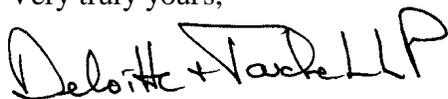
In our judgment, we received the full cooperation of the College's management and staff and had unrestricted access to the College's senior management in the performance of our audit.

* * * * *

This report is intended solely for the information and use of the College, the management of Guam Community College and the Office of the Public Auditor of Guam and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the staff and management of the College for their cooperation and assistance during the course of this engagement.

Very truly yours,

Handwritten signature of Deloitte + Touche LLP in black ink.

Journal Entries - AJE			
#	Name	Debit	Credit
	1 AJE To adjust for staledated checks - 5112 (Posted)		
1A13	Cash - BOG NAF Savings	59,767.62	-
2L13	Outstanding checks stale dated	-	59,767.62
	WP 5112: To adjust for stale dated checks (FHB payroll).	59,767.62	59,767.62
	2 AJE To adjust for accrual of sungard cost - 6111 (Posted)		
2L10	A/P Vendors	130,618.45	-
5400	Institutional Support Expenditures	-	130,618.45
	WP 6111: To adjust prior year accrual sungard cost.	130,618.45	130,618.45
	3 AJE To adjust transfer fixed asset - 5612 (Posted)		
New4	Nonmandatory Transfers	1,265,569.71	-
1A98	Construction in progress	-	1,265,569.71
	WP 5612: To transfer CIP to fund 50	1,265,569.71	1,265,569.71
	4 AJE To adjust for unrecorded invoices - 6112 (Posted)		
2L10	A/P Vendors	-	223,503.05
5400	Institutional Support Expenditures	53,499.00	-
5400	Institutional Support Expenditures	44,393.05	-
1A98	Construction in progress	125,611.00	-
	WP 6114: To adjust for unrecorded liability.	223,503.05	223,503.05
	5 AJE To transfer CIP to fund 50 - 5612 (Posted)		
New4	Nonmandatory Transfers	217,023.29	-
1A98	Construction in progress	-	217,023.29

Journal Entries - AJE			
#	Name	Debit	Credit
	WP 2266: To transfer CIP to fund 50 (investment in plant fund)	217,023.29	217,023.29
	6 EAJE To adjust for capitalizable asset - 2266 (Posted)		
New4	Nonmandatory Transfers	216,299.94	-
Dup3810 - Blan	Special Projects Planning	-	2,999.94
New7	Plant Operations & Main Expenditure	-	213,300.00
		216,299.94	216,299.94
	WP 2266: To adjust for capitalization of fixed asset as requested by the entity.		
	7 EAJE To adjust for capitalizable assets - 2266 (Posted)		
New4	Nonmandatory Transfers	13,354.39	-
New6	Academic Support Expenditures	-	13,354.39
		13,354.39	13,354.39
	WP 2266: To adjust for capitalizable assets.		
	8 EAJE To adjust for A/R Foundation - 2266 (Posted)		
1A27	A/R Others	97,327.06	-
4680	Revenue - Other Sources	59,522.66	-
5400	Institutional Support Expenditures	-	98,050.36
4780	Nonmandatory Transfers	-	58,799.36
		156,849.72	156,849.72
	WP 2266: To record amount for A/R foundation.		
	9 EAJE To adjust for double posting of accounts - 2266 (Posted)		
1A26	A/R Students	-	7,745.00
4600	Tuition & Fees	7,745.00	-

Journal Entries - AJE			
#	Name	Debit	Credit
	1 EAJE To adjust for capitalizable asset - WP 2266 (Posted)		
New6	Nonmandatory Transfers	101,106.11	-
5100	Instructional Expenditures	-	101,106.11
		101,106.11	101,106.11
	WP 2266: To adjust for capitalizable assets.		
	2 EAJE To adjust for capitalizable assets - WP 2266 (Posted)		
New6	Nonmandatory Transfers	104,870.41	-
5200	Special Projects	-	104,870.41
		104,870.41	104,870.41
	WP 2266: To adjust for capitalizable assets.		
	3 EAJE To adjust for capitalizable assets - WP 2266 (Posted)		
New6	Nonmandatory Transfers	111,991.85	-
5100	Instructional Expenditures	-	67,550.00
5200	Special Projects	-	44,441.85
		111,991.85	111,991.85
	WP 2266: To adjust for capitalizable assets.		
We concur with the recording of these adjustments and represent that they do not result from fraud or illegal acts. Rather, such represent misstatements.			
	<i>Mary D. Deada</i>	5/29/09	
	Carmen Swed Santos, V.P. Business of Finance	Date	

Journal Entries - AJE			
#	Name	Debit	Credit
	Carmen Kwek Santos, V.P. Business of Finance		
	<i>Henry O. Oada</i>		
		Date	<i>5/21/09</i>

Journal Entries - AJE			
#	Name	Debit	Credit
	1 AJE To transfer CIP to fund 50 - 5612 (Posted)		
5780	Transfer Out	37,997.00	-
Blank (3887)	Construction in Progress	-	37,997.00
	WP 5612: To transfer CIP to Fund 50 (investment in plant fund)	37,997.00	37,997.00
	2 EAJE To adjust for the capitalizable asset - 2266 (Posted)		
5780	Transfer Out	11,271.00	-
Blank (3879)	Institutional Support	-	11,271.00
	WP 2266: To adjust for capitalizable asset as requested by the entity.	11,271.00	11,271.00
	3 EAJE To adjust for the capitalizable assets - 2266 (Posted)		
5780	Transfer Out	45,794.68	-
Blank (3879)	Institutional Support	-	45,794.68
	WP 2266: To adjust for capitalizable assets.	45,794.68	45,794.68
	We concur with the recording of these adjustments and represent that they do not result from fraud or illegal acts. Rather, such represent misstatements.		
	<i>MyBanda</i>		

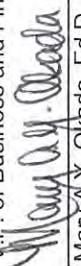
Journal Entries - AJE			
#	Name	Debit	Credit
	<i>Mary Joy. Orosa</i> Carmen Kwek Santos, V.P. Business of Finance	<i>529.09</i>	

Journal Entries - AJE			
#	Name	Debit	Credit
	1 AJE To adjust for capitalizable asset - 5612 (Posted)		
1A64	Equipment	1,265,569.71	-
5999	Depreciation	253,113.94	-
1A95	A/D Buildings	-	253,113.94
4780	Revenue Transfer In	-	1,265,569.71
		1,518,683.65	1,518,683.65
	WP 5612: To adjust for capitalization of Sungard System		
	2 AJE To transfer CIP from fund 12, 25, 35 - 5612 (Posted)		
4780	Revenue Transfer In	-	439,844.29
Blank (3887)	Construction in progress	439,844.29	-
		439,844.29	439,844.29
	WP 5612: To transfer CIP from Funds 12, 25 & 35.		
	3 EAJE To adjust for capitalizable assets - 2266 (Posted)		
1A65	Vehicles	21,700.00	-
4780	Revenue Transfer In	-	21,700.00
		21,700.00	21,700.00
	WP 2266: To adjust for capitalizable assets.		
	4 EAJE To adjust for capitalizable asset - 2266 (Posted)		
New4	A/D - Building	-	15,506.15
1A62	Buildings	97,933.64	-
1A62	Buildings	-	-
5999	Depreciation	15,506.15	-
4780	Revenue Transfer In	-	97,933.64
		113,439.79	113,439.79
	WP 2266: To adjust for capitalizable asset		

Guam Community College
 Summary of Current Year Misstatements
 September 30, 2008

		Balance Sheet				Income
		Assets Dr (Cr)	Liabilities Dr (Cr)	Retained Dr (Cr)		
	Known		30,611		(30,611)	
PAJE 1 - To adjust A/P stale dated checks amount to other income	Known		19,517		(19,517)	
PAJE 2 - To adjust for the overrecording of A/P other	Likely		59,997		(59,997)	
PAJE 3 - To adjust for overrecording of deferred revenue	Known		(36,037)		36,037	
PAJE 4 - To adjust for underrecording of liability	Known	(23,001)			23,001	
PAJE 5 - To adjust for overrecording revenue	Likely	89,853			(89,853)	
PAJE 6 - To adjust for overstatement of allowance	Known	9,155	(9,155)			
PAJE 7 - To adjust for unrelease check	Known		(16,210)		16,210	
PAJE 8 - To adjust for unpaid legal cost	Known	9,172.00	(9,172)			
PAJE 9 - To record indirect cost expenditure and receivable as of 09/30/08.	Known	85,179	39,551	0	(124,730)	
Total Known + Likely Current-Year Misstatements						


 For Carmen K. Santos, CPA
 Carmen Kwek Santos
 V.P. of Business and Finance
 Date 6/14/09


 Mary A.Y. Okada, Ed.D.
 President
 Date 6/20/09


 Gina V. Ramos
 Chairperson
 Date 6/30/2009

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Deloitte & Touche LLP
361 South Marine Drive
Tamuning, GU 96913-3911

We are providing this letter in connection with your audits of the accompanying financial statements of the Guam Community College as of September 30, 2008 and 2007, which collectively comprise the College's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows of the College in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

- a. The fair presentation in the basic financial statements of financial position, results of operations or changes in net assets, and cash flows of the College in conformity with accounting principles generally accepted in the United States of America.
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and additional supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the financial statements.
- c. Establishing and maintaining effective internal control over financial reporting.
- d. The design and implementation of programs and controls to prevent and detect fraud, including fraud related to federal awards.
- e. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for stand-alone business-type activities obtained from the Government Finance Officers Association.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances,

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makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:
 - a. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
 - b. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - c. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - d. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
 - e. Deposits and investment securities are properly classified in category of custodial credit risk.
 - f. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
 - g. Required supplementary information is measured and presented within prescribed guidelines.
 - h. Costs to federal awards have been charged in accordance with applicable cost principles.
2. The College has made available to you all:
 - a. Summaries of actions of the Board of Trustees.

4/17/08	5/8/08	6/18/08
7/8/08	7/28/08	8/14/08
9/5/08		
 - b. Records and related data for all financial transactions of the College and for all funds administered by the College. The records, books, and accounts, as

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provided to you, record the financial and fiscal operations of all funds administered by the College and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

- c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.
3. There has been no:
 - a. Action taken by College management that contravenes the provisions of federal laws and regulations, or of contracts and grants applicable to the College.
 - b. Communication from other governmental or regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
 4. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the individual fund types presented. A summary of such uncorrected misstatements has been attached as Appendix A.
 5. We believe the effects of any uncorrected income statement misstatements aggregated by you pertaining to the last interim period in the current year, as summarized in the accompanying Appendix B, are immaterial, both individually and in the aggregate, to the income statement for the last interim period taken as a whole.
 6. We have no knowledge of any fraud or suspected fraud affecting the College involving (a) management, (b) employees who have significant roles in internal control, or (c) others where the fraud could have a material effect on the financial statements.
 7. We have no knowledge of any allegations of fraud or suspected fraud affecting the College received in communications from employees, former employees, analysts, regulators, short sellers, or others.
 8. The College has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you its understanding about the risks of fraud in the College and does not believe that the financial statements are materially misstated as a result of fraud.
 9. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards g("FASB") Statement No. 5, *Accounting for Contingencies*.

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10. The Schedule of Expenditures of Federal Awards was prepared in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." We have identified in that schedule all awards provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. In addition, we have accurately completed the appropriate sections of the data collection form.
11. We are responsible for compliance with local, state and federal laws, rules and regulations, including compliance with the requirements of OMB Circular A-133, and provisions of grants and contracts relating to the College's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The College is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
12. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.
13. We have:
 - a. Identified the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each federal program.
 - b. Complied, in all material respects, with the requirements identified above in connection with federal awards except as disclosed in the report on compliance on compliance and internal control.
 - c. Made available all information related to federal financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards.
 - d. Identified and disclosed all amounts questioned and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews related to the objectives of the audit.
 - e. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

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- f. Monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.
14. We have included in the corrective action plan for current-year findings the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date.
 15. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

Except where otherwise stated below, matters less than \$82,640 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

16. Except as listed in Appendix A, there are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
17. The College has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
18. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. We are aware of the requirement that all estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
 - a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
 - b. The effect of the change would be material to the financial statements
19. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*.
20. Under GovGuam law, the College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as

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collateral except for the lien established by U.S. Department of Agriculture as disclosed in note 9 to the financial statements.

21. We have included in the financial statements all assets and liabilities under the Entity's control.
22. The College has complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.
23. No events have occurred subsequent to balance sheet date that require consideration as adjustments to or disclosure in the financial statements.
24. No department of Guam Community College has reported a material instance of noncompliance to us.
25. There are no known related party transactions, which should be recorded or disclosed in the financial statements.
26. 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. Commercial coverage is provided for claims arising from most of these matters.
27. The College is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
28. Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the College and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.
29. During fiscal year 2008, the College implemented the following pronouncements:
 - GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of other post-employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The Government of Guam has determined that implementation of GASB Statement No 45 does not have a material effect on its financial statements or on the financial statements of its component units.

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, which

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establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing, and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components.

- GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27*, which more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

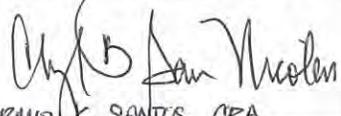
In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of the College.

30. The Government of Guam 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, the Government of Guam did not withhold or remit Medicare payments to the U.S. Social Security system. If the Government is found to be liable for Medicare

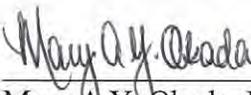
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payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the College and all other component units of the Government of Guam that payment of this health insurance component is optional 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.

31. The College received title to 314 acres of land situated in the municipality of Mangilao from the Government of Guam with no restrictions. As of the report date, the College had not recorded an appraised value on the land and therefore, the land has not been recorded in the September 30, 2008 financial statements.
32. The College has appropriations due from Government of Guam of \$331,769 and \$892,237 as of September 30, 2008 and 2007, respectively. The College has not received any of the cash to date. Therefore, the College deferred the revenue recognition and will only occur upon receipt of the cash.


 FOLLOWS CARMEN K. SANTOS, CPA 06/04/09

 Carmen K. Santos Date
 V.P. of Business and Finance



 Mary A. Y. Okada, Ed.D. 6/20/09

 President Date



 FER Gina Y. Ramos 03/24/2009

 Chairperson Date