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University of Guam – FY 2021 Financial Highlights

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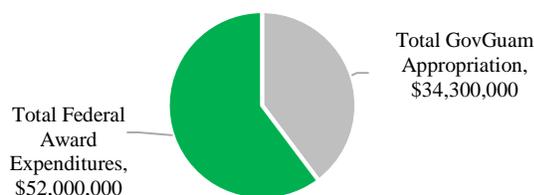
The Office of Public Accountability has released the University of Guam’s (UOG) financial statements, report on compliance and internal control, and the auditor’s communication with those charged with governance for fiscal year (FY) 2021. Independent auditors Deloitte & Touche, LLP rendered an unmodified (clean) opinion on UOG’s financial statements and report on compliance for major federal programs; however, the independent auditors identified one significant deficiency on internal control over financial reporting. UOG is commended for qualifying as a low-risk auditee for the seventh consecutive year.

UOG continues to face reductions in Government of Guam (GovGuam) appropriations and declining enrollment attributable to the ongoing coronavirus (COVID-19) pandemic. Despite this, UOG’s change in net position increased from a loss of \$2.8 million (M) in FY 2020 to a gain of \$5.6M in FY 2021. UOG closed FY 2021 with an improved negative net position of \$97.5M, from FY 2020’s negative net position of \$103.1M. Factors contributing to the gain include recovering expenses related to operational disruptions through COVID-19 federal funds, increased grant activity, and strict spending control by UOG.

Increase in Total Revenues

UOG’s total revenues increased by 18%, from \$97.5M in FY 2020 to \$114.8M in FY 2021. UOG’s revenues consisted mainly of (1) federal grants and contracts of \$51.7M (or 45%), (2) GovGuam appropriations of \$34.3M (or 30%), and (3) net student tuition and fees of \$12.4M (or 11%). GovGuam appropriations decreased by \$2.2M from \$36.5M in FY 2020. Federal grants and contracts

Chart 1: Comparison of UOG Funding Sources for FY 2021



increased by \$18.0M from \$33.7M in FY 2020. This was due to increased grant activity in FY 2021, particularly from the National Science Foundation’s Experimental Program to Stimulate Competitive Research; the National Cancer Institute-funded Pacific Island Partnership for Cancer Health Equity; and the CARES Act Higher Education Emergency Relief Fund (HEERF). Net student tuition and fees decreased by \$1.3M, going from \$13.7M in FY 2020 to \$12.4M in FY 2021.

Increase in Operating Expenses

In FY 2021, UOG’s operating expenses totaled \$108.6M, an \$8.9M increase from \$99.7M in FY 2020. Changes in operating expenses were largely a result of the implementation of GASB 75 and direct aid and grants awarded to students through the HEERF. The following operating expenses increased during FY 2021: (1) institutional support by \$4.6M (or 46%); (2) research by \$4.8M (or 32%); (3) public service by \$3.1M (or 30%); and (4) student services by \$1.7M (or 27%). Operational

and maintenance-plant expenses saw the biggest cost reduction, which decreased by \$3.0M (or 36%) during FY 2021.

Subsequent Event – Guam Cultural Repository (GCR)

UOG received a \$12M grant from the Office of the Governor (OOG) in FY 2019 to construct the GCR on the UOG campus, with expected completion in Spring 2022. The facility would have been UOG’s first new major fixed asset in more than a decade; however, in FY 2021, OOG designated the operations of the GCR facility to the Department of CHamoru Affairs. UOG is working with OOG to determine the exact nature of the new arrangement and is expecting to enter into a Memorandum of Understanding with OOG to detail the parties’ responsibilities after the completion of the building’s construction. Due to the uncertainty surrounding the agreement of responsibilities between OOG and UOG, the related financial impact cannot be reasonably estimated.

Report on Compliance and Internal Controls

Independent auditors identified one significant deficiency pertaining to the initial omission of \$5.9M in FY 2021 federal expenditures passed through from GovGuam for the Assistance Listing Program 12.600 - Community Investment for the construction of the GCR in the Schedule of Expenditures of Federal Awards (SEFA). The SEFA was revised to include the \$5.9M in GCR expenditures, along with \$1.3M in prior year expenditures.

In FY 2021, UOG’s SEFA showed 110 grant activities from 13 federal grantor agencies totaling \$52M. This was an increase from FY 2020’s total federal expenditures of \$32.6M, which resulted from 91 grant activities. The most significant federal expenditure in FY 2021 was \$7.8M for the Pell Grant Program, followed by \$5.9M for the institutional portion of the HEERF.

Table 1: Summary Schedule of Expenditures of Federal Awards, by Grantor

No.	Federal Grantor Agency	Expenditures	No.	Federal Grantor Agency	Expenditures
1.	U.S. Department of Agriculture	\$ 5,484,508	8.	National Science Foundation	\$ 3,665,490
2.	U.S. Department of Commerce	\$ 1,199,637	9.	U.S. Small Business Administration	\$ 1,242,536
3.	U.S. Department of Defense	\$ 9,959,652	10.	U.S. Environmental Protection Agency	\$ 129,240
4.	U.S. Department of the Interior	\$ 1,203,536	11.	U.S. Department of Education	\$ 24,318,403
5.	National Aeronautics and Space Administration	\$ 351,534	12.	U.S. Department of Health and Human Services	\$ 4,011,983
6.	National Endowment for the Humanities [sic]	\$ 1,500	13.	Corporation for National and Community Service	\$ 426,980
7.	Institute of Museum and Library	\$ 2,699			
Total Federal Award Expenditures					\$ 51,997,698

UOG Endowment Foundation

The UOG Endowment Foundation (Foundation) is a legally separate, tax-exempt entity that is a discretely presented component unit of UOG. In calendar year (CY) 2020, the Foundation reported \$1.6M in net assets (net income), a \$1.5M decrease from \$3.1M in CY 2019. The Foundation reported \$1.4M in net investment income, a \$1M decrease from \$2.4M in CY 2019. Revenue from fundraising activities decreased by \$306 thousand (K), going from \$577K in CY 2019 to \$271K in CY 2020; however, there was a \$68K increase in contributions in CY 2020. UOG entered into promissory notes with the Foundation in the amount of \$1.4M to pay for the construction of a new water line. UOG completed construction of the water line in FY 2020.

For a more detailed discussion on UOG’s operations, refer to the Management’s Discussion and Analysis or view the reports in their entirety on our website at www.opaguam.org.