



OFFICE OF THE PUBLIC AUDITOR

**University of Guam  
FY 2005 Financial Statement Highlights**

June 15, 2006

For the first time in its history, the University of Guam (UOG) qualified as a low-risk auditee, as there were no questioned costs, making them one of a few government of Guam entities to obtain this status. The FY 2005 financial statements, prepared by Deloitte and Touche, also shows an increase in net assets of \$1.7 million, a \$3.1 million decrease compared to the \$4.9 million in the prior year. The decrease was attributed to the one time gain from the \$2.2 million transfer from the Guam Economic Development and Commerce Authority's tobacco funds in FY 2004.

Revenues in FY 2005 increased by \$2.5 million, going from \$62 million to \$64.4 million. The major sources of revenue for UOG came from the government of Guam appropriations of \$29 million or 40%, of which \$3 million were for student financial aid; federal grants and contracts of \$23.3 million or 33%; and student tuition and fees and auxiliary enterprises of \$13.7 million or 19%. This increase in revenues was slightly offset by the decrease of private and government of Guam grants and contracts, which were cumulatively \$1.1 million less than the previous year. Student tuition and fees before scholarship discounts and allowances were \$11.6 million, an increase of \$1.2 million from prior year of \$10.4 million. This is reflective of the increase of student enrollment from 5,694 in FY 2004 to 5,778 in FY 2005.

Total expenses increased by \$3.8 million, going from \$58.8 million to \$62.7 million. Contributing to the increase in expenses were the \$1.6 million increase in institutional support, i.e. President's Office, Business Office, Legal Counsel, etc. from \$4.2 million in FY 2004 to \$5.9 million in FY 2005, and a \$608,000 increase in instruction from \$14.2 million in FY 2004 to \$14.8 million in FY 2005. Scholarships and fellowships went up from \$6.5 million to \$7.2 million. At the end of 2005, UOG employees increased by 58 from 668 in 2004 to 726 in 2005, which resulted in an increase in salaries and wages of \$2 million, going from \$22.4 million in 2004 to \$24.4 million in 2005. This increase was also partly due to the full restoration of salary increments.

In its second year of reporting as required by government auditing standards, the UOG Endowment Foundation (UOG Foundation) recorded an increase in investment in securities of \$889,000 from \$5.9 million to \$6.8 million. Management and general expenses were \$1.2 million, an increase of \$654,000 from prior year of \$585,000. The UOG Foundation had \$7.7 million in total net assets, an increase of \$371,000 from the previous year. While the UOG Foundation is a separate corporation from the University, its financial statements are presented in the University's financial statements in compliance with GASB 39.

The independent auditor's report on compliance with laws and regulations noted one finding relating to an ineligible Stafford loan recipient.

UOG has been successful in attracting federal grants. UOG now has over 75 different federal grants with \$22.4 million in expenditures. In FY 2004, there were 50 grants with \$19.9 million in expenditures. The federal grantors consist of the US Department of Education, US Department of Health and Human Services, US Department of Agriculture, US Department of Interior, Small Business Administration, US Department of Commerce, National Science Foundation, and the US Environmental Protection Agency.

In a separate management letter, there were five findings, of which three were repeat findings. The findings pertained to the lack of submission of travel documentation, outstanding tuition fees, and the lack of sufficient procurement documents. For a more detailed commentary of UOG's operations, refer to the Management Discussion and Analysis in the audit report.