

University of Guam
FY 2004 Financial Highlights

June 27, 2005

The FY 2004 audit of the University of Guam presents a favorable picture of the financial health of the University. Audited statements prepared by Deloitte & Touché LLP disclose that UOG's increased its net assets by \$4.9 million, an increase of \$3.1 million from the \$1.8 million in 2003.

While cost savings' measures and revenue increases accounted for \$2.7 million of the increase in assets, a substantial boost came from \$2.2 million received from the Government of Guam Tobacco Settlement Bond Fund.

UOG revenues in FY 2004 were \$65.8 million compared to the \$63.4 million generated in FY 2003. The Guam Legislature was the biggest contributor to revenues, appropriating \$27.1 million for operations and another \$1.5 million for student financial aid programs. In FY 2003, the Legislature appropriated \$26.4 million for operations and \$2.5 million for student financial aid programs.

Other major revenue sources were federal and local contracts and grants amounting to \$23 million (versus \$21.3 million in FY 2003) and \$6.3 million in net tuition and student fees (versus \$6.5 million in FY 2003). The decline of \$157,000 in tuition and student fees is attributed to -1.6% decline in enrollment at the university. In the fall and spring semesters UOG enrolled 2,988 students and 2,771 students respectively, whereas in the prior year the fall enrollment was 2,923, and the spring semester had 2,744 students.

A bright spot for the university is that it has accumulated \$8.2 million in unrestricted net assets that are available at management's discretion upon board approval. Investments of \$6.7 million plus cash equivalents comprised the unrestricted net assets.

At the end of FY 2004 UOG was also due \$2.4 million from the Government of Guam representing appropriated funds not disbursed from the General Fund. All but \$500,000 of this amount has subsequently been paid.

In total, UOG had assets of \$93,625,214 as of September 30, 2004, up from \$91,908,548 at the end of FY 2003.

For the first time the UOG Endowment Foundation is reflected in the University's audit as required by accounting standards. As of December 31, 2003, the Foundation had \$7.3 million in total assets of which \$6.2 million were in investments. The Foundation had an increase in net assets of \$2.2 million compared to the \$851,000 decline the year before.

In the compliance report there were seven findings and only \$935 in questioned costs. Among these findings were advances of \$59,427 that have not been cleared in over a year (a prior year finding); a deficiency in processing payroll data, namely that payroll personnel had access to modify pay rates during the time that time sheets are input, creating the possibility of unauthorized pay adjustments; and, failure to require Federal Stafford Loan recipients to sign award letters either accepting or declining such awards.

In a separate management letter five findings were identified three of which pertained to travel. Travel advances were not cleared timely, supporting documentation for miscellaneous expenditures were not submitted, and price quotations were not obtained to ensure that the lowest cost of travel was obtained. Another finding suggested that UOG reevaluate its current procurement policies for personnel contracts to ensure full and open competition. The University has identified and is undertaking corrective actions.

For a more detailed narrative, see Management's Discussion and Analysis.