



**University of Guam
FY 2007 Financial Highlights**

June 20, 2008

In fiscal year (FY) 2007, University of Guam (UOG) continued to improve its overall financial condition by increasing its net assets by \$3.9 million (M). This increase is primarily attributed to \$7M more in revenues than the previous fiscal year, associated with an overall increase of \$3.6M in expenses.

UOG Receives FY 2006 and 2007 Appropriations

In March 2007, UOG and the Department of Administration entered into an agreement where the general fund would pay \$3.35M of its 2006 appropriation. For FY 2007, the amount due from the government to UOG was \$5.95M bringing the total due from the general fund to \$9.3M. UOG, as well as other government departments and agencies, experienced fluctuating allotment payments as a result of the payment delays and allotment reserves during FY 2007. As of June 2008, all but \$561,000 of the \$9.3M has been paid to UOG.

Overall Revenues Increased by \$7M

Revenues increased by \$7M, going from \$66.1M to \$73.1M. Notable revenue increases came from the \$4.6M increase in government of Guam appropriations going from \$27.6M in 2006 to \$32.2M in 2007. UOG also collected \$2.1M more in student tuition and fees, going from \$12.9M in 2006 to \$15.1M in 2007; and \$1.1M more in net investment income, going from \$858,000 to \$2M. Student enrollment also increased to 3,282 students in fall semester 2007 as compared to 3,176 in fall semester 2006.

Overall Expenses Increased by \$3.6M

Operating expenses increased by \$3.6M, going from \$65.5M in 2006 to \$69.2M in 2007. Contributing to the increase were student services (\$5.1M versus \$3.7M); plant, operations and maintenance (\$6.6M versus \$5.4M); scholarship and fellowships (\$8.5M versus \$7.5M), and institutional support (\$5.5M versus \$4.8M). At the end of FY 2007, there were 759 employees, compared to 816 in FY 2006. Despite the decrease in employees, there was a \$1.8M increase in total salaries, wages, and benefits.

Compliance Report

For the third year, UOG qualified as a low-risk auditee. In addition, there were no current or prior year questioned costs. There were also no current or prior year unresolved audit findings. UOG should be applauded for this achievement.

Management Letter

In a separate management letter, there were four findings relating to compliance with hiring policies, legal services contract, UOG/Endowment Foundation vehicle, and follow-up on returned checks. As to hiring policies, UOG did not announce a position for a full-time employee. UOG officials acknowledge that no such announcement was made for this position.

A legal services contract, which was executed in 2002, was not approved by the Attorney General of Guam, which is required by UOG's procurement regulations. This contract has since been terminated. A new contract, with the approval of the Attorney General, has been executed. The new contract limits the scope of work to claims covered by UOG's insurer.

In 2005, the UOG Endowment Foundation agreed to donate a vehicle to UOG for the former President's use. Due to various issues between UOG and the Endowment Foundation, the vehicle was not registered or identified as a government vehicle during the former President's use.

Auditors found that there was an inadequate level of follow-up on returned checks from students as receivables from checks were dated more than ten years ago. Auditors recommended that a designated person devote significant attention to collecting returned checks or outsource the function.

UOG Endowment Foundation

The UOG Endowment Foundation, although a legally separate component unit of UOG, recorded an increase in investment in securities, going from \$6.5M to \$7.4M, a \$937,000 increase. Management and general expenses were \$529,000, a decrease of \$182,000 from prior year of \$712,000. The UOG Foundation had \$8.5M in total net assets, an increase of \$1.1M from the previous year.

For a more detailed commentary of UOG's operations, refer to the Management Discussion and Analysis in the audit report or visit our website at <http://www.guamopa.org>. Independent auditors Burger & Comer conducted the audit.