



Financial Statements
September 30, 2011 and 2010
University of Guam

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Independent Auditor's Report

The Board of Regents
University of Guam
Mangilao, Guam

We have audited the accompanying financial statements of the University of Guam (the University) as of and for the years ended September 30, 2011 and 2010, which collectively comprise of the University of Guam's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University of Guam's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of University of Guam Endowment Foundation, Inc., a component unit of the University, which statements reflect total assets of \$8,214,535 as of December 31, 2010, and total revenues of \$1,084,412 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for University of Guam Endowment Foundation, Inc., is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the University of Guam as of September 30, 2011 and 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of the University of Guam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion as listed in the table of contents be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Guam's financial statements as a whole. The other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The objective of management's discussion and analysis (MD&A) is to provide readers of the University of Guam's (the University) financial statements an overview and better understanding of its financial position and results of activities for the fiscal year ended September 30, 2011. Management has prepared this overview as required supplemental information to the financial statements and the footnotes that follow. This MD&A should be read in conjunction with the financial statements and accompanying footnotes.

The University. Public Law 13-194, The Higher Education Act of 1976, established the University as a non-membership, non-profit, public corporation under a Board of Regents appointed by the Governor with the advice and consent of the Guam Legislature. The University is a public, open-admissions, four-year land grant institution on the island of Guam in the Marianas Islands. It has been continuously accredited by the Western Association of Schools and Colleges (WASC). The 3,721 students (Fall '11 headcount) are multicultural, multilingual and 91% Asian-Pacific Islander. There are 15 master's degree programs, 34 bachelor's degree programs and one (1) associate degree program in nursing. Continuing education, professional development and English language training are offered. There are 198 full-time and 88 part-time faculty, 29 administrators and approximately 504 full- and part-time staff.

The Leadership. The University is governed by a nine-member Board of Regents. Peter "Sonny" Ada is the Chair. W. Chris Perez is Vice Chair. John Arroyo is Treasurer and audit committee chair. Robert A. Underwood, Ed.D., is the University's tenth President, Helen J.D. Whippy, Ph.D., is Senior Vice President of Academic and Student Affairs. David M. O'Brien is Vice President of Administration and Finance. John Peterson, Ph.D., is Assistant Vice President for Sponsored Programs, Graduate Studies and Research. Zeny Asuncion-Nace is Comptroller.

In the 10th year of its strategic plan the University is focused on its mission of Ina, Deskubre, Setbe (to Enlighten, to Discover, to Serve) and on its core commitments: i) academic quality; ii) student success, enrollment growth, retention, and institutional visibility; iii) community engagement; and iv) institutional effectiveness and efficiency. As the island undergoes its most dramatic transformation since World War II due to the U.S. military buildup and Guam's growth, the University has identified three overarching themes: UOG Green, the Natural Choice and Leading Change (Center for Island Sustainability).

THE FINANCIAL STATEMENTS

The report includes three financial statements: i) the Statement of Net Assets; ii) the Statement of Revenues, Expenses and Changes in Net Assets; and iii) the Statement of Cash Flows. They are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for colleges and universities. The University's fiscal year ends September 30.

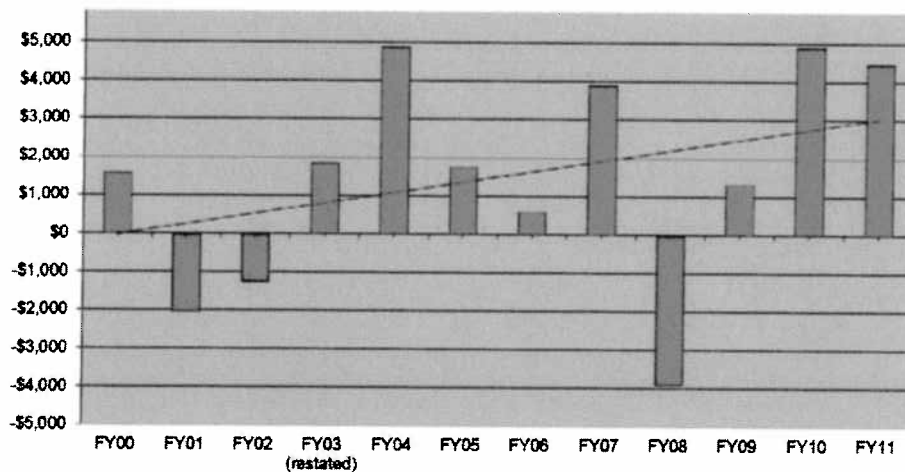
The University is reported as a component unit of the government of Guam. The University also reports the financial statements of a component unit, the UOG Endowment Foundation. The Foundation is a legally separate, tax-exempt, private corporation, whose fiscal year ends December 31. While the University does not control the Foundation, the resources and income of the Foundation can only be used by or for the benefit of the University.

FY2011 FINANCIAL HIGHLIGHTS AND STRATEGIC INSTITUTIONAL OUTCOMES

One of the most important questions in evaluating the financial health of an institution is whether it is financially better off at the beginning of the year or at the end of the year. This was true for FY2011 as the University's net assets increased \$4.5 million. While \$0.4 million less than last year's increase, this result represents a 4.6% surplus on total revenues. This was primarily due to substantial operating revenue growth that more than covered

expense increases as well as strict adherence to financial and cash management controls in response to government allotment holdbacks. The ARRA federal stimulus had a positive impact on the surplus, since grant revenues were fully recognized on the income statement while a number of projects were capitalized on the balance sheet.

CHANGE IN NET ASSETS (SURPLUS, DEFICIT IN \$000'S)



Important financial trends include:

- There has been a financial surplus in eight of the last ten years.
- Revenues have continued to grow and diversify.
- Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants, facility upgrades, merit-based salary increases, and retirement contribution rate increases.

Significant institutional outcomes include:

- Fall'11 student enrollment of 3,721 is the highest since Fall '99.
- 488 graduates in AY 2010-11 are the highest since 2000 and are a 6% increase over the prior year.
- The University's academic quality is evidenced by primary accreditation for eight (8) years from the Western Association of Schools and Colleges (WASC) and by secondary accreditation for the professional schools.
- Federal grants and contracts grew \$9.5 million (27%), including the ARRA stimulus grant award.

STATEMENT OF NET ASSETS

The statement of net assets is similar to a balance sheet. It presents information on assets, liabilities and the resources remaining after liabilities are satisfied. The statement is an indicator of overall financial condition, and whether financial health has improved or deteriorated during the fiscal year.

SUMMARY STATEMENTS OF NET ASSETS (IN \$000'S)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Non-Capital Assets	\$ 52,910	\$ 48,352	\$ 41,211
Capital Assets	<u>68,528</u>	<u>68,793</u>	<u>70,192</u>
Total Assets	<u>\$ 121,438</u>	<u>\$ 117,145</u>	<u>\$ 111,403</u>
Current Liabilities	\$ 12,746	\$ 13,091	\$ 12,332
Non-Current Liabilities	<u>15,310</u>	<u>15,129</u>	<u>15,052</u>
Total Liabilities	<u>\$ 28,056</u>	<u>\$ 28,220</u>	<u>\$ 27,384</u>
Invested in Capital Assets, Net of Related Debt	\$ 55,913	\$ 56,006	\$ 57,262
Restricted Assets	6,407	6,386	6,303
Unrestricted Assets	<u>31,062</u>	<u>26,533</u>	<u>20,454</u>
Total Net Assets	<u>\$ 93,382</u>	<u>\$ 88,925</u>	<u>\$ 84,019</u>
Total Liabilities and Net Assets	<u>\$ 121,438</u>	<u>\$ 117,145</u>	<u>\$ 111,403</u>

The University's overall financial condition strengthened due to net revenue growth and adherence to a cash-based financial management plan. Total net assets, the residual interest in assets net of liabilities, increased \$4.5 million.

Assets. In FY11, assets increased \$4.3 million (4%). Higher government of Guam appropriation receivables and other receivables were offset somewhat by lower tuition receivables. Receivables for grants and contracts grew, reflecting growth and the ARRA stimulus. Cash balances increased. Current assets covered current liabilities 2.7 times, a 21% increase from prior year and a positive liquidity indicator. FY11 government of Guam appropriation receivables have subsequently been paid under terms agreed with the government.

In FY10, higher cash and investment balances resulted from the rebound in equity markets and higher investment portfolio valuations in an up market, lower receivables of tuition and government appropriations, and implementation of the Board's reserve policy. Grant and contract receivables grew, reflecting the growth.

Liabilities. In FY11, liabilities fell by \$0.2 million. Changes from the prior year were not significant.

In FY10, the increase of \$0.8 million over the prior year includes additional accrued leave liability during the fiscal year and additional reserves for liability claims.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The statement of revenues, expenses and changes in net assets provides details of operating and non-operating revenues and expenditures, similar to an income statement.

SUMMARY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (IN \$000's)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 65,646	\$ 57,216	\$ 48,355
Operating Expenses	<u>90,546</u>	<u>84,349</u>	<u>77,395</u>
Operating Revenues Net of Operating Expenses ¹	(24,900)	(27,133)	(29,040)
Non-Operating and Other Revenues and Expenses	<u>29,356</u>	<u>32,039</u>	<u>30,363</u>
Increase (Decrease) in Net Assets	4,456	4,906	1,323
Net Assets – Beginning of Year	<u>88,925</u>	<u>84,019</u>	<u>82,696</u>
Net Assets – End of Year	<u>\$ 93,381</u>	<u>\$ 88,925</u>	<u>\$ 84,019</u>

Revenues. In FY11, revenues (net of investments) grew to \$97.6 million, a \$7.3 million increase (8%) over the prior year. While government of Guam appropriations decreased \$1.1 million (-3%), the University generated \$65.6 million from its operations, an increase of \$8.4 million (15%). The table below shows the long-term growth and diversification of revenues: i) In FY03 government of Guam appropriations were 47% of revenues and University-generated sources were 53%. By FY11 appropriations decreased to 33% and University-generated sources increased to 67%.

In FY10, the University brought in over \$57.2 million from operations (excluding government appropriations and investments), an unprecedented increase of \$8.9 million (18%). In FY10, appropriations decreased to 37% of total revenues and University-generated sources increased to 63%.

REVENUE GROWTH AND DIVERSIFICATION (IN \$000's)

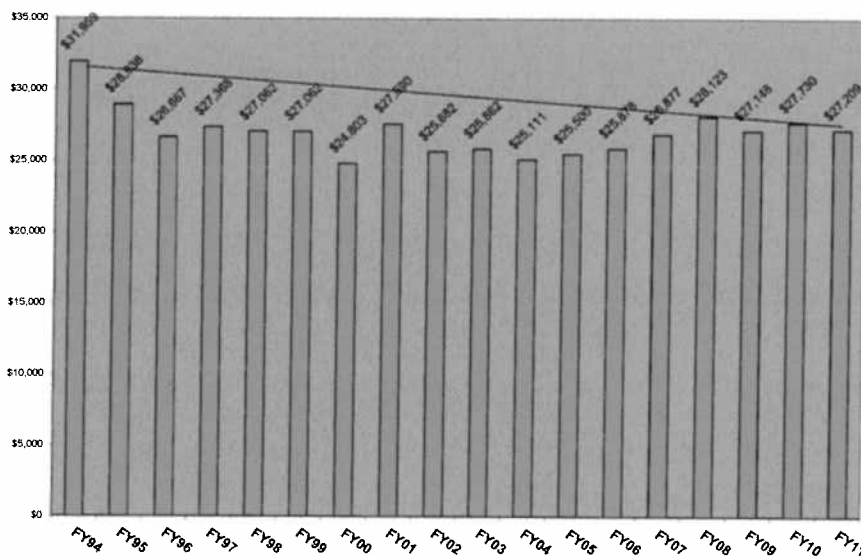
	Revenues (\$000)			% of Total Revenue		
	FY11	FY10	FY03	FY11	FY10	FY03
University Generated Revenues						
Tuition and Fees (Gross)	\$ 21,630	\$ 20,740	\$ 10,337	22%	23%	17%
Grants and Contracts (net*)	36,549	28,749	17,389	37%	32%	28%
Auxiliary Enterprises & Other Revenues	<u>7,467</u>	<u>7,727</u>	<u>5,272</u>	<u>8%</u>	<u>8%</u>	<u>8%</u>
Total University Generated Revenues	<u>65,646</u>	<u>57,216</u>	<u>32,998</u>	<u>67%</u>	<u>63%</u>	<u>53%</u>
Government of Guam Appropriations	<u>31,936</u>	<u>33,072</u>	<u>28,922</u>	<u>33%</u>	<u>37%</u>	<u>47%</u>
Total Revenue (excl Investment earnings)	<u>\$ 97,582</u>	<u>\$ 90,288</u>	<u>\$ 61,920</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

* Pell Grants for tuition are netted against Federal grants, rather than tuition

¹ Operating Revenues Net of Operating Expense is negative because local government appropriations are reported as non-operating revenues rather than operating revenues under GASB 35 reporting requirements

Investment income was \$0.2 million (primarily unrealized) compared to a \$1.6M gain the prior year, reflecting continued volatility and uncertainty in global equity markets.

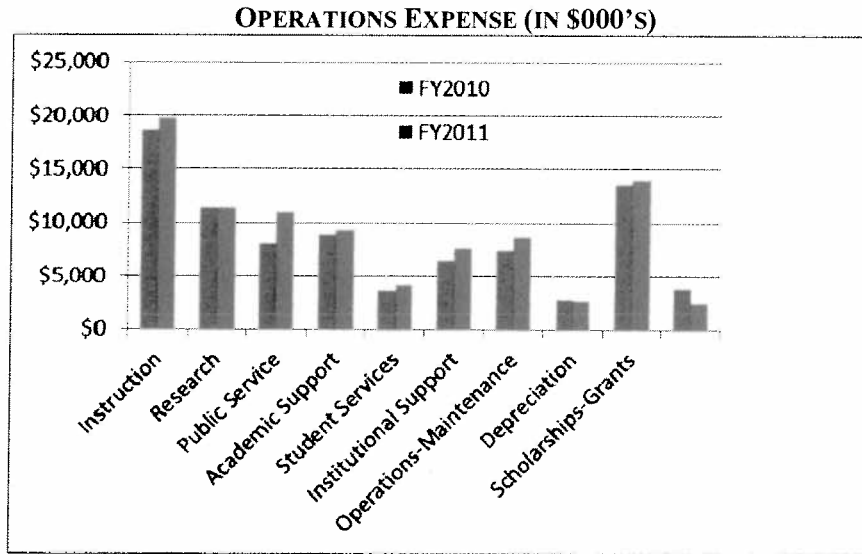
From 2010 to 2011, total government of Guam appropriations (i.e., general operations, student financial aid, other) decreased \$1.1 million (-3%), net of the \$1.3 million (3%) allotment holdbacks imposed both this year and last. From 2009 to 2010, appropriations for operations increased \$1.1 million (4%), as the legislature provided additional funds for growth initiatives and nursing facility. This is a longer-term trend of falling government appropriations support for higher education, shown by the general operations appropriation trend line in the graph below. The fall-off in support would be even more noticeable should the appropriations be adjusted for inflation.



Expenses FY2011 expenses were \$90.5 million, a \$6.2 million (7%) increase, which is not surprising given the 8% revenue increase. Revenue growth adequately covered added expenditures for increased enrollment, new grants and contracts, facility upgrades, employee merit increases, and retirement contribution increases. The University spent \$41.9 million directly on its core mission. Of that, 47% went to instruction, 27% to research, and 26% to public service. Other operating expenses were \$20.9 million for libraries, technology and student, academic and institutional support; \$14 million for student aid (net of scholarship discounts and allowances); \$8.7 million for campus maintenance; and \$2.7 million for depreciation and \$2.5 million for auxiliaries. Other expenses included \$2.8 million debt service and interest for academic buildings. Note that the FY11 awarding of Pell Grants, discussed above in the Revenues section, was offset by a higher level of scholarship discounts (net tuition); and \$2.5 million of ARRA expenditures are included in the expenses above. Another \$1.1 million of ARRA capital projects and equipment were capitalized to the balance sheet. Encumbrances (recorded obligations) were \$19.7 million, increasing \$13.5 million, primarily for ARRA contracts.

FY2010 total operating expenses were \$84.3 million, an increase of \$7 million (8%) due to the increase in federal grants and in enrollment. Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants and contracts, campus facility upgrades, employee merit increases, and retirement contribution increases. The University spent \$37.9 million directly on its core mission. Of that, 49% went to

instruction, 30% to research, and 21% to public service. In addition, the University spent \$18.9 million on libraries, technology and student, academic and administrative support; \$13.6 million on student aid (net of \$8.9 million of scholarship discounts and allowances); \$7.2 million on campus maintenance; \$2.8 million in depreciation; \$3.8 million on auxiliaries; and \$2.6 million in debt service and interest payments for various academic buildings. Total encumbrances (recorded obligations) were \$6 million, an increase of \$3.1 million, primarily due to increasing grant activities.



STATEMENT OF CASH FLOWS

This statement provides information about the ability to generate the cash flows needed to meet financial obligations and the extent to which external financing is being used to fund operations.

STATEMENTS OF CASH FLOW (IN \$000'S)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash Provided by (Used in):			
Operating Activities	\$ (24,141)	\$ (26,197)	\$ (24,497)
Non-capital Financing Activities	29,147	33,666	33,129
Capital and Financing Activities	(5,627)	(3,397)	(4,503)
Investing Activities	<u>1,873</u>	<u>(2,885)</u>	<u>(5,037)</u>
Net Change in Cash and Cash Equivalents	1,252	1,187	(908)
Cash and Equivalents, Beginning of Year	<u>5,346</u>	<u>4,159</u>	<u>5,067</u>
Cash and Equivalents, End of Year	<u>\$ 6,598</u>	<u>\$ 5,346</u>	<u>\$ 4,159</u>

The University's cash position increased by \$1.3 million with increases and decreases in cash from multiple sources and uses. Typically, the University's cash position at fiscal year end is higher than its normal cash position during the year. This is because Fall semester tuition payments are booked at fiscal year-end, and the government makes catch-up allotment payments close to fiscal year-end. Tuition revenues are subsequently allocated for academic expenses during the remainder of the academic year, which overlaps the fiscal year. Financial planning requires that there be an adequate amount of cash on hand at the start of the new fiscal year to pay for prior year encumbrances, insurance premiums, continuing infrastructure restoration and operating needs.

University policy requires cash reserves for sustainability and capital investment. A reserve fund and sub-accounts were established and funded in FY09-10 and further funding from FY11 will be assessed. As in prior years, cash flows during the fiscal year were negatively influenced by the government deficit, which led to delays and shortfalls in allotment payments.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. At the end of fiscal year 2011, the University had invested \$110.9 million in capital assets. This represents an increase in net capital assets (including additions and deletions) of \$2.3 million or 2% from the previous year. The University had accrued \$42.3 million in accumulated depreciation against the assets. Net capital assets were \$68.5 million, a slight decrease from the prior year's \$68.8 million. At the end of fiscal year 2010, the University had invested \$108.5 million in capital assets and had accrued \$40 million in accumulated depreciation against the assets. This represents a decrease (including additions and deletions) of \$1.1 million or 1% from the previous year. See Note 7.

Long-Term Debt. The University has a note payable that is outstanding with the United States Department of Agriculture (USDA). The note payable was created in October 2001 through Public Law 26-48 for an amount not to exceed \$13.5 million for the purposes of constructing certain facilities on campus. As of September 30, 2011 and 2010, the University had a long-term debt of \$12.6 million and \$12.8 million, respectively, decreases associated with principal retirement. See Note 6.

ECONOMIC AND OTHER FACTORS EXPECTED TO AFFECT THE FUTURE ²

In 2011 U.S and developed economies recovered at a slow-to-modest pace from 2008's lingering financial crisis, defying stimulus efforts and laboring under high unemployment and weak housing markets. Positive economic factors included low inflation, better corporate productivity and profitability, and the U.S. dollar as a safe haven. Financial markets experienced renewed volatility and credit tightening due to financial contagion concerns tied to the level of sovereign debt, the questioned ability of several European countries to pay obligations, and the inflationary impact of high debt levels. U.S. and global equity markets saw a flight to quality with broader equity indices flat to slightly down at year end. With many investors looking increasingly for safe haven U.S. Treasury bonds performed strongly, while other U.S. bond sectors were stable to strong. Provided that European debt problems move towards resolution and do not spread, the outlook is for another several years of moderate economic growth. Job creation and consumer spending have recently improved and unemployment is lower. Housing market recovery still lags despite historically low interest rates. Inflation is expected to gradually increase without reductions in debt levels.

In 2011 the Guam economy began the year strongly with positive signs in tourism and the military build-up. However, by year end there were delays and uncertainties about the military buildup, and tourism in the important Japan market fell after the March earthquake and tsunami there. Job growth was down and unemployment was 13%, as compared to 9% in the U.S. The island's economic bright spots included increases in non-Japanese tourism and low inflation. Reported FY11 General Fund revenues fell below projections. The General Fund deficit is expected to increase by \$40 million (unaudited), which is less than the \$71 million deficit the prior year.

In 2012 the federal defense appropriations bill cut back Guam-related projects. The status of the military buildup is again in the news with reports related to a scaling back in the relocation of military troops from Japan to Guam. Favorably, Japanese tourism continues to rebound after the tsunami and other tourism from Asia is growing. Promising first steps have been taken on a Russian visa waiver program, which may open a major tourism market. Construction of a new hospital is scheduled to begin. A new government of Guam Business Privilege Tax

²With thanks to Gary Hiles, Chief Economist, Guam Department of Labor, and Dr. Claret Ruane, Professor of Economics and Finance, University of Guam, for their input and comments.

revenue bond received an A rating, which is the highest rating achieved by Guam debt. With this bond Governor Calvo paid long overdue tax refunds and injected cash into the economy for the short term. Nevertheless, with the bond Guam's debt levels increased to the legal limit and there is action to increase the debt limits further to accommodate another bond series to pay remaining tax refunds. The first quarter's General Fund revenues are up over last year, but running below projections. The Calvo-Tenorio administration has established tougher fiscal discipline. 15% allotment controls have been announced, substantially higher than the 3% per annum. in prior years.

2012 is the University's 60th anniversary. President Underwood is marking the year with the kickoff of a \$30 million capital campaign and new physical master plan, rejuvenated alumni networking, expanded partnering with Guam businesses and the regional community, and celebratory events each month. Guam's economic situation and the higher level of allotment holdbacks will impact the University's appropriations and allotment payments even more than prior years. The University has tightened its budgets and is assessing its plans in response to the fiscal realities. The falling support and payment delays from the government are familiar ground and an ongoing challenge to which it has worked through successfully in the past with the Governor's Office, Guam Department of Administration, and Bureau of Budget and Management Research. The University has approximately \$14 million of ARRA projects underway and scheduled for completion in 2012. These federally funded projects are an extraordinary infrastructure investment in technology, equipment and building renovations.

To lead change and drive economic growth, even with reduced government support, the University persists in its efforts to develop new capacity at the institution and train professionals in the region. The University sees itself as more than just the institution of higher education for Guam and the Micronesian region. It is an economic driver and the region's primary instrument of creating a professional class, which will become the middle class for island societies into the foreseeable future. To those ends, the University is implementing programs related to its strategic challenges: i) Increased recruitment and enrollment of local high school graduates and added emphasis on their preparation to pursue college degrees; ii) Institution-wide implementation of new technological capacity; iii) Development of online learning courses and programs; iv) Strengthening of professional programs and the creation of a School of Engineering; v) Additional infrastructure capacity in a Student Services Center, Engineering Annex and possibly a new dorm; vi) Planning for a research corporation to grow and more flexibly support new federal grants and contracts; and vii) A Center for Island Sustainability within the newly organized Office of Sponsored Programs, Graduate School and Research with a regional advisory council to coordinate with regional states and institutions for the purposes of conducting research, developing policy and leading master's theses and public discussion on critical environmental, economic and social issues.

In summary, this remains a familiar story re-told – rekindled optimism and opportunity tempered by the reality of the government's financial position and uncertainty associated with the military buildup. Nevertheless, the opportunities are real, even if delayed or scaled back. The University will be responsive to the challenges our island societies face to develop a sustainable economy that protects our environment and enhances the quality of our lives.

For further news and up-to-date information concerning the University of Guam, please visit the website at www.uog.edu for the University's annual report, interim financial statements, WASC reports and other publications.

University of Guam
Statements of Net Assets
September 30, 2011 and 2010

Assets	2011	2010
Current Assets		
Cash and cash equivalents	\$ 6,597,849	\$ 5,346,189
Short-term investments	7,787,898	8,547,071
Due from Government of Guam	6,720,464	3,931,291
Tuition receivable, net of allowance of \$4,870,538 (\$6,113,596 - 2010)	3,765,977	4,104,037
Due from the US Federal government	6,215,053	5,402,901
Due from University of Guam Endowment Foundation, Inc.	300,000	385,493
Other receivables, net of allowance of \$805,491 (\$487,377 - 2010)	2,132,858	703,511
Inventories	555,628	543,611
Other current assets	316,200	233,904
Total current assets	34,391,927	29,198,008
Noncurrent Assets		
Restricted cash and cash equivalents	2,713,551	2,434,251
Investments	7,695,923	8,227,706
Endowment investments	8,108,128	8,491,380
Capital assets, net of accumulated depreciation	68,528,364	68,793,274
Total noncurrent assets	87,045,966	87,946,611
	\$ 121,437,893	\$ 117,144,619
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 5,477,986	\$ 5,827,378
Deferred revenue	6,289,749	6,163,510
Current portion of long-term debt	187,857	179,606
Current portion of accrued annual leave	790,178	920,750
Total current liabilities	12,745,770	13,091,244
Noncurrent Liabilities		
Deposits held on behalf of others	115,188	101,783
Accrued annual leave	1,047,446	895,230
DCRS sick leave liability	1,720,001	1,523,317
Long-term debt, net of current portion	12,427,945	12,607,867
Total noncurrent liabilities	15,310,580	15,128,197
	28,056,350	28,219,441
Net Assets		
Invested in capital assets, net of related debt	55,912,562	56,005,801
Restricted, nonexpendable	5,126,907	5,126,907
Restricted, expendable	1,279,764	1,259,294
Unrestricted	31,062,310	26,533,176
Total net assets	93,381,543	88,925,178
	\$ 121,437,893	\$ 117,144,619

University of Guam Endowment Foundation, Inc.

Statements of Net Assets

December 31, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents	\$ 248,728	\$ 153,440
Time certificate of deposit	-	353,529
Pledges receivable, net of an allowance for doubtful accounts of \$18,000 and \$3,000 at December 31, 2010 and 2009	433,609	553,775
Equipment, net	1,399	2,585
Investment in Bank of Guam stock	191,053	191,053
Investment in securities	<u>7,339,746</u>	<u>6,855,295</u>
	<u>\$ 8,214,535</u>	<u>\$ 8,109,677</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expense	\$ 28,602	\$ 41,144
Due to University of Guam	<u>230,195</u>	<u>435,239</u>
	<u>258,797</u>	<u>476,383</u>
 Net Assets		
Unrestricted	411,257	(440,260)
Temporarily restricted	7,043,082	7,521,434
Permanently restricted	<u>501,399</u>	<u>552,120</u>
Total net assets	<u>7,955,738</u>	<u>7,633,294</u>
	<u>\$ 8,214,535</u>	<u>\$ 8,109,677</u>

University of Guam
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Revenues		
Student tuition and fees	\$ 21,629,754	\$ 20,739,830
Less scholarship discounts and allowances	(12,090,988)	(8,875,023)
	9,538,766	11,864,807
Federal grants and contracts	45,345,252	35,826,330
Government of Guam grants and contracts	2,366,475	419,790
Private grants and contracts	927,977	1,378,274
Sales and services of education department	747,776	815,168
Auxiliary enterprises	2,364,324	2,476,667
Other revenue	4,355,310	4,434,722
	65,645,880	57,215,758
Operating Expenses		
Instruction	19,681,460	18,595,239
Research	11,327,217	11,269,928
Public service	10,858,966	8,032,047
Academic support	9,277,889	8,860,156
Student services	4,091,657	3,602,152
Institutional support	7,539,321	6,477,200
Operational and maintenance, plant	8,655,578	7,285,252
Depreciation	2,663,474	2,807,058
Scholarships and fellowships	13,972,752	13,600,367
Auxiliary enterprises	2,477,894	3,819,804
	90,546,208	84,349,203
Operating Revenues Net of Operating Expenses	(24,900,328)	(27,133,445)
Nonoperating Revenues (Expenses)		
Government of Guam appropriations		
Operations	27,647,112	28,896,774
Student financial aid program	3,788,797	3,675,133
Capital expenditure loan repayment	500,000	500,000
Net investment income	198,332	1,602,509
Interest on capital assets - debt related	(578,299)	(607,500)
Debt services - DOA bond	(2,199,249)	(2,027,924)
	29,356,693	32,038,992
Net Increase in Net Assets	4,456,365	4,905,547
Net Assets		
Net assets, beginning of year	88,925,178	84,019,631
Net assets, end of year	\$ 93,381,543	\$ 88,925,178

See Notes to Financial Statements

University of Guam Endowment Foundation, Inc.

Statement of Activities
Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income				
Net investment gains	\$ 514,467	\$ 57,908	\$ 24,212	\$ 596,587
Contributions	147,891	138,993	-	286,884
In-kind donations	57,589	-	-	57,589
Fundraising activities	102,077	41,275	-	143,352
Net assets released from restriction				
Satisfaction of program restrictions	790,275	(716,528)	(73,747)	-
Total operation revenues	<u>1,612,299</u>	<u>(478,352)</u>	<u>(49,535)</u>	<u>1,084,412</u>
Expenses and losses				
Program services				
Donations for debt service - UOG	200,000	-	-	200,000
Scholarships	60,587	-	-	60,587
Total program services	<u>260,587</u>	<u>-</u>	<u>-</u>	<u>260,587</u>
Support services				
Management and general	280,749	-	1,186	281,935
In-kind expenses	57,589	-	-	57,589
Fundraising activities	161,857	-	-	161,857
Total support services	<u>500,195</u>	<u>-</u>	<u>1,186</u>	<u>501,381</u>
Total expenses	<u>760,782</u>	<u>-</u>	<u>1,186</u>	<u>761,968</u>
Change in Net Assets	851,517	(478,352)	(50,721)	322,444
Net Assets, Beginning of Year	<u>(440,260)</u>	<u>7,521,434</u>	<u>552,120</u>	<u>7,633,294</u>
Net Assets, End of Year	<u>\$ 411,257</u>	<u>\$ 7,043,082</u>	<u>\$ 501,399</u>	<u>\$ 7,955,738</u>

University of Guam Endowment Foundation, Inc.

 Statement of Activities
 Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income				
Net investment gains	\$ 1,458,081	\$ -	\$ -	\$ 1,458,081
Contributions	71,330	(23,908)	-	47,422
In-kind donations	250,018	-	-	250,018
Fundraising activities	321,228	14	-	321,242
Net assets released from restriction				
Satisfaction of program restrictions	36,392	(36,392)	-	-
Total operation revenues	<u>2,137,049</u>	<u>(60,286)</u>	<u>-</u>	<u>2,076,763</u>
Expenses and losses				
Program services				
Donations for debt service - UOG	400,000	-	-	400,000
Scholarships	14,750	-	-	14,750
Total program services	<u>414,750</u>	<u>-</u>	<u>-</u>	<u>414,750</u>
Support services				
Management and general	302,322	-	2,415	304,737
In-kind expenses	250,010	-	-	250,010
Fundraising activities	284,640	-	-	284,640
Total support services	<u>836,972</u>	<u>-</u>	<u>2,415</u>	<u>839,387</u>
Total expenses	<u>1,251,722</u>	<u>-</u>	<u>2,415</u>	<u>1,254,137</u>
Change in Net Assets	885,327	(60,286)	(2,415)	822,626
Net Assets, Beginning of Year	<u>(1,325,587)</u>	<u>7,581,720</u>	<u>554,535</u>	<u>6,810,668</u>
Net Assets, End of Year	<u>\$ (440,260)</u>	<u>\$ 7,521,434</u>	<u>\$ 552,120</u>	<u>\$ 7,633,294</u>

University of Guam
Statements of Cash Flows
Years Ended September 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Student tuition and fees, net	\$ 10,003,064	\$ 12,244,097
Grants, contracts and appropriations	47,827,552	34,607,847
Sales and services of education department	747,776	815,168
Auxiliary services	2,270,010	2,689,080
Other receipts	3,011,456	4,195,246
Payments to education and general expenses	(74,027,639)	(67,148,148)
Payments to students for financial aid	(13,972,752)	(13,600,367)
	(24,140,533)	(26,197,077)
Cash Flows from Noncapital Financing Activities		
Government of Guam appropriations collected	29,146,736	33,666,332
Cash Flows from Capital and Related Financing Activities		
Interest paid on capital debt	(578,299)	(607,500)
Purchases of capital assets	(2,398,564)	(1,166,545)
Principal paid on capital debt	(2,370,920)	(2,170,574)
Changes in restricted cash	(279,300)	547,731
	(5,627,083)	(3,396,888)
Cash Flows from Investing Activities		
Investment income	198,332	1,602,509
Net (purchases) sales of investments	1,674,208	(4,487,949)
	1,872,540	(2,885,440)
Net Cash from (used for) Investing Activities	1,872,540	(2,885,440)
Net Change in Cash and Cash Equivalents	1,251,660	1,186,927
Cash and Cash Equivalents, Beginning of Year	5,346,189	4,159,262
Cash and Cash Equivalents, End of Year	\$ 6,597,849	\$ 5,346,189

University of Guam
 Statements of Cash Flows
 Years Ended September 30, 2011 and 2010

	2011	2010
Reconciliation of Operating Revenues Net of Operating Activities to Net Cash used for Operating Activities		
Operating revenues net of operating expenses	\$ (24,900,328)	\$ (27,133,445)
Adjustments to reconcile operating revenues net of operating expenses to net cash used for operating activities		
Depreciation	2,663,474	2,807,058
Loss on disposal of assets	-	(241,392)
Changes in assets and liabilities		
Accounts receivable, net	(1,817,946)	(2,819,830)
Inventory	(12,017)	153,418
Other assets	(82,296)	58,995
Accounts payable and accrued liabilities	(335,987)	567,154
Annual leave	218,328	226,476
Deferred revenue	126,239	184,489
Net Cash used for Operating Activities	\$ (24,140,533)	\$ (26,197,077)

University of Guam Endowment Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Changes in net assets	\$ 322,444	\$ 822,626
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	1,186	2,415
Bad debts	15,000	-
Interest and dividend income reinvested	(174,051)	(141,382)
Net realized and unrealized investment (gains) losses	(354,987)	(1,225,472)
Decrease in pledges receivable	105,166	153,128
Increase (decrease) in accounts payable and accrued expenses	(12,542)	(10,040)
Increase (decrease) in due to University of Guam	(205,044)	234,665
Net Cash used for Operating Activities	(302,828)	(164,060)
Cash Flows from Investing Activities		
Increase in time certificate of deposit	353,529	(353,529)
Purchase of investments	(7,814,063)	(6,767,211)
Proceeds from sale of investments	7,729,071	6,622,863
Return of capital	129,579	674,044
Net Cash from Investing Activities	398,116	176,167
Net Change in Cash and Cash Equivalents	95,288	12,107
Cash and Cash Equivalents, Beginning of Year	153,440	141,333
Cash and Cash Equivalents, End of Year	\$ 248,728	\$ 153,440

Note 1 - Organization

Administrative autonomy was granted to the University of Guam (the University) with the enactment of Public Law No. 13-194, "The Higher Education Act of 1976," which became effective on November 3, 1976. The Act, with subsequent amendments, established the University as a non-membership, not-for-profit corporation of the government of Guam, under the control and operation of a nine-member Board of Regents appointed by the Governor with the advice and consent of the Legislature. The University is a component unit of the government of Guam.

Note 2 - Basis of Presentation

- A. *Financial Statement Presentation.* In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB No. 34 and 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.
- B. *Basis of Accounting.* For financial statement purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-university transactions have been eliminated. The University reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

- C. *Reporting Entity.* The University of Guam Endowment Foundation (the Foundation) is a legally separate, tax-exempt entity which meets the criteria set forth for component units under GASB Statement No. 39. The Foundation provides financial support for the objectives, purposes and programs of the University. Although the University does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) that the Foundation holds and invests are restricted to the activities of the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and its Statements of Financial Position and Statements of Activities

and Statements of Cash Flows are separately presented in the University's financial statements. In addition, the Foundation's significant notes are summarized in Note 3X below.

The Foundation is a private organization that reports under FASB standards, including FASB Accounting Standards Codification Topic ASC 958 ("ASC 958"). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The Foundation's fiscal year end is as of December 31.

Copies of the Foundation's report can be obtained by contacting the Foundation or visit its website at www.uogendowment.org.

Note 3 - Summary of Significant Accounting Policies

- A. *Cash and Cash Equivalents.* Cash and cash equivalents include cash on hand, cash in banks, money market accounts and time certificates of deposit with original maturities of three months or less.

At September 30, 2011 and 2010, the University has cash balances of \$9,311,400 and \$7,780,440, respectively, with corresponding bank balances of \$10,818,107 and \$6,686,450, respectively, of which \$6,661,613 and \$6,314,086, respectively, are insured by the Federal Deposit Insurance Corporation, or collateralized by securities held by a trustee in the name of the financial institution. The remaining balances are uninsured and uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

- B. *Restricted Cash and Cash Equivalents.* Cash and cash equivalents that are restricted to make debt service payments and purchases or enhance learning resources materials and technology are classified as noncurrent assets in the Statement of Net Assets.

September 30, 2011 and 2010, the University recorded \$2,019,423 and \$1,986,618, respectively, from a tobacco settlement agreement entered into by the government of Guam to be expended by the University for enhancement of learning resources and technology. The fund may only be expended in accordance with purposes set forth by the Guam Economic Development and Commerce Authority, a component unit of the government of Guam.

\$1,690,007 is invested in a municipal bond issued by the Gwinnett County Development Authority in Georgia. This bond carried a Fitch's credit rating of AAA. The remaining \$326,671 consists of cash and cash equivalents. The principal or corpus amount is \$1,971,907. The remainder represents interest income. During the years ended September 30, 2011 and 2010, the fund earned interest of \$30,060 and \$10,897, respectively.

- C. *Use of Restricted/Unrestricted Net Assets* – When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the University's policy is to apply restricted net assets first.
- D. *Short-term Investments.* Short-term investments include time certificates of deposit with original maturities of more than three months.

- E. *Investments.* The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Unrealized gains and losses on the carrying value of investments are reported as a part of net investment income in the Statement of Revenues, Expenses and Changes in Net Assets.
- F. *Due from Government of Guam.* Due from government of Guam consists of the remaining balance of legislative annual appropriations and student financial aid funding that have not been received at September 30, 2011 and 2010.
- G. *Accounts Receivable – U.S. Federal Government.* Accounts receivable from the U.S. Government consist of amounts due from the federal government in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.
- H. *Other Receivables.* Other receivables consist primarily of auxiliary enterprise services provided to students, faculty, staff, other departments within the University, and to the public. Other receivables also include amounts due from the local government or private sources in relation to the performance of grants and contracts.
- I. *Inventory Method.* Inventory is stated at the lower of cost or market with cost being determined using the first-in, first-out method of valuation.
- J. *Capital Assets.* Depreciation is calculated using the straight-line method over estimated useful lives of 5 – 50 years for buildings and improvements and 5 – 15 years for equipment and land improvements. The University's capitalization policy requires acquisitions greater than \$5,000 to be capitalized and depreciated over their estimated useful lives. The assets are carried at cost, except for land and buildings transferred to the University, which were recorded at management's estimate of fair market value at the date of acquisition.
- K. *Deferred Revenues.* Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent fiscal year. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.
- L. *Compensated Absences.* Employee vacation leave is accrued at year end for financial statement purposes. Included in accounts payable and accrued liabilities at September 30, 2011 and 2010 is \$1,837,624 and \$1,815,980, respectively, related to compensated absences earned but unused. The change in accrued employee leave is also included as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Assets.
- M. *Grants-in-Aid.* Tuition and fees revenue includes grants-in-aid charged to scholarship and fellowship expense for senior citizens, faculty, staff and their dependents. The total of these grants for 2011 and 2010 was \$315,531 and \$213,902, respectively.
- N. *Noncurrent Liabilities.* Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

- O. *Net Assets.* The University's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this section.

Restricted Net Assets – Expendable – Restricted expendable net assets include resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted Net Assets – Nonexpendable – Nonexpendable restricted net assets consisting of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Assets – Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises, and indirect revenue on federal grants. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

- P. *Classification of Revenues.* The University has classified its revenues as either operating or nonoperating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as local government appropriations and investment income.

- Q. *Scholarship Discounts and Allowances.* Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are useful to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

R. *Employees' Retirement Plan.* Employees of the University hired before October 1, 1995, are entitled to participate in the government of Guam Employees' Retirement System (a defined benefit, contributory pension plan). Employees hired after September 30, 1995, are members of the Defined Contribution Retirement System (DCRS). Until December 31, 1999 and periodically thereafter, those employees who were members of the Defined Benefit Plan with less than 20 years of service at September 30, 1995, had the option to switch to the Defined Contribution Retirement System.

The Defined Benefit Plan and the DCRS are administered by the government of Guam Retirement Fund, to which the University contributes based upon a fixed percentage of the payroll for those employees who are members.

As a result of actuarial valuations performed as of September 30, 2010, 2009 and 2008, contribution rates for the years ended September 30, 2011 and 2010, and 2009, respectively, have been determined as follows:

	2011	2010	2009
Normal costs (% of DB Plan payroll)	17.07%	17.00%	18.34%
Unfunded liability costs (% of total payroll)	23.75%	21.75%	22.69%
	40.82%	38.75%	41.03%
Employee contributions (DB Plan employees)	9.50%	9.50%	9.50%
	31.32%	29.25%	31.53%
Government contributions as a % of total payroll	30.09%	28.06%	29.31%

The plan utilized the actuarial cost method termed "entry age normal". Significant actuarial assumptions are as follows:

	2010 Actuarial Valuation	2009 Actuarial Valuation
Interest rate and rate of return	7.00%	7.00%
Payroll increases	3.50%	3.50%
Salary increases	4.0 - 8.5%	4.0 - 8.5%

The actuarial valuation performed as of September 30, 2010, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

Statutory contribution rates for employer and employee contributions were 27.46% and 26.04% of qualifying payroll for the years ended September 30, 2011 and 2010, respectively.

Contributions into the DCRS by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2011 and 2010 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan. Members of the DCRS who have completed five years of government service have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The University has accrued an estimated liability of \$1,720,001 and \$1,523,317 at September 30, 2011 and 2010, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

Retirement contributions for the years ended September 30, 2011 and 2010 and 2009 are as follows:

	2011	2010	2009
Defined benefit plan	\$ 3,116,722	\$ 3,184,863	\$ 3,162,221
DCRS	4,214,253	3,680,595	3,206,272

As a result of Public Law No. 21-03, the University has no further responsibility to pay for its share of unfunded retirement costs. This responsibility is now with the General Fund of the government of Guam. The University's responsibility is to pay the statutory contribution rate. As of September 30, 2011 and 2010, the General Fund has accrued approximately \$14,757,437 and \$11,402,870, respectively, for the University's cumulative unfunded retirement liability.

Other Post-Employment Benefits

The government of Guam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the government of Guam Retirement Fund. Under the Plan, known as the Government of Guam Group Health Insurance Program, the government of Guam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. The government of Guam shares in the cost of these plans, with the government of Guam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, the government of Guam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, the government of Guam provides retirees with \$10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage.

Because the Plan consists solely of the government of Guam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

- S. *Financial Assistance Revenue.* Government of Guam appropriations designated for student financial assistance programs are made annually for the period from October 1 to September 30. As certain restrictions are placed on these funds, revenue is realized only to the extent that such funds are expended for current purposes.
- T. *Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net assets and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- U. *Risk Management.* The University purchases insurance to cover its risk of losses due to typhoons, liability and other risks normal to operating an institution of higher learning. For fiscal year 2011, the Board has approved policies with various deductible amounts for each insured risk. Additionally, the University has a two percent (2%) deductible (with a minimum of \$150,000) for each and every loss from windstorm, typhoon, flood, tidal wave and earthquake.
- V. *Reclassifications.* Certain account balances in 2010 have been reclassified to conform to the 2011 financial statement presentation.
- W. *Economic Dependency.* The University is depending upon the ongoing appropriations from the government of Guam.
- X. *UOG Endowment Foundation Pledges Receivable and Investments*

UOG Endowment Foundation Pledges Receivable

Pledges receivable consist of donations pledged to the UOG Endowment Foundation but not yet received as of December 31, 2010 and 2009. These pledges are payable in installments over periods ranging from one to forty-three years. Unconditional promises to give that are expected to be collected for future years are recorded at the present value of the estimated cash flows. Amortization of discount will be included in contribution revenue. Management of the Foundation is of the opinion that the net outstanding balance is collectible in subsequent fiscal years and has reserved for all other long-term receivables.

Included in pledges receivable are the following unconditional promises to give:

	2010	2009
SBPA (School of Business and Public Administration Building)	\$ 423,467	\$ 539,914
Other	28,142	16,861
	451,609	556,775
Less Allowance for doubtful accounts	(18,000)	(3,000)
	\$ 433,609	\$ 553,775

UOG Endowment Foundation Investments

Investments are carried at fair market value. Gains and losses on investments are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The composition of investments in securities as of December 31, 2010 and 2009 follows:

	2010	2009
Cash	\$ 206,571	\$ 312,047
Equities	5,787,842	5,435,710
Fixed income	1,345,333	1,107,538
	\$ 7,339,746	\$ 6,855,295

The composition of net investment earnings for the years ended December 31, 2010 and 2009 is as follows:

	2010	2009
Net unrealized gains	\$ 26,186	\$ 1,269,864
Net realized gains (losses)	328,801	(44,392)
Interest income	199,681	194,589
Dividends	114,822	97,875
Other expense	(72,903)	(59,855)
	\$ 596,587	\$ 1,458,081

Investments also include 23,392 shares of stock in Bank of Guam (BOG). 19,892 of 23,392 BOG shares are recorded at published market values as of December 31, 2004, before the shares were removed from the public market. The remaining 3,500 BOG shares are recorded at cost. Dividends received from these shares will be used for scholarship purposes. The BOG shares contain no restrictions and are classified as unrestricted net assets.

Note 4 - Long-term Debt

In October 2001, Public Law 26-48 authorized the Board of Regents of the University of Guam to enter into a loan agreement with the United States Department of Agriculture (USDA) for an amount not to exceed \$13.5 million for the purpose of funding construction of certain facilities. The loan agreement with USDA was signed on June 12, 2003 and construction began in March 2005. The interest rate is fixed at 4.50%.

As of September 30, 2007, the entire amount was drawn down. Monthly payments of \$62,505 began in July 2006. A final installment is due on June 12, 2043. The loan security agreement requires revenues derived from the operation of the facility to be transferred to an account designated for debt service, operation and maintenance of the facility. After the payment of principal and interest, \$6,251 a month is required to be transferred to a reserve account until a sum of \$750,060 is accumulated. In addition, the University assigned and granted to the creditor its security interest in all equipment, furniture and fixtures located at the Business and Public Administration Building.

Debt service to maturity is as follows:

	Principal	Interest	Total
2012	\$ 187,857	\$ 562,203	\$ 750,060
2013	196,487	553,573	750,060
2014	205,514	544,546	750,060
2015	214,955	535,105	750,060
2016	224,830	525,230	750,060
2017-2021	1,288,904	2,461,396	3,750,300
2022-2026	1,613,444	2,136,856	3,750,300
2027-2031	2,019,703	1,730,597	3,750,300
2032-2036	2,528,255	1,222,045	3,750,300
2037-2041	3,164,859	585,441	3,750,300
2042-2043	970,994	29,018	1,000,012
	\$ 12,615,802	\$ 10,886,010	\$ 23,501,812

Public Law 26-48 also provided supplemental annual funding of \$500,000 from the Territorial Highway Fund to pay for the loan. September 30, 2011 and 2010, \$500,000 has been accrued. The funds received are classified as restricted expendable net assets.

Note 5 - Student Loans

The Guam Legislature appropriates funds for the student loan program available to residents of Guam who attend institutions of higher education. The University is responsible for awarding the loans and monitoring compliance with respect to repayment. Due to the uncertainty of collection and due to recipient ability to repay the loans through work credits, student loan receivables are fully reserved in the year granted, and payments are reflected as recoveries in the year received. At September 30, 2011 and 2010, loan receivables are reserved in the amount of \$10,430,560 and \$10,847,349, respectively, and recoveries collected are \$643,498 and \$671,550 for the years then ended, respectively.

Note 6 - Noncurrent Liabilities

Noncurrent liability activity was as follows:

	Beginning balance September 30, 2010	Additions	Reductions	Ending balance September 30, 2011	Amount due within one year
Bonds, notes and capital lease obligations					
Notes payable	\$ 12,787,473	\$ -	\$ 171,671	\$ 12,615,802	\$ 187,857
Total bonds, notes and capital leases	<u>12,787,473</u>	<u>-</u>	<u>171,671</u>	<u>12,615,802</u>	<u>187,857</u>
Other liabilities					
Deposits held on behalf of others	101,783	13,405	-	115,188	-
Accrued annual leave	1,815,980	1,126,853	1,105,209	1,837,624	790,178
DCRS sick leave liability	1,523,317	196,684	-	1,720,001	-
Total other non current liability	<u>3,441,080</u>	<u>1,336,942</u>	<u>1,105,209</u>	<u>3,672,813</u>	<u>790,178</u>
Total noncurrent liabilities	<u>\$ 16,228,553</u>	<u>\$ 1,336,942</u>	<u>\$ 1,276,880</u>	<u>\$ 16,288,615</u>	<u>\$ 978,035</u>
	Beginning balance September 30, 2009	Additions	Reductions	Ending balance September 30, 2010	Amount due within one year
Bonds, notes and capital lease obligations					
Notes payable	\$ 12,930,123	\$ -	\$ 142,650	\$ 12,787,473	\$ 179,606
Total bonds, notes and capital leases	<u>12,930,123</u>	<u>-</u>	<u>142,650</u>	<u>12,787,473</u>	<u>179,606</u>
Other liabilities					
Deposits held on behalf of others	121,459	-	19,676	101,783	-
Accrued annual leave	1,719,757	1,419,521	1,323,298	1,815,980	920,750
DCRS sick leave liability	1,373,388	313,737	163,808	1,523,317	-
Total other non current liability	<u>3,214,604</u>	<u>1,733,258</u>	<u>1,506,782</u>	<u>3,441,080</u>	<u>920,750</u>
Total noncurrent liabilities	<u>\$ 16,144,727</u>	<u>\$ 1,733,258</u>	<u>\$ 1,649,432</u>	<u>\$ 16,228,553</u>	<u>\$ 1,100,356</u>

Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposits and investment risks.

The deposit and investment policies of the University are governed by pertinent restrictions existing under the laws of Guam with respect to investments. The Board of Regents, with the assistance of a consultant, is required to engage investment managers to manage the fund assets.

Legally authorized investments are as follows:

(i) General Guidelines

- a. U.S. and Non-U.S. Equities include American Depository Receipts, convertible bonds, preferred stock, fixed-income securities, mutual funds and short-term securities.
- b. No individual security of any issuer, other than that of the U.S. Government, shall constitute more than 5% (at cost) of the total fund or 10% (at cost) of any manager's portfolio.
- c. No investment may be made in the securities of a single corporate entity in excess of 15% (at market) of any individual investment manager's portfolio, without prior approval from the University.
- d. Holdings of any issuer shall constitute no more than 5% of the outstanding securities of such issuer.
- e. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the University.
- f. The following securities and transactions are not authorized without prior written approval from the University: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; options; futures; short sales; and margin transactions.

(ii) U.S. Fixed Income

- a. All fixed income securities held in the portfolio shall have Moody's, Standard & Poor's and/or Fitch's credit quality rating of no less than "BBB".
- b. U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio and will be considered to be of the highest rating.
- c. No more than 20% of the market value of the portfolio shall be rated less than single "A" quality, unless the manager has specific prior written authorization from the University.
- d. Total portfolio quality (capitalization weighted) shall maintain an "A" minimum weighting.

(iii) Equities

- a. Consistent with the desire to maintain broad diversification, allocation to any economic or industry sector should not be excessive.
- b. Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the major exchanges and over the counter.
- c. The managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate.
- d. Common stock and preferred stock of any institution or entity created or existing under the laws of the United States or any other country are permissible investments.

(iv) Cash and Cash Equivalents

- a. Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or their equivalent. U.S. Treasury and Agency securities, Bankers Acceptances, Certificates of Deposit and Collateralized Repurchase Agreements are also acceptable investment vehicles. Custodial Sweep Accounts must be, in the judgment of the investment managers, of credit quality equal or superior to the standards described above.
 - b. In the case of Certificates of Deposit, they must be issued by FDIC insured institutions. Deposits in institutions with less than \$10,000,000 in assets may not be made in excess of \$250,000 unless the deposit is fully collateralized by U.S. Treasury Securities.
 - c. No single issue shall have a maturity of greater than two years.
 - d. Custodial Sweep Account portfolios must have an average maturity of less than one year.
- A. GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the University's name. See note 3A for detail of cash.

B. Investments:

Investments exclusive of physical plant are recorded at market value; investments received by gift are recorded at market value at the date of acquisition. Realized gains and losses are recognized in the Statement of Revenues, Expenses and Changes in Net Assets upon disposition, and unrealized gains and losses are recorded as net appreciation (depreciation) of fair value in investments. Approximately \$23,591,949 and \$25,266,157 of these investments and cash at September 30, 2011 and 2010, respectively, are accounted for on a pooled basis. The University employs the share method of accounting for pooled investments and for proportionate distribution of income and fees to each fund which participates in the pool. Investments held by the University consist of money market funds, fixed income securities, and common stock. These investments are held in the name of the University.

	2011	2010
Investments		
Certificates of deposit	\$ 7,866,885	\$ 8,674,692
Money market funds	354,054	492,545
Fixed income securities	4,794,183	4,492,720
Common stock	8,886,819	9,634,293
Mutual funds	1,690,008	1,971,907
	\$ 23,591,949	\$ 25,266,157

The composition of investment income (expense) for the years ended September 30, 2011 and 2010 is as follows:

	2011	2010
Interest and dividends from investments	\$ 467,193	\$ 411,685
Investment fees	(135,244)	(117,284)
Realized gain	947,664	483,105
(Depreciation) Appreciation of fair value of investments, net	(1,081,281)	825,003
	\$ 198,332	\$ 1,602,509

The University's exposure to credit risk at September 30, 2011 was as follows:

Moody's Rating	Total	Domestic	International
AAA	\$ 1,787,074	\$ 1,787,074	\$ -
AA	319,048	319,048	-
A	1,737,888	1,737,888	-
BAA	200,864	200,864	-
Unrated	749,309	-	749,309
Total credit risk debt securities	\$ 4,794,183	\$ 4,044,874	\$ 749,309

The University's exposure to credit risk at September 30, 2010 was as follows:

Moody's Rating	Total	Domestic	International
AAA	\$ 1,898,313	\$ 1,898,313	\$ -
AA	739,205	739,205	-
A	1,539,054	1,539,054	-
BAA	316,148	285,691	30,457
Total credit risk debt securities	\$ 4,492,720	\$ 4,462,263	\$ 30,457

As of September 30, 2011, the University's fixed income securities had the following maturities and credit risk exposure.

Investment type	Fair value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years	N/A
Corporate bonds	\$ 2,250,687	\$ -	\$ -	\$ 2,250,687	\$ -	\$ -
Mortgage and asset backed securities	181,868	-	-	93,060	88,808	-
Government bonds						
Federal Home Loan Mortgage Corp.	368,768	-	-	6,041	362,727	-
Federal National Mortgage Assn.	982,501	-	-	18,812	963,689	-
U.S. Treasuries	261,050	-	-	-	261,050	-
International bonds	749,309	-	-	-	-	749,309
	<u>\$ 4,794,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,368,600</u>	<u>\$ 1,676,274</u>	<u>\$ 749,309</u>

As of September 30, 2010, the University's fixed income securities had the following maturities and credit risk exposure.

Investment type	Fair value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years	N/A
Corporate bonds	\$ 2,516,963	\$ -	\$ 307,917	\$ 2,209,046	\$ -	\$ -
Mortgage and asset backed securities	334,368	-	-	101,903	232,465	-
Government bonds						
Federal Home Loan Mortgage Corp.	736,935	-	445,695	7,895	283,345	-
Federal National Mortgage Assn.	862,560	-	-	292,915	569,645	-
U.S. Treasuries	41,894	-	41,894	-	-	-
	<u>\$ 4,492,720</u>	<u>\$ -</u>	<u>\$ 795,506</u>	<u>\$ 2,611,759</u>	<u>\$ 1,085,455</u>	<u>\$ -</u>

Custodial risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University's investments are held and administered by investment managers. Accordingly, these investments are exposed to custodial credit risk. Based on negotiated trust and custody contracts, all of these investments were held in the University's name at September 30, 2011 and 2010.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments of the University. As of September 30, 2011 and 2010 the University did not hold any investment in any one issuer that represented 5% or more of total investments of the University.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. The University has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Foreign currency risk is the risk that changes in currency exchange rates will adversely impact the fair value of an investment. The University's currency risk exposures, or exchange rate risk, primarily reside within the international equity investment holdings. The University expects the managers of these holdings to maintain adequately diversified portfolios to limit foreign currency risk. Currency gains and losses will result from exchange rate fluctuations. The University's exposure to foreign currency risk expressed in U.S. dollars as of September 30, 2011 and 2010 is \$1,929,000 and \$1,566,000, respectively. The University does not have a formal policy regarding foreign currency risk.

Note 7 - Capital Assets

Activity and balances for capital assets for fiscal years September 30, 2011 and 2010 consisted of the following:

	Balance as of September 30, 2010	Additions	Retirements	Transfers	Balance as of September 30, 2011
Capital assets not being depreciated					
Land	\$ 2,589,112	\$ -	\$ -	\$ -	\$ 2,589,112
Construction in progress	575,299	728,118	-	-	1,303,417
Total capital assets not being depreciated	<u>3,164,411</u>	<u>728,118</u>	<u>-</u>	<u>-</u>	<u>3,892,529</u>
Other capital assets					
Land improvements	320,754	-	-	-	320,754
Building	86,171,515	-	-	-	86,171,515
Building improvements	1,279,760	-	-	-	1,279,760
Equipment	11,189,289	1,505,430	(71,545)	-	12,623,174
Library books	6,404,293	165,016	-	-	6,569,309
Total other capital assets	<u>105,365,611</u>	<u>1,670,446</u>	<u>(71,545)</u>	<u>-</u>	<u>106,964,512</u>
Less accumulated depreciation	<u>(39,736,748)</u>	<u>(2,663,474)</u>	<u>71,545</u>	<u>-</u>	<u>(42,328,677)</u>
Other capital assets, net	<u>65,628,863</u>	<u>(993,028)</u>	<u>-</u>	<u>-</u>	<u>64,635,835</u>
Total capital assets, net	<u>\$ 68,793,274</u>	<u>\$ (264,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,528,364</u>
	Balance as of September 30, 2009	Additions	Retirements	Transfers	Balance as of September 30, 2010
Capital assets not being depreciated					
Land	\$ 2,589,112	\$ -	\$ -	\$ -	\$ 2,589,112
Construction in progress	841,569	14,000	-	(280,270)	575,299
Total capital assets not being depreciated	<u>3,430,681</u>	<u>14,000</u>	<u>-</u>	<u>(280,270)</u>	<u>3,164,411</u>
Other capital assets					
Land improvements	320,754	-	-	-	320,754
Building	85,759,342	131,903	-	280,270	86,171,515
Building improvements	1,279,760	-	-	-	1,279,760
Equipment	10,458,147	826,082	(94,940)	-	11,189,289
Library books	6,209,733	194,560	-	-	6,404,293
Total other capital assets	<u>104,027,736</u>	<u>1,152,545</u>	<u>(94,940)</u>	<u>280,270</u>	<u>105,365,611</u>
Less accumulated depreciation	<u>(37,266,022)</u>	<u>(2,807,058)</u>	<u>336,332</u>	<u>-</u>	<u>(39,736,748)</u>
Other capital assets, net	<u>66,761,714</u>	<u>(1,654,513)</u>	<u>241,392</u>	<u>280,270</u>	<u>65,628,863</u>
Total capital assets, net	<u>\$ 70,192,395</u>	<u>\$(1,640,513)</u>	<u>\$ 241,392</u>	<u>\$ -</u>	<u>\$ 68,793,274</u>

Note 8 - Encumbrances

The accrual basis of accounting provides that expenses include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenses. Accordingly, at September 30, 2011 and 2010, \$19,668,868 and \$6,129,351, respectively, of outstanding purchase orders and purchase commitments are not reported in the financial statements.

Note 9 - Contingencies

Litigation

The University is a defendant in several legal actions. The ultimate outcome is presently undeterminable; however, University management is of the opinion that resolution of these matters will not have a material effect on the accompanying financial statements.

General Obligation Bonds

In October 1993, the government of Guam issued \$175 million general obligation bonds to fund the construction of certain educational facilities with \$28 million being earmarked for certain construction projects at the University of Guam. The University is mandated by Public Law No. 22-19 (as amended by Public Law 23-14) to establish a bond fund and deposit all tuition revenues in the bond fund. Monthly remittances are transferred by the University of Guam to the government of Guam's General Fund to cover the University's proportionate share of principal and interest payments of the bond.

At the end of each fiscal year, the balance remaining in the bond fund established by the University shall be retained by the University. Once the University's proportionate share of the principal and interest obligation is satisfied on or about November 2018, the University shall retain control of all future revenues thereafter. For the years ended September 30, 2011 and 2010, monthly payments remitted to the government of Guam's General Fund of \$2,199,249 and \$2,027,924 respectively, are recorded as debt service - DOA bond.

Medicare

The government of Guam and its component units, including the University, 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 payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the University 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.

Note 10 - Receivable from the Government of Guam

The University reflects a receivable from the government of Guam of \$6,720,464 and \$3,931,291 at September 30, 2011 and 2010, respectively, of which \$6,720,464 and \$3,931,291 have been subsequently received.

The government of Guam has a substantial cumulative deficit which, inter alia, has resulted in allotment reserves and delayed cash allotment payments over the last several years. University management is working closely with the appropriate government of Guam and Legislature officials to ensure that it maintains financial viability and does not jeopardize its accreditation status.



Other Information
September 30, 2011 and 2010
University of Guam

University of Guam
Schedules of Salaries and Wages
Years Ended September 30, 2011 and 2010

	2011		2010	
	Amount	No. of	Amount	No. of
Salaries and Wages				
Funded by local funds	\$ 21,541,641	388	\$ 20,865,547	404
Federal funds	5,769,685	228	4,624,789	151
General Operations and Federal funds	3,951,281	57	4,200,390	121
Other funding sources	4,158,643	146	3,642,169	112
Total salaries and wages	<u>35,421,250</u>	<u>819</u>	<u>33,332,895</u>	<u>788</u>
Benefits				
Funded by local funds	6,896,777		6,417,722	
Federal funds	1,279,971		873,493	
General Operations and Federal funds	1,104,027		1,019,048	
Other funding sources	772,850		356,237	
Total benefits	<u>10,053,625</u>		<u>8,666,500</u>	
Total Salaries, Wages and Benefits	<u>\$ 45,474,875</u>		<u>\$ 41,999,395</u>	

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2011 and 2010

	2011		2010	
	Unrestricted	Restricted	Unrestricted	Restricted
Instruction				
Salaries	\$ 11,887,007	\$ 882,648	\$ 11,579,873	\$ 685,033
Benefits	3,382,375	268,249	3,123,932	150,131
Travel	57,067	266,252	77,738	500,264
Contracts	1,002,015	766,676	627,376	417,298
Supplies	116,582	97,491	109,318	162,514
Equipment	50,134	108,682	40,347	153,827
Utilities	21,018	-	21,570	238
Capital outlay	14,000	85,383	6,746	32,225
Miscellaneous	396,966	278,915	440,308	466,501
	<u>\$ 16,927,164</u>	<u>\$ 2,754,296</u>	<u>\$ 16,027,208</u>	<u>\$ 2,568,031</u>
Research				
Salaries	\$ 1,465,505	\$ 3,782,436	\$ 1,251,514	\$ 3,759,298
Benefits	351,943	936,208	340,867	826,495
Travel	85,744	606,707	81,803	591,032
Contracts	403,468	1,523,941	366,894	1,560,624
Supplies	106,380	576,919	184,367	487,450
Equipment	43,905	186,437	93,825	288,213
Utilities	3,244	3,757	2,625	5,088
Capital outlay	-	236,460	168,826	382,193
Miscellaneous	171,320	842,843	152,025	726,789
	<u>\$ 2,631,509</u>	<u>\$ 8,695,708</u>	<u>\$ 2,642,746</u>	<u>\$ 8,627,182</u>
Institutional Support				
Salaries	\$ 2,963,599	\$ 222,214	\$ 2,763,805	\$ 51,951
Benefits	971,131	79,157	876,504	17,170
Travel	249,468	-	245,397	-
Contracts	1,945,515	-	1,641,549	-
Supplies	168,701	-	120,327	-
Equipment	128,672	-	153,686	1,906
Utilities	631	-	903	-
Capital outlay	146,893	-	31,258	-
Miscellaneous	654,362	8,978	558,474	14,270
	<u>\$ 7,228,972</u>	<u>\$ 310,349</u>	<u>\$ 6,391,903</u>	<u>\$ 85,297</u>

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2011 and 2010

	2011		2010	
	Unrestricted	Restricted	Unrestricted	Restricted
Public Service				
Salaries	\$ 121,229	\$ 4,401,450	\$ 149,863	\$ 4,062,228
Benefits	34,987	1,128,057	38,299	877,383
Travel	-	678,259	2,500	489,881
Contracts	52,097	2,165,037	54,501	981,392
Supplies	24,546	470,565	14,581	399,996
Equipment	4,896	331,311	3,308	205,407
Utilities	7,174	12,168	12,176	13,710
Capital outlay	-	75,576	25,000	63,919
Miscellaneous	53,058	1,298,556	66,548	571,355
	<u>\$ 297,987</u>	<u>\$ 10,560,979</u>	<u>\$ 366,776</u>	<u>\$ 7,665,271</u>
Academic Support				
Salaries	\$ 4,965,987	\$ -	\$ 4,923,611	\$ 2,500
Benefits	1,505,790	-	1,437,612	190
Travel	267,757	-	245,902	-
Contracts	1,000,073	517	1,069,314	10,548
Supplies	655,277	2,097	392,448	1,750
Equipment	360,830	-	412,829	-
Utilities	2,572	-	2,624	-
Capital outlay	211,491	-	208,060	-
Miscellaneous	304,480	1,018	152,480	288
	<u>\$ 9,274,257</u>	<u>\$ 3,632</u>	<u>\$ 8,844,880</u>	<u>\$ 15,276</u>
Student Services				
Salaries	\$ 1,590,402	\$ 824,029	\$ 1,615,393	\$ 616,009
Benefits	539,736	56,387	525,776	21,172
Travel	48,161	57,088	62,867	48,994
Contracts	115,581	25,621	98,723	59,430
Supplies	66,858	14,909	62,722	21,785
Equipment	44,338	22,635	28,343	11,167
Utilities	60,272	-	59,929	-
Capital outlay	-	-	400	-
Miscellaneous	(1,023,691)	1,649,331	(148,885)	518,327
	<u>\$ 1,441,657</u>	<u>\$ 2,650,000</u>	<u>\$ 2,305,268</u>	<u>\$ 1,296,884</u>

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2011 and 2010

	2011		2010	
	Unrestricted	Restricted	Unrestricted	Restricted
Operational and Maintenance, Plant				
Salaries	\$ 1,638,445	\$ -	\$ 1,615,101	\$ -
Benefits	582,913	-	539,626	-
Travel	-	-	-	-
Contracts	352,084	1,023,064	537,382	-
Supplies	182,162	60,377	212,479	-
Equipment	30,635	213,467	84,990	-
Utilities	3,997,686	2,677	3,796,977	-
Capital outlay	100,485	465,734	497,943	-
Miscellaneous	2,450	3,399	754	-
	<u>\$ 6,886,860</u>	<u>\$ 1,768,718</u>	<u>\$ 7,285,252</u>	<u>\$ -</u>
Scholarships and Fellowships				
Salaries/Benefits	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-
Contracts	-	-	-	-
Supplies	-	-	-	-
Equipment	-	-	-	-
Utilities	-	-	-	-
Capital outlay	-	-	-	-
Miscellaneous	315,531	13,657,221	213,902	13,386,465
	<u>\$ 315,531</u>	<u>\$ 13,657,221</u>	<u>\$ 213,902</u>	<u>\$ 13,386,465</u>
Auxiliary Enterprises				
Salaries	\$ 676,301	\$ -	\$ 608,557	\$ -
Benefits	216,695	-	191,332	-
Travel	7,009	-	6,441	-
Contracts	84,469	-	99,100	-
Supplies	38,555	-	59,618	-
Equipment	9,835	-	21,351	-
Utilities	267,799	-	281,667	-
Capital outlay	14,491	-	-	-
Miscellaneous	1,162,740	-	2,551,738	-
	<u>\$ 2,477,894</u>	<u>\$ -</u>	<u>\$ 3,819,804</u>	<u>\$ -</u>