



Financial Highlights University of Guam Financial Audit Fiscal Year 2024

June 10, 2025

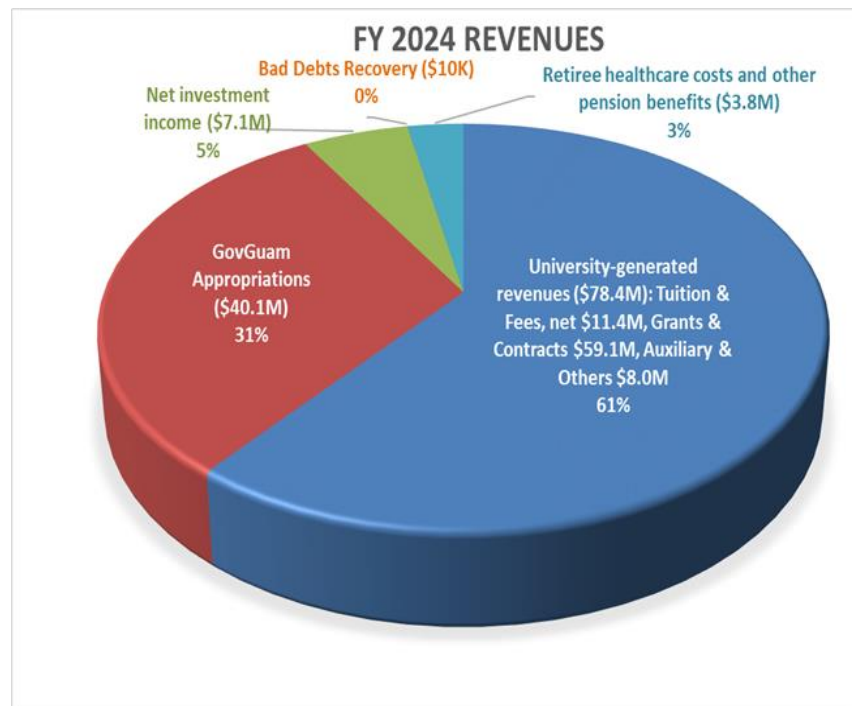
The University of Guam (UOG) received unmodified (clean) opinions on its fiscal year (FY) ended September 30, 2024, financial statements and report on compliance for major federal programs from independent auditors Ernst & Young LLP (EY). EY also opined that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole. Although EY did not identify any material weakness or question costs related to UOG's federal awards, the auditors identified six significant deficiencies in UOG's internal control over compliance with major federal programs. EY issued a separate management letter noting four deficiencies in internal control and other matters.

UOG closed FY 2024 with a negative change in net position of \$5.4 million (M), marking a decrease from FY 2023's negative change in net position of \$8.1M. UOG's net position at the end of FY 2024 amounted to a negative \$106.9M compared to a negative \$101.5M in FY 2023. UOG's overall financial position has remained stable over the past years. The application of government accounting standards pertaining to pensions and other post-employment benefits continues to significantly impact UOG's financial statements for FY 2024.

Increases in Revenues and Expenses

Revenues Increased by \$16.6M

UOG's total revenues significantly increased by \$16.6M, rising from \$112.8M in FY 2023 to \$129.4M in FY 2024. This growth is mainly attributable to increases in University-generated revenues, Government of Guam (GovGuam) appropriations, and net investment income. In FY 2024, University-generated revenues totaled \$78.4M, reflecting a \$6.6M increase from FY 2023. This rise is mainly due to increases in tuition and fees, net by \$1.1M, and federal, GovGuam, and private grants and contracts by \$5.6M in FY

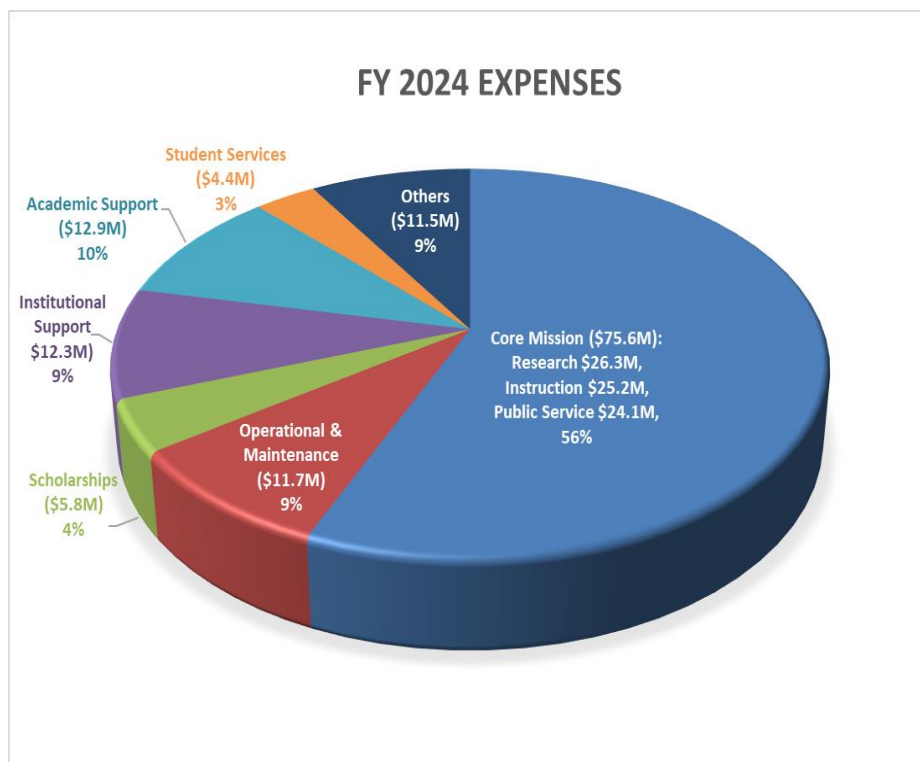


2024. GovGuam appropriations increased to \$43.9M in FY 2024 from \$38.1M in FY 2023. Net investment income rose to \$7.1M in FY 2024 from \$2.7M in FY 2023 due to favorable market conditions and strong performance of investments.

UOG's federal grants remain stable, with a notable increase in federal capital grants due to four ongoing construction projects funded by various U.S. government agencies. Notably, UOG has made progress on its \$20M National Science Foundation Experimental Program to Stimulate Competitive Research grant focused on creating a database of local marine life, valid until July 2025. In FY 2023, a \$10M U.S. Department of Agriculture (USDA) grant was awarded to support future agricultural professionals, helping to offset losses from expiring pandemic relief funds.

Expenses Increased by \$13.8M

UOG's total operating expenses increased by \$13.8M, going from \$120.4M in FY 2023 to \$134.2M in FY 2024, primarily due to higher expenses incurred in FY 2024 related to UOG's core mission. In FY 2024, UOG spent \$75.6M towards its core mission, a significant increase from \$61.5M spent in FY 2023, with 35% allocated to instruction, 33% to research, and 32% to public service. The increase in core mission expenses is primarily attributed to overall



increases in salaries and benefits by \$9.4M and contractual services by \$3.8M. UOG adopted the 22% GovGuam General Pay Plan adjustment for all eligible employees in the latter part of FY 2023 and faculty salary adjustments in October 2023. The application of government accounting standards pertaining to post-employment benefits other than pensions also contributed to the fluctuation in expenses.

Major Construction Projects in Progress

In FY 2024, UOG broke ground and is progressing on four major construction projects backed by substantial funding. The total net capital assets amounted to \$83.8M in FY 2024, an increase from \$73.2M in FY 2023. This increase is attributed to the ongoing construction projects for the Dr. Lucio Chua Tan Student Success Center (SSC), the School of Engineering (SENG) building, the Water & Environmental Research Institute (WERI), and the Margaret Perez Hattori-Uchima School of Health (SOH) Nursing Annex. UOG secured a \$21.7M USDA loan and a \$7.1M commitment from the Office of the Governor (OOG) for the SENG and the SSC. In August 2024, UOG received an additional \$900,000 from the OOG to further support the project. The SSC will support students, while the SENG will prepare graduates for local engineering roles. UOG received an \$8.5M federal grant from the U.S. Economic Development Administration for WERI and SOH Nursing Annex, an investment expected to boost the local economy and workforce development. Additionally, UOG obtained \$2.5M from the U.S. Department of the Interior for the SOH Nursing Annex.

Report on Compliance and Internal Control

EY rendered an unmodified opinion in the auditor's report issued on compliance for major federal programs. However, the auditors identified six significant deficiencies in internal control over compliance with major federal programs, as stated below. UOG agreed with the audit findings and provided its Corrective Action Plan.

1. ***Special Tests and Provisions – Gramm-Leach-Bliley Act (GLBA) - Student Information Security:*** UOG does not have a comprehensive written information security program addressing all the required minimum elements of the GLBA. Although EY noted that UOG performs certain procedures to address some of the requirements, UOG's Office of Information Technology was unaware of the GLBA requirements that UOG needed to comply with, effective June 9, 2023.
2. ***Special Tests and Provisions – Disbursements to or on Behalf of Students:*** For 9 (or 23%) out of 40 samples tested, UOG did not pay credit balances to students within the prescribed timelines. UOG does not monitor the payment of credit balances per federal regulations.
3. ***Cash Management:*** For 4 (or 100%) of 4 months selected for testing, UOG has not performed monthly Direct Loan reconciliations as prescribed by regulations. UOG does not utilize the School Account Statements as part of its Direct Loan Reconciliation process. No review procedures are in place to ensure that monthly Direct Loan reconciliations are performed.
4. ***Special Tests and Provisions – Wage Rate Requirements:*** UOG is a party to a construction contract and did not obtain copies of certified payrolls in a timely manner. During FY 2024, UOG incurred approximately \$2.3M in expenditures related to the contract. UOG does not have procedures and internal controls over the timely receipt of certified payroll from contractors.
5. ***Special Tests and Provisions – Enrollment Reporting:*** UOG did not comply with enrollment reporting requirements to the National Student Loan Data System (NSLDS). UOG did not have review procedures to ensure that the reported information to NSLDS was accurate.
6. ***Student Financial Assistance Cluster:*** UOG did not comply with reporting requirements for Fiscal Operations for 2022-2023 and Application to Participate for 2024-2025. UOG did not have review procedures to ensure that information was accurately reported.

Management Letter

A separate management letter cited four deficiencies related to the following:

1. ***Timely Submission of Federal Grant Progress Report:*** UOG has not submitted one project progress report in a timely manner in relation to assistance listing number 11.307 Economic Adjustment Assistance. Specific Award Conditions require UOG to submit project progress reports on a quarterly basis.
2. ***Required Notifications for TEACH Grant:*** UOG did not have procedures to demonstrate that required written notifications are sent to students or parents when TEACH funds are being credited to a student's account.
3. ***Non-performance of User Access Review:*** UOG does not regularly review user access on information technology systems.
4. ***Lack of Change Management Policies and Procedures:*** UOG lacks written change management policies and procedures, particularly on the approval and testing of information technology system changes. EY was not able to verify the approval of changes to the systems during the scope period due to a lack of documentation.

UOG Endowment Foundation

UOG reports the financial statements of its discretely presented component unit, the UOG Endowment Foundation, Inc., a legally separate, tax-exempt, private corporation. While UOG does not control the Foundation, the resources and income of the Foundation can only be used for the benefit of UOG.

The UOG Endowment Foundation reported a substantial increase in net assets, reaching \$25.7M at the end of calendar year (CY) 2023. This marks a positive change in net assets of \$2.5M, significantly improving from the negative \$2.8M change during CY 2022. The growth is primarily attributed to a net investment income of \$2.2M in CY 2023, in contrast with a net investment loss of \$2.9M the previous year.

For more details, refer to UOG's FY 2024 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, Report on Compliance for Each Major Federal Program and Internal Control Over Compliance, Management Letter, and Auditor's Communication With Those Charged With Governance at www.opaguam.org and www.uog.edu.