

*Financial Statements, Required Supplementary
Information, and Supplementary and Other Information*

University of Guam
(A Component Unit of the Government of Guam)

*Years Ended September 30, 2025 and 2024
with Report of Independent Auditors*



**Shape the future
with confidence**

University of Guam
(A Component Unit of the Government of Guam)

Financial Statements, Required Supplementary Information, and
Supplementary Information

Years ended September 30, 2025 and 2024

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Financial Statements, Required Supplementary Information, and
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Report of Independent Auditors

The Board of Regents
University of Guam

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Guam (the University or UOG), collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University at September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The 2023 financial statements of the University of Guam Endowment Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the University adopted a new accounting standard which is Government Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the Foundation restated the 2023 financial statements to correct the understatement of construction in progress. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of the University's Proportionate Share of the Net Pension Liability, the Schedules of the University's Pension Contributions and the Schedule of the University's Proportionate Share of Collective Total OPEB Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the University's basic financial statements. The Schedule of Salaries, Wages and Benefits and the Schedule of Expenses by Object Category, the Schedule of Total Revenue Information and the Schedule and Notes to Schedule of Fund Restriction Matrix are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Salaries, Wages and Benefits and the Schedules of Expenses by Object Category, the Schedule of Total Revenue Information and the Schedule and Notes to Schedule of Fund Restriction Matrix are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Employee Information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2026 on our consideration of the University'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 solely 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 effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Ernst + Young LLP

June 18, 2026

University of Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis
Years Ended September 30, 2025 and 2024

Introduction

Management's discussion and analysis (MD&A) provides an overview and better understanding of the University's financial position and the results of activities for the fiscal years ended September 30, 2025, 2024 and 2023. 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 located on Guam in the Marianas Islands that has been continuously accredited by the Western Association of Schools and Colleges (WASC) Senior College and University Commission (WSCUC). In 2022, the University became the only land-grant and sea-grant institution in the Western Pacific. The University's 2,862 students (as of Fanuchanan (Fall) '25) are multicultural, multilingual and 47% Asian, 43% Pacific Islander, 10% other. The institution offers 16 master's and 25 bachelor's degree programs, as well as continuing education, professional development, and English language training. The University's 1,054 employees include 181 full-time faculty, 40 administrators, 365 full-time staff, and 468 part-time staff and faculty adjuncts.

The Leadership. The University is governed by a nine-member Board of Regents, led by Chairperson Agapito A. Diaz, Vice Chairperson Mike W. Naholowaa, and Treasurer Christopher L.C. Duenas. Anita Borja Enriquez, DBA, serves as the University's 12th President. Sharleen Santos-Bamba, Ph.D., is the Senior Vice President for Academic and Student Affairs and Provost, while Artemio "Ricky" Hernandez, Ph.D., serves as Vice President for Administration and Finance and Chief Business Officer. The University also has an elected Faculty Senate.

The University's vision statement is "Transforming Lives, Advancing Communities." The University community is committed to its mission of "*Ina, Diskubre, Setbe*" (*to Enlighten, to Discover, to Serve*). The University empowers the region by uniting island wisdom with universal sources of enlightenment to support exceptional education, discovery, and service that respects and benefits local and global communities. Under the leadership of President Enriquez, the University developed a strategic plan called "Tulos Mo'na" invoking the imagery of traditional seafarers paddling together forward in unison. This strategic plan will continue to build on the progress made under the previous Para Hulo' Strategic Plan.

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Management's Discussion and Analysis, continued

The Financial Statements

The report contains three financial statements: i) the Statements of Financial Position; ii) the Statements of Revenues, Expenses and Changes in Net Position; and iii) the Statements of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for public colleges and universities' external financial reporting.

The University is reported as a component unit of the Government of Guam. The University also reports the financial statements of its component unit, the UOG Endowment Foundation, Inc. (the Foundation). The Foundation is a legally separate, tax-exempt, private corporation, that operates on a fiscal year ending December 31. While the University does not control the Foundation, the resources and income of the Foundation can only be used for the benefit of the University. The financial statements also include the financial statements of the Research Corporation of the University of Guam (RCUOG). The RCUOG is a public corporation and is governed by a ten-member Board of Directors.

FINANCIAL HIGHLIGHTS

The University's overall financial position has remained stable in recent years. Pension-related standards (GASB 67, 68, and 73) and other postemployment benefits (GASB 75) continue to have a significant impact on the financial statements for the period ended September 30, 2025. In FY2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Under this standard, SBITAs are recognized as a right-to-use intangible asset with a corresponding subscription liability. In FY2025, the University adopted GASB Statement No. 101, *Compensated Absences*, which revised the recognition and measurement of compensated absence liabilities. Under this standard, a liability is recorded for unused leave that: (1) stems from services already rendered, (2) carries over from period to period, and (3) is more likely than not to be used or paid out. This Statement was applied retrospectively, with FY2024 restated accordingly.

In March 2023, Public Law 37-3 was enacted, adjusting the government of Guam General Pay Plan (GPP) by 22%. The University adopted the increase in the latter part of FY2023 for all eligible employees.

In September 2023, \$3,600,367 was appropriated from the Government of Guam's audited excess General Fund revenues to the University for faculty salary adjustments. The University implemented this increase in October 2023.

The University's financial position continues to be under pressure due to several factors, including relatively flat government funding for general operations, declining enrollment, and a continued hold on tuition increases since the pandemic. Since FY2018, the University has experienced an overall reduction in government appropriations for general operations, decreasing from \$30.7 million in FY2018 to approximately \$27.5 million in FY2024. While recent fiscal years have reflected some stabilization in appropriations, funding levels have not kept pace with rising operating costs and institutional needs.

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Management’s Discussion and Analysis, continued

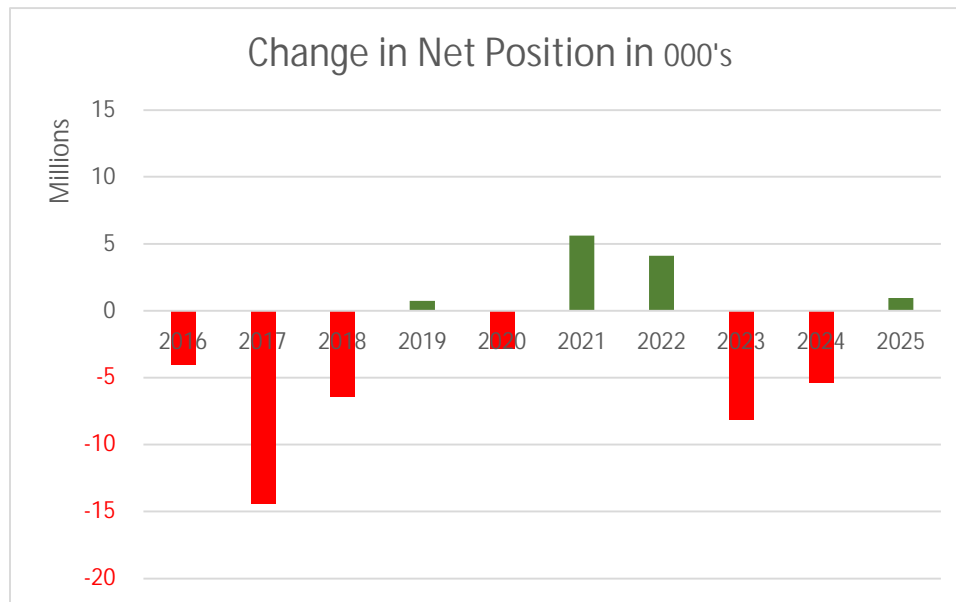
Despite these challenges, the University acknowledges and appreciates the efforts of the Government of Guam, including the Governor, the Guam Legislature, and the Department of Administration, in improving the timing and consistency of allotment payments and in ensuring that the University receives its full appropriated funding. The University continues to pursue alternative revenue streams and cost management strategies to reduce its reliance on local government appropriations and enhance long-term financial sustainability.

The University’s change in net position increased by \$6.2M compared to the prior fiscal year, reflecting a combination of increased government appropriations, growth in federal grant activity, strategic academic initiatives, and the recognition of cost savings from its completed energy-efficiency project with the Guam Power Authority.

The University continued to advance academic programming and student success initiatives, with focus on recruitment, retention, and graduation outcomes. In Fall 2024, the University established a Doctor of Education (EdD) program in Instructional and Academic Leadership, enrolling an initial cohort of 25 students.

The University recognized cost savings from its completed energy efficiency project with the Guam Power Authority. The majority of project costs were recorded in FY2023, with savings commencing in FY2024 and expected to continue in subsequent periods.

Federal capital grants for ongoing construction projects awarded through the U.S. Economic Development Administration, the U.S. Department of the Treasury, and the U.S. Department of the Interior further supported overall revenue growth during the fiscal year.



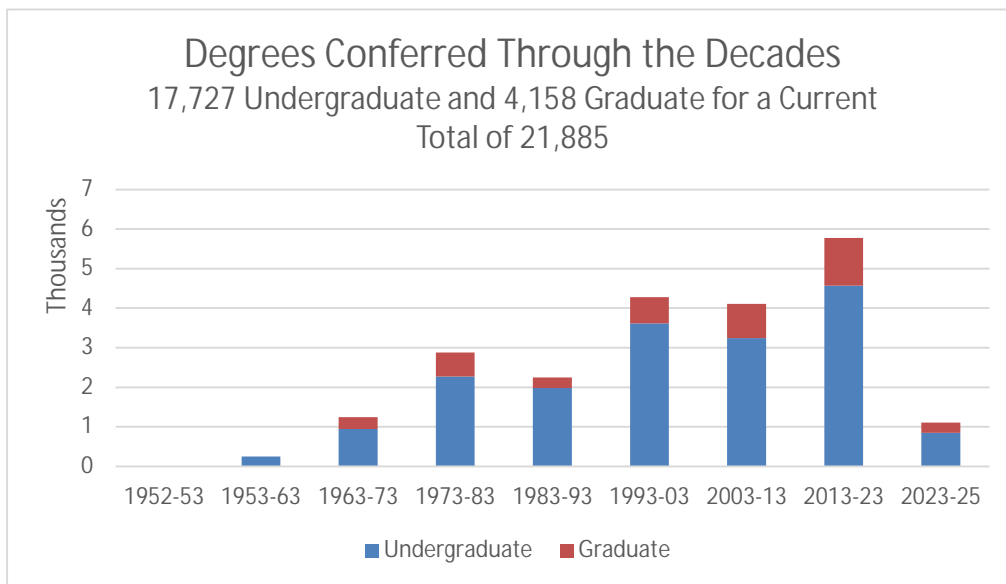
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Management’s Discussion and Analysis, continued

In Academic Year 2024-2025, the University conferred 577 undergraduate and graduate degrees, bringing its cumulative total to 21,885 degrees awarded since inception. At the Fanomnakan (Spring) 2025 commencement, 375 degrees were awarded, comprising 320 bachelor’s and 55 master’s degrees, matching the largest single-semester graduating class in university history, previously recorded at the Fanomnakan 2019 commencement.

These graduates are prepared to enter various sectors, including healthcare, engineering, education, business, and public service, consistent with the University’s mission to develop a skilled workforce. The University’s commitment to academic quality and institutional sustainability is further demonstrated by the reaffirmation of accreditation by the WASC Senior College and University Commission through 2032, as well as specialized accreditations maintained across programs within the University’s colleges.

While overall enrollment has remained relatively stable, the sustained growth in degrees conferred reflects the University’s continued effectiveness in advancing student progression and supporting degree completion.



University of Guam
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Management's Discussion and Analysis, continued

STATEMENTS OF NET POSITION

The statement of financial position 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 Position (in \$000's)

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>	<u>2023</u> <i>(Restated)</i>
Noncapital assets	\$ 76,761	\$ 78,829	\$ 74,424
Capital assets	82,619	77,486	73,197
Deferred outflows of resources	<u>61,110</u>	<u>62,440</u>	<u>65,007</u>
Total assets and deferred outflows of resources	<u>\$220,490</u>	<u>\$218,755</u>	<u>\$212,628</u>
Current liabilities	\$ 26,958	\$ 28,032	\$ 21,296
Noncurrent liabilities	227,323	259,974	243,328
Deferred inflows of resources	<u>75,953</u>	<u>41,441</u>	<u>53,394</u>
Total liabilities and deferred inflows of resources	<u>330,234</u>	<u>329,447</u>	<u>318,018</u>
Net investment in capital assets	70,964	66,514	61,300
Restricted, nonexpendable	8,310	7,888	6,824
Restricted, expendable	26,175	24,560	22,201
Unrestricted	<u>(215,193)</u>	<u>(209,654)</u>	<u>(195,715)</u>
Total net position	<u>(109,744)</u>	<u>(110,692)</u>	<u>(105,390)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$220,490</u>	<u>\$218,755</u>	<u>\$212,628</u>

Over the last two years, the University's overall financial position has remained stable with a slightly positive trend. Rising operating costs and growing institutional needs have exerted pressure on expenses and cash reserves. In FY2020, the Board of Regents approved a plan to implement a 5% tuition increase for each of the next six semesters, with the aim of reversing declining cash balances. However, due to the pandemic's impact on the island's economy and other external factors, the University deferred the planned tuition increases as long as possible.

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Management’s Discussion and Analysis, continued

The most significant changes in the University’s financial statements relate to deferred outflow and deferred inflow accounts, primarily attributable to the adoption of GASB Statements Nos. 68, 73, and 75. Further contributing to these changes, the University implemented GASB Statement No. 101, which revises the recognition and measurement guidance for compensated absences. Under the new guidance, a liability is recognized for leave earned by employees but not yet taken, to the extent it is attributable to services already rendered, including certain sick leave benefits that were not previously recognized. The Statement was applied retroactively and the cumulative effect of this change in accounting principle reduced the University’s beginning net position at October 1, 2023 by \$3.9 million.

During the current year, the University corrected the accounting treatment of a previously recorded loan in fiscal year 2025. The related loan was derecognized, and reclassifications were made on capital assets.

As a result of the adoption of GASB Statement No. 101, FY2024 comparative information has been restated.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

Summary Statements of Revenues, Expenses and Changes in Net Position (in \$000’s)

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>	<u>2023</u> <i>(Restated)</i>
Operating Revenues, Net	\$ 58,778	\$ 62,907	\$ 48,468
Operating Expenses	<u>(125,003)</u>	<u>(134,145)</u>	<u>(124,235)</u>
Operating Revenues Net of Operating Expenses	(66,225)	(71,238)	(75,767)
Non-Operating and Other Revenues and Expenses	56,001	59,214	63,000
Federal Capital Grants	<u>11,172</u>	<u>6,722</u>	<u>778</u>
Change in Net Position	948	(5,302)	(11,989)
Net Position – Beginning of Year	<u>(110,692)</u>	<u>(105,390)</u>	<u>(93,401)</u>
Net Position – End of Year	<u>\$(109,744)</u>	<u>\$(110,692)</u>	<u>\$(105,390)</u>

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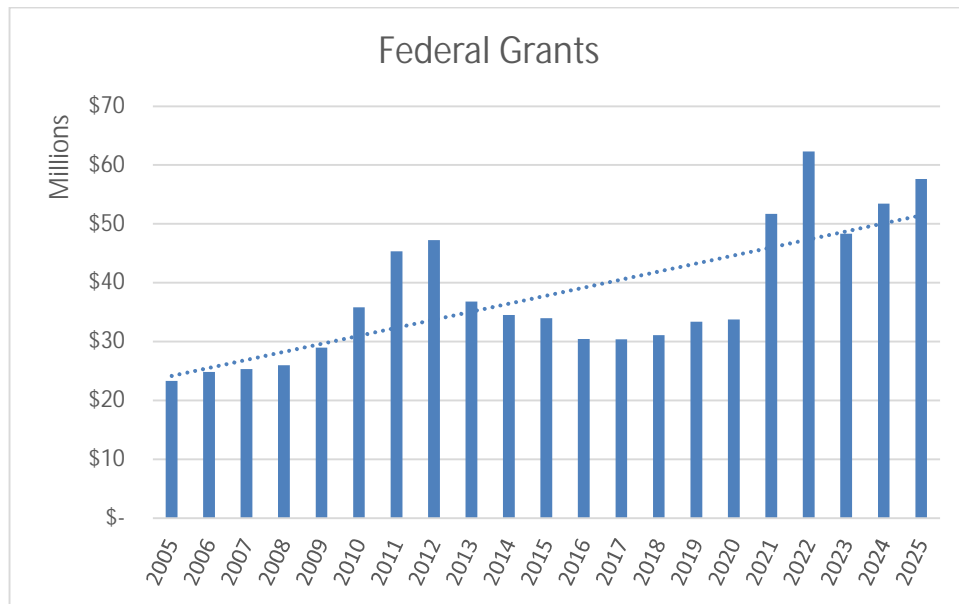
Management’s Discussion and Analysis, continued

The University’s operating and non-operating grants remained stable during the fiscal year. Federal capital grants continued to grow despite temporary disruptions from Office of Management and Budget (OMB) directives that placed certain grants under review. The University also received a one-time supplemental appropriation of \$5.7 million under Guam Public Law 38-8 to fund repairs, maintenance, capital improvement projects, and accreditation-related priorities in FY2025.

The growth in federal grants is supported by major construction projects funded by the U.S. Economic Development Administration (EDA), the U.S. Department of the Treasury, and the U.S. Department of the Interior, each of which has continued to progress throughout the fiscal year.

In FY2025, the University transferred the Guam Cultural Repository (GCR) to the Department of Chamorro Affairs (DCA) following the conclusion of the memorandum of understanding issued in FY2022. Under the original agreement, the University had been tasked by the Office of the Governor (OOG) to operate the GCR for a three-year period, which ended in September 2025. As a result of the transfer, the University recognized a building disposal of \$10 million, recorded as a non-operating expense, reflecting the asset's removal from the University’s financial statements.

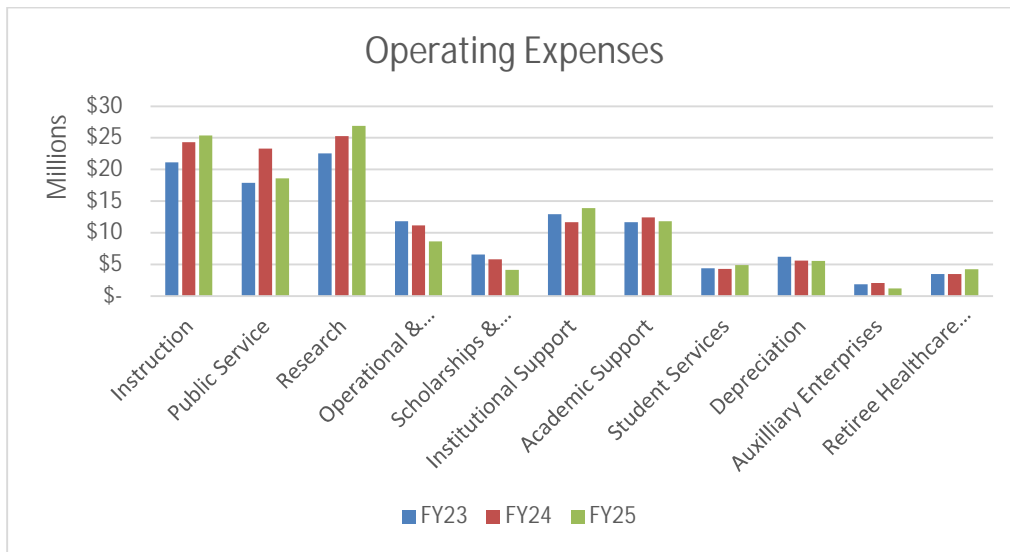
The following graph reflects grant activity since 2005:



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Management’s Discussion and Analysis, continued

Federal grant revenues have grown significantly over the past several fiscal years. From FY2010 to FY2015, growth was driven by the American Recovery and Reinvestment Act (ARRA). After the final ARRA projects concluded, federal grant revenues rose again between FY2021 and FY2022, primarily due to the Higher Education Emergency Relief Fund (HEERF). The University’s strong grant activity includes major awards such as the five-year \$20 million award under the National Science Foundation’s Established Program to Stimulate Competitive Research (EPSCoR) grant in FY2020 and a \$10 million U.S. Department of Agriculture (USDA) National Institute of Food and Agriculture grant in FY2023. Additionally, growth in grant-funded activities has been supported by major construction of the Dr. Lucio C. Tan Student Services Center (SSC) and the School of Engineering (SENG) in late FY2023, and the WERI facility and the Margaret Perez Hattori-Uchima School of Nursing annex in early FY2024. Together, these developments demonstrate sustained federal support and the University’s ongoing investment in infrastructure.



The University continues to face challenges associated with rising expenses and declining revenues. The increase in expenses is primarily attributable to costs associated with the University’s core mission. The University spent \$71 million directly on its core mission, with 36% allocated to instruction, 26% to public service, and 38% to research.

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Management’s Discussion and Analysis, continued

STATEMENTS 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>2025</u>	<u>2024</u> <i>(Restated)</i>	<u>2023</u> <i>(Restated)</i>
Cash provided by (used in):			
Operating activities	\$(57,717)	\$(56,179)	\$(66,420)
Non-capital financing activities	65,255	52,327	60,799
Capital and financing activities	(8,343)	(5,581)	(7,053)
Investing activities	<u>6,817</u>	<u>1,624</u>	<u>(1,596)</u>
Net Change in Cash and Cash Equivalents	6,012	(7,809)	(14,270)
Cash and Equivalents – Beginning of Year	<u>8,555</u>	<u>16,364</u>	<u>30,634</u>
Cash and Equivalents – End of Year	<u>\$ 14,567</u>	<u>\$ 8,555</u>	<u>\$ 16,364</u>

The timing and consistency of allotment payments improved in FY2019 and have remained stable through FY2025. Variations in operating and non-capital financing activities reflect several factors, including the supplemental appropriation provided under Guam Public Law 38-8 in FY2025 for repairs, maintenance, capital improvements, and accreditation-related priorities, as well as increased grant and contract activity. These increases were partially offset by the completion of pandemic-related grants, changes in enrollment, and higher general operating costs. Changes in capital and related financing activities primarily relate to the ongoing construction of four major campus facilities.

The University’s cash balance at fiscal year-end is typically higher than during the year due to the receipt of Fanuchanan (Fall) semester tuition payments in August and September, while related expenses are incurred over the course of the semester. Because the academic year overlaps the fiscal year, tuition revenues are recognized and used to support instructional and operating costs across reporting periods. As a result, the University maintains sufficient cash on hand at the beginning of each fiscal year to meet prior-year encumbrances, insurance obligations, infrastructure needs, and other operating costs that are more heavily incurred early in the year.

Furthermore, Board policy requires maintaining cash reserves to support financial stability and long-term sustainability. Reserve funds and sub-accounts were established beginning in FY2009 and were consistently funded through FY2016, after which balances declined due to delays in appropriations.

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Management's Discussion and Analysis, continued

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: At the end of FY2025, the University invested \$126.1 million in depreciable capital assets. This amount is net of various depreciable equipment purchased throughout the year to support general operations and grant-related objectives. Additionally, the University recorded approximately \$5.1 million intangible assets in FY2025 due to the implementation of GASB 96 in FY2023. These intangible assets are amortized over their subscription term. The University recorded an accumulated depreciation and amortization of \$86.1 million against these assets. The total net capital assets for FY2025 amounted to \$82.6 million, slightly higher than the prior year's \$77.4 million. This increase is attributed to the ongoing construction projects for the Water & Environmental Research Institute (WERI), and the Margaret Perez Hattori-Uchima School of Health (SOH) Nursing Annex.

Long-Term Debt: The University has an outstanding note payable with the USDA. The note payable was created in October 2001 through Public Law 26-48 for an amount not to exceed \$13.5 million to fund the construction of certain facilities on campus.

In 2016, the University entered into a lease/lease-back agreement with the Foundation for the construction of a Student Success Center and School of Engineering facilities. Under this arrangement, the University leases the buildings back from the Foundation, with lease terms extending through 2056. In connection with this project, the Foundation executed promissory notes with the USDA totaling \$21.7 million on December 5, 2016.

In May 2019, the University was notified that the loan was being de-obligated due to the length of time since the initial obligation by the USDA. The loan was subsequently re-obligated in FY2021 for the Student Success Center and School of Engineering. The University amended the lease/lease-back agreement in September 2022 to incorporate the updated loan terms. The loan agreement was finalized in October 2023, and groundbreaking for the School of Engineering and the Dr. Lucio C. Tan Student Services Center took place in December 2023 and January 2024, respectively. Construction of both facilities was completed in the second quarter of FY2026.

LOOKING FORWARD

The Para Hulo' (ever upward) strategic planning process was launched shortly before the onset of the pandemic. As a result of the pandemic, certain initiatives, such as enhancing the capacity for online learning, were initiated. Other significant initiatives include improving the Carnegie research classification, pursuing doctoral programs, improving the ability of the University to partner with other universities to grow our capabilities, enhancing student experience, continuing efforts to provide better customer service, improving the financial sustainability of the University, and addressing issues related to the University's infrastructure.

The University developed a new five-year strategic plan called "Tulos Mo'na" invoking the imagery of traditional seafarers paddling together forward in unison and will continue UOG's progress under the previous Para Hulo' Strategic Plan.

University of Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

Strategic Institutional Outcomes and Resources:

- In 2024, the University received an eight-year reaffirmation of accreditation from the Western Association of Schools and Colleges Senior College and University Commission (WSCUC), extending institutional accreditation through 2032 and highlighting the University's commitment to academic excellence and continuous improvement.
- The Water and Environmental Research Institute (WERI) has consistently received the "Outstanding" rating from the U.S. Geological Survey and was previously recognized as one of 12 top-performing institutes nationwide in its most recent formal evaluation.
- The Bachelor of Social Work program at the Margaret Perez Hattori-Uchima School of Health has been reaffirmed for accreditation by the Commission on Accreditation of the National Council on Social Work Education (CSWE) through 2031.
- The School of Engineering, established in 2016, received approval for a four-year Bachelor of Science in Civil Engineering program in 2019. In September 2024, the program earned six years of accreditation from the ABET Engineering Accreditation Commission. The University is also developing a Bachelor of Science in Construction Management (BSCM) program, with recruitment for the inaugural Fall 2026 cohort underway.
- The School of Education's Doctor of Education (EdD) in Instructional and Academic Leadership was approved by the WASC Senior College and University Commission in March 2024 and officially launched in Fanuchånan (Fall) 2024 with 25 students in the inaugural cohort. Students began coursework in the Fañomñakan (Spring) 2025 semester, and the program continues to recruit for subsequent cohorts as part of the University's expanded graduate offerings.
- The School of Business and Public Administration continues to expand its graduate programs. In December 2023, 22 students graduated from the inaugural Master of Accountancy (MAcc) cohort. The Master of Public Administration (MPA) program remains active both on campus and off campus, with the first cohort held in Saipan graduating seven students in May 2023. The programs have maintained strong engagement and positive outcomes, with offerings extending the University's impact. The University continues to advance plans for further expansion of the MPA program, building on its ongoing success.
- The Triton Advising Center (TAC) offers academic, financial, and career advisement to support enrollment, retention, and graduation. TAC has developed training programs for faculty, advisors, and staff, including culturally competent teaching and learning techniques. Additionally, TAC has introduced an online platform, Handshake, to enhance career and professional workforce development, as well as networking opportunities for students. TAC has also partnered with over 60 companies, nonprofit organizations, and government agencies to offer internship and career opportunities to students.

University of Guam
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Management's Discussion and Analysis, continued

- The University received a \$12 million federal grant from the Department of Defense for the construction of the GCR to process bones and artifacts discovered during the military buildup. Construction was completed in June 2022, and the University was subsequently awarded \$3.4 million to manage and operate the facility for a three-year period, which was successfully completed in FY2025. The GCR is a joint program between the University and the Department of Chamorro Affairs-Guam Museum.
- The University received a \$12.8 million federal grant from the U.S. Economic Development Administration (EDA) to construct the new WERI building and the Margaret Perez Hattori-Uchima SOH nursing annex. Additionally, the University obtained \$2.5 million from the U.S. Department of the Interior for the SOH nursing annex. The WERI facility will include a laboratory that can provide increased testing services to the Guam Waterworks Authority and other businesses and entities on the island. Both buildings will provide a lasting impact on the economy and will serve as a source of skilled and experienced workforce. Groundbreaking for both buildings was held in November 2023, with construction anticipated to be completed in FY2026.
- In FY2023, the University was awarded a \$10 million grant from the USDA National Institute of Food and Agriculture's "From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals Program," also known as NextGen.
- The University and the Foundation secured a \$21.7 million low-interest loan from the USDA to finance the construction of the SENG and Dr. Lucio C. Tan SSC. The Office of the Governor committed \$8 million in funding to support the project. The expanded SSC serves as a one-stop center for students, addressing the needs of both current and future generations of students, while the SENG was designed to prepare graduates to meet the growing demand for engineering expertise. Groundbreaking for the projects occurred in FY2024, and construction was completed in the second quarter of FY2026.
- The University has been awarded a five-year \$20 million grant from the U.S. National Science Foundation (EPSCoR) to develop research capacity in FY2020. In 2025, the University received an additional \$8 million through the NSF EPSCoR Research Infrastructure Improvement Program: EPSCoR Collaborations for Optimizing Research Ecosystems (E-CORE), with a funding period from July 2025 through June 2029. That same year, the University was also awarded a \$7 million EPSCoR E-RISE II grant for Advancing Sustainable Development Opportunities for the Guam Research Ecosystem (ASDOGRE), covering the period from June 2025 to May 2029.
- The Pacific Island Partnership for Cancer Health Equity (PIPCHÉ), supported by the National Cancer Institute (U54 cooperative agreement), continues as a long-standing cancer research and training collaboration between the University of Guam and the University of Hawai'i Cancer Center aimed at addressing cancer disparities among Pacific Islander populations. The University was awarded an additional five-year \$7.5 million grant and the program runs through 2026.

University of Guam
(A Component Unit of the Government of Guam)

Management's Discussion and Analysis, continued

- The University completed an economic study in 2020 that indicated that the University generates nearly \$78 million in Government of Guam taxes.
- Guam Open Research Exchange (GOREX) was initiated by the University in January 2018. GOREX connects the University to the University of Hawaii (UH) through a 100-gigabyte line. UH is connected to hundreds of other research universities on the mainland. This opens the door for the University to take advantage of its location and serve as a regional hub for Internet2 connectivity. This puts the University in a stronger position to be recognized as a Research and Education hub for the Pacific Rim region.

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

University of Guam
(A Component Unit of the Government of Guam)

Statements of Net Position

	UOG September 30, <u>2025</u>	UOG Foundation December 31, <u>2024</u>	UOG September 30, <u>2024</u> <i>(Restated)</i>	UOG Foundation December 31, <u>2023</u> <i>(Restated)</i>
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	\$ 10,423,972	\$ 2,467,216	\$ 4,568,966	\$ 610,248
Short-term investments	186,636	---	1,623,763	---
Tuition receivable	5,083,548	---	6,084,441	---
Due from the US Federal government	10,235,581	---	11,611,827	---
Other receivables	1,809,229	1,701,718	1,001,399	1,700,098
Receivable from University of Guam Endowment Foundation, Inc. (the Foundation)	3,546,051	---	6,365,729	---
Current portion of loan and interest receivable from University of Guam	---	613,611	---	583,819
Current portion of lease receivable	---	---	40,200	---
Inventories	505,431	---	506,691	---
Other current assets	<u>628,015</u>	<u>---</u>	<u>784,716</u>	<u>---</u>
Total unrestricted current assets	<u>32,418,463</u>	<u>4,782,545</u>	<u>32,587,732</u>	<u>2,894,165</u>
Noncurrent assets:				
Restricted cash and cash equivalents	4,143,995	---	3,986,543	---
Lease receivables, net of current portion	1,070,221	---	1,070,222	---
Loan and interest receivable from University of Guam, net of current portion	---	1,741,152	---	---
Restricted investments	9,107,058	---	8,676,762	---
Investments	8,353,704	19,909,236	12,723,255	20,931,564
Endowment investments	21,667,606	---	19,784,964	---
Capital assets:				
Depreciable capital assets, net	42,080,673	11,210	56,944,425	31,330
Subscription-based IT asset, net	3,023,830	---	1,522,060	---
Lease asset	10,947,726	---	7,860,280	---
Non-depreciable capital assets	<u>26,567,285</u>	<u>20,330,745</u>	<u>11,158,936</u>	<u>6,930,938</u>
Total noncurrent assets	<u>126,962,098</u>	<u>41,992,343</u>	<u>123,727,447</u>	<u>27,893,832</u>
Deferred outflows of resources:				
Deferred outflows from OPEB	41,432,476	---	37,162,714	---
Deferred outflows from pension	<u>19,677,276</u>	<u>---</u>	<u>25,276,888</u>	<u>---</u>
Total deferred outflows of resources	<u>61,109,752</u>	<u>---</u>	<u>62,439,602</u>	<u>---</u>
	<u>\$ 220,490,313</u>	<u>\$ 46,774,888</u>	<u>\$ 218,754,781</u>	<u>\$ 30,787,997</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	UOG September 30, <u>2025</u>	UOG Foundation December 31, <u>2024</u>	UOG September 30, <u>2024</u> <i>(Restated)</i>	UOG Foundation December 31, <u>2023</u> <i>(Restated)</i>
Liabilities				
Current liabilities:				
Current portion of loan payable to U.S. Department of Agriculture (USDA)	\$ 360,218	\$ ---	\$ 344,608	\$ ---
Accounts payable and accrued liabilities	14,113,703	159,494	15,112,638	139,056
Unearned revenues	7,231,195	---	5,976,845	---
Due to the US Federal government and other grantors	3,081,459	---	4,946,376	---
Payable to the University of Guam	---	5,741,312	---	1,655,247
Loans payable to the Foundation	402,965	---	470,755	---
Current portion of accrued annual leave	1,205,437	---	1,181,051	287,470
Current portion of subscription liability	<u>563,581</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total current liabilities	<u>26,958,558</u>	<u>5,900,806</u>	<u>28,032,273</u>	<u>2,081,773</u>
Noncurrent liabilities:				
Loan payable to USDA, net of current portion	8,630,207	5,583,873	8,990,427	---
Loans payable to the Foundation, net of current portion	1,421,990	---	1,175,008	---
Deposits held on behalf of others	294,781	---	318,818	---
Accrued annual leave, net current portion	1,553,228	---	1,557,378	---
Subscription-based IT asset, net	2,665,538	---	1,636,693	---
Accrued sick leave liability	5,579,301	---	6,166,507	---
Collective Total OPEB liability	121,293,577	---	141,426,811	---
Net pension liability	<u>85,884,714</u>	<u>---</u>	<u>98,702,330</u>	<u>---</u>
Total noncurrent liabilities	<u>227,323,336</u>	<u>5,583,873</u>	<u>259,973,972</u>	<u>---</u>
Deferred inflows of resources:				
Deferred inflows from leases	1,066,031	---	1,108,512	---
Deferred inflows from OPEB	63,744,408	---	34,858,053	---
Deferred inflows from pension	<u>11,142,815</u>	<u>---</u>	<u>5,474,048</u>	<u>---</u>
Total deferred inflows of resources	<u>75,953,254</u>	<u>---</u>	<u>41,440,613</u>	<u>---</u>
Total liabilities and deferred inflows of resources	<u>\$ 330,235,148</u>	<u>\$ 11,484,679</u>	<u>\$ 329,446,858</u>	<u>\$ 2,081,773</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Statements of Net Position, continued

	UOG September 30, <u>2025</u>	UOG Foundation December 31, <u>2024</u>	UOG September 30, <u>2024</u> <i>(Restated)</i>	UOG Foundation December 31, <u>2023</u> <i>(Restated)</i>
Net position:				
Net investment in capital assets	\$ 70,963,551	\$ ---	\$ 66,513,973	\$ ---
Restricted, nonexpendable:				
Endowments	4,809,370	---	4,657,429	---
Capital projects	1,342,017	---	1,109,321	---
Scholarship and fellowships	33,561	---	30,645	---
Others	<u>2,124,940</u>	<u>---</u>	<u>2,091,013</u>	<u>---</u>
Total restricted, nonexpendable	<u>8,309,888</u>	<u>---</u>	<u>7,888,408</u>	<u>---</u>
Restricted, expendable:				
Capital projects	5,041,278	11,706,974	4,870,471	12,316,550
Cancer grants	1,491,865	---	2,027,719	---
Others	<u>19,641,435</u>	<u>16,121,044</u>	<u>17,661,644</u>	<u>9,194,308</u>
Total restricted, expendable	<u>26,174,578</u>	<u>27,828,018</u>	<u>24,559,834</u>	<u>21,510,858</u>
Unrestricted	(215,192,852)	<u>7,462,191</u>	(209,654,292)	<u>7,195,366</u>
Total net position	<u>(109,744,835)</u>	<u>35,290,209</u>	<u>(110,692,077)</u>	<u>28,706,224</u>
	\$ <u>220,490,313</u>	\$ <u>46,774,888</u>	\$ <u>218,754,781</u>	\$ <u>30,787,997</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position – University Only

	Years Ended September 30,	
	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Operating revenues:		
Student tuition and fees	\$ 19,494,943	\$ 19,658,083
Less scholarship discounts and allowances	(12,624,587)	(8,278,063)
	6,870,356	11,380,020
Federal grants and contracts	36,228,882	37,876,745
Government of Guam grants and contracts	2,973,424	3,728,958
Private grants and contracts	2,247,497	1,942,818
Auxiliary enterprises	1,952,910	1,840,338
Sales and services of education department	537,092	802,988
Other revenues	<u>7,731,930</u>	<u>5,324,766</u>
Total operating revenues	58,542,091	62,896,633
Bad debts recovery	<u>235,435</u>	<u>10,091</u>
Net operating revenues	<u>58,777,526</u>	<u>62,906,724</u>
Operating expenses:		
Research	26,870,679	26,281,192
Instruction	25,339,794	25,220,122
Public service	18,591,166	24,080,269
Institutional support	13,863,325	12,251,224
Academic support	11,785,457	12,930,961
Operational and maintenance, plant	8,599,974	11,663,895
Depreciation and amortization	5,537,711	5,566,087
Student services	4,897,242	4,441,971
Retiree healthcare costs and other pension benefits	4,227,694	3,792,337
Scholarships and fellowships	4,104,208	5,768,702
Auxiliary enterprises	<u>1,185,375</u>	<u>2,148,602</u>
Total operating expenses	<u>125,002,625</u>	<u>134,145,362</u>
Operating loss	(66,225,099)	(71,238,638)
Non-operating revenues (expenses):		
Government of Guam appropriations:		
Operations	41,973,309	33,013,930
Student financial aid program	3,565,285	3,565,285
Guam Cancer Trust Fund	3,814,661	3,000,000
Capital expenditure loan repayment	500,000	500,000
Retiree healthcare costs and other pension benefits	4,227,694	3,792,337
Federal grants and contracts	10,219,785	8,808,111
Net investment income	3,323,675	7,124,866
Loss on transfer of capital asset	(10,932,163)	---
Interest on capital assets – debt related	<u>(691,965)</u>	<u>(589,831)</u>
Total non-operating revenues, net	<u>56,000,281</u>	<u>59,214,698</u>
Federal capital grants	<u>11,172,060</u>	<u>6,721,808</u>
Change in net position	<u>947,242</u>	<u>(5,302,132)</u>
Net position at beginning of year, as previously reported	---	(101,532,458)
Restatement due to GASB 101	---	(3,857,487)
Net position at beginning of year, as restated	<u>(110,692,077)</u>	<u>(105,389,945)</u>
Net position at end of year	<u>\$(109,744,835)</u>	<u>\$(110,692,077)</u>

See accompanying notes.

University of Guam Endowment Foundation, Inc.

Statement of Activities

Year Ended December 31, 2024

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues, gains and other income:			
Net investment income	\$ 349,017	\$ 1,159,163	\$ 1,508,180
Contributions	---	796,569	796,569
Fundraising activities	---	1,283,312	1,283,312
In-kind donations	91,301	5,696,878	5,788,179
Others	23,315	10,000	33,315
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,628,762</u>	<u>(2,628,762)</u>	<u>---</u>
Total revenues	<u>3,092,395</u>	<u>6,317,160</u>	<u>9,409,555</u>
Expenses and losses:			
Program services:			
Donations for debt service	100,000	---	100,000
Scholarships	190,012	---	190,012
Donations for capital improvement	<u>1,000,000</u>	<u>---</u>	<u>1,000,000</u>
Total program services	<u>1,290,012</u>	<u>---</u>	<u>1,290,012</u>
Support services:			
Management and general	894,920	---	894,920
In-kind expenses	163,637	---	163,637
Fundraising activities	<u>477,001</u>	<u>---</u>	<u>477,001</u>
Total support services	<u>1,535,558</u>	<u>---</u>	<u>1,535,558</u>
Total expenses	<u>2,825,570</u>	<u>---</u>	<u>2,825,570</u>
Change in net assets	266,825	6,317,160	6,583,985
Net assets at beginning of year	<u>7,195,366</u>	<u>21,510,858</u>	<u>28,706,224</u>
Net assets at end of year	\$ <u>7,462,191</u>	\$ <u>27,828,018</u>	\$ <u>35,290,209</u>

See accompanying notes.

University of Guam Endowment Foundation, Inc.

Statement of Activities

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u> <i>(Restated)</i>	<u>Total</u> <i>(Restated)</i>
Revenues, gains and other income:			
Net investment income	\$ 727,129	\$ 1,455,987	\$ 2,183,116
Contributions	30,371	735,777	766,148
Fundraising activities	148,483	522,461	670,944
In-kind donations	80,505	1,731,752	1,812,257
Others	64,686	---	64,686
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,039,314</u>	<u>(1,039,314)</u>	<u>---</u>
Total revenues	<u>2,090,488</u>	<u>3,406,663</u>	<u>5,497,151</u>
Expenses and losses:			
Program services:			
Donations for debt service	100,000	---	100,000
Scholarships	<u>126,276</u>	<u>---</u>	<u>126,276</u>
Total program services	<u>226,276</u>	<u>---</u>	<u>226,276</u>
Support services:			
Management and general	722,609	---	722,609
In-kind expenses	84,587	---	84,587
Fundraising activities	<u>244,508</u>	<u>---</u>	<u>244,508</u>
Total support services	<u>1,051,704</u>	<u>---</u>	<u>1,051,704</u>
Total expenses	<u>1,277,980</u>	<u>---</u>	<u>1,277,980</u>
Change in net assets	812,508	3,406,663	4,219,171
Net assets at beginning of year	<u>6,382,858</u>	<u>18,104,195</u>	<u>24,487,053</u>
Net assets at end of year	\$ <u>7,195,366</u>	\$ <u>21,510,858</u>	\$ <u>28,706,224</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Statements of Cash Flows – University Only

	Years Ended September 30,	
	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Cash flows from operating activities:		
Student tuition and fees, net	\$ 9,361,034	\$10,471,630
Grants, contracts and appropriations	42,826,049	41,665,011
Sales and services of education department	537,092	802,988
Auxiliary services	1,952,910	1,840,338
Other revenues	7,054,483	7,794,426
Payments to employees	(84,312,149)	(73,372,595)
Payments to suppliers	(31,032,529)	(39,612,019)
Payments to students for financial aid	<u>(4,104,208)</u>	<u>(5,768,702)</u>
Net cash used for operating activities	<u>(57,717,318)</u>	<u>(56,178,923)</u>
Cash flows from non-capital related financing activities:		
Grants and contracts	8,354,868	8,261,076
Net receipts from University of Guam Endowment Foundation	2,819,678	---
Government of Guam appropriations collected	<u>54,080,949</u>	<u>44,066,128</u>
Cash provided by non-capital related financing activities	<u>65,255,495</u>	<u>52,327,204</u>
Cash flows from capital and related financing activities:		
Federal capital grants	11,172,060	6,721,808
Loan drawn from the Foundation	709,000	1,500,000
Payments of advances from the Foundation	(529,808)	(361,942)
Interest paid on capital debt	(691,965)	(589,831)
Principal paid on capital debt	(344,610)	(322,121)
Purchases of capital assets	<u>(18,657,811)</u>	<u>(12,528,486)</u>
Net cash used for capital and related financing activities	<u>(8,343,134)</u>	<u>(5,580,572)</u>
Cash flows from investing activities:		
Investment income	5,762,561	12,956,461
Net sale (purchase) of investments	<u>1,054,854</u>	<u>(11,332,618)</u>
Net cash provided by investing activities	<u>6,817,415</u>	<u>1,623,843</u>
Net change in cash and cash equivalents	6,012,458	(7,808,448)
Cash and cash equivalents, beginning of year	<u>8,555,509</u>	<u>16,363,957</u>
Cash and cash equivalents, end of year	<u>\$14,567,967</u>	<u>\$ 8,555,509</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Current assets:		
Cash and cash equivalents	\$10,423,972	\$ 4,568,966
Noncurrent assets:		
Restricted cash and cash equivalents	<u>4,143,995</u>	<u>3,986,543</u>
	<u>\$14,567,967</u>	<u>\$ 8,555,509</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Statements of Cash Flows – University Only, continued

Supplemental information on noncash activities:

During the years ended September 30, 2025 and 2024, the University recorded appropriations of \$4,227,694 and \$3,792,337, respectively for retiree healthcare costs and other pension benefits paid by the Government of Guam on behalf of the University.

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	\$(66,225,099)	\$(71,238,638)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	5,537,711	5,566,087
Bad debts recovery	(235,435)	(10,091)
Noncash other postemployment benefit cost	8,652,304	8,036,742
Noncash pension cost	11,415,160	15,018,372
Noncash (income) expenses	(475,205)	105,106
Changes in assets and liabilities:		
Receivables, net	1,804,744	(754,643)
Inventories	1,260	45,112
Other current assets	156,700	146,634
Accounts payable, accrued liabilities and deposits held on behalf of others	(1,903,496)	2,420,634
Accrued annual leave	20,236	171,111
Accrued sick leave liability	(587,206)	(640,288)
Unearned revenues	1,254,350	291,899
Net pension liability	(12,964,397)	(11,964,855)
Total collective OPEB liability	<u>(4,168,945)</u>	<u>(3,372,105)</u>
Net cash used for operating activities	<u>\$(57,717,318)</u>	<u>\$(56,178,923)</u>

See accompanying notes.

University of Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements

Years Ended September 30, 2025 and 2024

1. Organization and Summary of Accounting Policies

Organization

Administrative autonomy was granted to the University of Guam (the University or UOG) 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 (GovGuam). The University also reports the financial statements of its discretely presented component unit, the UOG Endowment Foundation, Inc. (the Foundation). The Foundation is a legally separate, tax-exempt, private corporation, that operates on a fiscal year ending December 31. While the University does not control the Foundation, the resources and income of the Foundation can only be used for the benefit of the University. The financial statements also include the financial statements of the Research Corporation of the University of Guam (RCUOG) using blending method. The RCUOG is a public corporation incorporated on Guam and operates as an integral part of the University.

Financial Statement Presentation

The financial statement presentation is required to provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, deferred inflows of resources, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

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. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

University of Guam
(A Component Unit of the Government of Guam)

Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

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. 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 Statements of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the University's policy is to apply restricted net position first.

Short-term Investments

Short-term investments include time certificates of deposit with original maturities of more than three months, but less than one year.

Investments

Investments are reported at fair value using quoted market prices. Realized and unrealized investment earnings and losses are recorded as non-operating income or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from U.S. Federal agencies for various federal grant awards as well as amounts due from GovGuam for local appropriations. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectability of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Bad debts are written off against the allowance using the specific identification method. As of September 30, 2025 and 2024, the University recorded allowance for doubtful tuition receivable of \$4,636,756, and \$4,370,636, respectively, and allowance for doubtful other receivables of \$2,140,826 and \$2,080,078, respectively.

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.

University of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Due from the U.S. Federal government

Due from the U.S. Federal Government consists of amounts due from the federal government in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. As of September 30, 2025 and 2024, the University recorded allowance for doubtful amounts from the U.S. Federal Government of \$1,007,205 and \$961,015, respectively.

Inventories

Inventory is stated at the lower of cost, determined using the first-in, first-out method, or market.

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.

Unearned Revenues

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The University reports deferred outflows of resources for pension-related and other pensions and postemployment benefits (OPEB)-related amounts: payments since the measurement date, changes in assumptions, and for differences between projected and actual earnings.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources until then. The University reports deferred inflows of resources for pension-related and OPEB-related amounts: for its share of the difference between expected and actual earnings, for its share of the difference between its contributions and its proportionate share of contributions, and for the difference between expected and actual experience.

University of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Pensions and Other Postemployment Benefits (OPEB)

Pensions are required to be recognized and disclosed using the accrual basis of accounting. The University recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents the University's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes the University's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity (SA) payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to Defined Contribution Retirement System (DCRS) members. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

OPEB is required to be recognized and disclosed using the accrual basis of accounting. The University recognizes a collective total OPEB liability for the defined benefit OPEB plan in which it participates, which represents the University's proportional share of total OPEB liability - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the total collective OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the total collective OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

University of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Compensated Absences

Vesting annual leave is accrued and reported as an expense and a liability in the period earned. Annual leave expected to be paid out within the next fiscal year is accrued and is included in current liabilities. The maximum accumulation of annual leave convertible to pay upon termination of employment is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of three hundred twenty (320) hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement.

A liability is accrued for unused sick leave earned as of year-end based on estimated future use using LIFO (last in, first out) flow assumption which was determined using the historical leave usage of former employees. In addition, a liability is recorded for earned unused sick leave to be paid out to DCRS members upon retirement. 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. Because the liability is based on estimates and assumptions regarding future retirements and leave balances, actual payments may differ from the amounts accrued.

Noncurrent Liabilities

Noncurrent liabilities include (1) long-term debt with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences, sick leave, pension, OPEB and other liabilities that will not be paid within the next fiscal year.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets - 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 - Expendable - Restricted expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted - Nonexpendable - Nonexpendable restricted net position 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.

University of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

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, and (3) interest on institutional student loans.

Nonoperating Revenues - include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as federal, state and local grants and contracts and appropriations, and investment income.

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 Statements of Revenues, Expenses and Changes in Net Position. 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 used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the statement of net position and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

University of Guam
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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Economic Dependency

The University is dependent on ongoing appropriations from the Government of Guam.

Reclassification

Certain reclassifications have been made to the 2024 financial statements for comparative purposes. Such reclassifications have no effect to previously reported change in net position.

Recently Adopted Accounting Pronouncement

During the year ended September 30, 2025, the University implemented the following pronouncements:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The adoption of the Statement requires retrospective application. As a result, the financial statements for the prior period have been restated to reflect the changes in the accounting principles as mandated by the Statement.

The following table summarizes the effects of the restatement on the previously reported financial statements:

	9/30/2024 Previously <u>Reported</u>	Restatement <u>Adjustment</u>	9/30/2024 Restated <u>Amount</u>
<i>Statement of Net Position</i>			
Total net position, end	\$(106,898,751)	\$(3,793,326)	\$(110,692,077)
Total net position, beginning	(101,532,458)	(3,857,487)	(105,389,945)
<i>Statement of Revenues, Expenses and Changes in Net Position</i>			
Change in Net Position	(5,366,293)	64,161	(5,302,132)

The adjustments made due to the retrospective adoption do not affect cash flows from operating, investing, or financing activities.

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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Recently Adopted Accounting Pronouncement, continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to ascertain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The implementation of this Statement did not have a material effect on the accompanying financial statements.

Upcoming Accounting Pronouncements

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and address certain application issues identified through pre-agenda research conducted by the GASB. This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis (MD&A), unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, budgetary comparison information and financial trends information in the statistical section. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 103 will be effective for fiscal year ending September 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

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Notes to Financial Statements, continued

1. Organization and Summary of Accounting Policies, continued

Upcoming Accounting Pronouncements, continued

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 104 will be effective for fiscal year ending September 30, 2026.

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. Management is evaluating the effect that this Statement, upon implementation, will have on the financial statements. GASB Statement No. 105 will be effective for fiscal year ending September 30, 2027.

University of Guam
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Notes to Financial Statements, continued

2. Deposits and Investments

The deposit 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.

University of Guam
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Notes to Financial Statements, continued

2. Deposits and Investments, continued

(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. Deposits

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.

University of Guam
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Notes to Financial Statements, continued

2. Deposits and Investments, continued

A. Deposits, continued

At September 30, 2025 and 2024, the carrying amount of the University's cash and cash equivalents and time certificates of deposit were \$15,314,651 and \$10,179,272, respectively, and the corresponding bank balances were \$16,745,168 and \$10,536,708, respectively. Of the bank balance amounts, \$15,595,577 and \$9,709,109, respectively, were not insured by Federal Deposit Insurance Corporation (FDIC) insurance and National Credit Union Administration (NCUA) insurance, or uncollateralized by securities held by a trustee in the name of the financial institution. The University does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC or NCUA insurance coverage are uncollateralized.

Accordingly, these deposits are exposed to custodial credit risk.

B. Investments

Investments held by the University consist of certificates of deposit, money market funds, fixed income securities, mutual funds, and common stock. These investments are held in the name of the University and 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.

As of September 30, 2025 and 2024, the University's fixed income securities had the following maturities:

Investment Type	2025				
	Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U.S. Treasury Securities	\$ 2,632,164	\$ ---	\$ ---	\$ 1,849,819	\$ 782,345
Corporate Bonds	278,052	---	---	278,052	---
Asset-backed, mortgage-backed and collateralized mortgage securities	<u>2,423,282</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>2,423,282</u>
	<u>\$ 5,333,498</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 2,127,871</u>	<u>\$ 3,205,627</u>
Investment Type	2024				
	Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U.S. Treasury Securities	\$ 2,032,634	\$ ---	\$ ---	\$ 1,345,824	\$ 686,810
Corporate Bonds	581,815	228,703	---	353,112	---
Asset-backed, mortgage-backed and collateralized mortgage securities	<u>2,566,679</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>2,566,679</u>
	<u>\$ 5,181,128</u>	<u>\$ 228,703</u>	<u>\$ ---</u>	<u>\$ 1,698,936</u>	<u>\$ 3,253,489</u>

University of Guam
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Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

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, 2025 and 2024. Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of September 30, 2025 and 2024, the University did not hold any investment in any one issuer that represented 5% or more of total investments of the University, or 10% or more of any investment manager's portfolio.

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.

The University categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University has investments that do not have readily determinable fair value for which fair value is measured using net asset value per share or per fund. These investments, if sold, are probable of being sold at amounts different from net asset value per share or per fund.

The University has the following recurring fair value measurements as of September 30, 2025.

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Fixed income securities	\$ 5,333,498	\$ ---	\$5,333,498	\$ ---
Equity securities	12,662,946	12,662,946	---	
Exchange traded products and mutual funds	15,817,320	15,817,320	---	---
Real estate investment trusts	<u>1,401,999</u>	---	<u>1,401,999</u>	---
Total investments by fair value level	<u>\$35,215,763</u>	<u>\$28,480,266</u>	<u>\$6,735,497</u>	<u>\$ ---</u>
Investments measured at amortized cost or net asset value per share or per fund:				
Cash	433,096			
Certificates of deposit	746,684			
Alternative investments	<u>2,919,461</u>			
	<u>\$39,315,004</u>			

University of Guam
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Notes to Financial Statements, continued

2. Deposits and Investments, continued

B. Investments, continued

The University has the following recurring fair value measurements as of September 30, 2024.

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Fixed income securities	\$ 5,181,128	\$ ---	\$5,181,128	\$ ---
Equity securities	12,695,658	12,695,658	---	---
Exchange traded products and mutual funds	16,861,649	16,861,649	---	---
Real estate investment trusts	<u>1,864,305</u>	<u>---</u>	<u>1,864,305</u>	<u>---</u>
Total investments by fair value level	<u>\$36,602,740</u>	<u>\$29,557,307</u>	<u>\$7,045,433</u>	<u>\$ ---</u>

Investments measured at amortized cost or net asset value per share or per fund:

Cash	354,815
Certificates of deposit	3,623,783
Money market funds	1,014,905
Alternative investments	<u>1,212,501</u>
	<u>\$42,808,744</u>

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix-based or model-based pricing techniques. These pricing techniques, which are obtained from various sources, assume normal market conditions and are based on large volume transactions.

3. 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, 2025 and 2024, loans receivable are reserved in the amount of \$18,452,867 and \$17,040,909, respectively, and recoveries collected are \$273,513 and \$238,152 for the years then ended, respectively, which are included as other revenues in the accompanying statements of revenues, expenses and changes in net position.

4. Other receivables

The University recorded receivables for auxiliary enterprise services it provides to students, faculty, staff 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, and student financial aid funding that have not been received.

University of Guam
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Notes to Financial Statements, continued

5. Lease Receivables

The Research Corporation of the University of Guam, lessor, entered into a lease agreement with Coreseed Aquaculture (Guam) Corporation, lessee, on the use of a certain parcel of land and improvements thereon. The lessee is in the business of developing aquaculture products to fill market demands and to develop farms and other agricultural activities. The initial term of the lease began on January 1, 2020, and ends on December 31, 2049, with an option to renew. Annual lease payment is due on or before January 6th of each year at the following rates:

- Years 1 – 5 at \$32,000 per year
- Years 6 –10 at \$44,000 per year
- Years 11–15 at \$48,000 per year
- Years 16 –30 at \$50,000 per year

At the 11th year of the initial lease term, 5% of the portion of the lessee’s annual revenue above \$800,000 will be assessed. On September 30, 2025 and 2024, the University recorded total lease receivables of \$1,070,221 and \$1,110,422, respectively.

For the years ended September 30, 2025 and 2024, the University recognized inflow of resources as components of sales and services of education department and other revenues in the accompanying statements of revenues, expenses and changes in net position:

	<u>2025</u>	<u>2024</u>
Lease revenue	\$42,480	\$10,000
Interest revenue	<u>3,800</u>	<u>196</u>
	<u>\$46,280</u>	<u>\$10,196</u>

6. Capital Assets

Activity and balances for capital assets for the years ended September 30, 2025 and 2024 consisted of the following:

	<u>Balance</u> <u>October 1, 2024</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>September 30, 2025</u>
<u>Depreciable:</u>				
Land improvements	\$ 2,283,042	\$ ---	\$ ---	\$ 2,283,042
Building	95,402,202	---	(11,901,045)	83,501,157
Building improvements	7,759,758	---	---	7,759,758
Equipment	23,385,641	881,118	(566,584)	23,700,175
Library books	<u>8,891,975</u>	<u>---</u>	<u>---</u>	<u>8,891,975</u>
	137,722,618	881,118	(12,467,629)	126,136,107
Less accumulated depreciation	<u>(80,778,193)</u>	<u>(4,812,706)</u>	<u>1,535,465</u>	<u>(84,055,434)</u>
	<u>56,944,425</u>	<u>(3,931,588)</u>	<u>(10,932,164)</u>	<u>42,080,673</u>

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Notes to Financial Statements, continued

6. Capital Assets, continued

	<u>Balance</u> <u>October 1, 2024</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>September 30, 2025</u>
<u>Subscription-based IT Asset:</u>				
Subscription-based IT asset	2,953,080	2,176,040	---	5,129,120
Less accumulated amortization	(1,431,020)	(736,548)	62,278	(2,105,290)
	<u>1,522,060</u>	<u>1,439,492</u>	<u>62,278</u>	<u>3,023,830</u>
<u>Lease asset:</u>				
Lease asset	<u>7,860,280</u>	<u>3,087,446</u>	---	<u>10,947,726</u>
	<u>7,860,280</u>	<u>3,087,446</u>	---	<u>10,947,726</u>
<u>Nondepreciable:</u>				
Land	3,392,677	---	---	3,392,677
Construction in progress	<u>7,766,259</u>	<u>15,408,349</u>	---	<u>23,174,608</u>
	<u>11,158,936</u>	<u>15,408,349</u>	---	<u>26,567,285</u>
Total capital assets, net	<u>\$ 77,485,701</u>	<u>\$16,003,699</u>	<u>\$(10,869,886)</u>	<u>\$ 82,619,514</u>
	<u>Balance</u> <u>October 1, 2023</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>September 30, 2024</u>
<u>Depreciable:</u>				
Land improvements	\$ 2,256,471	\$ 26,571	\$ ---	\$ 2,283,042
Building	95,402,202	---	---	95,402,202
Building improvements	7,740,658	19,100	---	7,759,758
Equipment	22,111,102	1,379,533	(104,994)	23,385,641
Library books	<u>8,891,975</u>	---	---	<u>8,891,975</u>
	136,402,408	1,425,204	(104,994)	137,722,618
Less accumulated depreciation	(76,043,400)	(4,735,411)	618	(80,778,193)
	<u>60,359,008</u>	<u>(3,310,207)</u>	<u>(104,376)</u>	<u>56,944,425</u>
<u>Subscription-based IT Asset:</u>				
Subscription-based IT asset	2,930,006	23,074	---	2,953,080
Less accumulated amortization	(700,177)	(730,843)	---	(1,431,020)
	<u>2,229,829</u>	<u>(707,769)</u>	---	<u>1,522,060</u>
<u>Lease asset:</u>				
Lease asset	---	<u>7,860,280</u>	---	<u>7,860,280</u>
	---	<u>7,860,280</u>	---	<u>7,860,280</u>
<u>Non-depreciable:</u>				
Land	3,392,677	---	---	3,392,677
Construction in progress	<u>7,215,313</u>	<u>596,616</u>	(45,670)	<u>7,766,259</u>
	<u>10,607,990</u>	<u>596,616</u>	(45,670)	<u>11,158,936</u>
Total capital assets, net	<u>\$ 73,196,827</u>	<u>\$ 4,438,920</u>	<u>\$(150,046)</u>	<u>\$ 77,485,701</u>

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Notes to Financial Statements, continued

6. Capital Assets, continued

In 2016, the University and the Foundation executed a facilities lease agreement (the Agreement), classified as financed purchase, for future buildings to be constructed, wherein the Foundation is the lessor, and the University is the lessee. The Agreement commences when the University obtains the right to use the underlying asset by either gaining physical possession of the asset or attaining access to the underlying asset. As of September 30, 2025, the construction is still in progress and the Agreement has not commenced. The University incurred initial direct costs in relation to the Agreement and recognized lease asset of \$10,947,726 and \$7,860,280 as of September 30, 2025 and 2024, respectively.

7. Long-Term Debt

Loans Payable to the Foundation

Loans payable to the Foundation as of September 30, 2025 and 2024 and changes for the years then ended are as follows:

	Outstanding October 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30, <u>2025</u>	Amount due within <u>one year</u>
Loans payable to the Foundation	\$ <u>1,645,763</u>	\$ <u>709,000</u>	\$ <u>529,808</u>	\$ <u>1,824,955</u>	\$ <u>402,965</u>
	Outstanding October 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30, <u>2024</u>	Amount due within <u>one year</u>
Loans payable to the Foundation	\$ <u>507,705</u>	\$ <u>1,500,000</u>	\$ <u>361,942</u>	\$ <u>1,645,763</u>	\$ <u>470,755</u>

In September 2024, the University and the Foundation entered into a borrowing agreement to support the University's 20% federal award match requirement with an amount of \$709,000 plus interest on the unpaid principal balance at the rate of 4.00%. The principal and interest shall be paid annually beginning on June 30, 2025 with the final payoff on June 30, 2034.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 61,416	\$ 25,998	\$ 87,414
2027	63,873	23,541	87,414
2028	66,428	20,986	87,414
2029	69,085	18,329	87,414
2030	71,848	15,566	87,414
2031-2034	<u>317,297</u>	<u>32,353</u>	<u>349,650</u>
	<u>\$649,947</u>	<u>\$136,773</u>	<u>\$786,720</u>

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Notes to Financial Statements, continued

7. Long-Term Debt, continued

In September 2023, an agreement was entered into between UOG and the Foundation that specified UOG to borrow the principal amount of \$1,500,000 at the rate of 5.00% per annum. The said principal and interest shall be paid quarterly at equal amounts until September 29, 2028, based on an amendment to the agreement dated July 2024. The purpose of the loan is to provide bridge financing to UOG for the Engineering Annex project until such time the \$7,100,000 grant from the US Treasury is fully drawn and the loan amount can be reimbursed from the loan with the United States Department of Agriculture (USDA).

Loans Payable to the Foundation, continued

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 341,549	\$ 52,412	\$ 393,961
2027	358,949	35,012	393,961
2028	<u>474,510</u>	<u>17,941</u>	<u>492,451</u>
	<u>\$1,175,008</u>	<u>\$105,365</u>	<u>\$1,280,373</u>

In May 2019, an agreement was entered into between UOG and the Foundation that specified UOG to borrow the principal amount of \$1,400,000, plus interest on the unpaid principal balance at the rate of 1.25% plus the federal rate.

Loan Payable to USDA

In October 2001, Public Law 26-48 authorized the University to enter into a loan with the USDA for an amount not to exceed \$13,500,000 for the purpose of funding construction of certain facilities. The loan with USDA was signed on June 12, 2003 and construction began in March 2005. The interest rate is fixed at 4.50% per annum.

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 per 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. Also, the note contains a provision that in an event of default, which would be non-payment of payments as they become due, USDA may, at its option, collect interest income and principal and exercise any other right or remedy provided by the Uniform Commercial Code after giving any notice required thereby.

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Notes to Financial Statements, continued

7. Long-Term Debt, continued

Loan Payable to USDA, continued

At September 30, 2025 and 2024, UOG does not have unused lines of credit.

Annual debt service requirements to maturity for principal and interest are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 360,218	\$ 389,842	\$ 750,060
2027	376,535	373,525	750,060
2028	393,591	356,469	750,060
2029	411,420	338,640	750,060
2030	430,057	320,003	750,060
2031-2035	2,460,753	1,289,547	3,750,300
2036-2040	3,070,918	679,382	3,750,300
2041-2043	<u>1,486,933</u>	<u>68,230</u>	<u>1,555,163</u>
	<u>\$8,990,425</u>	<u>\$3,815,638</u>	<u>\$12,806,063</u>

Public Law 26-48 also provided supplemental annual funding of \$500,000 from the Government of Guam to pay for the loan. During the years ended September 30, 2025 and 2024, the University received \$500,000 for this purpose.

Long-term debt activities for the years ended September 30, 2025 and 2024 were as follows:

	Outstanding October 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30, <u>2025</u>	Amount due within <u>one year</u>
Loans payable	\$ <u>9,335,035</u>	\$ <u>---</u>	\$ <u>344,610</u>	\$ <u>8,990,425</u>	\$ <u>360,218</u>
	Outstanding October 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30, <u>2024</u>	Amount due within <u>one year</u>
Loans payable	\$ <u>9,657,156</u>	\$ <u>---</u>	\$ <u>322,121</u>	\$ <u>9,335,035</u>	\$ <u>344,608</u>

Pursuant to the Foundation's resolution 1-2002, the Foundation's Board approved donation of up to \$200,000 to the University as a contribution for re-payment of a USDA Community Facility Loan. The USDA loan was approved contingent on the identification of debt repayment sources from the Government of Guam, the University and the Foundation. During the years ended September 30, 2025 and 2024, the Foundation contributed \$100,000 towards the debt service of the loan.

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Notes to Financial Statements, continued

8. Other Long-Term Liabilities

A summary of changes in long-term liabilities for the years ended September 30, 2025 and 2024 follows:

	Outstanding October 1, 2024	Increase	Decrease	Outstanding September 30, 2025	Amount due within one year	Amount due beyond one year
Deposits held on behalf of others	\$ 318,818	\$ 1,603,450	\$ 1,627,487	\$ 294,781	\$ ---	\$ 294,781
Accrued annual leave	2,738,429	2,161,193	2,140,957	2,758,665	1,205,437	1,553,228
Subscription-based IT liability	1,636,693	1,028,845	---	2,665,538	---	2,665,538
Accrued sick leave liability	6,166,507	---	587,206	5,579,301	---	5,579,301
Collective total OPEB liability	141,426,811	---	20,133,234	121,293,577	---	121,293,577
Net pension liability	98,702,330	---	12,817,616	85,884,714	---	85,884,714
	<u>\$ 250,989,588</u>	<u>\$ 4,793,488</u>	<u>\$ 37,306,500</u>	<u>\$ 218,476,576</u>	<u>\$ 1,205,437</u>	<u>\$ 217,271,139</u>

	Outstanding October 1, 2023	Increase	Decrease	Outstanding September 30, 2024	Amount due within one year	Amount due beyond one year
Deposits held on behalf of others	\$ 324,752	\$ 1,016,201	\$ 1,022,135	\$ 318,818	\$ ---	\$ 318,818
Accrued annual leave	2,567,318	2,247,823	2,076,712	2,738,429	1,181,051	1,557,378
Subscription-based IT liability	2,239,160	23,074	625,541	1,636,693	---	1,636,693
Accrued sick leave liability	6,806,795	---	640,288	6,166,507	---	6,166,507
Collective total OPEB liability	118,350,876	23,075,935	---	141,426,811	---	141,426,811
Net pension liability	104,705,282	---	6,002,952	98,702,330	---	98,702,330
	<u>\$ 234,994,183</u>	<u>\$ 26,363,033</u>	<u>\$ 10,367,628</u>	<u>\$ 250,989,588</u>	<u>\$ 1,181,051</u>	<u>\$ 249,808,537</u>

9. Employee Benefits

General Pension Plan Descriptions

The Government of Guam Retirement Fund (GGRF) administers the Government of Guam Defined Benefit (DB) Plan and the Defined Contribution Retirement System (DCRS) Plan. By statute, the University provides pension benefits for its employees through the GGRF.

Defined Benefit Plan (DB Plan)

The DB Plan is a single-employer plan. A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. The GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions

Defined Benefit Plan (DB Plan), continued

In accordance with Public Law 33-186, the Defined Benefit 1.75 Plan became effective January 1, 2018. Members of the DB 1.75 Plan also automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

The DB Plan is administered by the GGRF, to which the University contributes based upon a fixed percentage of the payroll for those employees who are members of the Plan.

Membership: Employees of the University hired before September 30, 1995 are under the Government of Guam Employees Retirement System, the DB Plan. Until December 31, 1999, and for several limited periods after December 31, 1999, those employees who are members of the defined benefit plan with less than 20 years of service at September 30, 1995, had the option to switch to the DCRS. Otherwise, they remained under the old plan.

The DB 1.75 Plan is open for participation by certain existing employees, new employees and reemployed employees who would otherwise participate in the DCRS and who make election on a voluntary basis to participate in the DB 1.75 plan by December 31, 2017.

Contributions: Plan members of the DB Plan are required to contribute a certain percentage of their annual covered salary. The contribution requirements of the plan members and the University are established and may be amended by the GGRF.

The University's statutory contribution rate was 30.77% and 29.43%, respectively, for the years ended September 30, 2025 and 2024. Employees are required to contribute 9.5% of their annual pay for the years ended September 30, 2025 and 2024.

Benefits: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or \$6,000, whichever is greater.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Investment rate of return:	7.0%
Payroll growth:	2.50% for Fiscal Year 2024, and thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire
Investment rate of return:	The investment rate of return of 7.0% is unchanged from the prior valuation. The discount rate assumption 7.0% is about equal to the expected geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. Note that if investments fail to achieve the assumed interest rate, future required contributions will increase. The 2015-2020 experience study recommended a decrease to the interest rate assumption from 7.0% to 6.7%, however, due to a change in the economic environment since that study was completed (primarily an increase in interest rates), the forward-looking expected return is now higher than it was when the 2015-2020 experience study analysis was conducted. The 7.0% assumption is reasonable.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions, continued

Defined Benefit Plan (DB Plan), continued

Mortality: Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the GGRF's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Expected Rate of Return and Asset Allocation: The Fund has a target asset allocation based on the investment policy adopted by the GGRF Board of Trustees. The target allocation and best estimates of the expected nominal return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Return</u>	<u>Component Return</u>
U.S. Equities (large cap)	26.0%	7.83%	2.03%
U.S. Equities (small cap)	4.0%	9.32%	0.37%
Non-U.S. Equities	17.0%	10.12%	1.72%
Non-U.S. Equities (emerging markets)	3.0%	11.79%	0.35%
U.S. Fixed Income (aggregate)	22.0%	4.86%	1.07%
Risk Parity	8.0%	6.53%	0.52%
High Yield Bonds	8.0%	6.54%	0.52%
Global Real Estate (REITs)	2.5%	9.34%	0.23%
Global Equity	7.5%	8.59%	0.64%
Global Infrastructure	2.0%	8.42%	0.17%
Expected arithmetic mean (1 year)			7.64%
Expected geometric mean (30 years)			6.91%

The discount rate assumption of 7.0% is about equal to the geometric mean over 30 years, but lower than the average arithmetic return for one year. The geometric mean is lower than the arithmetic mean due to the expected volatility of investments. If investments fail to achieve the assumed interest rate, future required contributions will increase.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants

Members of the DB Plan also receive ad hoc cost of living allowance and supplemental annuity benefits that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA/SA Plan for DB Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA/SA Plan for DB Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: The plan membership is the same as the DB Plan described above.

Benefits: The supplemental annuity is an amount which, when added to a retiree's annuity increase the annual annuity to \$40,000.

The COLA payment is \$2,300 per DB retiree.

Contribution: The University's contribution to the supplemental annuity portion of the Plan, when added to a retiree's annuity, increases the annual annuity to \$40,000.

The University's contribution to the COLA payment of the Plan is \$2,300 per DB retiree.

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Payroll growth:	2.50% for Fiscal Year 2024, and thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	40% of employees assumed to retire when first eligible for unreduced retirement, 20% per year thereafter until age 75, at which time all remaining employees are assumed to retire

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA/Supplemental Annuity (COLA/SA) Plan for DB Participants, continued

Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80
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Discount Rate: The discount rate used to measure the Ad Hoc COLA/SA for the years ended September 30, 2025 and 2024 was a municipal bond rate of 3.81% and 4.09%, respectively. This rate was used as the benefits are not funded with the accumulation of assets; they have been funded historically through appropriations from the Government of Guam.

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participant

The DCRS is administered by the GGRF. Members of DCRS receive ad hoc cost of living allowance (COLA) that are appropriated yearly by the Guam Legislature. Those benefits are deemed to be substantively automatic, requiring reporting under GASB Statement No. 73. The Ad Hoc COLA Plan for DCRS Participants is a single-employer plan. A single actuarial valuation is performed annually covering all plan members. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the Ad Hoc COLA Plan for DCRS Participants. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website - www.ggrf.com.

Membership: Employees hired after September 30, 1995, are members of the DCRS.

Benefits: Ad Hoc COLA Plan for DCRS participants are the same as those for DB Participants.

Contributions: The University's contribution to the COLA payment of the Plan is \$2,300 per DCRS retiree.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

General Pension Plan Descriptions, continued

Ad Hoc COLA Plan for Defined Contribution Retirement System (DCRS) Participant, continued

Actuarial Assumptions: The actuarial assumptions used are based upon recommendations from the actuarial experience study for the period October 1, 2015 through September 30, 2020. A summary of actuarial assumptions applied to all periods included in the measurement is shown below.

Inflation:	2.50% per year
Payroll growth:	2.50% for Fiscal Year 2024, and thereafter
Salary increases:	6.0% per year in the first 5 years, 4.5% for years 6-10, 3.0% for years 11 to 15, and 3.0% for service after 15 years
Retirement age:	5% of employees assumed to retire each year for ages 55 to 64, 10% of employees per year thereafter from age 65 until age 74, at which time all remaining employees are assumed to retire
Mortality:	Based on the PUB-2010 General Employees Amount-Weighted and PUB-2010 General Healthy Retiree Amount-Weighted mortality table, set forward by 4 years for males and 2 years for females, respectively then increased by 30% for ages less than 80

Discount Rate: The discount rate is the same as that used in the Ad Hoc COLA/SA Plan for DB Participants.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability as of September 30, 2025 and 2024 for the aforementioned plans were measured on and was determined by actuarial valuations as of the following dates:

	<u>2025</u>	<u>2024</u>
Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2023	September 30, 2022

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Notes to Financial Statements, continued

9. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Net pension liability as of September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit plan	\$67,429,031	\$ 81,636,265
Ad hoc COLA/supplemental annuity plan for DB participants	15,023,117	13,249,820
Ad hoc COLA plan for DCRS participants	<u>3,432,566</u>	<u>3,816,245</u>
	<u>\$85,884,714</u>	<u>\$98,702,330</u>

Proportionate share of net pension liabilities at September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit plan	6.40%	5.84%
Ad hoc COLA/supplemental annuity plan for DB participants	4.93%	4.93%
Ad hoc COLA plan for DCRS participants	4.81%	4.87%

Pension expense for the years ended September 30, 2025 and 2024 for the aforementioned plans are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit plan	\$10,393,487	\$12,783,179
Ad hoc COLA/supplemental annuity plan for DB participants	1,324,253	1,487,723
Ad hoc COLA plan for DCRS participants	<u>(302,580)</u>	<u>747,470</u>
	<u>\$11,415,160</u>	<u>\$15,018,372</u>

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Notes to Financial Statements, continued

9. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

As of September 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	\$ 90,444	\$ 502,905	\$ 726,834	\$ 254,429	\$ 359,316	\$ 39,683
Net difference between projected and actual earnings on pension plan investments	---	8,556,676	---	---	---	---
Changes of assumptions	---	269,805	330,280	---	721,894	559,629
Contributions subsequent to the measurement date	11,636,491	---	1,123,464	---	161,000	---
Changes in proportion and difference between UOG contributions and proportionate share of contributions	<u>4,295,448</u>	<u>614,939</u>	<u>134,860</u>	<u>---</u>	<u>97,245</u>	<u>344,749</u>
	<u>\$16,022,383</u>	<u>\$9,944,325</u>	<u>\$2,315,438</u>	<u>\$ 254,429</u>	<u>\$1,339,455</u>	<u>\$ 944,061</u>

As of September 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/SA Plan for DB		Ad Hoc COLA Plan for DCRS	
	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	\$ 838,239	\$ 918,281	\$ ---	\$ 536,624	\$ 373,892	\$ 49,096
Net difference between projected and actual earnings on pension plan investments	10,624,842	---	---	---	---	---
Changes of assumptions	---	492,660	202,988	675,054	738,827	675,605
Contributions subsequent to the measurement date	10,730,481	---	1,154,933	---	147,400	---
Changes in proportion and difference between UOG contributions and proportionate share of contributions	<u>---</u>	<u>1,770,357</u>	<u>344,742</u>	<u>---</u>	<u>120,544</u>	<u>356,371</u>
	<u>\$22,193,562</u>	<u>\$3,181,298</u>	<u>\$1,702,663</u>	<u>\$1,211,678</u>	<u>\$1,380,663</u>	<u>\$1,081,072</u>

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Notes to Financial Statements, continued

9. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Deferred outflows of resources at September 30, 2025 and 2024 resulting from the University's employer contributions for the following plans are as follows:

	<u>2025</u>	<u>2024</u>
DB Plan	\$11,636,491	\$10,730,481
Ad hoc COLA/SA Plan for DB Participants	1,123,464	1,154,933
Ad hoc COLA Plan for DCRS Participants	<u>161,000</u>	<u>147,400</u>
	<u>\$12,920,955</u>	<u>\$12,032,814</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	244,108
2027	3,260,720
2028	(3,739,975)
2029	(4,444,819)
2030	76,659
Thereafter	<u>216,823</u>
	<u>\$(4,386,484)</u>

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Sensitivity analysis: The following presents the net pension liability calculated using a discount rate that is one percentage point (1.0%) lower or 1% higher than the current rate:

DB Plan	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net pension liability	<u>\$88,337,795</u>	<u>\$67,429,031</u>	<u>\$49,428,077</u>

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Notes to Financial Statements, continued

9. Employee Benefits, continued

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions, continued

Ad Hoc COLA/SA for DB Participants	1% Decrease <u>2.81%</u>	Current Discount <u>Rate 3.81%</u>	1% Increase <u>4.81%</u>
Collective total pension liability	<u>\$16,394,073</u>	<u>\$15,023,117</u>	<u>\$13,829,271</u>
Ad Hoc COLA for DCRS Participants	1% Decrease <u>2.81%</u>	Current Discount <u>Rate 3.81%</u>	1% Increase <u>4.81%</u>
Collective total pension liability	<u>\$ 3,851,978</u>	<u>\$ 3,432,566</u>	<u>\$ 3,077,027</u>

Detailed information about the DB Plan’s fiduciary net position is available in the separately issued GGRF financial report.

DCRS

The DCRS was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed by the Government of Guam. Contributions into the DCRS, by members are based on an automatic deduction of 6.2% 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, 2025 and 2024 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 6.2% 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.

During the years ended September 30, 2025 and 2024, contributions made and amounts accrued under the DCRS amounted to \$5,389,694 and \$5,526,501, respectively.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

Payable to the Pension Plan

As of September 30, 2025 and 2024, the University recorded payable to GGRF of \$341,453 and \$327,812, respectively, which represents statutorily required contributions unremitted as of year-end.

Other Post-employment benefit (OPEB) plan

OPEB Plan Description

GovGuam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains an agent multiple employer defined benefit plan to provide certain post-retirement healthcare benefits to retirees who are members of the GGRF known as the GovGuam Group Health Insurance Program. GovGuam issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to the Government of Guam Department of Administration ITC Building Suite 224, 590 South Marine Corps Drive, Tamuning, Guam 96913, or by visiting <https://da.doa.guam.gov/reports/guam-other-post-employment-benefits-opeb-reports/>.

Plan Membership: All employees of the University who are members of the GGRF are members of the OPEB Plan.

Contribution: The University is invoiced a portion of the medical and dental premiums. Retirees are required to pay a portion of the medical and dental insurance premiums.

Benefits: GovGuam provides postemployment medical, dental and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Actuarial Assumptions: A summary of actuarial assumptions applied to all periods included in the measurement is shown below:

Inflation: 2.6% per year, based on current economic data, analyses from economists and other experts, and professional judgement. Previously, 2.5%.

Discount rate: 3.81%, compounded annually, for the measurement as of September 30, 2024.
4.09%, compounded annually, for the measurement as of September 30, 2023.

The GASB 75 discount rate is based on a tax-exempt, high-quality municipal bond rate.

Amortization rate: Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

Salary increases: 6.0% per year for the first 5 years of service, 4.5% for 6-10 years, 3% for over 10 years.

Healthcare cost trend rates:

Fiscal Year	Claims	Retiree Contributions	Medicare Premiums
2025	7.00%	0.00%	8.76%
2026	6.50%	0.00%	7.62%
2027	6.00%	0.00%	7.00%
2028	5.50%	0.00%	7.00%
2029	5.00%	0.00%	7.00%
2030	4.50%	0.00%	7.00%
2031-2034	4.10%	0.00%	7.00%
2035	4.10%	0.00%	6.50%
2036	4.10%	0.00%	6.00%
2037	4.10%	0.00%	5.50%
2038	4.10%	0.00%	5.00%
2039	4.10%	0.00%	4.50%
Ultimate	4.10%	0.00%	4.10%

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Actuarial Assumptions, continued

Healthcare cost trend rates,
continued:

Health care trend assumptions begin at current levels and grade down over a period of years to lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components is expected to decline year by year. Medical trend rates applied to projected claims costs.

Previously, retiree contribution trend rates were the same as the trend rates shown for claims.

Previously, Medicare premium trend rates were 4.25% per year in all years.

Dental trend rates:

For claims, 4.25% per year. For retiree contributions, 0% per year. These trend rates are based on a blend of historical retiree premium rate increases as well as observed U.S. national trends. The 0% retiree contribution increases reflect recent Guam plan experience.

Mortality rates:

Active employees: PUB-2010 General employees Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Healthy retirees: PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Table, set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Actuarial Assumptions, continued

Mortality rates, continued: Disabled retirees: PUB-2010 General Disabled Retiree Headcount-Weighted Mortality Table. Set forward 4 years and 2 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

Survivors: PUB-2010 General Contingent Survivor Headcount-Weighted Mortality Table, set forward 3 years and 4 years for males and females, respectively, with 130% of rates prior to age 80. Projected generationally using 50% of scale MP-2020.

The actuarial valuation is performed using a mortality table used by Milliman, the current pension actuary, based on an actuarial experience study of the experience from 2016 to 2020 which justified the use of the current mortality tables. The mortality tables used by Milliman are weighted by amount (salary for active employees and benefit amount for those in payment status).

For this retiree medical valuation, the headcount-weighted mortality tables are used, which are more appropriate for the measurement of obligations with benefit structures uncorrelated with income.

Participation rates: Medical - 100% of active employees who are currently covered under a GovGuam medical plan are assumed to elect medical coverage at retirement.

Dental - 100% of active employees who are currently covered under a GovGuam dental plan are assumed to elect dental coverage at retirement.

Life - 100% of active employees are assumed to elect life coverage at retirement.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Actuarial Assumptions, continued

Medicare enrollment: Based on current retiree data for individuals age 65 and older, a 65% Medicare enrollment rate is assumed for current and future retirees upon attainment of age 65. Individuals who enroll in Medicare are assumed to participate in the Retiree Supplemental Plan (RSP). The remaining 35% are assumed not to enroll in Medicare and therefore remain in their elected non-Medicare GovGuam plan. All employees who retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore are assumed to remain in the non-Medicare GovGuam plan.

Previously, 55% of current and future retirees were assumed to enroll in Medicare upon attainment of age 65.

Dependent status: Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. Medical - 100% of spouses of active employees covered under a GovGuam medical plan will elect to participate at the active employee's retirement. Dental - 100% of spouses of active employees covered under a GovGuam dental plan will elect to participate at the active employee's retirement. Life - 100% of spouses of active employees will elect to participate at the active employee's retirement. For current retired employees, the actual census information is used.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Actuarial Assumptions, continued

Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Employee data:	Employee and retiree data as of September 30, 2024 were submitted by GovGuam. Reasonable adjustments for missing or invalid data were made.
Withdrawal rates:	15% for less than 1 year of service, decreasing by 2% at 1 year, at 2 years rate decreases by 3%, then decreases by 2% at 3 years. From 4-9 years it further decreases by 1% each year and then remains at 2% for service over 9 years. (Previously, rates were at 15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.)
Disability rates:	Based on an actuarial experience study from 2016-2020, 0.03% for males aged 20-39 years (0.02% for females); 0.05% - 0.10% for males aged 40-49 years (0.03% - 0.05% for females); 0.15% - 0.27% for males aged 50-59 years (0.10% - 0.14% for females); and 0.38% for males aged 60-64 years (0.19% for females).
Retirement rates:	40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the GovGuam Retirement Fund, 20% per year thereafter until age 75, and 100% at age 75.

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB Plan Description, continued

Discount Rate: The discount rate used to measure the total OPEB liability was 3.81% and 4.09% for the years ended September 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from the University will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the municipal bond rate at each year was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Total OPEB liability as of September 30, 2025 and 2024 for the OPEB Plan was measured on and was determined by actuarial valuations as of the following dates:

	<u>2025</u>	<u>2024</u>
Reporting Date:	September 30, 2025	September 30, 2024
Measurement Date:	September 30, 2024	September 30, 2023
Valuation Date:	September 30, 2024	September 30, 2022

Collective total OPEB liability as of September 30, 2025 and 2024 is \$121,293,577 and \$141,426,811, respectively.

Proportionate share of total OPEB liability at September 30, 2025 and 2024 is 5.54% and 5.17%, respectively.

OPEB expense for the years ended September 30, 2025 and 2024 is \$8,652,304 and \$8,036,742, respectively. At September 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2025</u>		<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$16,927,150	\$42,789,919	\$21,639,517	\$ 5,972,807
Changes of assumptions	6,830,398	20,249,565	4,778,940	27,098,851
Contributions subsequent to measurement date	2,943,230	---	2,476,588	---
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>14,731,698</u>	<u>704,924</u>	<u>8,267,669</u>	<u>1,786,395</u>
	<u>\$41,432,476</u>	<u>\$63,744,408</u>	<u>\$37,162,714</u>	<u>\$34,858,053</u>

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Notes to Financial Statements, continued

9. Employee Benefits, continued

OPEB plan, continued

OPEB liabilities, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB, continued

Deferred outflows of resources at September 30, 2025 and 2024, resulting from the University's employer contributions totaled \$2,943,230 and \$2,476,588, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to OPEBs that will be subsequently recognized in OPEB expense are shown in the following table:

<u>Year Ending</u> <u>September 30</u>	
2026	\$(5,473,479)
2027	(4,151,683)
2028	(5,216,279)
2029	(5,216,279)
2030	(1,485,905)
Thereafter	(3,711,537)
	<u>\$(25,255,162)</u>

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease pension OPEB.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to the University's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate <u>2.81%</u>	Current Discount Rate <u>3.81%</u>	1% Increase in Discount Rate <u>4.81%</u>
Total OPEB Liability	<u>\$140,997,808</u>	<u>\$121,293,577</u>	<u>\$105,488,073</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to the University's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability	<u>\$103,564,185</u>	<u>\$121,293,577</u>	<u>\$144,144,154</u>

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Notes to Financial Statements, continued

10. 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, 2025 and 2024, \$22,743,925 and \$52,902,055, respectively, of outstanding purchase orders and purchase commitments are not reported in the financial statements.

11. Commitments and 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.

Government of Guam Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. The University recorded liabilities for merit bonuses of \$0 as of September 30, 2025 and 2024.

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.

12. Guam Cultural Repository

In 2018, the University received a sub-award of \$12,000,000 from the Office of the Governor (OOG) which relates to the Guam Cultural Repository (GCR) grant award of the Department of Defense Office of Economic Adjustment. The grant is for the construction of a cultural repository to enhance capacity of curatorial services and provide storage for historical artifacts discovered during the military buildup. The construction of the GCR was completed in June 2022.

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Notes to Financial Statements, continued

12. Guam Cultural Repository, continued

On September 30, 2021, the Department of Chamorro Affairs (DCA) was tasked with the operation and management of the GCR. In June 2022, the OOG has re-tasked the operation and management of the GCR to the University for at least the first three years of its operations. The University recorded the GCR as part of its capital assets as of September 30, 2024.

The Memorandum of Understanding between the DCA and the University expired on September 30, 2025. On August 5, 2025, the University received a memo from the DCA to formally initiate the transition of the GCR's operations and facilities back to the DCA. This transition period will extend until December 31, 2025. The University recorded a disposal amount of approximately \$10,932,163 for the GCR's building and equipment related to the transfer of facilities and equipment to the DCA.

13. Related Party Transactions

The University engages in transactions with related parties. As of and for the years ended September 30, 2025 and 2024, the name and location of the related parties, and the nature and amount of transactions between the University and the related parties are presented as follows.

Related Party	Location	Nature	2025		2024	
			Revenue (Expense)	Receivable (Payable)	Revenue (Expense)	Receivable (Payable)
Guam Power Authority	Mangilao	Siemen's Project	\$(164,583)	\$(33,257)	\$(262,143)	\$ ---
Guam Power Authority	Mangilao	Utilities, Operation	(3,681,832)	(264,075)	(5,646,601)	(363,072)
Guam Waterworks Authority	Mangilao	Utilities, Operation	(992,936)	---	(1,438,212)	(132,796)
Treasurer Of Guam	Tamuning	Permit and Withholding Assessment Fee	(20,845)	---	(57,831)	(2,680)
Workers' Compensation Commission	Hagatna	Workers' Compensation	(62,902)	---	(27,581)	(24,514)
Bureau of Statistics and Plans Guam	Hagatna	Room Rental Fee	600	---	225	---
Bureau of Statistics and Plans Guam	Hagatna	Services	2,482	25,500	140,095	52,625
Commission On Decolonization	Hagatna	Conference	7,000	---	---	---
Department of Agriculture	Tiyan	Services	154,436	---	---	---
Department of Labor	Hagatna	Services	---	---	2,200	---
Department Of Integrated Services For Individuals With Disabilities	Hagatna	Scholarship	2,269	---	---	---
Department of Public Health & Social Services	Mangilao	Room Rental Fee	14,369	---	3,050	---
Department of Public Health & Social Services	Mangilao	Services	819,549	---	1,535,013	---
Department of Public Health & Social Services	Mangilao	Training	250,800	---	---	---
Division of Vocational Rehabilitation	Tamuning	Scholarship	---	---	2,245	---
Division of Vocational Rehabilitation	Tamuning	Services	---	---	2,723	---
Guam Behavioral Health and Wellness Center	Tamuning	Event Management	---	---	---	43,000
Guam Behavioral Health and Wellness Center	Tamuning	Fellowship Program	---	---	28,441	---
Guam Behavioral Health and Wellness Center	Tamuning	Room Rental Fee	23,216	---	---	---
Guam Behavioral Health and Wellness Center	Tamuning	Services	88,784	---	50,777	---
Guam Commission for Educators	Mangilao	Room Rental Fee	6,000	---	2,100	---
Guam Commission for Educators	Mangilao	Teacher Certification Fee	3,000	---	750	---
Guam Community College	Mangilao	Room Rental Fee	5,400	---	6,050	---
Guam Community College	Mangilao	Teacher Certification Fee	---	---	750	---
Guam Department Of Education	Tiyan	College Fair	---	---	---	43,500
Guam Department Of Education	Tiyan	Counselor Certification	---	---	16,800	---
Guam Department Of Education	Tiyan	Fellowship Program	---	---	47,400	---
		First Generation Trust Fund (Sunset Law)				
Guam Department Of Education	Tiyan	Reimbursement	---	---	1,201,870	---
Guam Department Of Education	Tiyan	Publishing	---	---	166,000	---
Guam Department Of Education	Tiyan	GDOE	153,000	---	---	---
Guam Department Of Education	Tiyan	Room Rental Fee	101,000	---	31,000	---
Guam Department Of Education	Tiyan	Services	944,259	444,993	1,154,474	220,211
Guam Department Of Education	Tiyan	Supplies	700	---	---	---
Guam Department Of Education	Tiyan	Teacher Certification Fee	---	---	---	237,834
Guam Department Of Education	Tiyan	Training	114,200	43,500	57,624	---
Guam Economic Development Authority	Tamuning	Conference	7,000	---	---	---
Guam Election Commission	Hagatna	Rental Fee	10,000	---	---	10,000
Guam Election Commission	Hagatna	Scholarship	25,160	---	---	---
Guam Election Commission	Hagatna	Services	1,385	---	---	---
Guam Housing and Urban Renewal Authority	Sinajana	Services	---	---	---	15,300
Guam Housing and Urban Renewal Authority	Sinajana	Training	8,225	---	---	---
Guam Solid Waste Authority	Hagatna	Scholarship	865	---	3,467	---
Guam Solid Waste Authority	Hagatna	Services	865	---	---	---
Judiciary Of Guam	Hagatna	Services	46,400	22,000	---	---
Serve Guam Commission	Hagatna	Services	268,484	---	76,448	---
			\$(1,863,650)	\$ 238,661	\$(2,902,866)	\$ 99,408

University of Guam
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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc.

Reporting Entity

The University of Guam Endowment Foundation, Inc. (the Foundation) is a legally separate, tax-exempt entity which meets the criteria set forth for component units. 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 are separately presented and its significant notes are separately summarized in the University’s financial statements.

The Foundation is a private organization that reports under Financial Accounting Standards Board (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 December 31. Copies of the Foundation’s report can be obtained by contacting the Foundation or visit its website at www.uogendowment.org.

Pledges and Other Receivables

Pledges receivable consists of donations pledged to the Foundation, but not yet received as of the date of the statement of financial position. These pledges are payable in installments over periods ranging from one to seven years. Amortization of discount is 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 and other receivables are the following unconditional promises to give:

	<u>2024</u>	<u>2023</u>
School of Business and Public Administration (SBPA)		
Building and Other	\$ 9,763	\$ 9,763
60th Anniversary Capital Campaign	<u>1,597,269</u>	<u>1,672,269</u>
Total pledges receivable	1,607,032	1,682,032
Other receivables	<u>286,512</u>	<u>209,892</u>
	1,893,544	1,891,924
Allowance for credit losses	<u>(191,826)</u>	<u>(191,826)</u>
	<u>\$1,701,718</u>	<u>\$1,700,098</u>

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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc., continued

Pledges and Other Receivables, continued

Pledges receivable at December 31, 2024 and 2023 are scheduled to be paid as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 205,000	\$ 205,000
One to five years	705,408	705,408
More than five years	<u>1,650,000</u>	<u>1,725,000</u>
	2,560,408	2,635,408
Less unamortized discount	<u>(953,376)</u>	<u>(953,376)</u>
	<u>\$1,607,032</u>	<u>\$1,682,032</u>

Investments

The investment portfolio shall be diversified incorporating fixed income and equity holdings. The purpose of diversification is to provide reasonable assurance that no single security (investment) or class of securities (investments) will have a disproportionate or significant impact in the portfolio. The Foundation has selected investment managers who are given authority to buy and sell securities. No investment shall be made in investments that are less than investment grade which is defined as rated BBB or better. Fixed income investments primarily consist of US Treasury Notes, US Government Bonds and Corporate Bonds.

Investments are carried at fair market values based on quoted market prices. For equity securities without readily determinable fair values, the Foundation has elected the measurement alternative under which they measure these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The cost of investments sold is determined by the specific identification method.

Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. The composition of investments in securities as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Equities	\$ 3,141,535	\$ 3,672,017
Fixed income	283,474	250,755
Exchange traded funds	12,045,414	9,980,748
Money market funds	---	1,559,654
Certificate of time deposit	733,461	2,411,027
Cash and cash equivalents	606,765	290,465
Mutual funds	<u>3,098,587</u>	<u>2,766,898</u>
	<u>\$19,909,236</u>	<u>\$20,931,564</u>

University of Guam
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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc., continued

Investments, continued

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Following is a description of the valuation methodologies and inputs used for each major type of investment measured at fair value by the Foundation:

Corporate equity securities, exchange-traded funds and mutual funds: These investments are valued either at quoted prices in an active market, and are classified within level 1 of the valuation hierarchy, or at observable inputs other than level 1 prices, and are classified within level 2 of the valuation hierarchy.

Debt securities: These investments are valued using evaluations, which may be matrix or model based, and do not necessarily reflect actual trades. These price evaluations suggest current estimated market values, which may be significantly higher or lower than the amount that would be paid (received) in an actual purchase (sale) of the security. These estimates, which are obtained from various sources, assume normal market conditions and are based on large volume transactions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Foundation has the following recurring fair value measurements as of December 31, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Fixed income securities	\$ 283,474	\$ 56,809	\$226,665	\$ ---
Equity securities	2,054,285	1,909,162	145,123	---
Exchange traded products and mutual funds	<u>15,144,001</u>	<u>15,144,001</u>	<u>---</u>	<u>---</u>
Total investments by fair value level	<u>\$17,481,760</u>	<u>\$17,109,972</u>	<u>\$371,788</u>	<u>\$ ---</u>
Investments measured at cost:				
Equity securities	\$ 500,000			
Cash and cash equivalents	606,765			
Certificate of time deposits	<u>733,461</u>			
	<u>\$ 1,840,226</u>			

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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc., continued

Investments, continued

Investments measured at net asset value per share:	
Equity securities	<u>587,250</u>
	<u>\$19,909,236</u>

The Foundation has the following recurring fair value measurements as of December 31, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Fixed income securities	\$ 250,755	\$ 34,400	\$216,355	\$ ---
Equity securities	2,775,603	2,730,823	44,780	---
Exchange traded products and mutual funds	<u>12,747,646</u>	<u>12,747,646</u>	<u>---</u>	<u>---</u>
Total investments by fair value level	<u>\$15,774,004</u>	<u>\$15,512,869</u>	<u>\$261,135</u>	<u>\$ ---</u>
Investments measured at cost:				
Equity securities	\$ 896,414			
Cash and cash equivalents	290,465			
Certificate of time deposits	2,411,027			
Money market funds	<u>1,559,654</u>			
	<u>\$20,931,564</u>			

Fixed income securities consisted of debt securities and exchange-traded funds.

Investments at December 31, 2024 and 2023 include shares of common stock in Bank of Guam (BOG). It also includes 500 and 1,000 shares of preferred stock in BOG measured at cost minus impairment of \$500,000 and \$896,413, respectively, at December 31, 2024 and 2023. Dividends received from these shares are to be used for SBPA debt service payments. The BOG shares contain no restrictions and are classified as net assets without donor restrictions.

Margin Loan

At December 31, 2023, investment in exchange traded fund excludes \$287,470, of margin loan entered into by the Foundation with a brokerage firm in March 2019. The annual rate of interest will be calculated by means of a formula based on the Fidelity Advisor Base Lending Rate (FABLR). As of December 31, 2023, this loan is collateralized by the Foundation's General Endowment Account with a reported fair value of \$7,219,360, respectively. The Foundation is required to maintain margins in accordance with the brokerage firm's discretion from time to time, and the Foundation will pay on demand any debit balance with respect to the Foundation's accounts. As of December 31, 2023, the margin loan is presented as a current liability in the Foundation's statements of financial position. As of December 31, 2024, the margin loan has been fully repaid and no longer presented as a liability.

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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc., continued

Land

In 2014, the Foundation received a donation of land comprising approximately 1.24 million square meters, which was recorded at appraised value of \$5,616,469 at the time of receipt. Land held for use is carried at cost net of impairment of \$2,342,894 and \$2,232,894 at December 31, 2024 and 2023, respectively.

Construction in Progress

In 2016, the University leased to the Foundation the site on which the University has caused or expects to cause the construction of School of Engineering and Student Success Center buildings at \$1 per annum. Concurrently, the Foundation and the University executed a facilities lease agreement for the future buildings to be constructed, wherein the Foundation is the lessor, the University is the lessee, and the University given the responsibility to oversee the procurement, the design and the construction of the buildings. The facilities lease commences when the Foundation makes the underlying asset available for use by the University.

As of December 31, 2024 and 2023, the Foundation recorded payable to the University of \$5,741,312 and \$1,655,247 respectively, to cover the on-behalf payments of the University with respect to the construction of the buildings.

In 2023, the Foundation entered into a loan agreement with the U.S. Department of Agriculture to finance the design, expansion and renovation of the buildings.

Certain portion of the construction is also funded by the University of Guam. During the year ended December 31, 2024 and 2023, Foundation recognized in-kind donations from the University of Guam of \$5,624,542 and \$1,727,670, respectively.

At December 31, 2024 and 2023, the Foundation recognized construction in progress of \$17,987,851 and \$4,698,044, respectively.

Loan Receivable from UOG

In May 2019, the University entered into an agreement with the Foundation to borrow the principal amount of \$1,400,000, plus interest on the unpaid principal balance at the rate of 1.25% plus the federal rate. The principal and interest shall be paid in installments based on the following: interest only on the 5th of each quarter through July 5, 2021 and interest and principal thereafter on the 5th of each quarter (if the principal is not repaid by July 5, 2021) until the principal and interest are fully paid except that the final installment of the entire loan, if not sooner paid, shall be due and payable upon funding by BG Investment Services towards the UOG Triton Engagement Center Phase I Project (Storm Mitigation Outfall) or within five years from the date of the note. As of December 31, 2024 and 2023, the outstanding receivable and interest balance is \$145,763 and \$583,819, respectively. Given the difficulty in predicting when drawdowns or funding will occur, presentation of future principal and interest amortization is not possible at this time.

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Notes to Financial Statements, continued

14. University of Guam Endowment Foundation, Inc., continued

In July 2024, the University and the Foundation entered into a borrowing agreement to bridge the financing of the Engineering Annex with an amount of \$1,500,000 plus interest on the unpaid principal balance at the rate of 5.00%. The principal and interest shall be paid annually beginning on October 1, 2024 with the final payoff on September 29, 2028.

In September 2024, the University and the Foundation entered into a borrowing agreement to support the University's 20% federal award match requirement with an amount of \$709,000 plus interest on the unpaid principal balance at the rate of 4.00%. The principal and interest shall be paid annually beginning on June 30, 2025 with the final payoff on June 30, 2034.

Correction of an Error

The Foundation did not recognize the construction in progress that relates to the School of Engineering and Student Success Center buildings as of December 31, 2022 and December 31, 2023. As a result, the Foundation made the correction and restated the prior years' financial statements.

As of December 31, 2023

	<u>As reported</u>	<u>Correction</u>	<u>As restated</u>
Construction in progress	\$ ---	\$ 4,698,044	\$ 4,698,044
Total assets	26,089,953	4,698,044	30,787,997
Payable to the University	---	1,655,247	1,655,247
Total liabilities	426,526	1,655,247	2,081,773
Net assets with donor restrictions, beginning	16,789,068	1,315,127	18,104,195
Total net assets, beginning	23,171,926	1,315,127	24,487,053
Net assets with donor restrictions, end	18,468,061	3,042,797	21,510,858
Total net assets, end	25,663,427	3,042,797	28,706,224

Year ended December 31, 2023

	<u>As reported</u>	<u>Correction</u>	<u>As restated</u>
In-kind donations	\$ 84,587	\$1,727,670	\$ 1,812,257
Total revenues	3,769,481	1,727,670	5,497,151
Change in net assets	2,491,501	1,727,670	4,219,171

Required Supplementary Information

University of Guam
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Schedule 1
Required Supplementary Information
Schedule of the University's Proportionate Share of Net Pension Liability

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
UOG's proportionate share of the net pension liability	\$ 67,429,031	\$ 81,636,265	\$ 89,331,752	\$ 59,394,212	\$ 78,217,138	\$ 77,085,631	\$ 71,200,343	\$ 67,534,997	\$ 80,510,523	\$ 81,001,196
UOG's proportion of the net pension liability	6.40%	5.84%	6.01%	6.16%	6.28%	6.35%	6.04%	5.91%	5.88%	5.64%
UOGs covered payroll	\$ 41,197,976	\$ 40,476,941	\$ 34,963,087	\$ 33,375,481	\$ 32,821,708	\$ 32,799,897	\$ 32,339,363	\$ 31,027,561	\$ 30,053,044	\$ 29,784,398
UOG's proportionate share of the net pension liability as percentage of its covered payroll	163.67%	201.69%	255.50%	177.96%	238.31%	232.37%	231.44%	222.29%	270.31%	280.98%
Plan fiduciary net position as a percentage of the total pension liability	69.68%	59.17%	54.45%	70.14%	61.48%	62.25%	63.28%	60.63%	54.62%	52.32%

University of Guam
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Schedule 2
Required Supplementary Information
Schedule of the University's Contributions

Defined Benefit Plan
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 10,739,840	\$ 8,646,086	\$ 8,111,843	\$ 7,757,897	\$ 7,467,007	\$ 7,715,563	\$ 8,202,746	\$ 7,406,814	\$ 7,318,972	\$ 7,582,871
Contribution in relation to the statutorily determined contribution	<u>11,636,491</u>	<u>10,730,481</u>	<u>8,688,593</u>	<u>8,278,982</u>	<u>7,778,668</u>	<u>7,651,993</u>	<u>7,654,284</u>	<u>7,962,027</u>	<u>7,904,757</u>	<u>7,535,442</u>
Contribution deficiency (excess)	<u>\$ (896,651)</u>	<u>\$ (2,084,395)</u>	<u>\$ (576,750)</u>	<u>\$ (521,085)</u>	<u>\$ (311,661)</u>	<u>\$ 63,570</u>	<u>\$ 548,462</u>	<u>\$ (555,213)</u>	<u>\$ (585,785)</u>	<u>\$ 47,429</u>
UOG's covered payroll	<u>\$ 41,197,976</u>	<u>\$ 40,476,941</u>	<u>\$ 34,963,087</u>	<u>\$ 33,375,481</u>	<u>\$ 32,821,708</u>	<u>\$ 32,799,897</u>	<u>\$ 32,339,363</u>	<u>\$ 31,027,561</u>	<u>\$ 30,053,044</u>	<u>\$ 29,784,398</u>
Contribution as a percentage of covered payroll	28.25%	26.51%	24.85%	24.81%	23.70%	23.33%	23.67%	25.66%	26.30%	25.30%

University of Guam
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Schedule 3
Required Supplementary Information
Schedule of the University's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
UOG's proportionate share of the collective total pension liability	\$ 15,023,117	\$ 13,249,820	\$ 12,294,418	\$ 14,511,322	\$ 15,194,399	\$ 15,489,515	\$ 13,756,035	\$ 13,699,135	\$ 10,844,857
UOG's proportion of the collective total pension liability	4.93%	4.93%	4.79%	4.71%	4.72%	4.78%	4.75%	4.75%	4.73%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

University of Guam
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Schedule 4
Required Supplementary Information
Schedule of the University's Contributions

Ad Hoc COLA/Supplemental Annuity Plan for DB Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,123,464	\$ 1,154,933	\$ 1,154,933	\$ 1,052,495	\$ 1,052,495	\$ 1,245,658	\$ 1,137,658	\$ 1,140,610	\$ 1,138,186	\$ 1,147,164
Contribution in relation to the contractually required contribution	<u>1,123,464</u>	<u>1,154,933</u>	<u>1,154,933</u>	<u>1,052,495</u>	<u>1,052,495</u>	<u>1,245,658</u>	<u>1,137,658</u>	<u>1,140,610</u>	<u>1,138,186</u>	<u>1,147,164</u>
Contribution excess	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>-</u>

University of Guam
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Schedule 5
Required Supplementary Information
Schedule of the University's Proportionate Share of Collective Total Pension Liability

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
UOG's proportionate share of the collective total pension liability	\$ 3,432,566	\$ 3,816,245	\$ 3,079,112	\$ 3,533,281	\$ 3,272,630	\$ 3,117,626	\$ 2,685,660	\$ 3,490,270	\$ 3,298,131
UOG's proportion of the collective total pension liability	4.81%	4.87%	5.12%	5.01%	4.93%	5.21%	5.44%	5.59%	5.35%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

University of Guam
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Schedule 6
Required Supplementary Information
Schedule of the University's Contributions

Ad Hoc COLA Plan for DCRS Participants
(Unaudited)

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 161,000	\$ 147,400	\$ 147,400	\$ 130,000	\$ 130,000	\$ 108,000	\$ 108,000	\$ 100,000	\$ 92,000	\$ 76,000
Contribution in relation to the contractually required contribution	<u>161,000</u>	<u>147,400</u>	<u>147,400</u>	<u>130,000</u>	<u>130,000</u>	<u>108,000</u>	<u>108,000</u>	<u>100,000</u>	<u>92,000</u>	<u>76,000</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

University of Guam
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Schedule 7
Required Supplementary Information
Schedule of the University's Proportionate Share of Collective Total Other
Postemployment Benefit Liability
(Unaudited)

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
UOG's proportion of the collective total other postemployment benefit liability	\$ 121,293,577	\$ 141,426,811	\$ 118,350,876	\$ 131,486,215	\$ 118,284,474	\$ 125,958,216	\$ 92,474,461	\$ 125,480,519
UOG's proportionate share of the collective total other postemployment benefit liability	5.54%	5.17%	5.15%	4.74%	4.70%	4.93%	4.93%	5.16%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

University of Guam
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Note to Required Supplementary Information
(Unaudited)

Changes of Assumptions – Pension Plans

Amounts reported in the 2024 actuarial valuation reflected an assumption related to administrative expenses to increase to \$6,574,000 per year.

Amounts reported in 2023 actuarial valuation reflected an assumption related to administrative expenses remained at \$6,798,000 per year.

Amounts reported in 2022 actuarial valuation reflected an assumption related to administrative expenses to remain at \$6,565,000 per year.

Amounts reported in 2021 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,565,000 per year.

Amounts reported in 2020 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,439,000 per year.

Amounts reported in 2019 actuarial valuation reflected an assumption related to administrative expenses to decrease to \$6,860,000 per year.

Amounts reported in 2018 actuarial valuation reflected an assumption related to administrative expenses to increase to \$7,082,000 per year.

Amounts reported in 2017 actuarial valuation reflect a change in assumption of payroll growth to 2.75% rather than 3%. The mortality, retirement age and disability assumption were changed to more closely reflect actual experience. Assumption related to administrative expense reflected an increase to \$6,344,000 per year and a revised allocation to the various pension plans to reflect actual experience.

Amounts reported in 2016 actuarial valuation reflect a change in assumption of administrative expenses to \$6,078,000 per year rather than \$5,806,000.

Amounts reported in 2015 actuarial valuation reflect a change in assumption of payroll growth to 3% rather than 3.5% which was used to determine amounts reported prior to 2015. Amounts reported in 2014 reflect an adjustment of the expectations of salary increases, disability and retirement age to more closely reflect actual experience. The amounts reported in the 2011 actuarial valuation reflect an expectation of retired life mortality based on the RP-2000 Mortality Table rather than the 1994 U.S. Uninsured Pensioners Table, which was used to determine amounts reported prior to 2011. Amounts reported in 2011 also reflect a change in assumption on valuation of assets to a 3-year phase in for gains/losses relative to interest rate assumption from market value, with fixed income investments at amortized costs which was used to determine amounts reported prior to 2011.

Other Postemployment Benefit Plan

The information presented has no assets accumulated in a trust to pay related benefits.

Supplementary and Other Information

University of Guam
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Schedule 8
Salaries, Wages and Benefits

Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Salaries and wages:		
Funded by local funds	\$ 28,356,164	\$ 28,424,129
Federal funds	15,222,493	13,844,708
General operations and federal funds	5,118,485	5,545,222
Other funding sources	<u>7,278,144</u>	<u>7,373,096</u>
Total salaries and wages	<u>55,975,286</u>	<u>55,187,155</u>
Benefits:		
Funded by local funds	14,638,972	15,271,951
Federal funds	2,892,725	1,851,000
General operations and federal funds	2,607,095	1,600,818
Other funding sources	<u>2,032,722</u>	<u>1,368,272</u>
Total benefits	<u>22,171,514</u>	<u>20,092,041</u>
Total salaries, wages and benefits	<u>\$ 78,146,800</u>	<u>\$ 75,279,196</u>

University of Guam
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Schedule 9
Expenses by Object Category

Years ended September 30, 2025 and 2024

	<u>2025</u>		<u>2024</u> <i>(Restated)</i>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
Research:				
Salaries	\$ 3,338,681	\$ 11,363,679	\$ 2,172,235	\$ 11,278,711
Benefits	1,395,478	2,357,460	1,433,794	(220,797)
Travel	9,999	1,193,581	20,054	1,655,024
Contractual	825,533	3,101,378	197,267	2,598,091
Supplies	110,200	1,052,735	67,111	992,900
Equipment	50,652	396,224	13,087	484,289
Capital Outlay	12,995	586,260	56,586	704,090
Utilities	87,799	6,847	---	5,268
Miscellaneous	<u>60,943</u>	<u>920,235</u>	<u>100,096</u>	<u>4,723,386</u>
	<u>\$ 5,892,280</u>	<u>\$ 20,978,399</u>	<u>\$ 4,060,230</u>	<u>\$ 22,220,962</u>
Instruction:				
Salaries	\$ 16,318,329	\$ 233,136	\$ 15,733,547	\$ 143,324
Benefits	6,179,923	78,573	6,817,952	46,715
Travel	185,816	187,724	130,826	113,276
Contractual	1,028,593	117,601	826,508	99,561
Supplies	48,895	47,045	57,947	42,885
Equipment	55,710	476	13,830	7,104
Capital Outlay	70,104	---	---	---
Utilities	28,810	---	28,522	---
Miscellaneous	<u>651,616</u>	<u>107,443</u>	<u>1,068,647</u>	<u>89,478</u>
	<u>\$ 24,567,796</u>	<u>\$ 771,998</u>	<u>\$ 24,677,779</u>	<u>\$ 542,343</u>
Public Service:				
Salaries	\$ 667,938	\$ 6,606,184	\$ 355,696	\$ 8,230,885
Benefits	210,707	2,512,666	550,783	2,717,537
Travel	7,692	618,982	14,860	736,711
Contractual	2,547,256	2,480,126	4,360,372	3,001,375
Supplies	23,588	639,190	36,310	986,504
Equipment	3,567	532,373	5,829	490,070
Capital Outlay	---	376,265	---	351,538
Utilities	---	23,368	---	103,278
Miscellaneous	<u>94,503</u>	<u>1,246,761</u>	<u>172,374</u>	<u>1,966,147</u>
	<u>\$ 3,555,251</u>	<u>\$ 15,035,915</u>	<u>\$ 5,496,224</u>	<u>\$ 18,584,045</u>
Academic Support:				
Salaries	\$ 6,443,424	\$ 159,945	\$ 6,605,559	\$ 166,247
Benefits	2,607,979	81,699	3,214,318	63,670
Travel	155,149	12,622	240,457	8,193
Contractual	1,486,988	48,225	1,744,831	32,176
Supplies	183,919	3,341	168,615	2,281
Equipment	178,320	---	90,915	---
Capital Outlay	229,804	52,500	111,025	245,000
Utilities	1,876	---	2,025	---
Miscellaneous	<u>139,002</u>	<u>664</u>	<u>235,149</u>	<u>500</u>
	<u>\$ 11,426,461</u>	<u>\$ 358,996</u>	<u>\$ 12,412,894</u>	<u>\$ 518,067</u>

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Schedule 9
Expenses by Object Category, continued

Years ended September 30, 2025 and 2024

	<u>2025</u>		<u>2024</u> <i>(Restated)</i>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
Student Services:				
Salaries	\$ 2,674,839	\$ 257,329	\$ 2,640,696	\$ 69,728
Benefits	983,876	68,830	1,323,315	24,300
Travel	56,028	3,836	60,954	---
Contractual	64,853	29,309	48,029	---
Supplies	62,677	7,330	36,573	3,805
Equipment	18,392	13,588	5,738	1,599
Utilities	63,942	---	68,692	---
Miscellaneous	563,841	28,572	142,539	16,003
	<u>\$ 4,488,448</u>	<u>\$ 408,794</u>	<u>\$ 4,326,536</u>	<u>\$ 115,435</u>
Institutional Support:				
Salaries	\$ 4,431,529	\$ 781,950	\$ 4,365,770	\$ 757,373
Benefits	4,432,096	172,596	2,249,772	167,263
Travel	318,626	25,510	363,197	32,216
Contractual	2,400,851	109,403	2,449,839	96,324
Supplies	62,510	6,948	170,096	8,313
Equipment	26,046	2,087	18,674	6,722
Capital Outlay	18,337	---	14,043	30,942
Utilities	11	---	---	---
Miscellaneous	1,059,622	15,203	1,460,265	60,415
	<u>\$ 12,749,628</u>	<u>\$ 1,113,697</u>	<u>\$ 11,091,656</u>	<u>\$ 1,159,568</u>
Operational and maintenance, plant:				
Salaries	\$ 2,118,040	\$ ---	\$ 2,078,466	\$ ---
Benefits	914,432	---	1,367,564	---
Contractual	171,346	---	214,671	1,704,858
Supplies	48,492	---	333,740	---
Equipment	40,518	---	15,236	---
Capital Outlay	26,490	---	45,727	14,506,293
Utilities	4,672,200	---	6,075,659	---
Miscellaneous	608,456	---	(12,269)	(14,666,050)
	<u>\$ 8,599,974</u>	<u>\$ ---</u>	<u>\$ 10,118,794</u>	<u>\$ 1,545,101</u>
Scholarships and Fellowships:				
Miscellaneous	\$ 319,338	\$ 3,784,870	\$ 427,015	\$ 5,341,687
	<u>\$ 319,338</u>	<u>\$ 3,784,870</u>	<u>\$ 427,015</u>	<u>\$ 5,341,687</u>
Auxiliary:				
Salaries	\$ 580,283	\$ ---	\$ 588,918	\$ ---
Benefits	175,199	---	271,695	---
Travel	---	---	13,201	---
Contractual	150,588	---	202,953	---
Supplies	40,233	---	118	---
Equipment	---	---	8,904	---
Utilities	213,986	---	212,894	---
Miscellaneous	25,086	---	849,919	---
	<u>\$ 1,185,375</u>	<u>\$ ---</u>	<u>\$ 2,148,602</u>	<u>\$ ---</u>
	<u>\$ 72,784,551</u>	<u>\$ 42,452,669</u>	<u>\$ 74,759,730</u>	<u>\$ 50,027,208</u>

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Schedule 10
Employee Information
(Unaudited)

Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Funded by:		
Local funds	420	403
Federal funds	440	436
General operations and federal funds	125	124
Other funding sources	335	341
	<hr/>	<hr/>
	1,320	1,304
	<hr/> <hr/>	<hr/> <hr/>

University of Guam
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Schedule 11
Total Revenue Information

Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
University-generated revenues:		
Tuition and fees (gross)	\$ 19,494,943	\$ 19,658,083
Scholarship and tuition discounts	(12,624,587)	(8,278,063)
Grants and contracts, net	62,841,648	59,078,440
Auxiliary enterprises and other revenues	<u>10,221,931</u>	<u>7,968,092</u>
Total University-generated revenues	79,933,935	78,426,552
Government of Guam appropriations (excluding retiree healthcare costs and other pension benefits appropriations)	<u>49,853,255</u>	<u>40,079,215</u>
Total revenues (excluding investment income, bad debts provision and retiree healthcare and other pension benefits appropriations)	\$ <u>129,787,190</u>	\$ <u>118,505,767</u>
Supplemental information:		
Net investment income	\$ <u>3,323,675</u>	\$ <u>7,124,866</u>
Bad debt recovery	\$ <u>235,435</u>	\$ <u>10,091</u>
Retiree healthcare costs and other pension benefits appropriations	\$ <u>4,227,694</u>	\$ <u>3,792,337</u>

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Schedule 12
Fund Restriction Matrix

Year ended September 30, 2025

		Restricted, expendable	Restricted, nonexpendable
Land Grant	Granted in lieu of property. Treated as an endowment in accordance with industry standards. Corpus grows each year with inflation. May not be used for the purchase, erection, preservation, or repair and any building or buildings.	\$ 18,667,606	\$ 3,000,000
Siu Lin Tan	Irrecoverable endowment to the University for the purpose of educating students with interests in China or from SBPA.	---	1,037,641
Maman Ling's Education Fund	Endowment to educate descendants	---	771,729
Mac's Corporation	Amounts in excess of corpus to be utilized for School of Nursing	---	214,251
Chin Ho Foundation	School of Business Textbooks	---	29,931
Governor Bill Daniel	Never established	---	17,836
Delores P. De Leon Memorial Fund	For SNHS purposes	---	58,020
Harry Guthertz Memorial Scholarship	Scholarship in Public Service and Entrepreneurship	---	15,725
Planetarium Maintenance Fund	To be utilized for planetarium or science purposes	---	---
Tobacco Funds (BoG)	90% of earnings can be used to develop learning resources	650,637	1,822,738
Faculty and Staff Development Fund	Restricted for funding shortfalls for Student Center and Engineering Annex shortfalls	---	1,342,017
Campus Maintenance Fund	Restricted for funding of deferred maintenance projects on campus.	1,610,888	---
Dorm Renewal and Replacement Fund	Fund established to provide an additional source of funding for the dormitories. Board will increase corpus amount.	150,000	---
Self Insurance Fund	To help pay for damages and loss prevention in light of the significant deductibles in the University's insurance programs.	323,192	---
International Accounting Institute Fund	Restricted for the purposes of making bond payments on the SBPA Bldg and for maintenance and improvements of the SBPA Bldg.	954,440	---
Guam Cancer Trust Fund	May be used for specific cancer related purposes.	1,491,865	---
Debt Service Fund	Use for facilitating the financing of design, construction or renovation of LG Building, UOG Student Center, Engineering Annex	2,325,950	---
		\$ <u>26,174,578</u>	\$ <u>8,309,888</u>

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Notes to Fund Restriction Matrix

Year ended September 30, 2025

The University's cash allotments from the Government have been reduced in recent years. In an effort to provide greater transparency, the University is providing a breakdown of some of its funding held in investment funds.

UOG's accreditation agency – the Western Association of Schools and Colleges (WASC) – has made financial reserves a key component of an accreditation review. They believe that a University that begins a semester must have some financial visibility of being able to complete the semester. The University collects tuition payments from students in return for a semester of education. It would not be in the University's best practice to have to close down in the middle of the semester due to funding shortfalls. WASC has made financial sustainability one of the key criteria they look at when determining the accreditation status of a University. WASC has encouraged the University to establish reserve funds to ensure that University operations can continue through a semester during times when the Government of Guam is undergoing a significant crisis such as an earthquake or tsunami that may cause a disruption in the timing of appropriation payments.

Below is an explanation of reserve funds held by the University:

- Tobacco Funds. A corpus investment amount was provided to the University. 90% of investment earnings are allowed to be expended. The remaining 10% is added to the corpus to ensure the corpus grows over time.
- Land Grant Funds. \$3 million was granted to the University in 1974. There are certain restrictions on the funds, such as not using the funds to construct a building, etc. The Board of Regents has established an industry standard mechanism for allowing earnings to be utilized and allowing the corpus to grow over time. The University is allowed to expend funds in excess of the inflation adjusted value of the initial \$3 million grant using the U.S. Consumer Price Index.
- Guam Cancer Trust Fund. The amount is fully restricted by law.
- International Accounting Institute. The Board of Regents has reserved the fund as a source for debt service for the construction loan for the School of Business and Public Administration and for building maintenance. Funds are earned by the SBPA in extending certification examinations to international students.
- Endowment Funds. Funds established for the purpose of providing scholarships to students.
- Planetarium Maintenance Fund. Funds restricted to uses benefitting sciences.
- Faculty and Staff Development Fund. Funds were set aside by the Board of Regents for the purpose of providing space for Faculty Development and Staff Development. Funds have been restricted by United States Department of Agriculture for the purpose of providing for cost overruns for the Student Success Center and Engineering Annex Construction.
- Dorm Replacement and Renewal Fund. Funding set aside by the Board of Regents for the purpose of providing a regular source of funding for dormitory maintenance.
- Self-Insurance Fund. Funds set aside for insurance deductibles and self-insurance programs.