

Fiscal Year 2008

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In partial compliance with the requirements of BA 401, Governmental Accounting

# A Case Study of Unibetsedåt Guahån

A Report to Our Citizens

## Mission —

*Ina, Diskubre, Setbe:*

- The University of Guam is a US accredited, regional, Land Grant institution. It is dedicated to the search for and dissemination of knowledge, wisdom, and truth
- The University exists to service its learners and the communities of Guam, Micronesia, and the neighboring regions of Oceania and Asia
- The University prepares learners for life by providing the opportunity to acquire knowledge, skills, attitudes, and abilities through the core curriculum, degree programs, research and outreach
- At the Pacific crosscurrents of the East and West, the University of Guam provides a unique opportunity to discover and acquire indigenous and global knowledge



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To view StateUniversity.com's college ranking criteria, visit:

<http://www.stateuniversity.com/blog/permalink/StateUniversity-com-College-Ranking-System-Now-Online.html>

## ABOUT THE UNIVERSITY OF GUAM (UOG)

Overlooking historic and scenic Pago Bay, the 110-acre Mangilao campus is the premier institution of higher education in the Western Pacific.

Chartered in 1952, the University has been continuously accredited by the Western Association of Schools and Colleges since 1963, and is part of the US land-grant institution system, currently offering 15 master's and 35 undergraduate degree programs.

In May 2008, the University chose Robert A. Underwood, Ed.D., as its tenth president. His administration has since launched strategic initiatives, which are aligned with three overarching themes: **UOG Green**, the **Natural Choice**, and **Leading Change**. *UOG Green* is based on the traditional Chamoru respect for the earth and its ecosystems; the *Natural Choice* attempts to position the University as the choice for high school seniors and residents turning to higher education to improve the quality of life; whereas, *Leading Change* recognizes the University's pivotal role in spearheading the economic, societal, technological, and political changes that are inevitable as Guam undergoes its most dramatic transformation since World War II as a result of the Guam International Agreement between the US and Japan.

## DISCLAIMER STATEMENT

Opinions stated on this report are solely those of the authors, and in no way reflect the opinions or policies of the University of Guam. The University of Guam bears no responsibility or liability for the content of this report.



## OUR GOALS

- To secure accreditation creating innovative centers of study
- To develop a national and international strategy to expand funding sources
- To integrate technology in all aspects of the university—learning, administration, and financial functions
- To solidify the university as a regional institution—updating existing infrastructure, as well as
- To match student services with student char-

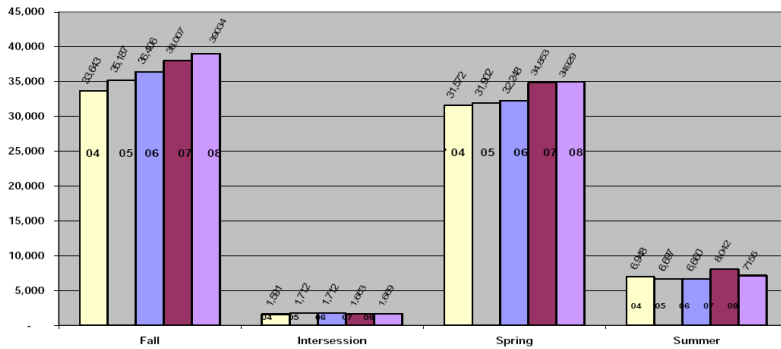
## SELECTED DEMOGRAPHIC AND RANKING INFORMATION

- '08 Fall enrollment: 3,387, represents a 3.2% increase over prior year and a 15% increase from 2004
- 91% Asian-Pacific Islander; 62% female; 38% male
- 735 new undergraduate students; 59 new graduate students
- 72% of faculty with terminal degrees in their field
- According to *StateUniversity.com*. Though ranking 1,371 (out of 2,000), UOG places at 708 for the cost of attendance

Factors	UOG	Wayne State College	UH - Manoa
Overall Score	65.4	65.7	84.8
Ranking	1,371	1,360	442
Total Cost	\$21,459	\$12,100	\$15,597
Admission	N/A	N/A	0.68
ACT/SAT (75 percentile)	N/A	N/A	25/1,190
Student Ratio	13:01	20:01	13:01
Retention (Full/Part-time)	63%/37%	70%/50%	77%/60%
Enrollment	3,176	3,407	20,357

# OUR PERFORMANCE—2008 AUDIT ASSESSMENT

Enrollment Information - Credit Hour Production



In evaluating financial health, one of the most important questions is whether the institution is financially better off at the beginning of the year or at the end of the year. In FY08 the University's finances were weaker, showing a decrease in net assets of \$3.9 million. This is the University's first deficit in the last six years attributed to the global economic decline.

## FOURTH YEAR AS LOW RISK AUDITEE

The University has maintained low-risk audit status for federal grants and contracts for four consecutive fiscal years, effectively managing an increasing number of awards. No instances of noncompliance or material deficiencies in internal control were identified during this audit. The number of federal grants rose just two years ago; 27 new or continuing awards of \$2.5 million were received, evidencing the University's competitiveness in research and commitment to community service. Grants and contracts brought in over \$27.5 million of outside monies, leveraging the government of Guam appropriation by 1.54 times and propelling the island's economic, environmental and social development. The U.S. Departments of Education (\$14.7 million), Agriculture (\$4.4 million), & Health and Human Services (\$3.6 million) are the largest Federal grantors, ranked by FY08 expenditures.

## IMPROVED FINANCIAL POSITION IN 5 OF LAST 6 YEARS, BUT DEFICIT IN FY08

The University's overall financial position has improved in five of the last six years. Revenues have increased and revenue sources are more diversified. The University is competitive in bringing grant funding to bear on community needs. While securing stable and sustainable resources remains a challenge, the University and the government work closely and collaboratively to plan ahead and act pragmatically. In an era of scarce resources, the University has demonstrated the resilience to accomplish its mission by delivering programs of high academic quality during persistently turbulent times. To find financial balance and to protect financial stability and long-term viability, the University has endeavored to operate within its means by reordering and restructuring priorities, implementing financial controls, increasing and diversifying revenues, partnering with other institutions to obtain grant awards, and developing a budget base that sustains educational effectiveness. New policies and processes have been developed, focused on best practice and benchmarks.

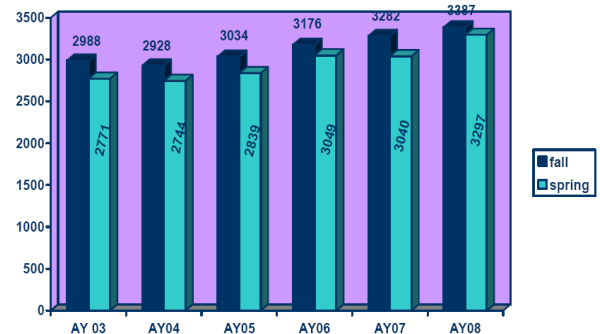
Nevertheless, the University incurred a \$3.9 million deficit in FY08. The University's best efforts to achieve financial

balance were impacted by a \$2.6 million investment loss, which is substantially unrealized, resulting from the global economic recession and financial crisis on equity markets; \$1.4 million government of Guam allotment holdbacks; and higher expenses associated with increases in student enrollment, grants and contracts, utility rates and retirement fund contributions partially offset by higher tuition and grant revenues.

## ACADEMIC QUALITY

The University has maintained its primary accreditation from WASC and has specialized accreditation in the professional schools (i.e., School of Business and Public Administration, School of Education, School of Nursing and Health Sciences), which speak to program quality and improvement. Learning objectives are documented in course outlines, syllabi and catalogs. Budgets, administrative structures and faculty development activities support and enhance academic quality. The above are based on evidence, including external reviews. Faculty and administrators have undertaken a data-based analysis of undergraduate academic programs with the goal of "right-sizing" them in an environment of

TRENDS IN STUDENT ENROLLMENT AY03-08 (HEADCOUNT)



scarce resources. A review of graduate programs is underway. Administrative resources have been realigned to better support graduate programs, assessment and institutional research.

To view the complete reports visit:

[http://www.guamopa.org/?pg=reports\\_and\\_audits&action=show\\_monthly&month=04&year=2009&PHPSESSID=eb271f963f84465e7f31beb3d4cc9c7f6](http://www.guamopa.org/?pg=reports_and_audits&action=show_monthly&month=04&year=2009&PHPSESSID=eb271f963f84465e7f31beb3d4cc9c7f6)

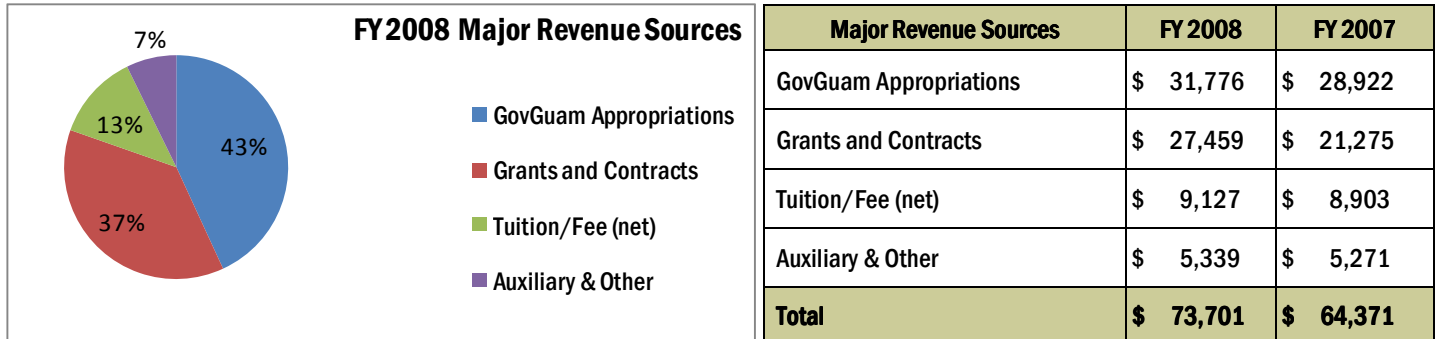
The measures reported on this page were based on the findings of the Guam Office of the Public Auditor and Burger & Comer. For more information, please contact Cathleen Moore-Linn at: [cmoore@uguam.uog.edu](mailto:cmoore@uguam.uog.edu).

Your interest and opinion are most appreciated. For information regarding programs and admissions, email your questions to: [admitme@uguam.uog.edu](mailto:admitme@uguam.uog.edu)

# THE UNIVERSITY OF GUAM'S FINANCES

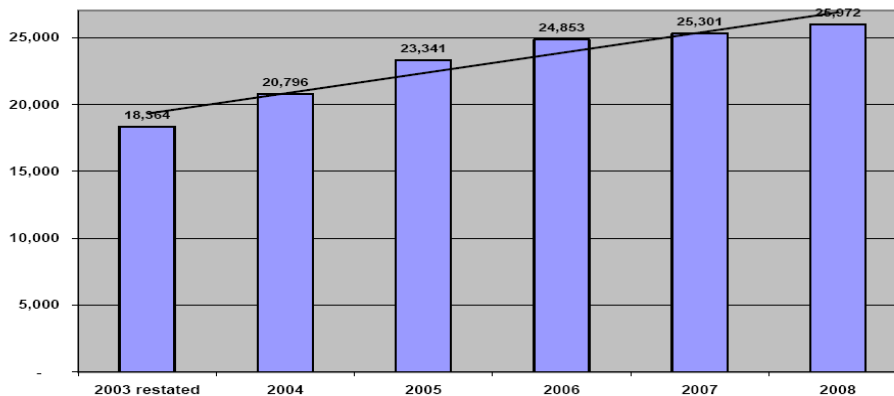
## REVENUES AND EXPENSES

### MAJOR REVENUE SOURCES (IN THOUSANDS)



1. The "other" in the Auxiliary and Other revenue source includes interest on institutional student loans and other non-appropriated funds.
2. The "auxiliary" in the Auxiliary and Other revenue source consists of enterprises that provide services to students, University staff, and the public, such as the Triton Bookstore.
3. Major Revenue Sources do not include the "net investment income (loss)" of (\$2,603, 236) for the 2008 and \$2,003,550 for the 2007 fiscal year, as stated in UOG's audited Statements of Revenues, Expenses, and Changes in Net Assets (Burger & Comer, 2009). The loss in 2008 was attributed to the economic downturn that affected the U.S. and international markets.

Federal Grants and Contracts Revenue Trend



### INDEPENDENT AUDIT

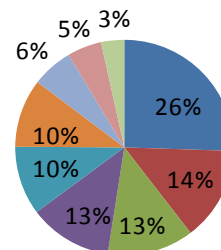
An independent audit of the university's financial statements, performed by Burger and Comer, P.C. on March 12, 2009, resulted in a clean audit opinion. This means that the auditors found the University of Guam's financial statements, financial position, component units, and cash flows for the period of September 30, 2008 were presented fairly and in compliance with the generally accepted accounting principles in the United States of America.

For more information, please visit: <http://www.guamopa.org/docs/UOGfs08.pdf>

### OPERATING EXPENSES (IN THOUSANDS)

Operating Expenses	FY 2008	FY 2007
Instruction	\$ 17,813	\$ 16,679
Research	\$ 9,760	\$ 8,888
Scholarships & Fellowships	\$ 9,045	\$ 8,464
Academic Support	\$ 8,698	\$ 6,828
Public Service	\$ 7,157	\$ 6,468
Operations & Plant Maint.	\$ 7,096	\$ 6,580
Institutional Support	\$ 4,283	\$ 5,453
Student Services	\$ 3,579	\$ 5,084
Auxiliary Enterprise	\$ 2,407	\$ 2,231
<b>Total</b>	<b>\$ 69,838</b>	<b>\$ 66,675</b>

### FY2008 Operating Expenses



- Instruction
- Research
- Scholarships & Fellowships
- Academic Support
- Public Service
- Operations & Plant Maint.
- Institutional Support
- Student Services
- Auxiliary Enterprise



Guam's economic outlook continues to show positive signs and relative stability, reflecting the continuing military buildup, which will bring unprecedented economic and population growth to the island over the next several years. Although the housing, financial, and credit market

problems in the United States and globally have resulted in economic recession and growing unemployment, Guam's economy and general fund revenues remain buoyed by the planned investment associated with the buildup. There are concerns about the impact of global recession on tourism and the buildup's timing and funding. Tourism from the major Japanese market has fallen over 10%, yet it seems to be holding steady at that new lower level.

General fund revenues have increased over several years. Nevertheless, the threats to the government's financial condition and cash position remain much as before. The government has proposed a longer-term deficit elimination and economic recovery plan. Still, cash remains the problem.

Student enrollment in Academic Year 2008-09 marks the highest enrollment in the past seven years. This growth puts increased pressure to seek additional resources for more faculty and more support for academic operations and infrastructure. Over the last several years the University's appropriation has been flat or cut in real terms, during which time student enrollment grew significantly. Faculty numbers have remained constant for four years. The University is increasingly relying on adjuncts, as it has been difficult to recruit and retain doctoral level faculty, particularly those with high cost professional degrees, at the non-competitive salaries that can be

offered. The information technology infrastructure, the core of teaching and operations, is old and needs upgrading to enable technology-enhanced learning and distance education in order to keep graduates current in today's world (Burger & Comer, 2009).

The University's financial position remains a big challenge, as the government's carry-forward and previous structural deficits have resulted in the continuing threat of allotment holdbacks, and the likelihood of steady-state or minimal growth in appropriations for the next few years. The FY09 appropriation is \$2.1 million (7%) below what the University requested for continuing baseline operations, and 3.4% less than the FY08 appropriation. The FY09 appropriation did not include funding for growth. As a result of the cutbacks, the University community reapportioned the FY09 budget to live within the legislative appropriation and reallocate the base to support consensus-based priorities. The resultant changes will affect program capacity in several high demand areas such as the nursing program, availability of course offerings, the time it takes students to graduate, and capacity for growth and additional outreach.

As the University prepares for the WASC Educational Effectiveness Review (March-April 2009), the University has made significant progress in responding to the financial issues raised by WASC in cooperation with the Government of Guam.

- Cash position improved
- Increased University-generated revenues and enrollment
- University leaders meet regularly with the Governor and Legislature

For further news concerning the University of Guam, please visit: <http://www.uog.edu>

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