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News Release

The financial audit of the University of Guam for fiscal year ended September 30, 2001 was conducted by Deloitte, Touche, and Tohmatsu.

During fiscal year 2000 the University, after not following its own procurement regulations and the availability of its own expert advice, abandoned a \$1.5 million energy conservation project. In order to finance the project, UOG entered into a long-term contract that requires monthly payments through 2007 amounting to over \$1.7 million. During 2001, UOG filed suit to have the contract declared null and void. However UOG continues to make monthly payments of \$14,460. For fiscal year 2001 total payments of \$175,520 were paid to the lender.

The University's major sources of revenues are Government of Guam subsidies, tuition and fees, and federal grants and other contracts. For fiscal year 2001, Government of Guam appropriations were \$31.9 million or 54% of total revenues of \$58.9 million; tuition and fees were \$9.4 million or 16% of revenues and federal grants and other contracts were \$13.6 million or 23%. Government of Guam subsidies totaled \$29.2 million in 2000, \$30 million in 1999, and \$32.2 million in 1998.

UOG implemented a new policy to administratively collect and write off bad debts. As a result of this policy change, UOG wrote of \$2 million of tuition receivables that were older than four years. UOG management continues to pursue collections against other such write-offs.

The University incurred an investment loss of \$2.5 million. The loss was primarily a result of a \$2.3 million decline in the fair value of the investments of the endowment fund and the associated decline in the stock market.

Total expenditures declined by \$1.8 million, going from \$58.2 million in FY 2000 to \$57 million in FY 2001. Personnel costs accounted for most of the decline. Personnel went \$32.8 million in FY 2000 to \$31.9 million in FY 2001 a decrease of \$900,000.

The Deloitte auditors in the FY 2000 report noted that the last physical inventory of equipment the University conducted was in FY 1998. During FY 2001, as a result of the physical inventory count, UOG wrote of \$321,000 of their equipment. Most of the equipment written off was obsolete and have been replaced.

