

Financial Statements
September 30, 2010 and 2009
University of Guam

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Financial Statements	
Statements of Net Assets	12
Statements of Revenues, Expenses and Changes in Net Assets	14
Statements of Cash Flows	17
Notes to Financial Statements.....	20
Other Information	
Schedules of Salaries and Wages.....	38
Schedules of Expenses by Object Category.....	39



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Regents
University of Guam
Mangilao, Guam

We have audited the accompanying financial statements of the University of Guam as of and for the years ended September 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the University of Guam's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of University of Guam Endowment Foundation, Inc., a component unit of the University, which statements reflect total assets of \$8,109,677 as of December 31, 2009, and total revenues of \$2,076,763 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for University of Guam Endowment Foundation, Inc., is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors the financial statements referred to above present fairly, in all material respects, the financial position of the University of Guam as of September 30, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2011, on our consideration of the University of Guam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes for additional analysis and is not a required part of the basic financial statements of the University of Guam. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Boise, Idaho
February 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The objective of management's discussion and analysis (MD&A) is to provide readers of the University of Guam's (University or UOG) financial statements an overview and better understanding of its financial position and results of activities for the fiscal year ended September 30, 2010. Management has prepared this overview as required supplemental information to the financial statements and the footnotes that follow. This MD&A should be read in conjunction with the financial statements and accompanying footnotes.

The University. Public Law 13-194, The Higher Education Act of 1976, established the University as a non-membership, non-profit, public corporation under a Board of Regents appointed by the Governor with the advice and consent of the Guam Legislature. The University is a public, open-admissions, four-year land grant institution on the island of Guam in the Marianas Islands. It has been continuously accredited by the Western Association of Schools and Colleges (WASC). The 3,639 students (Fall'10 headcount) are multicultural, multilingual and 92% Asian-Pacific Islander. There are 15 master's degree programs, 34 undergraduate programs, and one (1) associate degree program in nursing. In addition, continuing education, professional development and English language training are offered. There are 198 full-time and 88 part-time faculty, 29 administrators and 579 full- and part-time staff.

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

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

THE FINANCIAL STATEMENTS

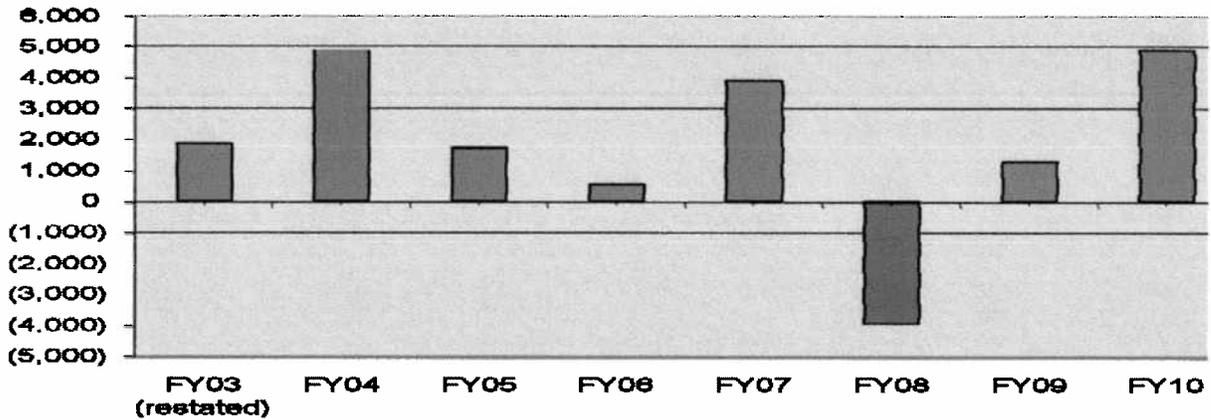
The report includes three financial statements for FY2010: i) the Statement of Net Assets; ii) the Statement of Revenues, Expenses and Changes in Net Assets; and iii) the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for colleges and universities.

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

FY2010 FINANCIAL HIGHLIGHTS AND STRATEGIC INSTITUTIONAL OUTCOMES

One of the most important questions in evaluating the financial health of an institution is whether it is financially better off at the beginning of the year or at the end of the year. In FY2010 the University's finances showed a \$4.9 million increase in net assets, which is a 6% surplus on total revenues. This is a \$3.6 million improvement over the prior year; due mainly to substantial operating revenue growth that adequately covered expense increase, ongoing financial and cash management controls in the face of government shortfalls in appropriation payments throughout the fiscal year, and unrealized gains in investments.

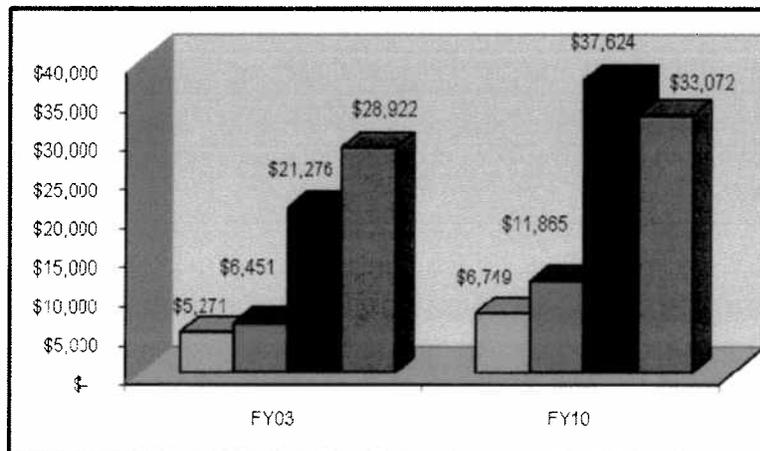
CHANGE IN NET ASSETS FY03-10 (IN \$000'S)



Important financial trends include:

- There has been a financial surplus in seven of the last eight years.
- Consolidated revenues have continued to grow and diversify.
- Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants, facility upgrades, merit-based salary increases, and retirement fund contribution rate increases.
- The University has achieved low risk auditee status for the sixth consecutive year.

REVENUE GROWTH (IN \$000'S)



Seven-year Growth FY03-10
14% GovGuam Appropriation
77% Grants and Contracts
84% Tuition and Fees
28% Other Revenues

Significant institutional outcomes include:

- Student enrollment of 3,639 in Fall '10 is the highest since Fall '00.
- 458 graduates in AY 2009 are the highest since 2001.
- The University remains committed to academic quality, evidenced by primary accreditation for eight (8) years from the Western Association of Schools and Colleges (WASC) and by secondary accreditation for the professional schools. In 2010 Nursing received accreditation for eight (8) years, the maximum.
- Federal grants and contracts grew \$6.8 million (24%) over the prior year.

STATEMENT OF NET ASSETS

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Non-capital assets	\$ 48,352	\$ 41,211	\$ 35,401
Capital assets	<u>68,793</u>	<u>70,192</u>	<u>72,048</u>
Total assets	<u>\$ 117,145</u>	<u>\$ 111,403</u>	<u>\$ 107,449</u>
Current liabilities	\$ 13,091	\$ 12,332	\$ 9,856
Non-current liabilities	<u>15,129</u>	<u>15,052</u>	<u>14,898</u>
Total Liabilities	<u>\$ 28,220</u>	<u>\$ 27,384</u>	<u>\$ 24,754</u>
Invested in capital assets, net of related debt	\$ 56,006	\$ 57,262	\$ 58,929
Restricted	6,386	6,303	10,980
Unrestricted	<u>26,533</u>	<u>20,454</u>	<u>12,786</u>
Total Net assets	<u>\$ 88,925</u>	<u>\$ 84,019</u>	<u>\$ 82,695</u>
Total liabilities and net assets	<u>\$ 117,145</u>	<u>\$ 111,403</u>	<u>\$ 107,449</u>

The University's overall financial condition strengthened during FY2010 due to net revenue growth, adherence to a cash-based financial management plan and successful management of the investment portfolio. Total net assets, the residual interest in assets net of liabilities, increased by \$4.9 million.

Assets. Current assets consist primarily of cash and cash equivalents (18%), government appropriations (13%), tuition receivables for tuition (14%), federal grants and contracts (19%), and others (36%). Current assets cover current liabilities 2.2 times, a positive indicator of liquidity. Noncurrent assets include restricted cash (5%), investments (17%), and capital assets (78%). Higher cash and investment balances resulted from the rebound in equity markets and higher investment portfolio valuations in an up market, lower receivables of tuition and government appropriations, and implementation of the Board's reserve policy. Grant and contract receivables grew, reflecting the growth.

Liabilities. These are accounts payable, deferred tuition revenue, accrued employee annual and sick leave, deposits for others and long-term debt. The increase of \$0.8 million includes additional accrued leave liability during the fiscal year and additional reserves for liability claims.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

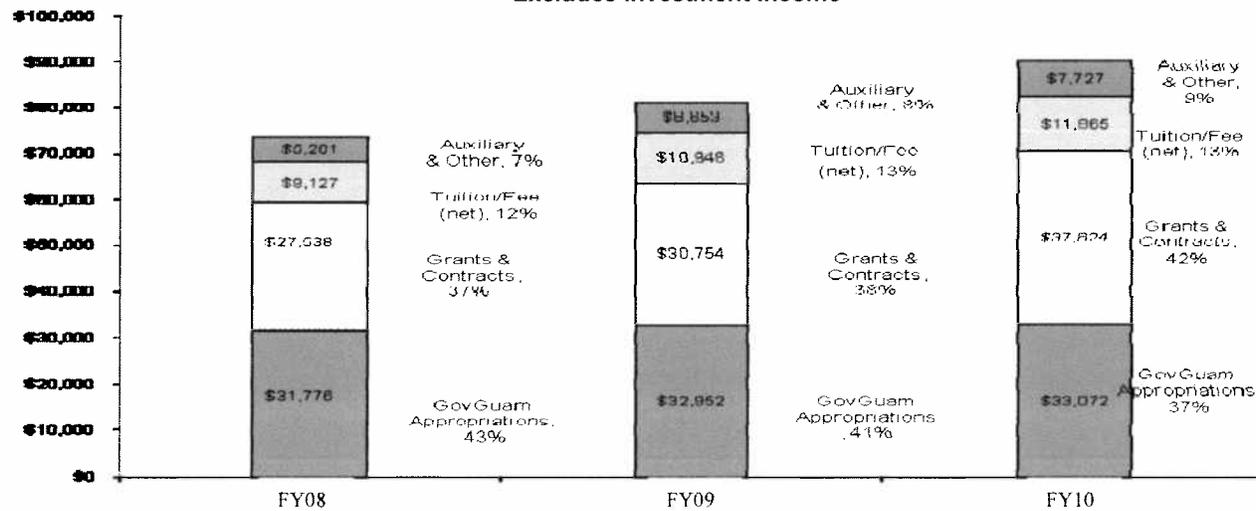
The statement of revenues, expenses and changes in net assets provides details of operating and non-operating revenues and expenditures, similar to an income statement.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues	\$ 57,216	\$ 48,355	\$ 41,926
Operating expenses	<u>84,349</u>	<u>77,395</u>	<u>72,411</u>
Operating revenues net of operating expenses	(27,133) ¹	(29,040)	(30,485)
Non-operating revenues	<u>32,039</u>	<u>30,363</u>	<u>26,577</u>
Increase (Decrease) in net assets	4,906	1,323	(3,908)
Net assets – beginning of year	<u>84,019</u>	<u>82,696</u>	<u>86,604</u>
Net assets – end of year	<u>\$ 88,925</u>	<u>\$ 84,019</u>	<u>\$ 82,696</u>

Revenues. The University brought in over \$57.2 million from operations (excluding government appropriations and investments), an unprecedented increase of \$8.9 million (18%). The growth and diversification of revenues can be seen in the graph below: i) In FY08 appropriations were 43% of consolidated net revenues (net of investments) and University-generated sources represented 53%, while by FY10 appropriations decreased to 37% of the total and University-generated sources increased to 63%; and ii) For every \$1 appropriated, the University generates \$1.73.

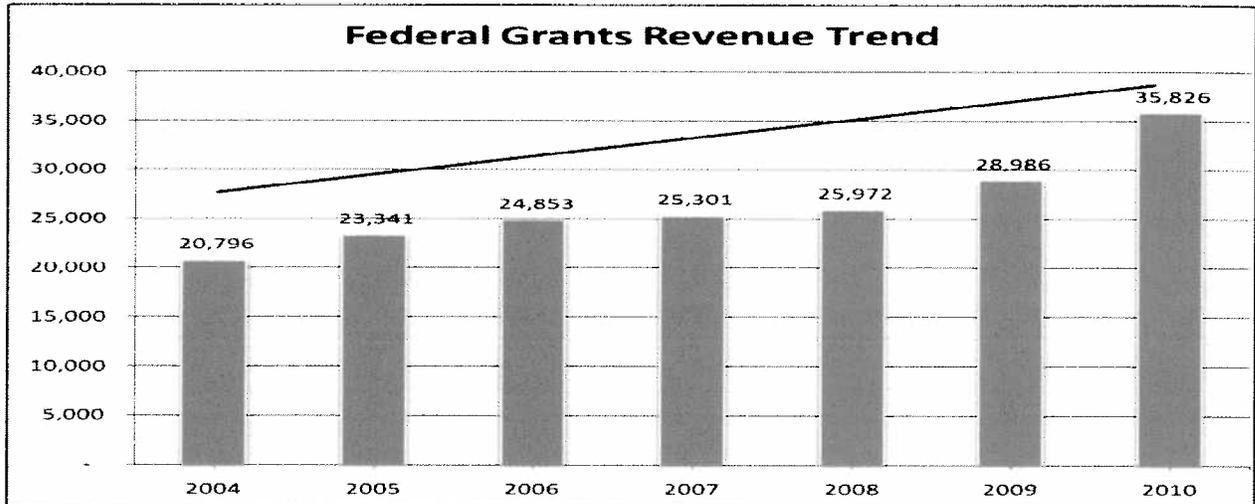
Major Revenue Sources FY08-10 (in \$000's)
Excludes Investment Income



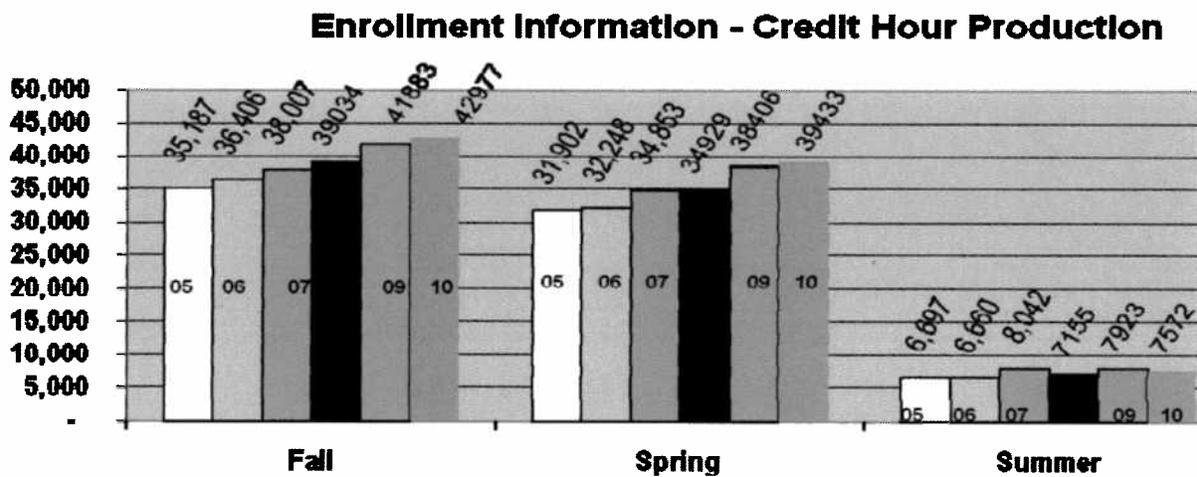
Federal grants and contracts led revenue growth with an increase of \$6.8 million (24%), including multi-year grants. For FY10, the University has the following multi-year grants: cancer research (\$1.6 million); regional health education (\$1.2 million);

¹ The total of operating revenues net of operating expense is negative because local government appropriations are reported as non-operating revenues rather than operating revenues under CASB 35 reporting requirements.

master's program for the blind/ visually impaired (\$0.3 million); and alternative energy and green projects. Pell Grants and student loans increased.

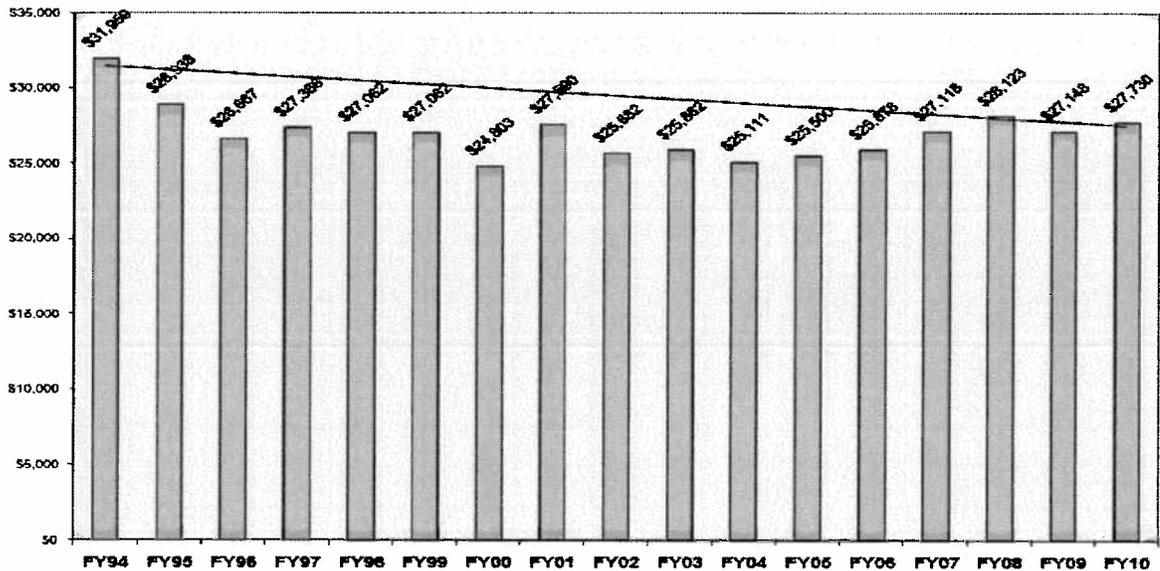


Gross tuition and fees contributed \$2.2 million (12%) to revenue growth. The growth came from increases in student enrollment, as tuition and fee rates remained unchanged.



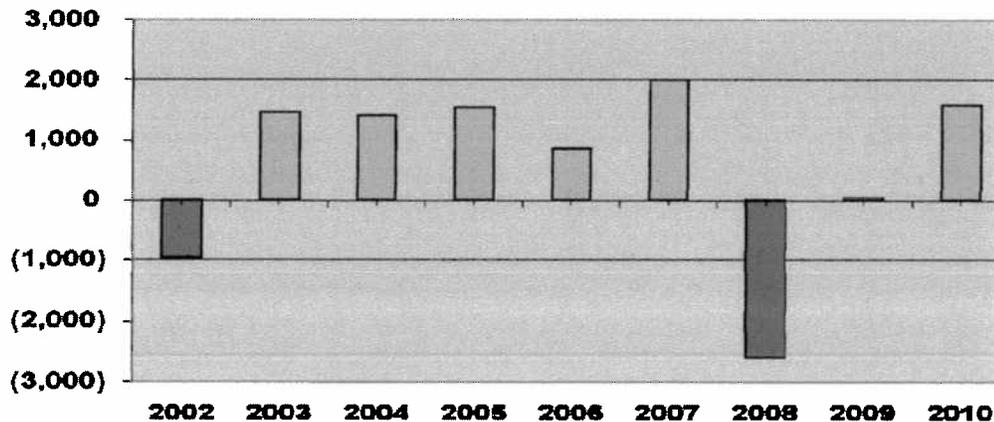
Overall, government of Guam appropriations remained steady. Still, appropriations for operations increased \$1.1 million (4%), as the legislature provided additional funds for growth initiatives and nursing faculty. This increase was net of the 3% allotment holdback imposed, which reduced appropriation payments by \$1 million.

GENERAL OPERATIONS APPROPRIATION FROM GOVERNMENT OF GUAM (IN \$000'S)



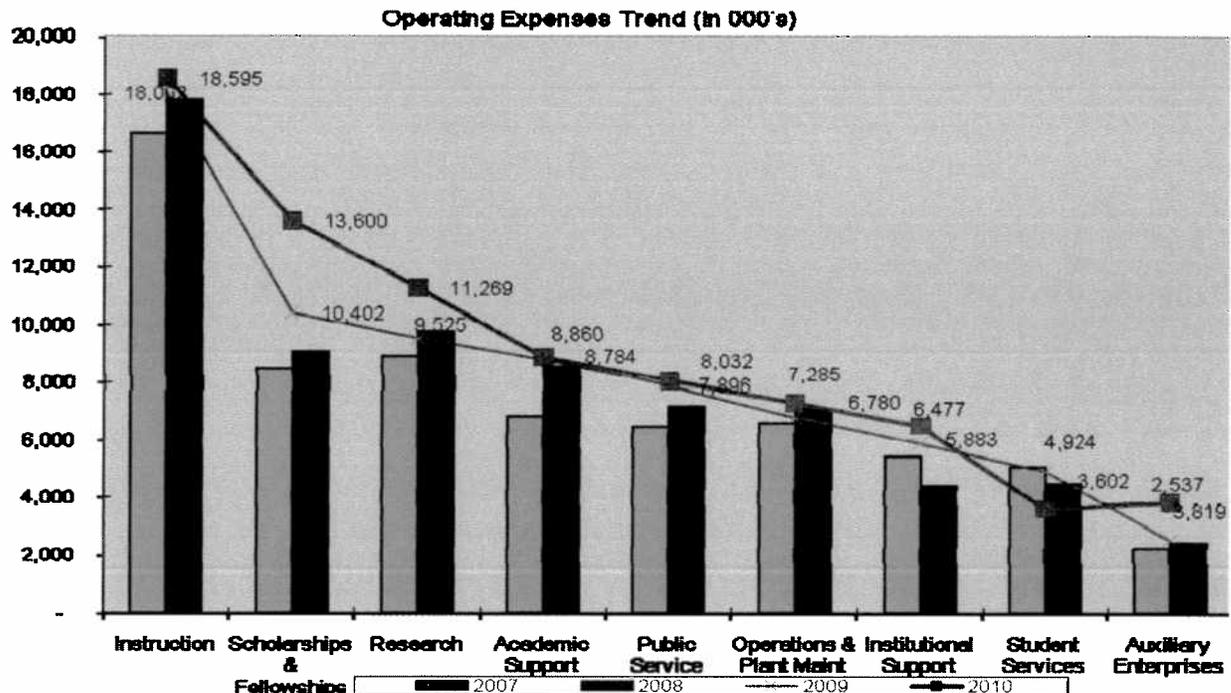
After several years of correction and turbulence in the global equity markets, the markets rallied during the second half of the fiscal year. Investment income was \$1.6 million (primarily unrealized gains).

**Net Investment Income (Loss)
(in \$Thou)**



Expenses. FY2010 total operating expenses were \$84.3 million, an increase of \$7 million (8%) which is not surprising given the increase in federal grants and in enrollment. Revenue growth more than adequately covered additional expenditures for increased enrollment, new grants and contracts, campus facility upgrades, employee merit increases, and retirement contribution increases. The University spent \$37.9 million directly on its core mission. Of that, 49% went to instruction, 30% to research, and 21% to public service. In addition, the University spent \$18.9 million on libraries, technology and student, academic and administrative support; \$13.6 million on student aid (net of \$8.9 million of scholarship discounts and allowances); \$7.2 million on campus maintenance; \$2.8 million in depreciation; \$3.8 million on auxiliaries; and \$2 million in

debt service payments for various academic buildings. Total encumbrances (recorded obligations) were \$6 million, an increase of \$3.1million, primarily due to increasing grant activities.



STATEMENT OF CASH FLOWS

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash provided by (used in):			
Operating activities	\$ (26,197)	\$ (24,497)	\$ (28,373)
Non-capital financing activities	33,666	33,129	36,378
Capital and financing activities	(3,397)	(4,503)	(5,684)
Investing activities	(2,885)	(5,037)	189
Net change in cash and cash equivalents	1,187	(908)	2,510
Cash and equivalents – beginning of year	4,159	5,067	2,557
Cash and equivalents – end of year	<u>\$ 5,346</u>	<u>\$ 4,159</u>	<u>\$ 5,067</u>

The University's cash position increased by \$1.2 million. Typically, the University's cash position at fiscal year end is higher than its normal cash position during the balance of the year. This is because Fall semester tuition payments are booked at the end of the fiscal year, and the government makes catch-up allotment payments close to fiscal year-end. Tuition revenues are subsequently allocated for academic expenses during the remainder of the academic year, which overlaps the fiscal year. Financial planning requires that there be an adequate amount of cash on hand at the start of the new fiscal year to pay for

prior year encumbrances, insurance premiums, continuing infrastructure restoration and operating needs. University policy requires cash reserves for sustainability and capital investment. A reserve fund and sub-accounts were established and funded in FY2009 and FY2010. As in prior years, cash flows were negatively influenced by the government deficit, which led to delays and shortfalls in allotment payments.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. At the end of fiscal year 2010, the University had invested \$105M in capital assets and had accrued \$40M in accumulated depreciation against the assets. This represents a decrease (including additions and deletions) of \$1.4M or 2.0% from the previous year. See Note 8.

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

ECONOMIC AND OTHER FACTORS EXPECTED TO AFFECT THE FUTURE ²

After the deepest recession since the 1930's Great Depression, the U.S and global economies have begun to slowly recover from 2008's financial crisis. It has been, and will likely continue to be, an uneven and bumpy road. Negative factors include stubborn unemployment, a weak housing market and burgeoning debt obligations in the U.S. and several European countries. Positive factors include renewed business and investor confidence, strong demand for exports from developing economies and the U.S. dollar as a safe haven. In the financial markets U.S. Treasury yields have fallen, while investment-grade and corporate bond markets enjoyed excess returns. U.S. and global equity markets rebounded with double-digit returns.

In 2010 the government of Guam operated under another year of stagnant revenues and lowered expectations. The takeoff in economic growth associated with the military buildup did not materialize. After delays and political controversy, there was some progress on the military buildup with the announced Record of Decision to proceed with the plans to relocate military forces to Guam from Okinawa. There were several other economic bright spots: air service to Guam expanded; visitor arrivals rebounded by 11%; employment increased by 2,000 jobs; and business activity increased. However, economic growth fell far short of what was anticipated. Reported General Fund revenues were below projections. Unaudited financial statements show that the General Fund deficit is expected to increase by \$89 million to \$354 million cumulative.

2011 has ushered in financial belt tightening. Governor Edward J.B. Calvo assumed office in January. He has inherited a stagnant economy, delays in the military buildup and a barren cash drawer. The FY2011 budget law projected General Fund revenues to increase substantially, particularly as construction associated with the military buildup and ARRA projects increases over the latter half of the year. Allotment controls may be administered, as government expenditures are outpacing cash collections and large obligations are unbudgeted or under budgeted. The Governor has publicly called for cost austerity and has rescinded recent government staff salary adjustments to preserve cash. This will impact the University's appropriations and allotment payments, a situation that is familiar ground for the University and a challenge to which it has risen in the past.

Nevertheless, 2011 is expected to be Guam's long-awaited transition to several years of unprecedented economic growth and social change, as the military buildup gains steam. By mid-year increases in U.S. Department of Defense construction projects, even with phasing of the military investment due to financial and social constraints, and the fulfillment of the \$240

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

projects either underway or bid. The federally funded projects are an extraordinary infrastructure investment in technology and building renovations.

The University is seeking new capacity to lead change and train the professionals who will deliver economic growth. The University sees itself as more than just the institution of higher education for Guam and the Micronesian region. It is an economic driver and the region's primary instrument of creating a professional class, which will become the middle class for island societies into the foreseeable future. To those ends, the University has identified strategic challenges: i) Increased enrollment of high school graduates who enter the University prepared to pursue college degrees; ii) Institution-wide implementation of distance education courses and programs and new technological capacity; iii) Strengthening of professional programs and the creation of a School of Engineering; iv) Additional infrastructure capacity in a Student Services Center and Engineering Annex; and v) A fully functional Center for Island Sustainability within the University with a regional advisory council to coordinate with regional states and institutions for the purposes of conducting research, developing policy and leading public discussion on critical environmental, economic and social issues.

In summary, this is a familiar story re-told – rekindled optimism and opportunity tempered by the reality of the government's financial and cash position. Nevertheless, the opportunities are real, even if they are delayed by a year or two. The University will be responsible to the challenges our island societies face to develop a sustainable economy that protects our environment and enhances the quality of our lives.

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

University of Guam
Statements of Net Assets
September 30, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,346,189	\$ 4,159,262
Short-term investments	8,547,071	5,118,413
Due from Government of Guam	3,931,291	4,525,716
Tuition receivable, net of allowance of \$6,113,596 (\$6,510,990: 2009)	4,104,037	4,298,838
Due from the US Federal government	5,402,901	2,386,354
Due from University of Guam Endowment Foundation, Inc.	385,493	400,000
Other receivables, net of allowance of \$487,377 (\$0: 2009)	703,511	690,922
Inventories	543,611	697,029
Other current assets	233,904	292,899
Total current assets	29,198,008	22,569,433
NONCURRENT ASSETS		
Restricted cash and cash equivalents	4,406,158	4,953,889
Investments	6,255,799	5,800,824
Endowment investments	8,491,380	7,887,062
Capital assets, net of accumulated depreciation	68,793,274	70,192,395
Total noncurrent assets	87,946,611	88,834,170
	\$ 117,144,619	\$ 111,403,603
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,827,378	\$ 5,260,224
Deferred revenue	6,163,510	5,979,021
Current portion of long-term debt	179,606	171,717
Current portion of accrued annual leave	920,750	920,750
Total current liabilities	13,091,244	12,331,712
NONCURRENT LIABILITIES		
Deposits held on behalf of others	101,783	121,459
Accrued annual leave	895,230	799,007
DCRS sick leave liability	1,523,317	1,373,388
Long-term debt, net of current portion	12,607,867	12,758,406
Total noncurrent liabilities	15,128,197	15,052,260
	28,219,441	27,383,972
NET ASSETS		
Invested in capital assets, net of related debt	56,005,801	57,262,272
Restricted, Nonexpendable	5,126,907	5,126,907
Restricted, Expendable	1,259,294	1,176,200
Unrestricted	26,533,176	20,454,252
Total net assets	88,925,178	84,019,631
	\$ 117,144,619	\$ 111,403,603

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University of Guam Endowment Foundation, Inc.

Statements of Net Assets
December 31, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 153,440	\$ 141,333
Time certificate of deposit	353,529	-
Pledges receivable, net of an allowance for doubtful accounts of \$3,000 at December 31, 2009 and 2008	529,915	703,978
Accounts receivable	23,860	2,925
Equipment, net	2,585	5,000
Investment in Bank of Guam stock	191,053	191,053
Investment in securities	6,855,295	6,018,137
	<u>\$ 8,109,677</u>	<u>\$ 7,062,426</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 30,315	\$ 10,472
Accrued expenses	10,829	40,712
Due to University of Guam	435,239	200,574
	<u>476,383</u>	<u>251,758</u>
 NET ASSETS		
Unrestricted	(440,260)	(1,325,587)
Temporarily restricted	7,521,434	7,581,720
Permanently restricted	552,120	554,535
Total net assets	<u>7,633,294</u>	<u>6,810,668</u>
	<u>\$ 8,109,677</u>	<u>\$ 7,062,426</u>

University of Guam
 Statements of Revenues, Expenses and Changes in Net Assets
 Years Ended September 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Student tuition and fees	\$ 20,739,830	\$ 18,513,987
Less: scholarship discounts and allowances	<u>(8,875,023)</u>	<u>(7,566,293)</u>
	11,864,807	10,947,694
Federal grants and contracts	35,826,330	28,986,271
Government of Guam grants and contracts	419,790	297,109
Private grants and contracts	1,378,274	1,471,088
Sales and services of education department	815,168	725,264
Auxiliary enterprises	2,476,667	2,214,193
Other revenue	<u>4,434,722</u>	<u>3,713,977</u>
Total operation revenues	<u>57,215,758</u>	<u>48,355,596</u>
OPERATING EXPENSES		
Instruction	18,595,239	18,061,828
Research	11,269,928	9,525,064
Public service	8,032,047	7,896,442
Academic support	8,860,156	8,783,924
Student services	3,602,152	4,924,423
Institutional support	6,477,200	5,882,507
Operational and maintenance, plant	7,285,252	6,780,891
Depreciation	2,807,058	2,600,567
Scholarships and fellowships	13,600,367	10,402,201
Auxiliary enterprises	<u>3,819,804</u>	<u>2,537,236</u>
Total operating expenses	<u>84,349,203</u>	<u>77,395,083</u>
OPERATING REVENUES NET OF OPERATING EXPENSES	(27,133,445)	(29,039,487)
NONOPERATING REVENUES (EXPENSES)		
Government of Guam appropriations		
Operations	28,896,774	27,798,016
Student financial aid program	3,675,133	4,653,737
Capital expenditure loan repayment	500,000	500,000
Net investment income	1,602,509	46,693
Interest on capital assets - debt related	(607,500)	(607,500)
Debt services - DOA bond	<u>(2,027,924)</u>	<u>(2,027,490)</u>
Net nonoperating revenues	<u>32,038,992</u>	<u>30,363,456</u>
NET INCREASE IN NET ASSETS	4,905,547	1,323,969
NET ASSETS		
Net assets, beginning of year	84,019,631	82,695,662
Net assets, end of year	<u>\$ 88,925,178</u>	<u>\$ 84,019,631</u>

University of Guam Endowment Foundation, Inc.

Statements of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income				
Net investment gains	\$ 1,458,081	\$ -	\$ -	\$ 1,458,081
Contributions	71,330	(23,908)	-	47,422
In-kind donations	250,018	-	-	250,018
Fundraising activities	321,228	14	-	321,242
Net assets released from restriction:				
Satisfaction of program restrictions	18,196	(18,196)	-	-
Total operation revenues	<u>2,118,853</u>	<u>(42,090)</u>	<u>-</u>	<u>2,076,763</u>
Expenses and losses				
Program services				
Donations for debt service - UOG	400,000	-	-	400,000
Scholarships	-	14,750	-	14,750
Total program services	<u>400,000</u>	<u>14,750</u>	<u>-</u>	<u>414,750</u>
Support services				
Management and general	301,876	446	2,415	304,737
In-kind expenses	250,010	-	-	250,010
Fundraising activities	281,640	3,000	-	284,640
Total support services	<u>833,526</u>	<u>3,446</u>	<u>2,415</u>	<u>839,387</u>
Total expenses	<u>1,233,526</u>	<u>18,196</u>	<u>2,415</u>	<u>1,254,137</u>
CHANGE IN NET ASSETS	885,327	(60,286)	(2,415)	822,626
NET ASSETS, BEGINNING OF YEAR	<u>(1,325,587)</u>	<u>7,581,720</u>	<u>554,535</u>	<u>6,810,668</u>
NET ASSETS, END OF YEAR	<u>\$ (440,260)</u>	<u>\$ 7,521,434</u>	<u>\$ 552,120</u>	<u>\$ 7,633,294</u>

University of Guam Endowment Foundation, Inc.
 Statements of Activities
 Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income				
Net investment losses	\$ (2,637,597)	\$ -	\$ -	\$ (2,637,597)
Contributions	78,304	217,519	-	295,823
In-kind donations	308,467	-	-	308,467
Fundraising activities	197,395	-	-	197,395
Other	7,732	-	-	7,732
Net assets released from restriction:				
Satisfaction of program restrictions	731,062	(731,062)	-	-
Total operation revenues	<u>(1,314,637)</u>	<u>(513,543)</u>	<u>-</u>	<u>(1,828,180)</u>
Expenses and losses				
Program services				
Donations for debt service - UOG	600,000	-	-	600,000
Scholarships	45,049	-	-	45,049
Total program services	<u>645,049</u>	<u>-</u>	<u>-</u>	<u>645,049</u>
Support services				
Management and general	457,812	-	2,509	460,321
In-kind expenses	308,467	-	-	308,467
Fundraising activities	216,447	-	-	216,447
Total support services	<u>982,726</u>	<u>-</u>	<u>2,509</u>	<u>985,235</u>
Total expenses	<u>1,627,775</u>	<u>-</u>	<u>2,509</u>	<u>1,630,284</u>
CHANGE IN NET ASSETS	(2,942,412)	(513,543)	(2,509)	(3,458,464)
NET ASSETS, BEGINNING OF YEAR	<u>1,654,825</u>	<u>8,095,263</u>	<u>557,044</u>	<u>10,307,132</u>
NET ASSETS, END OF YEAR	<u>\$ (1,287,587)</u>	<u>\$ 7,581,720</u>	<u>\$ 554,535</u>	<u>\$ 6,848,668</u>

University of Guam
Statements of Cash Flows
Years Ended September 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees, net	\$ 12,244,097	\$ 10,302,750
Grants, contracts and appropriations	34,607,847	30,251,943
Sales and services of education department	815,168	725,264
Auxiliary services	2,689,080	2,352,326
Other receipts	4,195,246	3,845,103
Payments to education and general expenses	(67,148,148)	(61,572,680)
Payments to students for financial aid	(13,600,367)	(10,402,201)
NET CASH USED FOR OPERATING ACTIVITIES	(26,197,077)	(24,497,495)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government of Guam appropriations collected	33,666,332	33,129,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on capital debt	(607,500)	(607,500)
Purchases of capital assets	(1,166,545)	(705,712)
Principal paid on capital debt	(2,170,574)	(2,217,252)
Changes in restricted cash	547,731	(972,776)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(3,396,888)	(4,503,240)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,602,509	46,693
Net (purchases) sales of investments	(4,487,949)	(5,083,646)
NET CASH USED FOR INVESTING ACTIVITIES	(2,885,440)	(5,036,953)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,186,927	(908,355)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,159,262	5,067,617
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,346,189	\$ 4,159,262

University of Guam
 Statements of Cash Flows
 Years Ended September 30, 2010 and 2009

RECONCILIATION OF OPERATING REVENUES NET OF
 OPERATING ACTIVITIES TO NET CASH USED FOR
 OPERATING ACTIVITIES

Operating revenues net of operating expenses	\$ (27,133,445)	\$ (29,039,487)
Adjustments to reconcile operating revenues net of operating expenses to net cash used in operating activities		
Depreciation	2,807,058	2,600,567
Loss on disposal of assets	(241,392)	-
Changes in assets and liabilities		
Accounts receivable, net	(2,819,830)	(1,016,343)
Inventory	153,418	(126,089)
Other assets	58,995	264,222
Accounts payable and accrued liabilities	567,154	1,777,954
Annual leave	226,476	352,790
Deferred revenue	184,489	688,891
	\$ (26,197,077)	\$ (24,497,495)

University of Guam Endowment Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OEPRATING ACTIVITIES		
Changes in net assets	\$ 822,626	\$ (3,496,464)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	2,415	2,509
Interest and dividend income reinvested	(141,382)	(272,801)
Net realized and unrealized investment (gains) losses	(1,225,472)	2,394,313
Decrease in pledges receivable	174,063	498,459
(Increase) decrease in accounts receivables	(20,935)	6,675
Increase (decrease) in accounts payable	19,843	(19,689)
(Increase) decrease in accrued expenses	(29,883)	38,044
Increase in due to University of Guam	234,665	178,902
NET CASH USED FOR OPERATING ACTIVITIES	(164,060)	(670,052)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time certificate of deposit	(353,529)	-
Purchase of investments	(6,767,211)	(4,434,580)
Proceeds from sale of investments	6,622,863	5,068,668
Return of capital	674,044	94,894
Acquisition of fixed assets	-	(1,039)
NET CASH FROM INVESTING ACTIVITIES	176,167	727,943
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,107	57,891
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	141,333	83,442
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 153,440	\$ 141,333

Note 1 - Organization

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

Note 2 - Basis of Presentation

- A. *Financial Statement Presentation.* In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB No. 34 and 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, and replaces the fund-group perspective previously required.

Other GASB Statements are required to be implemented in conjunction with GASB Statements No. 34 and 35. Therefore, the government of Guam and Guam public colleges and universities have also implemented Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

- B. *Basis of Accounting.* For financial statement purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-university transactions have been eliminated. The University reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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

- C. *Reporting Entity.* Effective October 1, 2003, the University adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The University of Guam Endowment Foundation (the Foundation) is a legally separate, tax-exempt entity which meets the criteria set forth for component units under GASB Statement No. 39. The Foundation provides financial support for the objectives, purposes and programs of the University. Although the University does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) that the Foundation holds and invests are restricted to the activities of the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and its Statements of Financial Position and Statements of Activities

and Changes in Net Assets are separately presented in the University's financial statements. In addition, the Foundation's significant notes are summarized in Note 3X below.

The Foundation is a private organization that reports under FASB standards, including FASB Accounting Standards Codification Topic ASC 958 ("ASC 958") (previously FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

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

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

Note 3 - Summary of Significant Accounting Policies

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

At September 30, 2010 and 2009 the University has cash balances of \$9,752,347 and \$9,113,151, respectively, with corresponding bank balances of \$8,658,357 and \$9,765,807, respectively, of which \$6,314,086 and \$7,506,122, respectively, are insured by the Federal Deposit Insurance Corporation, or collateralized by securities held by a trustee in the name of the financial institution. The remaining balances are uninsured and uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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

September 30, 2010 and 2009, the University recorded \$1,986,618 and \$1,975,721, respectively, from a tobacco settlement agreement entered into by the government of Guam to be expended by the University for enhancement of learning resources and technology. The fund may only be expended in accordance with purposes set forth by the Guam Economic Development and Commerce Authority, a component unit of the government of Guam.

The principal or corpus amount of \$1,971,907 is invested in a municipal bond issued by the Gwinnett County Development Authority in Georgia. This bond carried a Fitch's credit rating of AAA. The remainder, representing interest income, is invested in money market mutual funds. Such money market funds are subject to the U.S. Treasury Department's money market guarantee program. During the years ended September 30, 2010 and 2009, the fund earned interest of \$10,897 and \$15,540, respectively.

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

- E. *Investments*. The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Unrealized gains and losses on the carrying value of investments are reported as a part of net investment income in the Statement of Revenues, Expenses and Changes in Net Assets.
- F. *Due from Government of Guam*. Due from government of Guam consists of the remaining balance of legislative annual appropriations and student financial aid funding that have not been received at September 30, 2010 and 2009.
- G. *Accounts Receivable – U.S. Federal Government*. Accounts receivable from the U.S. Government consist of amounts due from the federal government in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.
- H. *Other Receivables*. Other receivables consist primarily of auxiliary enterprise services provided to students, faculty, staff, other departments within the University, and to the public. Other receivables also include amounts due from the local government or private sources in relation to the performance of grants and contracts.
- I. *Inventory Method*. Inventory is stated at the lower of cost or market with cost being determined using the first-in, first-out method of valuation.
- J. *Capital Assets*. Depreciation is calculated using the straight-line method over estimated useful lives of 5 – 50 years for buildings and improvements and 5 – 15 years for equipment and land improvements. The University's capitalization policy requires acquisitions greater than \$5,000 to be capitalized and depreciated over their estimated useful lives. The assets are carried at cost, except for land and buildings transferred to the University, which were recorded at management's estimate of fair market value at the date of acquisition. These additions have since been adjusted to fair market value as determined by independent appraisals completed during fiscal year 1988.
- K. *Deferred Revenues*. Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent fiscal year. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.
- L. *Compensated Absences*. Employee vacation leave is accrued at year end for financial statement purposes. Included in accounts payable and accrued liabilities at September 30, 2010 and 2009 is \$1,815,980 and \$1,719,757, respectively, related to compensated absences earned but unused. The change in accrued employee leave is also included as a component of operating expense in the Statement of Revenues, Expenses, and Changes in Net Assets.
- M. *Grants-in-Aid*. Tuition and fees revenue includes grants-in-aid charged to scholarship and fellowship expense for senior citizens, faculty, staff and their dependents. The total of these grants for 2010 and 2009 was \$213,902 and \$283,471, respectively.
- N. *Noncurrent Liabilities*. Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

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

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

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

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

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

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

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

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

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

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

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

As a result of actuarial valuations performed as of September 30, 2009, 2008 and 2007, contribution rates for the years ended September 30, 2010 and 2009, and 2008, respectively, have been determined as follows:

	2010	2009	2008
Normal costs (% of DB Plan payroll)	17.00%	18.34%	17.36%
Unfunded liability costs (% of total payroll)	21.75%	22.69%	19.68%
	38.75%	41.03%	37.04%
Employee contributions (DB Plan employees)	9.50%	9.50%	9.50%
	29.25%	31.53%	27.54%
Agency specific adjustments -	0.00%	0.00%	0.00%
Government contribution as a % of DB Plan payroll	29.25%	31.53%	27.54%
Government contributions as a % of total payroll	28.06%	29.31%	27.48%

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

	2009 Actuarial Valuation	2008 Actuarial Valuation
Interest rate and rate of return	7.00%	7.00%
Payroll increases	3.50%	3.50%
Salary increases	4.0 - 8.5%	4.0 - 8.5%

The actuarial valuation performed as of September 30, 2009, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor.

Statutory contribution rates for employer and employee contributions were 26.04% of qualifying payroll for both of the years ended September 30, 2010 and 2009.

Contributions into the DCRS by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the

DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS for the years ended September 30, 2010 and 2009 are determined using the same rates as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular base pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan. Members of the DCRS who have completed five years of government service have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Public Law 26-86 allows members of the DCRS to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. The University has accrued an estimated liability of \$1,523,317 and \$1,373,388 at September 30, 2010 and 2009, respectively, for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

Retirement contributions for the years ended September 30, 2010 and 2009 and 2008 are as follows:

	2010	2009	2008
Defined benefit plan	\$ 3,184,863	\$ 3,162,221	\$ 3,155,834
DCRS	3,680,595	3,206,272	2,860,965

As a result of Public Law No. 21-03, the University has no further responsibility to pay for its share of unfunded retirement costs. This responsibility is now with the General Fund of the government of Guam. The University's responsibility is to pay the statutory contribution rate. As of September 30, 2010 and 2009, the General Fund has accrued approximately \$11,402,870 and \$9,188,780, respectively, for the University's cumulative unfunded retirement liability.

- S. *Financial Assistance Revenue.* Government of Guam appropriations designated for student financial assistance programs are made annually for the period from October 1 to September 30. As certain restrictions are placed on these funds, revenue is realized only to the extent that such funds are expended for current purposes.

- T. *Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net assets and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

- U. *Risk Management.* The University purchases insurance to cover its risk of losses due to typhoons, liability and other risks normal to operating an institution of higher learning. For fiscal year 2010, the Board has approved policies with various deductible amounts for each insured risk. Additionally, the University has a two percent (2%) deductible (with a minimum of \$150,000) for each and every loss from windstorm, typhoon, flood, tidal wave and earthquake.

- V. *Reclassifications.* Certain account balances in 2009 have been reclassified to conform to the 2010 financial statement presentation.
- W. *Economic Dependency.* The University is depending upon the ongoing appropriations from the Government of Guam.
- X. *UOG Endowment Foundation Pledges Receivable and Investments*

UOG Endowment Foundation Pledges Receivable

Pledges receivable consist of donations pledged to the UOG Endowment Foundation but not yet received as of December 31, 2009 and 2008. These pledges are payable in installments over periods ranging from one to forty-three years. Unconditional promises to give that are expected to be collected for future years are recorded at the present value of the estimated cash flows. Amortization of discount will be included in contribution revenue. Management of the Foundation is of the opinion that the net outstanding balance is collectible in subsequent fiscal years and has reserved for all other long-term receivables.

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

	2009	2008
SBPA (School of Business and Public Administration Building)	\$ 567,219	\$ 704,228
Other	16,861	2,750
	584,080	706,978
Less: Allowance for doubtful accounts	(3,000)	(3,000)
	\$ 581,080	\$ 703,978

UOG Endowment Foundation Investments

Investments are carried at fair market value. Gains and losses on investments are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The composition of investments in securities as of December 31, 2009 and 2008 follows:

	2009	2008
Cash	\$ 312,047	\$ 732,676
Equities	5,435,710	3,198,299
Fixed income	1,107,538	2,087,162
	\$ 6,855,295	\$ 6,018,137

The composition of net investment earnings for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
Increase (decrease) in fair value	\$ 1,269,864	\$ (2,394,313)
Net realized losses	(44,392)	(516,085)
Interest income	194,589	163,963
Dividends	97,875	115,248
Other income (expense)	(59,855)	(6,410)
	\$ 1,458,081	\$ (2,637,597)

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

Y. *Subsequent Events.* The University of Guam has evaluated subsequent events through February 17, 2011, the date which financial statements were available to be issued.

Note 4 - Long-term Debt

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

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

Debt service to maturity is as follows:

	Principal	Interest	Total
2011	\$ 179,606	\$ 570,454	\$ 750,060
2012	187,857	562,203	750,060
2013	196,487	553,573	750,060
2014	205,514	544,546	750,060
2015	214,955	535,105	750,060
2016-2020	1,232,292	2,518,008	3,750,300
2021-2025	1,542,578	2,207,722	3,750,300
2026-2030	1,930,993	1,819,307	3,750,300
2031-2035	2,417,209	1,333,091	3,750,300
2036-2040	3,025,852	724,448	3,750,300
2041-2043	1,654,130	59,738	1,713,868
	\$ 12,787,473	\$ 11,428,195	\$ 24,215,668

Public Law 26-48 also provided supplemental annual funding of \$500,000 from the Territorial Highway Fund to pay for the loan. September 30, 2010 and 2009, \$500,000 has been accrued. The funds received are classified as restricted expendable net assets.

Note 5 - Student Loans

The Guam Legislature appropriates funds for the student loan program available to residents of Guam who attend institutions of higher education. The University is responsible for awarding the loans and monitoring compliance with respect to repayment. Due to the uncertainty of collection and due to recipient ability to repay the loans through work credits, student loan receivables are fully reserved in the year granted, and payments are reflected as recoveries in the year received. At September 30, 2010 and 2009, loan receivables are reserved in the amount of \$10,847,349 and \$11,701,370, respectively, and recoveries collected are \$671,550 and \$497,465 for the years then ended, respectively.

Note 6 - Noncurrent Liabilities

Noncurrent liability activity was as follows:

	Beginning balance September 30, 2009	Additions	Reductions	Ending balance September 30, 2010	Amount due within one year
Bonds, notes and capital lease obligations					
Notes payable	\$ 12,930,123	\$ -	\$ 142,650	\$ 12,787,473	\$ 179,606
Total bonds, notes and capital leases	<u>12,930,123</u>	<u>-</u>	<u>142,650</u>	<u>12,787,473</u>	<u>179,606</u>
Other liabilities					
Deposits held on behalf of others	121,459	-	19,676	101,783	-
Accrued annual leave	1,719,757	1,419,521	1,323,298	1,815,980	920,750
DCRS sick leave liability	1,373,388	313,737	163,808	1,523,317	-
Total other non current liability	<u>3,214,604</u>	<u>1,733,258</u>	<u>1,506,782</u>	<u>3,441,080</u>	<u>920,750</u>
Total noncurrent liabilities	<u>\$ 16,144,727</u>	<u>\$ 1,733,258</u>	<u>\$ 1,649,432</u>	<u>\$ 16,228,553</u>	<u>\$ 1,100,356</u>

	Beginning balance September 30, 2008	Additions	Reductions	Ending balance September 30, 2009	Amount due within one year
Bonds, notes and capital lease obligations					
Notes payable	\$ 13,119,885	\$ -	\$ 189,762	\$ 12,930,123	\$ 171,717
Total bonds, notes and capital leases	<u>13,119,885</u>	<u>-</u>	<u>189,762</u>	<u>12,930,123</u>	<u>171,717</u>
Other liabilities					
Deposits held on behalf of others	133,958	-	12,499	121,459	-
Accrued annual leave	1,644,106	1,418,025	1,342,374	1,719,757	920,750
DCRS sick leave liability	1,083,747	369,217	79,576	1,373,388	-
Total other non current liability	<u>2,861,811</u>	<u>1,787,242</u>	<u>1,434,449</u>	<u>3,214,604</u>	<u>920,750</u>
Total noncurrent liabilities	<u>\$ 15,981,696</u>	<u>\$ 1,787,242</u>	<u>\$ 1,624,211</u>	<u>\$ 16,144,727</u>	<u>\$ 1,092,467</u>

Note 7 - Deposits and Investments

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

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

Legally authorized investments are as follows:

(i) General Guidelines

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

(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.

(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 \$100,000 unless the deposit is fully collateralized by U.S. Treasury Securities.
 - c. No single issue shall have a maturity of greater than two years.
 - d. Custodial Sweep Account portfolios must have an average maturity of less than one year.
- A. GASB Statement No. 40 requires disclosures for deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the University's name. See note 3A for detail of cash.

B. Investments:

Investments exclusive of physical plant are recorded at market value; investments received by gift are recorded at market value at the date of acquisition. Realized gains and losses are recognized in the Statement of Revenues, Expenses and Changes in Net Assets upon disposition, and unrealized gains and losses are recorded as net appreciation (depreciation) of fair value in investments. Approximately \$23,294,249 and \$18,806,299 of these investments and cash at September 30, 2010 and 2009, respectively, are accounted for on a pooled basis. The University employs the share method of accounting for pooled investments and for proportionate distribution of income and fees to each fund which participates in the pool. Investments held by the University consist of money market funds, fixed income securities, and common stock. These investments are held in the name of the University.

	2010	2009
Investments		
Certificates of deposit	\$ 8,674,692	\$ 5,246,033
Money market funds	492,545	382,804
Fixed income securities	4,492,720	4,010,777
Common stock	9,634,293	9,166,685
	\$ 23,294,250	\$ 18,806,299

The composition of investment income (expense) for the years ended September 30, 2010 and 2009 is as follows:

	2010	2009
Interest and dividends from investments	\$ 411,685	\$ 477,797
Investment fees	(117,284)	(206,424)
Realized (loss) gain	483,105	(1,774,936)
Depreciation/Appreciation of fair value of investments, net	825,003	1,550,256
	\$ 1,602,509	\$ 46,693

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

2010 Moody's Rating	Total	Domestic	International
AAA	\$ 1,898,313	\$ 1,898,313	\$ -
AA	739,205	739,205	-
A	1,539,054	1,539,054	-
BAA	316,148	285,691	30,457
Total credit risk debt securities	\$ 4,492,720	\$ 4,462,263	\$ 30,457

The University's exposure to credit risk at September 30, 2009 was as follows:

2009 Moody's Rating	Total	Domestic	International
AAA	\$ 1,641,040	\$ 1,641,040	\$ -
AA	497,351	497,351	-
A	1,339,138	1,339,138	-
BAA	494,288	465,538	28,750
Unrated	38,960	38,960	-
Total credit risk debt securities	\$ 4,010,777	\$ 3,982,027	\$ 28,750

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

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

As of September 30, 2009, the University's fixed income securities had the following maturities and credit risk exposure.

Investment type	Fair value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Corporate bonds	\$ 2,369,737	\$ -	\$ 471,457	\$ 1,854,999	\$ 43,281
Mortgage and asset backed securities	267,421	-	-	79,313	188,108
Government bonds					
Federal Home Loan Mortgage Corp.	468,499	-	-	9,269	459,230
Federal National Mortgage Association	843,170	-	388,565	86,431	368,174
U.S. Treasuries	61,950	61,950	-	-	-
	<u>\$ 4,010,777</u>	<u>\$ 61,950</u>	<u>\$ 860,022</u>	<u>\$ 2,030,012</u>	<u>\$ 1,058,793</u>

Custodial risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University's investments are held and administered by investment managers. Accordingly, these investments are exposed to custodial credit risk. Based on negotiated trust and custody contracts, all of these investments were held in the University's name at September 30, 2010 and 2009. The University does not have a formal policy regarding custodial credit risk.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments of the University. As of September 30, 2010 and 2009 the University did not hold any investment in any one issuer that represented 5% or more of total investments of the University.

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

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

Note 8 - Capital Assets

Activity and balances for capital assets for fiscal years September 30, 2010 and 2009 consisted of the following:

	Balance as of September 30, 2009	Additions	Retirements	Transfers	Balance as of September 30, 2010
Capital assets not being depreciated					
Land	\$ 2,589,112	\$ -	\$ -	\$ -	\$ 2,589,112
Construction in progress	841,569	14,000	-	(280,270)	575,299
Total capital assets not being depreciated	3,430,681	14,000	-	(280,270)	3,164,411
Other capital assets					
Land improvements	320,754	-	-	-	320,754
Building	85,759,342	131,903	-	280,270	86,171,515
Building improvements	1,279,760	-	-	-	1,279,760
Equipment	10,458,147	826,082	(94,940)	-	11,189,289
Library books	6,209,733	194,560	-	-	6,404,293
Total other capital assets	104,027,736	1,152,545	(94,940)	280,270	105,365,611
Less accumulated depreciation	(37,266,022)	(2,807,058)	336,332	-	(39,736,748)
Other capital assets, net	66,761,714	(1,654,513)	241,392	280,270	65,628,863
Total capital assets, net	\$ 70,192,395	\$ (1,640,513)	\$ 241,392	\$ -	\$ 68,793,274

	Balance as of September 30, 2008	Additions	Retirements	Transfers	Balance as of September 30, 2009
Capital assets not being depreciated					
Land	\$ 2,589,112	\$ -	\$ -	\$ -	\$ 2,589,112
Construction in progress	728,397	414,348	-	(301,176)	841,569
Total capital assets not being depreciated	3,317,509	414,348	-	(301,176)	3,430,681
Other capital assets					
Land improvements	320,754	-	-	-	320,754
Building	85,458,166	-	-	301,176	85,759,342
Building improvements	1,241,760	38,000	-	-	1,279,760
Equipment	10,257,799	214,874	(14,526)	-	10,458,147
Library books	6,132,378	77,355	-	-	6,209,733
Total other capital assets	103,410,857	330,229	(14,526)	301,176	104,027,736
Less accumulated depreciation	(34,679,981)	(2,600,567)	14,526	-	(37,266,022)
Other capital assets, net	68,730,876	(2,270,338)	-	301,176	66,761,714
Total capital assets, net	\$ 72,048,385	\$ (1,855,990)	\$ -	\$ -	\$ 70,192,395

Note 9 - 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, 2010 and 2009, \$6,129,351 and \$2,966,654, respectively, of outstanding purchase orders and purchase commitments are not reported in the financial statements.

Note 10 - Contingencies

Litigation

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

General Obligation Bonds

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

At the end of each fiscal year, the balance remaining in the bond fund established by the University shall be retained by the University. Once the University's proportionate share of the principal and interest obligation is satisfied on or about November 2018, the University shall retain control of all future revenues thereafter. For the years ended September 30, 2010 and 2009, monthly payments remitted to the government of Guam's General Fund of \$2,027,924 and \$2,027,490 respectively, are recorded as debt service - DOA bond.

Medicare

The government of Guam and its component units, including the University, began withholding and remitting funds to the U.S. Social Security System for the health insurance component of its salaries and wages effective October 1998. Prior to that date, the government of Guam did not withhold or remit Medicare payments to the U.S. Social Security System. If the Government is found to be liable for Medicare payments on salaries and wages prior to October 1998, an indeterminate liability could result. It has been the practice of the University and all other component units of the government of Guam that payment of this health insurance component is optional prior to October 1998. Therefore, no liability for any amount which may ultimately arise from this matter has been recorded in the accompanying financial statements.

Note 11 - Receivable from the Government of Guam

The University reflects a receivable from the government of Guam of \$3,931,291 and \$4,525,716 at September 30, 2010 and 2009, respectively.

Management expects the balance at September 30, 2010 to be collected on or before September 30, 2011.

The government of Guam is experiencing serious financial difficulty. University management is working closely with the appropriate government of Guam and Legislature officials to ensure that it maintains financial viability and does not jeopardize its accreditation status.

Other Information
September 30, 2010 and 2009
University of Guam

University of Guam
Schedules of Salaries and Wages
Years Ended September 30, 2010 and 2009

	2010		2009	
	Amount	No. of	Amount	No. of
Salaries and Wages				
Funded by local funds	\$ 20,865,547	404	\$ 20,427,985	408
Federal funds	4,624,789	151	4,614,492	120
General Operations and Federal funds	4,200,390	121	3,975,470	100
Other funding sources	3,642,169	112	3,295,572	138
Total salaries and wages	<u>33,332,895</u>	<u>788</u>	<u>32,313,519</u>	<u>766</u>
Benefits				
Funded by local funds	6,417,722		6,058,422	
Federal funds	873,493		681,452	
General Operations and Federal funds	1,019,048		958,782	
Other funding sources	356,237		581,140	
Total benefits	<u>8,666,500</u>		<u>8,279,796</u>	
Total Salaries, Wages and Benefits	<u>\$ 41,999,395</u>		<u>\$ 40,593,315</u>	

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2010 and 2009

	2010		2009	
	Unrestricted	Restricted	Unrestricted	Restricted
Instruction				
Salaries	\$ 11,579,873	\$ 685,033	\$ 10,984,053	\$ 611,681
Benefits	3,123,932	150,131	2,869,190	123,666
Travel	77,738	500,264	66,296	602,553
Contracts	627,376	417,298	688,974	743,606
Supplies	109,318	162,514	88,930	142,546
Equipment	40,347	153,827	36,386	123,992
Utilities	21,570	238	31,341	23,444
Capital outlay	6,746	32,225	-	-
Miscellaneous	440,308	466,501	496,047	429,123
	<u>\$ 16,027,208</u>	<u>\$ 2,568,031</u>	<u>\$ 15,261,217</u>	<u>\$ 2,800,611</u>
Research				
Salaries	\$ 1,251,514	\$ 3,759,298	\$ 1,026,453	\$ 3,451,043
Benefits	340,867	826,495	288,449	715,673
Travel	81,803	591,032	56,277	617,518
Contracts	366,894	1,560,624	345,052	1,363,878
Supplies	184,367	487,450	87,786	497,332
Equipment	93,825	288,213	38,492	242,457
Utilities	2,625	5,088	3,232	4,759
Capital outlay	168,826	382,193	61,582	187,376
Miscellaneous	152,025	726,789	118,964	418,741
	<u>\$ 2,642,746</u>	<u>\$ 8,627,182</u>	<u>\$ 2,026,287</u>	<u>\$ 7,498,777</u>
Institutional Support				
Salaries	\$ 2,763,805	\$ 51,951	\$ 2,588,946	\$ -
Benefits	876,504	17,170	794,912	-
Travel	245,397	-	132,337	-
Contracts	1,641,549	-	1,560,455	-
Supplies	120,327	-	94,690	-
Equipment	153,686	1,906	48,059	-
Utilities	903	-	496	-
Capital outlay	31,258	-	55,485	-
Miscellaneous	558,474	14,270	607,127	-
	<u>\$ 6,391,903</u>	<u>\$ 85,297</u>	<u>\$ 5,882,507</u>	<u>\$ -</u>

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2010 and 2009

	2010		2009	
	Unrestricted	Restricted	Unrestricted	Restricted
Public Service				
Salaries	\$ 149,863	\$ 4,062,228	\$ 356,878	\$ 3,872,980
Benefits	38,299	877,383	94,743	789,027
Travel	2,500	489,881	2,840	495,070
Contracts	54,501	981,392	63,891	906,862
Supplies	14,581	399,996	29,848	414,302
Equipment	3,308	205,407	21,232	239,446
Utilities	12,176	13,710	12,252	21,893
Capital outlay	25,000	63,919	-	41,967
Miscellaneous	66,548	571,355	76,012	457,199
	<u>\$ 366,776</u>	<u>\$ 7,665,271</u>	<u>\$ 657,696</u>	<u>\$ 7,238,746</u>
Academic Support				
Salaries	\$ 4,923,611	\$ 2,500	\$ 4,756,703	\$ -
Benefits	1,437,612	190	1,349,002	-
Travel	245,902	-	195,443	-
Contracts	1,069,314	10,548	1,339,048	31,548
Supplies	392,448	1,750	284,571	2,143
Equipment	412,829	-	291,926	1,306
Utilities	2,624	-	2,560	-
Capital outlay	208,060	-	264,443	4,820
Miscellaneous	152,480	288	260,161	250
	<u>\$ 8,844,880</u>	<u>\$ 15,276</u>	<u>\$ 8,743,857</u>	<u>\$ 40,067</u>
Student Services				
Salaries	\$ 1,615,393	\$ 616,009	\$ 1,765,353	\$ 666,707
Benefits	525,776	21,172	548,828	11,868
Travel	62,867	48,994	28,601	47,170
Contracts	98,723	59,430	116,195	31,248
Supplies	62,722	21,785	69,991	5,832
Equipment	28,343	11,167	23,773	16,171
Utilities	59,929	-	56,921	-
Capital outlay	400	-	-	-
Miscellaneous	(148,885)	518,327	310,110	1,225,655
	<u>\$ 2,305,268</u>	<u>\$ 1,296,884</u>	<u>\$ 2,919,772</u>	<u>\$ 2,004,651</u>

University of Guam
Schedules of Expenses by Object Category
Years Ended September 30, 2010 and 2009

	2010		2009	
	Unrestricted	Restricted	Unrestricted	Restricted
Operational and Maintenance, Plant				
Salaries	\$ 1,615,101	\$ -	\$ 1,601,855	\$ -
Benefits	539,626	-	501,372	-
Travel	-	-	-	-
Contracts	537,382	-	212,575	-
Supplies	212,479	-	187,114	-
Equipment	84,990	-	56,235	-
Utilities	3,796,977	-	3,744,375	-
Capital outlay	497,943	-	477,365	-
Miscellaneous	754	-	-	-
	<u>\$ 7,285,252</u>	<u>\$ -</u>	<u>\$ 6,780,891</u>	<u>\$ -</u>
Scholarships and Fellowships				
Salaries/Benefits	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-
Contracts	-	-	-	-
Supplies	-	-	-	-
Equipment	-	-	-	-
Utilities	-	-	-	-
Capital outlay	-	-	-	-
Miscellaneous	213,902	13,386,465	525,794	9,876,407
	<u>\$ 213,902</u>	<u>\$ 13,386,465</u>	<u>\$ 525,794</u>	<u>\$ 9,876,407</u>
Auxiliary Enterprises				
Salaries	\$ 608,557	\$ -	\$ 634,253	\$ -
Benefits	191,332	-	189,680	-
Travel	6,441	-	-	-
Contracts	99,100	-	88,597	-
Supplies	59,618	-	43,726	-
Equipment	21,351	-	38,390	-
Utilities	281,667	-	287,220	-
Capital outlay	-	-	-	-
Miscellaneous	2,551,738	-	1,255,370	-
	<u>\$ 3,819,804</u>	<u>\$ -</u>	<u>\$ 2,537,236</u>	<u>\$ -</u>