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Benjamin J.F. Cruz <senator@senatorbjcruz.com>

Re: Board reporting requirements

2 messages

Ms. LOUISE MCINTYRE TOVES <lmtoves@triton.uog.edu> Thu, May 25, 2017 at 6:13 PM
To: Christine Mabayag <ckamm@triton.uog.edu>, "Flora A. Weilbacher" <flora.weilbacher@guam.gov>, "sandra.miller@guam.gov" <sandra.miller@guam.gov>, "Orleen@SenatorBJCruz.com" <Orleen@senatorbjcruz.com>
Cc: Victorina Renacia <vrenacia@triton.uog.edu>, Jonas Macapinlac <jmac@triton.uog.edu>, "senator@senatorbjcruz.com" <senator@senatorbjcruz.com>

Hafa Adai,

Please find the attached Boardbook for the March 16, 2017 University of Guam Board of Regents regular meeting submitted in compliance with PL 31-233. My apologies for the late submittal.

The Boardbook will aslo be posted on the UOG website. Should you have any questions, please do not hesitate to contact me. Thank you,
Louise

Speaker Benjamin J.F. Cruz
MAY 3 1 2017
Time 1:48 AM PM File No.
Received By

GL# 34-17-573

Louise M. Toves
Special Assistant
Office of the President
(671) 735-2995; fax (671) 734-2296

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University of Guam.UOG Station.Mangilao, Guam. 96932

MAY 30 PM 1:59

UOG BOR Boardbook for regular meeting of 16March2017_for reporting purposes.pdf
5038K

Benjamin J.F. Cruz <senator@senatorbjcruz.com> Tue, May 30, 2017 at 1:45 PM
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>, BENJAMIN CRUZ <speaker@senatorbjcruz.com>

5/30/2017	5/25/2017	University of Guam	Re: Board reporting requirements *Emailed	34-17-573

[Quoted text hidden]

Speaker Benjamin J.F. Cruz
I Mina'trentai Kuåttro Na Liheslaturan Guåhan
T 671-477-2520 | F 671-477-2522
http://www.senatorbjcruz.com

UOG BOR Boardbook for regular meeting of 16March2017_for reporting purposes.pdf
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UNIVERSITY OF GUAM
UNIBETSEDAT GUAHAN
Board of Regents
UOG Station, Mangilao, Guam 96923
Telephone: (671) 735-2995 ● Fax: (671) 734-2296

REGULAR MEETING
Thursday, March 16, 2017, 5:30 p.m., AV Room 1, RFK Library,
Tan Siu Lin Building, UOG Campus, Mangilao, Guam

AGENDA

	1.0	CALL TO ORDER
	2.0	MEETING MINUTES
Action	2.1	Regular Meeting Minutes of February 16, 2017
Information	3.0	CHAIRPERSON'S REMARKS
Information	4.0	PRESIDENT'S REPORT
	5.0	REPORTS FROM STANDING COMMITTEES
	5.1	Academic, Personnel and Tenure Committee
	5.2	Student Affairs, Scholarship, Alumni Relations, and Honorary Degree Committee
Action	5.2.1	Resolution No. 17-06, Relative to the Prohibition of Use and Possession of Alcohol in the Student Dormitories
	5.3	Budget, Finance, Investments and Audit Committee
Information	5.3.1	Financial Update
Information	5.3.2	Collections Report
Action	5.3.3	Resolution No. 17-07, Relative to Accepting the Results of the Deloitte and Touche LLP Financial Statements Audit and Compliance Audit for the Fiscal Year Ended 30 September 2016
	5.4	Physical Facilities Committee
	6.0	AD HOC REPORT: ENDOWMENT FOUNDATION UPDATE
	7.0	NEW BUSINESS
	8.0	OPEN PRESENTATION (3 Minute Limit Per Person)
	9.0	EXECUTIVE SESSION
	10.0	ADJOURNMENT

BOR Chairperson Antoinette Sanford will call the meeting to order.

The BOR will vote on approving the meeting minutes presented.

UNIVERSITY OF GUAM
UNIBETSEDAT GUAHAN

Board of Regents
UOG Station, Mangilao, Guam 96923
Telephone: (671) 735-2995 Fax: (671) 734-2296

Regular Meeting Minutes
February 16, 2017

1.0 CALL TO ORDER

The Regular Meeting of the Board of Regents (BOR) was called to order by BOR Chairperson Antoinette Sanford on February 16, 2017, at 5:38 p.m., in AV Room #1, University of Guam RFK Library, Tan Siu Lin Building, notice of such meeting having been duly and regularly provided by the BOR.

QUORUM:

Antoinette Sanford	**Chairperson**
Elizabeth Gayle	**Vice Chairperson**
Elvin Chiang	**Treasurer**
Jillette Leon-Guerrero	**Member**
Mariflor Herrero	**Member**
Hyo Ji	**Member**
Austin Terlaje	**Member**

ALSO PRESENT:

Robert A. Underwood	**Executive Secretary**
Louise M. Toves	**Recording Secretary**
Victorina Y. Renacia	**Legal Counsel**

2.0 MEETING MINUTES

2.1 Regular Meeting Minutes of November 17, 2016

Regent Gayle moved for the approval of the Regular Meeting Minutes of November 17, 2016, which was duly seconded. The motion carried.

3.0 CHAIRPERSON'S REMARKS

Chairperson Sanford thanked everyone for attending tonight's meeting and wished everyone a happy new year. She commented briefly on the financial situation being faced by UOG and ask that attendees communicate with contacts they have with the administration to ask for support for UOG.

Chairperson Sanford invited the faculty who are present to address the BOR after having been granted tenure to come forward, introduce themselves and share their remarks.

Dr. Hyun-Jong Hahm, Associate Professor of Linguistics, thanked the BOR for approving her application for tenure and gave a brief explanation of the work she is currently involved in.

Dr. Tricia Lizama, Associate Professor of Health Sciences, stated that she graduated from the UOG BSW program and that she is grateful to her family and colleagues for their support as she pursued her education and in seeking tenure. She expressed her appreciation to the BOR for approving her tenure application.

Dr. Michelle Santos, Assistant Professor of Secondary Education, stated that she obtained her master's degree in Secondary Education from the UOG School of Education. She noted that she has a vested interest in improving the quality of Guam's public education since her children attend public school. She expressed her love for UOG and thanked the BOR for granting her request for tenure.

Dr. Arun Swamy, Associate Professor of Political Science, stated that teaching at UOG has been the most satisfying teaching experience that he has during his career. He thanked the BOR for granting him tenure so that he can continue his work at UOG.

Dr. Ana Joy Mendez, Assistant Professor of Nursing, stated that teaching is her first love, although she has 20 prior years of employment as a nurse. She expressed her appreciation to the BOR, noting that she remains committed to helping UOG to produce quality nurses to serve our island.

Chairperson Sanford commented that she appreciates the coverage received from the athletic gear and that she hopes that in the future, swimming might become part of UOG's athletic program. She then asked President Underwood to proceed with his report.

4.0 PRESIDENT'S REPORT

President Underwood gave the President's report, a copy of which is attached. He commented that tonight's faculty presentations demonstrates that the glocalization of the UOG faculty is well under way. He also reported on the Spring 2017 enrollment numbers.

5.0 REPORTS FROM STANDING COMMITTEES

5.1 Academic, Personnel, and Tenure Committee

5.1.1 Resolution No. 17-01, Relative to the Approval of a New Degree Program, Master of Science in Sustainable Agriculture, Food and Natural Resources

Regent Leon Guerrero introduced Resolution No. 17-01, which was duly seconded. She gave a brief description of the proposed program. She then invited CNAS Dean Lee Yudin

to comment on the proposal and respond to any questions by the BOR. Dean Yudin reported on the intent, need and benefit of the program. He recognized the faculty who will be teaching for the program, as well as the Program Chair, Dr. Mohammad Golabi, and Program Vice Chair, Dr. Andrea Blas. Chairperson Sanford noted that this program is a great expansion for and enhancement to UOG, and will provide additional options for students seeking a graduate degree. The motion carried.

5.2 Student Affairs, Scholarship, Alumni Relations and Honorary Degree Committee

5.2.1 Resolution No. 17-02, Relative to Approving the Proposed FY2018 Student Financial Assistance Program Budget

Regent Chiang provided a brief report on the SASARHD committee meeting. He then introduced Resolution No. 17-02, which was duly seconded. The motion carried. President Underwood discussed how the flexibility given to UOG in managing the Student Financial Assistance Program (SFAP) budget has maximized the distribution of funds. He also commented briefly on the discussion regarding possible changes to the tuition rate and fee structure, noting that a public hearing will be held in the future to allow the community to provide input regarding any recommended changes.

5.3 Budget, Finance, Investments and Audit Committee

5.3.1 Financial Update

Regent Chiang gave a brief report on the BFIA committee meeting, to include the University's cash position and status of allotment payments. He asked VPAF Wiegand to report on the current financial position. VPAF provided a brief update, elaborating on the status of allotment payments by BBMR. President Underwood noted that meetings are being scheduled next week to address the status of allotment payments with the administration.

5.3.2 Collections Report

Regent Chiang noted that the status of collections is as reported earlier in the SASARHD committee report.

5.3.3 Procurement Transactions and Contracts Report

Regent Chiang reported that there were no purchase orders over $100K and a total of eight contracts over 100K from December 2016 through January 2017.

5.3.4 Resolution No. 17-03, Relative to Approving the Proposed FY2018-2019 General Operations Budget

Regent Chiang introduced Resolution No. 17-03, which was duly seconded. Vice Chairperson Gayle noted that the Physical Facilities Committee also reviewed the proposed budget and endorsed the resolution for approval. The motion carried.

5.3.5 Resolution No. 17-04, Relative to Approving the FY2018 Non-Appropriated Fund (NAF) Budgets

Regent Chiang introduced Resolution No. 17-04, which was duly seconded. The motion carried.

5.3.6 Resolution No. 17-05, Relative to Approving the FY2018 Auxiliary Budgets

Regent Chiang introduced Resolution No. 17-05, which was duly seconded. The motion carried.

5.4 Physical Facilities Committee

5.4.1 Plant and Facilities Update

Regent Gayle provided a report on the Committee meeting, which was held on February 10, 2017

6.0 AD HOC REPORT: ENDOWMENT FOUNDATION UPDATE

UOG Endowment Foundation Executive Director Janiece Sablan provided an update on UOGEF activities, to include efforts to de-conflict fundraising activities across UOG programs and events. She provided an update regarding donations that have been received, discussed two new scholarships that are funded through donations, and the purchase and sale of property for UOG. President Underwood gave a brief explanation regarding the DACA (Deferred Action for Childhood Arrivals) policy. He noted that UOG has 39 students in this category who previously could not qualify for financial assistance and can now benefit from the scholarship opportunity being offered.

7.0 NEW BUSINESS

7.1 Presidential Search Committee

Regent Chiang moved to table item 7.1, which was duly seconded. The motion carried.

8.0 OPEN PRESENTATION (3 Minute Limit per Person)

Chairperson Sanford opened the floor for open presentations. No presentations were made.

9.0 EXECUTIVE SESSION

No Executive Session was held.

10.0 ADJOURNMENT

Regent Gayle moved that the meeting be adjourned, which was duly seconded and passed. Chairperson Sanford adjourned the meeting at 6:35 p.m.

Antoinette D. Sanford, Chairperson

ATTESTED:

Dr. Robert A. Underwood, Executive Secretary

PRESIDENT'S REPORT
16 February 2017

1. Travel

I returned yesterday from my visit to Japan as part of the Japan Foreign Ministry Invitation Program. I visited both Okayama University and Meio University, both of whom UOG has a relationship with. Through these partnerships, interest has been expressed to have faculty come to Guam to assist in the development if UOG's cyber-infrastructure.

2. Resignation of Regent Joaquin Santos Jr.

Regent Santos' resignation due to medical reasons was received last Friday. While it is unfortunate, I wish him the best and pray for his recovery. I have known him for over 30 years and he brought a great deal of leadership experience and forthrightness to the BOR as a regent. His service over the past nearly 2 years is greatly appreciated.

3. Audit and Financials

The FY2016 audit is 85% complete. A BOR meeting will be held in March for submission of the audit to the BOR for approval. A spending plan was released today addressing how funds may be spent given the University's cash situation. Minimal operations are expected to continue indefinitely.

I have also had several meetings with USDA to clear the way for the financing of the Triton Engagement Center. The RFPs for the Student Services Center and the SENG Annex have been closed and responses are now being evaluated.

4. RCUOG Update

There are currently 73 grants running through RCUOG totaling $10.2M annually and $22.3M calculating multi-year grants. Six students received RCUOG Travel Awards in February. Two Fine Arts students will travel to Tokyo to participate in an exhibition in May at the Tokyo University of the Arts that features their artwork, one student will travel to the Society of Human Resource conference in June, one student will travel to Palau to participate in the Pacific Education Conference in July, one student will travel to the University of Derby in England in May to work on sampling of RNA and DNA of an emerging coral disease discovered in Guam, and one student will travel from Houston to Guam in May to validate her thesis work by taking additional measurements of a significant volume of daily freshwater discharge from a cave in northern Guam.

5. School of Engineering (SENG) Update

There are currently 170 students who have declared Pre-Engineering as their major. The draft course curriculum for Year 3 will be ready before Fall 2017. A course agreement is also being negotiated with the Mapua Institute of Technology in the Philippines. The recruitment of a Civil Engineer – Soil Mechanics is anticipated to be completed and for the new faculty to be on board by August 2017.

6. IT Update

The University is making significant progress with the G2G-Connectivity initiative. Our international neighbors see the university as a strategic partner and the island as an undeniably important geographic location for Trans-Pacific Research and Education Networking activities.

7. Triple J Donation

Triple J and Ford Motor Co. Conservation and Environmental Grants donated $20K to WERI. The funds will support WERI's Guam Water Kids – Protecting Guam's Fresh Water/Pretehi I Hanom Freskon Guahan outreach program for school teachers. Website and applications are being developed for teacher workshops. WERI will conduct its Northern Guam Lens Aquifer Professional Tour to 60 DOE science teachers at their April workshop.

WERI will offer the Aquifer Professional Tour at the annual AWWA (American Water Works Association) meeting and UOG Sustainability Conference in April. BOR members are welcome to join or to schedule their own tour on a different date.

8. Department of Interior Funds Groundwater Observation Wells

Next week (February 20-24), officials from DOI's Office of Economic Adjustment and USEPA will be on island to move forward on installation of 7 new groundwater observation wells with $3.2M OEA funding to GWA (in addition to the current 7). This is in response to a proposal originally submitted to NAVFACPAC in 2014 by WERI in collaboration its USGS partner office in Honolulu, to monitor impact of Military Buildup and related expansion in demand for Guam's groundwater. Dr. Jenson will be part of a local DOD/GWA/WERI team to show them the sites that WERI is recommending. The proposal includes a permanent O&M stream by which WERI and USGS would analyze the data and provide annual reports on aquifer status to local and DOD managers.

9. New EEO/ADA employees

The University of Guam has named Joseph Gumataotao, Esq. its new Equal Employment Opportunity and Title IX Director/ Americans with Disabilities Act Coordinator. Gumataotao oversees and investigates all cases of misconduct in relation to EEO, Title IX and ADA for the University. He also maintains and develops policies and procedures in these areas. Gumataotao received a B.A. in Communication from UOG in 2004, but it was his minor in political science and working for the Guam Legislature that sparked his

interest in law. Gumataotao attended Ave Maria School of Law, finishing his degree in 2011 in Naples, Florida.

UOG has also named Sallie Sablan its new Student Academic Counseling Specialist with ADA Specialization. Sablan's role at the University falls under academic advisement—helping undeclared students identify their passions and supporting degree programs at UOG. She also assists and provides accommodations to students with disabilities. Sablan received her bachelor's and master's degrees from Western Kentucky University in 1983 and 1988 respectively. Sablan previously served as the Education and Disabilities Manager for the Guam Department of Education Headstart program.

10. Tritons Unite

At the last commencement, I introduced the new Trident hand sign On February 3rd, the UOG Student Government Association passed a resolution recognizing the hand sign as an official UOG student tradition. Together with the phrase, "Tritons Unite," the hand sign is a way of displaying Triton spirit in a way that is unique to UOG.

11. UOG Alumni Reunion/ Distinguished Alumni Awards

The UOG Alumni Reunion/Distinguished Alumni Awards event was held last December. Thank you to everyone who was able to join us in recognizing these outstanding alumni at the event. For those of you who could not make it, the 2016 UOG Distinguished Alumni Award recipients are: For the College of Natural and Applied Sciences, Frank Ishizaki, a 1971 graduate with a BA in Chemistry; For the College of Liberal Arts and Social Sciences, Maureen Maratita, a 2000 graduate with a BA in Communications; For the School of Business and Public Administration, Sandra McKeever, a 1999 graduate with a BA in Marketing; For the School of Nursing and Health Sciences, Paul Pun, a 1989 graduate with a BS in Social Work in 1989; For the School of Education, Salvador Avilla, a 1973 graduate with a BA in Secondary Education and Sociology. He also received an MA in Behavioral Sciences in 1975; and For the Military Award, LTC(R) Renie "Rey" Llaneta, a 1984 graduate with a BA in Psychology. Please join me in congratulating these distinguished alumni for their successful careers after obtaining their degrees from UOG.

12. Charter Day

Thank you to everyone who attended the proclamation signing today. I hope you will also be able to join us on Charter Day, Tuesday, March 14th. The opening ceremony will be at 9am at center court. This year's theme is "Tritons United."

13. Charter Day President's Cup Competition

Badminton was the first event in the 6th annual President's Cup competition. The Pohnpei Student Organization (PSO) was undefeated in five games, including the finals, taking the win towards winning the 2017 President's cup. PSO's Noriekka Lekka and Liandra Joseph played for the PSO. The ROTC Savages won the second event, Dodge

Ball, this past Monday night. The next event will be volleyball, which will be held on February 20th and 22nd at the UOG Calvo Field House.

A total of 15 teams, composed of a total of 225 students, alumni and employees, are competing in 8 events to take the President's Cup. Only students have won the competition in the 5 year history of the event. The UOG Army ROTC Arctic Panda Monkeys, the defending champs two years running, have entered again this year.

The other five events of the competition are basketball, tug of war, ping pong, a 5K and a special wild card event, which is only revealed on Charter Day.

14. Athletics

UOG Athletics Director Doug Palmer has started a college basketball league for Guam. The Guam Men's College Basketball League will resume games on February 23rd. The league includes GCC, Harvest Bible College, the UOG Triton team and a club team from UOG.

The UOG Men's Soccer Team continued its winning streak to 4 matches in the Guam Football Association's Men's League (Division II). Their next game is scheduled for February 24th at 9pm against LOA Heat, a team that defeated UOG 1-0 in December. UOG has also partnered with Run Guam, Inc. to design and produce uniforms and gear for UOG's Triton Athletics sports program. This partnership has helped establish the official "look" of the University's athletes.

On another positive note, the UOG tennis courts have been renovated. The project included resurfaced courts, new nets and poles, and repair of the gates. The facility is open for use and rent by the public.

15. Students

The 2016 Spring Master of Public Administration Practicum class will be receiving the FBI 2016 Director's Community Leadership Award for their creation of the non-profit organization, Project Foresight Guam: Sexting and Cyberbullying Awareness Campaign. Through field research and policy development, the awardees worked with law enforcement and key stakeholders to develop a strategic approach for raising awareness and fostering prevention of cyber-bullying and sexting among minors. FBI Director James Comey will present the award at a ceremony on April 28th in Washington D.C.

University of Guam accounting students were recently named the winners of this year's Government Finance Case Challenge hosted by the Association of Government Accountants (AGA). Rachel Bongato, Masako Watabe, and Von Jaylarr Alcoran competed as finalists against students from the University of Puerto Rico-Rio Piedras Campus and Troy University. This is the third year in which UOG has won the AGA Government Finance Case Challenge. UOG accounting students also took home the highest honor in 2011 and 2012. In 2013 and 2014, UOG students came in 2nd place.

Five University of Guam students were chosen to receive more than $16,000 for the First Hawaiian Bank and Guam Business Magazine Businesswoman of the Year scholarship. Business Administration major Joby Marie D. Catibog, Vanessa A.S. Espinosa, Amery Jane A. Madeloso, Jeanie Nguyen, and Claudette A. San Nicolas received scholarships, which include a $250 book stipend per student.

University of Guam senior business administration major Joshua W. Fathal was recently awarded the Guam Chamber of Commerce Dave J. Santos Scholarship for the 2016-2017 academic year. Fathal will receive $1,000, and an internship at the Guam Chamber of Commerce from November 2016 to May 2017. Fathal, whose concentration is in finance and economics, plans to graduate next year.

The Lambda Pi Eta Communication Honor Society (LPH) proudly inducted seven new honorary members to its Alpha Beta Eta chapter in November. The seven new inductees are Jeffrey Bautista, Sean Rupley, Reyenne Ramirez, Nicole Leon Guerrero, Rachel Flores, Christopher Campbell, and Woodword Castro. The new members were recognized by College of Liberal Arts and Social Sciences Dean Dr. James Sellmann for their academic excellence in the field of communication.

Last summer, two University of Guam biology majors conducted research at the University of Rochester in New York alongside mentor and UOG chemistry professor Dr. Naushadalli Suleman. To cover the cost of the 10-week fellowships, the University partnered with the the Rotary Club of Guam and South Pacific Petroleum Corporation to raise over $13,000. Capati, Perez, and Suleman worked with a team of University of Rochester graduate students led by distinguished organic photochemist Dr. Joseph Dinnocenzo. Their research investigated how and why certain bonds between carbon and tin atoms break during certain chemical reactions.

University of Guam criminal justice students recently re-painted and updated a local bus stop in Mangilao. More than 40 members of the Alpha Phi Sigma criminal justice honor society repainted the fading bus stop in bright blues, greens, and yellows as a sign of its commitment to the island community.

The University of Guam Triton Athletics Program is proud to announce members of the Fall 2016 All-Academic Team, highlighting those athletes who performed well both on the court and in the classroom this year. Athletes who excel academically throughout the year are named to either the White Team, Green Team, or Triton Club. The White Team distinction includes students with a grade point average (GPA) of 3.00 to 3.49. The Green Team includes students who achieved a GPA of 3.50 to 3.99. The Triton Club is reserved for those who earn a 4.00 GPA.

For the Fall 2016 semester, there were 27 UOG student-athletes who were named to the different clubs with 15 to the White Club, 3 to the Green Club and 9 student-athletes to the "Triton" Club.

White Club: Rea DiMag, Lowella Di Ramos, Erin Bryce Duenas, Lori Okada, Mayah Quenga, Brittany Quinata, Elias David, Karlo De Leon, Gabriel De Luna, Eric Reyes, Amy Besagar, Ashley Castro, Philana-Marie Lopez, Kai Blas, and Relucio Reniel.

Green Club: Dylan Naputi, Tristan Paulino, and Ladera Perez (Cathleen Moore Linn's daughter).

Triton Club: Tyler George, Jonathon Holm, John Anthony Raz, Michael Topasna, Jasmine Almoguera, Kae'Ana Camacho, Jestyne Sablan, Mark Tandoc, and Shaeina Torres.

16. Recognition

Tyrone "Muggsy" Bogues was the 30th Presidential Lecturer in January 2017. The video of his presentation is available on the UOG Triton's youtube channel.

Dr. George Kallingal was one of five recipients of the North East India Education and Youth Affairs Award 2016 from the Trust for the Advancement of Philosophy for Children in India (TAPC) awarded in December 2016. Kallingal received the award for his dedication over the last 30 years to sharing his knowledge of psychology with thousands of people in his home country of India as a selfless mission to educate people on mental health and wellness. Kallingal is a clinical psychologist and teaches undergraduate and graduate level courses at the University of Guam School of Education as an emeritus professor.

Former Guam residents Patrick and Lillian Giese donated a watercolor painting to the University of Guam on Feb. 1, 2017. "Territorial College of Guam 1959." Patrick Giese, was painted by Pauline Chase Harvey. The Gieses thought it would be a nice gesture to donate the piece to the University. Pauline Harvey taught Art at the Territorial College of Guam until her retirement in 1978. She was the first faculty member to be given the title Professor Emerita. She was also the wife of Morris Harvey, one of the ten original faculty members who came to Guam from The Ohio State University and was the only one who remained on Guam until his death in 1966.

Chairperson Antoinette Sanford will give her remarks.

President Robert Underwood will give his report.

Reports will be given for each of the standing committees.

AP&T Chairperson Regent Jillette Leon-Guerrero will report on the AP&T Committee meeting.

Acting SASARHD Chairperson Regent Elvin Chiang will report on the SASARHD Committee meeting.

UNIVERSITY OF GUAM
UNIBETSEDÅT GUAHAN
BOARD OF REGENTS

RESOLUTION NO. 17-06

RELATIVE TO THE PROHIBITION OF USE AND POSSESSION OF ALCOHOL IN STUDENT DORMITORIES

WHEREAS, the University of Guam (UOG) is the primary U.S. Land Grant institution accredited by the Western Association of Schools and Colleges Senior College and University Commission (WSCUC) serving the post-secondary needs of the people of Guam and the region; and

WHEREAS, the governance and well-being of UOG is vested in the Board of Regents (BOR); and

WHEREAS, UOG is committed to providing a safe and healthy environment for work and study to the community, which includes students, faculty and staff; and

WHEREAS, there has been an increasing number of student misconduct and discipline referrals as a result of violations involving alcohol use in the dormitories; and

WHEREAS, the Dean of Enrollment Management and Student Success has put in place a temporary ban prohibiting the use and possession of alcohol in student dormitories; and

WHEREAS, the administration and the Student Affairs, Scholarship, Alumni Relations and Honorary Degree Committee recommend to the BOR that the prohibition on the use and possession of alcohol in student dormitories be adopted as policy.

NOW, THEREFORE BE IT RESOLVED, that the use and possession of alcohol in the student dormitories is prohibited; and

BE IT FURTHER RESOLVED, that Article VI, Paragraph B, Subparagraph 2, of the Rules, Regulations and Procedures Manual (RRPM), is amended as follows:

~~Alcohol is not permitted in public places and illegal drugs are not permitted on campus.~~ Illegal drugs are not permitted on campus. Alcohol is, likewise, not permitted on campus, to include the student dormitories, unless an exception has been granted in writing by the UOG President.

Adopted this 16th day of March, 2017.

Antoinette Sanford, Chairperson

ATTESTED:

Dr. Robert A. Underwood, Executive Secretary

6/2008

UNIVERSITY OF GUAM
POLICIES AND REGULATIONS CHANGE REQUEST FORM

1. Subject: Establishing a UOG policy making alcohol possession and use in the dormitories illegal

2. Purpose: To obtain approval to make alcohol possession and use in the dormitories illegal

3. See enclosed Proposed BOR Resolution and justification summary

4. Requested Effective Date: Immediately upon approval by the BOR.

5. Publication Document (Reference section and/or page number):

Year	
2000	Rules, Regulations and Procedures Manual (Change Article VI, Paragraph B, Sub-paragraph 2)

UNIT	SIGNATURE ~~(use BLUE pen please)~~	DATE
Director, UOG Residence Life		3-2-17
Dean, UOG Enrollment Management and Student Success		3/2/2017
Chair, Administrative Council		3/2/17

APPROVED/DISAPPROVED:

VICE PRESIDENT, Administration and Finance	3/2/17 DATE	SENIOR VICE PRESIDENT, Academic and Student Affairs	3/2/17 DATE
PRESIDENT		3/7/2017 DATE	
CHAIR, SASAHRD COMMITTEE BOARD OF REGENTS (When applicable)		DATE	
CHAIR, BOARD OF REGENTS (When applicable)		3/16/2017 DATE	

Academic Affairs 08/13/01
Revised AVP
9/23/01
Revised SVP
10/10/03; 6 2008

Summary Justification for Establishing a Policy Eliminating Alcohol Possession and Use in the Dormitories

Background Information:

- RRPM (2001) currently makes alcohol use in public places on campus illegal; it is silent as to alcohol use in private locations on campus
- Based upon the RRPM being silent on alcohol use in private locations on campus, a prior rule was established in the Residence Life Rules and Regulations allowing alcohol use by those of legal age in private dormitory rooms. This rule has already been suspended.
- There have been increasing violations of alcohol use in the dormitories, resulting in increases in misconduct and discipline for alcohol offenses. Many students have proven incapable of responsible use of alcohol.
- As such, it is proposed to make the possession and use of alcohol in the dormitories illegal by amending the RRPM, Section VI, Paragraph B, Section 2, as follows:

> **Campus Security Office**
>
> Campus safety and security are coordinated by the Campus Security Office, which has fully trained security officers on duty at all times. These officers undergo continuing training to upgrade their skills. They are trained in first aid and cardio-pulmonary resuscitation (CPR). Campus security officers conduct foot and vehicular patrols of the campus and residence hall areas. On campus, security officers enforce all regulations and laws both of the University and the Territory of Guam. The Campus Security Office also works very closely with the Guam Police Department to assist them with incidents that may occur on campus. Campus security officers enforce all laws regulating the consumption of alcohol, the use of controlled substances and weapons. ~~Alcohol is not permitted in public places and illegal drugs are not permitted on campus.~~ Illegal drugs are not permitted on campus. Alcohol is, likewise, not permitted on campus, to include the campus dormitories, except where exceptions may be granted by the University President. Firearms and dangerous weapons of any type are not permitted on campus or in the residence halls. Intentional use, possession or sale of firearms or other dangerous weapons is strictly forbidden. Members of the University community should also be aware of the University policies concerning substance abuse and on maintaining a drug-free workplace, both of which may be found in the University Policy Manual.

- There are numerous other locations in the RRPM where alcohol use is mentioned; however, these tend to describe what may happen as a result of alcohol violations, what alcohol awareness training is recommended/required, and requirements for alcohol use, as an exception, during field house events. As such, it is not necessary to amend these other locations where alcohol use is mentioned as they do not deal with alcohol use in private locations or allowing alcohol use in the dormitories..

Recommendation:

- **That the BOR amend the RRPM as recommended to make alcohol possession and use in the dormitories illegal**
-

BFIA Chairperson Regent Elvin Chiang will report on the BFIA committee meeting.

UNIVERSITY OF GUAM
Balance Sheet

	01/31/17	Per Audit 09/30/16	Variance	
ASSETS				
Cash in Bank/On Hand	6,489,791	7,843,824	(1,354,033)	
Short Term Investments	14,970,721	14,313,093	657,628	
Due from Gov Guam	5,988,440	7,722,534	(1,734,094)	
Accounts Receivable, tuitions net	11,452,577	6,762,285	4,690,292	Spring 2017 tuition
Accounts Receivable, others- net	2,209,287	1,629,064	580,223	
Accounts receivable grants/contracts	612,371	3,445,338	(2,832,967)	FY16 Fed grants $$ received in 1st Qtr FY17
Due fr UOG Foundation	150,000	150,000	-	
Inventories	782,505	782,505	-	
Investment	12,231,949	12,048,263	183,686	
Investments, endowments	14,189,357	13,707,058	482,299	
Capital assets, net	68,491,364	68,491,364	-	
Other current assets	286,269	364,220	(77,951)	
Deferred Outflows from pension	9,967,741	9,967,741	-	
Total assets	**147,822,372**	**147,227,289**		
LIABILITIES				
Current portion of long term	230,631	230,631	-	
Accounts payable & accrued liabilities **(Note 1)**	761,053	5,061,528	(4,300,475)	
Unearned Revenue	910,547	8,702,608	(7,792,061)	Fall16 deferred tuition earned in 1st Qtr FY17
Current portion of accrued annual leave	784,756	784,756	-	
Accrued annual leave, net of current portion	1,065,683	1,065,683	-	
Deposits agency	101,554	69,214	32,340	
Net pension liability	77,244,313	77,244,313	-	
Long Term debt	11,318,174	11,318,174	-	
DCRS sick leave liability	3,325,268	3,325,268	-	
Total liabilities and deferred inflows of Resources	**95,741,979**	**107,802,175**		
FUND BALANCE	**52,080,393**			

	01.31.17	09.30.16 (Audited)
Accts Payable Balance (Note 1)	761,053	5,061,528
Adjusted for:		
1. YE Accrued payroll-cut off **(Note 2)**		(533,791)
2. Payables paid since Oct 2016- Investment withdrawal	1,300,000	
3. 01/17 invoices received after Jan 2017 GL closing of 2.14.17; therefore excluded from FS above	1,794,115	
	3,855,168	4,527,737

Note 1: FYE 9.30.16 closed in 11.28.16 or 2 mos after fiscal year-most FYE16 invoices were captured; 01.31.17 closed 2.14.17 or 2 weeks after month ended

Note 2: Payroll is accrued ONLY at FYE in the GL

UNIVERSITY OF GUAM
Statement of Revenues, Expenses, and Changes in Net Position
For the month ending January 2017 (UNAUDITED)

	Cash Basis January 2017
A- OPERATING REVENUES	
Student tuition and fees, net	10,744,748
Scholarships Discount and Allowances	(4,040,765)
Federal Grants/contracts	7,394,814
Gov Guam grants & contracts	252,472
Non govt. grants & contracts	571,163
Sales & Services of education dept.	225,855
Auxilliary enterprises	618,433
Other Revenues	2,083,656
Total operating revenues	**17,850,376**
B- OPERATING EXPENSES	
Educational and general:	
Instruction	5,781,240
Research	3,571,986
Public Service	2,737,522
Academic Support	2,667,848
Student services (net of allowance)	1,045,961
Institutional support	2,221,004
Operations and maintenance plant	1,832,306
Depreciation	1,091,809
Scholarships and fellowships	2,992,155
Auxilliary enterprises	745,397
Total operating expenses	**24,687,228**
Operating income (loss)	**(6,836,852)**
C- NON-OPERATING REVENUES (EXPENSES)	
GovGuam appropriations	2,400,000
Investments income (net of expenses)	442,248
Interest on capital assets- debts related	(250,020)
Debt service- DOA bond (P.L. 22-19) **	(676,012)
Net non operating revenues	**1,916,216**
Income (Loss) before other revenues/expenses	**(4,920,636)**
D- OTHERS	
Expended for plant facilities, net	(67,358)
Total other revenues/expenses	**(67,358)**
Increase (Decrease) in net assets	**(4,987,994)**
E- NET POSITION	
Net Position beginning	**39,425,114**
Net Position ending YTD FY 2017	**34,437,120**

UNIVERSITY OF GUAM
Statement of Revenues, Expenses, and Changes in Net Position
For the month ending January 2017 (UNAUDITED)

Note 1:

A. $4.99M DECREASE in net position using CASH BASIS; $3.43M INCREASE in net position using ACCRUAL BASIS. GOV. GUAM is $10.81M in arrears for FY 2017 allotment.

Breakdown of General Operations Appropriation Request:	Budget	Requested	Received Pd.	Balance Due
General Operations (from General Fund)	30,740,431	10,246,810	2,400,000	7,846,810
Capital Improvement Fund- Debt Service	500,000	166,667	-	166,667
Special Appropriations (excludes CIP, KPRG & Guampedia & Soil)	8,401,708	2,800,569	-	2,800,569
Total Appropriations	39,642,139	13,214,046	2,400,000	10,814,046

** Three (4) months accrued expense per P.L. 22-19 General Obligation Bond (UOG LG Building) at $169,003 per month

Prepared By: Frances Danieli, Associate Comptroller/Bursar — Date

Reviewed/Approved By: Zeny Asuncion-Nace, Comptroller — Date

FY2016 ALLOTMENT REPORT

As of January 3, 2017

Programs	Fund Source	Appropriation	Amount Paid	Unpaid from Amount Requested	Unpaid from Total Appropriations	Adjustments	Adjusted Balance as of 01/03/17
UOG Operations							
DOA Payments							
Total for DOA Payments	General Fund	30,630,545.00	23,547,686.99	7,082,858.01	7,082,858.01		
Total UOG General Operations		**30,630,545.00**	**23,547,686.99**	**7,082,858.01**	**7,082,858.01**	**(2,028,046.00)**	**5,054,812.01**
				23%			
Special Appropriations							
Student Financial Assistance Program	General Fund	3,599,358.00	3,599,358.00	-	-		-
Aquaculture Development and Training Center	General Fund	125,254.00	125,254.00	(0.00)	-		-
WERI - Guam Hydrologic Survey	General Fund	182,694.00	182,694.00	-	-		-
WERI - Comprehensive Water Monitoring Program	General Fund	155,626.00	155,626.00	-	-		-
UOG Capital Improvements Fund - Debt Service	Guam Highway Fund	500,000.00	-	500,000.00	500,000.00		500,000.00
Americorps	General Fund	40,000.00	40,000.00	-	-		-
Guam Cancer Trust Fund	Healthy Futures Fund	2,867,255.00	1,433,627.40	1,433,627.60	1,433,627.60		1,433,627.60
Total Special Appropriations		**7,470,187.00**	**5,536,559.40**	**2,995,387.05**	**1,933,627.60**		
		38,100,732.00	29,084,246.39	10,078,245.06	9,016,485.61		
Special Appropriation (for Reimbursement)							
Northern & Southern Soil and Water Conservation Districts	General Fund	149,384.00	149,384.00	-	-		-
Total Special Appropriation (for Reimbursement)		**149,384.00**	**149,384.00**	**-**	**-**		
Miscellaneous Special Appropriations							
First Generations Trust Fund Initiative	General Fund	250,000.00	250,000.00	-	-		-
UOG Capital Improvements Fund - Rental Payts	TEFF	1,158,283.00	96,523.55	1,061,759.45	1,061,759.45	**(1,061,759.45)**	-
Total Special Appropriation (Prior Year)		**1,408,283.00**	**346,523.55**	**2,123,518.90**	**1,061,759.45**		
Agency Funds							
KPRG (Public Radio)	General Fund	89,467.00	89,467.00	-	-		-
Guampedia Foundation	Tourist Attraction Fund	200,000.00	200,000.00	-	-		-
Total Agency Funds		**289,467.00**	**289,467.00**	**-**	**-**		
Grand Total PL 33-66		**39,947,866.00**	**29,869,620.94**	**12,201,763.96**	**10,078,245.06**		**6,988,439.61**
				Note 1	**Less: PMP Bond Payment**		**(2,028,046.00)**
				Note 2			**(1,061,759.45)**
			DOA A/R as of 12.31.16		**Net owed to UOG**		**6,988,439.61**

Note 1: PMP Bond payment of $2,028,046.00 will be paid to DOA upon receipt of full allotment.

Note 2: UOG Capital Improvements Fund - Rental Payts adjustment, will not be collected from DOA.

FY 2017 ALLOTMENT REPORT

As of March 7, 2017

Programs	Appropriation	Amount Requested	Amount Paid	Unpaid from Amount Requested	Unpaid from Total Appropriations
UOG Operations					
DOA Payments					
Total for DOA Payments	30,740,431.00	15,370,215.00	5,400,000.00	9,970,215.00	25,340,431.00
Total UOG General Operations	**30,740,431.00**	**15,370,215.00**	**5,400,000.00**	**9,970,215.00**	**25,340,431.00**
Less: DOA payment for PMP Bond ($169k/mo x 6 mos.)			1,014,000.00	(1,014,000.00)	(1,014,000.00)
			6,414,000.00	**8,956,215.00**	**24,326,431.00**
Special Appropriations				**29%**	
Student Financial Assistance Program	3,599,358.00	1,799,679.00	579,166.80	1,220,512.20	3,020,191.20
Aquaculture Development and Training Center	125,254.00	62,626.80	-	62,626.80	125,254.00
WERI - Guam Hydrologic Survey	182,694.00	91,347.00	-	91,347.00	182,694.00
WERI - Comprehensive Water Monitoring Resource Program	155,626.00	77,812.80	-	77,812.80	155,626.00
UOG Capital Improvements Fund - Debt Service	500,000.00	500,000.00	-	500,000.00	500,000.00
Total Special Appropriations	**4,562,932.00**	**2,531,465.60**	**579,166.80**	**1,952,298.80**	**3,983,765.20**
Agency Funds				**77%**	
Guam Cancer Trust Fund	2,781,109.00	1,390,554.00	-	1,390,554.00	2,781,109.00
Northern & Southern Soil and Water Conservation Districts	149,384.00	74,691.90	-	74,691.90	149,384.00
First Generations Trust Fund Initiative	250,000.00	124,999.80	-	124,999.80	250,000.00
KPRG (Public Radio)	125,000.00	62,499.60	20,833.20	41,666.40	104,166.80
Guampedia Foundation	200,000.00	99,999.90	83,333.25	16,666.65	116,666.75
UOG Capital Improvements Fund - Rental Payts	1,158,283.00	579,141.30	-	579,141.30	1,158,283.00
Total Agency Funds	**4,663,776.00**	**2,331,886.50**	**104,166.45**	**2,227,720.05**	**4,559,609.55**
Grand Total PL 33-185	**39,967,139.00**	**20,233,567.10**	**7,097,333.25**	**13,136,233.85**	**32,869,805.75**
Total Difference				**65%**	

University of Guam
Collections Report for the month of
FEBRUARY 2017

1. SFAP Receivables Data

	Principal $	Interest $	Paid $	Balance	
Service Credit	19.06M	N/A	6.03M	13.02M	
Paying	2.19M	477K	1.00M	1.66M	4.15M
Non-Paying	2.26M	611K	380K	2.49M	

3. Combined Total Outstanding

	Feb 2017	Jan 2017	Dec 2016	Nov 2016
YEC	741,328	740,290	742,365	742,365
Merit	1,300,281	1,288,005	1,284,181	1,284,181
Nurses	222,457	204,878	206,228	206,228
DocFellow	362,906	363,406	363,906	363,906
Doc Sanchez	35,824	36,075	35,783	35,783
Pro-Tech	875,078	771,282	773,285	773,285
Student Loan	562,731	564,673	565,735	565,735
ROTC	54,138	54,578	55,018	55,018
AHEG	600	600	600	-
Social Work	4,369	-	-	-
Total	4,159,712	4,023,787	4,027,101	4,026,501

1.a. Monthly Aging Summary (Paying/Non-Paying)

		Paying			Non-Paying			
	TOTAL	0-30	31-60	61-90	90+	120+	180+	365+
YEC	741,328	159,691	35,715	81,479	0	0	0	464,443
Merit	1,300,281	310,142	31,660	4,917	0	9,540	0	944,022
Nurses	222,457	107,853	3,123	33,245	0	0	4,429	73,807
DocFellow	362,906	265,533	0	0	0	0	0	97,373
Doc Sanchez	35,824	10,595	863	0	0	0	0	24,366
Pro-Tech	875,078	369,649	0	93,958	0	15,061	33,820	362,590
Student Loan	562,731	78,387	43,423	0	0	24,669	12,669	403,583
ROTC	54,138	31,888	0	0	0	0	0	22,250
AHEG	600	600	0	0	0	0	0	0
Social Work	4,369	4,369	0	0	0	0	0	0
Total	**$4,159,712**	**$1,338,707**	**$114,784**	**$213,599**	**$0**	**$49,270**	**$50,918**	**$2,392,434**
			Paying>>>	$1,667,090			Non-Paying>>>	$2,492,622

A C T U A L C O L L E C T I O N S

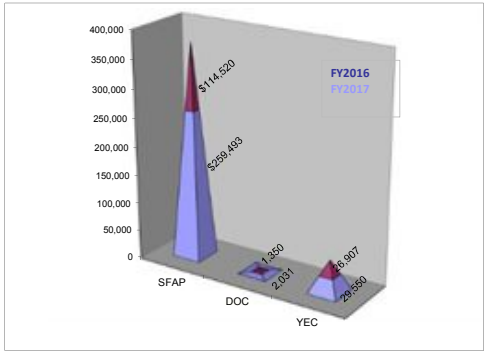
	FY2012	FY2013	FY2014	FY2015	FY2016	Forecast by Bursar FY2017	Actual FY2017
SFAP	501,629	415,140	258,704	416,499	250,072	220,000	259,493
DOC	4,445	4,000	2,451	4,275	4,500	5,000	2,031
YEC	109,950	74,092	76,222	53,291	81,334	75,000	29,550
	616,024	493,232	337,377	474,065	335,906	$ 300,000	$ 291,074
PROJECTION:	**625,000**	**550,000**	**525,000**	**300,000**	**300,000**		97% Actual
						125,000	42% Forecast

2. Collections Data

	FY2016 Month ending Feb-16	FY2017 Month ending Feb-17	FYTD FY2016 Feb-16	FYTD FY2017 Feb-17
1 SFAP	$ 23,492	$ 22,046	$ 114,520	$ 259,493
2 DOC	225	$ 149	1,350	2,031
3 YEC	4,792	$ 3,896	26,907	29,550
Total	**$ 28,509**	**$ 26,091**	**$ 142,777**	**$ 291,074**

1/2017 - collected Merit + Protech = $172K

Collections Comparison 2016 and 2017 YTD ending FEBRUARY 2017.



Prepared By: Tanya Santos
Bursar Supervisor
Updated: 3/7/2017

UNIVERSITY OF GUAM
UNIBETSEDÅT GUAHAN

Administration and Finance
Office of the Comptroller

FY 2017 Procurement Report
As of February 2017

Compliance with BOR Resolution 05-54 (Adopted 12/5/05): At each monthly Board meeting, the Board requires a listing of approved procurement transactions and contracts greater than $100,000.00.

	Purchase Order > $100k			
	Count	**$ Value**	**Vendor**	**Description**
October 2016	1	$104,400.00	Lagu Sanitation	Annual trash collection service UOG BID P07-16
November 2016	None	$0	NA	NA
December 2016	None	$0	NA	NA
January 2017	None	$0	NA	NA
February 2017	None	$0	NA	NA
March 2017				
April 2017				
May 2017				
June 2017				
July 2017				
August 2017				
September 2017				
	Contracts >$100k			
October 2016	None	$0	NA	NA
November 2016	1	$140,000.00	Department of Public Health and Social Services Division of Public Health	MOA Guam CEDDERS – Bureau of Family Health and Nursing Services to provide the development of the Guam Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program
December 2016	1	$253,685.00	UOG Cancer Research Center	To perform the following: HPV vaccination , health forums, counseling, phone hotline, case management education and outreach
	2	$126,709.00	UOG CNAS/CES & OUTREACH	Cancer support services to promote education and outreach for cancer screening, treatment and support
January 2017	1	$298,721.64	Guam Department of Education	MOU 1st Amendment to the original Memorandum of Agreement to reduce the amount of $325,000.00 to $298,721.64. 4H Youth Development Program (CNAS-CES) to continue, formulate new programs and sustain existing STEM programs in public schools from K-12
	2	$152,184.00	Department of Public Health & Social Services Division of Public Welfare (DPHSS/DPW)	To assist DPHSS/DPW to conduct and deliver an evidence-based Supplemental Nutrition Assistance Program-Education (SNAP-ED) that communicates, teaches and demonstrates the benefits of making healthy dietary choices.
	3	$115,735.00	Public School System, Commonwealth of the Northern Mariana Islands, Capital Hill (PSS)	With GUAM CEDDERS – Techinal Support to the PSS Special Education and Early Intervention Program. To provide on-site technical assistance and support to PSS Special Education and Early Intervention programs.

	4	$210,938.97	Guam Department of Agriculture, Agricultural Development Services (ADS)	CNAS – to implement the "Production of Fusarium Wilt resistant bananas for Guam Farmers, small scale & backyard growers
	5	$105,651.00	Republic of Palau	CEDDERS – To provide Technical Assistance and Consultative Services to the Special Education program of the Ministry of Education on capacity building to improve operational activities & services to children & youth with disabilities.
	6	$736,823.00	Guam Cancer Care	Cancer support services – means services that may be required to access treatment, including but not limited to: off-island transportation and temporary housing etc.
February 2017	1	$210,938.97	Guam Department of Agriculture, Agricultural Development Services (ADS)	With CNAS for "Production of Fusarium Wilt resistant bananas for Guam Farmers, small scale and backyard growers".
	2	$325,000.00	Guam Department of Education	With CNAS-CES Amendment to the MOA with GDOE to decrease amount from $350,000.00 to $298,721.64 to provide non-formal instructional programs in 4-H Science, Technology, Engineering and Math program (STEM) for at-risk economically challenged students with GDOE's J.P. Torres alternative school and other GDOE school
	3	$152,184.00	Department of Public Health & Social Services Division of Public Welfare	With CNAS to conduct and deliver an evidence-based Supplemental Nutrition Assistance Program – Education (SNAP-ED) that communicates, teaches and demonstrates the benefits of making healthy dietary choices
March 2017				
April 2017				
May 2017				
June 2017				
July 2017				
August 2017				
September 2017				

UNIVERSITY OF GUAM
UNIBETSEDAT GUAHAN
BOARD OF REGENTS

RESOLUTION NO. 17-07

RELATIVE TO ACCEPTING THE RESULTS OF THE DELOITTE AND TOUCHE LLP FINANCIAL STATEMENTS AUDIT AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED 30 SEPTEMBER 2016

WHEREAS, the University of Guam (UOG) is the primary U.S. Land Grant institution accredited by the WASC Senior College and University Commission (WSCUC) serving the post-secondary needs of the people of Guam and the region; and

WHEREAS, the governance and well-being of UOG is vested in the Board of Regents (BOR); and

WHEREAS, UOG's financial statements have received an unqualified audit opinion from Deloitte and Touche LLP for the fiscal year ended 30 September 2016 and the results of the audits are currently under review with the Guam Office of the Public Accountability (OPA); and

WHEREAS, the auditor's Reports on Internal Control and on Federal Compliance have qualified the University of Guam as a low-risk auditee with no material weaknesses and one reported significant deficiency; and

WHEREAS, the auditor's Management Letter recommended four (4) improvements, for which UOG has taken corrective action; and

WHEREAS, UOG's overall financial condition showed a $4 million decrease in net position, which is substantially driven by the cash flow problems of the government of Guam; and

WHEREAS, continuance of being a low-risk auditee and the maintenance of the net position are also a direct result of the efforts of faculty, staff and administrators throughout the UOG community; and

WHEREAS, UOG estimates the Audit will be issued before March 31, 2017 after the review by the Guam OPA is completed, and

WHEREAS, the President and the BOR's Budget, Finance, Investments and Audit Committee have reviewed and recommend that the BOR accept the audit report.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby accepts the results of the Deloitte & Touche LLP audit reports for the fiscal year ended 30 September 2016 and authorizes the President to finalize the audit reports and ensure they are issued before March 31, 2017; and

BE IT FURTHER RESOLVED, that the BOR recognizes the efforts of Administration and Finance - Business Office employees in the timely completion of the audit and the results contained therein; and

BE IT FURTHER RESOLVED, that the BOR commends all faculty, staff and administrators for their efforts in managing significant financial challenges, maintaining UOG's financial health and ensuring the delivery of high quality education to its students within the resources available.

Adopted this 16th day of March, 2017.

Antoinette D. Sanford, Chairperson

ATTESTED:

Dr. Robert A. Underwood, Executive Secretary

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

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FOR DISCUSSION PURPOSES
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INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Guam (the University) and its discretely presented component unit, collectively a component unit of the Government of Guam, as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as set forth in Section II of the forgoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit as of September 30, 2016 and 2015, and the respective changes in financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14 as well as the Schedule of Proportional Share of the Net Pension Liability on page 48, and the Schedule of Pension Contributions on page 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Schedule of Funding Progress and Actuarial Accrued Liability-Post Employment Benefits Other than Pension that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by GASB which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Financial Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedules of salaries, wages and benefits and the schedules of expenses by object category on pages 50 through 53 and the schedules of total revenue information on page 55 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of salaries, wages and benefits, the schedules of expenses by object category, and the schedules of total revenue information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative schedules of salaries, wages and benefits, of expenses by object category, and of total revenue information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of employee information on page 54 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

_____, 2017

INTRODUCTION

Management's discussion and analysis (MD&A) provides an overview and better understanding of the University's financial position and the results of activities for the fiscal year ended September 30, 2016. 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. We are a public, open-admissions, four-year, land-grant institution on Guam in the Marianas Islands and have been continuously accredited by the Western Association of Schools and Colleges Senior College and University Commission (WSCUC). Our 3,875 students (Fall'16) are multicultural, multilingual and 49% Pacific Islander, 44% Asian, 2% White/ Non-Hispanic, 5% other. We offer 15 master's, 34 bachelor's and one nursing associates degree programs. Continuing education, professional development and English language training are available. Our 844 employees, include 182 full-time faculty, 44 administrators and 296 full time staff and 322 part-time staff and faculty adjuncts.

The Leadership. A nine-member Board of Regents governs the University. Antoinette D. Sanford is the Board Chairperson; Elizabeth C. Gayle is Vice Chairperson; Elvin Y. Chiang is Treasurer and audit committee chair; Robert A. Underwood, Ed.D., is the University's 10th President; Anita Borja Enriquez, DBA, is Senior Vice President for Academic and Student Affairs; Randall V. Wiegand is Vice President for Administration and Finance; John Peterson, Ph.D., is Assistant Vice President for Graduate Studies, Sponsored Programs and Research; Zeny Asuncion Nace is Comptroller. There is an elected Faculty Senate.

Our University community is focused on our mission of *Ina, Diskubre, Setbe (to Enlighten, to Discover, to Serve)* and on our core commitments: i) academic quality; ii) student success, enrollment growth, retention, and institutional visibility; iii) community engagement; and iv) institutional effectiveness and efficiency. Under the leadership of President Underwood, we have embarked on a Good to Great (G2G) process as an expansion of the Leading Change initiative, and have three other identified initiatives: the Natural Choice, UOG Green and Leading Change.

THE FINANCIAL STATEMENTS

The report includes three financial statements: i) the Statement of Net Position; ii) the Statement of Revenues, Expenses and Changes in Net Position; and iii) the Statement of Cash Flows. They are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for colleges and universities. The fiscal year ends September 30.

The University is reported as a component unit of the Government of Guam. We also report the financial statements of our component unit, the UOG Endowment Foundation, Inc. The Foundation is a legally separate, tax-exempt, private corporation, whose fiscal year ends December 31. While the University does not control the Foundation, the resources and income of the Foundation can only be used for the University's benefit.

FY2016 FINANCIAL HIGHLIGHTS AND STRATEGIC INSTITUTIONAL OUTCOMES

During Fiscal Year 2015 the University implemented GASB 68 and 71 which have had a significant impact on the University's financial statements. For the year ended September 30, 2016, the University's net position decreased by $4 million. The primary factors for the FY16 increase are the following:

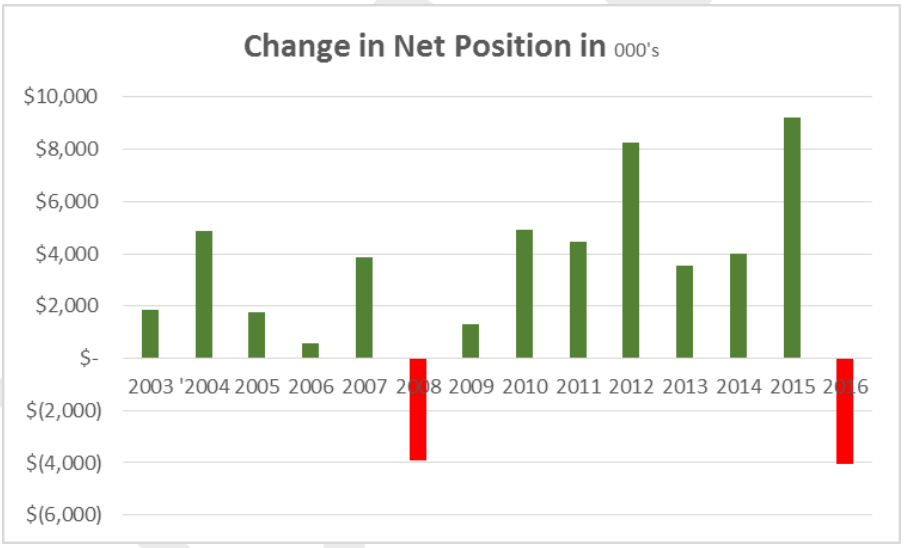
- The inability of the University to collect its entire appropriation due to cash flow shortages within the government. The University received 83.5% of its general operations appropriation in addition to shortages in other appropriation categories. UOG believes it would have had an increase in net position if not for this fact.

- UOG was notified at the end of the year that its appropriations were in jeopardy so there was no opportunity to attempt to adjust expenditures for the year.

- The implementation of GASB No. 68 had the impact of reducing retirement expenses and placing some of the required payments into a deferred outflow account. The impact was less significant in FY16 than it was in FY15.

- A $1.48 million gain due to unrealized investment changes. The gain results from marking the investment portfolio to market and do not impact the cash position of the University.

- The decrease in net position is only the second decrease in 14 years as is depicted in the graph below. The first was related to the economic crisis in the mainland U.S. The second was due to the government of Guam cash shortfall of which the University learned late in the year when spending control options were not available. We believe the overall record is one improving financial stewardship and financial management.



Important financial trends include:

- There has been a financial surplus in eleven of the last thirteen years, averaging ~$3 million (3.6% of revenues). This has bolstered financial reserves, established by Board policy as a best practice for stability and long-term viability. Adequate reserves are increasingly important in a period marked by institutional growth, economic challenges, and a changing higher education environment as well as the cyclic nature of GovGuam allotments.
- Over the past twelve years, revenues have grown an average of 4.0% per annum. Revenues totaled $86 million for FY15. This is down 5.1% from FY15 primarily related to decreased grant revenues. The University generates 63% of revenues; GovGuam provides 37%.
- Grants and contracts were $32.1 million, down $3.4 million (-3.3%) from FY14 due to the expiration of some federal grants. The decrease has been offset by some new grants which are currently ramping up to full activity.

- Expenses have increased by 9% resulting from increased enrollment, explosive growth in grant spending, stepped-up facility maintenance, merit-based salary increments, and water and wastewater and retirement cost increases.

Significant institutional outcomes that affect financial statements and resources include:

- The implementation of the first tuition increase in six years. The increase was received with little opposition as interested parties have recognized UOG ranks among the lowest cost public universities and no other public university in the country had gone through the last several years without an increase.
- Fall'16 FTE enrollment was a near record 3,875 students. The 46,241 credit hours production was also slightly under the highest on record.
- 587 undergraduate and graduate degrees were conferred in Academic Year'15-16. Alumni now number 16,900. They are the professional backbone and leadership of our island and region.
- Academic quality, student success and institutional sustainability are evidenced by primary accreditation for eight (8) years from the Western Association of Schools and Colleges Senior College and University Commission (WSCUC) and by secondary accreditation for the professional schools. During 2016, the University received a favorable review from WSCUC (formerly WASC).
- In 2013 the University embarked on a Good-to-Great initiative. A process of program prioritization and resource allocation is well underway to realize our potential to be a great university with great programs. We are focused on our mission, our purpose and our dynamic role in the social, economic and political development of our region. In 2015, the University is well on its way in implementing the Good-to-Great initiative.
- In 2015 the University was awarded a $6 million grant from the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR) which includes the development of a database of marine life whose habitat is near and around the island. The grant period runs from October 1, 2015 to September 30, 2020. This grant has opened up new doors of opportunity for the University and has lifted us into a new league of research capabilities.

STATEMENT OF NET POSITION

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

SUMMARY STATEMENTS OF NET POSITION (IN $000'S)

	2016	2015	2014
Non-Capital Assets	**$68,768**	**$72,045**	**$ 69,185**
Capital Assets	68,491	$70,183	70,288
Deferred outflows of resources	9,968	$8,044	$7,611
Total Assets and Deferred outflows	$147,227	$150,272	$147,084
Current Liabilities	14,780	$15,414	$ 15,144
Non-Current Liabilities	93,023	84,015	93,017
Deferred inflows of resources	0	7,385	4,662

Total Liabilities and Deferred inflows	107,802	106,814	112,823
Invested in Capital Assets, Net of Related Debt	56,943	58,284	58,247
Restricted, nonexpendable	5,126	5,127	5,127
Restricted, expendable	$4,827	4,146	4,258
Unrestricted	(26,038)	(24,099)	(33,371)
Total Net Position	40,859	43,458	34,261
Total Liabilities, Deferred Inflow & Net Position	$147,227	$150,272	$ 147,084

For the last two years the overall financial condition of the University has continued to strengthen. Total net assets, which are the residual interest in assets net of liabilities, grew to $43.5 million from $34.2 million in FY14 on a restated basis. This change is mostly related to the reporting changes from GASB No. 68.

Receivables decreased nearly $300,000 due to an improvement in the payment lag for GovGuam and Federal receivables. This was offset by an increase in tuition receivables partially due to the increased tuition implement in the fall of 2015 and 2016. Liabilities decreased by 4% due to the decrease in Accounts Payable and Accrued Liabilities and Unearned Revenues. Current assets (including unearned revenue) covered current liabilities 2.74 times, an indicator that has increased over the period.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

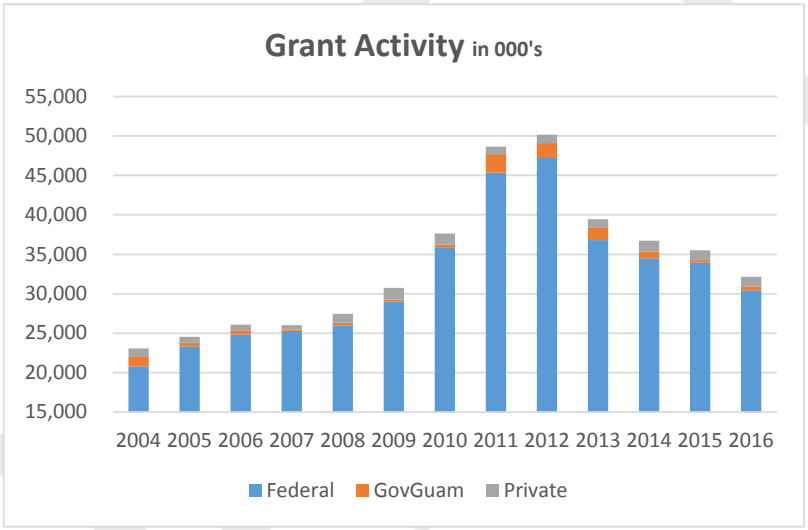
	2016	2015	2014
Operating Revenues, Net	**$54,210**	$54,008	$ 55,033
Operating Expenses	90,922	81,853	85,600
Operating Revenues Net of Operating Expenses[1]	(36,712)	(27,463)	(30,567)
Non-Operating and Other Revenues and Expenses	36,079	34,147	36,610
Capital Contribution	0	2,550	719
Increase (Decrease) in Net Position	(4,033)	9,235	6,763
Net Position – Beginning of Year	43,458	34,261	27,498

[1] *Operating Revenues Net of Operating Expense* is negative, because local government appropriations are reported as non-operating revenues rather than operating revenues under GASB 35 reporting requirements

Net Position – End of Year	$39,425	$43,496	$34,261

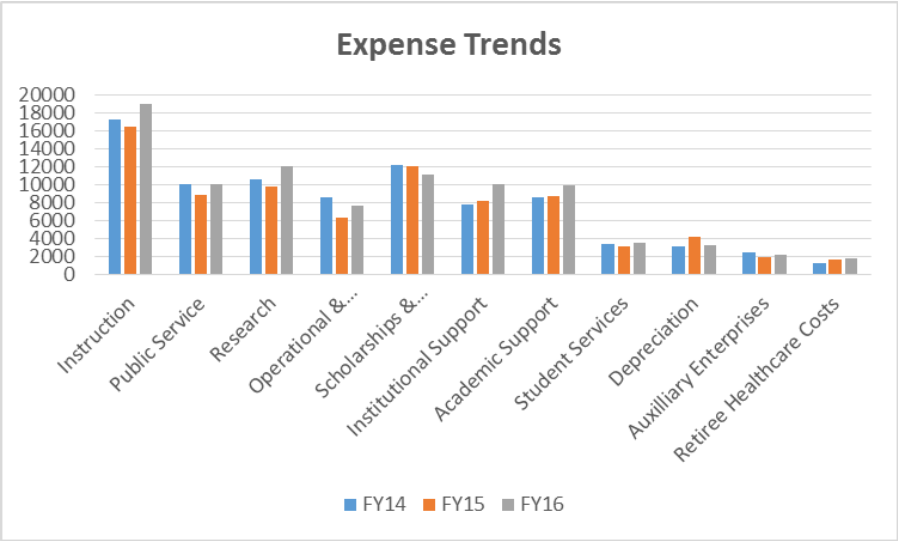
Net operating revenues were $54.0 million which is consistent with prior years. A decrease in federal grants was offset by increases in tuition and other revenue classes. The decrease in federal grant activity is expected to be temporary. Some grants ended at the end of FY15, however two significant grants were ramping up in FY16. The increase in operating costs was largely driven by research activity. Instruction costs increased by $2.5 million and was related to faculty cost increases and filling some vacant positions. Non-operating revenues and expenses have been fairly stable with investment gains and losses being responsible for the most significant fluctuations. Capital contributions…….. University-generated revenues were $54.2 million of the total revenue of $86.9 million and represents 62% of University revenue (excluding investments and retiree health care costs); GovGuam appropriations represent 36.4% of total University revenues.

The following graph reflects grant activity for the last decade:



While federal grant revenues have decreased since FY12, the funds received as a result of ARRA grants have masked an underlying growth trend in federal grants. This has been a major focus of the University in recent years and has resulted in a $6 million five year (EPSCoR) grant. UOG is pursuing an increase in this grant from the National Science Foundation when the initial term runs out in 2020. The grant activity is consistent with some of the initiatives to come out of the Good to Great methodology with the goal of decreasing dependence of the University on the local government.

FY16 operating expenses increased by $9 million mostly as a result of research and education expenditures. The University spent $41 million directly on its core mission. Of that, 46% went to instruction, 24% to public service and 30% to research.



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)

	2016	2015	2014
Cash Provided by (Used in):			
Operating Activities	(31,912)	$(29,947)	$ (27,541)
Non-capital Financing Activities	29,971	30,024	30,841
Capital and Financing Activities	(2,569)	(1,823)	2,395
Investing Activities	2,182	(8,920)	(2,498)
Net Change in Cash and Cash Equivalents	(2,328)	(10,176)	3,403
Cash and Equivalents – Beginning of Year	8,062	18,238	15,345
Cash and Equivalents – End of Year	$5,734	$ 8,062	$ 18,748

In FY16 cash flow decreased by $2.3 million from FY15 after decrease to $10.2 million from FY14. Most of the change is explained by the use of the Capital Equipment Reserve/Capital Fund Reserve account for operations in lieu of receiving appropriated amounts for FY16.

The cash position at fiscal year-end is normally higher than the cash position during the year. This is because fall semester tuition payments are received in August and September of each fall semester whereas the related costs are spread out through the semester. 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, infrastructure and operating needs. Board policy requires cash reserves for financial stability and long-term viability. A reserve fund and sub-accounts were established and funded starting in FY09 and had been continuously funded since then until fall 2016 when the funds were depleted due to non-payment of appropriations. .

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: At the end of FY16, the University had $117.6 million invested in capital assets. This represents an increase in net capital assets (including additions and deletions) of $1.0 million or .9% over the previous year. The University completed a generator housing for the Marine Lab to facilitate the EPSCoR project but did not complete any other significant projects as a result of the cash shortfall. The University had accrued $53.7 million in accumulated depreciation against the assets. Net capital assets were $68.4 million, a decrease from the prior year's $70.1 million.

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 $13.5 million for the purposes of constructing certain facilities on campus. On December 6, 2016, the University entered into a lease/lease back arrangement with the UOG Endowment Foundation. The University leased property to the Foundation in order to construct a Student Success Center and an Engineering Annex. The University signed agreements to lease the buildings back from the Foundation. The leases are expected to expire in 2056. Related to the leases, the Foundation entered into promissory notes with the United Stated Department of Agriculture on December 5, 2016 in the amount of $21.7 million. Interest accrues on the debt as amounts are drawn down on the note. As of March 15, 2017, there have been no amounts drawn down on the note. As of September 30, 2016 and 2015, the University had a long-term debt of $11.5 million and $11.9 million, respectively. See Note 6 to the financial statements for additional information.

ECONOMIC AND OTHER FACTORS EXPECTED TO AFFECT THE UNIVERSITY [2]

2016: Modest Growth Trend Continues

In 2016 the U.S. economy continued its tepid recovery. In 2016, the economy grew 1.9%. This growth rate is in line with the two prior years. Explanations for the lack of growth vary. The stock market, which is a leading economic indicator, has increased substantially since the election of Donald Trump. Clearly a level of optimism has returned to the markets. It usually takes several months for an action to work its way through to the economy. It remains to be seen if this optimism will actually result in real impact on the economy. The Federal Reserve increased its discount rate by 25 basis points in December 2016 – the second such increase in the last 12 months. This is an indication of a baseline level of confidence in the economy. They have indicated an expectation of continued rate increases in the future. As a result of the growth, the Federal Reserve felt comfortable ending their quantitative easing program and increased interest rates for the first time since the 2008 recession. Despite the withdrawal of support from the bond market, interest rates have remained low and the S&P 500 gained 9.573% for the year. The unemployment rate improved to 4.9% in January 2016 – decline of 0.8% from the previous year. Inflation remains very low at under 2%.

The Guam economy continued its modest growth. Visitor arrivals set a new record in 2016 after setting a record in 2015. Arrivals were up 9% over the prior year. The increase was accompanied by an increase in visitor expenditures. Two markets with impressive performances were Korea and the Philippines. The 500,000th visitor from Korea arrived during the year. The growth markets helped to offset the continued decline in the Japanese market. The Guam visitor's bureau is continuing to pursue visitors from mainland China as there have now been more than two million visas issued to Chinese citizens.

With thanks for their input, perspectives and forecasts to; i) Gary Hiles, Chief Economist, Guam Department of Labor, "Economic Outlook FY 2016" ; ii) Dr. Maria Claret Ruane, Professor of Economics at the School of Business and Public Administration and Resident Development Economist, Pacific Center for Economic Initiatives, University of Guam, various materials provided; iii) and Yahoo Finance website.

Civilian and military construction has been fairly stable at approximately $500,000 per year for the last seven years. Building permit activity indicates this growth will continue. Construction employment has decreased from about 7,000 in 2015 to about 6,000 in 2016. Several factors contribute to this decline: non-renewal of H-2 visas, contracting delays, and a decline in military construction appropriations. There are some significant projects that are expected in 2017 as a result of procurement protest settlements. The sentiments expressed by President Trump in favor of American jobs make it unclear how the H-2 construction worker shortage will impact construction on Guam.

Some major civilian projects are as follows:

Tsubaki Hotel – a 26-story, 340 room five star hotel being constructed by Ken Corp. Completion is scheduled for October 2018.

Emerald Oceanview Park – a $100 million four tower development with 260 luxury condominium units next to Guam Memorial Hospital.

Tumon Bay Mall – a 200,000 square foot, two level mall. Construction is ongoing.

The Landmark – a 21,000 square foot two story structure for retail, healthcare, and office space near the ITC intersection is scheduled to be completed in May 2017.

Sea wall – a $6 million project by the Fisherman's Co-op to build a 220 foot sea wall.

There are also a number of projects in the planning phase.

University of Guam: Implementing Good-to-Great

The UOG Capital Campaign has continued its hiatus as many donors have been wearied by the ongoing campaign. The UOG Endowment Foundation is seeking smaller scale, targeted opportunities to interact with potential donors. UOG held a "Coding Camp" during the summer. This will hopefully, be a spring board toward meeting unmet educational needs in the community for persons desiring less than a four year degree.

President Underwood has fully engaged the institution in a Good-to-Great process (G2G). The majority of the initiatives have been achieved. The University is focused on completing the vision and continuing the march toward greatness. FY16 was a difficult year due to the cash flow issues and some planned initiatives were not able to be initiated. The University has significantly increased its appropriation request to include capital projects which were previously funded through a capital reserve fund.

In summary, G2G is a data-driven process of program prioritization and resource allocation is well underway to realize our potential to be a great university with great programs by focusing on our mission, our purpose and our dynamic role in the social, economic and political development of our region. Looking forward through the Good to Great (G2G) lens, the University recognizes the importance of limited resources for sustainability, greatness and strategic balance. The year's cash flow issues have strengthened the resolve to diversify our revenue base and make the University increasingly less dependent on the government of Guam for appropriations. For the University, the G2G challenge is to bring these forces into a new kind of equilibrium through a vision for a Great UOG, program prioritization and an analysis of the drivers of its resource engine. The G2G recommendations will lead to a more effective sustainable change in pursuit of the Great UOG. They will require resource reallocations, aligned priorities and new allocations and investments, as they become available. There will be more detailed planning and consultation. Most importantly, the Plan depends upon the commitment and support of University citizens.

The process is already well underway in building the Great UOG. The University's capacity to deliver the Great UOG and successfully provide the student learning experience and socially impactful research in the future will depend not only upon financial stability and sustainability. Investments, initiatives, new

structures and ideas related to faculty and staff resources, relationships and partnering, infrastructure and technology also underpin future growth.

- Faculty, staff and administrators have assessed all academic and administrative programs based on their relationship to the core mission, financial performance, market demand and quality. The programs have been evaluated and ranked based on data and reports submitted. Executive management and the President are implementing decisions on program priorities, sustainability and resource allocations. The President's plan was well received by the Board of Regents during their review in May 2014.

- The Governor and Guam Legislature provided $30.6 million in allotments for FY16. The University implemented a 5% tuition increase in Fall 2015 and is planning on a second increase of 5% in the Fall 2016. Higher education on Guam remains a good value with the University's tuition at ~60% of the public university average.
- PL31-237 enabled University control of locally funded student financial aid. The Board of Regents approved awards to policy areas of access, affordability, performance, retention and degree completion.
- PL32-114 established the Research Corporation of the University of Guam (RCUOG), which is now being implemented. RCUOG is modeled after similar corporations at colleges and universities in the U.S. It will allow UOG to be more nimble in its pursuit and execution of federal grants and contracts and developing businesses from intellectual property and patents.
- PL 32-68 and PL 32-269 removed University appropriations from GovGuam allotment control in FY14 and FY15. The University, Governor's Office, Department of Administration, and Bureau of Budget and Management Research have a positive record of working closely together and planning ahead in managing our appropriation payments.
- PL 33-92 provided the authorizations necessary to move forward with the construction of the new Student Success Center and the Engineering Annex.
- The University has been awarded a five year $6 million grant from the U.S. National Science Foundation Experimental Program to Stimulate Competitive Research grant (EPSCoR) to develop research capacity. The University also was awarded a cancer grant from the National Institute of Health in partnership with the University of Hawaii.
- Work on the 2015 Institutional Report for renewal of WASC accreditation has begun. Preliminary lines of inquiry were received in November 2015. The WASC team will visit the University in April, 2016.
- Students take advantage of opportunities such as courses at California's Scripps Institute and Japan's Meio University through agreements that partner the University with the world's premiere ocean and earth science institute and with several regional universities.
- UOG Vision 2025 lays out the 21st century Physical Master Plan to accommodate 5,000 Tritons on-campus and another 5,000 pursuing their education on-line. It is the plan that will be funded through the University's Capital Campaign, which has generated ~$13 million. The Governor and Speaker of the Legislature are the campaign's honorary chairs and are working with the President and UOG Endowment Foundation.
- U.S. Department of Agriculture has approved financing a Student Success Center and Engineering Annex. The $21.7 million of USDA low-cost financing through the Rural Development Community Facilities Program will enable a one-stop student services center and set the stage for a School of Engineering. Funding will be from the Territorial Education Facilities Fund or similar sources. We are moving forward on finalizing the USDA loan and constructing these facilities in partnership with the UOG Endowment Foundation. Groundbreaking is targeted for summer 2016.
- U.S. Department of Interior funded construction is changing the look of several major buildings. New space for Nursing at the Health Sciences Building has been added. Roof repair has been completed and interior renovations are underway at the newly named Calvo Fieldhouse. The University is seeking to bolster its financial reserves to help ensure the facilities are maintained.

- UOG has a target of being capable of handling 5,000 students and 5,000 online students by 2025.

In summary, the Good to Great University of Guam is being implemented – there's optimism and opportunity tempered by fiscal reality. We will be responsive to the challenges our island societies face to develop a great and sustainable University that protects our environment and provides the training and education to enable our students to drive economic growth on the island.

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

DRAFT

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Net Position - University Only
September 30, 2016 and 2015

	2016	2015
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	$ 5,733,669	$ 8,061,896
Short-term investments	14,313,093	14,491,656
Due from Government of Guam	7,722,534	8,109,054
Tuition receivable, net of an allowance for doubtful accounts of $3,238,796 in 2016 and $2,586,726 in 2015	6,762,285	6,279,912
Due from the US Federal government	3,445,338	3,835,937
Due from University of Guam Endowment Foundation, Inc.	150,000	200,000
Other receivables, net of an allowance for doubtful accounts of $606,811 in 2016 and $589,657 in 2015	1,629,064	1,908,275
Inventories	782,505	844,171
Other current assets	364,220	311,245
Total current assets	40,902,708	44,042,146
Noncurrent assets:		
Restricted cash and cash equivalents	4,909,871	4,519,675
Restricted investments	1,722,323	1,725,664
Investments	9,248,547	10,399,165
Endowment investments	11,984,735	11,358,419
Capital assets:		
Depreciable capital assets, net of accumulated depreciation	63,932,902	65,624,769
Nondepreciable capital assets	4,558,462	4,558,462
Total noncurrent assets	96,356,840	98,186,154
Deferred outflows of resources:		
Deferred outflows from pension	9,967,741	8,044,122
	$ 147,227,289	$ 150,272,422
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Current portion of long-term debt	$ 230,631	$ 220,501
Accounts payable and accrued liabilities	5,061,528	5,592,904
Unearned revenues	8,702,608	8,815,100
Current portion of accrued annual leave	784,756	785,539
Total current liabilities	14,779,523	15,414,044
Noncurrent liabilities:		
Long-term debt, net of current portion	11,318,174	11,678,609
Deposits held on behalf of others	69,214	90,328
Accrued annual leave, net of current portion	1,065,683	923,670
DCRS sick leave liability	3,325,268	2,996,140
Net pension liability	77,244,313	68,326,815
Total noncurrent liabilities	93,022,652	84,015,562
Deferred inflows of resources:		
Deferred inflows from pension	-	7,384,599
Total liabilities and deferred inflows of resources	107,802,175	106,814,205
Commitments and contingencies		
Net position:		
Net investment in capital assets	56,942,559	58,284,120
Restricted, nonexpendable	5,126,907	5,126,907
Restricted, expendable	4,827,272	4,145,822
Unrestricted	(27,471,624)	(24,098,632)
Total net position	39,425,114	43,458,217
	$ 147,227,289	$ 150,272,422

See accompanying notes to financial statements.

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM ENDOWMENT FOUNDATION, INC.

Statements of Financial Position
December 31, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	$ 515,911	$ 1,492,903
Pledges and other receivables, net of an allowance for doubtful accounts of $109,654 and $115,354 at December 31, 2015 and 2014, respectively	2,400,244	2,762,233
Prepaid expenses	20,000	3,333
Investment in Bank of Guam stock	228,172	233,322
Investments in securities at fair value	9,100,719	8,441,535
Land	5,530,535	5,616,469
Equipment, net	21,073	16,265
	$ 17,816,654	$ 18,566,060
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 90,162	$ 180,604
Total liabilities	90,162	180,604
Commitment		
Net assets:		
Unrestricted	5,708,607	6,176,948
Temporarily restricted	11,515,632	11,701,907
Permanently restricted	502,253	506,601
Total net assets	17,726,492	18,385,456
	$ 17,816,654	$ 18,566,060

See accompanying notes to financial statements.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Revenues, Expenses and Changes in Net Position - University Only
Years Ended September 30, 2016 and 2015

	2016	2015
Operating revenues:		
Student tuition and fees	$ 23,950,897	$ 22,880,714
Less scholarship discounts and allowances	(10,527,935)	(12,281,819)
	13,422,962	10,598,895
Federal grants and contracts	30,461,032	33,944,417
Government of Guam grants and contracts	473,221	330,098
Private grants and contracts	1,193,453	1,234,930
Sales and services of education department	395,547	555,202
Auxiliary enterprises	1,749,033	2,083,264
Other revenues	7,184,210	5,061,597
Total operating revenues	54,879,458	53,808,403
Bad debts (provision) recovery	(669,224)	381,604
Net operating revenues	54,210,234	54,190,007
Operating expenses:		
Instruction	18,923,520	16,488,649
Public service	10,029,119	8,850,688
Research	12,115,664	9,819,449
Operational and maintenance, plant	7,738,361	6,410,220
Scholarships and fellowships	11,128,990	12,122,423
Institutional support	10,051,970	8,255,828
Academic support	10,002,486	8,686,814
Student services	3,575,134	3,237,715
Depreciation	3,284,524	4,174,358
Auxiliary enterprises	2,226,944	2,033,382
Retiree healthcare costs	1,845,779	1,773,432
Total operating expenses	90,922,491	81,852,958
Operating loss	(36,712,257)	(27,662,951)
Nonoperating revenues (expenses):		
Government of Guam appropriations:		
Operations	26,079,307	30,600,616
Student financial aid program	3,599,358	3,599,358
Guam Cancer Trust Fund	1,433,627	1,570,009
Capital expenditure loan repayment	500,000	500,000
Retiree healthcare costs	1,845,779	1,773,432
Contributions from Endowment Foundation	200,000	200,000
Net investment income (loss)	1,475,579	(1,363,410)
Interest on capital assets - debt related	(426,450)	(542,179)
Debt service - DOA bond	(2,028,046)	(2,028,046)
Total nonoperating revenues, net	32,679,154	34,309,780
Capital contributions - Federal grants	-	2,550,391
Change in net position	(4,033,103)	9,197,220
Net position at beginning of year	43,458,217	34,260,997
Net position at end of year	$ 39,425,114	$ 43,458,217

See accompanying notes to financial statements.

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM ENDOWMENT FOUNDATION, INC.

Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income:				
Net investment loss	$ (225,884)	$ (92,837)	$ -	$ (318,721)
Contributions	6,670	52,887	-	59,557
In-kind contributions	112,740	-	-	112,740
Fundraising activities	311,559	193,668	-	505,227
Others	293	-	-	293
Net assets released from restrictions:				
Satisfaction of program restrictions	287,793	(287,793)	-	-
Total revenues	493,171	(134,075)	-	359,096
Expenses and losses:				
Program services:				
Donations for debt service - UOG	200,000	-	-	200,000
Scholarships	-	3,275	-	3,275
Total program services	200,000	3,275	-	203,275
Support services:				
Management and general	528,604	3,885	4,348	536,837
In-kind expenses	112,740	-	-	112,740
Fundraising activities	120,168	45,040	-	165,208
Total support services	761,512	48,925	4,348	814,785
Total expenses	961,512	52,200	4,348	1,018,060
Change in net assets	(468,341)	(186,275)	(4,348)	(658,964)
Net assets at beginning of year	6,176,948	11,701,907	506,601	18,385,456
Net assets at end of year	$ 5,708,607	$ 11,515,632	$ 502,253	$ 17,726,492

See accompanying notes to financial statements.

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UNIVERSITY OF GUAM ENDOWMENT FOUNDATION, INC.

Statement of Activities
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other income:				
Net investment income	$ 532,395	$ -	$ -	$ 532,395
Contributions	5,628,027	1,156,753	-	6,784,780
Fundraising activities	130,154	796,743	-	926,897
Others	348	-	-	348
Net assets released from restrictions:				
Satisfaction of program restrictions	365,774	(365,774)	-	-
Total revenues	6,656,698	1,587,722	-	8,244,420
Expenses and losses:				
Program services:				
Donations for debt service - UOG	200,000	-	-	200,000
Scholarships	500	-	-	500
Total program services	200,500	-	-	200,500
Support services:				
Management and general	465,149	-	4,348	469,497
Fundraising activities	119,277	-	-	119,277
Total support services	584,426	-	4,348	588,774
Total expenses	784,926	-	4,348	789,274
Change in net assets	5,871,772	1,587,722	(4,348)	7,455,146
Net assets at beginning of year	305,176	10,114,185	510,949	10,930,310
Net assets at end of year	$ 6,176,948	$ 11,701,907	$ 506,601	$ 18,385,456

See accompanying notes to financial statements.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Cash Flows - University Only
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Student tuition and fees, net	$ 12,158,873	$ 11,097,915
Grants, contracts and appropriations	32,518,306	34,625,515
Sales and services of education department	395,547	555,202
Auxiliary services	1,749,033	2,083,264
Other receipts	7,439,329	4,808,046
Payments to suppliers and employees for education and general expe	(75,044,172)	(70,504,752)
Payments to students for financial aid	(11,128,990)	(12,122,423)
Net cash used for operating activities	(31,912,074)	(29,457,233)
Cash flows from non-capital related financing activities:		
Government of Guam appropriations collected	29,970,766	30,023,734
Cash flows from capital and related financing activities:		
Capital contributions received	-	2,550,391
Contributions from Endowment Foundation	200,000	200,000
Changes in restricted cash	(390,196)	181,168
Interest paid on capital debt	(426,450)	(542,179)
Principal paid on capital debt	(350,305)	(142,560)
Purchases of capital assets	(1,601,754)	(4,069,365)
Net cash used for capital and related financing activities	(2,568,705)	(1,822,545)
Cash flows from investing activities:		
Investment income	567,484	641,390
Sale (purchases) of investments	1,614,302	(9,561,595)
Net cash (used for) provided by investing activities	2,181,786	(8,920,205)
Net change in cash and cash equivalents	(2,328,227)	(10,176,249)
Cash and cash equivalents, beginning of year	8,061,896	18,238,145
Cash and cash equivalents, end of year	$ 5,733,669	$ 8,061,896

Supplemental information on noncash activities:

During the years ended September 30, 2016 and 2015, the University recorded appropriations of $1,845,779 and $1,773,432, respectively, for retiree healthcare costs paid by the Government of Guam on behalf of the University.

See accompanying notes to financial statements.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Statements of Cash Flows - University Only, Continued
Years Ended September 30, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (36,712,257)	$ (27,662,951)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	3,284,524	4,174,358
Bad debts recovery	669,224	(381,604)
Loss on fixed assets disposal	9,097	-
Retiree healthcare costs	1,845,779	1,773,432
Noncash pension cost	(390,720)	(7,387,980)
Changes in assets and liabilities:		
Receivables, net	(431,788)	(889,244)
Inventories	61,666	(203,658)
Other current assets	(52,975)	31,610
Accounts payable, accrued liabilities and deposits held for others	(552,491)	571,128
Accrued annual leave	141,231	(3,238)
DCRS sick leave liability	329,128	346,900
Unearned revenues	(112,492)	174,014
Net cash used for operating activities	$ (31,912,074)	$ (29,457,233)

See accompanying notes to financial statements.

FOR DISCUSSION PURPOSES
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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

1. Organization and Basis of Presentation

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 (GovGuam).

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, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

Basis of Accounting

For financial statement purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-university transactions have been eliminated. The University reports as a business-type activity, 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.

Reporting Entity

The University of Guam Endowment Foundation, Inc. (the Foundation) is a legally separate, tax-exempt entity which meets the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation provides financial support for the objectives, purposes and programs of the University. Although the University does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) that the Foundation holds and invests are restricted to the activities of the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and its Statements of Financial Position and Statements of Activities are separately presented in the University's financial statements. In addition, the Foundation's significant notes are summarized in Note 2.Z below.

The Foundation is a private organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification Topic ASC 958 ("ASC 958"). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

1. Organization and Basis of Presentation, Continued

Reporting Entity, Continued

The Foundation's fiscal year end is December 31. Copies of the Foundation's report can be obtained by contacting the Foundation or visit its website at www.uogendowment.org.

2. 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.

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 Position.

C. Use of Restricted/Unrestricted Net Position. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the University's policy is to apply restricted net position first.

D. Short-term Investments. Short-term investments include time certificates of deposit with original maturities of more than three months.

E. Investments. Investments and related investment earnings are reported at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie, the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

F. Accounts Receivable. Accounts receivable consist of tuition and fee charges to students and charges for auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from U.S. Federal agencies for various federal grant awards as well as amounts due from GovGuam for local appropriations. Accounts receivable are recorded net of an estimated allowance for doubtful accounts, an amount which management believes will be adequate to absorb possible losses on accounts receivable that may become uncollectible based on evaluations of the collectibility of these accounts and prior collection experience. The allowance is established through a provision for bad debts charged to expense. Bad debts are written off against the allowance using the specific identification method.

G. 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, 2016 and 2015.

H. 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.

I. 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.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

2. Summary of Significant Accounting Policies, Continued

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

K. 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.

L. Unearned Revenues. Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

M. Deferred Outflows of Resources. In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. The University has determined the differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and pension contributions made subsequent to the measurement date qualify for reporting in this category.

N. Deferred Inflows of Resources. In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then. The University has determined the differences between projected and actual earnings on pension plan investments and changes in proportion and differences between the University pension contributions and proportionate share of contributions qualify for reporting in this category.

O. Compensated Absences. Compensated absences are accrued and reported as a liability in the period earned. Annual leave expected to be paid out within the next fiscal year is accrued and included in current liabilities. All annual leave credit is convertible to pay upon termination of employment. The maximum accumulation amount of annual leave is limited to 320 hours. Pursuant to Public Law 27-106, employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over 320 hours shall be lost upon retirement. Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

2. Summary of Significant Accounting Policies, Continued

P. Pensions. Pensions are required to be recognized and disclosed using the accrual basis of accounting. The University recognizes a net pension liability for the pension plan in which it participates, which represents the University's proportional share of excess total pension liability over the pension plan assets – actuarially calculated – of a single employer plan, measured as of the fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Q. 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 2016 and 2015 was $268,570 and $253,969, respectively.

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

S. Net Position. The University's net position is classified as follows:

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

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

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

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

2. Summary of Significant Accounting Policies, Continued

S. Net Position, Continued

Unrestricted Net Position - Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments and auxiliary enterprises, and indirect revenue on federal grants. 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.

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

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

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

U. 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 Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are useful to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

V. 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.

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

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

2. Summary of Significant Accounting Policies, Continued

X. Risk Management. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

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

Z. UOG Endowment Foundation Pledges Receivable, Investments and Land

UOG Endowment Foundation Pledges Receivable:

Pledges receivable consist of donations pledged to the Foundation, but not yet received as of December 31, 2015 and 2014. These pledges are payable in installments over periods ranging from one to seven years. 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 and other receivables are the following unconditional promises to give:

	2015	2014
SBPA (School of Business and Public Administration) Building	$ 130,407	$ 260,407
60th Anniversary Capital Campaign	2,282,22	2,485,974
Total pledges receivable	2,412,634	2,746,381
Other	97,264	131,206
	2,509,898	2,877,587
Less: allowance for doubtful accounts	(109,654)	(115,354)
	$ 2,400,244	$ 2,762,233

Pledges receivable at December 31, 2015 are scheduled to be paid as follows

Less than one year	$ 538,425
One to five years	1,139,250
More than five years	2,325,000
	4,002,675
Less unamortized discount	(1,590,041)
	$ 2,412,634

UOG Endowment Foundation Investments:

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

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

2. Summary of Significant Accounting Policies, Continued

Z. UOG Endowment Foundation Pledges Receivable, Investments and Land, Continued

Investments are carried at fair market values based on quoted market prices. 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, 2015 and 2014, is as follows:

	2015	2014
Cash	$ 212,277	$ 549,403
Equities	5,683,250	4,505,554
Fixed income	2,751,465	2,929,896
Mutual funds	453,727	456,682
	$ 9,100,719	$ 8,441,535

The composition of net gains (losses) on investments in securities for the years ended December 31, 2015 and 2014, is as follows:

	2015	2014
Net unrealized (losses) gains	$ (440,348)	$ 490,934
Net realized losses	(29,378)	(70,358)
Interest income	219,705	168,333
Dividends	9,845	11,076
Fees and other expenses, net	(78,545)	(67,590)
	$ (318,721)	$ 532,395

Investments also include 24,614 shares of stock in Bank of Guam (BOG). Dividends received from these shares are planned to be used for scholarship purposes and/or repurchase of additional Bank of Guam stock as it is available for sale. The BOG shares contain no restrictions and are classified as unrestricted net assets.

UOG Endowment Foundation Land:

The Foundation received a donation of land comprising approximately 1.24 million square meters, which was recorded at estimated fair market value at the date of donation.

AA. New Accounting Standards. During the year ended September 30, 2016, the University implemented the following pronouncements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The implementation of this statement required additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

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2. Summary of Significant Accounting Policies, Continued

AA. New Accounting Standards

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014. The implementation of this statement did not have a material effect on the accompanying financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements No. 67 and No. 68 with the reporting requirements in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

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2 Summary of Significant Accounting Policies, Continued

AA. New Accounting Standards, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

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3. Deposits and Investments

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.

(ii) U.S. Fixed Income

a. All fixed income securities held in the portfolio shall have Moody's, Standard & Poor's and/or Fitch's credit quality rating of no less than "BBB".

b. U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio and will be considered to be of the highest rating.

c. No more than 20% of the market value of the portfolio shall be rated less than single "A" quality, unless the manager has specific prior written authorization from the University.

d. Total portfolio quality (capitalization weighted) shall maintain an “A” minimum weighting.

(iii) Equities

a. Consistent with the desire to maintain broad diversification, allocation to any economic or industry sector should not be excessive.

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Notes to Financial Statements
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3. Deposits and Investments, Continued

b. Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded on the major exchanges and over the counter.

c. The managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate.

d. Common stock and preferred stock of any institution or entity created or existing under the laws of the United States or any other country are permissible investments.

(iv) Cash and Cash Equivalents

a. Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or their equivalent. U.S. Treasury and Agency securities, Bankers Acceptances, Certificates of Deposit and Collateralized Repurchase Agreements are also acceptable investment vehicles. Custodial Sweep Accounts must be, in the judgment of the investment managers, of credit quality equal or superior to the standards described above.

b. In the case of Certificates of Deposit, they must be issued by FDIC insured institutions. Deposits in institutions with less than $10,000,000 in assets may not be made in excess of $250,000 unless the deposit is fully collateralized by U.S. Treasury Securities.

c. No single issue shall have a maturity of greater than two years.

d. Custodial Sweep Account portfolios must have an average maturity of less than one year.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the University's name.

At September 30, 2016 and 2015, the carrying amount of the University’s cash and cash equivalents and time certificates of deposit were $24,956,633 and $27,073,227, respectively, and the corresponding bank balances were $27,629,664 and $31,780,539, respectively. Of the bank balance amounts, $1,164,154 and $1,661,778, respectively, are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance, National Credit Union Administration (NCUA) insurance, or collateralized by securities held by a trustee in the name of the financial institution. The University does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC or NCUA insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

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Notes to Financial Statements
September 30, 2016 and 2015

3. Deposits and Investments, Continued

A. Deposits, Continued

Restricted cash and cash equivalents:

As of September 30, 2016 and 2015, the University recorded $2,161,615 and $2,110,155, 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 funds may only be expended in accordance with purposes set forth by the Guam Economic Development Authority, a component unit of the Government of Guam. Of the amount recorded, $1,722,323 and $1,725,664, respectively, is invested in a Federated Short-Intermediate Duration Municipal Trust Service Shares mutual fund, presented as restricted investments in the statements of net position.

As of September 30, 2016 and 2015, restricted cash and cash equivalents include $3,503,665 and $3,028,209, respectively, received from the Government of Guam Healthy Futures Fund as appropriations for the Guam Cancer Trust Fund. These funds are allocated to provide financial assistance to organizations that provide patient directed services for the prevention and treatment of cancer.

Restricted cash and cash equivalents also include $858,112 and $682,183 as of September 30, 2016 and 2015, respectively, designated for debt service, operation and maintenance of a certain facility in compliance with a loan security agreement (see note 6). The remainder of restricted cash and cash equivalents of $108,802 and $424,792, respectively, represents funds with various externally imposed restrictions.

B. Investments

Investments held by the University consist of certificates of deposits, money market funds, fixed income securities, mutual funds, and common stock. These investments are held in the name of the University and are accounted for on a pooled basis. The University employs the share method of accounting for pooled investments and for proportionate distribution of income and fees to each fund which participates in the pool.

Investments at September 30, 2016 consist of the following:

	Short-term	Restricted	Long-term	Endowment	Total
Certificates of deposit	$ 14,313,093	$ -	$ -	$ -	$ 14,313,093
Money market funds	-	-	246,453	319,367	565,820
Fixed income securities	-	-	2,677,765	3,469,983	6,147,748
Common stock	-	-	4,691,707	6,079,750	10,771,457
Mutual funds	-	1,722,323	639,763	829,038	3,191,124
Exchange-traded funds	-	-	992,859	1,286,597	2,279,456
	$ 14,313,093	$ 1,722,323	$ 9,248,547	$ 11,984,735	$ 37,268,698

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Notes to Financial Statements
September 30, 2016 and 2015

3. Deposits and Investments, Continued

B. Investments, Continued

Investments at September 30, 2015 consist of the following:

	Short-term	Restricted	Long-term	Endowment	Total
Certificates of deposit	$ 14,491,656	$ -	$ -	$ -	$ 14,491,656
Money market funds	-	-	212,210	231,786	443,996
Fixed income securities	-	-	3,424,978	3,740,909	7,165,887
Common stock	-	-	5,931,295	6,478,417	12,409,712
Mutual funds	-	1,725,664	830,682	907,307	3,463,653
	$ 14,491,656	$ 1,725,664	$ 10,399,165	$ 11,358,419	$ 37,974,904

The University's exposure to credit risk at September 30, 2016 was as follows:

Moody's Rating	
AAA	$ 2,649,023
AA+	875,208
A	464,394
BBB+	165,892
BBB	158,818
BB-	19,700
B+	444,190
B	608,108
CCC+	17,562
Not rated	744,853
Total credit risk debt securities	$ 6,147,748

The University's exposure to credit risk at September 30, 2015 was as follows:

Moody's Rating	
AAA	$ 1,579,772
AA	1,380,468
A	670,083
BBB	1,040,793
Not rated	2,494,771
Total credit risk debt securities	$ 7,165,887

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Notes to Financial Statements
September 30, 2016 and 2015

3. Deposits and Investments, Continued

B. Investments, Continued

As of September 30, 2016, the University's fixed income securities had the following maturities:

Investment Type	Fair value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Corporate bonds	$ 1,878,664	$ 61,800	$ 801,919	$ 1,012,544	$ 2,401
U.S. Government Agency Bonds	3,261,121	165,267	2,351,044	397,411	347,399
U.S. Treasury Notes	1,007,963	-	-	-	1,007,963
	$ 6,147,748	$ 227,067	$ 3,152,963	$ 1,409,955	$ 1,357,763

As of September 30, 2015, the University's fixed income securities had the following maturities:

Investment Type	Fair value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Corporate bonds	$ 3,589,192	$ 2,021,045	$ 411,294	$ 1,154,257	$ 2,596
U.S. Government Agency Bonds	1,998,604	363,040	1,141,050	391,931	102,583
U.S. Treasury Notes	1,578,091	-	491,992	-	1,086,099
	$ 7,165,887	$ 2,384,085	$ 2,044,336	$ 1,546,188	$ 1,191,278

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, 2016 and 2015.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of September 30, 2016 and 2015, 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.

The composition of net investment income for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Interest and dividends from investments	$ 567,484	$ 641,390
Investment fees expense	(88,634)	(130,244)
Realized gains	20,951	56,056
Appreciation (depreciation) of fair value of investments, net	975,778	(1,930,612)
	$ 1,475,579	$ (1,363,410)

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Notes to Financial Statements
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3. Deposits and Investments, Continued

B. Investments, Continued

The University categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The University has the following recurring fair value measurements as of September 30, 2016 and 2015:

		Fair Value Measurements Using		
	September 30, 2016	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income securities	$ 6,147,748	$ -	$ 6,147,748	$ -
Equity securities	10,771,457	10,771,457	-	-
Mutual funds	3,191,124	3,191,124	-	-
Exchange-traded funds	2,279,456	2,279,456	-	-
Total investments by fair value level	22,389,785	16,242,037	6,147,748	-
Investments measured at cost:				
Certificates of deposit	14,313,093	-	-	-
Money market funds	565,820	-	-	-
Total investments at cost	14,878,913	-	-	-
	$ 37,268,698	$16,242,037	$ 6,147,748	$ -

		Fair Value Measurements Using		
	September 30, 2015	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income securities	$ 7,165,887	$ -	$ 7,165,887	$
Equity securities	12,409,712	12,409,712	-	-
Mutual funds	3,463,653	3,463,653	-	-
Exchange-traded funds	-	-	-	-
Total investments by fair value level	23,039,252	15,873,365	7,165,887	-
Investments measured at cost:				
Certificates of deposit	14,491,656	-	-	-
Money market funds	443,996	-	-	-
Total investments at cost	14,935,652	-	-	-
	$ 37,974,904	$15,873,365	$ 7,165,887	$ -

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

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4. 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, 2016 and 2015, loans receivable are reserved in the amount of $20,190,625 and $18,999,711, respectively, and recoveries collected are $298,804 and $428,040 for the years then ended, respectively.

5. Capital Assets

Activity and balances for capital assets for the years ended September 30, 2016 and 2015 consisted of the following:

2016:	Balance October 1, 2015	Additions/ Transfers	Retirements Transfers	Balance September 30, 2016
Depreciable:				
Land improvements	$ 320,754	$ -	$ -	$ 320,754
Building	86,855,665	-	-	86,855,665
Building improvements	4,056,914	-	-	4,056,914
Equipment	17,950,168	1,418,449	(557,335)	18,811,282
Library books	7,413,485	183,305	-	7,596,790
	116,596,986	1,601,754	(557,335)	117,641,405
Less accumulated depreciation	(50,972,217)	(3,284,524)	548,238	(53,708,503)
	65,624,769	(1,682,770)	(9,097)	63,932,902
Nondepreciable:				
Land	2,823,212	-	-	2,823,212
Construction in progress	1,735,250	-	-	1,735,250
	4,558,462	-	-	4,558,462
Total capital assets, net	$ 70,183,231	$ (1,682,770)	$ (9,097)	$ 68,491,364

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5. Capital Assets, Continued

2015:	Balance October 1, 2014	Additions/ Transfers	Retirements Transfers	Balance September 30, 2015
Depreciable:				
Land improvements	$ 320,754	$ -	$ -	$ 320,754
Building	86,307,665	548,000	-	86,855,665
Building improvements	3,911,050	145,864	-	4,056,914
Equipment	14,543,164	3,507,456	(100,452)	17,950,168
Library books	7,127,198	286,287	-	7,413,485
	112,209,831	4,487,607	(100,452)	116,596,986
Less accumulated depreciation	(46,878,221)	(4,174,358)	80,362	(50,972,217)
	65,331,610	313,249	(20,090)	65,624,769
Nondepreciable:				
Land	2,823,212	-	-	2,823,212
Construction in progress	2,133,402	149,848	(548,000)	1,735,250
	4,956,614	149,848	(548,000)	4,558,462
Total capital assets, net	$ 70,288,224	$ 463,097	$ (568,090)	$ 70,183,231

6. Long-Term Debt

In October 2001, Public Law 26-48 authorized the University to enter into a loan 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 with USDA was signed on June 12, 2003 and construction began in March 2005. The interest rate is fixed at 4.50% per annum.

As of September 30, 2007, the entire amount was drawn down. Monthly payments of $62,505 began in July 2006. A final installment is due on June 12, 2043. The loan security agreement requires revenues derived from the operation of the facility to be transferred to an account designated for debt service, operation and maintenance of the facility. After the payment of principal and interest, $6,251 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.

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

Year Ending September 30,	Principal	Interest	Total
2017	$ 230,631	$ 519,429	$ 750,060
2018	241,226	508,834	750,060
2019	252,308	497,752	750,060
2020	263,899	486,161	750,060
2021	276,023	474,037	750,060
2022-2026	1,582,380	2,167,920	3,750,300
2027-2031	1,980,817	1,769,483	3,750,300
2032-2036	2,479,578	1,270,722	3,750,300
2037-2041	3,103,926	646,374	3,750,300
2042-2044	1,138,017	50,736	1,188,753
	$ 11,548,805	$ 8,391,448	$ 19,940,253

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6. Long-Term Debt, Continued

Public Law 26-48 also provided supplemental annual funding of $500,000 from the Government of Guam Territorial Highway Fund to pay for the loan. During the years ended September 30, 2016 and 2015, $500,000 has been received for this purpose.

The Foundation annually committed a donation of $200,000 to the University as a contribution for repayment of the loan through 2043. The Foundation donated $200,000 for the years ended September 30, 2016 and 2015.

7. Changes in Long-Term Liabilities

Changes in long-term liabilities in 2016 and 2015 are presented as follows:

	Outstanding October 1, 2015	Additions	Reductions	Outstanding September 30, 2016	Amount due within one year
2016					
Long-term debt	$ 11,899,110	$ -	$ 350,305	$ 11,548,805	$ 230,631
Other liabilities:					
Deposits held on behalf of others	90,328	1,163,673	1,184,787	69,214	-
Accrued annual leave	1,709,209	1,503,871	1,362,641	1,850,439	784,756
DCRS sick leave liability	2,996,140	984,835	655,707	3,325,268	-
Net pension liability	68,326,815	16,759,458	7,841,960	77,244,313	-
	$ 85,021,602	$ 20,411,837	$ 11,395,400	$ 94,038,039	$ 1,015,837

	Outstanding October 1, 2014	Additions	Reductions	Outstanding September 30, 2015	Amount due within one year
2015					
Long-term debt	$ 12,041,670	$ -	$ 142,560	$ 11,899,110	$ 220,501
Other liabilities:					
Deposits held on behalf of others	45,169	824,343	779,184	90,328	-
Accrued annual leave	1,712,447	1,450,365	1,453,603	1,709,209	785,539
DCRS sick leave liability	2,649,240	933,282	586,382	2,996,140	-
Net pension liability	78,004,153	788,761	10,466,099	68,326,815	-
	$ 94,452,679	$ 3,996,751	$ 13,427,828	$ 85,021,602	$ 1,006,040

8. Employees' Retirement Plan

Defined Benefit Plan

A. General Information About the Pension Plan:

Plan Description: The University participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam, which includes the University, have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS). Hence, the DB Plan became a closed group.

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8. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued

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

Plan Membership: As of September 30, 2015, the date of the most recent valuation, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	7,197
Terminated employees entitled to benefits but not yet receiving them	4,701
Current members	2,460
	14,358

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Cost-of-living adjustments and other supplemental annuity benefits are provided to members and beneficiaries at the discretion of the Guam Legislature.

Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 25 years of service at any age.

Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or completion of 30 years of service at any age.

Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

8. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued

Contributions and Funding Policy: Contribution requirements of participating employers and active members are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2013 actuarial valuation was used for determining the year ended September 30, 2015 statutory contributions. Member contributions are required at 9.5% of base pay.

As a result of actuarial valuations performed as of September 30, 2013, 2012, and 2011, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2015, 2014 and 2013, respectively, have been determined as follows:

	2016	2015	2014
Normal costs (% of DB Plan payroll)	15.86%	15.92%	16.61%
Employee contributions (DB Plan employees)	9.54%	9.55%	9.50%
Employer portion of normal costs (% of DB Plan payroll)	6.32%	6.37%	7.11%
Employer portion of normal costs (% of total payroll)	1.94%	2.05%	3.00%
Unfunded liability cost (% of total payroll)	22.42%	24.09%	24.01%
Government contribution as a % of total payroll	24.36%	26.14%	26.40%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	28.16%	29.85%	30.03%
Employee	9.54%	9.55%	9.50%

The University's contributions to the DB Plan for the years ending September 30, 2015, 2014 and 2013 were $2,538,205, $2,550,904 and $2,953,610, respectively, which were equal to the required contributions for the respective years then ended.

UNIVERSITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

8. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued

Actuarial Assumptions: Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2014
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	15.58 years
Asset Valuation Method:	3-year smoothed market value
Inflation:	2.75%
Total payroll growth:	3.00% per year
Salary Increases:	4.50% to 7.50%
Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Retirement age:	40% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 15% until age 65, 20% from 65-69, and 100% at age 70.
Mortality:	RP-2000 healthy mortality table set forward by 4 years for males and 1 year for females. Mortality for disabled lives is the RP 2000 disability mortality table with no set forwards.
Other information:	Actuarial assumptions are based upon periodic experience studies. The last experience study reviewed experience from 2007-2011, and was first reflected in the actuarial valuation as of September 30, 2012.

UNIVERSITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

8. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

A. General Information About the Pension Plan, Continued

Discount Rate: The total pension liability is calculated using a discount rate of 7.0% that is a blend of the expected investment rate of return and a high quality bond index rate. There was no change in the discount rate since the previous year. The expected investment rate of return applies for as long as the plan assets (including future contributions) are projected to be sufficient to make the projected benefit payments. If plan assets are projected to be depleted at some point in the future, the rate of return of a high quality bond index is used for the period after the depletion date.

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Net Pension Liability	$ 93,856,845	$ 77,244,313	$ 62,954,295

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability: At September 30, 2016 and 2015, the University reported a liability of $77,244,313 and $68,326,815, respectively, for its proportionate share of the net pension liability. The University's proportion of the net pension liability was based on projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of GovGuam and GovGuam's component units, actuarially determined. At September 30, 2016 and 2015, the University's proportion was 5.6376% and 5.4823%, respectively.

Pension Expense: For the years ended September 30, 2016 and 2015, the University recognized pension expense of $7,190,446 and $281,885, respectively.

Deferred Outflows and Inflows of Resources: At September 30, 2016 and 2015, the University reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Financial Statements
September 30, 2016 and 2015

8. Employees' Retirement Plan, Continued

Defined Benefit Plan, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 968,738	$ -	$ 506,916	$ -
Net difference between projected and actual earnings on pension plan investments	872,888	-	-	5,203,445
Contributions subsequent to the measurement date	7,535,442	-	7,537,206	-
Changes in proportion and difference between UOG contributions and proportionate share of contributions	590,673	-	-	2,181,154
	$ 9,967,741	$ -	$ 8,044,122	$ 7,384,599

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2016 will be recognized in pension expense as follows:

Year Ended September 30	
2017	$ 1,100,304
2018	(459,102)
2019	638,805
2020	1,152,292

Defined Contribution Plan

Contributions into the Defined Contribution Retirement System (DCRS) plan 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 investment account within the DCRS. Employees are afforded the opportunity to select from different investment accounts available under the DCRS.

Statutory employer contributions into the DCRS plan for the years ended September 30, 2016 and 2015 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual investment account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

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Notes to Financial Statements
September 30, 2016 and 2015

8. Employees' Retirement Plan, Continued

Defined Contribution Plan, Continued

The University's contributions to the DCRS Plan for the years ended September 30, 2016, 2015 and 2014 were $6,021,163, $5,947,375 and $5,514,869, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $4,997,237, $4,986,302 and $4,657,637 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2016, 2015 and 2014, respectively.

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 $3,352,268 and $2,996,140 at September 30, 2016 and 2015, 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.

Other Post-Employment Benefits

The Government of Guam, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a cost-sharing multiple employer defined benefit plan to provide certain postretirement healthcare benefits to retirees who are members of the Government of Guam Retirement Fund. Under the Plan, known as the Government of Guam Group Health Insurance Program, the Government of Guam provides medical, dental, and life insurance coverage. The retiree medical and dental plans are fully-insured products provided through insurance companies. The Government of Guam shares in the cost of these plans, with the Government of Guam's contribution amount set each year at renewal. Current statutes prohibit active and retired employees from contributing different amounts for the same coverage. As such, the Government of Guam contributes substantially more to the cost of retiree healthcare than to active healthcare. For the life insurance plan, the Government of Guam provides retirees with $10,000 of life insurance coverage through an insurance company. Retirees do not share in the cost of this coverage. During the years ended September 30, 2016 and 2015, the University recognized certain on-behalf payments as transfers from GovGuam, totaling $1,845,779 and $1,773,432, respectively, representing certain healthcare benefits that GovGuam's general fund paid directly on behalf of the University. Because the Plan consists solely of the Government of Guam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

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, 2016 and 2015, $4,243,968 and $3,804,278, respectively, of outstanding purchase orders and purchase commitments are not reported in the financial statements.

UNIVERSITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

10. Commitments and Contingencies

Litigation

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

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 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 each of the years ended September 30, 2016 and 2015, total payments remitted to the Government of Guam's General Fund of $2,028,046 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.

Government of Guam Merit System

In 1991, Public Law 21-59 was enacted to establish a bonus system for employees of the Government of Guam, autonomous and semi-autonomous agencies, public corporations and other public instrumentalities of the Government of Guam who earn a superior performance grade. The bonus is calculated at 3.5% of the employee's base salary beginning in 1991. The University recorded liabilities for merit bonuses of $0 as of September 30, 2016 and 2015.

11. Related Party

In the ordinary course of business, the University maintains accounts with a Bank. A member of the Board of Regents is an officer of that Bank. The University has assessed other related party transactions and has concluded that none are material to the accompanying financial statements.

UNIVERSITY OF GUAM
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Notes to Financial Statements
September 30, 2016 and 2015

12. Subsequent Event

On October 6, 2016, the University signed a facilities lease agreement with the University of Guam Endowment Foundation, Inc. (the Foundation) for the lease of UOG Student Success Center College of Natural and Applied Sciences – Engineering Annex. On December 5, 2016, the Foundation entered into a $21.7 million loan from the U.S. Department of Agriculture (USDA) for the renovation and expansion of a Student Services Center and the construction of an Engineering Annex.

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UNIVERSITY OF GUAM
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Required Supplemental Information (Unaudited)
Schedule of Proportional Share of the Net Pension Liability
Last 10 Fiscal Years*

	2016	2015
Total net pension liability	$ 1,370,173,934	$ 1,246,306,754
UOG's proportionate share of the net pension liability	$ 77,244,313	$ 68,326,815
UOG's proportion of the net pension liability	5.64%	5.48%
UOG's covered-employee payroll**	$ 28,828,564	$ 26,958,960
UOG's proportionate share of the net pension liability as percentage of its covered employee payroll	267.94%	253.45%
Plan fiduciary net position as a percentage of the total pension liability	53.50%	56.60%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

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UNIVERSITY OF GUAM
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Required Supplemental Information (Unaudited)
Schedule of Pension Contributions
Last 10 Fiscal Years*

	2016	2015
Actuarially determined contribution	$ 7,602,136	$ 7,394,584
Contribution in relation to the actuarially determined contribution	7,535,442	7,611,247
Contribution deficiency (excess)	$ 66,694	$ (216,663)
UOG's covered-employee payroll **	$ 28,828,564	$ 26,958,960
Contribution as a percentage of covered-employee payroll	26.14%	28.23%

* This data is presented for those years for which information is available.
** Covered-employee payroll data from the actuarial valuation date with one-year lag.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Salaries, Wages and Benefits
Years Ended September 30, 2016 and 2015

	2016	2015
Salaries and wages:		
Funded by local funds	$ 22,991,375	$ 21,686,328
Federal funds	4,727,695	3,809,794
General operations and federal funds	4,154,393	3,984,591
Other funding sources	4,682,153	5,347,330
Total salaries and wages	36,555,616	34,828,043
Benefits:		
Funded by local funds	8,003,523	479,711
Federal funds	870,639	925,126
General operations and federal funds	1,405,051	1,398,457
Other funding sources	817,136	968,488
Total benefits	11,096,349	3,771,782
Total Salaries, wages and benefits	$ 47,651,965	$ 38,599,825

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Expenses by Object Category
Years Ended September 30, 2016 and 2015

	2016		2015	
	Unrestricted	Restricted	Unrestricted	Restricted
Instruction:				
Salaries and wages	$ 12,875,245	$ 217,761	$ 12,256,912	$ 297,779
Benefits	3,606,408	50,621	1,162,063	70,863
Travel	60,484	105,968	131,104	149,897
Contracts	815,495	499,172	853,489	870,965
Supplies	115,923	43,938	144,284	50,748
Equipment	16,448	11,380	49,836	65,673
Utilities	11,738	-	12,164	-
Capital outlay	-	-	2,752	23,011
Miscellaneous	379,044	113,895	185,083	162,026
	$ 17,880,785	$ 1,042,735	$ 14,797,687	$ 1,690,962
Public service:				
Salaries and wages	$ 189,763	$ 4,097,030	$ 211,244	$ 3,964,740
Benefits	30,365	1,203,254	(804,857)	1,272,062
Travel	29,156	507,814	22,456	440,763
Contracts	1,780,743	888,012	1,425,509	785,020
Supplies	13,933	275,262	27,903	337,582
Equipment	4,368	164,762	6,654	161,627
Utilities	3,775	11,317	3,086	12,552
Capital outlay	-	74,616	-	78,175
Miscellaneous	234,945	520,004	183,967	722,205
	$ 2,287,048	$ 7,742,071	$ 1,075,962	$ 7,774,726
Research:				
Salaries and wages	$ 1,745,759	$ 3,884,318	$ 1,670,528	$ 3,375,197
Benefits	521,467	922,170	(419,952)	963,548
Travel	110,444	661,264	92,233	640,143
Contracts	267,802	1,116,227	279,042	1,214,736
Supplies	107,290	458,278	144,494	482,162
Equipment	74,782	405,557	110,320	180,990
Utilities	3,564	243	31	61
Capital outlay	72,808	763,058	49,011	219,600
Miscellaneous	87,171	913,462	103,890	713,415
	$ 2,991,087	$ 9,124,577	$ 2,029,597	$ 7,789,852

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Expenses by Object Category, Continued
Years Ended September 30, 2016 and 2015

	2016		2015	
	Unrestricted	Restricted	Unrestricted	Restricted
Operational and maintenance, plant:				
Salaries and wages	$ 1,708,062	$ -	$ 1,622,035	$ -
Benefits	615,051	-	216,437	-
Contracts	1,009,324	-	929,385	-
Supplies	469,172	-	225,069	-
Equipment	92,903	-	90,027	-
Utilities	3,114,723	-	3,271,673	-
Capital outlay	104,215	-	54,060	-
Miscellaneous	624,911	-	1,534	-
	$ 7,738,361	$ -	$ 6,410,220	$ -
Scholarships and fellowships:				
Miscellaneous	$ 268,570	$ 10,860,420	$ 253,969	$ 11,868,454
Institutional support:				
Salaries and wages	$ 3,602,868	$ -	$ 3,547,369	$ -
Benefits	1,628,148	48,296	446,224	12,515
Travel	372,699	-	340,107	-
Contracts	2,932,210	-	2,597,986	-
Supplies	191,440	-	119,244	-
Equipment	208,589	-	165,282	-
Utilities	372	-	367	-
Capital outlay	700,734	-	83,006	-
Miscellaneous	366,614	-	942,517	1,211
	$ 10,003,674	$ 48,296	$ 8,242,102	$ 13,726

See Accompanying Independent Auditors' Report.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Expenses by Object Category, Continued
Years Ended September 30, 2016 and 2015

	2016		2015	
	Unrestricted	Restricted	Unrestricted	Restricted
Academic support:				
Salaries and wages	$ 5,257,003	$ -	$ 4,924,210	$ -
Benefits	1,610,541	-	529,701	-
Travel	295,251	-	301,309	-
Contracts	1,484,090	4,000	1,436,193	5,300
Supplies	407,846	11,577	431,934	11,062
Equipment	384,813	-	547,846	-
Utilities	2,758	-	2,564	-
Capital outlay	275,890	-	316,723	-
Miscellaneous	268,717	-	179,897	75
	$ 9,986,909	$ 15,577	$ 8,670,377	$ 16,437
Student services:				
Salaries and wages	$ 1,773,129	$ 600,891	$ 1,694,081	$ 696,452
Benefits	627,067	29,724	195,667	44,149
Travel	91,444	15,143	47,938	63,321
Contracts	88,866	58	99,982	85
Supplies	55,478	3,633	57,207	11,187
Equipment	15,391	2,096	45,441	1,687
Utilities	59,975	-	54,560	-
Capital outlay	6,223	-	-	-
Miscellaneous	193,289	12,727	203,463	22,495
	$ 2,910,862	$ 664,272	$ 2,398,339	$ 839,376
Auxiliary enterprises:				
Salaries and wages	$ 603,787	$ -	$ 567,497	$ -
Benefits	203,237	-	83,363	-
Travel	3,728	-	8,407	-
Contracts	54,696	-	77,154	-
Supplies	76,354	-	78,819	-
Equipment	17,910	-	44,256	-
Utilities	236,010	-	229,656	-
Capital outlay	-	-	708	-
Miscellaneous	1,031,222	-	943,522	-
	$ 2,226,944	$ -	$ 2,033,382	$ -

See Accompanying Independent Auditors' Report.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Employee Information
Years Ended September 30, 2016 and 2015

	2016	2015
Funded by:		
Local funds	398	371
Federal funds	130	181
General operations and federal funds	91	94
Other funding sources	278	253
	897	899

See Accompanying Independent Auditors' Report.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedules of Total Revenue Information
Years Ended September 30, 2016 and 2015

	2016	2015
University-generated revenues:		
Tuition and fees (gross)	$ 23,950,897	$ 22,880,714
Scholarship and tuition discounts	(10,527,935)	(12,281,819)
Grants and contracts, net	32,127,706	38,059,836
Auxiliary enterprises and other revenues	9,328,790	7,700,063
Total University-generated revenues	54,879,458	56,358,794
Government of Guam appropriations (excluding retiree healthcare costs appropriations)	31,612,292	36,269,983
Total revenues (excluding investment income, bad debts recovery/provision and retiree healthcare appropriations)	$ 86,491,750	$ 92,628,777
Supplemental information:		
Net investment income (loss)	$ 1,475,579	$ (1,363,410)
(Provision for) recovery from bad debts	$ (669,224)	$ 381,604
Retiree healthcare costs appropriation	$ 1,845,779	$ 1,773,432

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UNIVERSITY OF GUAM
(A COMPONENT UNIT OF THE GOVERNMENT OF GUAM)

INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Regents
University of Guam:

We have audited, in accordance with the 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, the financial statements of the University of Guam (the University) and its discretely presented component unit as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated _____, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Regents
University of Guam:

Report on Compliance for Each Major Federal Program

We have audited the University of Guam's (the University's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2016. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation*s Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a significant deficiency.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures appliced in the audit of compliance and. Accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University of Guam and its discretely presented component unit as of and for the year ended September 30, 2016, which collectively comprise the University's basic financial statements, and have issued our report thereon dated _____, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

_____, 2017

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Summary Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2016

Federal Grantor Agency		Expenditures
U.S. Department of Agriculture	$	4,011,895
U.S. Department of Commerce		830,723
U.S. Department of Defense		858,112
U.S. Department of the Interior		1,212,238
U.S. Department of Justice		78,009
National Archives and Records Administration		29,589
National Science Foundation		1,410,686
Small Business Administration		648,014
National Aeronautics and Space Administration		17,167
U.S. Department of Education		16,733,162
U.S. Department of Health and Human Services		3,292,062
Grand Total	$	29,121,657

Reconciliation to the basic financial statements:

Operating revenues - Federal grants and contracts	$	30,461,032
Capital contributions		-
Indirect cost allocation in operating expenses		(1,217,675)
Program income in operating expenses		(121,700)
	$	29,121,657

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal CFDA #	Federal Grantor/Program Title	Pass-through ID Number	Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from U.S. Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care		$ 265,201	$	$ 265,201
10.170	Specialty Crop Block Grant Program - Farm Bill		1,957		1,957
10.202	Cooperative Forestry Research		79,459		79,459
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		1,291,026		1,291,026
10.215	Sustainable Agriculture Research and Education		-		-
10.308	Resident Instruction Grants for Insular Area Activities		171,219		171,219
10.310	Agriculture and Food Research Initiative (AFRI)		10,718		10,718
10.322	Distance Education Grants for Institutions of Higher Education in Insular Areas		160,515		160,515
10.329	Crop Protection and Pest Management Competitive Grants Program		18,207		-
10.500	Cooperative Extension Service		1,148,424		-
10.652	Forestry Research		58,752		58,752
10.675	Urban and Community Forestry Program		71,929		71,929
10.678	Forest Stewardship Program		60,952		60,952
10.680	Forest Health Protection		68,858		26,684
10.868			12,080		12,080
	Subtotal Direct Programs		3,419,297	-	2,210,492
	Pass-through from Government of Guam Department of Agriculture:	none identified			
10.170	Specialty Crop Block Grant Program - Farm Bill		177,354		177,354
	Pass-through from Government of Guam Department of Public Health and Social Services:				
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	14-1700-009	70,543		-
	Pass-through from Utah State University:	07-298-3455			
10.215	Sustainable Agriculture Research and Education		39,405		18,117
	Pass-through from University of California Davis:	201120630-GUAM4			
10.304	Homeland Security-Agricultural		13,486		13,486
	Pass-through from University of Puerto Rico:	none identified			
10.308	Resident Instruction Grants for Insular Area Activities		27,213		27,213
	Pass-through from University of the Virgin Islands:	2013-70004			
10.308	Resident Instruction Grants for Insular Area Activities		7,668		7,668
10.322	Distance Education Grants for Institutions of Higher Education in Insular Areas		-		-
	Pass-through from University of Hawaii:	MA110013			
10.310	Agriculture and Food Research Initiative (AFRI)		199,690		-
	Pass-through from University of Wyoming:	108815 G003428			
10.500	Cooperative Extension Service		29,951		-
	Pass-through from Northern Marianas College:	AR0015-54005-S-CS530			
10.500	Cooperative Extension Service		4,056		-
	Pass-through from Kansas State University:	2013-48696-21184			
10.500	Cooperative Extension Service		23,232		-
	Subtotal Pass-Through Programs		592,598	-	243,838
	U.S. Department of Agriculture Total		$ 4,011,895	$ -	$ 2,454,330

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2015

Federal CFDA #	Federal Grantor/Program Title		Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from U.S. Department of Commerce:				
11.307	Economic Adjustment Assistance		$ 15,784	$	$ -
11.417	Sea Grant Support		182,340		182,340
11.426	Financial Assistance for National Centers for Coastal Ocean Science		45,341		45,341
11.427	Fisheries Development and Utilization Research and Development		5,779		5,779
11.432	National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes		18,313		18,313
11.452	Unallied Industry Projects		34,430		-
11.463	Habitat Conservation		4,113		4,113
11.469	Congressionally Identified Awards and Projects		1,641		-
11.482	Coral Reef Conservation Program		314,895		300,988
	Subtotal Direct Programs		622,636	-	556,874
	Pass-through from Marine Applied Research Center, LLC.	PO #1601			
11.427	Fisheries Development and Utilization Research and Development		5,502		5,502
	Pass-through from the Research Corporation of the University of Hawaii:	Z10129876			
11.012	Integrated Ocean Observing System		3,202		3,202
	Pass-through from Government of Guam Bureau of Statistics and Planning:	C150601450			
11.482	Coral Reef Conservation Program		72,894		72,894
	Pass-through The Nature Conservancy:	UOGM022515			
11.463	Habitat Conservation		48,056		48,056
	Pass-through The Micronesia Conservation Trust:	MCT/NOAAAC2/Y2/2015/01			
11.482	Coral Reef Conservation Program		42,563		42,563
	Pass-through from Government of Guam Visitors Bureau:	NA13NOS4820012			
11.482	Coral Reef Conservation Program		35,870		35,870
	Subtotal Pass-Through Programs		208,087	-	208,087
	U.S. Department of Commerce Total		$ 830,723	$ -	$ 764,961
	Direct from the U.S. Department of Defense:				
12.00	Procurement Technical Assistance For Business Firms		$ 284,788	$	$ -
12.300	Basic and Applied Scientific Research		553,178		553,178
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation		20,146		-
	U.S. Department of Defense Total		$ 858,112	$ -	$ 553,178

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2015

Federal CFDA #	Federal Grantor/Program Title		Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from U.S. Department of the Interior:				
15.650	Research Grants (Generic)		1,200		1,200
15.657	Endangered Species Conservation Recovery Implementation Funds		109,995		109,995
15.805	Assistance to State Water Resources Research Institutes		271,279		271,279
15.808	U.S. Geological Survey_ Research and Data Collection		50,116		50,116
15.875	Economic, Social, and Political Development of the Territories		378,047		-
15.945	Cooperative Research and Training Programs Resources of the National Park System		69,967		69,967
	Subtotal Direct Programs		880,604		502,557
	Pass-through from the Research Corporation of the University of Hawaii:	Various			
15.820	National Climate Change and Wildlife Science Center		331,615		331,615
	Pass-through from Government of Guam Department of Agriculture:	W14-1600-004			
15.634	State Wildlife Grants		19		19
	Subtotal Pass-Through Programs		331,634	-	331,634
	U.S. Department of the Interior Total		$ 1,212,238	$ -	$ 834,191
	Direct from the U.S. Department of Justice:				
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus		$ 78,009	$	$ -
	U.S. Department of Justice Total		$ 78,009	$ -	$ -
	Direct from National Archives and Records Administration:				
89.003	National Historical Publications and Records Grants		$ 29,589	$	$ -
	National Archives and Records Administration Total		$ 29,589	$ -	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2015

Federal CFDA #	Federal Grantor/Program Title		Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from National Aeronautics and Space Administration:				
43.008	Education		$ 17,167	$	$ 17,167
	National Archives and Records Administration Total		$ 17,167	$ -	$ 17,167
	Direct from National Science Foundation:				
47.050	Geosciences		$ 31,004	$	$ 31,004
47.074	Biological Sciences		4,770		4,770
47.080	Office of Cyberinfrastructure		12,362		12,362
47.083	Office of Integrative Activities		1,306,030		1,306,030
	Subtotal Direct Programs		1,354,166		1,354,166
	Pass-through from University of New Hampshire:	none identified			
47.074	Biological Sciences		11,521		11,521
	Pass-through from University of Hawaii:	HI 120009			
47.076	Education and Human Resources		44,999		44,999
	Subtotal Pass-Through Programs		56,520		56,520
	National Science Foundation Total		$ 1,410,686	$	$ 1,410,686
	Direct from Small Business Administration:				
59.037	Small Business Development Centers		$ 648,014	$ 66,000	$ -
	Small Business Administration Total		$ 648,014	$ 66,000	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2015

Federal CFDA #	Federal Grantor/Program Title		Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from U.S. Department of Education:				
84.032	Federal Supplemental Educational Opportunity Grants				
	Student Financial Aid Cluster:				
84.007	Federal Supplemental Educational Opportunity Grants		$ 84,000	$	$ -
84.033	Federal Work-Study Program		395,668		-
84.063	Federal Pell Grant Program		7,802,246		-
84.268	Federal Direct Student Loans		6,645,325		-
84.379	Teacher Education Assistance for College and Higher Education Grants		78,117		-
	Student Financial Aid Cluster Subtotal		15,005,356	-	-
	TRIO Cluster:				
84.042	TRIO Student Support Services		283,107		-
84.044	TRIO Talent Search		336,025		-
84.047	TRIO Upward Bound		414,550		-
	TRIO Cluster Subtotal		1,033,682	-	-
84.031	Higher Education-Institutional Aid		190,595		-
84.032	Federal Family Education Loans		155,680		-
84.224	Assistive Technology				-
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		65,939		-
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		3,346		-
	Subtotal Direct Programs		16,454,598	-	-
	Pass-through from Guam Department of Education:	S403A140002			
84.403	Consolidated Grant to the Outlying Areas		278,564		-
	Subtotal Pass-Through Programs		278,564	-	-
	U.S. Department of Education Total		$ 16,733,162	$ -	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Expenditures of Federal Awards, Continued
Year Ended September 30, 2015

Federal CFDA #	Federal Grantor/Program Title		Expenditures	Amount Pass-through	Research and Development Cluster
	Direct from U.S. Department of Health and Human Services:				
93.107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards		$ 1,896	$	$
93.110	Maternal and Child Health Federal Consolidated Programs		47,297		-
93.243	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances		27,063		-
93.251	Universal Newborn Hearing Screening		281,144		-
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		122,121		-
93.307	Minority Health and Health Disparities Research		23,254		23,254
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		9,020		-
93.397	Cancer Centers Support Grants		12,451		12,451
93.424	NON-ACA/PPHFBuilding Capacity of the Public Health System to Improve Population Health through National X		5,750		-
93.464	ACL Assistive Technology		109,294		-
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		61,206		-
93.587	Promote the Survival and Continuing Vitality of Native American Languages		174,976		-
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		546,112		-
93.824	Area Health Education Centers Infrastructure Development Awards		483,539	308,265	-
	Subtotal Direct Programs		1,905,123	308,265	35,705
	Pass-through from Government of Guam Department of Public Health and Social Services:	various			
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services		27,402		-
93.052	National Family Caregiver Support, Title III, Part E				-
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances		250,821		-
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance		84,311		-
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		67,209		-
	Pass-through from Pennysylvania State University:	various			
93.310	Trans-NIH Research Support		107,083		107,083
	Pass-through from University of Hawaii:	2U54CA143728-06A1			
93.397	Maternal and Child Health Federal Consolidated Programs		765,722		765,722
	Pass-through from the Research Corps of the University of Hawaii:	NU58DP003906			
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		84,391		84,391
	Subtotal Pass-Through Programs		1,386,939	-	957,196
	U.S. Department of Health and Human Services Total		$ 3,292,062	$ 308,265	$ 992,901
	Grand Total		$ 29,121,657	$ 374,265	$ 7,027,414

See accompanying notes to Schedule of Expenditures of Federal Awards.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

(1) Scope of Audit

The University of Guam (the University) is a component unit of the Government of Guam created by Public Law 13-194, "The Higher Education Act," which became effective on November 3, 1976, as an autonomous agency of the Government of Guam. Only the financial statements of the University are included within the scope of the the Uniform Guidance audit (the "Single Audit").

Programs Subject to Single Audit

The Schedule of Expenditures of Federal Awards presents each Federal program related to the following agencies:

- U.S. Department of Agriculture
- U.S. Department of Commerce
- U.S. Department of Defense
- U.S. Department of the Interior
- U.S. Department of Justice
- National Archives and Records Administration
- National Science Foundation
- Small Business Administration
- National Aeronautics and Space Administration
- U.S. Department of Education
- U.S. Department of Health and Human Services

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the University and is presented on the accrual basis of accounting, consistent with the manner in which the University maintains its accounting records. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. All expenses and capital outlays are reported as expenditures.

The University recognizes contributions from the federal government when qualifying expenditures are incurred, and expenditures are recognized on the accrual basis of accounting.

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UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
2. Material weakness(es) identified?	No
3. Significant deficiency(ies) identified?	None reported
4. Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
5. Material weakness(es) identified?	No
6. Significant deficiency(ies) identified?	Yes
7. Type of auditors' report issued on compliance for major federal programs:	Unmodified
8. Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

9. Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
59.037	Research and Development Cluster Small Business Development Centers TRIO Cluster

10. Dollar threshold used to distinguish between type A and type B programs:	$ 888,184
11. Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

Finding Number	CFDA Number	Finding	Questioned Cost
2016-001	59.037	Special Tests and Provisions	$ -

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.: 2016-001
Federal Agency: U.S. Small Business Administration
CFDA Program: CFDA 59.037 – Small Business Development Centers
Area: Special Tests and Provisions
Questioned Costs: $ -

Criteria: As part of the special terms and conditions for ward year 2016, the following grant-agreed recipient responsibilities state: "the negotiated goals set for this award are 151 SBDC long term clients receiving 5 hours or more of counseling within one year, including preparation and contract time. Additional negotiated goals are 45 new businesses created and $2,515,000 capital infusion (to include SBA loans, non-SBA loans and equity investment).

Condition: A summary of target goals compared to actual performance is summarized below.

Requirement:	Amount Required		Amount as of 12/31/2016	Deficiency over/ (under)
1) 151 SBDC Long -term clients	151		128	(23)
receiving 5 hours or more of counseling within one year.	755		1,935	1,180
2) 45 new businesses created	45		20	(25)
		Loans	$1,317,028	
		Equity Investment	742,831	
3) $2,515,000 capital infusion (to include SBA loans, non-SBA loans and Equity investment)	$ 2,515,000	Total	$2,059,859	$(455,141)

Cause: The cause of the above is due to a restructuring of directorship in the CNMI and Palau network service sites and a new advisor on Guam.

Effect: The effect of the above condition is potential noncompliance with award special terms and conditions.

Recommendation: We recommend that the University continue to strengthen procedures to ensure that agreed upon goals are met.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

Finding No.:	2016-001, Continued
Federal Agency:	U.S. Small Business Administration
CFDA Program:	CFDA 59.037 – Small Business Development Centers
Area:	Special Tests and Provisions
Questioned Costs:	$ -

Auditee Response and Corrective Action Plan:

We concur with your finding. However, note that the goals were not met due to half our advising staff leaving their position (three for higher paying jobs, one to continue their education and one passing away) after the goals were set which wa not something that could be anticipated at the grant submittal August of 2015. The SBA also has had a policy of not allowing modifications to milestones during the grant period through a pre-approved amendments so this was not an option.

For the 2017 calendar year, we will do everything possible to ensure to meet the goals set by trying to expedite the new staff training and then in CY 2018 negotiate the goals down when we are able to based on talks with our SBA Grant Manager, Erika Fischer. In our twenty-two year history we have almost always met or well exceeded our goals and will be once again after the new staff are all trained and goals are lowered somewhere between the number needed based on our population size and the high goals that have been established over the years. New staff training usually takes one year to get them up to speed with the training needed to be generating their required economic impact so several of the new staff started late last year and one starts on March 1, 2017 so all centers should be functioning at normal operations sometime during this calendar year.

UNIVERSITY OF GUAM
(A Component Unit of the Government of Guam)
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2016

There were no unresolved audit findings and questioned costs from the prior year audits of the University.

FOR DISCUSSION PURPOSES
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_____, 2017

Board of Regents
University of Guam:

Dear Members of the Board of Regents:

We have performed an audit of the financial statements of the University of Guam (the "University") and its discretely presented component unit as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated _____, 2017.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the University is responsible.

This report is intended solely for the information and use of the Board of Regents, the management and the Office of Public Accountability - Guam and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

cc: To Management of University of Guam

FOR DISCUSSION PURPOSES
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OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described in our engagement letter dated September 28, 2016. As described in that letter, the objectives of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on each opinion unit of the University's basic financial statements and the accompanying supplementary information, in relation to the basic financial statements as a whole, for the year ended September 30, 2016 (the "financial statements"), in all material respects, in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), and to perform specified procedures on the required supplementary information for the year ended September 30, 2016;

- To express an opinion on whether the supplementary information that accompanies the financial statements, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements as a whole;

- To report on the University's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2016 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*; and

- To report on the University's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulation*s Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Board of Regents are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Regents of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

We also considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of the University's compliance with those requirements.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the University's 2016 financial statements include management's estimate of the allowance for doubtful accounts, which is determined based upon past collection experience and aging of the accounts, and management's estimate of depreciation expense, which is based on estimated useful lives of the respective capital assets. During the year ended September 30, 2016, there were no significant changes in accounting estimates or in management's judgments relating to such estimates.

AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on the University's financial reporting process. Such proposed adjustments, listed as Attachment I, have been recorded in the accounting records and are reflected in the 2016 financial statements.

In addition, listed in Appendix A to Attachment II, is a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

SIGNIFICANT ACCOUNTING POLICIES

The University's significant accounting policies are set forth in Note 2 to the University's 2016 financial statements. During the year ended September 30, 2016, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements adopted by the University:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. The implementation of this statement required additional disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which eliminates two of the four categories of authoritative GAAP that exist under the existing hierarchy prescribed by Statement No. 55. The two categories that will remain under the new standard are (1) GASB Statements and (2) GASB technical bulletins and implementation guides in addition to AICPA guidance that the GASB clears. The implementation of this statement did not have a material effect on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2a7. Rule 2a7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014. The implementation of this statement did not have a material effect on the financial statements

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, which aligns the reporting requirements for pensions and pension plans not covered in GASB Statements No. 67 and No. 68 with the reporting requirements in Statement No. 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and addresses financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions in Statement No. 78 are effective for fiscal years beginning after December 15, 2015. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The provisions in Statement No. 80 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for fiscal years beginning after December 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for fiscal years beginning after June 15, 2016. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

We have evaluated the significant qualitative aspects of the University's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

OTHER INFORMATION IN THE ANNUAL REPORTS OF THE UNIVERSITY

When audited financial statements are included in documents containing other information, such as the University's 2016 Annual Report, we will read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. In the event that the University issues an Annual Report or other documentation that includes the audited financial statements, we will be required to read the other information in the University's 2016 Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Regents.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the University's 2016 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2016.

SIGNIFICANT ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the University's management and staff and had unrestricted access to the University's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of the University's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the University is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment II, a copy of the representation letter we obtained from management.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated _____, 2017, on the University's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards.* We have also issued a separate report to you, also dated _____, 2017, concerning certain matters involving the University's compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133. Although we have included management's written responses to our comments contained in those reports, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

We also noted certain matters that we reported to management of the University in a separate letter dated _____, 2017.

Physical Facilities Chairperson Elizabeth Gayle will report on the Physical Facilities Committee meeting.

UOG Endowment Foundation Executive Director Janiece Sablan will provide an update.

New Business will be introduced at this time.

The floor is now open for presentations by the public. Presentations are limited to 3 minutes only.

The BOR will enter Executive Session at this time, if necessary.

BOR Chairperson Regent Antoinette Sanford will adjourn the meeting.