

*The Auditor's Communication With Those Charged
With Governance*

University of Guam

Year ended September 30, 2023





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June 6, 2024

The Board of Regents
University of Guam

We have performed an audit of the financial statements of the business-type activities and discretely presented component unit of the University of Guam (“the University”), a collectively component unit of the Government of Guam, as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated June 6, 2024.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide the Board of Regents with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of the University is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated October 24, 2022 and at our audit planning meeting with management.

Auditors’ Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)

The financial statements, required supplementary information and supplementary information are the responsibility of the University’s management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

Changes to the audit strategy, timing of the audit and significant risks identified

Our audit strategy is consistent with the plan communicated during the October 2023 meeting.

Matters relevant to our evaluation of the entity's ability to continue as a going concern

We did not identify any events or conditions that led us to believe there was substantial doubt about the University's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 1 of the basic financial statements.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Related party relationships and transactions

We noted no significant matters regarding the University's relationships and transactions with related parties to the financial statements.

Changes to the terms of the audit with no reasonable justification for the change

None.

Significant unusual transactions

We are not aware of any significant unusual transactions executed by the University.

Difficult or contentious matters subject to consultation outside of the audit team

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to the “Summary of Corrected Misstatements” in Appendix A.

Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial

Refer to the “Management Representations Letter” in Appendix B.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses have been identified.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the October 2023 meeting and at the update status meetings during the audit.

Independence matters

We are not aware of any matters that in our professional judgment would impair our independence.

New accounting pronouncements

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102

Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention

We are not aware of any matters that require communication.

Disagreements with management and significant difficulties encountered in dealing with management when performing the audit

There were no difficulties encountered in dealing with management in performing the audit.

Management's consultations with other accountants

We are not aware of any consultations made by management with other accountants or specialists.

Other material written communications with management

None.

Other matters

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

AICPA ethics ruling regarding third-party service providers

There are no significant matters arising from the audit that required us to subcontract portions of the Audit Services to other EY firms and that required participation of personnel from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers.

Representations we are requesting from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix B.

Engagement team's involvement with preparation of the financial statements

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 Provision of Nonaudited Services to Audited Entities explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on the University's trial balance with our understanding that the University's underlying books and records are maintained by the University's accounting department and that the final trial balance prepared by the University is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the University.
- The University's Vice President- Administration and Finance and Comptroller have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

This communication is intended solely for the information and use of the Board of Regents and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst & Young LLP

Appendices

A – Summary of Corrected Misstatements

B – Management Representations Letter

A – Summary of Corrected Misstatements

Communication schedule for uncorrected misstatements

Entity: University of Guam

Period Ended: 30-Sep-2023

Currency: \$

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Factual misstatements:												
SAD 01	VD.04	To accrue utilities expense related to September of the current fiscal year							298,119	X	382,996	
		Utilities Expense										
		Accounts Payable			(298,119)							
SAD 02	VD.03	To properly accrue the contractual expenses related to cancer support services during FY23							135,959		446,961	
		Contractual Expense										
		Accounts Payable			(135,959)							
SAD 03	VD.06.1	To properly eliminate Global Learning and Engagement (GLE) internal revenues and expenses in relation to the DPHSS vaccination site agreement							385,038	X		
		Other Revenues										
		Expenses							(385,038)	X		
SAD 04	UB.01.3	To eliminate internal administrative fees and expenses being charged by RCUOG on internal projects without indirect costs charges from grantor							597,946	X	439,617	
		Administrative Fee Revenues										
		Administrative Fee Expenses							(597,946)	X	(439,617)	
SAD 05	UB.01.1	To correct accounting of private scholarships being provided by other parties to which UOG has no administrative or direct financial involvement.							1,761,165	X		
		Other revenues										
		Scholarships and Fellowships							(1,761,165)	X		
PY SAD 02		To derecognize equipment not providing service utility to UOG									664,183	
		Impairment loss										
PY SAD 04		To correct deferred revenues in relation to UOG Calvo Field House as vaccination site which was erroneously recorded in deferred revenues									(385,038)	
		Government of Guam grants and contracts										

A – Summary of Corrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: University of Guam Period Ended: 30-Sep-2023 Currency: \$

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)									Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
(misstatements are recorded as journal entries with a description.)			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
PY SAD 06		To writeoff grant receivables that have passed the expected liquidation period										
		Expenses									340,776	
PY SAD identified in the CY	K2.00	To record Intangible right-to-use asset, net and subscription liability in accordance with the retroactive application of GASB 96		621,044								
		Intangible right-to-use asset, net		621,044								
		Subscription liability				(621,044)						
Projected misstatements:												
SAD 06	P3.02	To correct Due to US Federal government and other grantors based on procedures performed over sample grants										
		Due to US Federal government and Other Grantors			960,000							
		Revenues							(960,000)	X		
Total of uncorrected misstatements before income tax			0	621,044	525,922	(621,044)	0	0	(525,922)		1,449,878	
Total of uncorrected misstatements			0	621,044	525,922	(621,044)	0	0	(525,922)		1,449,878	
Financial statement amounts			34,280,078	178,347,683	(21,295,214)	(292,865,005)	101,532,458		8,131,504		(4,111,636)	
Effect of uncorrected misstatements on F/S amounts			0.0%	0.3%	-2.5%	0.2%	0.0%		-6.5%		-35.3%	
Memo: Total of non-taxable items (marked 'X' above)									(661,881)		0	
Uncorrected misstatements before income tax								-6.5%	(525,922)		1,449,878	
Less: Tax effect of misstatements at current year marginal rate									0		0	
Uncorrected misstatements in income tax									0		0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								-6.5%	(525,922)		1,449,878	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:									(1,449,878)		(1,449,878)	
Judgmental misstatements (Note 3):									0		0	
Cumulative effect of uncorrected misstatements, after turnaround effect								-24.3%	(1,975,800)			
Current year income before tax									8,131,504			
Current year income after tax									8,131,504			

B – Management Representations Letter



OFFICE OF THE PRESIDENT

June 6, 2024

Ernst & Young LLP
Suite 201 Ernst & Young Building
231 Ypao Road,
Tamuning, Guam 96913

In connection with your audits of the basic financial statements of the University of Guam (the University or UOG), as of September 30, 2023 and 2022 and for the periods then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University of Guam and the respective changes in financial position and cash flows, where applicable, thereof in conformity with US generally accepted accounting principles (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

Management's responsibilities

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated October 24, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

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The University of Guam is a U.S. Land Grant and Sea Grant Institution accredited by the Western Association of Schools and Colleges Senior College and University Commission and is an equal opportunity employer and provider.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

We acknowledge our responsibility for the design, implementation and maintenance of the system 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. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the University from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2022 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit. Please refer to Appendix A.

Internal control

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Minutes and contracts

The dates of meetings of shareholders, directors, committees of directors and important management committees are as follows:

<u>Date Meeting</u>	<u>Type</u>
November 17, 2022	Regular Meeting of the Board of Regents (BOR)
February 23, 2023	Regular Meeting of the Board of Regents (BOR)
April 27, 2023	Regular Meeting of the Board of Regents (BOR)
June 06, 2023	Special Meeting of the Board of Regents (BOR)
June 22, 2023	Special Meeting of the Board of Regents (BOR)
July 27, 2023	Special Meeting of the Board of Regents (BOR)
September 28, 2023	Regular Meeting of the Board of Regents (BOR)
October 31, 2023	Special Meeting of the Board of Regents (BOR)
February 22, 2024	Regular Meeting of the Board of Regents (BOR)
April 25, 2024	Regular Meeting of the Board of Regents (BOR)

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

Methods, significant assumptions, and data used in making accounting estimates

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

Fair value measurements

We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or other third parties. Our valuation techniques have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as of the measurement date in accordance with the requirements of GASB Statement No. 72—as amended. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72—as amended.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

Ownership and pledging of assets

Except for right-to-use another entity’s nonfinancial asset (the underlying asset), the University has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged except as disclosed in the financial statements. All assets to which the University has satisfactory title appear in the statements of net position.

Receivables and revenues

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position dates in respect of any sales and services rendered prior to those dates and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that those dates.

Inventories

Inventories for which cost is determined by methods other than last-in first-out (LIFO) and the retail inventory method (RIM), including goods that are defective, slow-moving, obsolete or unusable, are stated at amounts not in excess of their estimated net realizable values.

Leases

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

Long-lived assets (asset groups) to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets (asset groups) to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Related party relationships and transactions

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

Side agreements and other arrangements

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

Events of default under debt agreements

No events of default have occurred with respect to any of the University’s debt agreements.

Arrangements with financial institutions

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

Contingent liabilities

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62-*Contingencies* as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62-as amended, other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62-as amended.

There are no oral or written guarantees, including guarantees of the debt of others.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Purchase commitments

At September 30, 2023 and 2022 the University had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2023 and 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that the University's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the University's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the University.

Conflict of interest

There are no instances where any officer or employee of the University has an interest in a company with which the University does business that would be considered a "conflict of interest." Such an interest would be contrary to University policy.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Effects of new accounting principles

We have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB), as discussed in Note 1.

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102

The University is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statements are adopted.

Going concern

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Pension benefits

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Postemployment benefits other than pensions

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on the management's discussion and analysis on pages 5 through 15, the schedule of proportionate share of net pension liability on pages 65, 67, and 69, the schedule of contributions on pages 66, 68, 70 and 72, and the schedule of proportionate share of other postemployment benefits liability on page 71, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”) and its form and content in conformity with the GASB.

- Schedule 9 – Schedule of Salaries, Wages and Benefits
- Schedule 10 – Schedule of Expenses by Object Category
- Schedule 11 – Schedule of Employee Information
- Schedule 12 – Schedule of Total Revenue Information
- Schedule 13 – Schedule of Fund Restriction Matrix
- Notes to Fund Restriction Matrix

We believe the supplementary information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

Independence

We have communicated to you the names of the University’s affiliates, officers and directors, or individuals who serve in such capacity for the University.

We are not aware of any business relationship between the University’s and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the University’s audit.

Additional representations

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws,

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

- The financial statements include component unit.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Investments are properly valued.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities.
- Risk disclosures associated with deposits and investment securities and derivatives transactions are presented in accordance with GASB requirements.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.
- The University is a subrecipient of an award from the Office of the Governor of Guam (pass-through entity) under assistance listing number 21.029 - Coronavirus Capital Projects Fund. The pre-award costs incurred by the University are allowed by the cognizant agency and the pass-through entity, and the University has met all the eligibility requirements to recognize the nonexchange transaction.

Other matters

We have received a draft copy of our financial statements as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

Subsequent events

Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the University's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the University. Please refer to Appendix B.

We understand that your audits were conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and were, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the University and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,



Anita B. Enriquez, DBA
President



Randall V. Wiegand
Vice President for Administration & Finance



Abigail Martin
Comptroller

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Appendices

A – Schedule of Uncorrected Misstatements

B – Subsequent Event Questionnaire

B – Management Representations Letter, continued



OFFICE OF THE PRESIDENT

Appendix A– Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: University of Guam Period Ended: 30-Sep-2022 Currency: \$

No.	W/P ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)						Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period		
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Debit/(Credit)		Non taxable	Prior period Debit/(Credit)	Non taxable		
Factual misstatements:														
SAD 01	VD 04	To accrue utilities expense related to September of the current fiscal year							298,119	X			382,996	
		Utilities Expense												
		Accounts Payable			(298,119)									
SAD 02	VD 03	To properly accrue the contractual expenses related to cancer support services during FY23							136,959				446,961	
		Contractual Expense												
		Accounts Payable			(136,959)									
SAD 03	VD 06.1	To properly eliminate Global Learning and Engagement (GLE) internal revenues and expenses in relation to the DPHS3 vaccination site agreement							385,036	X				
		Other Revenues												
		Expenses							(385,036)	X				
SAD 04	UB 01.3	To eliminate internal administrative fees and expenses being charged by RCUOG on internal projects without indirect costs charges from grantor							597,946	X			439,617	
		Administrative Fee Revenues												
		Administrative Fee Expenses							(597,946)	X				
SAD 05	UB 01.1	To correct accounting of private scholarships being provided by other parties to which UOG has no administrative or direct financial involvement.							1,761,165	X				
		Other revenues												
		Scholarships and Fellowships							(1,761,165)	X				
PY SAD 02		To derecognize equipment not providing service utility to UOG											664,163	
		Impairment loss												
PY SAD 04		To correct deferred revenues in relation to UOG Cabero Field House as vaccination site which was erroneously recorded in deferred revenues											385,036	
		Government of Guam grants and contracts												

Form 430GL (3 August 2022)

B – Management Representations Letter, continued



OFFICE OF THE PRESIDENT

Appendix A– Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: University of Guam Period Ended: 30-Sep-2023 Currency: \$

No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/Credit					Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period		
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)		Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Uncorrected misstatements													
PY SAD 06		To writeoff grant receivables that have passed the expected liquidation period Expenses										340,776	
PY SAD identified in the CV	IP2 00	To record intangible right-to-use asset, net and subscription liability in accordance with the retroactive application of GASB 96 Intangible right-to-use asset, net Subscription liability		621,044		(621,044)							
Projected misstatements:													
SAD 06	IP3 02	To correct Due to US Federal government and other grantors based on procedures performed over sample grants Due to US Federal government and Other Grantors Revenues			960,000					(960,000)	X		
Total of uncorrected misstatements before income tax			0	621,044	525,922	(621,044)	0	0	(325,922)			1,449,876	
Total of uncorrected misstatements			0	621,044	525,922	(621,044)	0	0	(325,922)			1,449,876	
Financial statement amounts			34,280,078	178,347,683	(21,395,814)	(292,865,005)	101,532,458		8,131,504			(8,111,636)	
Effect of uncorrected misstatements on F/B amounts			0.0%	0.3%	-2.5%	0.2%	0.6%		-4.5%			-35.3%	
Memo: Total of non-taxable items (marked 'X' above)													
Uncorrected misstatements before income tax								-6.5%	(325,922)			1,449,876	
Less: Tax effect of misstatements at current year marginal rate									0			0	
Uncorrected misstatements in income tax									0			0	
Cumulative effect of uncorrected misstatements after tax but before turnaround								-6.5%	(325,922)			1,449,876	
Turnaround effect of prior period uncorrected misstatements													
All Factual and projected misstatements:									(1,449,876)			(1,449,876)	
Judgmental misstatements (Note 3):									0			0	
Cumulative effect of uncorrected misstatements, after turnaround effect								-24.3%	(1,975,800)				
Current year income before tax									8,131,504				
Current year income after tax									8,132,504				

Form 430GL (3 August 2022)

B – Management Representations Letter, continued

OFFICE OF THE PRESIDENT

Appendix B– Subsequent Event Questionnaire

University of Guam
Subsequent Events Questionnaire
Coverage: For the period from October 1, 2023 to Audit Report Date

Question	
1	Are there any subsequent events that occurred that may affect the financial statements other than those that are already been communicated?
2	Have there been any business combinations, acquisitions of significant assets, segment disposals, disposals of significant assets or extraordinary, unusual or infrequently occurring transactions, except as disclosed in the financial statements? Have any other significant unusual transactions been entered into?
3	Have any significant contingent liabilities or commitments arisen, except as disclosed in the financial statements?
4	Have any significant changes occurred in trends in sales/revenues or costs that could affect accounting estimates (e.g., valuation of receivables or inventories, realization of deferred charges, provisions for warranties or employee benefits or unearned income)?
5	Have any significant changes occurred, or are pending, in the capital accounts, long term debt, including debt covenants and compliance with them, or working capital, except as disclosed in the financial statements?
6	Have any significant changes occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary or inconclusive data?
7	Have any significant unusual or non-recurring adjustments been recorded (or are necessary)?
8	Have any communications, written or oral, occurred with regulatory agencies with which the entity files financial statements?
9	Have there been any changes in the entity's related parties?
10	Have any significant new related party transactions occurred?
11	Have any other events occurred, other than those disclosed in response to the previous questions or those reflected or disclosed in the financial statements that could have a material effect on the audited financial statements?
12	Are there any significant new contracts or agreements (including amendment) and written communications with any regulatory agencies that could have an effect on the audited financial statements other than those that are already been provided to EY (if any).
13	Did UOG provide all of minutes of BOR meeting that were held subsequent to the balance sheet date?
14	Are you aware of any fraud or suspected fraud affecting UOG involving (1) management, (2) employees who have significant roles in internal control or (3) others, when the fraud could have a material effect on the financial statements?
15	Are you aware of any allegations of financial improprieties, including fraud or suspected fraud (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), when such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of UOG ?
16	Are you aware of any close relationship, or business employment or other relationships that could bear EY independence such as business/financial relationship, litigation with EY, family relationship/employment, loans, cooperative arrangements and others?
17	Are you aware of any cash receipt records for significant or unusually large amounts that may pertain to proceeds of loans, significant sales of productive assets or other unusual items?
18	Are you aware of any cash disbursement records for that may pertain to unusual payments, payments of liabilities not recorded as of the balance sheet date or other unusual items?
19	Are you aware of any significant time lag that may pertain to collections on accounts receivable, credit memoranda issues for sales returns and allowances?
20	Are you aware of any journal entries that would have a material effect on the financial statements as of the balance sheet date?