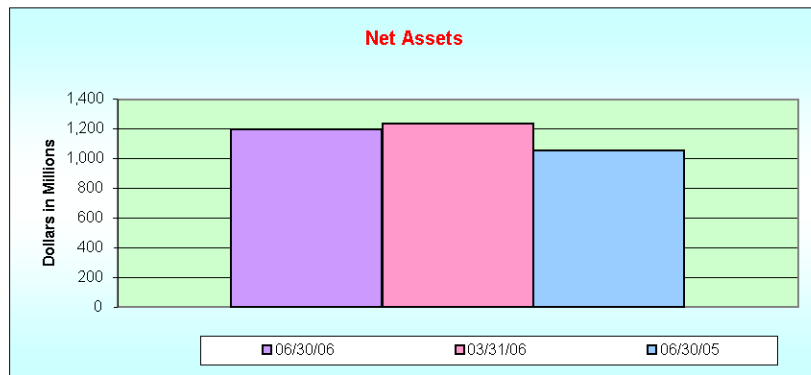
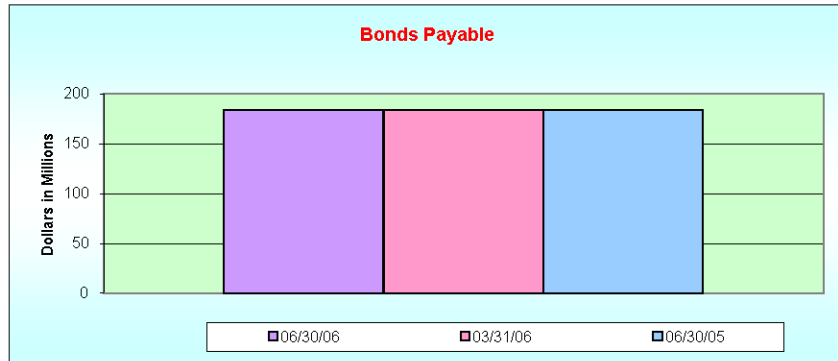
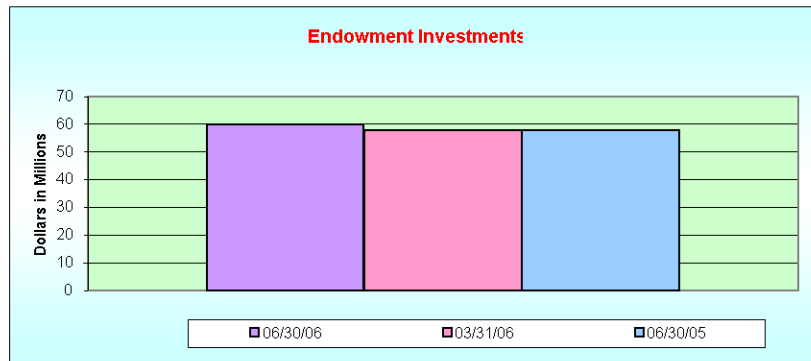
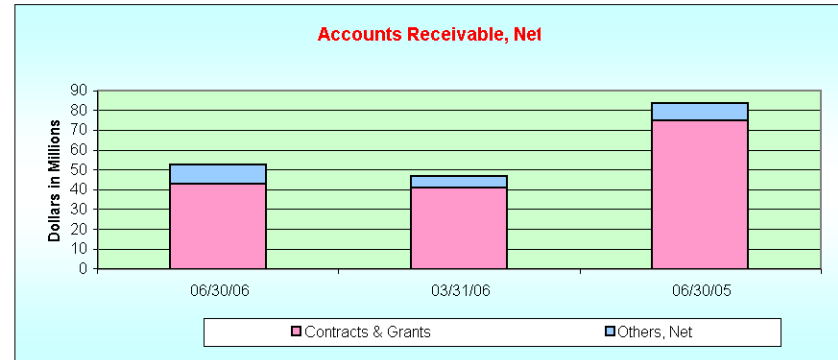
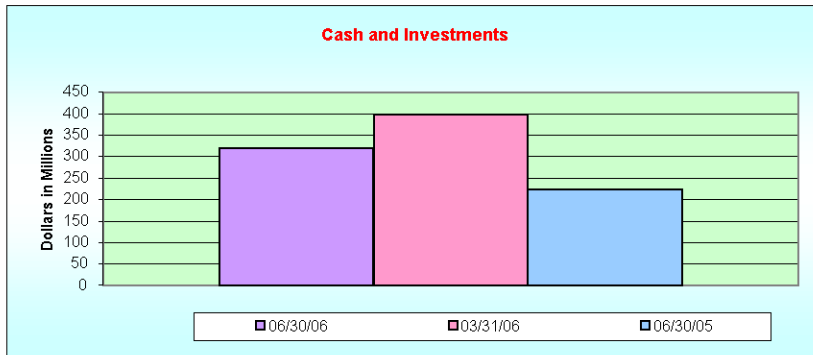


# UNIVERSITY OF HAWAII

## Financial Status

### June 30, 2006, March 31, 2006 & June 30, 2005

#### Selected Balance Sheet Items and Liquidity Metrics



	06/30/06	03/31/06	06/30/05
Current Ratio (Current Assets to Current Liabilities)	3.61	3.78	2.02
Debt to Equity (Non-Current Liabilities to Net Assets)	0.18	0.18	0.21
Employee Headcount, (FTE)	7,546	7,862	7,294

Note: FYE decrease in FTE, each year, Lectures are terminated at 05/31.

**UNIVERSITY OF HAWAII**  
**Financial Status**  
**Quarter Ended June 30, 2006 & 2005**  
(Dollars in thousands)

**Income Statement Metrics**

**Statement of Revenues, Expenses, and Changes in Net Assets**

	FYTD		4th Qtr	
	2006	2005	2006	2005
<b>Operating Revenue</b>				
Net student tuition	137,107	130,935	28,234	26,303
Federal grants and contracts	324,111	308,795	79,291	78,568
State and local grants and contracts	22,376	18,464	6,840	5,318
Nongovernmental sponsored programs	29,195	26,865	7,233	7,768
Sales and services of educational departments	25,834	26,246	6,319	6,878
Auxiliary enterprises:	75,611	73,821	18,455	17,338
Other Operating Revenues	326	275	(22)	(31)
<b>Total Operating Revenue</b>	<b>614,560</b>	<b>585,401</b>	<b>146,350</b>	<b>142,142</b>
<b>Operating Expenses</b>				
Compensation and benefits	726,477	663,279	148,736	142,728
Supplies and services	164,545	149,534	44,324	39,133
Depreciation (recorded in 4th quarter)	0	0	0	0
Scholarship and fellowships	41,924	44,344	5,342	5,577
Other operating expenses	124,593	128,551	23,255	27,612
<b>Total Operating Expenses</b>	<b>1,057,539</b>	<b>985,708</b>	<b>221,657</b>	<b>215,050</b>
<b>Operating income (loss)</b>	<b>(442,979)</b>	<b>(400,307)</b>	<b>(75,307)</b>	<b>(72,908)</b>
<b>Nonoperating Revenues (Expenses)</b>				
State appropriations	591,449	504,620	0	29,448
Private gifts	2,884	3,281	1,751	1,747
Net investment (loss) income	11,249	7,855	5,736	3,216
Interest expense	(83,188)	(55,165)	(36)	(113)
Net other nonoperating expenses	(58,982)	(38,168)	(13,827)	(9,480)
Capital state appropriations	102,885	37,428	23,272	1,600
Capital gifts and grants	393	1,114	63	642
Capital asset transfers	20,626	(1,857)	19,643	(1,911)
Private gifts for endowment purposes	1	101	0	101
Extraordinary item	(5,550)	(18,689)	(1,362)	(5,821)
<b>Nonoperating Revenues, Net</b>	<b>581,767</b>	<b>440,520</b>	<b>35,240</b>	<b>19,429</b>
<b>Increase (decrease) in net assets</b>	<b>138,788</b>	<b>40,213</b>	<b>(40,067)</b>	<b>(53,479)</b>

**University of Hawai'i - FY 2006 Budget Status  
Consolidated Funding Report as of June 30, 2006**

Appropriated Operating Funds	1/ Fiscal Year Available Resources	2/ Fiscal Year to Date Exp & Enc	Fiscal Year Available Balance	Fiscal Year End Unenc Cash Bal
General Funds	601,271,298	575,105,301	26,165,997	
Federal Funds	6,979,489	6,979,489	0	
Special Funds	149,421,652	140,005,733	9,415,919	17,954,580
Revolving Funds	177,256,281	123,150,781	54,105,500	61,639,467
<b>Total Appropriated Operating Funds</b>	<b>934,928,720</b>	<b>845,241,304</b>	<b>89,687,416</b>	<b>79,594,047</b>

1/ Available Resources for General funds represent Total Appropriation + Collective Bargaining - Executive Restrictions (UBO worksheet)  
Available Resources for Federal funds represent current year allocations (BLS).  
Available Resources for Special & Revolving funds reflect current revenue projections + transfers + carryforward balances (BLS).

2/ UH processes pass through costs in 1st quarter (Pension Accumulation, Social Security, Health Fund, Debt Svc, Risk Mgt)  
Current year Systemwide Programs pass through costs = \$216,964,704

Capital Improvements Program (CIP) Funds 1/ General Obligation Bond Funds Only	Appropriations	2/ Available Resources	To Date Exp & Enc	Unencumbered Allotment	3/ Unallotted	4/ Lapsed
FB 2003-2005 CIP Projects	111,365,000	110,788,851	110,788,851	0	0	794,149
FB 2005-2007 CIP Projects	191,771,000	64,039,000	12,483,101	51,555,899	127,732,000	0
<b>Total Appropriated CIP Funds</b>	<b>303,136,000</b>	<b>174,827,851</b>	<b>123,271,952</b>	<b>51,555,899</b>	<b>127,732,000</b>	<b>794,149</b>

1/ Limited to General Obligation Bond Funds - main revenue source for University CIP projects  
2/ Available Resources excludes Unallotted and Lapsed funding. FB 2003-2005 amount includes transfer of \$218,000 from Governor's Project Adjustment Fund.  
3/ Unallotted = Funds not released by the Governor. Funding for future fiscal years cannot be allotted prior to the start of the fiscal year (Not Available).  
4/ Lapsed = Funds prematurely lapsed by the legislature and/or appropriations from Acts 200/03 and 41/04 that remained unencumbered as of June 30, 2006.

Federal & Trust Extramural Funds	1/ New Awards Fiscal Year to Date		2/ Current Budget Balance	3/ Fiscal Year to Date Exp & Enc	Available Budget Balance
	No.	Amount			
Federal			577,114,362	318,303,169	258,811,193
Trust - State & Local Government			45,447,057	24,678,756	20,768,301
Trust - Private			64,448,912	29,607,890	34,841,022
<b>Total Federal and Trust Extramural Funds</b>	<b>1,785</b>	<b>430,496,344</b>	<b>687,010,331</b>	<b>372,589,815</b>	<b>314,420,516</b>

1/ New Awards represent the number and total value of awards received to date in the current fiscal year.  
Federal awards generally reflect funding for only the current project period since funding for subsequent periods are approved incrementally.  
Non Federal awards may reflect funding for multiple project periods which may span more than one fiscal year.  
2/ Current Budget Balance is the prior fiscal year available budget balance plus new award budgets recorded in FMIS in the current year.  
Budget balances may be expended over more than one fiscal year if awards have project periods that span multiple years.  
3/ Current Fiscal Year to date expenditures & encumbrances reflect activity for active projects in the current fiscal year.

Other Non-Appropriated Funds	Available Resources	Fiscal Year to Date Exp & Enc	1/ Current Available Cash Balance	2/ Endow Princ/ Unencmbr Net Assets
Endowment Funds	4,879,298	1,667,412	3,211,886	64,164,985
Loan Funds	12,191,830	4,686,361	7,505,469	
Bond Funds				21,178,182
Agency Funds				609,366
<b>Total Non-Appropriated Funds</b>	<b>17,071,128</b>	<b>6,353,773</b>	<b>10,717,355</b>	<b>85,952,533</b>

1/ Cash balances for Endowment and Loan funds consider all receipts and disbursements. Cash balances are available for expenditure.  
2/ Endowment principal is the current market value of endowment funds.  
Bond funds - Unencumbered net assets for Renewal and Replacement and Debt Retirement.  
Agency funds - Unencumbered net assets.

Total Resources - All Fund Types	Available Resources	Fiscal Year To Date Exp & Enc	Current Available Balance
<b>University of Hawai'i Total</b>	<b>1,813,838,030</b>	<b>1,347,456,844</b>	<b>466,381,186</b>

University of Hawaii - Financial Status  
Analytical Comments  
Quarter Ended June 30, 2006, March 31, 2006,  
& June 30, 2005

1. Cash and investment balances include all fund sources including State general funds. Accordingly, cash balances are highest at the start of the fiscal year (July 1<sup>st</sup>) and decline throughout the year as general fund cash is depleted. The increase in cash and investments over the balance at the same time in the prior year is primarily the result of:

Emergency funds for Manoa flood	\$16 M
G.O. Fund for construction projects	71
Growth in Special and Revolving Fund balances	<u>10</u>
	<u>\$97 M</u>

2. Accounts receivable consist mainly of Federal, State and private contracts and grants receivables. The high '05 year-end balance in accounts receivable, net of allowances, was the result of several large contract and grant billings that occurred late last fiscal year.
3. The approximate increase of \$139M in net assets was due to:

Emergency funds for Manoa flood	\$16 M
Growth in funds for construction projects	41
Growth in Plant Fund balances (Fixed Assets)	67
Growth in Special and Revolving Fund balances	<u>15</u>
	<u>\$139 M</u>

4. Employee Headcount (FTE):

	<u>06/30/06</u>
Administrative, Professional and	
Technical	1,832
Civil Service	1,657
Executive and Managerial	196
Faculty	3,249
Graduate Assistant	568
Lecturers	41
Other	<u>3</u>
	<u>7,546</u>

5. The \$63M increase in compensation and benefits was the result of additional pass through cost for fringe benefits of approximately \$27M resulting primarily from a change in statute regarding pension contributions from an actuarial calculation to a percentage of 13.75 % of payroll. The remainder of the increase resulted from additional FTE and collective bargaining increases.

6. FYTD State appropriations increases were due to the following:

a. Pass thru Costs:

Debt Service

- Interest	\$7.6M
- Principal	20.8

Pension	12.3
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Health Premiums	10.8
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Social Security	<u>3.3</u>
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54.8

b. Collective Bargaining	24.1
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c. JABSOM	3.7
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d. New Initiatives (MA and HI)	<u>3.5</u>
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Total	\$86.1M
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7. Interest expense increase of \$28M was due to an increase in debt service costs attributable to State funded CIP.

8. Extraordinary item shown as non-operating expense are costs related to the Manoa flood.

9. Lapsed General Obligation Bond Funds of \$794,149 at June 30, 2006 included \$430,000 for Kauai Community College's Second Access Road, which was reauthorized in the Supplemental Budget by the Legislature. The remainder was generally for projects in which the contracts awarded were less than the appropriated CIP funds for the projects, where the remaining amounts were not needed.