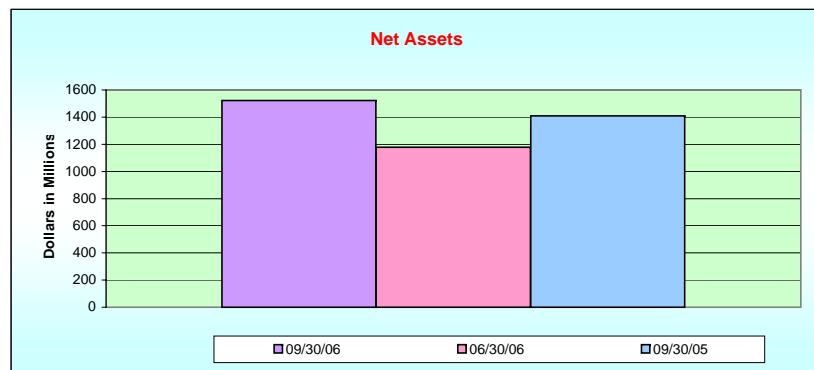
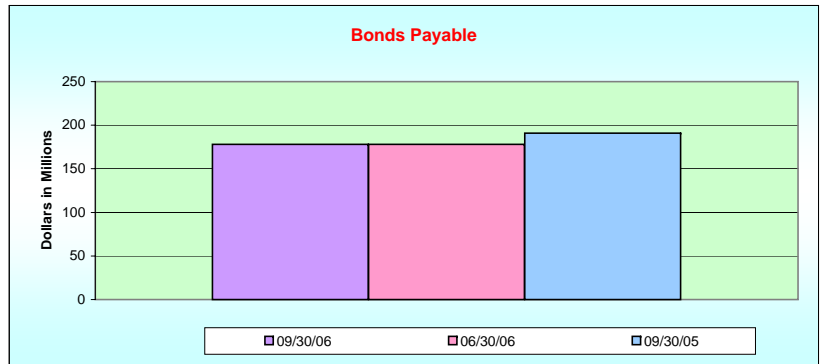
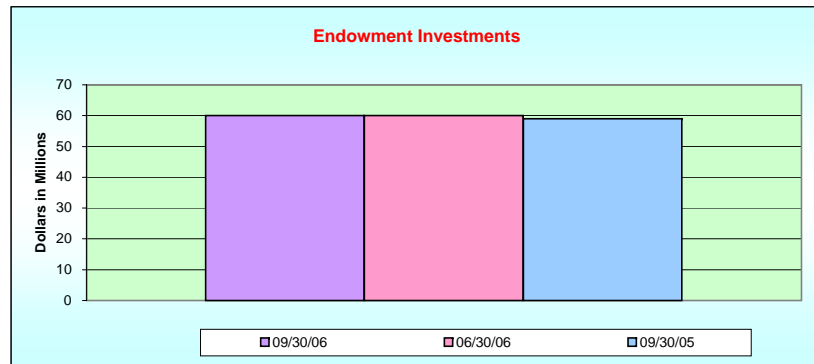
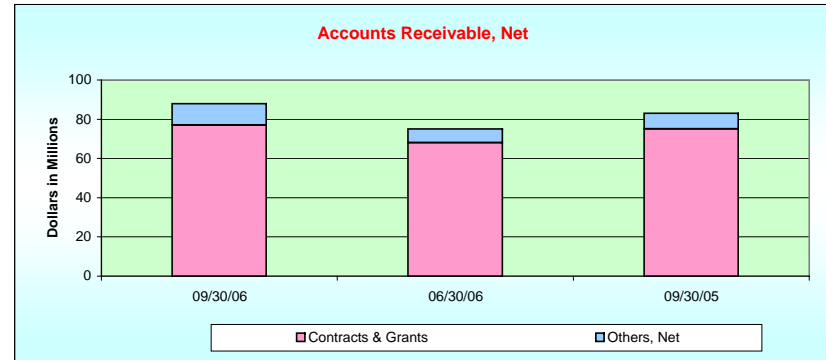
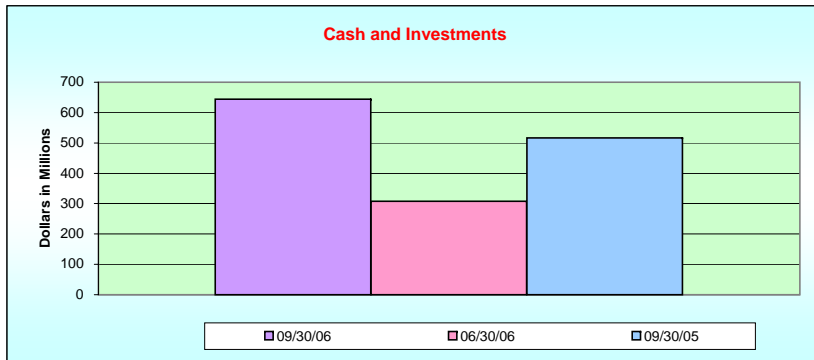


# UNIVERSITY OF HAWAII

## Financial Status

### Quarter Ended September 30, 2006 & 2005

#### Selected Balance Sheet Items and Liquidity Metrics



	QE 09/30/06	FYE 06/30/06	QE 09/30/05
Current Ratio (Current Assets to Current Liabilities)	5.80	3.35	5.55
Debt to Equity (Non-Current Liabilities to Net Assets)	0.15	0.19	0.18
Employee Headcount, (FTE)	8,016	7,546	7,817

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

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

**Income Statement Metrics**

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

	1st Qtr		FYE
	2007	2006	06/30/06
<b>Total Revenue</b>			
Net student tuition	59,706	51,461	124,074
Federal grants and contracts	90,135	91,018	299,635
State and local grants and contracts	5,493	5,475	21,653
Nongovernmental sponsored programs	8,374	7,620	28,921
Sales and services of educational departments	6,567	5,308	19,446
Auxiliary enterprises:	24,470	23,714	70,329
Other Operating Revenues	74	87	301
<b>Total Operating Revenue</b>	<u>194,819</u>	<u>184,683</u>	<u>564,359</u>
<b>Total Operating Expenses</b>			
Compensation and benefits	302,216	286,589	689,945
Supplies and services	42,031	43,847	161,335
Depreciation (recorded in 4th quarter)	0	0	55,353
Scholarship and fellowships	13,778	13,484	30,558
Other operating expenses	36,036	34,893	117,371
<b>Total Operating Expenses</b>	<u>394,061</u>	<u>378,813</u>	<u>1,054,562</u>
<b>Operating income (loss)</b>	(199,242)	(194,130)	(490,203)
<b>Total Nonoperating Revenues (Expenses)</b>			
State appropriations	622,649	591,449	570,746
Private gifts	76	324	2,190
Net investment income	1,399	731	11,624
Interest expense	(84,889)	(78,489)	(7,431)
Net other nonoperating expenses	(12,959)	(17,215)	(114,509)
Capital state appropriations	15,000	45,810	103,502
Capital gifts and grants	57	35	23,502
Capital asset transfers	4	297	20,783
Private gifts for endowment purposes	0	0	1
Extraordinary item	1,255	0	(825)
<b>Nonoperating Revenues, Net</b>	<u>542,592</u>	<u>542,942</u>	<u>609,583</u>
<b>(Decrease) increase in net assets</b>	<u>343,350</u>	<u>348,812</u>	<u>119,380</u>

University of Hawaii - Financial Status  
Analytical Comments  
Quarter Ended September 30, 2006 & 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 prior year's same period is primarily the result of increases in general, special, and general obligation bond funds.
2. Accounts receivable consist mainly of Federal, State and private contracts and grants receivables. September 30, 2006 balances increased slightly over the prior year's same period, consistent with overall increases in operations.
3. The approximate increase of \$114M in net assets at September 30, 2006 as compared to September 30, 2005 was due to:

Growth in General Fund balances	\$8	M
G.O. Fund for construction projects *	34	
Growth in Plant Fund balances (Fixed Assets) **	49	
Growth in Special Fund balances ***	19	
Others	4	
	\$114	M

\* - Unexpended General Obligation Bond Funds increased primarily due to Health, Safety & Code projects in progress (\$26M).

\*\* - Plant Fund balances increased due to: JABSOM construction (\$23M), Imiloa Astronomy Center of Hawaii (\$19M), and UH Manoa Institute of Astronomy project (\$10M).

\*\*\* - Special Fund balances increased due to tuition and fees increases and Legislatively mandated transfers of Bond System Revolving funds to Special funds (\$12M).

4. Employee Headcount (FTE):

	<u>09/30/06</u>
Administrative, Professional and Technical	1,867
Civil Service	1,621
Executive and Managerial	195
Faculty	3,332
Graduate Assistant	624
Lecturers	377
	8,016

5. The \$16M increase in compensation and benefits was the result of additional pass through cost for fringe benefits of approximately \$8M and increases resulting from additional FTEs and collective bargaining increases.

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

a. Pass thru Costs:

Debt Service	
- Interest	\$ 0.5M
- Principal	6.0
Pension	1.7
Health Premiums	5.4
Social Security	<u>1.3</u>
	14.9
b. Collective Bargaining	7.8
c. Biennium and Supplemental Budget increases, net	<u>8.5</u>
Total	\$31.2M

7. Capital State appropriations represent State General Obligation Bond Funds released by the Governor for Capital Improvement Projects (CIP) appropriated by the Legislature in the State CIP Budget. For the fiscal year to date at September 30, 2006, the Governor had released \$30.4M less, as compared to the prior year's same period.

8. Extraordinary item shown as non-operating revenues related primarily to the UH Lab School fire insurance advance.

**University of Hawai'i - FY 2007 Budget Status  
Consolidated Funding Report as of September 30, 2006**

	1/ Fiscal Year Available Resources	2/ Fiscal Year to Date Exp & Enc	Fiscal Year Available Balance	Projected Fiscal Year End Unenc Cash Bal
<b>Appropriated Operating Funds</b>				
General Funds	650,269,927	317,318,227	332,951,700	
Federal Funds	10,463,648	970,835	9,492,813	
Special Funds	235,795,500	57,658,944	178,136,556	34,327,201
Revolving Funds	82,247,355	21,403,353	60,844,002	16,056,136
<b>Total Appropriated Operating Funds</b>	<b>978,776,430</b>	<b>397,351,359</b>	<b>581,425,071</b>	<b>50,383,337</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 = \$231,820,58;

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 2005-2007 CIP Projects	191,771,000	64,104,344	17,467,662	46,636,682	127,666,656	0
<b>Total Appropriated CIP Funds</b>	<b>191,771,000</b>	<b>64,104,344</b>	<b>17,467,662</b>	<b>46,636,682</b>	<b>127,666,656</b>	<b>0</b>

1/ Limited to General Obligation Bond Funds - main revenue source for University CIP project

2/ Available Resources excludes Unallotted and Lapsed funding.

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 178/05 and 160/06 that remained unencumbered as of June 30, 2001

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			417,199,073	112,482,364	304,716,709
Trust - State & Local Government			35,356,278	6,700,086	28,656,192
Trust - Private			45,643,971	9,386,501	36,257,470
<b>Total Federal and Trust Extramural Funds</b>	<b>679</b>	<b>143,337,456</b>	<b>498,199,322</b>	<b>128,568,951</b>	<b>369,630,371</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	3,331,659	589,680	2,741,979	65,805,001
Loan Funds	8,487,622	1,782,429	6,705,193	
Bond Funds				20,811,138
Agency Funds				2,125,466
<b>Total Non-Appropriated Funds</b>	<b>11,819,281</b>	<b>2,372,109</b>	<b>9,447,172</b>	<b>88,741,605</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>1,552,899,377</b>	<b>545,760,081</b>	<b>1,007,139,296</b>